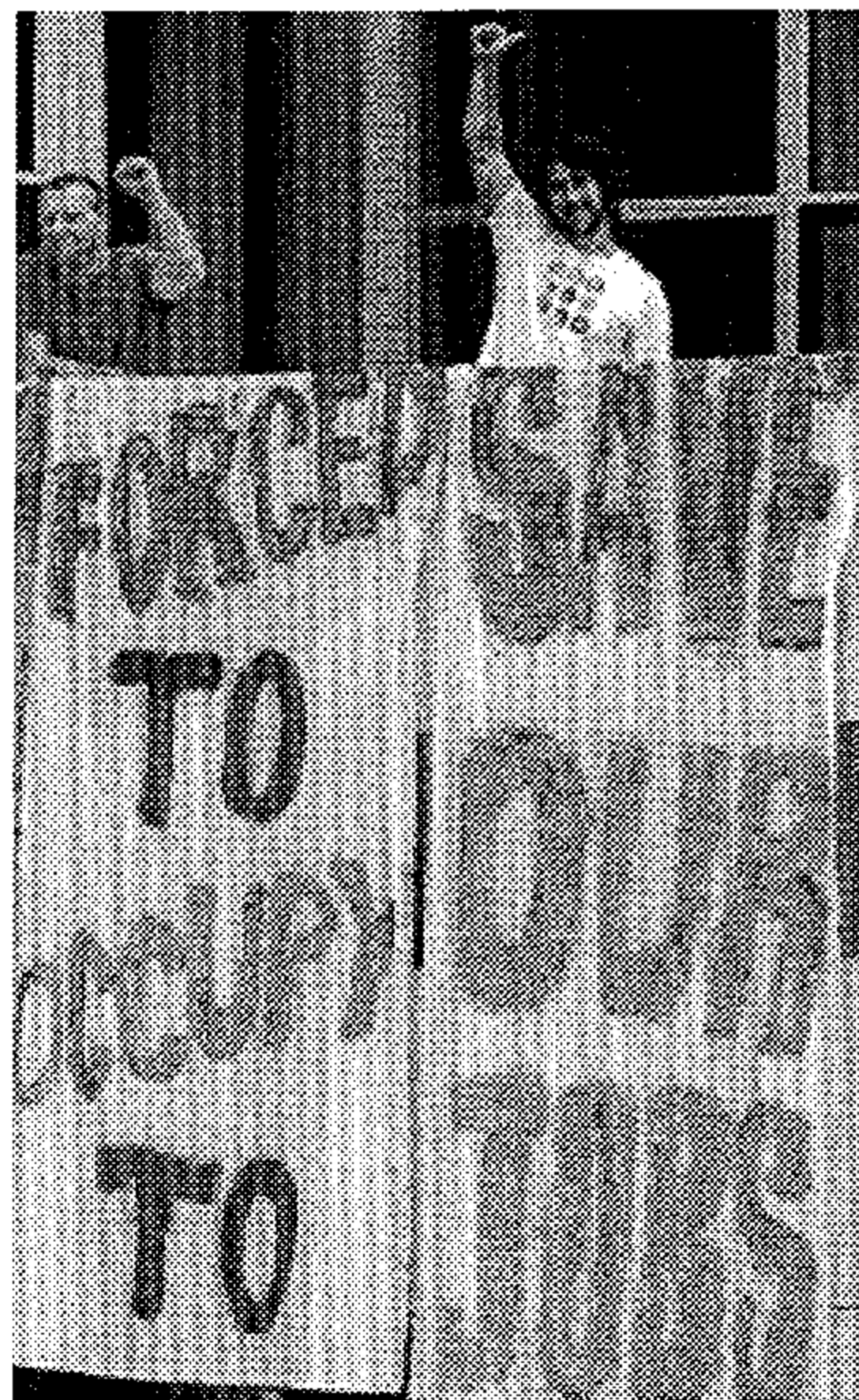


workers power

August 2009 ★ Price £1 / euro 1.50 Issue 337

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

OCCUPY, NATIONALISE FIGHT FOR THE RIGHT TO WORK



Vestas workers launch occupation against wind farm factory closure

ALSO INSIDE:

- Victory to the postal workers
- Get the troops out of Afghanistan now!
- Trade unions, the left and the crisis
- Tax or axe? The public services debate
- For an anticapitalist party
- Build local campaigns to fight the crisis

**FOUR-PAGE SPECIAL PULL OUT ON ECONOMY:
KEITH SPENCER - HOW THE STATE SERVES
FINANCE CAPITAL**



League for the
Fifth International

NEWS IN BRIEF

Blacklisters walk scot-free

A court fined a private investigator (PI) a paltry £5,000 for running an illegal blacklist of more than 3,000 construction workers. Even worse, 40 big construction companies, including Balfour Beatty, that funded the operation got off with only a warning.

They paid the PI to vet those applying for jobs, using the list to exclude socialists, trade unionists and “trouble makers” raising concerns around health and safety.

It is no coincidence the government tried to block the One Death Too Many survey on building site fatalities from being published just before the blacklisting case was to conclude. This 96-page report slams anti-union construction companies as a main cause of the high proportion of deaths on building sites - in 2007-08, 72 construction workers died, nearly a third of all workplace fatalities. The report calls for harsher penalties for directors of companies where health and safety shortcomings lead to deaths.

Labour has shown that it can't be trusted to push forward on this issue. Building workers should mount a high-profile unionisation drive, campaigning against health and safety infringements and union busting.

Swine flu profiteering

Where there's muck, there's brass, the old saying goes. And with 100,000 new cases of swine flu a week in the UK alone, this pandemic is proving profitable for some.

Pharmaceutical companies are cashing in on consumer fears and government orders for swine flu vaccines and anti-viral drugs - big time.

GlaxoSmithKline (GSK) is predicted to make £1 billion from vaccines alone, with 195 million doses on order worldwide (at £6 a pop in the UK). It has already made a cool £60 million in the last three months from sales of its anti-viral drug Relenza.

And GSK's not the only one: Roche has made £570 million on Tamiflu sales this year; Sanofi Aventis took £25.9 million from French taxpayers for its vaccine; Novartis has made £592 million selling the same to US health insurers.

And there are other spin-offs, like masks, flu testing kits and alcohol cleansers to count, too. Boots has reported its stores emptied of thermometers and sterilised hand gels.

Why should they profit from people getting sick? They should be nationalised so medicine is used to save lives, not fill the Swiss bank accounts of Big Pharma billionaires.

Unison tops find activists guilty

Four Unison activists — Brian Debus, Glenn Kelly, Onay Kasab and Suzanne Muna — have been barred from holding office for three years. This is a cynical act by the trade union leaders to silence opposition.

Their “crime” was to hand out a leaflet at Unison conference criticising the standing orders committee for ruling a third of all motions out of order. The motions that caused offence were critical of the leadership or demanded action. Their leaflet depicted the Three Wise Monkeys — “See no evil, hear no evil, speak no evil”. Although the four are all active anti-racists and two of them are ethnic minority members, Unison found them guilty of unintentionally causing offence because the chair of the SOC at the time was Black. A second charge, even more ominously, found them guilty of “attacking the integrity of members of the SOC”!

This is a witch-hunt. The four are all members of the Socialist Party, which doubled its number on the national executive in June. One member, Kelly, is on the NEC. Unison members and other trade unionists should rush protests to Unison HQ against this banning of socialists from Union positions.

INTERNATIONAL WEBSITE RELAUNCHED

For more revolutionary news, analysis, history and theory

The screenshot shows the website interface for the League for the Fifth International. At the top, there is a navigation bar with links for Home, About Us, Analysis by Country, Theory, Marxist Theory, Issues, Liberator, Key Documents, and Publications. Below this, there are several article teasers with titles and dates:

- A European Action Programme Against the Crisis - For a Socialist United States of Europe** (Tue, 14/07/2009 - 14:43)
- Website of Workers Power US launched** (Tue, 14/07/2009 - 22:58)
- Ethnic tension in Urumqi, Xinjiang spills over into riots** (Peter Main Wed, 08/07/2009 - 12:58)
- Statement between the League and a**

There are also sections for 'Part 1 and Programme from communism to social democracy' and 'The current programme of the League for the Fifth International'.

CALL FOR A NEW ANTICAPITALIST PARTY

Add your name to this appeal for the trade unions and socialist organisations to call a conference and form a new anticapitalist workers' party. Get your union branch or group to back it too.

After more than 12 years in office, Labour has proved itself time and again to be a party that attacks workers' pay, conditions, jobs and rights. And now we face the worst capitalist economic crisis for decades, with a massacre of jobs sweeping the country.

The working class in Britain does not have a party of our own to organise and inspire resistance to the bosses' crisis on a daily basis - on the streets and in the workplaces as well as at election times.

Without a new working class party, there is a danger that the racists and fascists will take advantage of the anger and anxiety caused by the crisis and scapegoat migrant workers, asylum seekers, and Black and Asian people.

A new party would fight to force the rich capitalists to pay for the crisis of their system, not the workers.

We appeal to all the trade unions and socialist organisations, to all activists fighting for resistance from below, to anti-racist and anti-fascist campaigners confronting the BNP, to the trade union leaders and members: let's unite and build a new anticapitalist party.

Many activists and groups are now discussing left unity. Conferences in the autumn will discuss challenging Labour at the next election.

We want to see a new anticapitalist workers' party take up that challenge.

We call for

- An open conference - bringing together unions, socialist organisations, workers, youth and left campaigners - to launch a new anticapitalist party
- Local committees for a new party: start building roots in communities
- For a slate of candidates in the general election

To sign the petition, go to www.workerspower.com

www.fifthinternational.org
www.workerspower.com

EDITORIAL

For a new anticapitalist party

Millions of people are deserting the Labour Party and looking for an alternative.

The defeat in the Norwich North by election came hot on the heels of Labour's historic collapse in the Euro-elections, where they beaten into second place in Wales and overtaken nationally by a fringe far right party, UKIP.

Labour's attacks on working people in office, their failure to repeal the anti-trade union laws, the completely sidelining of trade union influence within the party, and their imperialist wars abroad, have accumulated discontent among a whole layer of campaigners, socialists and trade unionists for many years. But now the working class is deserting the party en masse.

Of course, it is hardly surprising this should happen now. Working people are seeing their living standards collapse and communities destroyed by mass unemployment, while those with jobs suffer longer hours and are forced to work more for less pay. Meanwhile the government bails out bankers and financiers.

Yet despite discontent with Labour mounting throughout its 12 years in office, the left has not succeeded in building a new party of the working class. The need for one could not be more urgent.

Debate

At long last a debate has opened up among the socialist parties and the militant trade unions on standing a slate of candidates at the next election and what sort of unity this requires.

Two questions have arisen in this discussion. First, should our goal be a new political party of the work-

ing class or just a loose alliance of socialist organisations and trade unions? Second, what should the policies of this new formation be?

There are experiences we can draw on to answer these questions.

In Britain at the turn of the century, the Socialist Alliance - an umbrella group, which brought together left organisations in common election campaigns - came to nothing when it failed to take steps to winning wider layers of the working class to a new party.

More recently, in France and Germany new parties have been formed but with significantly different politics.

The New Anticapitalist Party (NPA) in France was founded as a fighting party with a political programme for the overthrow of capitalism, not its piecemeal reform. While the party contains both a left and a right wing and the struggle over strategy continues, its aim to replace capitalism with socialism is its great strength.

In contrast, the Left Party in Germany hopes that, one day, it will work alongside the German Social Democratic Party in a capitalist government. Even if the Left Party won power outright, it has promised not to threaten the wealth of the rich.

The heyday of social democratic politics was in the 1950s and '60s. When the capitalist economy was growing sharply, big business could afford some concessions to working people: mass council housing, comprehensive education and the NHS to name the most important.

To give workers a share when the whole pie is getting bigger was one thing. To do so now, when it is shrinking, is quite another. Now the

capitalists are forcing governments to claw back reform after reform - to redistribute wealth from the poor to the rich.

Party of struggle

To counter this attack we need to build a fighting class struggle party: a party that wants to seize the wealth of the capitalists and harness the great industrial and technical achievements of the modern age for the benefit of everyone, not the profit of a few.

Nowhere is the call for a break from Labour more popular than among workers in struggle, who are fighting to defend pay, jobs and conditions. At a rally of postal workers in London an almighty cheer went up when a speaker announced the London region would ballot to stop funding Labour.

The fundamental change that we need will never come through parliamentary reforms from above - but it will come through workers' struggle from below. The party we need cannot just support existing struggles. It must give a fighting lead, inspiring and organising others so that an effective defence turns into a counterattack.

Workers Power has produced a call for a new anticapitalist party in Britain. We are collecting signatures for it up and down the country (see page 2).

We want all people who share our perspective of building a new anticapitalist party here in Britain to take the argument into the various trade union and left conferences that will discuss a left alternative this autumn.

For more on anticapitalist party see appeal on page 2 and back page 'Spotlight' article

Co-ordinate to fight the crisis

There are big attacks now underway: against our services, against our jobs, against our conditions. Resistance is now underway as posties strike to save their union, Vestas workers occupy and demand nationalisation, and 20,000 march in Scotland against the closure of Diageo. But it would be much stronger if we co-ordinated across all these fronts and fought together.

We need to make sure that workers' struggles like those in the post have the widest possible support in working class communities. Many communities depend on the postal

services - so if we form local solidarity campaigns, we can win this argument easily.

Likewise, the Vestas occupation has brought together socialists, trade unionists and environmentalists. Local coalitions could raise vital financial support, raise the political demand for nationalisation and seek other areas for collaboration.

We will quickly find there are other issues to fight together on too. Communities which can be won to supporting the posties are often blighted by appalling social

housing provision - we need to find a way of linking these struggles together in permanent co-ordination, which will make resistance on each front stronger.

With local co-ordinations of trade unionists and campaigners, socialists and community activists, we can build a strong resistance to the capitalist crisis. In Glasgow, activists from different backgrounds came together around the Burgh Angel community newspaper and helped ignite a campaign against school closures.

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BRITAIN

Westminster parties declare war on our public services

By Jeremy Dewar

Labour and the Tories are set to make public spending cuts the major issue of the next general election. Voters have become used to the two big parties offering near identical policies and this time will be no different. Both supported the trillion pound bank bailouts; both rule out significant tax increases on the rich; and both plan to slash public sector services and wages.

UK plc is in a bad way. The economy shrank by 0.8 per cent from April-June, the fifth successive quarter of recession, down 5.6 per cent since last summer. Tax receipts are down (by 14 per cent) and benefit claims up as a result. The public debt, already at a record high of £799 billion (56.6 per cent of Britain's annual GDP), is set to rise by £175 billion a year for the next two years.

Interest payments on this deficit stand at £43 billion a year. And this has triggered talks of £50 billion of annual cuts across public sector departments. Both political parties are planning for big cuts after the election next year.

Chancellor Alistair Darling has obscurely stated that "the public spending envelope will be much tighter" (this bureaucrat can't even say "cuts"), while the Tories are talking about drawing up an emergency budget within 40 days of taking office, just like Margaret Thatcher did 30 years ago to inflict savage cuts.

In an unprecedented move, treas-

ury officials have even ordered top civil servants in all departments to draw up proposals for up to 20 per cent cuts.

Peter Mandelson and David Cameron say the military – surprise, surprise – should be spared cuts to its budget. So where will they fall?

Pay freeze

Steve Bundred, the chief executive of the Audit Office, told The Observer:

"Nothing should be off limits... At a time when inflation is likely to be between two and three per cent, a pain-free way of cutting public spending would be to freeze public sector pay, or at least impose severe pay restraint."

This £212,000-a-year accountant should try living on the wage of a cleaner or teaching assistant before he declares another wage cut to be "pain-free". But Darling and Tory front bencher Kenneth Clarke immediately backed the idea.

Within days of Bundred's intervention, the Local Government Association tabled a 1 per cent "rise" for its employees, while public sector bosses are expected to attempt to cancel previously agreed pay rises of 2.3 per cent and 2.7 per cent for teachers and health workers.

Workers should not be fooled by blatant attempts in the press to turn private sector workers against their public sector sisters and brothers with demands that the pain should be equally shared.

If fairness is the main criteria, then why not raise hefty taxes on the recent bubble of bankers' bonuses, stock market gains and resurgent profits?

SERVICING THE INTEREST ON THE DEFICIT:

- Is equal to half of the yearly budget for the NHS.
- Outstrips the budget of the Ministry of Defence, which is set at £36.7 billion for 2010/11.
- Is more than double the budget of the Home Office and Ministry of Justice, responsible for the administration of Britain's police and prison system, which receives £19 billion.
- Is larger than the amount allocated to local councils by around £15 billion. Only three Whitehall departments receive a larger amount of funding than will be spent on debt servicing.

Workers' living standards are already declining. Not only this, but wage "give-backs" have failed to stem job cuts at JCB, Honda or British Airways. But a victory for any group of workers over wages will strengthen the hand of other sections defending their pay packets.

NHS off limits?

Another shared policy for Tories and Labour is supposed to be their refusal to cut the NHS budget. But, here too there is a sleight of hand.

It is true that Labour increased spending on the NHS by seven per cent year-on-year from 2000 to 2006 – but this only helped Britain catch up with the European average rate of healthcare funding after 18 years of Tory cuts.

Moreover, much of the increase was wasted on public finance initiative (PFI) payments, on consultants', managers' and GPs' wage hikes and on drug patents.

As the current swine flu crisis reveals, there is little room for health cuts. Carl Emmerson of the Institute for Fiscal Studies explained:

"If the NHS budget were frozen in

the next two [three year] spending reviews, this would be the tightest six-year settlement in its history. But... even this historically ungenerous NHS settlement would still require a combination of sizeable cuts to other departments' budgets or further tax-raising measures."

Emmerson went on to say, this would mean a "decade of pain" – cuts that would be more severe than the 1977 cuts imposed by the International Monetary Fund on the last Labour government, which ended in the "winter of discontent".

Why should we suffer the triple whammy of cuts in essential services, mass unemployment and wage givebacks? Why not tax the multinationals and close the corporate tax loopholes to pay for quality services, delivered by well-paid workers?

Already we have witnessed strikes in education against cuts at Tower Hamlets college, London Metropolitan University and Haggerston School, Hackney. The postal workers and tube workers are also striking back. Let's make it a hot autumn.

See supplement in this issue for more on austerity drive.

Stop the fascist festival this August

By Michael Tate

The fascist British National Party (BNP) won two seats in the European Parliament in the June elections and nearly a million votes. A fascist party who stand for an all white Britain and reject democracy, their growth in support is a danger to every ethnic community, every trade unionist, democrat and progressive campaigner.

The BNP are holding their annu-

al Red White & Blue festival on 15 August. This will be a chance for the hardcore of the party to persuade their growing racist periphery of its more explicitly racist and fascist policy positions, such as:

- supporting violent attacks on Muslim women;
- the denial of the Holocaust;
- a commitment to coerce and pressure non-white Britons to leave the country.

Everyone needs to get down to Codnor Denby to build a militant

demonstration against this fascist festival. The BNP are not like other right wing parties - they are fascists. We must completely oppose the BNP having any chance to spread racist lies, hatred and fear.

This is a crucial time as the BNP are stepping up their racist campaigning. Immediately after his election as an MEP, party chairman Nick Griffin stated that Islam was a cancer that must be eradicated from Europe.

The BNP are also beginning to

develop links internationally with other fascist organisation. They have made links with the Hungarian fascist party, Jobbik, which also has MEPs. The BNP officially state that they share common ground on "law and order". Jobbik sends uniformed gangs of thugs to terrorise Roma communities.

Don't allow the BNP to spread its racist filth – join the counterdemonstration.

Assembly 9am on 15 August in Codnor, Derbyshire.

Murdoch empire exposed in phone tapping scandal

By Kam Kumar

Evidence has emerged that the News of the World has illegally hacked into the mobile phones of public figures such as MPs and ministers, as well as royals and other celebrities.

David Cameron has come under fire because he hired Andy Coulson as director of communications for the Conservative Party. It was Coulson who resigned from the News of the World after his royal editor Clive Goodman was sentenced to prison in 2007 for hacking into the telephones of royal staff.

Cameron defended Coulson despite his role in this scandal, saying the fact that Coulson resigned was good enough for him, and that he believed in "giving people a second chance". While this shows how seriously the Tories take the issue of invasions of privacy, the fact is that none of the main parties are pushing the Murdoch media empire too hard on this issue, as all of them plan to court the support of the media barons in the

run-up to the general election.

The Rupert Murdoch owned News Group was forced to pay out more than £1 million in out of court settlements to three people whose mobile phones were tapped. Had they not settled out of court, the methods that these journalists used to get hold of private information would have been made public.

Not surprising then that Murdoch's empire would rather pay out of court than have their shadowy contacts exposed to public scrutiny. But the settlements have showed that Murdoch's hacks simply buy their way out of trouble.

This comes at a time when state and corporate surveillance is running at an all time high. The criminal investigation into the scandal has also discredited the Metropolitan Police, who have been criticised for not doing more to prosecute those responsible for the illegal tapping. Even John Prescott is fuming at the Met for not informing him he was on a list of people suspected of having been targeted for tapping. The police could also face a new

David Cameron and Andy Coulson: the scandal exposes the links between big media barons and political parties



House of Commons inquiry into why they refused to reopen the investigation.

For socialists, however, this is about more than just the privacy and 'security' of parasitic royals, politicians and celebrities. Rather, it demonstrates the power of the billionaire-owned media in our supposedly democratic society, to which elected politicians have pander and avoid giving offence. This media machine, which gave Tony Blair a easy ride when he went to war in Iraq, turned on Gordon Brown after

his introduction of a higher tax rate for people on incomes about £150,000 a year, and has played a key role in boosting Cameron's chances of becoming prime minister, by discovering his marvellous abilities of "leadership" and so forth.

We should demand the nationalisation of the press and private television media under democratic control. Only in this way can we break the power of the bosses to mould "public opinion" for their own interests, by deciding what stories are told or not told and when.

Police unrepentant on protest attacks

By Kam Kumar

Police violence at the G20 demonstrations in London was due to "poor communication" between police and protesters according to a parliamentary committee.

The joint committee on human rights concluded that there was "mutual distrust" between police and protesters on 1 April which saw the death of a local shop assistant and the forced containment of thousands of protesters for several hours.

The committee has decided that a possible solution to the "distrust" would be to appoint negotiators from bodies like the Independent Police Complaints Commission.

But police tactics like "kettling" are based upon intimidating and

frustrating protesters, putting a hold on the right to demonstrate. They are deliberate policies used by the police, and not down to any misunderstanding or communication breakdown. Appointed negotiators are being proposed not to control the police, but rather to give the police additional powers to control where, how and in what way people organise to fight for change.

This year has also seen a further increase in the powers of the police to snoop on people electronically. The Home Office in January gave police permission to access people's computers remotely without court orders. This is normally called hacking but, when the police do it, it is called "remote searching". In March plans were announced to create a giant database of information from websites, like Face-

book and Myspace.

In the meantime, Socialist Party member Lois Austin has succeeded in getting her case for false imprisonment against the Metropolitan Police heard in the European Court of Human Rights.

Lois was one of several thousand people herded by the police into a small area in Oxford Circus during the London May Day protests in 2001 (one of the first attempts by the police to use the now infamous 'kettling' tactic). Her previous hearings at the High Court, the Court of Appeal and the House of Lords effectively saw the judges back the police tactics as necessary to protect life and property.

The role of the police in society is to protect the property of the capitalists and their system. This ensures that they will

always abuse whatever powers they have in the face of discontent, and that their lies and propaganda are part of the repression. Within hours of Tomlinson's death, stories were put about that he had died of a heart attack (with protestors allegedly preventing the police from providing medical attention) - but the pathologist behind his first autopsy Dr Freddy Patel, has since been reprimanded.

Similarly, the stories put about by superintendent David Hartshorn about an impending "summer of rage" of violent anarchists "intent on coming onto the streets to create public disorder" were intended to scare off ordinary people for attending the protests, and to justify, in advance, any police violence against the protestors.

WORKPLACE

Mass unemployment is back: labour movement must act!

By Jim Parker

Unemployment is now rising at a rate not seen since the early 1980s and is forcing millions of people into a poverty trap.

The unemployment rate was 7.6 per cent for the three months to May 2009, up 0.9 over the previous quarter and up 2.4 over the year. This is the largest quarterly increase in the unemployment rate since 1981. The number of unemployed people increased by 281,000 over the quarter and by 753,000 over the year, to reach 2.38 million. This is the largest quarterly increase in the number of unemployed people since comparable records began in 1971.

In many working class neighbourhoods, unemployment is already passing 10 per cent. As this year's school and college leavers

enter the job market, prospects are pretty bleak. Labour's response is to blame the unemployed, while making it increasingly difficult to claim benefits.

Just after Labour came into power 12 years ago, they introduced the New Deal scheme. Under the scheme, long-term unemployed people are forced to do full-time "training courses" if they wish to continue receiving benefits.

A recent BBC report on the scheme presents a damning picture: "People all over the country have complained to the BBC about the compulsory courses which are run by private companies contracted by the DWP [Department of Work and Pensions]."

New Deal trainee Darren also complained there was not enough room for people on the course. "There would be a class of 30, but only about 18 chairs," he said.

(BBC News website 4 April 2009)

Now the government's Welfare Reform Bill will only make things worse. The bill, thought up by former investment banker David Freud, will mean that anyone unemployed for more than a year will be forced to work in return for benefits. It will introduce new punitive sanctions against job-seekers not deemed to be doing enough to find work, including increased powers to stop benefits altogether.

The bill will also require single parents and disability claimants to actively seek work – again, under threat of having their benefits stopped.

It is clear that this bill aims to introduce "workfare". Claimants who are unemployed for more than two years will have to work full-time in return for their benefits. "Workfare" is effectively super-exploitation of the unemployed

as participants will be paid less than £2 an hour.

Equally important, it is an attack on all workers. Those being paid less than half of the minimum wage, forcing down wages and making yet more workers unemployed, shall undercut those who would be employed at the going rate for the job.

Unemployment represents a massive attack on the wages and conditions of the working class as a whole. Workers who are laid-off are often grateful to find another job, even if it means taking a big cut in pay. Those who are still in work feel under pressure to keep their heads down, work hard and accept pay cuts.

The trade unions must now act:

- Organise a national unemployed workers movement.
- Oppose the Welfare Reform Bill.
- Smash the anti-union laws.

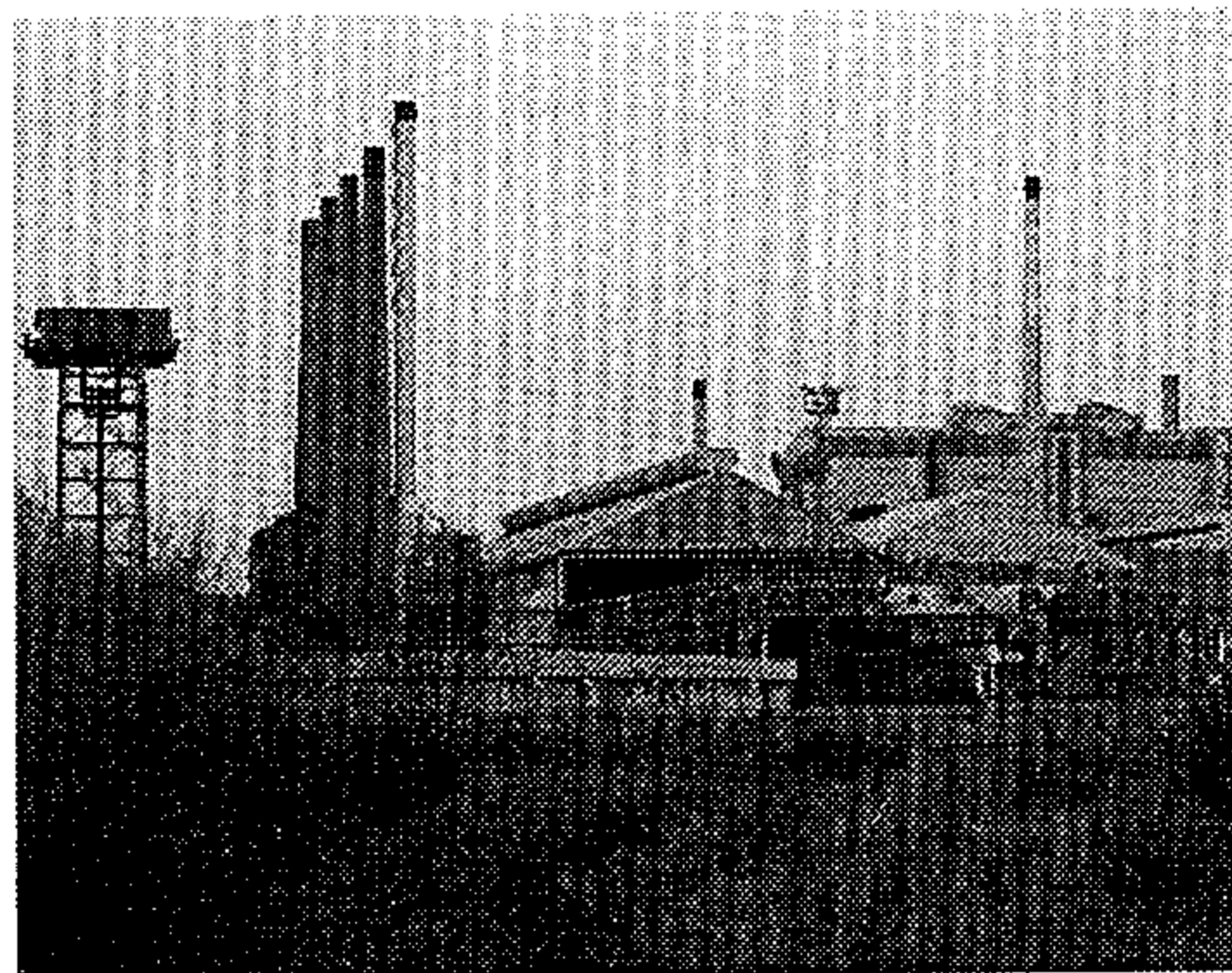
Act now to stop the steel job cuts

By Andy Yorke

The jobs massacre in the UK steel industry is accelerating. Corus bosses are making their workers pay for the collapse of the world steel market, caused by the economic crisis, with cuts and closures. It's not as if suddenly new buildings, transport, machines, tools and bridges are no longer needed – just that these items cannot be sold for enough of a profit.

So as much-needed schools, hospitals, trains and homes go unbuilt, less steel is ordered, plants are closed down, and workers are dumped on the mounting scrapheap of unemployment. What a waste!

Up to 8,000 jobs have been axed over the past year but the threat to close Teesside cast products factory takes the attack to a new level. The jobs of 1,920 Corus workers and another 2,000 contractors are on the line. Overall 10,000 jobs could be lost locally, push-



Jobs are on the line at this Corus plant in Rotherham

ing unemployment in Teesside to 10 per cent.

But Tata, which owns Corus, continues to make money: over US\$2.13 billion in 2008-09. Even it's steel division continues to make money. It's bosses banked billions during the boom years

but as soon as it's profits dip, the less profitable plants face the axe.

So far union officials have argued for wage cuts to save jobs. Community, the main union at TCP, admits this strategy has failed: "Since this recession started we have bargained in good faith and

at each step in the process we have been knocked back."

The second half of this strategy is to demand government intervention. This has produced a paltry £5 million to retrain sacked Corus workers. In response, a Corus worker has set up an online petition stating: "We do not require an offer of £5 million towards retraining... nationalise the industry to take out the profit aspect." Absolutely right.

While demanding Labour acts, steelworkers need to rely on their own organisations – to strike, coordinate their actions nationally and occupy wherever closure threatens, like workers are doing at Vestas. Working class solidarity, like the Save Our Steel campaign in Redcar, could keep the strikers going, while rallying more workers to the fightback.

- Defend every job – save every plant.
- No more givebacks: for a national steel strike.
- No bailouts for steel bosses – nationalise the industry.

YOUNG PEOPLE**Bosses forced to to pay up in fight for “wok-ers rights” at noodle house**

By Rebecca Anderson

REVOLUTION – the socialist youth group – organised a protest in Leeds on 4 July against a chain of restaurants called Wok On, and won the minimum wage and the right to unionise. Wok On had offered a 24-year-old member of REVOLUTION £4 an hour for working as a chef/waiter and employed a 14-year-old to leaflet in the city centre and paid her in noodles! Not only was Wok On refusing to pay the pittance of a minimum wage – never mind a living wage – but they were exploiting the fact that there's not even a minimum wage for under-16s and that many youth are now desperate for work to support themselves and their families.

A group of around 20 protesters took to the streets just outside Wok

On's main restaurant in Leeds. They were demanding “equal wages for all ages” and telling the management “Low pay? No way”. While the bulk of protesters stayed outside the shop, leafleting and talking with would-be diners, and generally causing embarrassment for the owners of the shop, others confronted management with accusations that they were underpaying workers, breaking laws and exploiting young people. The manager

denied that he'd broken the law but admitted that he'd paid under-16s in noodles, arguing that it was a fair deal but that if he had known she was poor, then he'd have paid her in cash instead.

He agreed that he would pay all staff the legal minimum wage and that a trade union rep would be allowed to go in and speak to his staff the next week. Although they didn't win a living wage for the staff this time, this was a victo-

ry and the unionisation of the staff could lead to further struggles for better pay and retail-sector resistance to job cuts. The next target will be McDonalds, calling for the right to unionise and a minimum wage for all staff regardless of age, in the build up to a tour of shame through Leeds city centre of youth protesting against super-exploitation and unemployment.

Watch the video of the protest at www.worldrevolution.org.uk

**Fight for our future – fight against youth unemployment**

By Dan Edwards

Unemployment has soared to its highest levels in over a decade. Young people in particular are being forced to take the brunt of this, with the numbers of young people unemployed rising to nearly 900,000 in recent months, which is 18 per cent of young people as a whole. This means that while young people are only one fifth of the general population, they make up two fifths of the unemployed.

This is hugely disproportionate – young people are seeing directly how little they are valued by the companies they work for and the system as a whole. While they are often the first to get sacked when a firm is facing cash problems or simply didn't make a big enough profit, the government's proposals for increasing youth employment in the recession have been wholly inadequate.

The government has proposed putting £1.2 billion into the Future

Jobs Fund (FJF), the aim being to create 250,000 new jobs for young people over the next two years. Ignoring the fact that only 150,000 of these jobs will actually be new (as opposed to employers using the FJF to subsidise existing employment), there is a shortfall of over 650,000 places. The government says they are only orientating this scheme towards long-term unemployed youth, ignoring the hundreds of thousands who have been laid off and have either not claimed benefits or have been claiming for less than 12 months.

Looking at the jobs that will be created, bosses only have to guarantee 25 hours of work per week. This means 18 to 21-year olds, who earn the lower minimum wage of £4.77 per hour, will earn less than £120 per week. This amount, simply put, is an insult and not enough to live on when utilities, rent and taxes are factored into the equation. If young people refuse to take one of these underpaid jobs then they face the prospect of losing their ben-

efits – for the first offence you lose two weeks benefits, for the second offence four weeks, and the third offence loses you your benefits for a staggering six months.

Young people are particularly vulnerable in the workplace. Many do unpaid overtime as older colleagues and managers pass off menial, repetitive tasks onto younger workers. Then they get threatened for not finishing all their tasks fast enough, despite being over-worked and underpaid. Currently, the majority of young people are unaware of their rights in the workplace and managers take advantage of this.

What's more, the overwhelming majority of young people aren't in trade unions, and the union bureaucracy often ignores those that are. Often the militancy of young people's ideas and actions disturbs those seeking peace with the bosses, and the sheer numbers of cases youth discrimination and exploitation seem too much for the capitulating bureaucrats to deal with.

Revolutionaries have two major

tasks if we are to fight against this division within the workers' movement. We must encourage young people to organise independently of the bureaucrats, to exert pressure on union leaders to fight for their rights, and take on the struggle themselves within the rank and file, against the bureaucracy where necessary. Within the unions, we must fight for control from below, through grassroots coordination and networks, so that young people can have a say in the union. Older trade unionists have to be informed and shown through action that their interests and young workers' interests are ultimately the same – that an injury to one still remains an injury to all.

The vibrancy and energy of young people is desperately needed for the workers' movement to take united and effective action to stop the bosses' attacks. All workers benefit when the false divides of the working class (race, gender, age, etc) are put behind us and class unity is put into action.

WORKPLACE

Why we need a national post strike

As London posties plan more strikes, a *CWU postal rep* argues that we need to respond to the national attacks on the post by the Labour Party and Royal Mail with national action

The Communication Workers Union (CWU) is heading for a national strike. Up to 400 offices are balloting or on strike. London offices have taken seven days of strike action in the past six weeks. Now the leadership has promised to publish a timetable for a national ballot on 4 August.

The future of our whole industry and the union is at stake. London, Scotland and other offices around the country have taken action because they recognise this fact. Now is the time to unite the strikes and bring every office out together.

Royal Mail management has put out a lot of disinformation about the strikes: it's about local issues that other areas have already agreed, like flexibility or cuts; it's just London being "bolshy"; the union is lying about Royal Mail refusing to talk; and nobody will be forced to go part-time. And they are laying it on thick with the blackmail: if we strike, customers will leave and our jobs could suffer. That's the spin. Here's the truth.

Union busting

Royal Mail's modernisation plan, according to the Hooper review published last December, could see up to 50,000 full-time jobs being cut over the next few years, with half the mail centres and two-thirds of delivery offices closing. When Royal Mail says it has no plans to force anybody to go part-time or for compulsory redundancies. That isn't a guarantee they won't in the future - it's what they want us to think now so we don't go on strike.

Royal Mail claims postal workers are 25 per cent overpaid and 40 per cent underworked. That's why, despite £321 million in profits and management bonuses worth thousands of pounds, it imposed a pay freeze on us this



Hundreds of London posties gather in Parliament Square, 17 July

How can we win the strike?

The 2007 strike was a defeat plucked from the jaws of victory. CWU leaders turned the strike on and off, dragging it out unnecessarily for months. Then after a real push, with back-to-back 48 hour strikes, our leaders surrendered to a court injunction just when victory was in sight.

What is the over-riding lesson from this experience? It can be summed up as organising the strike from below. Why? Because the officials seem incapable of learning.

At the moment, the CWU tops are set to agree a ballot timetable for 4 August, meaning there would be no national strike until September, even though our national conference set the date for 2 July.

Not good enough. London and Scotland will have been striking for three months by then. You cannot keep your best troops on the front line, soaking up punishment - provocations, no strike pay, etc - while delaying reinforcements that could tip the balance of forces.

The 400 or more offices that have

taken action or secured ballots should call an unofficial conference as soon as possible. Yes, this might not draw every office into the debate, but the more coordination the better. Delegates could then hammer out a strategy to win.

How long should strike days last? How close together should they be? What should we do if Royal Mail victimise activists? Or redirect mail? Or open up temporary scab mail centres? What if wildcat strikes develop - should we spread them and stay out?

All these are live questions of strategy now. If we leave it to chance, we could end up like we did in 2007 - with the rank and file disunited and ill-informed. But if we use the summer to get organised, then, when the crunch comes, we will have an alternative leadership ready to stop any backsliding or hesitation by the officials. There can be no doubt that CWU militants have sufficient experience and nous to win this fight. But we have to seize control of the dispute.

year. If we don't stand up to them now, they will go on cutting pay. Plus there will be more cuts to our pensions - the deficit is now £10 billion, thanks to Royal Mail

gambling it on the stock market.

Royal Mail ripped up the 2007 Pay and Modernisation agreement - after they got the "flexibility" they wanted - and refuses to

negotiate with the CWU on closures, cuts, and everything else. Instead they shut down over a dozen mail centres - one-fifth of the total.

It is now clear Royal Mail wants to follow TNT's operations in Holland and impose a majority part-time, casualised workforce that rarely comes in the office and has little contact with the CWU, hoping union membership will wither away.

To sum up, modernisation is meant to bust our union, which is how we collectively stand together and force Royal Mail to give us decent wages, respect workers and adhere to health and safety. This is the strategic question for every worker. With a union, we can always hope to recover from a defeat like 2007 and fight to win again. Without a union, all these things go out the window, as we won't even be able to defend what we've got.

Fight for our future

This is the future Royal Mail has in store for us. We need to take this chance to knock back their plans. If we don't, privatisation - despite the recent setback - will become inevitable.

We're not alone. Several sections of workers have already scored victories, such as the second Lindsey unofficial strike and Linamar dispute in June. Many more are going into dispute alongside us - tube workers, construction workers and possibly steel workers. Millions are sick of a situation where the government bails out bankers while making workers pay for their crisis.

We can unite with these other workers, build a mass solidarity movement of working class people behind us and deal the bosses and their Labour politicians a bloody nose. What's there to win? The future of our whole industry and union!

Vestas workers call on Labour to nationalise plant

A fight to save 600 jobs at a wind turbine plant threatened with closure exposes Labour's green fakery. *Andy Yorke* and *Jeremy Dewar* back the workers' demand for nationalisation

As we go to press, 25 workers are occupying the Vestas Wind Turbine factory on the Isle of Wight in order to prevent its imminent closure. Despite an attack by riot cops, an ongoing police siege and the company erecting a fence to deny the protesters food and water, the workers are on day six of their occupation. So far, five people have been arrested. Vestas has summarily dismissed the occupiers and is seeking a court injunction on 29 July to evict the workers.

The workers are calling on the Labour Government puts its own words about "green jobs" into action by nationalising the factory and save over 600 jobs. An ongoing mass picket on the outside and the occasional rush at the fence to reinforce the occupation and get vital supplies through has kept them upbeat and defiant. As one occupier told the press: "Support is just snowballing."

This courageous act of defiance has brought the environment and labour movements together. The occupants have also won support on the Isle of Wight itself, where the job losses will have a devastating effect on the local economy. Many are camped outside in solidarity, while hundreds marched from Newport to the factory on 24 July.

Bob Crow, General Secretary of the RMT, has given the occupiers the union's full support, paying their legal fees and even offering to airdrop food by helicopter. On visiting the island, Crow said:

"The government stands accused of sheer hypocrisy over their public announcements on climate change while our only wind turbine factory faces the axe. If the government can nationalise the banks at the drop of a hat then there is no reason whatsoever why they can't nationalise Vestas."

Labour's response: hot air

Energy and Climate Change Minister Ed Miliband has been shamed into calling on everyone to "rally round to protect our wind turbine industry" – but refused to save the plant. The most Miliband has offered is to consider an application from Vestas for a research facility on the island that would possibly employ 150 workers, while easing planning permission for wind farm applications next year.

Only a week before the occupation kicked off, he was spinning Labour's new White Paper as heralding a "green revolution". As the occupying workers put it bluntly: "Only last week they said they would create 400,000 green jobs.

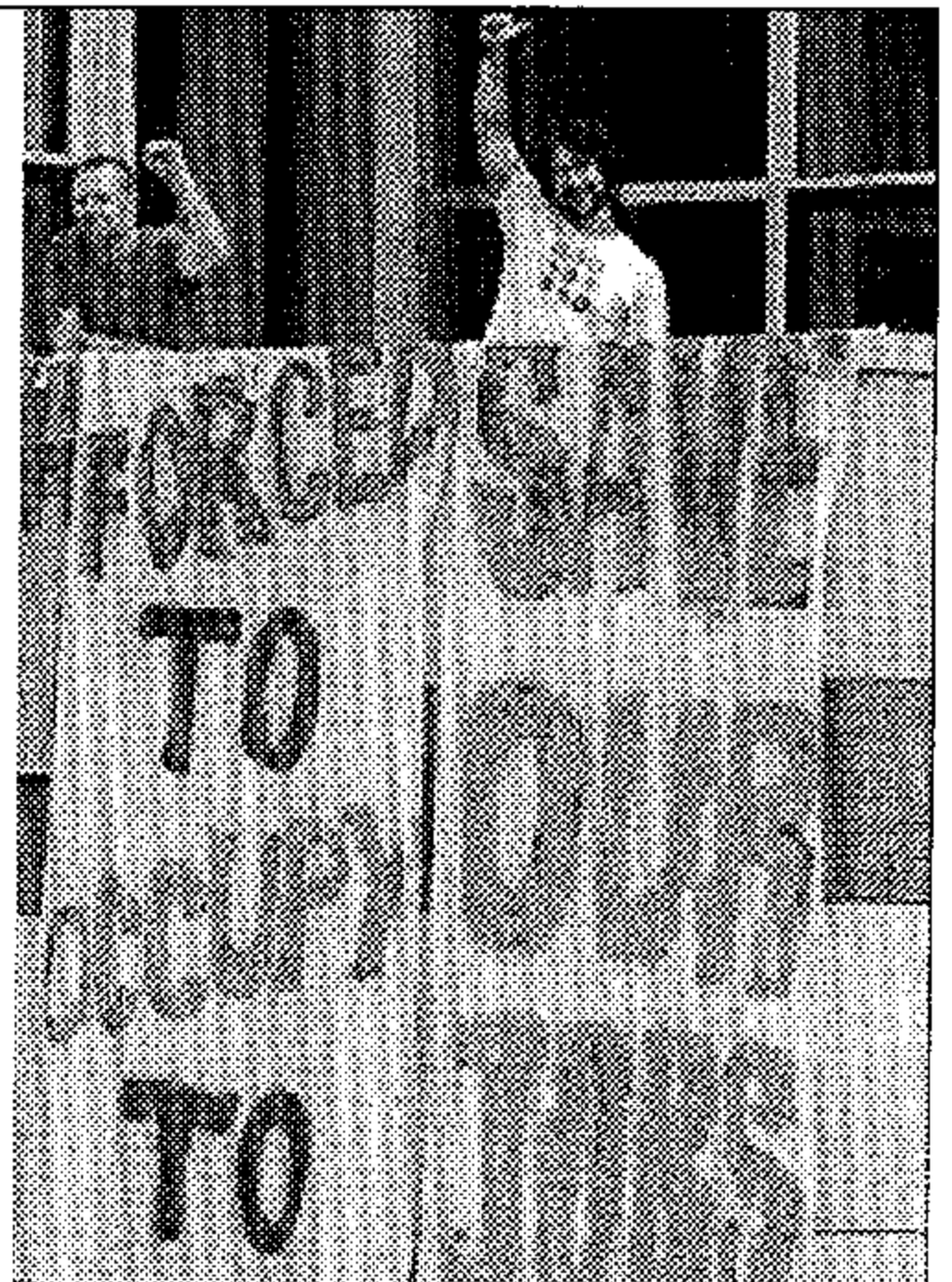
Message from the occupation

"Now I'm not sure about you but we think it's about time that if the government can spend billions bailing out the banks – and even nationalise them – then surely they can do the same at Vestas.

"The people of Vestas matter, and the people of the island matter, but equally importantly the people of this planet matter. We will not be brushed under the carpet by a government which is claiming to help us.

"We have occupied our factory and call on the government to step in and nationalise it. We and many others believe it is essential that we continue to keep our factory open for our families and livelihoods, but also for the future of the planet.

"We call on Ed Miliband as the relevant minister to come to the island and tell us to our face why it makes sense for the government to launch a campaign to expand green energy at the same moment at the country's only major wind turbine producer closes."



How can the process start with 600 of us losing our jobs?"

Renewable energy sources – mainly wind power – are responsible for a mere six per cent of Britain's energy. While the White Paper aims to increase this to 31 per cent by 2020, winning gushing support from some greens, Labour insists the private sector remains in control.

But, as Vestas has demonstrated, profit always comes first for the bosses. Already the Confederation of British Industry (CBI) is demanding that the 2020 target of 31 per cent is cut to 25 per cent, while companies like E.On and EDF are actively backing "local" campaigns to object to new wind farms.

Green exploitation

But when it comes to exploiting their workers, old boys like E.On and EDF have nothing on the new wave of "green" entrepreneurs like Vestas. One worker described Vestas' factory regime: "For so long, management kept us down; they've broken us and bullied us. People were too scared to stand up for themselves because they were worried they'd lose their jobs."

Vestas made US\$56 million profit in the first quarter of 2009, a massive 70 per cent increase on last year. Just like any other business, it won't pay a penny to support workers and plants not spinning it money. Instead, after closing the Isle

of Wight plants, Vestas plans to shift production to the US in order to boost profits further.

Miliband uncritically regurgitates the company's wafer thin arguments that the blades are made to fit American wind turbines and that they are for onshore wind farms. So? If the workers were put in charge of the factory, they could easily recalibrate or retool the machines? The real reason Miliband won't lift a finger is that he is in the pocket of the energy companies over planning permission and will not countenance nationalisation and workers' control.

Solidarity needed

We need to build a massive solidarity campaign, demanding our trade unions support the occupation and force Miliband and Home Secretary Alan Johnson to call off the cops and nationalise the plant. RMT's Crow should talk to his members on the ferries about solidarity strike action if the police attempt to break it up. As many as possible should visit the occupation and help defend it.

The Vestas workers are "broken" no more, but at the forefront of the fight against closures and climate change. They deserve all the support we can muster.

The Vestas workers have set up a blog with the latest news from the occupation. See it online at: <http://savevestas.wordpress.com>

ANTIWAR

Helicopters? No – all British forces should get out of Afghanistan now

The media campaign about the shortage of army helicopters in Afghanistan aims to divert people from asking the question – *why are British troops there?* **Rebecca Anderson** writes

The government and press have used the mounting death toll of soldiers fighting in Afghanistan to mobilise public expressions of enthusiasm for the war and increased spending on the military, despite the economic crisis.

They have used everything from staging “Welcome home” parades through city centres to publishing the final letters soldiers are encouraged to write to their grieving parents. Yet despite all this public campaigning, recent polls show that a majority (albeit a very narrow one – 47 per cent to 46 per cent) are *against* the war in Afghanistan.

Leading figures in the army and government have been locked in a media battle over whether the army has enough helicopters, in order to deflect anger at the mounting casualty toll. This prompts the most important ques-

tions: are “we” losing this war? Why on earth are we fighting it? And why increase the military spending even more when the government is planning huge cuts to our health and education systems?

Britain invaded Afghanistan in 2001 as part of the US sponsored “war on terror”. Despite a quick victory over the unpopular Taliban regime, eight years of occupation has led to the growth of a resistance movement. The determination of Britain and the US to wipe out the resistance in regions like Helmand province has increased support for Islamist organisations who are seen as defending their country from occupation.

In fact the US use of helicopter gunships, “smart bombs” or missile firing drones to minimise their own casualties has led to huge numbers of civilian deaths and a blazing hatred for the occupiers among the

Twenty British soldiers have been killed in the last month. None would have died if it were not for this immoral war

local population. The talk of “winning hearts and minds” is a sick joke when you are slaughtering villagers at wedding parties or funerals.

Naturally everybody will feel for devastated parents, wives and girlfriends, for the loss of young lives before they have really begun. But

the best way of saving their lives is not to give them more helicopters, but to get them out of Afghanistan – to end the occupation.

And if our media puts names and faces to British losses, they deny us the ability to see the faces and names of the much greater numbers of Afghans young and old who have perished in this evil war. Human Rights Watch and the UN Assistance mission in Afghanistan believe that the occupation forces have caused over 10,000 civilian deaths since 2001.

We need to expose the lie of the “good war” in Afghanistan. It is part of the same war as the occupation of Iraq. It is for control of gas and oil pipelines through strategically important parts of central Asia. This project isn't in the interests of the Afghan, Iraqi or the British working class. Troops out now!

South Korean car workers defend

A two-month long occupation of a car plant in South Korea has seen pitched battles between strikers and the police, backed up by company thugs. Between 600 and 1,000 people moved into occupation with supporters camped outside the Ssangyong Motor plant, a small Korean car manufacturer in Pyeongtaek.

The strikers occupied the factory for over a month before riot police stormed the building in early July, forcing the remaining strikers onto the roof. Once there, the strikers armed themselves with powerful slingshots, and, taking advantage of the numerous nuts and bolts in the building, fired on the police, scabs and gangsters hired by the company (known as *kkangpae*).

Desperate to defend their livelihoods they defended themselves against the bosses attempt to break their strike. The police placed the company under a state of siege on 20 July and carried out numerous

A heroic struggle by South Korean car workers has been viciously attacked by armed police and bosses' thugs. But it has also ignited a wave of solidarity action, writes **Simon Hardy**

The striking workers on the roof – fighting to keep their jobs



raids on the building.

In response the Korean Council of Trade Unions called a two-day general strike and a day of labour rallies and protests across the country in solidarity with the occupying workers, who have acted as a detonator for other struggles in the country.

There were also fractious scenes in the South Korean parliament as lawmakers resorted to fist fights over controversial new media laws, which would allow conglomerates unprece-

dent control over media access. Opposition party members launched themselves at the podium to try and prevent the law being signed. Outside of the parliament, more importantly, media workers took part in a strike against the law, pledging resistance to its implementation. This strike was also in solidarity with the Ssangyong workers.

The police are determined to defeat the Ssangyong strike. They smashed up the tent city set up by

the supporters and families of the strikers. The company has also hired special goons, armed with slingshots and telescopic batons, to harass the strikers from behind barricades.

The company has been waging a war of terror on the family members of the strikers. One union leader's wife committed suicide after being told that her home would be confiscated to pay for the company's losses.

A rally of company men and

THEORETICAL SUPPLEMENT – THE BANK BAIL-OUTS

How the state serves finance capital

The UK and US governments policy of bailing out finance capital appears to have stimulated some recent return to profitability for banks and financial companies. But *Keith Spencer* examines how this policy of handing over money to finance capital worsens the crisis for the working class and stores up greater problems for the capitalist system

The bail-out policy is based on the belief that the current recession was caused solely by the collapse of the value of the big banks' capital holdings. Although it might seem that the wealth of a bank is the total sum of the money deposited in it by savers, this is a misunderstanding. In reality, a bank holds very little of its deposits because it lends the money out at interest. It is the interest payments that are the source of the bank's profits. Consequently, how much a bank is worth is measured by the volume of loans it has made. Other things being equal, the more loans it has made the more interest it earns and the greater its "capital value".

However, other things are not always equal. If the firms that borrowed the money go bust, then the bank loses its money. Equally, if the bank has lent money out in exchange for various forms of "securities", such as company shares or bonds, and their value falls, again, it loses its "investment". In such a situation, the bank responds by limiting how much it will lend or, if the situation is really serious, it demands early repayment of all outstanding debts. This is essentially what happened in the "credit crunch" that began in 2007.

The immediate effect is a slow-down in the economy; firms cannot borrow money to buy raw materials, pay wages, and make investments, etc. This sequence of events itself is well understood by both Marxists and non-Marxists - what is disputed is what causes the sequence and this we have dealt with elsewhere.¹ In this article, we challenge the government's belief that by simply replacing the banks' loans with new money, which the government has either borrowed

or simply printed, will make "everything equal again" and allow a return to economic growth and prosperity.

Nor is this just a matter of theoretical interest. We can already see how the growing UK debt is causing sharp argument between the Tories and Labour over the scale of the cuts needed after the recession. The question Marxists have to ask is how this policy will affect the accumulation of capital in the wider economy and, crucially for us, what it means for the working class. Below we consider these issues from the standpoint of the Marxist theory of money and finance.

What is money?

Marx called money a "generalised commodity equivalent". By this he meant that one commodity had become the measure of value of all commodities. The use of money developed as a result of an increase in trade and exchange. The more commodities that are put onto the market, the greater the need for one commodity act as a measure of exchange between them. So, whereas in a bartering system one bushel of wheat might exchange for one pig or two geese, with the increase in trade, coins became the measure of value for all goods.² What was crucial was that the coins themselves had their own value, based on the amount of precious metal they contained, the price of which was determined by the labour time taken to extract and smelt the ore and mint the coins.³

With the massive expansion of trade in the modern world came paper money, backed by the gold ownership of the issuing bank. For example, a £5 note could be exchanged for £5 worth of commodities because the issuing bank

guaranteed to honour its value. The note itself was only a symbol, but a symbol of a real value for which it could be exchanged. True, where the issuing bank was not recognised, such as in a foreign country, or where the institution had gone broke, then the note was worthless. However, in most circumstances, a note from a respectable bank was "as good as gold". Modern measures of money include coins, paper money, cheques and even electronic transactions with the use of credit cards, etc. Capitalism needs a huge array of credit tools to fund its activities hence the massive expansion in electronic forms of money. Nonetheless, at root, these symbols of value only function because buyers and sellers accept that, if necessary, they can be turned into more tangible forms of value.

Money serves three main purposes in a capitalist economy:

- **As a measure of value:** money measures value and circulates exchange values in the form of prices. As Marx said: "Money now exists outside and alongside the commodity; its exchange value, the exchange value of all commodities, has achieved an existence independent of the commodity, an existence based in an autonomous material of its own, in a particular commodity."⁴
- **As a means of circulation:** money serves the easy circulation of commodities, so transactions use money not bartering. In effect, money gives form to a commodity's exchange value - the amount of labour value contained within it.
- **As wealth:** where money is held by capitalists it acts as a store of wealth. This would commonly be to form a reserve fund for future investment or for the next purchase of raw materials. Moreover, in a recession, hoarding takes place,

meaning that money is held back, rather than being risked in investment.

The role of credit and fictitious capital

The massive expansion of credit was both a symptom and cause of the speculative boom and crash that came before the credit crunch.⁵ Here, we will examine the role of credit in the business cycle, the role of government borrowing and the key differences between fictitious capital and real money.

Credit can take many forms: bills of payment (basically IOUs), shares, bank loans, government bonds (known as "gilts") and so on. In the case of credit, money is loaned in exchange for a title to a share of surplus or capital. For example, if someone buys £10,000 of shares, this means they have given a company £10,000 in exchange for the shares, which yield a yearly dividend. The shares are titles to ownership of £10,000 of the company's capital, but this can only be realised when the owner sells the shares. And, of course, the price of shares can go up or down.

A bank loans £50,000 to a firm. The firm now has £50,000 to invest but has to pay the bank a yearly amount of money in return. The bank, however, will only receive the full £50,000 in, say, 10 years' time; until then, for the bank, the right to the £50,000 is based on ownership of a title to that amount. In addition, to this we also have interest. Interest is the price for a certain amount of money. In the example above, £50,000 may be paid back over 10 years but the bank will take into account depreciation of the currency (i.e. inflation), risk, supply and demand for credit and so on. Interest goes to the bank and is

THEORETICAL SUPPLEMENT – THE BANK BAIL-OUTS

a form of profit - in effect, it is a subtraction from the total profit of all firms in circulation.

Marx said: "Such papers [forms of credit], however, if in government bonds, are capital only for the buyer, for whom they represent the purchase price or the capital he invested in them. In themselves they are not capital, but merely debt claims. If mortgages, they are mere titles on future ground-rent. And if they are shares of stock, they are mere titles of ownership, which entitle the holder to a share in future surplus value. All of these are not real capital. They do not form constituent parts of capital, nor are they values in themselves."⁶

They are not real capital but fictitious capital. It is the massive expansion of fictitious capital and what Marx calls "debt claims" that fuels capitalist accumulation. When this happens, there is a huge disequilibrium between the real value of commodities (the monetary equivalent of the amount of labour time it took to produce them) and the nominal prices of the "titles to ownership", e.g. the shares.

The destruction of credit and capital

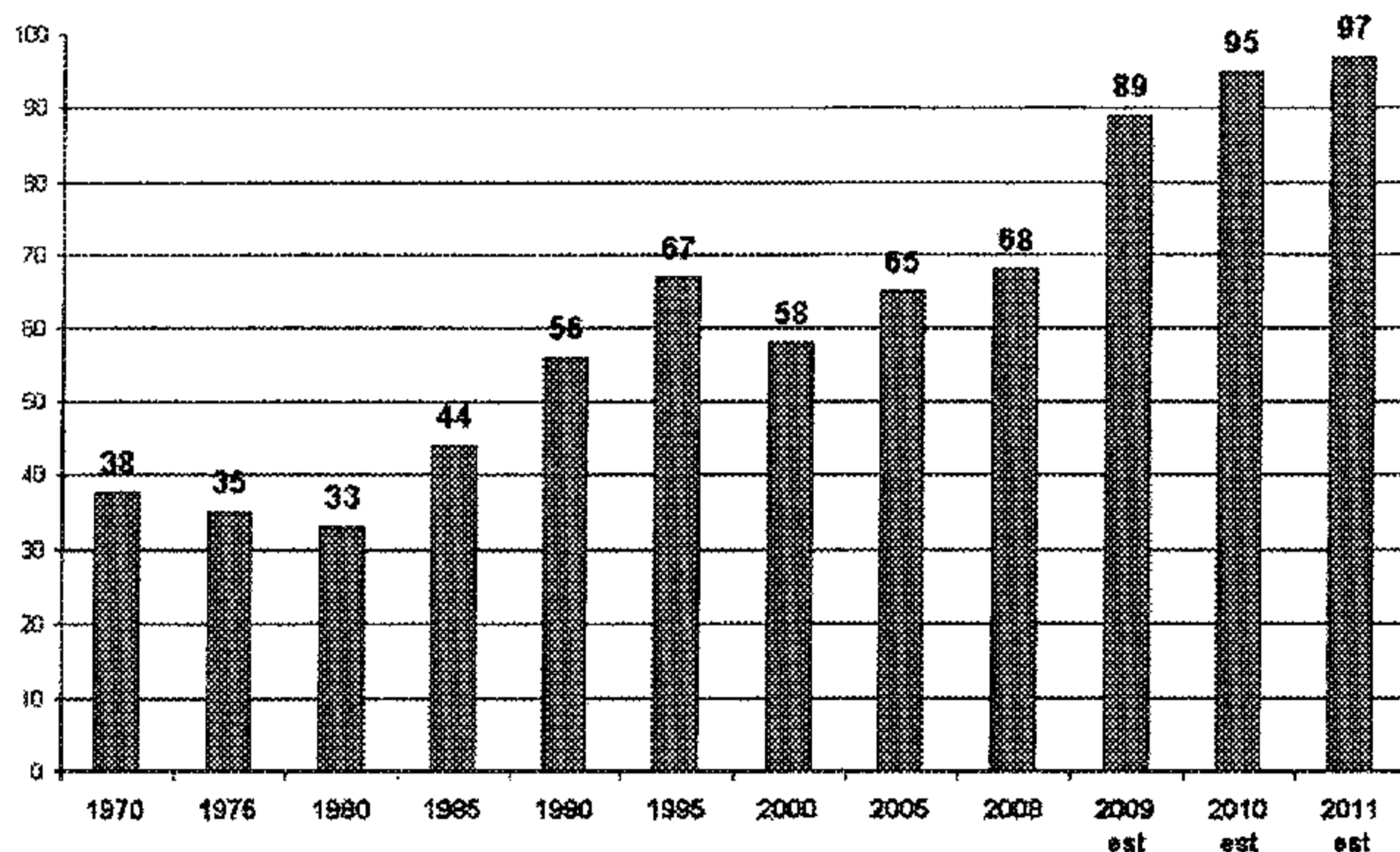
The current global recession has destroyed 45 per cent of all wealth in the world, according to private equity company Blackstone.⁷ Fortune magazine recently published a survey of the US's top 500 companies that showed how fictitious capital can be destroyed.⁸

In 2006, the total profits of Fortune's top 500 companies came to US\$785 billion. In 2008, the figure was just US\$98.9 billion, a staggering fall of 87 per cent. Or, to put it another way, "for every US\$1 in profits made in 2006, the top 500 companies made 13 cents last year."

Some of this loss represented real capital, for example, commodities that could not be sold, factories left to close, and people made unemployed. But a large part of the loss resulted from nominal values finally plunging down to realign with their real value. The greatest damage was done to financial companies: banks, mortgage companies and so on. In 2006, financials in the top 500 made a *total profit* of US\$257 billion (just under a third of total profits of the 500); in 2008, they lost US\$213.4 billion. These are the companies that trade in the fictitious capital that is most at risk when nominal values fall to real ones.

During the boom, not only shares but also a variety of sophisticated "financial securities" took on an independent life of their own where they were subject to their own laws of supply and demand. Buying and selling securities offered much quicker - and much bigger - profits than almost any investment in actual production of goods. However, once the boom became a crash, their "val-

US FEDERAL GOVERNMENT DEBT AS % OF GDP
(NOTE ESTIMATES ARE LIKELY TO BE TOO LOW)



ues" fell sharply. To give some indication of the effect of the rapid decline of fictitious capital on real money capital, Fortune says: "The US\$470 billion swing in profits [among financials between 2006-8] explains almost 70 per cent of the total dollar fall since the heights of 2006".⁹

The stages of credit in the capitalist cycle

Why does the value of the forms of fictitious capital rise so dramatically and outstrip the real value of commodities? For this we have to look at how Marx described the role of credit in the three main stages of the business cycle.¹⁰

The period of crisis: There is a widespread fall in production and commodities cannot be sold on the market. The contraction in economic activity means that capitalists seek to turn commodities into money capital or wealth, that is, they are hoarding money to safeguard against debts, etc. As Marx said: "In the crisis, the demand is made that all bills of exchange, securities and commodities shall be simultaneously convertible into bank money, and all this bank money, in turn, into gold."¹¹ The turn to real money and the lack of demand for credit to invest means that interest rates are low. One positive aspect of a low interest rate is that a greater amount of any surplus is given over to profit because companies are no longer paying high interest rates. Over time, this will help towards the restoration of a higher rate of profit.

The period of recovery: Production and circulation begin to move forward but there is still an abundance of money capital that can be loaned out. Hoards are used to invest and there is an increase in the demand for credit. Interest rates begin

to rise but not to the levels encountered at the top of the boom.

The period of boom: The feverish expansion of capital leads to greater demands for credit but the demand always outstrips supply. Interest rates and the prices of credit of fictitious capital (stocks, shares and so on) rise to their highest point. These prices outstrip the real value of commodities. Marx said: "Credit, likewise a social form of wealth, crowds out money and usurps its place. It is faith in the social character of production, which allows the money-form of products to assume the aspect of something that is only evanescent and ideal, something merely imaginative. But as soon as credit is shaken - and this phase of necessity always appears in the modern industrial cycle - all the real wealth is to be actually and suddenly transformed into money, into gold and silver - a mad demand, which, however, grows necessarily out of the system itself."¹²

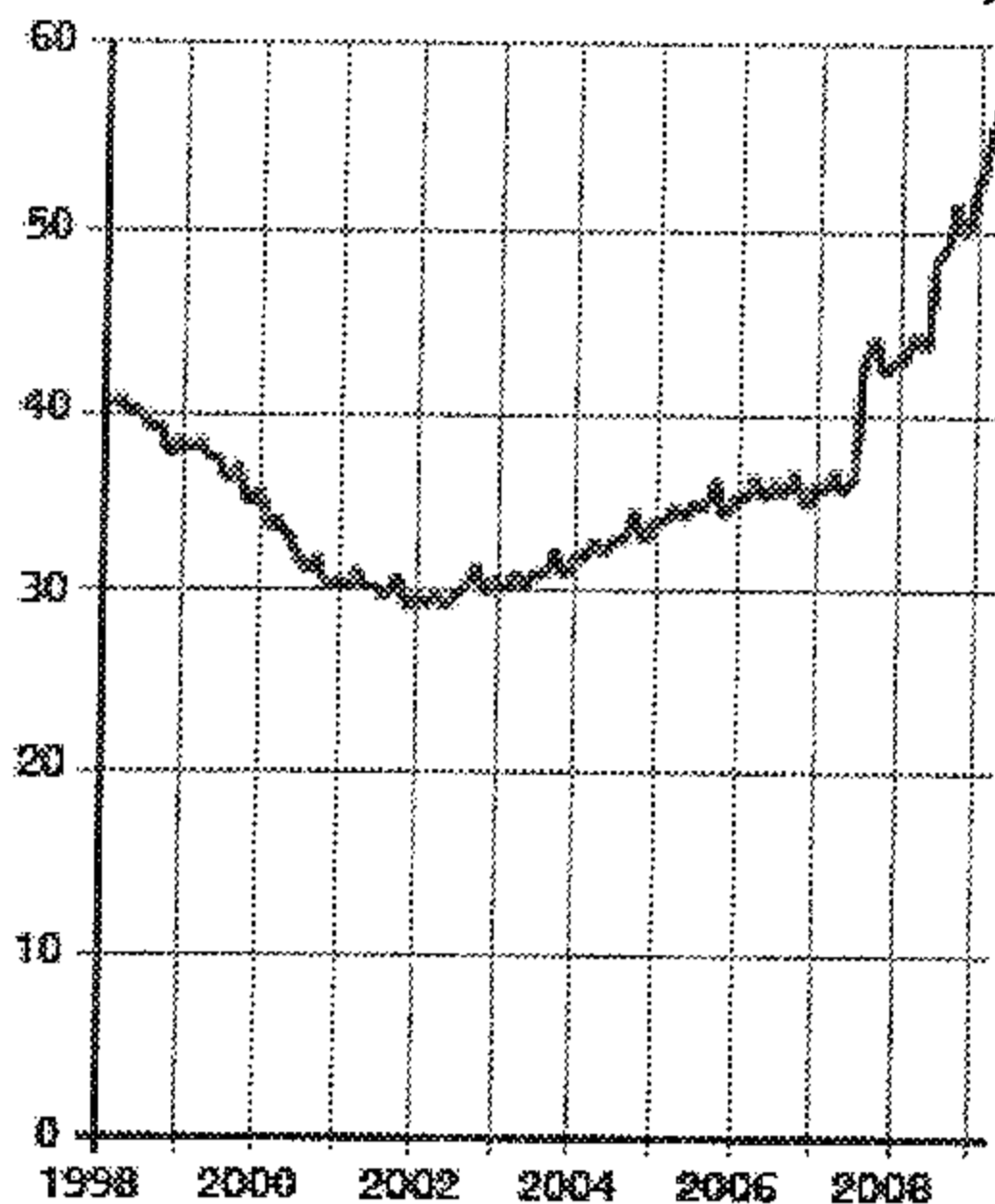
This is the precursor to a crash.

The role of the state, credit and quantitative easing

As the current crisis took hold last year, finance capital's exposure to losses on fictitious capital investment was laid bare. Both the UK and US slashed interest rates to historic lows in an attempt to avert a banking crisis and keep money and credit circulating. From October 2008, the US and UK governments both pursued a strategy of handing over real money to shore up failing banks. In the US, Bush's 2008 Emergency Economic Stabilisation Act provided US\$700 billion to buy toxic assets and inject capital into the banking system. The Paulson Plan (as the act was known) gave the government near-

It is the massive expansion of fictitious capital and what Marx calls "debt claims" that fuels capitalist accumulation

UK GOVERNMENT DEBT AS % OF GDP (IN JULY 2009 WAS AT 54% AND RISING)



unlimited powers to buy mortgages and other assets. The plan also included US\$250 billion to inject funds into banks in exchange for shares etc, which is similar to the Darling/Brown plan.¹³

In March 2009, President Obama launched the Geithner plan (named after Tim Geithner, Obama's Treasury Secretary). It provided a fund of US\$1 trillion to buy toxic assets (fictitious capital that has lost its value) held by banks by matching one dollar of private money with one of government and of treasury money. It also allowed the government to leverage the money by 600 per cent, that is, to loan out six times the amount that it actually holds. So generous are the terms that the private investor cannot fail, only the taxpayer can. World Bank economist Jeffrey Sachs called it "a massive transfer of wealth from taxpayers to bank shareholders", while Nobel prize winner economist Paul Krugman said: "If asset values go up, investors profit; if they go down, investors walk away."

To give some idea of the plan's generosity, the Financial Times explained how a private investor buying US\$10 million of mortgage assets would walk away with US\$2 million profit even if they proved to be worthless, and US\$5 million profit once the government's loans etc were accounted for.

This is a deal, it seems, where the capitalist cannot lose.¹⁴

In the UK, the government announced an unprecedented US\$850 billion (£500 billion) to res-

cue the banking system: £50 billion was injected into the UK banking system as real money in exchange for shares of those participating banks; £200 billion was offered by the Bank of England in short term loans; another £250 billion was to underwrite loans between banks. This has given the government majority holdings in Lloyds Bank and RBS.

The Bank of England also adopted a policy of quantitative easing to increase the supply of money. The Bank of England interest rate is at 0.5 per cent, a rate that would, under normal conditions, encourage firms to borrow money for investment and, thus, stimulate economic growth. However, as Marx pointed out, in a recession, although there is an excess of money capital, the capitalists do not want to convert money capital into, for example, commodity capital or industrial capital through investments. On the contrary, they are determined to turn all other forms of capital into money capital and to hoard it until the good times return.

The UK government, along with the Bank of England, is committed to creating money to counteract the freezing up of circulation. Under quantitative easing, the Bank of England organises a reversed auction, in which the sellers of bonds, gilts and so on compete for the offers of the Bank of England and so drive down price. The Bank of England exchanges these cheap assets for real money, which it creates. The hope is that the banks will then pass on all this extra money

capital, at low interest rates, to stimulate growth in the rest of the economy.

Where did this money go?

The Bank of England's own statistics show that some of the money exchanged for bad assets simply went abroad, there was an outflow of £1,000 billion from the UK or 15 per cent of total foreign deposits.¹⁵ The Daily Telegraph claimed that 80 per cent [of the UK bank bail out] was tied up in loans to foreign nationals and companies, bond issues and other investments.¹⁶

In March, the Independent claimed that, through the quantitative easing plan, "the Bank of England may, possibly inadvertently, be buying up gilts from foreign investors who, according to the latest data, held over £190 billion, or 36 per cent, of UK government debt. If the bank is pumping its new money abroad, it is clearly not going to UK households and businesses, and will not help boost UK demand."¹⁷ The Times also highlighted how the money was being hoarded by other parts of finance capital. It quoted Sir Steve Robson, former second permanent secretary at the Treasury, saying that: "The bulk of the money has gone to overseas sellers of gilts. It needs to switch purchases to UK corporate bonds and so directly address credit conditions in the market."¹⁸

In the US, one of the biggest benefactors of Bush's bailout was insurance group AIG. In March, the company was forced to disclose where the money went. Of the US\$180 billion of aid in 2008, US\$105 billion was paid out to other banks such as Société Générale (US\$11.9 billion), Deutsche Bank of Germany (US\$11.8 billion) and Barclays (US\$8.5 billion). Goldman Sachs received the most with US\$12.9 billion, which has no doubt helped its own early return to profitability. (Edward Liddy, the government-installed CEO of AIG, sat on the board of directors of Goldman Sachs until he joined AIG.)

The costs

- The UK schemes cost about a fifth of GDP so far, according to the International Monetary Fund (IMF) in March.
- UK debt as a percentage of GDP has rocketed to about 56.6 per cent (highest since records began in 1974) according to the Guardian¹⁹ and would nominally cost about "£1,600 for every household in Britain at today's values".²⁰

- The borrowing requirement (the amount the state needs to borrow for its budget) is at about 12 per cent of GDP, while only a couple of years ago it was running at between 7-8 per cent.

- The headline cost of bailing out the US banks (Paulson and Geithner plans) is about US\$1.8 trillion.
- US net debt stands at about 100 per cent of GDP²¹ and annual debt is estimated to rise to nearly 150 per cent by 2015.
- The borrowing requirement is estimated to be about 12 per cent of GDP or US\$1.8 trillion in 2009 and rising.²⁴

What is clear is that the banks, pensions funds and giant financial companies have used some of the government money to pay off their own debts and hoarded the remainder. If the intention was to restore the economic conditions of 2005-6 at the height of the boom, then government policy has only been successful to the extent that the banks are regaining profitability and top financiers are again awarding themselves huge bonuses.

As far as the "real economy" is concerned, the recessionary forces that Marx identified have proved far more powerful than the economic theories of governments and central bankers. Moreover, the huge sums borrowed on the money markets (in other words from the world's richest corporations and individuals) are now added to the national debt and, together with the money that has simply been printed to finance "quantitative easing", increase the likelihood of a future drop in the value of money, that is, rising inflation, when the business cycle turns towards growth.

What is the national debt?

Simply, the national debt is the total amount the government owes to its creditors. A state may have borrowed to pursue a war, build a welfare state or, in this case, bail out banks. It borrows to cover the gap between expenditure and revenue from taxation. Every year it must service this debt, that is, pay the creditors their interest. The money the state has borrowed has been consumed; it no longer exists. What the creditor has is a bond that gives him/her a claim on a share of future state taxation, in the form of interest plus the original amount.

But the bond is only a claim on a future amount of state money. It is therefore a form of fictitious capital, which only becomes real when the return is obtained after, say,

THEORETICAL SUPPLEMENT – THE BANK BAIL-OUTS

10 years. In the interim, the bond may pass through a number of hands, whoever is the owner has a claim on the interest but has to wait the full 10 years before the money is reclaimed. Depending on interest rates and inflation, the real worth of that money may go up or down. This is the basis of the national debt: it is one huge enterprise of credit and fictitious capital.

Marx said: "The state has to annually pay its creditors a certain amount of interest for the capital borrowed from them. In this case, the creditor cannot recall his investment from his debtor, but can only sell his claim, or his title of ownership. The capital itself has been consumed, i.e. expended by the state. It no longer exists. What the creditor of the state possesses is: 1) the state's promissory note, amounting to, say, £100; 2) this promissory note gives the creditor a claim upon the annual revenue of the state, that is, the annual tax proceeds, for a certain amount, e.g., £5 or 5 per cent; and 3) the creditor can sell this promissory note of £100 at his discretion to some other person."²⁵

Marx also here quotes Jean Charles Léonard de Sismondi favourably on the national debt: "The public fund is nothing but imaginary capital, which represents that portion of the annual revenue, which is set aside to pay the debt. An equivalent amount of capital has been spent; it is this which serves as a denominator for the loan, but it is not this which is represented by the public fund - for the capital no longer exists. New wealth must be created by the work of industry; a portion of this wealth is annually set aside in advance for those who have loaned that wealth which has been spent; this portion is taken by means of taxes from those who produce it, and is given to the creditors of the state, and, according to the customary proportion between capital and interest in the country, an imaginary capital is assumed equivalent to that which could give rise to the annual income which these creditors are to receive."²⁶

The national debt thus gives rise to a class of state creditors. In the epoch of imperialism this inevitably strengthens finance capital and leads to an ever greater centralisation of wealth. As we have seen, the UK and US government bailouts have hugely increased the national debts by borrowing from those corporations and individuals who have the capacity to lend such sums. But it is the people, above all the working class, which will have to pay the national debt through increased taxation and massive cuts in social welfare spending. The repayments, with interest, will make those corporations and individuals even richer. These cuts and increased taxation will fall disproportionately on the working class but even sections of the capitalist class, such as UK manufac-

turing, will also be sacrificed for finance capital through denial of funds for bail outs or cancellation of government spending projects. Also bank hoarding means that the banks charge businesses in the UK higher interest rates than official rates, sparking complaints to Chancellor Darling to act.²⁷

Therefore, the bail out of finance capital will, through taxation and more government borrowing, actually suppress the spending of the masses and reduce the amount of profit (through taxation, etc) available to other sections of the capitalist class for investment in the production of commodities. The US and UK governments are, thus, undermining the ability of the capitalists to start a new round of accumulation and emerge from the current recession in a stronger position. Instead, they are banking on US and UK finance capital emerging from it as the two globally dominant powers that can then start anew the siphoning off of the world's surplus into the balance sheets of companies in New York and London. Then, they hope, some revenue may end up in the US and UK governments' coffers again.

Austerity ahead

The UK government's visits to the money markets may be necessary to prop up UK finance capital but in the long term it create problems. When the state borrows, it squeezes out its competitors by either taking all the money on offer or by offering better terms on fictitious capital (gilts, shares, bonds, etc) than other capitals. In so doing, it restricts the supply of money and forces up interest rates for other capitalists while simultaneously trying to flood the market with money. The outcome is contradictory, in the current phase it is likely to lead to deflation and only a slow climb out of recession. However, in the longer-term, the quantity of money may increase to such a size that qualitatively it loses its role as a true reflection of value and so leads to rapid hyperinflation.

Furthermore, there is the chance that the UK government's borrowing becomes such a great proportion of GDP that it can no longer cover the interest payments and defaults. The recent threat of downgrading by ratings agency Standard and Poor's suggests that the UK government may have to pay more interest for its loans in future, leading to greater taxation and more cuts in services. Worse, the "toxic assets" that have been bought from the banks in the hope that they may recover at least part of their nominal value, may turn out to be completely worthless. That could force further borrowing and even a government default, leading to a cataclysmic run on sterling and the ruination of the UK economy.

The reluctance of the UK government to publish its spending plans suggests that

the attacks will be historic in nature. Irrespective of whether the economy rises out of its recessionary gloom, the unemployed, working poor, disabled, single mothers and working class will face a decade of austerity when the capitalist state, at the service of finance capital, makes the masses pay for bailing out the financiers.

Footnotes

1 See *The Credit Crunch - a Marxist Analysis* or WP 335, May 2009, both at www.fifthinternational.org

2 See Marx Chapter three of Capital volume one, www.marxists.org/archive/marx/works/1867-c1/ch03.htm

3 For the sake of simplicity I am assuming that prices equal value, which Marx does in Volume one of capital. In volume three Marx explains how price differs from value and the importance of this for circulation and production.

4 Marx *Grundrisse*, The Chapter on Money part two www.marxists.org/archive/marx/works/1857/grundrisse/ch03.htm

5 See Karl Marx and the Credit Crunch <http://www.fifthinternational.org/index.php?id=85,1329,0,0,1,0>

6 *Capital* vol three Chapter 28. "Medium of Circulation and Capital; Views of Tooke and Fullarton" www.marxists.org/archive/marx/works/1894-c3/ch28.htm

7 See Reuters report at <http://www.reuters.com/article/ousiv/idUSTRE52966Z20090310>

8 Fortune 18 May 2009. All references to Fortune's study are from this issue.

9 Fortune *ibid*, p82 *ibid*

10 This next section is derived from Marx's Capital, volume three, chapter 30 <http://www.marxists.org/archive/marx/works/1894-c3/ch30.htm> also volume three chapter 28 *op cit*, unless otherwise stated

11 Marx, Capital volume three, chapter 35 www.marxists.org/archive/marx/works/1894-c3/ch35.htm

12 Marx, *ibid*

13 Sudeep Reddy (September 28, 2008). "The Real Costs of the Bailouts". The Wall Street Journal, <http://xrl.in/2rz8>

14 Financial Times, 1 April <http://xrl.in/2rz9>

15 Independent 14 March 09, <http://xrl.in/2rza>

16 Daily Telegraph, 17 January)

17 Independent *ibid*

18 The Times (7 May, 2009)

19 See Guardian, <http://xrl.in/2rzb>

20 See Guardian, <http://xrl.in/2rzc>

21 From BBC news, <http://news.bbc.co.uk/1/hi/business/8059861.stm>

22 see Independent, <http://xrl.in/2rzd>

23 See http://en.wikipedia.org/wiki/United_States_public_debt

24 See report a Bloomberg, www.bloomberg.com/apps/news?pid=newsarchive&sid

25 Marx *Capital* volume three, chap 29, <http://www.marxists.org/archive/marx/works/1894-c3/ch29.htm>

26 Sismondi, *Nouveaux principes* [Seconde édition, Paris, 1827], II, p. 230.)

27 See <http://news.bbc.co.uk/1/hi/business/8169596.stm>

INTERNATIONAL

South Africa: anti-poverty riots shake the country

By Simon Hardy

South Africa is a country in crisis. Years of neoliberal policies have weakened the economy and now the world recession is tipping it over the edge.

People have taken to the streets to demonstrate their anger and frustration. Alongside riots and protests, there is a significant increase in workers struggles - mine workers, council workers, paper and chemical workers are either on strike, threatening to strike or beginning to move into dispute against their employers.

The anger of ordinary people is easy to understand. After 15 years of ANC rule, many people in the townships and slums still have no electricity or running water, the quality of the housing stock is very bad and unemployment is at 23 per cent and rising.

The first quarter decline in gross domestic product (GDP) of 6.4 per

cent comes on top of an erosion of the currency, with five collapses since 1996. Money was flooding out of South Africa towards London, and key sector collapses, such as manufacturing, shipping and mining, means that South Africa has very high current account deficits.

The riots have been mainly directed both against the local officials, who are accused of corruption. In Siyathemba township, local mayor Lefty Tsotetsi addressed crowds from inside an armoured police vehicle as he was too scared to step outside and face the protesters.

Afterwards his luxury second house - still under construction - was torched to the ground.

The problem stems from the failures of the ANC. After years of struggle to free themselves from apartheid racist rule, the expectations for the ANC were high. But the ANC did not have a strategy of fighting for a socialist economy -

they simply wanted western style liberal democracy and the creation of a black capitalist class. This was achieved, but the ordinary South Africans have been left on the scrapheap, living in constant poverty with no way out.

The election of Jacob Zuma earlier in the year brought a fresh wave of hope to the poor, as he pledged to make improving public services his number one priority. The labour unions helped him into power and are using the opportunity to demand significant pay rises - fuel sector workers secured a 9.5 per cent pay increase in July.

While most of the protests have been directed at the government, some have targeted foreign workers and businesses. In the eastern province of Mpumalang, protesters smashed up a foreign-owned business.

Last year there was a horrific wave of riots and attacks directed at foreigners. Around 60 people

died; one of them was Ernesto Nhamuave, a 35-year old father of three, who was burnt to death by a rampaging mob.

What is needed in South Africa is a revolutionary workers party to channel the anger of the townships and unemployed into a fight for an end to capitalism. The attacks on foreigners are a dangerous precedent and one that must be combated - they are not the enemy and they suffer the economic problems as much as native South Africans. Many of them have fled wars and starvation in their home countries.

Massive investment in public services, such as housing and sanitation, is desperately needed, along with public work schemes to generate employment. If the capitalists won't pay for it, or claim they can't pay, then the government must embark on a massive nationalisation programme and progressive taxation of the rich.

jobs with militant occupation



Police helicopter drops teargas

thugs outside the factory, which threatened to use force against the strikers, was prevented by a solidarity protest of workers from the other nearby factories who turned up to defend their comrades in Ssangyong.

The company then turned off the water and gas. The police flew in low with a helicopter and dropped liquid tear gas on the workers. The police also tasered one worker in the face during an assault on the building. At night the police use sound



Police arrest a doctor trying to go into the factory to administer medical aid to the wounded strikers

trucks to blast noise as an act of psychological warfare against the occupiers. This is a lesson in how the state responds to workers when they fight for their right to work.

This could be a real turning point in the South Korean political situation. It shows how a militant minority of workers can galvanise wider layers into struggle and even force conservative union leaders into taking solidarity action.

There are two key tasks now for the movement. First, the company

should be nationalised under the control of the workers with no compensation for the bosses who have resorted to violence and terror against the workers, whose only "crime" was to defend their jobs.

Second, co-ordinations should be built to take the movement forward after the two day general strike. Other sections of workers facing the same attacks can use these forums to bring forward their own demands.

A united and generalised resistance could force major retreats from



A solidarity strike by journalists and media workers

the capitalist class. It could shatter their attempts to make workers pay for the crisis and could lay the basis for a real offensive against capital. At Ssangyong the workers are fighting back - their struggle is an inspiration to us all.

Victory to the Ssangyong workers!

INTERNATIONAL

Workers and peasants fight the coup in Honduras

Fearing radical social reforms, the army launched a coup to defend the rich. *Dave Stockton* looks at how the workers and poor are fighting back, launching a general strike

The workers and popular forces are doing all in their power to prevent the country's élite from blocking the road to democratic change in Honduras.

The coup, which took place in late June, aimed to oust President José Manuel Zelaya Rosales, better known as Mel Zelaya. He was then deported to Costa Rica. Young people, workers, the poor, all those who constituted the bulk of his electorate, immediately took to the streets across Honduras to protest against the removal from office of the president. Their resistance is continuing today.

The crisis erupted over a consultative ballot called by President Zelaya. The question was: "Do you agree to install a fourth urn [i.e. ballot box] in the November 2009 general elections to decide on calling a National Constituent Assembly that would approve a political constitution?"

The reason why all the institutions of the Honduran elite turned on Zelaya is that they feared there was going to be a massive "yes" vote. They feared it would unleash a tidal wave of demands for social change and democratic rights. The elite knew that a constituent assembly would, as in Venezuela and Bolivia, be a focus for demands to end the power, privileges and wealth of the plantation owners, the big business interests, the hierarchies of the armed forces and church. They were terrified that Honduras might follow the path of social reform taken in Venezuela, Bolivia and Ecuador.

What has the role of the United States been in all this? Clearly it is different to the response of Bush to the coup in Venezuela in 2002. He supported it and the US no doubt helped organise it. This time Hilary Clinton and Barack Obama both condemned the coup. But if the US wanted it could certainly bring the coup to a speedy end. Honduras is heavily economical-



ly dependent on the US. Remittances from the Honduran citizens resident in the US were \$2.56 billion in 2007 alone, more than one-fifth of the country's GDP, and the US is by far the country's major trade partner (62 per cent of exports go to the US).

In fact what Washington wants is a "compromise" between Zelaya and the coup-makers. Zelaya would return to Honduras and serve out the nine months of his term but he would drop the idea of the constituent assembly.

The US then hopes that a pro-coup candidate will win next year's presidential elections and thus the masses will be cheated of all their hopes for radical change. Any such compromise would thus be a monstrous sell-out. The needs of the masses are indeed great and cannot be postponed.

According to the United Nations, 44 per cent of the population live on less than US\$2 a day. Half of Hondurans live below the national poverty line and the UN also estimates that over one-fifth are malnourished. Honduras is not only a desperately poor country, the third poorest in the hemisphere; it is also an incredibly unequal one. The top 10 per cent of households receive 42 per cent of the country's wealth while the lowest 10 per cent receive only 1.2 per cent.

US State Department figures show that 38 per cent of the population are unemployed or under-

employed, not counting the more than one million who have migrated to the US in search of the living they could not find at home. The harsh conditions of life in Honduras cannot be solved by piecemeal reforms.

So can the model of Hugo Chávez' social reforms be applied in Honduras? The answer is "no" – for two reasons. First, Honduras does not have the huge oil resources that enabled Chávez to carry out major reforms without touching the property of the Venezuelan elite and their foreign corporate backers. Second, the really radical reforms came after the failure of the 2002 coup and the subsequent wholesale purge of the army high command.

Defeat the coup plotters

In Honduras there is no way of avoiding the fact that to significantly improve the life of the masses the property of the elite must be seized. The elite's control of the army can only be broken by mass action and by the rank and file soldiers refusing the orders of their officers, arresting them, and joining hands with the workers and the poor.

But this is not the road of reforms – even Venezuela-style. It is the road of social revolution. Indeed the exploitation and inequality which is rife in Honduras can only be ended if the workers and peasants take control of their own political destiny, via democratic councils of delegates, an armed mass mili-

tia and a revolutionary party.

But the first step must be to defeat the coup plotters and drive them from power is a huge political general strike. Important steps in this direction seem to be underway. A 'National Front Against the Coup' comprising trades unions, peasants, student, and teachers unions, plus human rights, environmental organisations, has extended road blocks across vast regions in the country, including the roads linking the Tegucigalpa with San Pedro Sula, the country's second city in importance and leading north to the country's main industrial zone.

Juan Barahona, the president of the United Federation of Honduran Workers and one of the Front's leaders, has stated: "We will continue protests until the de facto government abandons the power it has usurped." The teachers' union too is on strike for an indefinite period.

As soon as the coup is defeated a campaign for the election of a revolutionary constituent assembly must be launched. It must be organised democratically by the workers and popular organisations. If they control the process then delegates of the workers and the poor can demand revolutionary solutions to the country's problems: land to those who work it, workers' control of the factories and banks, free education and health service and a universal literacy campaign.

The constituent assembly must ask – who should rule? The capitalists or the workers and poor? As the coup shows even the suggestion of basic social reforms will attract state repression. The assembly should disband the police, judiciary and the army to make impossible any future coup.

A workers' government based on the armed people will be needed to guarantee the radical social reforms and then take on the task of democratic planning towards a socialist future.

Iran: bloody repression shows bankruptcy of Islamic Republic

The bloody repression of the mass movement was a desperate act by a decaying regime. *Dave Stockton* argues the working class must now come to the head of the democratic struggle

The mass demonstrations in Iran against the stolen election are the biggest challenge to the Theocratic regime in its history. The 12 June 2009 election fraud by the Supreme Leader-for-life Ayatollah Ali Khamenei to re-elect his chosen presidential candidate, Mahmoud Ahmadinejad, triggered unprecedented popular anger.

Now an eerie calm has been restored through the murderous repression carried out by the fascist Basij militia, backed by the regime's Revolutionary Guards. Some 20 people were killed in the Basij rampages on the streets and in student dormitories. This bloody repression on the streets was combined with the jamming of mobile phones and attempted disruption of Twitter and Facebook to stop the movements activists spreading information and organising further mobilisations.

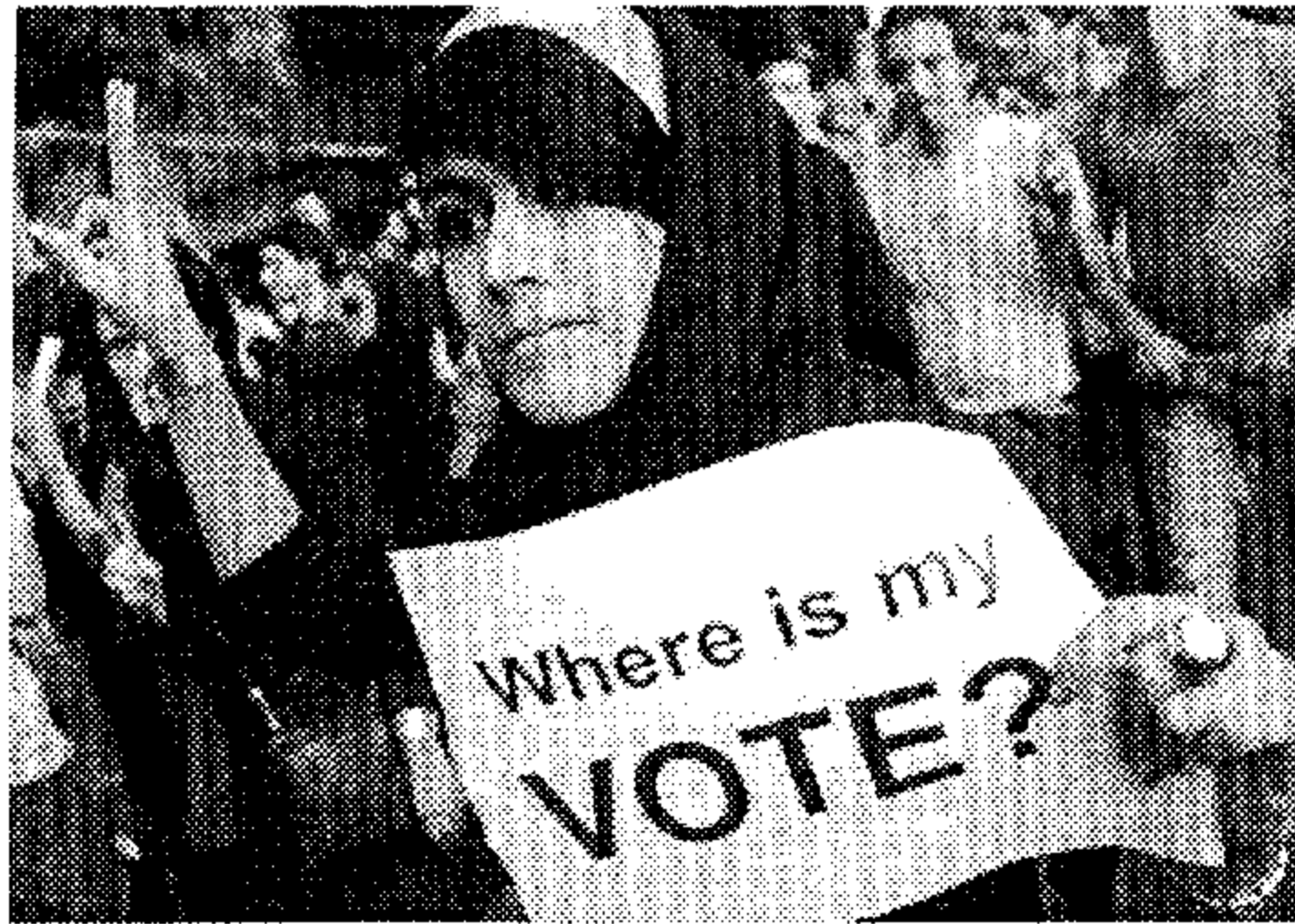
Over 2,000 protesters have been arrested and detained, many in Tehran's notorious Evin Prison. Reports are emerging of horrible mistreatment, including the beating and rape of young women. The vile clerical regime is demonstrating just why, sooner or later, it will be overthrown just like the Shah's bloody dictatorship was three decades ago.

Democracy now!

There has been a small-scale revival of the protests since the repression. After Friday prayers on 24 June, hundreds of brave protesters gathered in Haft-e Tir square in central Tehran, where once again riot police and Basij beat and arrested dozens. The demonstrators chanted "Ahmadinejad – resign, resign" and "Death to dictators".

Students called for strike action on 23 June to commemorate their comrades killed in the demonstrations. The oppositional Grand Ayatollah Hossein-Ali Montazeri has called for "three days of public mourning". The "defeated" presidential candidate Mir-Hossein Mousavi issued a statement: "If they arrest me, go on strike."

The immediate mass protests



Pro-Mousavi protester shows defiance in Tehran, June 2009

after the stolen election failed to break the regime's hold on power.

It shows a full-scale revolution is needed to overthrow the entire theocratic system. For this the support of the working class for the democratic struggle is absolutely vital. The principal weakness of the movement up till now – despite its huge demonstrations – is that the working class, did not join the protests as an organised force.

The reason for this is political. Many of the trade unions in Iran recognise that Mousavi stands for the same programme of attacks on workers and state assets that are now being pursued by the incumbent regime. They also remember what Mousavi did to the socialists in the 1980s when he oversaw a mass execution of imprisoned militants.

The whole Iranian regime is the enemy of the people. It preaches Islamic morality while it grows fat on the profits from oil. The working class toils under a police state, supervised and controlled by armed guards. The regime uses the thugs of the Pasdaran and the Basiji to beat protesters and crush dissent. Political activists are arrested and imprisoned, tortured and killed.

This is a mockery of a republic and democracy. "Rule by the people" must be more than the right to vote for candidates already selected by the senior clerics. The hold of the clerical caste must be broken

and the will of the sovereign people expressed by equal, direct and secret ballot, with all and any candidates and parties who wish to stand free to do so.

The precondition for success is independence from all wings of the regime. Whatever the factional differences between the Khamenei and Ahmedinejad and the Rafsanjani and Mousavi cliques, both wish to preserve the clerical guardianship over the people, both stand for a capitalist Iran, and both stand for privatisation of state assets.

It's plain that the clerical ruling caste is deeply divided as to who should rule. Khamenei is seeking to strengthen the dictatorship, while Rafsanjani and Mousavi believe the Islamic Republic must be reformed to save it from ultimate collapse.

The revolutionary struggle must certainly start from the fight for democracy, but must gather its strength by widening and deepening its support among wider layers, drawing the working class into the fight. This means also raising the most important demands of the workers over pay, working conditions, trade union rights, and jobs. Using militant methods of class struggle – mass mobilisations, strikes and occupations – the working class can become the driving force of the struggle and the key fighter in the battle against the government.

Such struggles would raise the

simple question: who runs society? At this stage a concerted and serious push for power by the working class can win over wavering sections of the middle classes, drawing in more of the rural poor and breaking a section of the army rank and file away, as the masses see that a serious fight is on for the future of Iran. The question of the state forces should be resolved in one way only: the forces of state repression must be smashed in a revolution.

For a constituent assembly

The huge protests in June showed the democratic aspirations of the masses. The call for a constituent assembly – a democratic body that can draw up a new constitution for the state – can be made popular amongst this layer and direct it towards a full on conflict with the existing regime.

Shoras – as they were called in the first phase of the Iranian revolution – or workers' councils, should be built in the factories, big workplaces and coordinated locally and nationally. They can develop the workers' and democratic struggle together. Only these kind of democratic organs of workers' struggle can be trusted to bring about free elections and to create an assembly that is representative of the majority. The task of the constituent assembly would be to draft a new constitution for Iran – rejecting completely the reactionary theocratic system.

We would not want to see the mass movement settle for a new capitalist government. This would only continue the economic oppression of the Iranian workers and poor. We propose a workers' government based on the armed working class and shoras. In other words we want to turn the democratic struggle into a fight for a workers' revolution, placing the control of society in the hands of the workers, peasants and youth. A revolution in Iran against Islamic reaction and the misery of capitalism would set the whole region on fire. It would terrify the Middle East's other tyrannical regimes and inspire workers' revolution across the Middle East.

UK CLASS STRUGGLE

The crisis, the trade

This year there have been occupations, strikes and marches in response to a crisis of capitalism and an attempt by the bosses to make workers pay for it.

Inspirational fights by some workers have gone alongside sell-out deals for others.

Here we look at the situation currently faced by the working class in Britain today and the road to victory.

The current situation is principally characterised by sharp contradictions in the working class in the face of an onslaught against jobs, pay and conditions carried through as a result of the crisis. On the one hand very low strike figures and a series of high profile “givebacks” show that the mass of workers, misled by the trade union leaders, have been passive in response to the crisis. On the other hand, important disputes (tube, post and construction) and even dramatic, high profile militant struggles (for example Visteon, Linamar and Vestas) show that sections of the working class have become radicalised by the crisis and are determined to fight.

There are several key lessons to be learnt from these victories.

- First, workplace occupations can hold the bosses’ property to ransom, provide a hub for other workers’ struggles and are the only effective answer to instant dismissal or closure.
- Second, all-out indefinite strikes are the quickest and surest way of winning – even the threat of them can be enough to win.
- Third, workers should take effective action with the trade union officials where possible, and without or even against them where necessary.
- Fourth, workers should defy the anti-union laws where necessary – the bosses are often too scared to use them in the face of a united and militant workforce, but even if they do we can use that to our advantage by calling for solidarity.
- Finally, solidarity action brings results – as with the threat of action by Ford Bridgend finally clinching the Visteon bosses’ climb-down.

These lessons should be pressed home. In particular, there should be call for generalised strike action to spread the resistance to the class-wide assault, and for a general strike against any attempts to use the anti-union laws to break a section of militant workers. In this way, we can turn defensive action into an offensive against the bosses.

The bureaucracy and the rank and file

The trade union leaders, or bureaucrats, exhibit different tendencies. Some hope in vain for a return to the policies of social partnership, or more realistically a new Warwick agreement, and want Labour to give a more prestigious role to the unions in the policy sphere. There is a general tendency towards economic nationalism, with proposals to “defend British manufacturing” for example, uniting the Stalinist left with the social democratic centre.

Some, such as Derek Simpson, joint general secretary of Unite, combine this with outright chauvinism encapsulated by the “British jobs for British workers” slogan. The increas-

ing number of “givebacks” and the big unions’ leaders’ argument that workers need to “take their share” of the crisis could badly undermine class-consciousness unless it is clearly and decisively challenged.

Even in the more militant, left unions (PCS, RMT, CWU), the bureaucracy is prepared to take only limited action and willing to sell-short or sell-out struggles. The remarkably low strike figures and the hostile reaction of many workers to the tube strike also show there is no automatic process of radicalisation flowing from the economic crisis.

The dead hand of the bureaucracy is certainly a major problem but it need not be decisive. In key unions such as the CWU and RMT, it weighs in the balance against a layer of reps, activists and even some officials based in more militant strongholds. The militancy of those sections willing to fight has the potential to maintain resistance or even marshal a breakthrough victory in the coming months, if the rank and file can organise themselves sufficiently to force the officials to act, or if they can act without them.

The routinism, legalism or outright sabotage of union officialdom also gives socialists an opportunity to expose their wrong reformist programmes and tactics, the caste nature of the bureaucracy and their ties to the anti-working class Labour government. In the CWU, at least, this education takes place “at a higher level”, with the lessons of the 2007 sell-out ingrained in the memories of many militants.

But the picture is uneven on this score, too. Among construction workers, the recent open support of the GMB bureaucracy for the June wildcat strikes may obscure the conflict between the interests of ordinary union members and the union officials. It is more necessary than ever to patiently explain the nature of the trade union bureaucracy, and consistently to raise the argument for a rank and file movement in the unions.

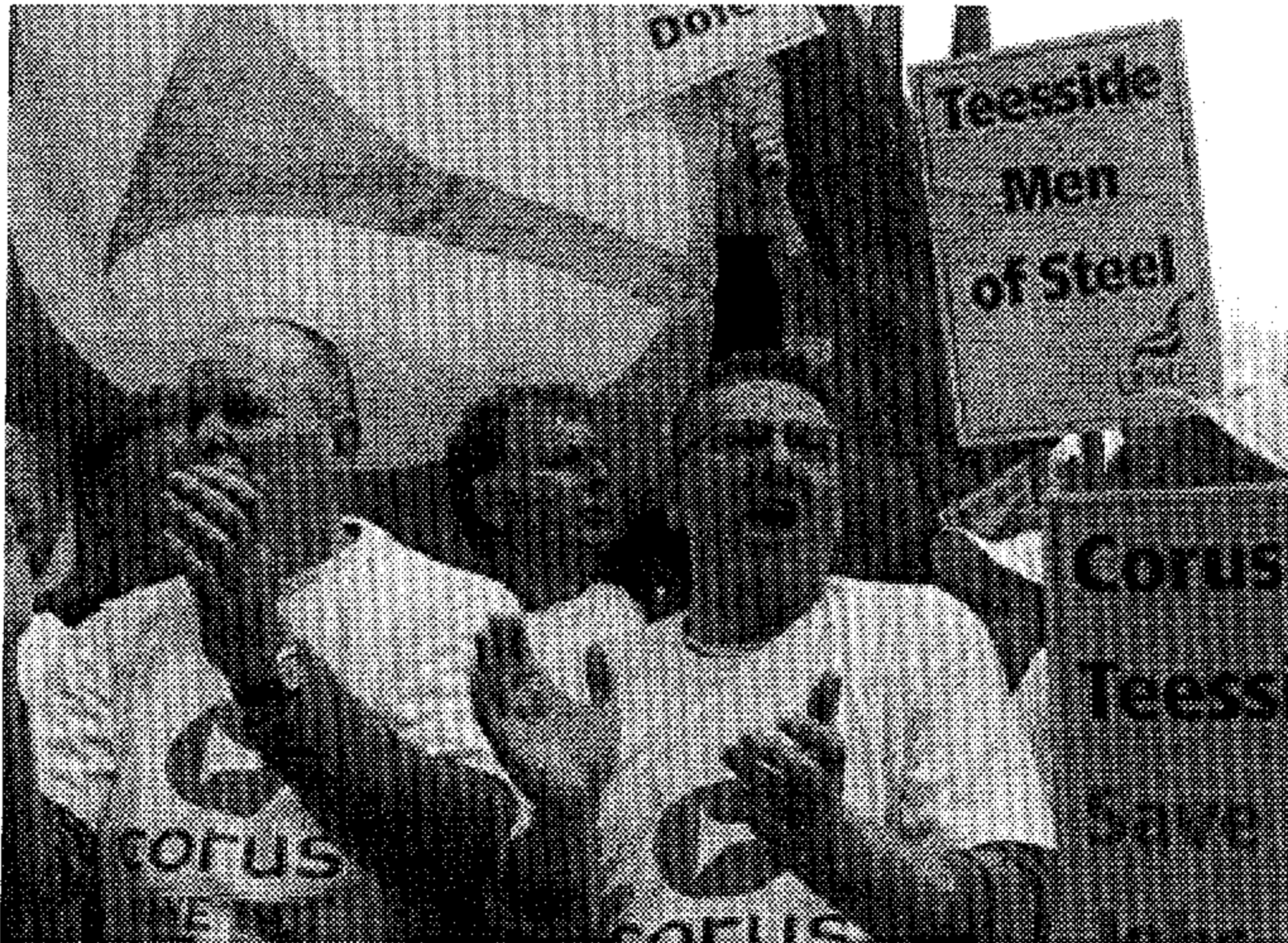
Anti-union laws and bosses’ response

Overall we can expect this summer to see strikes on the tube (if the RMT reject the new deal and restart the strikes), in construction and the post to come to a head and turn into hard-fought and possibly prolonged disputes. The two strikes at Lindsey seriously undermined the anti-union laws, something that the bosses’ press and the government recognised. “The wider significance of the strike cannot be ignored. This was a dispute which ran outside the law and still succeeded. There’s certainly no doubt also that wildcat strikes are back on the agenda.” (Martin Shankleman, BBC)

The recent incident where Royal Mail’s application for a court injunction against mail centres striking was thrown out (with costs

This document was passed by Workers Power National Committee, 12 July 2009

unions and the Left



Unite members at Corus steel, march to save their jobs

awarded to the CWU, the appeal was ruled out and the judge attacked Royal Mail for wasting the court's time) shows that the capitalist state may be taking a more cautious approach, limiting what had become the routine use of these laws by bosses to block strikes, in order to preserve the anti-union laws' credibility for future use where it counts – when they are needed to break a militant struggle.

On the other hand, the capitalists in the power, postal, auto and rail sectors will no doubt prepare a wider range of tactics to undermine strikes, be they unofficial strikes or simply effective strike action within a legal framework. The Lindsey strike briefly showed the possibility of lockouts, while the postal bosses' actions in 2007 show the possibility of mass scabbing operations.

The Lindsey workers caught the power bosses unprepared for such a response and afraid of provoking an all-out national strike, forcing Total to beat a tactical retreat. The second strike for "jobs for all" illustrated the futility of the previous strike against migrant workers – turning worker against worker in a fight for a dwindling number of jobs. The strikes also undermined the credibility of the anti-union laws in the eyes of the mass of the working class, not just the most conscious, militant elements.

The bosses and their Labour government will also draw lessons from the Lindsey strikes. They have a better measure of their class opponent and will prepare to match and defeat the construction workers' militant tactics. The Royal Mail, London Underground and auto bosses are all dialling the lessons of Lindsey (and previous disputes) into their strike preparations.

The weak Labour government is unlikely to interfere in disputes by using the law (it prefers criticising strikes verbally). However, this leaves them reliant on the Labour-loyal union leaders (in Unite, GMB, Unison, etc.) to hold back prolonged strikes that endanger the government. These union leaders will continue to undermine and diffuse any fightback for the duration of the Labour government.

We should argue that the best way to defend workers against the coming Tory attacks is to fight now. And even before that, we should expect to see some outbursts of resistance and action – some progressive, others reactionary – over the deepening social crisis.

Visteon and the second Lindsey wildcat strikes are an example on the progressive side, while the Luton anti-Muslim riots (now consolidated into the English Defence League, with planned marches

in Birmingham and elsewhere) are examples of a reactionary response.

The strikes of the militant and multi-racial workforces on the tube and in the post arguably provide more opportunities for the development of socialist ideas among a section of the class than do the construction strikes, given the strong craft outlook and nationalist tendencies of this highly-skilled section of workers.

Alongside industrial disputes there will continue to be marches, protests and meetings. While the Socialist Workers' Party (SWP) has so far been quiet about launching meetings to build for the Labour Party conference protest, the National Shop Stewards' Network (NSSN) might well be more proactive in building for the protest at the TUC in Liverpool on 13 September.

Manufacturing and utilities

The jobs massacre in manufacturing continues: Corus (over 2,000 and rising), Diageo (900), Dow chemical plant at Wilton in Teesside in 2010 (260 jobs, knock-on 3,000), and the BVT shipyards at Govan and Scotstoun in 2014. The economic crisis – with falling exports and sales – along with the union bureaucracy's damaging collaboration in cuts (reaching a low point at Cowley in February) has stifled an effective response.

The futility of this strategy was shown in late June, when Corus announced another 2,000 job cuts at the same time as Community, Unite and the GMB were balloting members over accepting a pay cut to "save" jobs! July has seen threats by Corus to close the pension scheme to new entrants and make more redundancies, both at Scunthorpe (June 500, July 366), and possibly the closure of the whole Teesside cast products factory with 1,920 workers losing their jobs.

The lessons couldn't be clearer: determined action works, all-out and if necessary unofficial, while conciliation just breeds ever more demands for cutbacks. There have, unfortunately, been more examples of the latter than the former.

At Corus, the union leaders' bankrupt alternative to struggle is to seek negotiations to "minimise redundancies" instead of oppose all of them, and to call on the government for procurement, subsidies and training schemes for those losing their jobs in the name of saving British industry for the upturn.

Unite/T&G's Tony Woodley calls for the government scrappage scheme to be continued, so that consumers can "support

The best way to defend workers against the coming Tory attacks is to fight now

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British skills by buying British built vehicles", as part of the union bureaucracy's wider turn to economic nationalism. This was seen most dramatically with Simpson's call for "British jobs for British workers" during the Lindsey walkouts.

Business Secretary Peter Mandelson is developing a limited "industrial policy" of such subsidies, for instance his announcement of 3 July to underwrite the sale of GM Europe to protect its Vauxhall plants at Luton and Ellesmere Port. However, such deals will no doubt involve big cuts to wages, jobs and conditions – they are to protect British industry and the international position of its economy and bosses, not its workers.

So when the CBI lays out its latest demand for struggling companies to have the right to suspend contracts for six months, pay their workers twice the Job Seekers Allowance with half of it funded by the government, and still sack the workers at the end if they want, what is the response of the TUC? Their "particular" concern was that workers being sacked after the scheme might not get as much redundancy pay!

Reports in Socialist Worker by a Corus rep arguing for a strike seem to have little real echo in the media, but given the officials' failing strategy and the proximity of Corus plants to the key Yorkshire power walkouts, there may well be a ferment on the shop floor. A "Save our Steel" march was organised for 18 July in Redcar by five unions, and under the pressure of a disastrous closure programme at TCP, which will affect the whole community, just might spark a fight if closure goes through.

In the car industry, like at Lindsey, the situation has temporarily stabilised. Rob Williams' reinstatement has made car bosses hesitate for the moment, but already Tata (the same multinational conglomerate that owns Corus) is threatening jobs at Jaguar Land Rover. In both construction and the car industry, temporary ceasefires are only held while both sides prepare for renewed struggle – the ballot papers for a national construction strike went out in July.

Public sector

Since last autumn, the public sector has been quiet, with officials both left and right in headlong retreat from any action, dropping pay claims and pulling strikes; in the case of the PCS at least this has been done with the collaboration of the Socialist Party (SP) (with reference to the PCS November ballot). The local government employers have already challenged Unison, Unite and the GMB to accept less than one per cent. While the three unions have made noises against the deal, it is unlikely they will pursue any action, particularly after squandering opportunities for action in the last two years.

Public services are next on the chopping-block as the massive shortfall in public finances intensifies, with record government borrowing and possibly 350,000 jobs to be cut in the next five years (according to CIPD economist John Philpott). A future of public sector austerity could see "waves of major public sector strikes"

Workers Power leaflet to march in support of Corus' workers, July

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As the jobs massacre speeds up...

Fight Corus cuts and closures

The jobs massacre in the UK steel industry is accelerating. Corus bosses are making their workers pay with cuts and closures for the collapse of the world steel market, caused by the economic crisis. It's not as if suddenly new buildings, transport, machines, tools and bridges are no longer needed, just that the market has collapsed.



ing their profits, can force them to back down.

Conciliation hasn't worked

So far union officials in Unite, GMB and Community have argued for wage cuts to save jobs. This strategy

and even "workplace guerrilla war" (ibid), as public sector workers, not often involved in unofficial action other than the post, learn the lessons of this year's high-profile wildcat strikes. The government's basic strategy for the moment is to push through a freeze on recruitment, speed-up privatisation, implement a hike in workload through "efficiency" and "modernisation" drives, and limit cuts in certain sectors. After the election, whoever is in power will push through a major onslaught on services and job losses.

The beginnings of these cuts can already be seen in higher education. There has been a rash of term-end UCU campaigns and strikes against cuts, which has included an unofficial walkout at Tower Hamlets College. Glasgow social services continue to prove to be a militant section, willing to mount all-out strike action (most recently in late June, but averted by a deal). Local government, particularly those councils that lost money in the Iceland collapse, is along with education one of the main sectors facing speeded-up cuts, sell-offs and privatisation, as the Lambeth "Save Our Services" campaign shows. Reports of efficiency savings in health and education (such as the hiring freeze at Leeds Hospitals Trust) will also increase.

The government will want to maintain its campaign against "Tory cuts" in the run up to the election, and so will hold back as much as possible. But this is focused on services and for the public's consumption; it will not mean defending public sector workers' pay and conditions.

Chancellor Alistair Darling and Steve Bundred, CEO of the Audit Commission, have argued this month that public sector workers need to "share the pain" of private sector workers with a pay freeze or even "modest" reductions in pay, along with efficiency cuts, to the tune of £5 billion, including in the NHS and education.

The review of pay will take place this month and become a focus for radicalisation among public sector workers, as they are forced to pay for the crisis. There is a real potential for coalitions in this situation – students and lecturers in further and higher education, students, parents and teachers as in the Tamworth schools

strike, and nurses and "Keep our NHS public"-style alliances reviving.

Youth

More than any other sector, the high street retail, food and drink sector bosses are being kept afloat by weak union organisation (as witnessed USDAW's hand wringing-over Woolworths), and the casualisation and legalised discrimination against youth that allows these bosses to offload the crisis onto their backs.

This is done through exploiting lower legal minimum wage rates for youth, and the lack of rights that give management the whip hand and allow surplus workers to be let go without any penalty.

The youth have been left defenceless by the union leaders, both at work and when unemployed and facing Labour's harsh JSA regime for youth. However, the Socialist Party's "Youth Fight for Jobs" campaign, and our own experiences in attracting a new layer of youth to REVOLUTION, show that youth are being directly politicised on economic issues by the crisis.

Organise the unemployed

The 2.3 million unemployed workers will be joined by another million over the next 12 months. Within this overall picture of misery, there are concentrated patches of outright despair. Certain areas, for example in London, West Midlands and the North-East, are already blighted by double-digit unemployment rates.

Women workers will bear much of the burden as the bosses shed their "peripheral" army of part-time and temporary workers. Women will also suffer more in the next two years: as women are often the main providers of public services, they will be targeted for cuts; and as vital services are cut, they will be expected to do the "caring" for free. Similarly black and Asian minorities are also at least twice as likely to be unemployed because of racial oppression. The long-term sick and disabled face an explicit threat, with the government determined to end benefits to one million of those claiming disability.

But it is to the young unemployed that we

must turn our attention most. Even the bosses' economists are warning of a new "lost generation" at least on the scale of the 1980s. They form the highest single concentration of the unemployed. They are the most receptive to revolutionary ideas, having not suffered the defeats of previous generations, having the least to lose and the most to win.

The Welfare Reform Bill will, if passed, provide an immediate focus for agitation among the unemployed. They must demand the right to work or full pay (which should be set at the equivalent to the minimum wage), and organise and campaign against all coercive measures to take unsuitable and low paid jobs (on pain of losing all benefits). If forced to "work for the dole" (workfare), they should build mass campaigns against this, up to and including road blockades and calling for solidarity strike action.

We will call for unemployed or claimants' unions, as part of a national unemployed union which the TUC and individual unions should support financially and politically. Militants who have lost their jobs should take the lead in organising the union along with the youth. Such unions should orient to all workplaces that are making redundancies or closing down, calling for strike action, offering to support strikes and even occupying workplaces. Occupations of Job Centres and subcontracted private employment agencies, such as Reed, can also publicise the plight of the unemployed.

Not only local demonstrations, but a National March for Jobs should be organised – with the union officials where possible and, again, without them where necessary. The aim of such a march would

be to provide a focus for the fight against the jobs massacre along route, put pressure on the union officials to fight back, and provide a spark to organise the militant minority to lead such a fight.

Our demands include:

- the reduction of the working week to 35 hours without loss in pay;
- to spread the available work across all the available workers;
- real training and apprenticeships leading to permanent jobs, on trade union pay and conditions;
- the nationalisation under workers' control of all firms making redundancies;
- a tax on the rich to pay for a programme of public works (building schools, hospitals, houses, etc.) to soak up unemployment.

National strikes

The tube strike is an important struggle in London, and will mean either a step forwards or a step backwards for the whole RMT, in its first test against the new Tory Mayor, Boris Johnson. However, Bob Crow's rhetoric in February to "coordinate resistance" of all the London rail companies and the tube has ended with deals and climb-downs elsewhere, leaving tube workers to fight on alone, and facing the ASLEF leaders' attempts to push scabbing on the Northern Line.

The tube strike will be watched not just by other militants on the rails, but by those in every industry, looking for steps forward and a strike movement to join in with. Similarly, the capitalists will watch it closely to see how the Tories will deal with the militant sections of the trade union movement when they get in. Johnson is unlikely to back down, but reports from workers' meetings show a deter-

mined workforce not willing to accept inadequate concessions (at the moment 1.5 per cent this year, and 0.5 per cent next year, with still no guarantee on redundancies).

The postal strike, with another three days of London action, and 160 ballots (100 in early June) on the table, is going national from the bottom up. Royal Mail's threats to send mail out of London to be processed, shows that the company wants to precipitate an unofficial strike that leaves backward areas out and the vanguard isolated. The union leadership wants to forestall this by moving quickly towards a national ballot immediately after privatisation was dropped (and because Royal Mail will not agree for a moratorium on cuts and strikes).

The widespread reports of London CWU activists and officials stating openly that another attempt at stopping mail centre strikes with a court injunction would be defied, show that sections of the union are up for unofficial action if necessary. This strike will be harder-fought than 2007. It could be won much quicker if it went all-out and national, but without a rank and file movement, the leadership remains in control and on the look out for a get-out clause as soon as possible.

The national construction strike of 30,000 workers, balloting in July and likely to see action in August or September, will no doubt add to the feeling of national crisis and class action. It is unlikely that union bosses will be able to hold back the workers from unofficial action and mass pickets, and this is the most likely outcome.

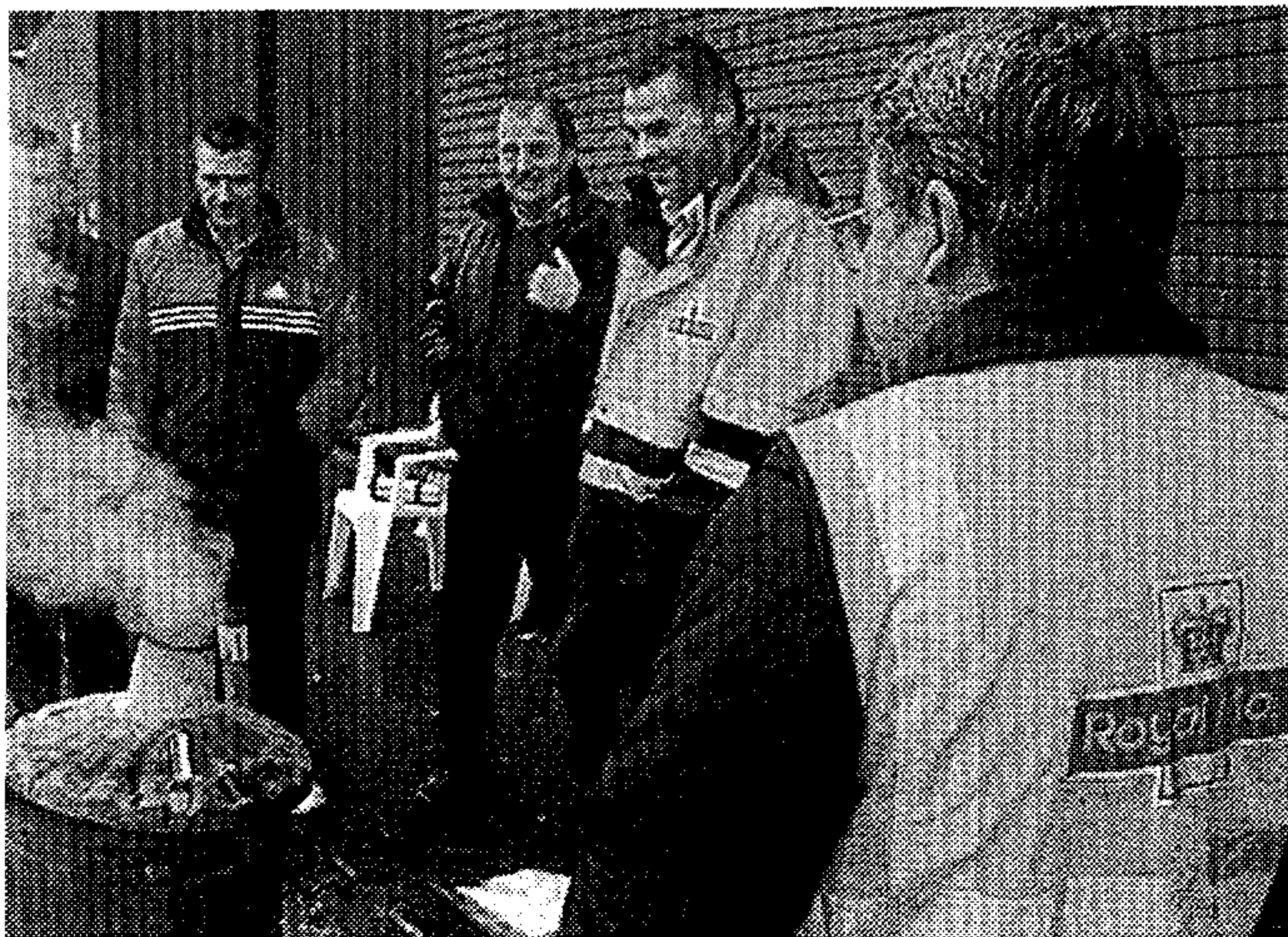
Any widespread and successful unofficial action on the tube and especially the post will have a far greater impact than the small layer of skilled construction workers, fragmented across different subcontractors, isolated from the urban centres and daily life. It would therefore represent a real radicalising and polarising force in society, and a real challenge to the government, one that it could not tolerate.

In all three strikes there is the real possibility that they could, if they drag on, face a lock-out (especially construction and the post), or major scab operations from the bosses. At this point massive police operations would be necessary to defend these, and we could see a qualitative change in the level of class struggle in Britain, one that would be a massive politicising factor on workers and youth.

This is unlikely to happen in the next few weeks, given the length of time for ballots, but would be increasingly likely from September onwards to Autumn, with the added possibility of linking up with revived education struggles.

The key obstacle to this situation developing is the bureaucracy's ability to successfully downgrade the strikes' energy

The key to uniting the strikes is to create local coordinating or solidarity committees to start uniting those unions in dispute



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and momentum, by breaking them up into ineffective isolated strike days, turning them on and off for negotiations, or blocking the spread of unofficial action at key moments that could endanger the entire strike. Given the layer of militants who remember the lessons of past strikes (2007's negative lessons in the CWU, the positive lessons of unofficial initiative for the construction workers), at least in these unions such sabotage would lead to serious conflict and struggles in the unions between this militant layer and the leadership, possibly even throwing up rank and file oppositions.

An alternative, in such circumstances, would be a Labour government vacillating or even capitulating to the strikers, which would give the green light to every mass section of workers, public and private, to take action. An early election might be the end result, as the bosses demand a new, tough Tory government to take the reins. Of course, given the Labour government's commitment to anti-working class, rightist policies, the former is the more likely outcome of such struggles.

The key to uniting the strikes is to create local coordinating or solidarity committees to start uniting those unions in dispute on strike days, and generate a powerful movement to mobilise public support. The more that workers are able, through the mass workplace meetings and committees, to give these a rank and file character, the more the workers will readily see the benefits of coordinating their strike action, and the more confident they will become in escalating to all-out and unofficial action.

This will be all the more so if the left were to fight for this perspective and to build rank and file movements in every union, developing workplace or strike committees that can link up militants and become a real material force in the union's life, challenging the officials for power and leadership. This will have to be done against the bureaucracy, the SP's broad lefts and its domination of the National Shop Stewards Network (NSSN), and less so against the SWP, who at best will build "unofficial" committees.

Socialists and the rank and file

There are two campaigns attempting to organise the militant vanguard of the trade unions, the NSSN and Fight for the Right to Work. While Workers Power has supporters on the steering committees of both and we are in favour of building both campaigns, neither the NSSN nor Fight for the Right to Work have a clear rank and file orientation.

The SP is firmly in control of the NSSN, as evidenced at June's national conference. The NSSN has grown in numbers and significance over the past 12 months. In particular, it has organised the leaderships of the most important recent disputes: Visteon (all three sites), Lindsey, Linamar, Royal Mail, and London Underground. The NSSN is particularly strong among blue collar workers (cars, construction, transport and post). But the SP also doubled its numbers on the Unison NEC and remains in a very strong position in the PCS leadership.

But the NSSN remains tied to the left wing of the bureaucracy. The fact that, for the third



20,000 people march against the closure of a whisky distillery and bottling plant in Kilmarnock, Scotland on 26 July. We need more such mass demonstrations

year in a row, it did not allow resolutions or amendments to be debated and voted on at its conference speaks volumes. The SP's strategic orientation towards Bob Crow, Mark Serwotka, etc leads it to cover up for their errors and to obstruct efforts by the rank and file to wrest control of their struggles and their unions from the TUC lefts.

The NSSN has also drawn the wrong lesson from the first Lindsey strike, believing that the "proof is in the pudding", or that the success of the second strike confirms their correctness in supporting the first. However, this is only "true" if one believes that the rights of migrant workers are dispensable and secondary to the importance of organising British workers. This contradiction will not go away, and the SP leadership will be tested again in Unite Left, where the Stalinists have already started to de-prioritise the struggles of migrant cleaners.

The newer Right to Work distinguishes itself from the NSSN by virtue of its claim to try and organise the unemployed, by its more open criticism of the trade union bureaucracy (including its chauvinist and protectionist wing), and by its being controlled by the SWP. At its conference, Right to Work accepted Workers Power's amendments to organise local joint-union committees and to campaign for strikes and occupations with official backing where possible and without where necessary.

However, Right to Work is smaller than the NSSN and has weaker roots in most unions. Workers Power is under no illusion that the SWP's leadership is qualitatively any better than the SP's. It too has a strategic orientation to the left-wing bureaucrats, and its fear of being left outside the wedding reception by the RMT, Morning Star and the SP in any People's Charter/No2EU initiative will pull it to the right. However, we should use the fact that the SWP leadership is also under pressure to steer clearly to the left of the SP/NSSN to agitate for local committees and unofficial action.

The key task in the coming period, therefore, is to agitate for a real rank and file movement. Despite the crisis of leadership, this can be overcome in struggle, through strike committees, flying pickets, unofficial action and co-ordina-

tion and solidarity committees. We will link our agitation for the next steps in the struggle with our goal for a rank and file movement in and across the unions.

For a new anticapitalist party in Britain

While official strike figures remain low, the wild-cat strikes, occupations, sizeable local demonstrations against closures, show the potential for a massive explosion of resistance. But to fully realise this potential requires more than just trade unionism. The scale and depth of the crisis demands militant anticapitalist policies which really challenge the power of capital to exploit us. Our resistance needs political organisation: we need a new anticapitalist workers' party.

The collapse of the Labour vote and the rise of the BNP has given a real impetus to long running debates about forming an alternative to Labour. The No2EU alliance plans to stay together and run at the general election. But in the Euroelections capitulating to nationalism was put above the need for a working-class programme. Even if they move left in their general election platform, they will still attempt to impose a stale reformist, parliamentary politics on any new political formation.

The SWP's have been isolated by their exclusion from No2EU and the Respect split and their open letter to the left, with its call for a new united left alternative, was a response to this feeling of isolation. It is not yet clear where the SWP intend to go with the open letter initiative. But it has sparked a debate inside and outside the SWP that has posed two questions: whether a new alliance or party should be formed and what politics this new formation should have. The danger now is that a reformist electoral alliance is decided behind closed doors and then imposed as a fait accompli on the left and working class movement as a whole. We believe there is an alternative to this: an open discussion and campaign within the working class movement for a new anticapitalist workers' party, like the campaign that led to the formation of the NPA in France.

The working class needs much more than a here-today-gone-tomorrow electoral alliance. It needs a party fighting capitalism every day and on all fronts of class struggle: an anticapitalist

WHAT WE STAND FOR

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

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

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

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

We fight racism and national oppres-

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

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

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

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

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

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

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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Help us raise our flag higher!

Workers Power has launched a £4000 fighting fund target to help us with our political work. We want to use this to money to expand our publications range, help us finance more staff in the office and ensure that we can continue to build a revolutionary communist organisation in Britain which can help lead the fight back against the recession.

Last month £250 was raised

Well done to those people who donated to our fighting fund last month to bring it up to £250. This includes one supporter who inspired by the Tour de France did a sponsored cycle ride to Brighton and raised more than £50. Another supporter was paid £50 for translating, while a third spent his nights reviewing obscure films for magazines and websites.

Send us your money

If you want to help, and remember - every penny counts then please rush cheques and postal orders to Workers Power, BCM 7750, London, WC1N 3XX You can also donate online at www.workerspower.com and <http://www.fifthinternational.org>

The call for a new anticapitalist party in Britain

By Luke Cooper

Marxists have long recognised that political organisation is key to the struggle for a communist society. We must build a political party that aims not only to force reforms out of the capitalist class but to overthrow their system altogether: a revolutionary party.

Lenin created a new model of revolutionary organisation - the Bolshevik Party - in the decade or so before the Russian Revolution. By 1917 it had drawn the majority of working class militants in its ranks. The working class in Russia would never have taken power in the Russian Revolution without having both a correct strategy - a programme - and a disciplined mass party committed to fighting for it.

Parties like the Labour Party and other social democratic parties in Western Europe grew out of the workers' movement too. Some were founded as Marxist parties, while others were founded by the trade unions. But over time both ended up accommodating with capitalism and even managing the market system in government.

Today the left is fragmented and divided into a number of ideologically defined political currents none of whom can claim to lead the most militant section of the working class - what Marxists call 'the vanguard'. Marxists therefore need to have tactics to overcome this situation and create revolutionary parties made up of this vanguard of class fighters.

How, then, do we make this leap?

The labour party tactic

By the mid 1930s the Russian Revolution had degenerated into a totalitarian dictatorship with Stalin at its head. The communist movement internationally abandoned the revolutionary strategy it had adopted under Lenin and Trotsky.

The followers of Leon Trotsky who resisted this degeneration were isolated and fragmented with little mass support. In the 1930s Trotsky developed a series of tactics to 'find a way to the masses', to fuse the programme of genuine revolutionary Marxism with the fighting sections of the working class.

In the United States in the late 1930s, the Trotskyists called for a new party of the working class. Unlike in Europe the American

workers had never created their own mass party. Nevertheless they had built a militant trade union movement. Trotsky proposed a struggle to get the unions to break from the Democrats and found a labour party and, at the same time, for communists to fight to win this new party to a revolutionary Marxist programme.

Social democracy in crisis

Trotsky and his co-thinkers never anticipated applying this tactic to countries that already had large social democratic or Labour parties. But Marxists must always develop their tactics in light of changing conditions.

In the last ten years in many European countries, social democracy's relationship to the working class has been in serious crisis. As the capitalists have demanded an offensive against the working classes' social gains many workers have grown angry and disillusioned with their parties. The influence of the reformist left wing - the wing closest to the workers' vanguard within and outside the party - has also declined sharply.

Many workers have started to consider the idea of a new party. Like in the USA in the late 1930s Marxists should be prepared to take a step together with these workers, arguing for the party to adopt revolutionary politics, but without presenting this as a precondition for our involvement from day one.

The political situation in Britain and Europe has obviously changed dramatically over the last year alone. Faced with the biggest economic crisis since the 1930s Labour's first response was to bail out the bankers. But when it came to saving workers jobs they scarcely lifted a finger. Labour bailed out the banks but refused to nationalise companies carrying out mass sackings.

For a new anticapitalist party

The very depth of the capitalist crisis is a compelling argument for a new party. The depth of the crisis puts Marxists in a far better position to win the argument over what politics a new party should be founded on.

To call for the new party to be anticapitalist makes sense to the most militant sections of workers. After all we can't and we shouldn't pay for their crisis. The capitalists must be made to pay - right up to and including the destruction of their system itself.

Marxists can also point to experiences in Europe in recent years to clarify what kind of party we need. The Left Party in Germany, has entered coalitions with the Social Democrats in regions like Berlin, and ended up supporting cuts and privatisations.

A more positive example is the New Anticapitalist Party in France. In contrast to the Left Party it explicitly rejected any idea of entering a coalition with the Socialist Party and supporting its policies of privatisation and cuts.

There are criticisms that must be made of the NPA. It stood in the Euroelections on a left-reformist platform. It is also unclear on the road to power for the working class and on its attitude to the capitalist state.

But the NPA has assembled over 10,000 militants in its ranks and the debate over what sort of programme and what kind of party it should be, is only just beginning.

The NPA's formation is also an opportunity for Marxists in Britain. We can rally people around the idea 'we should do it here' and take the argument for an anticapitalist party to the various conferences discussing an alternative this autumn.

Marxists have to avoid the twin pitfalls of opportunism - the sacrificing of principles in pursuit of short-term gains - and sectarianism - the refusal to unite in action for shared goals with those who do not yet agree with us on the our full, revolutionary programme.

We can show, in the thick of the struggles against the capitalist crisis, the superiority of revolutionary politics to the reformist politics of compromise. We do not present our ideas in a take-it-or-leave-it fashion. We propose demands, tactics, methods of organising, that can be used in today's struggles and enable them to win them more surely than the reformists' methods. But as more demands from our programme are taken up by the working class, the road to the socialist revolution opens up.

What the left and socialist groups argue for in the period ahead will make a difference to what sort of party emerges. We need to popularise the call for a new anticapitalist party across the working class and clearly explain that it's only with a revolutionary Marxist programme that we will be able to get rid of capitalism once and for all.