



Argentina

Against Capitalist Crisis and War the Working Class Begins to Fight Back



**Afghanistan•The Euro•Opposing Capitalist War•Consciousness
Rail Strikes•Consignia•Immigration•Enron Scandal•Israel/Palestine**

Revolutionary Perspectives

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Editorial

War, Crisis, Class Struggle

It is now 5 months since the attacks of 11th September. These months have seen a dramatic advance by US imperialism in central Asia. The US legions are now stationed in 13 countries in the area and, with the Afghan war behind it, the US is preparing its next campaign. Plans for the invasion of Iraq have been published and stark warnings have been sent to Iran and North Korea telling them that they are next on the list. The fact that these countries had no connection with the attacks on the US in September indicates the changed situation in the world. The US is now prepared to use its military power against any regime that does not do its bidding in a unilateral way without bothering about the niceties of UN resolutions, international law and all the usual deceptions. In the same period the US has unilaterally withdrawn from the 1972 ABM treaty with Russia. No concessions were made to Russia and the US is pushing forward with its missile defence programme.

The unilateral pursuit of US imperialist interests is opening wider the divisions of interests between the US and its rivals. Although these powers are not yet able to challenge the US they have their own ambitions and do not accept US hegemony worldwide. The sharp divergence between the US and Europe over Palestine, Iraq and Iran, and the disagreement with Japan over North Korea are indications of this. Resistance of the second order powers to the US is growing and the coming period will bring more open clashes between them. The introduction of Euro notes and coins in January represents a further consolidation of the European bloc and a challenge to the domination of the dollar and consequently to US imperialism. A rival European imperialism is raising its head. (See texts on the Euro in this edition)

The Crisis

Behind the moves of imperialism are the forces of the capitalist crisis. This has intensified in the last 3 months illustrated by events such as the collapse of the Argentine economy and the spectacular bankruptcies such as that of Enron. (See article in

this edition.) These are not isolated incidents caused by particular factors like corrupt politicians, sharp business practices, corrupt accountants as our rulers are always telling us. What they really express is more general, namely the deep crisis in the capitalist system of production. The Argentine collapse also indicates the failure of the neo-liberal methods of managing capitalism which have been praised to the skies for the last two decades. Argentina applied all the prescriptions of the IMF to its economy, privatising everything and more or less dollarising the economy. However, when the crisis hit at the end of the 90s all the miracles of the last decade proved to be nothing more than mirages. The country has defaulted on its massive debt and broken the link between the Peso and the dollar. This puts it back in more or less the same position it was in 1989 before the neo-liberals were in control. (See texts in this issue.) The fact that the IMF precipitated Argentina's default by refusing fresh loans in December is significant and may indicate a change in tactics by the managers of the world economy. Such a change is also reflected in the fact that the latest US budget shows a deficit for the first time in over a decade. Whatever the future direction the capitalist class intends to go these events indicate the previous method of management of the crisis have failed, and they recognise this.

Class struggle

As always the bourgeoisie's reaction to the crisis is to attack the class which produces its wealth - the working class. The outrageous attacks on the Argentine workers by the De la Rúa government have met with dramatic resistance. For the first time since the events in Poland in 1980 the workers have shown they have the stomach for a proper fightback. So fierce was their resistance that the Argentine bourgeoisie feared the situation could degenerate into civil war and one government after the next collapsed. Argentinean workers made great advances in self-organisation through the formation of committees

and assemblies outside the normal organs of repression used by the capitalist left, namely the trade unions and the leftist parties. (See texts in this issue.) However, the Argentinean workers are isolated internationally, this was ensured by the IMF before it refused to reschedule the debt in December, and in the longer term these struggles will be contained.

In the UK we have seen the same type of attack but on a much smaller scale. Restructuring in the economy is leading to large redundancies in Consignia (See article in this edition) and in the airline industry. However, there are hints that the long lull in the class struggle in Britain may be coming to an end with major strikes planned at Consignia and continuing strikes on the railways. (See article in this edition.)

The danger is that this strike movement will be used by the left to reinvigorate its old corporatist agenda, arguing that explicit state control of industry is beneficial for the working class and can be a substitute for the struggle against capitalism *per se*. For example, Bob Crow, the new left General Secretary of the RMT, wants his members to fight for re-nationalisation of the railways, as if the decay of the transport infra-structure under crisis-ridden capitalism started with privatisation. The other side of his capitalist agenda is revealed when his union calls off scheduled strikes using public opinion as an excuse, and when it demands that its members refrain from spreading strikes by going to workers with similar grievances, using the excuse that doing this would be against the law, a law which is specifically designed to hamstring effective class struggle.

In contrast an emerging class conscious minority needs to argue for a totally different strategy based on workers increasingly struggling *as a class and in their own interests*.

Sectoral and geographical isolated strikes and organised actions announced days and weeks ahead for the convenience of the bosses

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Argentina

From Miracle Economy to Bankruptcy

The collapse of the Argentine economy is an important event for two reasons. Firstly it represents a spectacular failure of neo-liberal theories of economic management and shows that capitalism's crisis of profitability will always reassert itself despite the various policies of the capitalist class. Secondly it shows how economic collapse can pitch millions of workers, both employed and unemployed, into struggle with the capitalist state and how it is possible for these struggles to escape the prisons of the unions and the parties of the left.

Argentina's economic odyssey

It is worth considering briefly how the Argentina went from hyperinflation in the late 80s to debt default in 2001. Throughout the 90s the Argentine economy was the darling of the international bourgeoisie. It grew by an average of 5% per year throughout the decade, investment flowed into the economy and the stock market boomed. The Argentine miracle was supposed to result from the neo-liberal policies demanded by the IMF and followed by the Peronist government of Menem and his supposed economic genius Cavallo. The Menem team replaced the previous government of Alfonsín, which had presided over hyperinflation of 200% per month, in 1989. Menem promised to bring inflation under control and initiate a golden age of prosperity. In 1991 the Peso was pegged to the dollar at 1:1. This ended inflation, but it also tied the Argentine economy to the value of the dollar. In addition, the usual IMF measures of privatisation of the economy and slashing of government spending were brought in. For most of the 90s these measures appeared to work and the country staged an "export and investment-led" recovery. This apparent success was however, dependent on the international economy and the health of capitalism as a whole. When the shocks to the international economy came, the country proved more vulnerable than

its neighbours and its supposed strength, the dollar link, proved its Achilles heel. The first shock came with the Mexican currency collapse of 94/95. The economy recovered from this but was subsequently hit by the collapse of South East Asia of 97/98 and the Russian default which cut investment and confidence in so called "emerging markets." However, there was worse to come, and, in January 1999, Brazil devalued its currency. Brazil, which is Argentina's largest trading partner, is linked to the country in the Mercosur trading bloc. This devaluation together with an appreciating dollar meant Argentina's exports to Mercosur became uncompetitive. De la Rúa, who became president in late 1999, followed the same policies as Menem but started to apply them with more energy. In his 2 years in office he introduced 8 austerity plans and cut public sector wages by 13%. This led to a contraction in the economy and a massive rise in unemployment, which rose to 18% and amounted to 15 million people. Half this number were members of the middle classes. Although the IMF did provide fresh loans in the early part of 2001, it was clear that the country's problems could not be solved by the previous IMF formulae, and in December 2001 the IMF refused to reschedule the country's debts. The regime reacted with panic freezing bank accounts and restricting withdrawals and all transfers abroad. A budget was passed a few days later cutting public spending by a further 20%. These events brought the working class and the middle classes together into a common struggle against the regime. The government declared a state of siege and 27 protesters were shot by the police. All this made the situation worse and the massive demonstrations, which engulfed the country, looked as if they could lead to popular insurrection. This precipitated the resignation of De la Rúa. As the protests continued presidents have been changed like shoes as the bourgeoisie reacted in panic to the fury of the masses. At one stage there had been 5 presidents in two weeks! Today's

president Duhalde, a Peronist thug master, has broken the dollar/Peso link and floated the Peso. This is a total reversal of the IMF strategy and takes the economy back to where it was in 1989. We can thus expect massive inflation. This is similarly a great setback for the neo-liberal policies of the IMF. No matter what policies the bourgeoisie pursues the crisis returns.

Workers' resistance

These changes will mean further hardship for the working class and, of course, all those with savings will find they have been devalued by approximately half. The working class has, however, shown its ability to struggle by means which could point the way forward for workers of other countries. Mass movements of protest and disruption have been organised outside of the Trade Unions and the parties of the left. These mobilisations, which have literally drawn in hundreds of thousands of workers, have rocked the regime to its foundations.

We salute these events. For them to take a revolutionary direction an organisation of revolutionaries needs to be present calling for such a course. Unfortunately such an organisation is not present and in the longer term this movement is likely to be recuperated by the left wing of Argentinian capitalism. The formation of a revolutionary organisation in Argentina is an urgent task. We publish below an IBRP statement on the Argentinian events and two communications received from a sympathiser of the IBRP who lives in the area. The first is written in late December and the second a month later. We publish these largely unedited as they give a sense of the events as they appear from a closer perspective.

IBRP Statement

The Crisis and Economic Liberalism have Brought Argentina to its Knees. The Proletariat has Once Again Raised its Head.

The economic and financial crisis that has been troubling stock markets and production in the rich west for years is having a devastating effect on the countries of the so-called periphery. Above all there is Argentina which, after Mexico, Brazil, Colombia and the Philippines, has been thrown headlong into the abyss of the crisis and social desperation.

In the Nineties, under the criminal Menem-Cavalo partnership, even while it received finance from the IMF, Argentina opened its doors to the crassest ultra-liberalism. Tariff barriers were demolished and American goods allowed to invade the Argentinian market, flinging the already precarious equilibrium into turmoil. With every service and any enterprise of national importance privatised, the road to the most unbridled and rampant of private capitalisms was opened up, throwing into crisis the little that was left standing of the economy in the name of immediate profit. The social state was completely dismantled and, following the recipes of the IMF, taxes and the cost of borrowing increased, thus completing the work of destruction of the Argentinian economy. In compensation the exponents of the bourgeoisie have, by means of theft, bribery and the proceeds of parasitic appropriation become amongst the richest men in the world.

The results are plain to see. Despite the monetarist recipes, inflation remains high, unemployment has climbed to 30%, the public debt has gone beyond 20% of GDP and foreign debt has climbed to \$166 billion. For a devastated economy such as Argentina's, this is an absolutely unbearable weight. The financial imbecility of Cavalo, who pegged the peso to the dollar, has done the rest. When it comes to the living standard of the Argentinian population things are even worse.

Besides the above-mentioned 30% of proletarians who've been thrown out of work with no chance of another job, not even via the black economy or as casual workers, the statistics show that 45% of the population lives under the poverty line. In numerical terms millions of families survive on less than 480 pesos per month (not even £350 for a nuclear family of five people). One of the major concerns of Della Rúa and the successive presidents who have been flung into office during the present crisis has been to prevent the flight of capital abroad. By freezing the current bank accounts of small savers they have also condemned the great part of the population to bartering and begging. Anger and violence have grown in equal measure with the hunger, the economic and social poverty, the desperation of daily reality and the bleak outlook for the future.

The Response

Spontaneously young people and students, workers, unemployed and petty bourgeoisie, first proletarianised and then pauperised, flooded into the streets. The focal points of their anger were the usual havens of capitalism: banks, offices, but above all, supermarkets and shops in general which were attacked as during long-forgotten bread riots in Europe. Hunger, and outrage against an incompetent and corrupt political class in the service of the big capitalist concentrations — both domestic and international — remain the basis of this latest insurrectionary outburst. Underlying everything there is the tragic unwinding of the crisis of capitalism in its neo-liberal version. As if following a script, the government of the former president could find no better response than to instigate a savage repression leading to deaths and thousands of wounded. The response has been characteristically

proletarian. Throughout Argentina strikes and occupations have sprung up in the most important factories. Committees of struggle and to coordinate the protests have been formed. In their attempt to respond to increasing poverty and unemployment the associations of Pequiteros and the internal Commissions have moved against the trade unions and Left political parties whose involvement with capital has discredited them in the eyes of the working class. In the largest cities hundreds of thousands of demonstrators have participated in the protests and the clashes with the police. Even the seat of government has been attacked: a monumental symbol of the exploitation and financial robbery conducted on the part of its tenants, all in the name of a rampant capitalism which has no moral rules or laws except personal enrichment for the few and poverty for millions of proletarians.

One of international capitalism's weakest links has snapped and huge numbers of proletarians and the disinherited have been propelled into action by a single overriding need. Bourgeois reaction is doing its cowardly work. It is like a play already written and rehearsed a thousand times over but with two conspicuous absences: that of a real revival of the class struggle and a party capable of steering it.

Absent From the Scene

The absence of these two elements allows the bourgeoisie to produce an alternative that confines itself to tinkering with its own political power set-up whilst the economic framework and relationships of exploitation remain firmly in place. The class content of a movement does not only derive from its sociological aspect, that is from the presence of proletarians, but above all from the political objectives contained and developing within it.

First there must be an awareness of class antagonism, then the recognition of the conservative function of the trades unions and of the political left and the necessity for the violent overthrow of the whole capitalist economic and political frame. An indication of the second condition is the active presence of a revolutionary party that is well-rooted inside the proletariat as a whole. This alone can transform the anger, the determination to struggle and spontaneous rebellion into social revolution. Such a party will have clarified the terms of the revolutionary programme and its strategy. In the short term its task is to identify the class enemy and its accomplices on the Left in order to remove the political obstacles on the road to insurrection. In the medium term clarity is needed about what constitutes the new proletarian power and the economic programme stemming from it. In the long term, although a step towards its

realisation must be made from the outset, there will have to be an international dimension to the struggle which, if it remains only a national experience, will inevitably end in defeat.

In Argentina the devastation of the economic crisis has taken a strong and determined proletariat towards struggle and self organisation, making it capable of expressing a sense of the hostility between classes and of identifying its political enemy. However, the second condition, the one concerning the existence of a revolutionary party, is nowhere to be seen, for the simple reason that the vanguard of the revolution does not come into existence from one day to the next, nor is it the product of immediate events.

Either the party will have to be worked for through time and for it to become rooted inside the proletarian masses, or the insurrectionary waves

will always be dispersed and give way to defeat and a sense of impotence. The imperative for today's meagre revolutionary vanguards who are active internationally, if only in restricted circles, is to grow, to connect up, to accelerate the process of clarification of events in terms of the class struggle and of political perspectives, even if these are not immediate.

Historical necessity imposes the immense effort of giving life to political organisations capable of absorbing the advanced proletarians who are part of these spontaneous movements, so that the next outburst, wherever it happens to be, does not remain without an alternative class strategy.

Against the bourgeoisie in whatever guise it presents itself.

Against trade union traps.

For the organisation of the proletariat in Latin America; and

For the construction of the world party of the proletariat.

Communications from a sympathiser (1)

The Meaning of the Argentine Uprising

Argentina is in revolt. The economic crisis has literally devoured it transforming what could potentially have been one of the richest countries in the world into a nation of beggars. The real economic and social situation of Argentina is one of the consequences of the new "globalized" economy that began taking shape at the start of the early seventies. Ironically, this country has been one of the exemplary models of the IMF on a global scale. Therefore that which must be put across to the Argentine workers is the understanding that the true dilemma in countries such as theirs is not in the opposition between "free trade" and economic "protectionism", but rather in the imperative of overcoming capitalism in order to move towards a system of production based on social needs and not on the global demands of capitalist accumulation. The disaster that is taking place today in

Argentina is not the outcome a simple economic policy but rather of the affirmation of the objective global tendencies of capitalist accumulation. If we were just referring to the situation in Latin America or Argentina, rather than speaking in the context of global capitalism, the events we have seen before our eyes would be incomprehensible. It is within this context of global capitalism that the fate suffered by the proletariat of Latin America under the macroeconomic guidelines (public debt, interest rates, monetary policy, etc.) followed by the governments of Latin America. In the end it is not Cavallo of a clique of military officers or of corrupt politicians who have destroyed Argentina and drowned the working class in misery. That which is being denounced in Argentina has also been done in the rest of the world, with or without democracy. In all cases the fault lies with capitalism,

for which the personalities of the elite Latin American leaders (Menem, Cavallo, De La Rúa, Rodriguez Saa, etc.) are merely its agents.

Our analysis of the crisis and of the limits and contradictions of the "financialization" of the economy encounters its unequivocal confirmation in the verticality of the economic and financial collapse and its irreversibility. Dollarization has failed and with it all the monetary policies imposed by the IMF. Now there exists the possibility of a chain reaction raining down on all the economies of MERCOSUR.

A few hours after the resignation of President Fernando De La Rúa, the parliament named a new chief of state (Adolfo Rodríguez of the Partido Justicialista - the Peronists). Even though this appears very unusual, the Argentine bourgeoisie has repeated the same maneuvers enacted by the bourgeoisie two years

ago. What we want to know here is if the Argentine proletariat demonstrates the same credulity and political incapacity of the Equadorians or Peruvians. We don't believe however as happened in these cases, that one would not be able to affirm anything until the course of events indicates a clear change of direction towards greater political autonomy on the part of the proletariat. The possibility that a movement of the proletariat will outlast this maneuver upon a clear delineation of the revolutionary camp – those which then delineate themselves timidly and vaguely on some the organizative and political expressions of the proletariat – in the face of the counterrevolution whose profile is on the other hand already clearly delineated. Whatever the result of this struggle, the Argentine proletariat had taken significant steps and to this we express our solidarity as communists to those workers that today fight in the streets and struggle to advance the movement as far as possible.

Nevertheless, until today there have been two gigantic achievements which testify to the revolutionary potential of the actions undertaken by the Argentine proletariat. In the first place in Argentina this has not been a simple isolated revolt, but rather it has been constituted from below and outside the unions and other forms of the mediation of the capitalist state, a true movement of opposition to the existing state of things, in the course of a struggle each time broader and more determined. The movement has already come supplied with its own examples of struggle and has radicalized guidelines of action compared with the Argentine bourgeoisie which demonstrated the incapacity of responding to even the most elemental requests for the survival of the proletariat. The second is seen in the real vigor of the movement, whose strength is in having been to consider itself clearly in the break with the center-left government of De La Rúa. The Argentine government hoped to put an end to the looting with the "state of siege" but by stroke of midnight had returned to the streets besieging the parliament in the Casa Rosada, putting forward a challenge that measured the profound radicalization of the social conflict. We are faced

with a pre-revolutionary situation in which we would be able to embark on an actual proletarian revolution if on this terrain there appeared an authentic revolutionary communist party. This circumstance, although absolutely necessary, is not present however encouraging the signs of these events in Argentina maybe. Different from other countries of the region that mix other historically distinct social classes together, the movement in Argentina is more purely of a proletarian character. The immediate causes for their demands and their uprising correspond to the more typical process of the decomposition of capitalist society. It should be emphasized that besides representing the most impressive dynamics of the self-organization of the proletariat in the last forty years of the history of the Latin American working class, the movement of the Argentine workers puts forward its own form of organization founded on direct action and on the demands of the struggle against the bourgeoisie and the capitalist state. The organization of the association of the "picketers", those who responding to their marginality and unemployment carry out direct actions against property, the bourgeoisie and the state, the development of the "shop committees" in the factories and workplaces outside of and against the unions and the wide spread use of mass meetings and assemblies in order to convene and discuss which direction the movement should take, all point to a process of revolutionization and reconstitution of the proletariat into a class. In order that this process advance the movement requires two necessary measures, first the arming of the proletariat and second the organization of councils as a power alternate to that of the power of the bourgeoisie.

Today the entire Argentine political system lacks credibility. The "betrayal of the leaders" is shown in their attempts to reconstruct a society that can only save itself by increasing the misery of the working class. We understand the nausea of the workers at the spectacle offered up by movements and political parties whatever their banner. All of them serve the interests of the ruling class and, therefore of those "citizens" that appropriate for themselves wealth and privilege. Any

current that seeks to reclaim for socialism and the emancipation of the working class, should keep their "flags" clean, those speaking for them should present a political tradition unstained by any connection with the bureaucracies of all stripes that serve in the west as in the east, to sustain forms of the dictatorship of capital. They should function within the movements of the working class across all sectors without involving themselves with personages recycled from the old counterrevolutionary politics nor with the organizations that today represent the comedy democracy and the struggle "for the people" on the terrain of the bourgeoisie, left, center, or right.

There are those who are yet shameless enough to define themselves as enemies of capitalism with the aim of restraining the protest. There are a legion of the muddleheaded all with proposals for "constituent assemblies" and all manner of "programs of economic and social reconstruction", they pretend to set the working class on the road to power while still preserving social peace, even on top of the misery and reigning oppression. If there exists a revolutionary current in Argentina its first task consists in evading all maneuvers that are aimed diverting the social torrent of the exploited towards solving the needs of the perpetuation of capitalist power. They should have as their first objective denouncing the enemies of the class and engaging in the political combat of the revolutionary party in its infancy.

In effect, from the point of view of revolutionary development, the main problem confronting the proletariat in Argentina, as elsewhere, is that they remain caught in the ideological web of the bourgeoisie and their false divisions. The inaugural speech of President Rodriguez Sáa, directly implicated capitalism for the Argentine debacle, this was however only one more maneuver of the bourgeoisie. A maneuver of this capitalism that today finds itself cornered as much for its own critical evolution as for the immensity of the social upheaval and the bankruptcy of the political regime. Historically Peronism has been an ideological and political vehicle of the counterrevolution in Argentina. Each

time the proletariat has burst onto the scene Peronism reappears, as it maybe said, to tranquilize the Argentine proletariat in order to calm social crises. The role played by the Justicialismo of Perón among the working class has been fated as far as possible, to impede the decantation of the Argentine proletariat from taking up its revolutionary tasks, from moving towards communism. Nothing like the Justicialismo of Perón with its nationalist and statist phraseology – behind which stands imperialism – has produced such quietude and conservatism among the Argentine proletariat. The other great enemy of the Argentine proletariat is the unionism and reformism of the Trotskyists and Stalinists, that today are united in calling for the reform of the regime as it exists from the perspective of state-capitalism and are beginning to speak out without hesitation all over the world and

particularly where the unions are strong and the dictates of capital have been most religiously observed. The explanation of the collapse of the last twenty years in Argentina and the rest of the world does not lie in the weakness or imperfection of union organization or in the parliamentarism of the left, but rather it lies in the very nature of unionism and parliamentarism whatever form it may take. In the actual phase of the decadence of capitalist society, unionism and reformism are called upon to be instruments essential to the preservation of capitalism and finally, to assume precise functions of state institutions.

The strikes in the factories, the seizures of plants on the part of laid-off workers, the assaults on the courts on the part of the unemployed, the beginnings more than two years ago, of vigorous spontaneous organisms of struggle demonstrate without a doubt that the

movement in Argentina has surpassed that of a passing uprising of the hungry, limited only to the sacking of supermarkets. The lessons about the proletariat is of primary importance that precisely when it appeared destined for oblivion and the bourgeoisie appeared to have free reign to do as it wishes, the Argentine uprising appears as a breath of fresh air appearing to tell us in this formidable struggle - "I exist!" and we are able to look again at the world through new eyes. Certainly, though we are far removed from this field of battle at least it lets us know that we are on the right track. In effect, to paraphrase Galileo, "and yet it moves!"

Long live the Argentine proletariat!
For the construction of the
International Party of the Proletariat
and of the workers' councils for the
communist revolution!

Communications from a sympathiser (2): Letter

Dear Comrades,

I urge you to consider the following aspects of the political evolution of Argentina:

-The birth and development of the Internationalist Proletarian Party in Argentina is tied to the effort to break the bosses political grip within the workers' movement. Whilst the strategic and programmatic proletarian positions are not clearly separated from those of the bourgeoisie and the petty bourgeoisie, during the course of the social struggles fought today and to be fought in the future, the coming together of the class vanguard will remain unrealised.

-In all the struggles strike committees and strike/combat squads have begun to emerge which tend to unite rank and file workers around immediate demands related to the relentless attacks of their exploiters. This reaffirms the superiority of class autonomy over institutional reformist representation, of organs of direct action over appeals to the State or its mediation. In spite of the CTA and the "dissident" CGT, in spite of the CCC, in spite of the P.O. and the P.T.S., the movement of the unemployed calls for simultaneous

short cuts and clamours for unity with workers in employment, with public sector workers, with workers whose terms and conditions have been violated, with workers who face the closure of their factories. Such has been the war cry of the pickets from the north of Salta with their 21-point workers' programme and the proclamation of the need to create a congress of Workers and the Unemployed, sweeping away the treacherous union bureaucracy.

-Argentinean radical-reformism seeks to channel the enormous power revealed by the conduct of the masses and resolve the crisis of the economy and Power by means of calling a Constituent Assembly operating on the national, provincial and municipal levels to unite the delegates of workers' organisations and, as their attempt to offer solutions for "working people" to the current situation, this may become a "Workers' Government".

-The intention behind this policy which comprises the PC, the PO, the PTS, etc. is to provide, from the left, the mechanisms to deceive and divert, so the masses do not extend, develop nor co-ordinate the autonomous organisms which, in embryonic form, have begun to

appear on the scene. They tell workers in revolt (in the Rio Santiago shipyards, in the petroleum industry, ceramics enterprises, in the Turbio mines, airlines, business' facing privatisation etc.) that the solution is to vote for a Constituent Assembly via which they will solve all their problems and impose their government.

-The role of the second left tendency in the framework of domination is very clear; it is the "spare wheel" and a channelling mechanism at times when the decomposition of the regime demands that the loss of prestige suffered by the ruling parties and the union bureaucracy be contained by the left. This role, often solely attributed to Stalinism, is today being taken on by the main expressions of Argentinean Trotskyism. Today this is going through a peculiar adaptive metamorphosis, which renders it increasingly more functional for the mechanisms of control and the reproduction of Power. Never, as now, in moments of cataclysmic convulsions and crisis, is the importance of the left to articulate mass movements revealed in the strategy of capitalism's dominance.

Post Office Workers Fight Back

Unrest amongst postal workers is nothing new. Over the past few years there have been a lot of local walkouts over issues around working conditions, overtime payments and victimisation by management. But the strike currently being planned is the first national strike for six years, reflecting the growing militancy amongst all postal staff in forcing the union to prepare for nationwide action. The issue is a five-percent pay increase. The management has offered a pay increase equal to the rate of inflation tied to a productivity scheme with future pay increases being dependent on achieving savings. Most postal workers are very badly paid and take home less than £150 a week. But general unrest goes a lot deeper than this. The postal industry has a very high turnover of workers, over 20,000 people a year in a workforce of 150 000. In December Consignia announced it would cut 15% of its workforce, some 30,000 jobs on top of job losses of 10,000 already suffered in the past year. Overall the management is trying to achieve savings of £1.2bn. Do low wages and redundancies sound familiar? It's life in the capitalist crisis, in an industry preparing for privatisation.

Privatisation and Labour

Although the term 'Thatcherism' is often used synonymously with the term 'Privatisation', both Thatcher and Major after her balked at the idea of privatising the Post Office. Not so Labour. Their first step down the privatisation road was to rename the Post Office 'Consignia', a rather unfortunate choice given the utter mess of the Italian postal system. Consignia was launched as a government owned plc amongst cries of outdated monopoly and lack of competitiveness. The Post Office had managed to maintain its profitability for the past forty years but over the past two years it has suffered heavy losses. Like many industries the worsening economic crisis has had a profound impact. The problems faced by the advertising industry have meant less junk mail and companies are finding it increasingly cheaper to switch to e-mail. In an ironic twist one of the biggest blows has been the massively escalating cost of transport due to the disastrous state of the privatised railways. None of this has been helped by the fact the state has been milking Post Office profits for years and preventing it from making necessary investments. And so a familiar pattern of the state

running down an industry prior to privatisation has emerged. One third of all urban post-offices are now set to close, mostly thanks to Government plans to pay benefits directly into bank accounts. This will lose Consignia one third of its annual income. Labour is so eager for this to go ahead it plans to pay £60m to finance it, mostly by paying sub-postmasters £20,000 compensation to close. This doesn't take into account the costs of the Benefits Agency to administer these changes. The closing down of both urban and rural services is already a reality for many communities. Last year 547 post offices closed, many in areas where people depended on them most.

It hasn't been enough. At the moment Consignia estimates it is losing £1m a day and last year it lost £317m on letter deliveries alone. So far it has been able to cover these losses with profits made on bulk mail and parcels for business. But these are the very area set to be hived off under privatisation. In the topsyturvy world of capitalist logic you make a company profitable by selling off its profitable parts leaving it with the loss making part. It would be cynical at this stage to point out that the accountants hired by the Post

Argentina: Communications from a sympathiser (2): Letter

(continued from previous page)

-The evolution today undertaken by Argentinean Trotskyism, whose most representative organisations appear united with Stalinist and Social Democratic organisations, makes it one of the main props of union and party bureaucracy (of Moyano's Central de Trabajadores Argentinos, Echegaray's Communist Party) which in turn, via truces and pacts, prop up the bourgeois governments which take turns to the extent that, under the pressure of the crisis, Power is restructured. It is one thing to promote workers' unity regardless of the politics and ideological orientation of the elements constituting the mass. It is a very different thing to ally oneself with

those who, within the workers' movement, hold up the regime, which applies imperialism's plan to appropriate wealth whilst suffocating the workers. But this evolution comes as no great surprise to us, it is the logical outcome of organisations – especially the PO and the PTS – who have always defined their politics on the terrain of the struggle for hegemony within the union bureaucracy; therefore they regard the struggle for socialist politics as equivalent to the struggle to control the apparatus of the old workers' movement. This perspective not only ties them to the political reaction inherent in all of imperialism's apparatus, but also obviously

clashes with the real conditions of Latin American and Argentinean social formation. The great mass of those selling their labour power are outside any sort of covenant or union power; the three million workers of the black economy, the more than 2.5 million underemployed who alongside the 3 million unemployed make up 60% of Argentina's workforce. If we add the legion of veritable pariahs of production, the temporarily hired, we are talking about 80% of the labour force expelled from the State unions, whose ruling body is made up by one of the most corrupt bureaucracies in the world.

Office regulator Postcomm who came up with this notion was none other than Arthur Andersen, the very same consultants who are presently at the heart of the Enron scandal. The logic of all this is obvious. Left with the loss-making end of the industry Consignia will cut its costs the only way it can, by reducing the service to a minimum and by making its workers bear the brunt of its losses through lower wages, longer hours, more redundancies and worse conditions for those left. There are plenty precedents for this. In 1993 Sweden deregulated its postal services which resulted in sharp price rises and job losses. This is still going on, with Posten announcing its plans to cut 2,000 jobs from an existing 5,000 left in counter services. There isn't room here to discuss the post-privatisation state of the railways or telecom but it is fair to say in both these industries capitalism couldn't have created a bigger mess if it had tried.

Labour, however, is determined to rush through its plans. One third of Royal Mail's £5bn postal monopoly could be open to competition by April and the whole market could be opened up by 2006. The only people who will benefit from this will be those individual capitalists who stand to make large personal fortunes.

Restructuring and State Control

The breaking up of monopolies is always done with the aim of increasing profit rates. The isolation of loss making sections of a monopoly presents these sectors being cross-subsidised by the

profitable ones. Generally the next step is the "restructuring" of the capital in the loss making sector which, in Marxist terms, means devaluing this capital and increasing the rate of exploitation of the workers. The massive closures of post offices and write off of assets, described above, are the means of making much of the existing capital worthless and thereby devaluing the total capital. At the same time a massive attach is mounted on the working class. The workforce is cut and exploitation is increased by productivity increases flexibility etc. Such restructuring increases the rate of profit and makes the restructured sector able to attract fresh capital.

This is always done at the expense of the working class, and the massive job cuts are explained away by the bosses and the unions as necessary to save jobs. It is, however, ridiculous to argue as the Trotskyists do that all these nasty things would not happen if the state retained control of the Post Office, the Railways or whatever the nationalised monopoly is. The problems faced are problems inherent to capitalism and whether the capital is owned by the state or private capitalists is quite irrelevant. It is well known that the initial transfers of private monopolies to national ones were similarly accompanied by massive job losses and attacks on the working class. We have detailed these facts many times in our publications and will not repeat them here. The simple truth is that it is the capitalist system itself, which is against the interests of the workers, and it is against their interests in all

its forms. It does not matter whether the capital is private or state controlled. The working class has never benefited from fighting for one type of boss against another. The state will not protect workers interests for the simple reason that it is the state of the capitalists. Its role is to protect capitalism and the interests of capitalism. Those who today pretend that the state will protect the interests of workers and recommend that workers fight for re-nationalisation of key industries are simply expressing the ideas of the left wing of the capitalist political superstructure. They are totally reactionary and represent a barrier to workers

breaking out of prison of bourgeois politics.

Unions Against Workers

The key to all this is, as ever, the working class. The number of wildcat strikes by postal workers does show some level of recognition that their union is not prepared to defend their interests. The danger for them now is that the CWU, having taken control of the dispute, will fritter away their militancy into pointless one day strikes whilst negotiating furiously for a settlement not too harmful to management. The CWU is already preparing its members for the changes to come. Its actions show once again its total acceptance of the logic of capitalism no matter what the consequences for the working class. It will persuade workers that sacrifices are inevitable and that without a healthy postal industry — that is, one which has been massively scaled down — everyone will suffer. The union is the mouthpiece of management on the shop floor. As we said in RP20:

Workers have to take charge of their own struggle, and take it to other workers, and not just in their own sector

With rail workers and airport workers amongst others facing similar attacks, postal workers have the potential to link up for a real fight to defend themselves from both the Government, Consignia bosses and their unions. On a practical level, by holding mass assemblies of all workers outside the rules of the Unions and the state, workers from both the public and private sectors could organise a real defence against the vicious attacks which capitalism has in store for us all.

RT

INTERNATIONALIST NOTES

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Railworkers

Workers Must Defend Their Interests

Details of the struggle

The present struggle on the railways is over pay and, in the case of South West Trains (SWT), the victimisation of union activists. The nondriving staff at SWT have been offered half the percentage pay rise that the drivers have been awarded (3.8% versus 7.6%). As the drivers already receive more in their basic pay packet, this is a blatant attempt to divide the workforce.

The same tactic is being used at Arriva Northern and is being contested by the workers there, and Scotrail drivers want to have the same salary as their GNER fellows.

Although most of the workers involved are on £300pw (and some platform staff get barely more than £200), the bourgeois press plays its usual game of quoting what they would receive if they worked an absurd amount of overtime as if it were their basic pay.

And suddenly, when the workers try to obtain more reasonable rates by striking, all the problems on the rail get laid at their feet, as if they were responsible for decades of insufficient investment in the network.

There has been a series of 48-hour strikes called by the unions as a response to pressure from below, but this does not mean that the unions are an instrument of the working class. On the contrary...

The role of the unions

In the context of similar grievances throughout the whole of the rail network (including the London Underground, where drivers are going to have two 48-hour strikes) workers should not miss the opportunity to generalise the struggle into one which involves simultaneous strikes shutting down the network. This would be much more effective in disrupting the whole economy by preventing many commuters from arriving at work.

But the context is also one of an industry divided into 25 operators, which enables the unions to impede the extension of the struggle by insisting that the workers respect the law and vote separately on action in

each company. This respect for a law which was specifically designed to retard the development of working-class solidarity*, is only one way in which the unions impede class action.

Despite the hue and cry in the right-wing press over the "new wave" of left-wing union leaders, whose emergence is only a reflection of the fact that "New" Labour and the old union leaders no longer have any credibility as forces which will stand up for workers, these left-wingers are still unable to behave as anything other than brakes on the struggle. For instance, under the new left General Secretary of the RMT, Bob Crow, strikes have already been called off on SWT, dispersing the momentum of the action and allowing the management to train up more scabs to take the place of guards. False friends of the workers are amongst their worst enemies.

However, this does not mean for one moment that we allow victimisation of union militants like that of Greg Tucker, who has been deprived of his position as a driver by SWT. First of all, it is not for management to interfere in the politics of the working class. Secondly, if the working class is going to break with the unions and develop its own struggle organisations, it is necessary that at least some militants currently involved in the union structure break with that structure, and, clearly, abandoning these militants to the gentle mercies of management despotism is not going to help them to make this rupture.

Public opinion

The tactic being considered by the RMT in the dispute with Arriva Northern of working, but not collecting fares, has been justified by the argument that it would increase public opinion in favour of the workers.

The problem is that public opinion is something that it is very nice to have, but which has very little practical effect. After all, public opinion is very much against the rail companies' policy of murder through neglect, which resulted in Southall, Ladbroke Grove and Hatfield, but no-

one in their right mind thinks that this series of disasters has reached its end.

Unless the "public" in "public opinion" is transformed into "class" and the "opinion" is changed into action, any attempt to actively court it is, at best, a waste of effort. At worst, it is used by the unions to call off action, as the RMT did a few days before this article, on SWT, so that they can "demonstrate their reasonableness".

By lessening the amount of disruption that their action has on the economy as whole, rather than on the rail companies, the railworkers will weaken their action. The bosses know full well that it is in the interest of capitalism as a whole to defeat any section of the working class which fights back (you only have to note the interest the government is taking in denouncing the action to realise this, and the fact that it has excused the rail companies from paying fines for failing to deliver a service), and not only because it discourages other workers from fighting.

According to an analyst quoted (but not named) by the BBC, the Arriva strikes alone have cost the economy (i.e., the bosses) £7 million. The working class should know that they are fighting the whole of the enemy class, and act accordingly.

Carrying the struggle forward

Railworkers need to extend their struggle as far as possible, both within, and, if possible, beyond the industry. The temptation is to sit back and wait for the unions to organise this, a temptation which is all the stronger because the unions have shown that they are responsive to pressure from below by calling ballots. However, this temptation must be resisted, as the unions' historic role is to manage the labour-capital relation, and they have sufficiently shown that they manage in the interests of capital. Workers must run their own struggle through mass meetings and must spread it by sending delegations to draw other workers into the struggle.

Note

*Funnily enough, when the word solidarity became fashionable in bourgeois circles, there wasn't a vote on whether to bomb Afghanistan...

Thirty years after the collapse of fixed exchange rates The Euro Circulates in European Streets

But whether its sterling, the euro, the dollar Workers' Jobs and Living Standards are under Attack

At the turn of the year the British press grudgingly pronounced the euro a success. By this they meant the practical achievement of introducing euro notes and coins into general circulation amongst a population of 300 million people in twelve different countries. In fact, however, physical notes and coins play a relatively small role in the capitalist economy — only 6% of 'broad money' (M3) in the eurozone, according to the *Financial Times*. As the accompanying article clearly shows, the success or otherwise of the euro will rest on rather different and long term factors than what kind of paper and bits of metal are accepted at the supermarket checkout. Whilst the smooth-functioning and acceptance of the single currency at street level might prove a useful part of the government's forthcoming pro-euro referendum campaign, it doesn't explain why — even now, when there is no serious possibility of the UK leaving the EU — the government has been so reluctant to come out in favour of joining the euro. It's not as though Labour really has much to fear from the Tories' Little Englander campaign for Britain to keep the pound since the whole issue has rent the Conservatives apart. (Remember it, was a Conservative government, under Major, which signed up to the Single European Act at Maastricht, 1991.) The fact is that Labour shares the uncertainty of the rest of the ruling class as to where the best interests of British capital lie. For the CBI — the voice of manufacturing capital — there is no longer any argument, they would be better off with the euro. The high pound is forcing exporters to lower their prices in order to hold on to market share. This is hitting them where it hurts most: their profits. According to the

National Institute of Economic and Social Research (reported in the *Financial Times* 25.7.00)

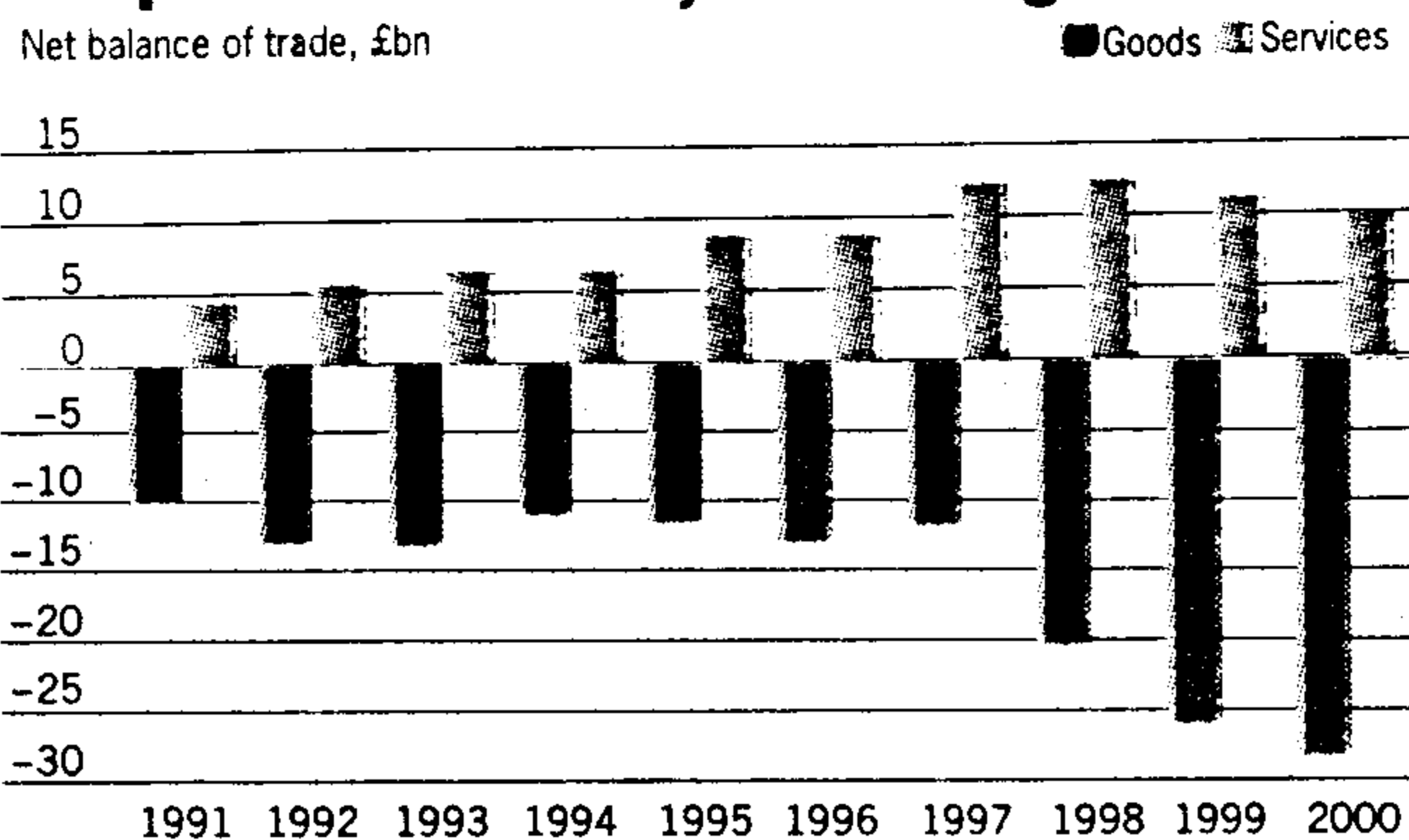
With the pound so strong, average export prices are now down 14 per

cent from 1995, and manufacturers have taken the hit on their profits.

import restrictions and attempts to stem the outflow of currency. However, in this era of globalised and 'financialised' capital — where 70% of the UK's GDP derives from the 'service' sector and only 20% from

manufacturing industry¹ — government priorities, whatever their political complexion, have changed. Nowadays the overriding task of central government is to ensure that optimum conditions exist to attract the funds that will perpetuate and if possible extend money-making activity. Whether those funds derive

Surplus on services; deficit in goods



Source: HM Treasury

cent from 1995, and manufacturers have taken the hit on their profits.

Of course a strong pound also makes imported goods relatively cheaper. This, combined with a retail spending boom financed by a voluminous increase in personal debt [to the tune of 70% of the value of overall GDP and an average household debt of 120% of 'available annual income'], has led to the UK's growing trade deficit in goods over the last decade. Thirty years ago, when the EEC was no more than a customs union of states which were politically still part of the US bulwark against the Russian bloc, the debate over Europe amongst the British ruling class was over trade. They argued about whether the UK would lose out if it left the European Free Trade Association, loosened its ties with the Commonwealth and what was left of imperial preference. A Labour government especially would have made reducing the trade gap a priority and rushed to the defence of manufacturing capital with measures to stimulate exports, and possibly

from the domestic economy or abroad is not important (although increasingly it is the latter); whether the money made comes from manufacturing investment or from speculation on currency markets, it all contributes towards GDP and to the payments received by the so-called financial services. Here we are not referring principally to shops, lawyers, estate agents and the like (though their profit rates are substantially higher than the manufacturing sector and are all part of the personal debt-driven 'consumer boom' which characterises the current 'two speed' economy) but to the bewildering profusion of big financial players associated with the City of London who earn substantial fees from 'managing funds', 'advising' companies and speculating in the world's freed-up currency, financial and equity markets. This is not a question of 'New Labour' taking on the traditional Tory defence of the City against manufacturing capital since manufacturing and industrial

capital is itself now deeply embroiled in the financial sphere.

Capitalism's Latest Form of Parasitism

For the capitalists profit is profit, if more profit accrues from financial 'engineering' then they will move out of manufacturing. Despite some instinctive unease about the decline of manufacturing industry and the burgeoning 'service' sector, nobody is questioning the meaning of growth that depends so much on the paper profits made from financial transactions and a massive accumulation of corporate and private debt. According to Marxist political economy such profits — although real enough in money terms — are a drain on the accumulation of capital in that they derive from revenue creamed off from surplus value that has already been realised as money capital but which is not being put to further productive use. (Productive in the sense of leading to the creation of further surplus value.) The question for Marxists is how are the leading capitalist states, with their low rates of industrial profit and therefore a limited 'pool' of surplus value, able to get hold of the gigantic amounts of financial capital which are being recycled to procure profitable incomes and 'investments' in the financial sphere. The answer lies precisely in the world's liberalised financial markets and the role of the strongest currencies — above all, the USA — in attracting huge inflows of capital to their 'home states'.² In other words it is the modern form of capitalist imperialism, of the parasitism and decay of capitalism.

The euro is European imperialism's response to the monetary instability that has resulted from the gargantuan increase in financial speculation following the break-up of Bretton Woods and the abandonment of fixed exchange rates. As we have explained in previous issues,³ it is part of an attempt to resist the concerted power of international currency speculators in an era when currencies are traded worldwide and speculated on daily. Any perceived weakness by the markets can provoke a run on a specific currency, as the British government found to its cost in 1992 when it failed miserably and expensively trying to prop up the pound at its quoted rate

within the European Exchange Rate Mechanism only to see the whole thing collapse round their ears. Although the euro is in a stronger position than a single currency such as sterling, holding out in splendid isolation, it is still not immune from speculative attacks. However, the more the euro can make itself indispensable as a unit of international trade and exchange the less vulnerable will it be. In so doing, it is not only playing an integral part in the continuing financialisation of capital, the euro is also challenging the dollar's role and implicitly undermining the basis of America's position as the world's single remaining 'superpower'.

The UK: A Special Case?

Whilst British capital is all for gaining as much as possible from the free flow of capital in Europe it is loathe to undermine its ties with the US. However, the supposed 'special relationship' with the US is more imagined than real. The problem for the British capitalist class (although it is not unique to them) is how to hold on to its US interests now that the EU is beginning to assert its own separate interests and identity. This is reflected in the political balancing act the UK is trying to maintain between the EU and the US.

In terms of trade any 'special relationship' already lies with the EU. Although the US is still an important 'trading partner', accounting for some 15% of UK exports and 13% of imports, this is dwarfed by the relationship with the EU which accounts for approximately 58% of UK exports (1999) and 53% of imports. One study conducted last year by the National Institute of Economic and Social Research estimates that 3.2 million jobs (12 per cent of whole economy employment) are now associated directly with exports of goods and services to the EU.

Even the pattern of foreign direct investment flows into the UK is changing. While the US remains the biggest single investor with the highest individual returns (£7.8 billion in 2000), investment from the EU is increasing (from £39.4 billion in 1999 to £54 billion last year) and the EU as a whole reaped more earnings than the US. (At the same time overall investment from North America fell slightly but this is not

surprising given the crisis in the US economy.) When it comes to UK direct foreign investment UK capital is currently a net gainer with "The earnings of UK owned companies operating abroad in 2000 were the highest ever recorded at £43.9 billion." (Office for National Statistics press release 13.12.01). The pattern of UK capital outflows is also shifting towards the EU. Thus, while the US is the single largest source of earnings (31%) 50% of total earnings came from the EU in 2000 where,

UK investment rose substantially for the second year running to £128.4 billion from £38.8 billion recorded in 1999. Investment in the Americas decreased by £39.8 billion to £34.1 billion. [ibid]

Clearly the relationship of US and UK capital can hardly be described as 'special' from the standpoint of trade and direct investment flows. From the viewpoint of international capital and currency markets there is more substance to the 'special relationship' argument. Historically the City of London revived after the 2nd World War on the back of its special relationship with the US, or at any rate by its role in the recycling of Eurodollars. (Eurodollars are dollars created by trade outside the US and circulate outside the control of US domestic banks. They are reflected in the US balance of payments deficit).⁴ As sterling's international role declined with the waning of British imperialist power the City of London began to find a new role for itself. Even before full international currency exchange was re-established after the war (1958) the Bank of England was encouraging the growth of so-called parallel money markets, outside of its direct authority. Having been obliged to impose restrictions on sterling (because it was so weak) the Bank allowed the City to trade and lend in dollars. (Even so, unlike the US for dollars, it began to allow the convertibility of sterling to non-residents of the UK.) During the Sixties the Eurodollar market flourished with the revival of international trade (only a third of which was now in sterling) and expanded dramatically in the Seventies with the recycling of petrodollars in the wake of the dollar's devaluation and OPEC's subsequent oil price increases. Although London had by no means a monopoly of euromarket transactions by 1981 it

was by far the biggest financial centre, with 31% of this trade.⁵ This, plus the City's established position in international financial transactions, meant that London was in the best position to gain from the loosening of controls and globalisation of financial markets. In 1986 the London Stock Exchange led the way with the so-called 'Big Bang' which abolished the traditional distinctions between types of traders and turned speculation into a free for all. By now the City of London boasts that, aside from its Eurocurrency trading, insurance, futures, options, and other business, it has the largest stock exchange, foreign exchange and international bond business of any European city.

However, the city financiers are all too aware that this situation is under threat from European centres like Paris and Frankfurt, especially now that the existence of the euro has accelerated the process of financial standardisation throughout the EU

financial centre and the similarity of its trading regulations with the US:

There are now more institutional funds under management in London than in any other city — over \$2.8 trillion or the equivalent of the entire German Gross Domestic Product. ... And the London Stock Exchange is the global capital market of choice for over 500 international listed companies from over 60 countries, more than any other stock exchange.⁶

Second the importance of the EU's growing financial sector and the necessity for US financiers to have a presence there. The suggestion was that since London is already Europe's leading financial centre, with operating rules similar to the US, then US financiers should push for the acceptance of London's regulations and 'standards' as the norm for the "increasing mutual access between the financial dealings of Europe and the US". This would oblige the Europeans to play

interests between the EU and the US and presupposes that by working in tandem with the US the City of London is in a better position to further its own interests inside Europe's increasingly deregulated and sophisticated financial markets. In the short term this may work but, naturally enough this is a gamble. In any event, the City of London, just as UK capital in general is too bound up with European capital and cannot afford to remain aloof. In this light, it's not a question of whether the UK adopts the euro but when.

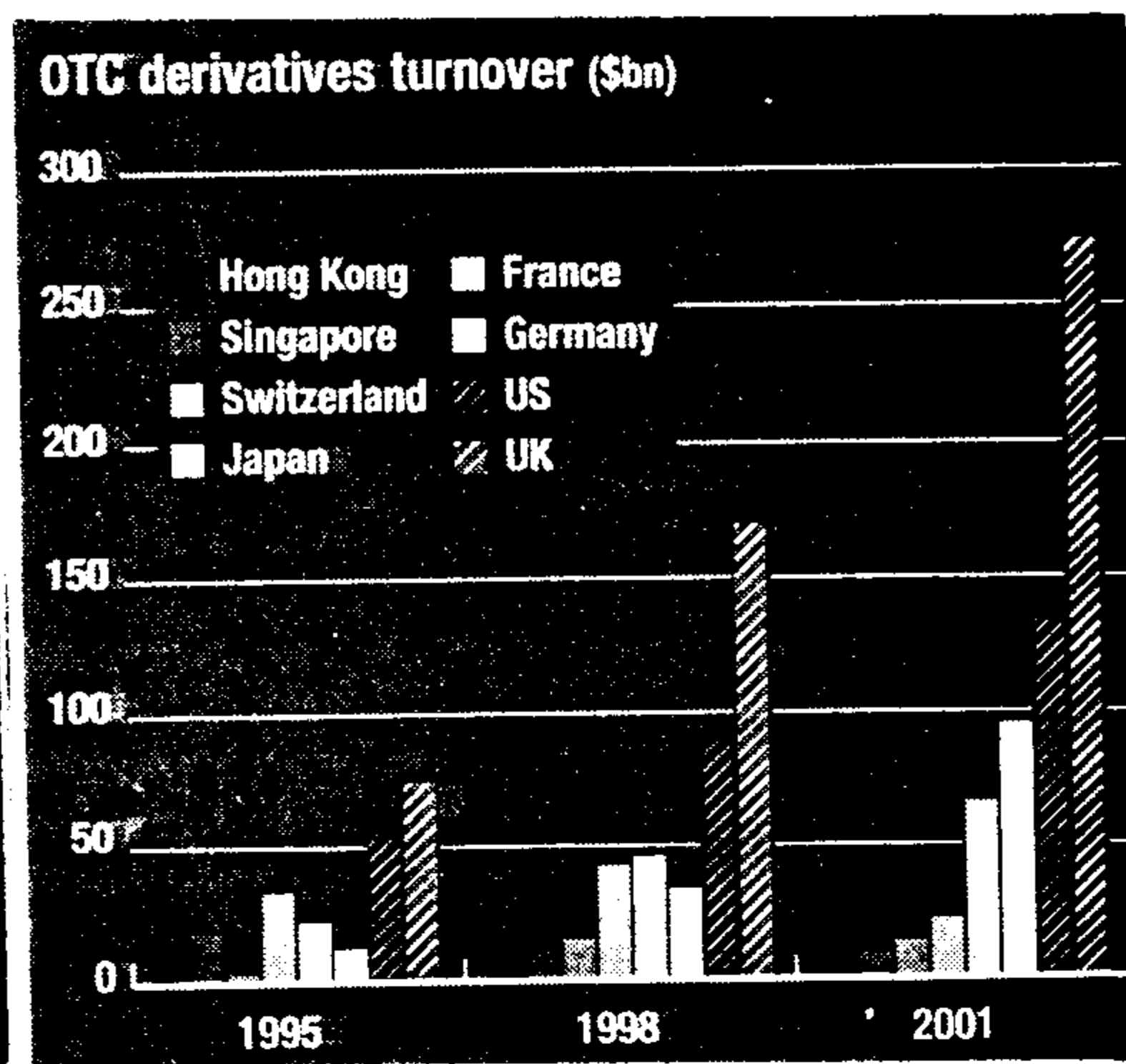
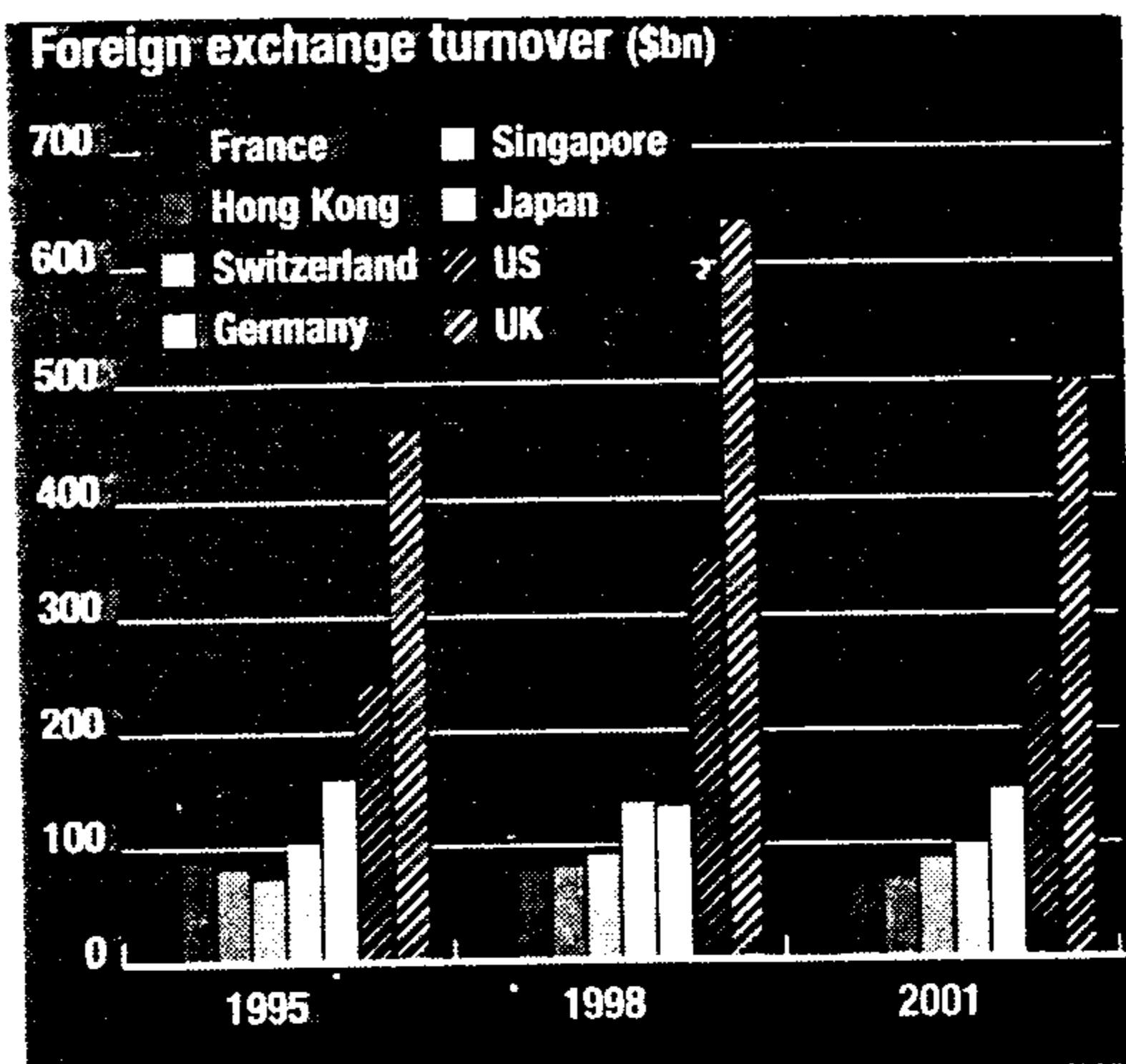
For the Working Class: the Mixture As Before

There will be a surfeit of moronic debate and media hype in the run up to Britain joining the euro but in reality the issue is only important to the capitalist class. The adoption of the euro is part of European capital's consolidation to try and match US ability to attract capital from all over

the world and thereby cushion itself from the full impact of the economic crisis. It will not do anything to solve that crisis nor to improve the stability of world capitalism which is on course for the biggest financial crash in its history. Ultimately it is part of the run up to inter-imperialist war: the only way capitalism has of overcoming its crisis. In the meantime the working class in Britain, Europe and throughout the world will still be faced with bosses intent on reducing labour costs

for the sake of the company balance sheets and the stock market value of their shares. The irrational idea that general economic well being can rest on piles of debt and financial speculation by the most selfish parasites only shows that the bankruptcy of capitalism in the realm of ideas matches its economic bankruptcy.

For the working class the real issue at stake is that capitalist civilisation itself is bankrupt. It is time to replace it with a more advanced, rational



London's highly speculative role. In 1977 about \$18bn of foreign exchange was traded daily. Last year that figure was \$1,500bn, a third of it on the London markets. Of that third 40% (by value) was trade in euros, 30% in sterling.

— and especially as that process will shortly extend to most of the continent with EU expansion to include most of eastern Europe outside Russia, the Baltic states, Cyprus and Malta. Significantly, Don Cruickshank, chairman of the London Stock Exchange revealed something of how the City of London sees its 'special relationship' with the US in a speech he gave to US financiers in November last year. Basically he was at pains to stress first, the importance of London as a global

according to London rules and of course give London a head start in the competition with Frankfurt and Paris to be the financial capital of Europe. At the same time the idea is to get US and EU financial capital more intertwined — with London, of course, playing a pivotal role in the process.

Like the UK government's political stance, the chairman of the London stock exchange's vision of the financial development of the EU conveniently assumes no clash of

civilisation where the euro, the dollar, sterling, money of any kind will be left to museums and history books. Contrary to the capitalist myth, money does not make the world go round and its absence will not mean a reversion to primitive barter but a truly civilised community where the global communication network currently put to use by the financial speculators would be employed by the producers themselves to assure the free distribution of goods according to human need.

Footnotes

¹ 10% of UK GDP comes from primary energy, mainly oil and gas.

² So far the US has been able to survive with the biggest current account deficit of any state in history (\$450bn in 2000) by

absorbing the giant's share of the financial capital flowing through the global financial markets — 64% of the world's net capital flows in 2000.

³ See 'The British Ruling Class and the Euro' in *Revolutionary Perspectives* 19.

⁴ "Historically the Eurodollar market can be regarded as an offspring of the cold war, dating from the time when the Eastern bloc countries wanted to remove from American control the deposits they held in the United States. These funds were then placed in two Soviet banks operating in Europe, the Moscow Narodny Bank in London and the Banque Commerciale pour l'Europe du Nord in Paris. The telegraphic address of this second bank (Eurobank) led to the term 'Eurocurrency'." *The State of the World Economy, 1982* pub. French Institute for International Relations p. 129

⁵ *op cit.* p. 128

⁶ This makes out that the LSE is the world's biggest stock exchange; far from

it — even after September 11th, the US stock market towers over all the rest. The only way the European markets can combat it is to amalgamate — including London!

ER

From *Battaglia Comunista*

The Euro is Here, but it Doesn't Pay Wages or Pensions

For the first time in modern history a currency has come into being which is not linked to any single state. The only possible precedent is that of the Zollverein, the German customs union formed in 1833 under the impulse of Prussia to resist powerful competition from Britain, and which eventually led to German unification.

As the Rich get Richer the Proletariat will Go to War

However, the present context is so different that it would be dangerous to predict an analogous outcome for Europe. The single currency could still fail or else be modified in a way that was tantamount to failure.

Nevertheless this is an event of historical importance. Even though there is no unified state for the new currency and its practical

installation involves several contradictions and limitations — for example the absence of a coordinated fiscal policy and the diversity of the balance sheets of the various adhering states — it is also true that the eurozone accounts for the largest share of the world's GDP and that already, despite not being the legal currency of all the EU countries, it has given life to the second largest monetary area in the world. Certainly, this is far from making the euro the world's primary currency but it is because the birth of the euro constitutes the first brick in a new system of international payments that it should be seen as an event of historical significance.

Since the end of the second World War all Western economies, the Japanese included, revolved around the dollar. After the collapse of the USSR the dollar has become central to the entire world economy. This

explains why the USA has enjoyed — and still enjoys — immense economic and financial privileges, exhibited by the gigantic income it acquires out of which it funds its public and private debt, maintains its powerful military machine and — perhaps the most important thing — allows its huge transnationals to survive industrial rates of profit that have been declining inexorably for at least thirty years. Now, the simple fact that the euro exists calls into question this supremacy.

For each international transaction that takes place in euros rather than dollars — starting from the currency requirements of the globetrotting tourist to debt servicing and transactions between states — the USA will lose a portion of this enormous financial revenue. The more numerous the payments in euros, the lower the income going to the USA.

Thus the game in hand is the liquidation of the monopoly of the dollar as a means of international payment: this is neither easy nor necessarily going to work. In order to take on this role a currency must first of all be recognised as such beyond its own area of reference. The dollar is accepted because it rests on the shoulders of the biggest power in the world, something the EU is far from being, particularly as it is also deprived of a centrally unified state and a corresponding military apparatus, or even of centralised management of the economy — up to now only the European Central Bank (ECB) is responsible for managing the new currency. These drawbacks are enormous, hence the prevalence of so-called euro-sceptics.

Precisely because of these difficulties, right up to a year ago few commentators in the USA itself believed the euro could succeed. Even today the majority of observers predict that at a maximum the eurozone will come to equal that of the yen, but it will never achieve the status of a medium of international payment able to compete with the dollar, much less be able to act as an alternative to it. What escapes these people, however, is the fact that the euro was not a choice, but after 1971 became a necessity given the market instability that followed the break-up of the international monetary system based on fixed parities (built on the Bretton Woods accords at the end of the second World War which were abandoned by the then president of the USA, Nixon). In fact for the USA this was also not a matter of choice, but the only way out for the US to overcome the serious crisis it had fallen into as a result of a steep fall in the rate of industrial profit, itself a product of the inherent contradictions in the process of capital accumulation, and in line with prognostications based on a Marxist critique of political economy.

From then on there has been an increasing race for the parasitic appropriation of surplus value where the key pivot is the financial system and its ability to generate revenue via the production of fictitious capital — an ability which depends on the strength of the currency adopted. However, this is a very contradictory

mechanism which — because it centres on the generation of financial returns — accelerates the centralisation of capital and therefore favours the biggest at the expense of the smallest.

The financial crises which have hit Mexico, Brazil, Russia, the so-called Asian tigers, and now Argentina, are the product of the contradictions of this system. Similarly, the European monetary snake (1972), the European Monetary System (EMS, 1979) and the Maastricht Treaty, which has been in force since November 1993, are defence systems which have been adopted by the European countries both in order to avoid being overwhelmed by the recurrent international financial crises and also so that they would not be excluded from the whole process of getting hold of and dividing up the financial revenue itself.

Paradoxically, the euro's strength resides in the power of the dollar and in the fact that an excessive dependence on the latter can turn out to be disastrous. On the other hand, the vast dimension of the now globalised and deregulated financial markets is such that only currencies which have at least a continent-wide circulation have any possibility of living with international competition and resisting the increasingly frequent crises. It is in this context that the decision by many countries outside Europe, notably China and Japan, to alter the composition of their foreign currency reserves by increasing their euro holdings, should be understood.

Even Britain, which until recently has regarded the euro almost as if it were a caprice or an extravagance, is being forced to review its position. Until now British monetary policy has always been in harmony with that of the United States and has aimed to maintain an overvalued sterling — something which has been possible thanks to North Sea oil. But now the oil deposits are on their way to exhaustion. Last year production fell by 200 thousand barrels per day and it is estimated that within a decade production will be insufficient to meet even domestic requirements. Moreover the overvalued pound has reduced the competitiveness of

British goods and put British industry into serious difficulty — so much so that even the CBI (Confederation of British Industry) is increasingly calling for British entry into the euro.

In this context it would be absurd to interpret the recent declarations by the Italian ministers Tremonti, Bossi and Martino — which have led to the resignation of Ruggiero, the foreign minister — as a sign of an anti-European outlook when in reality they are the product of the internal machinations of national politics. The euro could fail, but outside of the euro failure is certain. Thus we can't set much store by statements from people like Ciampi, the president of the republic, or from Prodi on the European Commission, assuring us that thanks to the euro the future will be one of peace and prosperity. In truth, the opposite is the case. The very forces which have determined the birth of the euro indicate rather a further intensification of all the phenomena connected to the growth of financialisation, including the increasing separation between the rich and the poor.

As for peace it's worth recalling, for example, that if the IMF's own rules were applied — which state that it should have its seat in the country which contributes the highest quotas — then its leadership should be transferred to Europe. The only grounds for the IMF remaining in Washington is that European quotas are still considered to be from different countries even though they are issued in the same currency. By what means other than another legal quibble is the IMF able to gain the upper hand and exercise control over the monetary policies of countries with foreign debts, which happen to be the vast majority of oil and raw material producing countries? It is no accident that the euro's entry into general circulation has not brought an increase in earnings or pensions for European workers. Instead it coincides with spending provision for a European military intervention force. The euro — precisely because it is the offspring of a profound structural crisis — is inevitably also the latest apple of discord.

GP

*[translated from Battaglia
Comunista 1, 2002]*

Enron: The Shape of Capitalism Today

Jo Moore finally got her comeuppance, but the 'bury bad news' strategy is by no means limited to the Department of Transport and new Labour spin doctors. Hiding what's really going on is second nature to our rulers and their tame media machinery. The simplest technique is the news blackout. — How much have we been told about what's going on amongst the working class in Argentina? In the case of the collapse of Enron there's been no shortage of reporting but the bad news for capitalism — that this is not an isolated case but symptomatic of the global financial crash capitalism is building up for itself — is being buried in a wave of moral outrage and 'revelations' about the palm greasing of politicians, corrupt accountants and greedy rich company executives. In truth, the full significance of Enron is something capitalism prefers to hide from itself. Although it is certainly no illusion that Enron was a gigantic fraud, a look at the full picture shows that the much-vaunted growth of capitalism's 'new economy' is one big confidence trick. From a working-class standpoint the whole affair demonstrates the scale and depth of the capitalist profitability crisis which is spiralling out of control. It ought to extinguish any lingering illusion that capitalism can be made to benefit the working class by a bit of regulation here or state intervention there.

A Story of Our Time

For anyone who's wondering why all the fuss about this particular bankruptcy, it's worth recalling the story so far.

Last December America's seventh largest company (according to *Standard and Poor's* revenue ratings), with shares valued at \$70bn, filed the biggest bankruptcy in US history.¹ Almost immediately 4,600 workers, many of them relatively highly paid, were without a job. At the same time the best part of their

pension funds disappeared down the plug-hole. As with most large firms in the US, Enron's employee retirement scheme involved workers putting money into company shares. Some 60% of Enron's \$2.1bn retirement fund was locked in Enron stock. While top Enron executives sold off their own shares as the share price plunged from a high of \$80 last year to less than \$1 in December, the rest of the workforce could only watch as their security for the future vanished. In addition an unknown number of workers — such as teachers in Arkansas city — whose pensions funds had invested in any of Enron's 'off-balance sheet' affiliates (more on these later), lost out.

Amidst a pack of lawsuits, talk of kickbacks to top politicians from Bush and Cheney downwards, reports of 'funny' accounting and the shredding of financial records by Anderson (Enron's auditors), which in the words of *Time* magazine, "made capitalism look bad",² Congress has stepped in with a series of hearings and congressional committees designed to restore confidence in capitalism, particularly American capitalism. What's needed now is a convincing scapegoat that will convince investors and the 'American public' that Enron is a one-off, an experience that will not be repeated once the accountancy rules are tightened up. Ken Lay, Enron's Chief Executive and affectionately known as Kenny Boy by his old pal George W. Bush, may well have 'agonised' over what to say at the Congress hearing but it's no surprise that he's decided to take the fifth amendment and say nowt. (So have all the other top dogs.)

So what was Enron? What commodities did the company actually produce or services did it provide to reach an annual income of \$60-100 billion and why should its collapse provoke such official outrage? Enron began life in 1985 as a gas pipeline company based in Houston, Texas. (Hence the Bush connection.) Very typical of the '80's, Lay and his side-kick Jeffrey Skilling

(who later went on to boast of creating an 'asset-light company') realised the company could make more money if it expanded into energy utilities in general (water, electricity, gas) and especially if the existing regulated energy monopolies were opened up to 'market forces'. Against the power and influence of the entrenched energy companies (such as Reliant whose political lobbyist boasted "There's nothing Enron can do, as we have the lock on the House of Representatives")³, Enron worked on politicians and the judiciary alike⁴ and eventually achieved what it wanted — deregulation of energy prices and the creation of an energy trading market. As the *Financial Times* observed,

The investment in Washington paid off. In the early 1990s Congress opened the electricity market to sales by marketers. Enron was one of the first companies to receive approval to sell at market rates. It also successfully killed a plan a few years later, backed by the independent gas producers, which would have helped stabilise prices, and influenced President George W. Bush's appointments to the Federal Energy Regulatory Commission (Ferc), the industry watchdog. [11.12.01]

From here Enron was in a position to become the 'asset-light', predominantly trading, company that conducted worldwide speculation on future prices, not just of energy supplies, but of thousands of commodities as financial globalisation kicked in. Nothing odd about this. Most top capitalist firms have found it more profitable to branch out from manufacturing into the world of financial speculation. Possibly the only thing to distinguish Enron was its spectacular success. In true American fashion the company that came to be the biggest employer in town came to dominate that town. Houston and Enron were synonymous. It sponsored the local baseball team,

financed an inner city regeneration project and generally was seen to promote the arts and charitable causes. Before its collapse, it boasted the world's biggest internet transaction system, trading over 2000 commodities on-line. It had expanded its interests worldwide and maintained a stake in various energy utilities and projects round the world, benefiting from the freed-up energy market it had largely created. (In the UK financial donations were received by both Labour and the Conservatives. It is notable that Lord Wakeham, Tory Energy Secretary in 1990, has been earning £100,000 a year as non-executive director of Enron and member of its audit committee since 1994. Back in 1990, after he had privatised the UK's electricity industry, he gave consent for Enron to build a controversial power plant on Teesside. Just one little ripple from the Enron knock-on effect.)

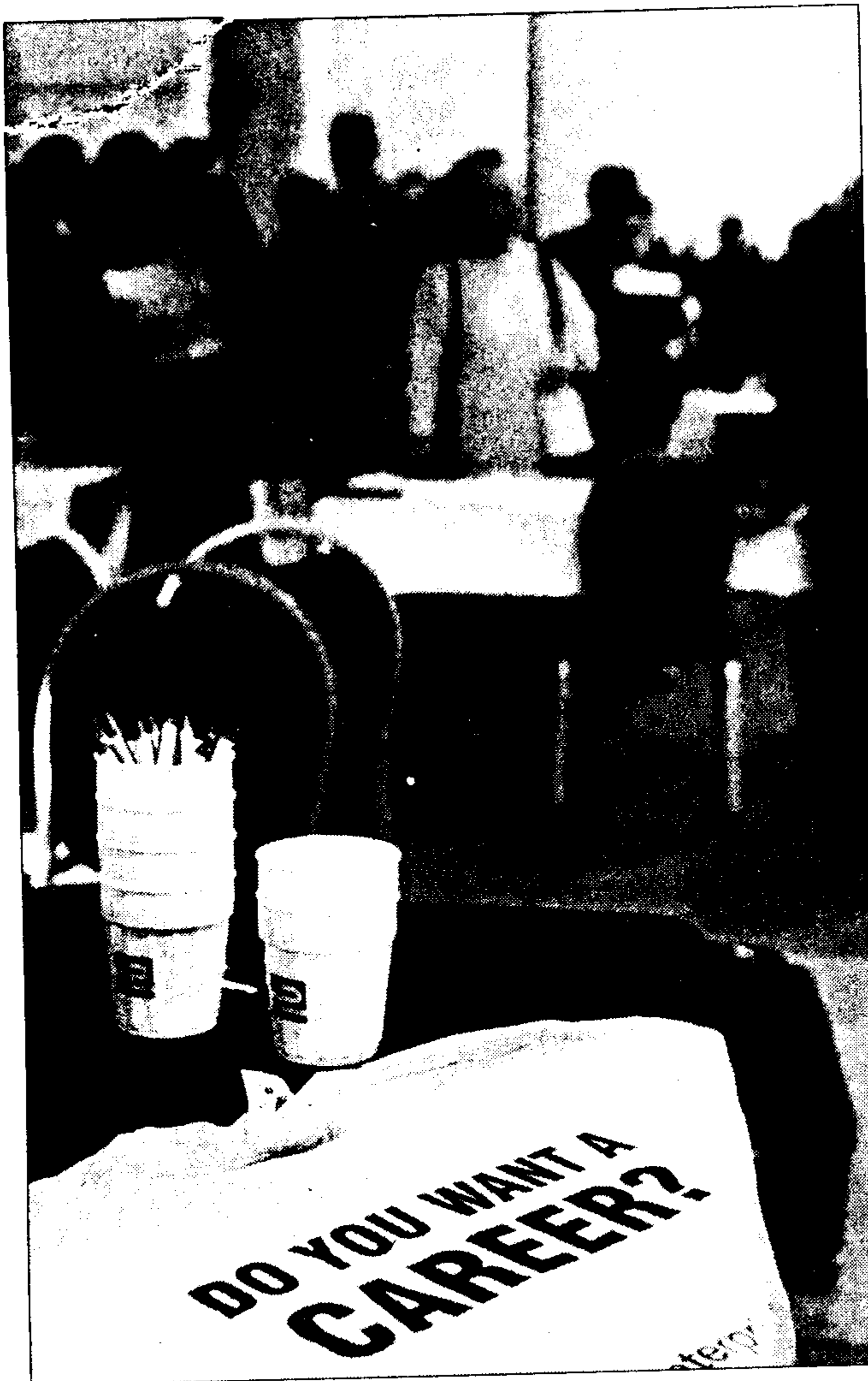
Above all, Enron executives became adept at 'financial engineering'. The name of the game was to keep up the

stock market value of Enron shares: the more they went up, the more they would be bought; the more shares sold, the more Enron could expand, whilst the higher the equity value of the company, the higher its credit rating. The best way to keep up share prices was to show a healthy set of accounts: low debt levels, high revenues and profits. With remarkable ingenuity Enron accountants stretched the limits of legality to create a completely fictitious picture but — as the financial commentators admit — they were basically doing the same as everyone else. Take, for instance, something called mark-to-market accounting which Enron Energy Services (EES) used to record millions of dollar profits for dozens of energy deals. For example, the one it made with Quaker. Like the Transco, Powergen or whatever salesman standing on your doorstep, EES promised Quaker plants in the US that they could save thousands of dollars on their energy bills if they signed a service contract with EES to

maintain boilers, pipes, etc as well as provide gas and electricity. Using mark-to-market accounting Enron then estimated a \$36.8m profit over ten years and promptly pencilled in \$23.4m of that "before it had ever turned on Quaker's lights" (*Financial Times* again). The FT blithely continues, "Under accounting rules, such treatment is permitted for commodities, such as natural gas and electricity."⁵ Precisely.

At this level it's easy to see how Enron was

juggling the books. It is impossible to follow the intricacies of how it disguised its debts by distributing them through the 3,500 or so off balance sheet affiliates it had created for exactly this purpose. Again, though, the point is that there is nothing illegal about this practice, so long as 3% of the capital is owned by company outsiders. Not only is it not illegal, the creation of what are called special purpose vehicles is now standard practice in the world of banking and insurance where the big names pride themselves on having reduced their risks by offloading debts, just like Enron, onto other bodies — part of the so-called credit derivatives market which has been built up basically by selling debt. The FT reports an estimated global market for credit derivatives of \$1581bn last year, "a ninefold increase from 1997". Far from being an exception to the rule, Enron bosses were playing according to rules whose very purpose is to disguise and offload debt. In fact, many of Enron's 'off-balance sheet' vehicles were regarded as a good place to invest by prominent finance companies and pension fund managers. For instance, the Californian Public Employees Retirement System (Calpers) invested in one called Jedi between 1993-97 and got itself a 23% 'internal' rate of return. (Though it didn't do so well with its investments in Jedi II, which were frozen as Enron became implicated in the California energy crisis.) Another Enron affiliate, LJM2 Co-Investment was favoured by prominent names such as Citigroup, JP Morgan Chase, CIBC, Deutsche Bank and Dresdner Bank, all of which were still involved in the partnership, when Enron filed for bankruptcy. Typically the book value of these affiliates was kept up by an injection of Enron shares which in turn would be used to attract outside investors — in the case of LJM2 by October 2000 some \$245m had been funded from financial institutions and individuals. Like a house of cards one affiliate would set up another, each capitalised on the basis of Enron shares. So long as the share price of the parent company kept on rising this worked like a dream. Few were worried about what would happen if the share price went down — but by summer last year it began to do just that. The US stock market bubble had started to burst. There



had been warning signs the previous year, enough to make Enron's chief Financial officer, Andrew Fastow, warn 'partners'

... that one of LJM2's investments — Raptor 1 — would pose a 'major risk to LJM' if Enron stock fell below \$48 within six months. They were also told that the investment in The New Power Company (TNPC), an energy group formed by Enron and listed last year, was a risk if there was a fall in its share price. A third, Osprey, posed a risk if Enron shares dropped below \$47.

By June 2001, both of the nightmares outlined to LJM partners by Mr Fastow the previous October had come true. Shares of TNPC had plummeted and Enron's stock was also sliding ... a decline in Enron's shares to below \$48.55 would also trigger the distribution of extra Enron stock to Whitewing, another off-balance sheet vehicle indirectly linked to LJM through Osprey. The stock fell through the mark on June 14 2001, rallied slightly on June 29, and definitively broke down on July 20.⁶

Time for the chief financial officer to cut and run. On July 31st a very rich Andrew Fastow 'stepped down' as LJM manager. August 14th Skilling resigned as Enron's chief executive. The next day the so-called whistleblower, Sherron Watkins, wrote her letter to Lay: Not so much an ethical rejection of what was going on but a panicky fear that Enron's 'aggressive accounting' practices would be found out and she'd be left without a job

I am incredibly nervous that we will implode in a wave of accounting scandals. ...Is there a way our accounting gurus can unwind these deals now?⁷

This is presumably what Anderson were doing when last October someone spotted a \$1.2bn 'balance sheet adjustment' on Enron's books, triggering off a run on Enron shares and the collapse of the whole house of cards. When the asset strippers moved in they found there wasn't much to strip:

With the exception of the pipelines, we don't see much there, and the pipelines aren't entirely theirs.⁸

The Emperor Without Any Clothes

This squalid tale would hardly be worth repeating if Enron were really an isolated case but, as we have seen, 'financial engineering' is one of the principal means whereby crisis-ridden capitalism has managed to continue the illusion of growth. In the US especially the capitalists are running scared as the huge surge in corporate earnings which fuelled the stock market boom of the 1990s proves to be a mirage. The collapse of Enron is part of the general collapse of confidence in US stocks but the powers that be understand very well that a further dent in confidence could provoke not only a US, but a worldwide financial collapse. Their job now is to do some clever window dressing to try and prevent a bigger collapse. So, although dozens of prominent US companies have been downgraded to junk as accounts come under closer scrutiny in the wake of Enron; despite the Fed's ruling to force PNC Financial Services to show items on its accounts that had been kept off balance sheet and regardless of the calls for stricter financial regulations nothing will substantially change because there is too much at stake for capital. How can a system which is being kept afloat by recycling debt do without its 'special purpose vehicles'? How can the 'conflict of interest' which occurs when accountancy firms like Anderson are paid by to audit a company's books at the same time as provide advice on how to fiddle the books? No way, say the accountants, who earn more from consultancy fees than they do from auditing. Better to get in aged Paul Volcker, well-respected, ex-chairman of the Fed, to assure the punters that Anderson's practice is basically sound and keep up the punters confidence in the Big Five accounting firms. (Could be an unfortunate choice, since Volcker himself has drawn criticism about the 'vulnerability to lobbying' of the International Accounting Standards Board [IASB] of which he is a trustee. The IASB is financed to the tune of \$11m per year by donations from amongst the companies it scrutinises. Enron, of course, was one of them. So were the Big Five accountants. Apparently this body will soon be setting standards for the

EU.) How can Senate or Congress commissions be expected to clampdown on bribery and corruption when the whole of Capitol Hill runs on the basis of political lobbying? Corruption is only lobbying that has been given a bad press. How can rules be devised to seriously protect workers' pension funds when those funds are at the mercy of financial speculation?

No, we can be sure that the enquiries over Enron will avoid implicating Bush, Cheney and co. Above all, they will vouch for the fundamental soundness of capitalism. In the world outside, however, how long will it be before its finally realised that the emperor really isn't wearing any clothes?

ER

Notes

1 Already Enron's European business had "disappeared in a puff of smoke", as the Financial Times put it. Enron filed for insolvency in London 4 days before its US parent — there are fines or imprisonment here if directors recklessly allow an insolvent company to go on trading.

2 Frank Pellegrini, 'Andersen: The Whistle Not Blown: How Arthur Andersen's 'outside' auditors wound up in bed with the client — and made capitalism look bad, *Time* January 2002.

3 'How Enron Money Won the Right Friends', *Financial Times* 9.2.02.

4 The same FT report discloses that "justices of the Texas Supreme Court have received \$134,058 from Enron since 1983, making it the court's biggest corporate donor."(!)

5 'Enron: virtual company, virtual profits', 4.2.02.

6 'Enron ties itself up in knots, then falls over', *Financial Times* 30.1.02.

7 Watkins' letter is easily available on the internet, just search under her name (e.g., http://news.bbc.co.uk/1/hi/english/business/newsid_1764000/1764308.stm).

8 Carole Coale, of Prudential Securities, quoted in the *Financial Times* 14.12.01.

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Class Consciousness and Working Class Political Organisation

Part 4 : The Era of Social Democracy and the Fight Against Revisionism

The Argument so far

Readers who have been following this series will know that we have argued that the working class is the only force which can overthrow capitalism and replace it with a mode of production based on the satisfaction of needs rather than production for profit. We have further argued that the working class has this role in the process, not through any innate moral superiority but because it is the only class which has no form of property to defend. As the ultimate exploited class, its interest in the abolition of its own exploitation also means the end of all human exploitation. This lack of property, however, means that the proletariat is historically unique as a revolutionary class. It cannot abolish itself without first realising itself. In other words it has to be aware of its goal and its own collective

strength. This means that what the proletariat also creates as part of the process of emancipation is its own consciousness. Although this arises from the conditions of exploitation it does not arise uniformly or at the same time (otherwise capitalism would have disappeared decades ago). It arises now here, then there. Local defeats snuff it out and limited victories give it oxygen. What this constant antithesis between workers and capital creates is a body of proletarians who retain the memory of struggle and understand that the greater goal is the overthrow of the exploiting system itself. These same proletarians, an advance guard of the whole class, if you like, seek to generalise not only the memory of the last struggle but to define the programme for the future. The struggle for proletarian self-emancipation thus presupposes the existence of a political organisation, a political party.

Lessons of the First International

As we argued in the last issue, this was something Marx and Engels understood as early as *The Communist Manifesto*. Even during the long period of class quiet in the so-called “golden years” of capitalism (1850-70) they maintained contact with other revolutionaries to prepare the time when a new organisation would once again be on the agenda. Thus, in 1864, they had no hesitation in taking part in the formation of the First International, despite the trades union and Proudhonist prejudices of most of its founders. What the history of the First International showed was that the proletariat could not reach freedom with just any old organisation. The debates and splits inside the First International proved that the International had not only got to have a clearer programme (which excluded class collaborationist ideas inherited from Proudhon and the English trades unionists), but it also had to have deeper roots inside the working class of each country in order to be a real movement with clear, functioning statutes which was not subject to internal manipulation by the secret society kind of conspiracy favoured by Bakunin and his followers.

By 1868, Marx already saw a new revolutionary crisis on the horizon while the International was still a heterogeneous body of clashing interests rather than a revolutionary instrument. The remaining condition for transforming the International into a more centralised and disciplined body was a greater degree of ideological homogeneity. The Brussels Congress marked a great victory for Marx in this regard, in that he succeeded in winning over a section of the Proudhonists to his own positions and defeating the Proudhonist diehards. The stage was now set for Marx’s organisational plans: at the Basle Congress of 1869 held before Bakunin’s operations became evident, Marx obtained the passage of a resolution that considerably increased the powers of the General Council, in particular giving it the right to suspend, pending the decision of the Congress, branches of the International that contravened its principles and decisions.

Bakunin’s secret attempts to create an organisation within an organisation, the so-called Alliance for Social Democracy, multiplied over the next two years so that by the time the London Conference met in September 1871, Marx was ready with his resolution “Political Action of the Working Class”. This resolution, partly based on the lessons of the

Paris Commune which had been crushed the previous May, reminded the International of the preamble to its own Rules which Marx had drafted in 1864. These had spoken of the need to conquer political power, and went on to define this in more concrete terms. It argued from the

presence of an unbridled reaction which . . . pretends to maintain by brute force the distinction of classes and the political domination of the propertied classes resulting from it,

that,

The working class cannot act, as a class, except by constituting itself into a political party, distinct from, and opposed to, all old parties formed by the propertied classes,

and that,

The constitution of the working class into a political party is indispensable in order to ensure the triumph of the social revolution and its ultimate end — the abolition of classes.

But such a party isn’t the product of the simple will of a few individuals, nor does it spring spontaneously from the daily struggle of the class. Whilst Marx and Engels both tried to take the IWMA from its initial limited association on to the terrain of a genuine political force they also recognised that the programme

which the party would carry could be refined only in the light of proletarian experience.

The Importance of the Paris Commune

The Paris Commune of 1871 demonstrated how, by defending their own interests, the working class is the antithesis of capital. The revolutionary actions of the class led literally to revolutionary developments in its consciousness and therefore in the programme defended by its class organisations. One of the great legacies of the First International is that it recognised the real significance of the Paris Commune for the development of proletarian consciousness. By unanimously voting for the publication of Marx's *The Civil War in France* on May 30th 1871, two days after the final military defeat of the Commune, the General Council gave an internationalist answer to the bourgeois calumnies spread about the Commune and also made a major contribution to the development of working class consciousness.

In *The Civil War in France* Marx once again speaks with the authentic voice of the communist revolutionary, untrammelled by the need to accommodate trades unionists and Proudhonists. *The Civil War in France* echoes many of the ideas on consciousness put forward in *The German Ideology* but "now made flesh".

The working class did not expect miracles from the Commune. They have no ready-made utopias to introduce par décret du peuple [by decree of the people]. They know that to work out their own emancipation, and along with it that higher form to which present society is irresistibly tending by its own economical agencies, they will have to pass through long struggles, through a series of historic processes, transforming circumstances and men. They have no ideals to realise, but to set free the elements of the new society with which old, collapsing bourgeois society is pregnant. In the full consciousness of their

historic mission, and with the heroic resolve to act up to it, the working class can afford to smile at the coarse invective of the gentlemen's gentlemen with the pen and inkhorn, and at the didactic patronage of well-wishing bourgeois doctrinaires, pouring forth their ignorant platitudes and sectarian crotchets in the oracular tone of scientific infallibility.



When the Paris Commune took the management of the revolution in its own hands; when plain working men for the first time dared to infringe upon the governmental privilege of their "natural superiors", and, under circumstances of unexampled difficulty, performed their work modestly, conscientiously, and efficiently — performed it at salaries the highest of which barely amounted to one fifth of what, according to high scientific authority, is the minimum required for the secretary to a certain metropolitan school board — the old world writhed in convulsions of rage at the sight of the red flag, the symbol of the republic of labour, floating over the Hotel de Ville. [The Civil War in France in The First International and After (Penguin Classics 1992, pp213-4)

What was different about the Commune was that it was the first time the working class had acted independently to establish its own form of rule,

displacing the state machinery, the governmental machinery of the ruling classes by a governmental machinery of its own. [op.cit. p.262.]

Marx's refusal to draw up blueprints of the precise nature of a future communist society was vindicated by the Commune. As Marx himself wrote

...it was a thoroughly expansive political form, while all previous forms of government had been

emphatically repressive. Its true secret was this. It was essentially a working class government, the product of the struggle of the producing against the appropriating class, the political form at last discovered under which to work out the economical emancipation of labour. [op.cit. p.212.]

This is not the place to analyse in detail the enormous contribution the actions of Commune¹ made to the development of communist consciousness but Marx basically identified the following as new ideas on which a future proletarian political body would have to be judged. The Commune had abolished the standing army and replaced it with "the armed people". It had introduced the idea of immediate recall of elected delegates and these delegates had no special pay or privileges. The Commune itself was not a parliament or a Ministry but a working body combining all the features of all the branches of government. On top of this the Commune established an organising

principle for the whole of society from "even the smallest hamlet". Perhaps most significantly it was what Marx considered the living embodiment of "the dictatorship of the proletariat". Whilst the anarchist Bakunin had derided the idea of the "dictatorship of the proletariat" by asking who was the class that the proletariat would be dictator over, Marx could reply that that the dictatorship was aimed at the old ruling classes (the "slaveholders" as he called them) who would periodically threaten the real task of the Commune which was the social and economic transformation of the condition of the exploited. Marx expected that every one of these "slaveholder revolts" would actually help to speed up the process of transformation of society so that the dictatorship of the proletariat would itself wither away to become a mere coordinator of the "free movement of society". Marx also concluded that one reason for the weakness of the Commune was its isolation to one geographical area (in fact he had warned the Communards of this danger even before March 18th). Finally, Marx concluded that the Commune had opened up a new phase in the struggle. After the Franco-Prussian War, the French ruling class had only been able to crush the Commune with the aid of their former German foes. Bismarck had allowed Thiers, the monarchist French President, to have his army of 40,000 to crush the workers of Paris. Marx thus concluded that

Class rule is no longer able to disguise itself in national uniform; the national governments are as one against the proletariat!

[op. cit. p232]

And to underline the impact that the Commune had on the development of communist ideas, Marx and Engels added an introduction to a new German edition of the *Communist Manifesto* which appeared in 1872. Whilst they did not feel they could alter the old text (since it was now itself a part of proletarian history) they now stated that

...no special stress is laid on the revolutionary measures proposed at the end of Section II ...this programme has in some details become antiquated. [quoted from Marx/Engels: Selected Works, one vol. edition, Moscow 1968, p.31-2.]

Revolutionary Perspectives 20

These "antiquated details" would now include such issues as nationalisation of the means of production which the march of history has shown can be carried out to defend capitalist interests rather than advance proletarian expropriation. However this was not so apparent in 1872. The really significant change comes when Marx and Engels go on to deal with the question of the revolutionary transformation of the state.

One thing especially was proved by the Commune, viz., that "the working class cannot simply lay hold of the ready made state machinery and wield it for its own purpose".

The quote is from *The Civil War in France*. From now on it was clear that the working class would have to smash the existing state in order to create a new social and economic order. As our concern here is proletarian consciousness, this is also the point to underline the fact this insight was provided by Marx himself. Whilst the Paris workers themselves died fighting trying to "storm heaven" and whilst good histories were written by participants, it was Marx who drew the conclusions from the struggle. This process came as no surprise to Marx himself. In the first place his ideas were not based "on ideas or principles that have been invented" [*The Communist Manifesto*] but on the real movement going on before the very eyes of humanity. Secondly, Marx wasn't embarrassed by the idea that a "bourgeois ideologist" like himself was articulating this message since in the conditions of the nineteenth century it was these people

who have raised themselves to the level of comprehending theoretically the historical movement as a whole.

[*Communist Manifesto in D. McLellan Karl Marx: Selected Writings p.229.*]

The future debate about spontaneity and organisation in the development of class consciousness between Kautsky, Plekhanov, Lenin and Luxemburg was to confuse the class origins of the theorists with the fact that the proletariat's consciousness is not acquired in a direct fashion but only by reflection on its own

practice. This is one of the central arguments as to why the proletariat needs a permanent revolutionary organisation to carry its own historic memory. We will return to this issue later but we can begin by stating that the message of *The Civil War in France* was unfortunately largely lost on a new wave of proletarian leaders, in particular in Germany.

The Critique of the Gotha Programme

The "Marx party" triumphed in the First International but in some ways it was a Pyrrhic victory. Marx had hoped that the International would become a force for unity amongst the proletariat and that national sections would be formed which would affiliate to it. By 1876 both he and Engels had come to realise that the process would have to be re-started, but from solid national parties which would then affiliate to the International, so the First International was quietly buried in Philadelphia.

The collapse of the International was followed by the rise of socialist parties within each national territory. This was particularly important in Germany where the International had been weak and the proletariat had been divided between the followers of Ferdinand Lassalle and Marx's own, rather shaky, disciple, Wilhelm Leibknecht. After Lassalle's death (in a duel(!) in 1864) his party, the ADAV (German General Workers' Union), continued to support the idea that universal suffrage would bring the workers to power and if that failed the reactionary aristocratic clique at the top of the Prussian state would concede aid for workers' cooperatives. Lassalle also secretly courted Bismarck thinking that the feudal parties were the common ally of the proletariat against the industrial bourgeoisie! However it wasn't until 1869 in Eisenach that Leibknecht, with the young worker, Auguste Bebel was able to found a rival party to the ADAV, the Social Democratic Workers Party (SDAP). Marx tried to treat both parties equally in the hope of promoting their unity but all his tact was useless in the face of the bone-headed refusal of the Lassalleans.. However both parties affiliated to the IWMA and, when the Eisenachers bravely

came out against the Franco-Prussian war (with the slogan "Not a man, not a penny, for this system"), Bismarck persecuted both parties equally. This was the basis for their unification into the German Social Democratic Workers Party at Gotha in 1875.

The phase in the workers' movement which we call Social Democracy had opened up. It was to be dominated until World War One by the Second International, founded in 1889. This was to be another major turning point in the history of the world working class as, for the first time in history, the proletariat, at least in Europe, now formed mass movements which claimed to embody a clear alternative to the prevailing capitalist societies. These new movements however did not come without their problems from the point of view of revolutionary Marxism. Marx and Engels were scathing about the lack of programmatic clarity of the Germans and were equally worried about the developments in Britain and France (one need only remember Marx's famous comment, reported by Engels to Lafargue, on the French Party that if they were his followers then "Ce qu'il y a de certain, c'est que moi, je ne suis pas marxiste". [One thing's for sure, I'm not a Marxist]).

However, it was the German party that took up the bulk of their attention. When Marx and Engels discovered that the Gotha Programme for unity was full of Lassalleian "theoretical blunders" they tore it apart. For them it was a step back from the Eisenachers' own programme. Their *Marginal Notes to the Programme of the German Workers' Party* has ever since been known by its real purpose as *The Critique of the Gotha Programme*. Sending it to Wilhelm Bracke, Marx wrote a covering letter which makes his opinion clear in a nutshell.

...it is my duty not to give recognition, even by diplomatic silence, to what in my opinion is a thoroughly objectionable programme that demoralises the party. [Selected Works op cit p.313]

But this is precisely what Marx and Engels did. Their *Critique* was not published until Engels issued it (when the SPD as again sliding towards a confused programmatic position in relation to capitalism) in January 1891. This was important,

since it allowed the programmatic confusion of the SPD, which Marx said was no better than a bourgeois party ("the internationalism of the programme stands infinitely below that of the Free Trade Party" Marx, *op. cit.* p323), to continue without a clear public statement of criticism. Marx, in the same letter went on to say

Every step of real movement is more important than a dozen programmes. If, therefore, it was not possible – and the conditions of the time did not permit it – to go beyond the Eisenach programme, one should simply have concluded an agreement for action against the common enemy. [loc. cit.]

The first sentence is often quoted in isolation by those who think that Marx was arguing for a spontaneist approach to class consciousness but in actual fact what he is doing is expressing real dismay at the programme that was agreed on. This was not a step forward in the "real movement" but a recipe for confusion, and worse. The programme of the proletarian organisation is its basic point of departure. If it is not carrying forward the gains made politically by the revolutionary working class what is it doing? What Marx was arguing for was to get the Lassalleans to work with the Eisenachers to demonstrate in actual practice their confusions **before** writing a new programme. Engels confirmed this in a letter to Bebel in March 1875 where he repeated all the programmatic criticisms of Marx. Most presciently he condemned the fact that

the principle that the workers' movement is an international movement is to all intents and purposes completely disavowed for the present day and that by people who have upheld this principle most gloriously for five whole years under the most difficult conditions. [op. cit. p.333]

Engels is here referring to the fight against Bismarck's war on France which Leibknecht and Bebel, and the Eisenach party, had so ably led. It was the war issue which was to reveal how rotten the SPD had become in 1914.

Engels concluded his letter by telling Bebel that he and Marx might have to condemn everything the new party stands for. He adds

In general, the official programme of a party is of less importance than what the party does. But a new programme is after all a banner publicly raised, and the outside world judges the party by it. [op.cit p.336]

And especially a proletarian party since this is its function. More immediately significant was the problem that this banner was so multi-coloured that it did not even give a lead to the German Social Democratic Party members. This was particularly problematical in Germany where the failure of the democratic bourgeoisie to carry out the national revolution (which was carried out by the reactionary landowning clique of Bismarck in order to preserve their aristocratic privileges) meant that many erstwhile liberals and democrats wandered into the Social Democratic Party. Marx himself had prevented a well-known lawyer from entering the General Council of the First International because he recognised that he was someone who was politically ambitious in the bourgeois sense and would bring alien class positions to the International. Whilst he had no objections to non-proletarians in general joining, he also was aware that to flood the organisation with such figures before there was a solid proletarian base, was dangerous. The German Social Democrats had no such inhibitions and soon were swamped by a series of reactionary ideas from the so-called *Katheders* (professor) Socialists to Eugen Dühring's attempt to undermine the materialist interpretation of history. At first Marx and Engels tried to operate behind the scenes in personal letters. Engels explained to Bebel that in fact the "bourgeois jackasses" who commented on the Gotha Programme had not even read it therefore

So long as our opponents, as well as the workers, continue to read our views into that programme, we are justified in saying nothing about it. [Engels to Bebel Oct 12 1875 in Marx-Engels, Selected Correspondence (Moscow, 1955) p.280]

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The Fight for Revolutionary Consciousness in the SPD

However such "tact" could not be maintained. Engels had expected that the new party would not last two years but in 1877 Marx was telling him that the Gotha Programme has "degraded the party both in theory and practice". To F.A.Sorge he wrote,

...A rotten spirit is making itself felt in our Party in Germany, not so much among the masses as among the leaders (upper class and "workers"). The compromise with the Lassalleans has led to a compromise with other halfway elements too: in Berlin (via [Johann] Most) with Dühring and his "admirers", and moreover with a whole gang of half-mature students and super-wise Doctors of Philosophy who want to give socialism a "superior, idealistic" orientation, that is to say, to replace its materialistic basis (which demands serious objective study from anyone who tries to use it) by modern mythology with its goddesses of Justice, Liberty, Equality and Fraternity. [19 Oct 1877 Selected Correspondence, op.cit. p.290]

Thus by 1878 Marx and Engels were forced into the open to deal with these threats. This underlines three things in the development of proletarian class consciousness. As it is indirect, it has to be fought for in open debate and discussion. It is also not enough for someone to clothe themselves in the label "socialism" to be taken at their word. Class consciousness demands class clarity. To some, the debates in the workers' movement can appear tiresome (and they often are) but without clarification about the nature and course of socialist revolution there can be no revolutionary movement. Marx and Engels are sometimes treated as if they were Aaron and Moses who it is simply enough to quote (usually out of their historical context) and that is enough. Nothing would have been more horrifying to them. As their numerous letters at this period of German Social Democracy make clear they bequeathed no system (they left that to the Herr Dührings and their intellectually lazy followers). Of these types Marx later wrote

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The Party can very well manage without such intellectuals whose first principle is to teach what they have not learnt." [The "Circular Letter" 17-18 September 1879 in Selected Correspondence p.307]

Engels (with assistance from Marx) published his *Anti-Dühring* in 1878 denouncing the anti-materialist (and anti-Semitic) Professor, but it caused a furore in the Party. Johann Most, Dühring's strongest supporter tried to ban its publication. But this was not the last battle for revolutionary clarity that Marx and Engels had to make in the German Party. In 1879 they issued a seminal document, the so called "Circular Letter", to the various leaders of the German Party. The letter was a response to the publication of the new paper of the German Social Democratic Party, *Die Sozialdemokrat*. Due to Bismarck's anti-Socialist laws this had to be published in Zurich under an editorial board consisting of what Marx called a "social philanthropist", Karl Hochberg "the only man to buy his way into the Party" and two followers of Dühring, one of which was the young Eduard Bernstein. They had written an article purporting to be a history of the Party until that time, but which was really an argument for abandoning revolutionary socialism and cooperating with Bismarck by working within his anti-socialist laws, since it was the SPD's own fault that they had been passed because they had been too radical! Marx and Engels were mystified.

How the party can tolerate the authors of this article in its midst any longer is incomprehensible to us.

and then gave their own views

As for ourselves, in view of our whole past there is only one road open to us. For almost forty years we have emphasised that class struggle is the immediate driving power of history, and in particular that the class struggle between bourgeoisie and proletariat is the great lever of the modern social revolution; we, therefore, cannot possibly co-operate with people who wish to expunge this class struggle from the movement. When the International was formed we expressly formulated the battle-cry: The emancipation of the

working classes must be achieved by the working classes themselves. We cannot therefore cooperate with people who openly state that the workers are too uneducated to emancipate themselves and must be freed from above by philanthropic persons from the upper and lower middle classes. If the new Party organ adopts a line that corresponds to the views of these gentlemen, that is middle class and not proletarian, then nothing remains for us, much though we should regret it, but publicly to declare our opposition to it ...

[Selected Correspondence, op. cit. p.307]

But once again Marx and Engels never carried through this threat. Indeed Bernstein had already read *Anti-Dühring* and claimed to be a Marxist. He came to London with Bebel to pacify the two old men and was so successful that he became the sole editor of *Sozialdemokrat*. From this base he became a leading theorist of the Party and even went on to become Engels' literary executor.

How was it that the father of revisionism should be nurtured under Engels eyes? Since Marx and Engels had always argued tactically for using parliamentary means to propagandise for socialism, some had begun to confuse means and ends. It was a confusion that Marx and Engels contributed to, because they began to see the growing mass movement of Social Democracy as encompassing the whole of the working class. At that point in history, the working class was not so much under bourgeois ideological domination as today. There were as yet few mass circulation papers aimed at the working class except those printed by Social Democrats and, of course there was no electronic mass media of any kind. In 1890, only seven years after Marx's death the German SDP won nearly one and half million votes, making them the largest single party in Germany (and they were still illegal). The question now was would parliamentary methods allow the Socialist Party to take power peacefully. Such a view stood four square against the idea of the class struggle re-iterated by Marx in the Circular Letter of 1879. Even where Marx had made concessions to the

struggle could bring the workers to power and he even denounced the SDP leaders for their support of Bismarck's abandonment of free trade in the Reichstag.

they are so far affected by parliamentary idiotism that they think they are above criticism.

letter to Sorge Sept 19th 1879 in *Selected Correspondence* p309³

On the contrary, he pointed out repeatedly that the ruling class are unlikely to see themselves legislated out of their property without a fight.

*An historical development can remain "peaceful" only so long as its progress is not forcibly obstructed by those wielding social power at the time. If in England, for instance, ... the working class were to gain a majority in **parliament** ... they could by lawful means, rid themselves of such laws and institutions as impeded their development ... However the "peaceful" movement might be transformed into a "forcible" one by resistance on the part of those interested in restoring the former state of affairs.*

ibid

Marx is here speaking hypothetically. He could not possibly have known that the very movements which were supposed to represent the workers would be the agents for carrying the bourgeois infection of parliamentarism into the working class. Engels was to get a glimpse of it before he died. In the debate over the Erfurt Programme he had to publish the *Critique of the Gotha Programme* in order to see off the followers of George Vollmar, who wanted a parliamentary road and who wanted also to make alliances with bourgeois parties. At the same time Engels also rebuffed the *Jugend* (youth), a group of intellectuals who wanted to abandon using the parliamentary forum altogether, because this would have cut the party off from a tribune where it could make propaganda. Engels, though, never once said that socialists should or could win a parliamentary majority. He viewed parliamentary campaigns and even parliamentary successes as provoking the bourgeoisie to repression and thus paving the way for the final struggle. Commenting on the Erfurt Programme in 1891 Engels

wrote that the experience of Germany proves

how totally mistaken is the belief that a ... communist society can be established in a cosy peaceful way.

Quoted in A.H.Nimitz *Marx and Engels: Their Contribution to the Democratic Breakthrough* (NY 2000) p262

Imagine, therefore, Engels' horror when, having been asked to write a new introduction for a German version of *The Class Struggle in France* in 1895, he became a victim of Social Democratic opportunism and manoeuvring. Leibknecht published it in *Vorwärts* but cut out all references to the need for violent overthrow of the state. Engels wrote to Paul Lafargue

*...Leibknecht has just played me a nice trick. He has taken from my **Introduction** to Marx's articles on France of 1848-50 everything that would serve him to support the tactics of **peace at any price and of opposition to force and violence**, which it has pleased him for some time now to preach, especially at present when coercive laws are being prepared in Berlin. But I am preaching these tactics only for the Germany of today ... and [they] may become inapplicable tomorrow.*

Marx-Engels Selected Correspondence, op. cit. p461 [emphasis in original].

Engels attempted to have this corrected in Kautsky's paper *Neue Zeit* but even here a key paragraph which stated that "streetfighting" would be necessary but it would "have to be undertaken with greater forces" was omitted. And, as the edition of *Neue Zeit* came out after Engels' death, he never knew how he had been distorted. Indeed, the true text was not published until the revolutionary wave had already failed in 1924. Before this happened, therefore, revolutionaries like Rosa Luxemburg had to portray themselves as disagreeing with Engels against the increasingly parliamentary-minded majority who would eventually denature the proletarian character of Social Democracy to the point where they voted war credits for their own governments on August 4th, 1914. At the Founding Congress of the German Communist Party (December 30th 1918 to January 1st 1919)

Luxemburg made a dramatic speech which summed up what had happened to Social Democracy

Thenceforward the tactics expounded by Engels in 1895 guided the German social democrats in everything they did and in everything they left undone, down to the appropriate finish of August 4th 1914...

*The fourth of August did not come out of a clear blue sky: what happened on the fourth of August was not a chance turn of affairs but was the logical outcome of all that the German socialists had been doing for many years [**Hear, Hear**] ... after Engels' death in 1895 in the theoretical field the leadership of the party passed into the hands of Kautsky. The upshot of this change was that at every annual congress the energetic protests of the left-wing against a purely parliamentarist policy, its urgent warnings against the sterility and the danger of such a policy were stigmatised as anarchism, anarchising socialism,*

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upshot of this change was that at every annual congress the energetic protests of the left-wing against a purely parliamentarist policy, its urgent warnings against the sterility and the danger of such a policy were stigmatised as anarchism, anarchising socialism, or at least anti-Marxism. What officially passed for Marxism became a cloak for all possible kinds of opportunism, for persistent shirking of the revolutionary class struggle, for every conceivable half measure. Thus the German social democracy, and the labour movement, the trade union movement as well, were condemned to pine away within the framework of capitalist society. No longer did German socialists and trade unionists make any serious attempt to overthrow capital's institutions or to put the capitalist machine out of gear. [From Rosa Luxemburg Speaks (Pathfinder 1970) pp410-1]

Once again we see the seminal importance to the working class of having a clear programmatic basis for its action as a revolutionary class. In this case, the distortion of Engels' real views (and those that he and Marx had fought for all their lives) became absolutely the fulcrum on which German Socialism passed over to support capitalism. Luxemburg sums up brilliantly a whole process that went on inside the largest party of the Second International in the passage above but it was in fact more complicated than this.

With Engels dead, his close associate Bernstein once again reared his anti-Marxist head. However, he went too far for even the "parliamentary cretins" like Leibknecht and Bebel when he asserted that all Marx's

major predictions about the emiseration of the working class and the increased tendency to crisis of capitalism had been disproved. In 1898 Bebel opened the official debate against him which lasted until 1904. During that time Kautsky took up the fight against Bernstein and was thus able to stand alongside the revolutionary Marxists (like Rosa Luxemburg whose *Reform or Revolution* remained the best reply to "revisionism", as Bernstein's ideas were known) as the guardian of orthodoxy. By 1904 Bernstein was defeated but the battle against him had created an illusion that Kautsky, one of the manipulators of Engels' last writings was now the real heir to the Marxist heritage. In actual fact (as the First World War was to prove) he actually shared the Bernstein view that socialism was possible without revolution (the two joined together in the Centrist USPD during the war). It also further disguised another issue which Engels could not possibly have foreseen. Engels assumed that every vote for the SPD was another worker conquered for socialism. What he did not see was that the SPD, being not only ambiguous about what socialism was and how it was to be arrived at, was not itself a revolutionary body (something only proved in 1914). The historical experience of Social Democracy came to demonstrate that, under the conditions of capitalist domination, it is unlikely that the majority of workers will arrive at a vision of communism before the revolution. The mass of the class will have to reject capitalism but it is only in the process of forming a revolutionary society that the majority of workers will become fully aware of what that society involves

is necessary, therefore, not only because the ruling class cannot be overthrown in any other way, but also because the class overthrowing it can only in a revolution succeed in ridding itself of the muck of ages and become fitted to found society anew. [The German Ideology in McLellan, op. cit. p179]

Social democracy was thus something of an illusion. Its Erfurt Programme of 1891 had contained a division between the "maximum" programme and the "minimum" programme. Whilst the former was revolutionary, calling for the overthrow of capitalism, the latter was reformist, demanding only improved conditions under capitalism. Whilst its leadership could argue about the political tactics for opposing capitalism (the maximum programme), its trades union movement, and its other bodies, could simply get on with the business of finding out how to live under capitalism. Nor was the striving for the minimum programme the worst aspect of the situation. Social democracy, particularly at the trades union level was riddled with racism and imperialism. The speeches of union leaders like David, Legien etc., all support the idea that imperialism brings progress to "backward races". And, of course, there is only one thing worse than a class which is confused in the face of imperialist war and that is one which has a trusted leadership which has already accepted the premises of the class enemy. What the history of social democracy proved is that it is not size, but revolutionary consciousness, which is the key issue in the overthrow of capitalism. This, however, only throws into debate what the nature of a revolutionary party and its relationship to the entire class is. This was the debate that opened up on the left wing of social democracy in the years before the First World War. This forms the focus of the next part of this series.

Jock

the alteration of men on a mass scale is necessary, an alteration which can only take place in a practical movement, a revolution; this revolution

**Last Issue:
Revolutionary
Perspectives 23**

September 11th; Afghanistan;
Oil; US Economy; Opposing the
War; Consciousness 3; Ireland;
Railtrack; Monbiot Review; Islam
and the SWP; Miners' Pensions

Notes

- 1 There is no substitute for reading Marx's *The Civil War in France* or, for a participant account, H. Lissagaray's *History of the Paris Commune*.
- 2 See D. McLellan *Karl Marx: Selected Writings* Oxford 1977 p595
- 3 For more on Social Democracy in this period, see *Internationalist Communist* 11 "Social Democracy and the Working Class in Britain" and *Revolutionary Perspectives* 6 "The German Communist Left: Part One: Social Democracy"

Printed below is a translation of a leaflet given out in Rome in January on a demonstration against attacks by the Italian bourgeoisie on immigrant workers. The leaflet was distributed in Italian, French and English, and although it describes the situation in Italy, the situation facing immigrant workers everywhere is worsening.

In Britain Labour's attacks on asylum seekers is becoming ever more bitter following both last years riots and the attacks of September 11th. Blunkett now feels confident enough to further tighten the asylum laws and stigmatise immigrants as potential terrorists. His latest plan is to make people wanting to become UK citizens take an English language test, a suggestion which was rightly ridiculed when the Labour MP for Keighley, Ann Cryer, suggested it last year. Blunkett also plans to make people take an exam on the British ways of life — a truly mind boggling concept — as well as swear an oath of allegiance to British democracy. He is also floating the idea of identity cards, something which will be far easier to spread as a control over workers everywhere once immigrant workers have been forced to accept them. There are also plans to crack down on the appeals

system and moves against 'bogus' and arranged marriages are underway. Blunkett claims this will help what Labour calls a 'process of integration'. In reality it is nothing other than old fashioned racist oppression but for Labour it is an easier and more divisive option than looking at the real causes of last years riots which had everything to do with poverty, discrimination and unemployment and nothing to do with being unable to speak English.

There is no doubt that the terrorist attacks on the US have given the bourgeoisie across the globe the opportunity to step up racist attacks at home. The policies towards asylum seekers of both Labour and the Far Right in Britain are now so similar you would be hard pushed to shove an identity card between them. Labour is determined to blame the poorest and weakest sections of our class for everything failing in the capitalist system, and they relish the thought they can further isolate and scapegoat immigrant workers by spreading the notion they are all potential terrorists or scroungers. As internationalists we oppose all racism and all racist policies which attack the weakest sections of our class, as the leaflet below shows.

Immigrants and Italian Workers — Same Class, Same Struggle

Carrying on the campaign started by the Ulivo government against immigrant workers, the bourgeoisie is getting ready to open concentration camps for immigrants (the *Centri di Permanenza Temporanea*, created by the Centre Left). The bourgeoisie will make migrant workers' conditions even worse with new legislation, above all with the introduction of the 'contract to remain', which will replace 'leave to remain'. It's not hard to see that by doing this the lives of working class immigrants will totally depend on the bosses, both big and small. The appalling conditions of workers who have been used up and discarded is now widespread everywhere. They work thanks to various agreements between the government, the bosses and the unions. Immigrant workers now face a severe deterioration in their conditions, with a heavy human cost. In short, the Bossi-Fini laws will be for the immigrant workers what the infamous White Paper was for all workers.

The aim of international capital everywhere is to drive down worker's wages, even below subsistence level. In every country we are seeing a constant levelling out of wages for

the lowest sectors of the working class, because today the point of reference for the bosses are the wages of the most impoverished and most exploited sections of the world proletariat. Yet despite this, the world economic crisis is deepening. Capital needs to push for ever more intensive exploitation to make industrial profit and to feed its monstrous financial speculation, and as a result it has closed every option for political reformism, depriving the bourgeoisie of every margin of manoeuvre. Besides brutally increasing the exploitation of workers everywhere - especially the weakest sections of the proletariat: immigrants, young workers, women - imperialist tensions are also increasing. They are hypocritically disguised as humanitarian interventions, or the defence of the bourgeoisie against any form of social opposition, which has to emerge everywhere in the world, as it has with the heroic struggle of the Argentinian proletariat.

We can and we must fight the bosses, their governments and their racist, reactionary, anti-working class laws, because a greater exploitation and oppression of the immigrant

proletariat means a greater exploitation and oppression for all. Only a united working class fighting on the terrain of a true anti-capitalist struggle can win. This means fighting the various schemes of the unions and all the false divisions of religion, ethnicity and language. Only an international revolutionary party, free from every political residue of Stalinism, and free from every form of opportunism, can give us a chance of getting out of this dreadful, increasingly barbaric society.

No to the Bossi-Fini laws! No to racism and exploitation! For the international class struggle of the proletariat! Immigrants and Italian workers: the same class, the same fight!

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Revolutionaries and the Campaign against the “War on Terrorism”

The positive thing about the attempt by the US to use the atrocity in New York as a cover for their imperialist policies was that large numbers of workers did not fall for it. Many saw that this was a conflict in which workers had no interest. Neither support for the mad mullahs in Central Asia, nor for the mad millionaires in the USA. It was encouraging that so many saw through the propaganda and joined the campaign against the war in their thousands. However the anger against the war was soon driven down the frontist, religious and entirely ineffectual route of pacifism by so-called socialists in the old

labour movement. As usual for them it was more important to oppose the symptoms of capitalism (in this case, war) than capitalism itself. The wars currently being waged by a triumphalist Western imperialism are usually the consequences of their own policies in the past. The Taleban, and even Osama Bin Laden’s organisation, as we have said on numerous occasions owed their existence to the CIA and the Pakistani secret services. There will be more wars of this kind as imperialist powers try to find a way out of this crisis-ridden system by bringing the death and/or destruction on their real or supposed enemies.

This is why every opposition to the war has to be also based on developing working class consciousness as to its real causes – and all are based on the operation of the rotten system of exploitation we call capitalism. The failure of the so-called traditional left from the Trotskyists and some anarchists and the old Communist Party to link the fight against the war to the fight against capitalism is no accident. They have long since abandoned any revolutionary ideas (and most of them never had any) to become simply liberal critics of the system. This is why we in the internationalist communist left have come into existence. As yet a tiny echo of the real class politics of the working class our task is fight at all times and wherever possible for the revolutionary programme which alone can guide class action. This means, at a time when that programme is all but unheard that we concentrate all our efforts on reviving it both theoretically and in propaganda wherever workers are in struggle. This is why the class collaborationist and at times, reactionary “Stop the War” movement became the target of our attacks.

It is also why we in the CWO supported the grouping known as “No War but the Class War”(NWBTCW). When we received their first leaflet on the October 8th demonstration we recognised it as a genuine working class attempt to link the struggle against war to the struggle against the system. Indeed, aside from the issue of organisation we could have written the leaflet ourselves as it seemed to encapsulate much of what we have been fighting for over the last quarter of a century. Not only did we support NWBTCW meetings but we also joined with others to organise a sister branch in Sheffield. Another was organised in Brighton by NWBTCW members but which then was taken over by leftists because the group did not exclude those who had only a frontist and pacifist agenda. We had hoped that

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more would have been organised in order to spread the idea of class resistance. This seemed all the more necessary in view of the deliberate way the likes of the Socialist Workers Party prevented those who objected to their pacifist front with Christians and Muslims from speaking in public meetings.

In the build up to the November 18th demonstration we participated in an organised contingent behind the banners of the NWBTCW. As we were unable to attend the last preparatory meeting for this we sent a message to it via World Revolution, the British section of the ICC, that we agreed with their proposals for the demonstration, including organising a counter meeting in Trafalgar Square. WR did not reply and we went to the demonstration prepared to work on our own if necessary. On the actual day we joined with the NWBTCW people and World Revolution with leaflets and a megaphone. WR also had a megaphone and although our contingent was not great numerically it made up for that with the energy it chanted behind the two NWBTCW banners. For a brief time at the beginning of the demonstration we were able to demonstrate that there was an alternative to the pacifist campaign. However it was also clear that the NWBTCW contingent was politically very divided. Whilst a minority were prepared to shout the slogan along with us the majority tried to hang back to join the so-called "Anti-capitalists" with their samba band which would have drowned out any meaningful slogan. This wasn't a small tactical mistake but a definite political choice. One group of them told each other (and some of our members) to hang back so as not to "end up with the communists". This was a pity as the NWBTCW group had started out with a clear and coherent position and strategy. Had it persisted then it would have underlined that there was an alternative to listening to old Labour speeches mouthing platitudes of peace. For the CWO this was in a sense *déjà vu* as we had made an impromptu decision during the Kosovo War to march behind a NWBTCW banner which was written in English, Albanian and Serbo-Croat. But when we (again with megaphone) launched this slogan on

the march the NWBTCW people had remained largely silent!

There will be more wars and more call for this kind of movement and we will do all we can to help contribute to it. We do not do this for our own narrow organisational interests but because the level of class struggle currently is so low in relation to the barbarism which capitalism is visiting on the planet that we will practically support any broader movement which can generate a class response. However such a movement will also need to examine how NWBTCW functions. To us it seemed that there was an unofficial guiding group who never actually said they were guiding it but whose decisions were the ones that counted. All this was masked by a cover of non-hierarchical practice which only disguised what was really going on. This "tyranny of structurelessness", far from being a more democratic and creative approach to political resistance, is just the kind of recipe for the confusion of November 18th. But hopefully that will be an ongoing discussion.

World Revolution #250 has already stated that the way in which the CWO and WR cooperated on November 18th shows that we are wrong when we say that the current proletarian political milieu of the communist left is not the place to go seeking the future elements which will form the next International. This is a confusion on their part. Our cooperation with NWBTCW was not about the communist left or even about the future International. It was about taking part in the **only** class movement, which existed against the war. Our perspective is that the capitalists are heading towards the barbarism of war

faster than we are heading towards socialism. Given this perspective we need to do all we can to support anything, which provides an alternative for the working class. It was a continuation of what we have already done in the past. What surprised us was that the ICC, which had condemned such actions in the past and which believes that the working class is already holding back war, thought they too should participate. To us this smacks of empiricism. If the proletariat is already "holding back war" then what need is there for any new initiative? It seems that reality has taken hold of WR's actions even if they are contrary to ICC dogma. The best thing that could happen to WR now would for them re-examine the theory and make it come into line with what they know is going on in the real world. Who knows they may even see that there is a materialist analysis of imperialism that still has to be made?¹ Then perhaps we would be talking the same language and we could begin to think of a revival of the proletarian political camp.

AD

¹ See the article "War and the ICC" in this issue.

Published last year our pamphlet on Trotskyism is £2.50 from the group address



From Revolution to Reformism

Polemic

War and the ICC

Over a number of years the International Communist Current (ICC) has criticised the CWO and the International Bureau for the Revolutionary Party (IBRP) for their analysis of the wars, particularly those which have broken out in the period following the collapse of the Russian bloc. In their paper *World Revolution* (WR) No 250, we are criticised for not having an adequate understanding of the phase of so-called "decomposition of capitalism" and consequently underestimating the gravity of the present situation. This criticism is repeated in a more developed form in the latest edition of their theoretical journal *International Review* (IR) No 108, in a text entitled "The war in Afghanistan: strategy or oil profits?" Here we are criticised for ascribing motives located in the sphere of the economy as the cause of the Afghan war. This is indeed our position. Although do not, as this text falsely claims, argue that the causes of war are immediate economic gain this is always their long-term aim. Strategic aims are, in fact, no more than long term economic aims.

Since the proclamation of the ICC's famous theory of "Decomposition" as the final phase of capitalist decadence in 1990 the ICC has been denying that the bourgeoisie has material reasons, derived from the crises in its economy, for going to war. This has been asserted during the Kosovo war and again in the Afghan war. These wars thus become an expression of Decomposition and Chaos.

We have awaited an analysis of the economic foundations of this new period of "Decomposition" from the ICC but none has been put forward. This is not altogether surprising since, for the ICC, the economic crisis of capitalism is caused by the shortage of non-capitalist markets, or "third buyers" for its commodities. According to this theory, all the surplus value of the entire capitalist system which is destined for recapitalisation, must be realised in non-capitalist markets, i.e. feudal, Asiatic despotic or tribal markets. As we have pointed out elsewhere (see "Rosa Luxemburg and the markets

question" in RP15) pre-capitalist markets were generally irrelevant to capitalism in the 19th century and were largely destroyed by 1914. The task of explaining, from this economic basis, how capitalism has survived at all since 1914 is difficult enough, the task of explaining the further descent into "Decomposition and Chaos" in 1990 is virtually impossible.

While it is difficult to precisely isolate the root of the ICC's confusions since no theoretical explanation is ever given for its apocalyptic visions, it must to some degree spring from this false economic analysis. We see in the odyssey of the ICC a clear move away from a historical materialist understanding of society to an idealist one. This is illustrated in their increasingly erratic hypotheses and a dismissal of the importance of economic factors for the phenomena of contemporary capitalism.

War and the economy

The ICC argue that the period when capitalist states went to war for economic reasons was an "embryonic phase that barely outlasted the 19th century," and they go on to claim that:

"Instead of war serving the needs of the economy, the economy has come to serve the needs of war."⁽¹⁾

This is a complete inversion of the Marxist position which sees the economy as the infrastructure of society on which the entire superstructure of society is constructed, and it is the needs of this infrastructure which are translated into political and military action by the superstructural agencies such as the state. The ICC seems to recognise that there were once economic motives for capitalism's wars but this ended with the 20th century or the start of capitalist decadence. An explanation of why this should have occurred is never advanced. In the same text the ICC affirms that today,

"Increasingly production is geared towards the destruction, rather than the reproduction of wealth."⁽²⁾

After asserting that the capitalist superstructure is determining the infrastructure they assert that production itself is for the destruction of value. A materialist analysis of all societies, not simply capitalist society, will reveal this to be impossible. No human society can produce for the needs of war and destroy value for any length of time. To do this would simply result in complete ruin and the collapse of civil society. Where societies have devoted production to war for long periods they have only been able to do this by using values accumulated in previous periods or by making use of values produced outside the theatre of war. This is true for the Peloponnesian war in the period of slave society, the 30 years war in late feudal society and for both the first and second world wars of the capitalist period. How can the ICC deny this?

A possible explanation is suggested in the "Theses on Decomposition", republished in IR 107, where we read in thesis 9 that ,

"...society's entry into the phase of decomposition.. (allows) .. Permanent and large scale cheating with the law of value, the mobilisation of all economic resources around war production, etc."⁽³⁾

But such a proposition amounts to a simple rejection of Marx's labour theory of value. The ICC does believe this and states elsewhere that the bourgeoisie has evaded the economic crisis by creating mountains of paper debt. However, despite the ICC's assertions, the law of value applies for the whole economy no matter what cheating the bourgeoisie tries to get up to. No amount of manipulation of credit, false accounting or swindling can alter this.

These assertions are truly astonishing for a Marxist group and an indication of great confusion. If the ICC were serious about these propositions we would expect some theoretical explanation of how the previously accepted canons of Marxism no longer apply. The theory of "Decomposition and Chaos" is a

means of avoiding all theoretical rigour. If we are now in a period of Chaos, which is by definition a period where previous rules have broken down, no analysis, is necessary. Thus through a sleight of hand the outrageous nature of these assertions is hidden. However, whether the present period is called Chaos or anything else, it is still a period where the capitalist system is the world system of production and the laws of capitalist production apply just as they did when Marx analysed the system in the 19th century.

It is evident in all this, however cunningly it is disguised, that the ICC is abandoning a materialist analysis of society. Unfortunately if one abandons a materialist view of the world an idealist view will replace it. Such idealism can be clearly seen in the proposition that the superstructure of society is determining the infrastructure, and that the laws of the infrastructure can be overturned by trickery in the superstructure. This is a return to the idealism of Hegel, which Marx turned on its head.

Are ICC perspectives confirmed?

The theory of "Decomposition and Chaos" followed the perspective

supported in the 80's that this was the decade of truth for capitalism. As we all know the decade ended in the collapse of the Russian bloc, an orgy of triumph by the bourgeoisie, and confusion and demoralisation for the working class. This was hardly the revolution, which can be the only real truth for capitalism! The "Theses on Decomposition" betray the confusion produced by the collapse of the previous perspectives and were a means of disguising the collapse of these perspectives. Decomposition we learn has thrown a new uncertainty into the historic balance of class forces. It could prevent the proletariat's ability to make revolution; time is no longer on the proletariat's side; the proletariat may be unable to prevent decomposition and the end of humanity etc.

While the ICC sees decomposition in all the phenomena of bourgeois society since 1990 we consider this is myopia. The fracturing of the old blocs was a necessary step towards the formation of new blocs. This process is evident in the unification of Germany and the reorientation of the ex-Russian bloc states towards the EU. The Baltic States, Poland, Hungary, the Czech republic are coming into the EU. Similarly the war in Yugoslavia was a necessary

prelude to incorporation of parts of it, such as Slovenia, into the EU. The introduction of the single currency in Europe, plans for a European defence force are all empirical facts which directly contradict the theory of decomposition. In fact the present period is one of recomposition of blocs, and there are good reasons for this. Contrary to the ICC's assertions, these reasons are located firmly in the sphere of the economy, the infrastructure. It is the forces of reduced profitability and consequently the prospect of economic ruin which are driving the European states together to seek united protection from their economic rivals. These forces are driving them towards military cooperation also. The capitalist crisis is leading towards further terrible wars and only through unity in new blocs can the smaller states hope to survive such conflagrations.

Similarly wars such as the Afghan one do not express "Decomposition". They express the needs of the major powers to exploit new areas for raw materials, labour power and all the other sordid reasons the bourgeoisie has for going to war. These forces are transmitted from the infrastructure, the economy, to the superstructure, i.e. the state, where they are given political and military expression. (See "Afghanistan — US Imperialism Advances into Central Asia" in this edition.) The idea that decomposition is the final phase of decadence is a false concept and the forces of the capitalist infrastructure are producing the opposite effect.

Thus the ICC's perspectives are not, in our view even empirically confirmed. We consider the ICC needs to undertake the necessary theoretical explanation of its theories or admit they are false and discard them.

CWO (02/02)

Internationalist Communist 20

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Notes

- (1) See IR 108 "The War in Afghanistan: Strategy or Oil Profits"
(2) *Op cit.*
(3) See IR107 "Decomposition, the Final Phase of Capitalist Decadence"
The ICC in Britain publishes *World Revolution* and can be contacted at:
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West Bank in Ruins... and so is Israeli Policy

The last few months has seen an intensification of the Israel/Palestine conflict to a new level claiming civilian casualties on both sides of the "green line". Since the beginning of the second or "Al Aqsa" *Intifada* some 900 Palestinians have been killed, mainly by indiscriminate shooting by the Israeli army and "targeted extra-judicial executions" or in plain language "assassinations." Without any other means with which to engage with the Israeli state, the suicide bombers of Hamas have escalated their campaign against Israeli military and civilian targets. However in the murder stakes the Israelis are still way out ahead, Israeli casualties being a fraction of those inflicted on the Palestinians. The Middle East situation is still a boiling cauldron which threatens to engulf the whole region, however, since the US is the uncontested imperial power dominating the region major wars between states such those of the post world war period, are unlikely to break out.

The 'Peace Process' unravels

With reports of a seemingly unending cycle of murder being broadcast everyday the real cause of the current *Intifada* is often obscured. Of course the simple answer is that the many Palestinian Arabs were expropriated by the creation of the state of Israel in 1948 and in the subsequent wars of the 50s, and then a whole lot more were subjected to Israeli military occupation after Israel's victory in the 1967 six day war. The fact that the roots of the problem go back at least 50 years does not explain why matters have come to a head at this specific juncture. Whilst the history of the last 50 years has an important bearing on the current situation, the specifics of the present stage of the conflict can arguably be traced back to the Oslo Accords of 1993. This was the beginning of the US sponsored "peace process" in which Israel was supposed to return the occupied territories in return for the cessation of Palestinian harassment. This led to the establishment of the Arafat's Palestinian National Authority in the Gaza strip and part of the occupied West Bank. Oslo was a fudge, the vexed questions of the Jewish settlements, the status of

Jerusalem and the return of the Palestinian refugees displaced in 1948 remained unresolved. Nine years later they are still unresolved, the settlement program has continued, the refugees remain displaced and the Palestinian Authority rather than seeing the entire West Bank under its control is on the verge of collapse with President Arafat in effect under Israeli house arrest.

Israeli *Lebensraum*

In the Western media it is the Palestinians who are usually cast at the villains of the peace. Yet the desperate measures of the suicide bombers are a consequence of the failure of the "peace process", not the cause. Any objective analysis of why the current situation has arisen would reveal that it is the Israelis who have continually and flagrantly violated not only the UN's resolutions but also the Oslo accord. It is the Israelis rather than the Palestinians who have failed to deliver on Oslo. Even before Israeli tanks besieged Arafat's compound in Ramallah, less than 50% of the "Occupied Territories" had been handed over to Palestinian control and moreover, the settlement program has continued unabated. The Israeli bourgeoisie have no enthusiasm for returning the territories. The official ideology of the Israeli right is that the territories are part of the ancient biblical land of Israel, which by some trick of bullshit reasoning apparently establishes legitimate sovereignty over these areas some 2000 years later. However this ideology is a smokescreen for material reasons why the Israeli State is so reluctant to relinquish its territorial gains of 1967. The occupied territories, and in particular the West Bank are regarded by the Israelis having a key strategic military value by acting buffer between potentially hostile Arab states to the East and the pre 1967 border. The economic value of the territories is also significant. In previous issues we have referred to the fiercely competing claims over limited water resources which are currently controlled by the Israelis. However another material dimension to the retention of the territories is the Israeli demand for *Lebensraum*⁽¹⁾ or space to live which can be

satisfied within the territories. Since 1967 the Israeli government has enticed settlers to into the territories with subsidised housing, tax breaks and social provision. Whilst many settlers are willing Zionist fanatics; for another group the main benefit is economic in that they are able to access housing that would be unaffordable within the green line. In this way the Israeli state is able to harness the material needs of a part of the Jewish working class in support of Zionist expansionism. However we would not go as far as some⁽²⁾ in claiming that the settlement program is the price the Israeli State must pay in an effort to buy social peace from the Jewish working class. The facts do not support such a proposition. There are approximately 200,000 settlers out of a Jewish population of about 5.5 million, that is less than 5% of the Jewish population. Given that many settlements are of a petty bourgeois nature, the number of proletarian inhabitants is a tiny proportion of the working class as a whole. For this reason we would challenge the argument⁽³⁾ that the settlement issue in itself is a significant material barrier to the prospects for class unity between Jewish and Arab workers. This is not to deny that such barriers exist, the main one being the relatively high wages of Jewish workers compared to their Palestinian counterparts. It is not clear to what extent this phenomenon has been exacerbated by the sealing off of the territories preventing Palestinian workers from accessing employment inside the green line. Whilst Palestinian workers have clearly suffered it is debateable that Jewish workers have gained. Evidence suggests that rather than increasing the wages of Israeli workers, the mainly unskilled Palestinian labour has been replaced with migrant labour from countries such as Romania and the Philippines whose conditions of employment are even worse than those previously offered to Palestinian workers⁽⁴⁾.

US gives go ahead for limited war

It is clear that the faction of the Israeli ruling class spearheaded by

Sharon have no interest in any peace deals with the Palestinians. On the contrary they have been the prime movers behind the collapse of the Oslo process. Remember that it was Sharon's cynical and provocative pre-election walkabout at the Al Aqsa mosque back in September 2000 that sparked off the current intifada. It also doesn't take a genius to recognise that every indiscriminate and vicious act of Israeli state terror against the Palestinian people serves to swell the ranks of Hamas and Islamic Jihad with desperate new recruits ready to blow themselves up in Israeli bus or shopping mall. Equally cynical are the demands on Arafat to reign in the terrorists. Even if Arafat ever had the desire or the capability to do this, his authority has been so undermined by the Israelis that the task is now impossible. The Israelis know full well that the demise of Arafat will not herald an era of a new pro peace agreement Palestinian leadership but rather the rise of the Islamic fundamentalists of Hamas and the end of all pretence of negotiations. It appears that this is what Sharon wants, to bring about the destruction of all vestiges of civil rule in the territories so as to legitimise re-annexation by the Israeli army. This may have been unthinkable in the

immediate post Oslo years but since America declared war on the world after September 11, the unthinkable is now a real possibility.

In the build up to and during the height of the US led attack on Afghanistan the Americans were desperate to keep the pro-western Arab states on board. For a time it looked as though the US might actually put some real pressure on Israel to come to terms with the Palestinians. On more than one occasion Israeli incursions into the territories were pulled back after American criticism at the highest level. However after America's unexpectedly easy defeat of the *Taliban* the US has returned to its unequivocal support for Israel with a vengeance. Now the White House appears to be wholly endorsing Israel's policy of incursions and repression in the territories, undermining Arafat's leadership and even the establishing of buffer zones in the territories. The US, which is, of course, the guarantor of the Oslo Accords, has not yet, however, given the Israeli ruling class the green light to implement the Sharon "final solution" namely the reoccupation of the territories and the expulsion of millions of superfluous Palestinians. Such a move would certainly endanger US domination of the

Middle East and open doors for the US's rivals.

A New Imperialist Game

The Israel/Palestine conflict has always had a significance way beyond the interests of the local protagonists. During the Cold War the Middle East was a volatile fault line between the imperialist interests of the USA and the USSR. The Oslo peace program followed in the wake of the collapse of the Soviet Union as the Middle East conflict had little rationale in a world where the US would prevail. However Bush senior's much vaunted "new world order" has proved harder to achieve in the Middle East than anywhere else. Even eleven years after the Gulf War, US is now contemplating a fresh invasion of Iraq. The prevailing faction of the Iranian ruling class is still as anti-American as ever and perhaps more significantly, the stability of the corrupt and despotic Saudi monarchy is far from assured. With little popular support, the rulers of America's prime supplier of oil could go the same way as the Shah of Iran and fall into the hands of militant anti-US Islamicists. Recent developments indicate a growing threat to US interests in the region. The thawing of relations between Iran and Iraq and the prospects of a rapprochement between these two

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countries is the stuff American nightmares are made of. The recent seizure of the Karine A allegedly carrying Iranian supplied arms to the Palestinian Authority is an indication of Iranian aspirations to extend its influence in the region beyond its support for *Hizbollah* and other Islamic militias. These events have shown that even without America's influential Zionist lobby, support for Israel remains at the centre of America's middle east strategy and why Sharon now has greater freedom to violate the Oslo accords and commit atrocities in the occupied territories.

However the cracks are beginning to appear in the camp of western Imperialism as European criticism of US policy in the Middle East becomes more vocal. The European Union has been the main aid donor to the Palestinian Authority and is livid with Israel's destruction of some 17 million Euros worth of EU funded aid projects. Further, the EU has staunchly backed Arafat whereas the US supports Israel's plan to bring about his downfall. The EU has even put forward its own "peace plan". Without American backing this can only be a gesture but it is still indicative of European aspirations to become an independent imperialism. Another indication of the growing rift is EU anger at Bush's notorious "axis of evil" speech; Iran and Iraq being two of the "evil" countries. Whereas the US Congress has imposed a ban on US companies doing business in Iran, EU countries, particularly the UK, France and Germany, are anxious to fill the vacuum. At the same time the US is seeking to spoil EU ambitions in the region. At the moment Europe can only shout from the sidelines but the signs of intensifying imperialist rivalry between the US and Europe are there, even if still in embryonic form.

Is There An End In Sight

The dynamic of the current situation can only lead to more murder destruction and genocide. The Israel/Palestine conflict continues to have the potential to ignite the whole region in a devastating war. Whilst we have always argued that the answer to imperialist war is class war, there are few signs of a proletarian opposition to the war and still fewer indications of Palestinian and Israeli workers uniting in recognition of their objective mutual interests.

However there are some glimmers of hope. Recently a small group of Israeli reservists themselves refused to serve in the occupied territories and placed an advertisement in an Israeli newspaper calling upon other reservists to refuse to serve also. This development is not insignificant in the context of Israel's highly militarised society where all adult males are liable to be recalled to the army even after their initial military service has ended. It is obviously not an expression of class unity, but is an indication of disgust with what is happening and the willingness of the participants to risk prosecution by the Israeli State. Further the current Intifada has not only further impoverished the Palestinian working but also threatens Israeli workers as major industries such as tourism collapse as a consequence of the suicide bombings. This at least opens up the prospect of class response to the war, which could draw in both Jewish and Arab workers. Until this happens the imperialist barbarism will continue unabated.

PBD

Notes

1 *Lebensraum* is a German word meaning living space and the demand for *Lebensraum* was used by the Nazis to justify their plans to annex the territories to the East of Germany and to clear them of the native populations, including Jews. The parallel with the policies of Israel shows how the needs of imperialism, and not morality, determine policies.

2 See *Aufheben* No 10 "Behind the Twenty-First Century Intifada"

3 Op. cit.

Editorial

(Continued from p1)

need to be replaced with generalised actions uniting different sectors and areas with the workers themselves deciding strategy, tactics and objectives through mass assemblies. The control of the Trade Unions and the legal apparatus can only be shaken off by workers uniting in such a way. Likewise, the emergence of generalised actions will prevent the exponents of state-capitalism from subverting workers' anger into political charades between left-wing and right-wing capitalist solutions.

The struggle to develop a significant class conscious minority is inextricably linked to the fight against the Trade Unions' stranglehold. *Workers' struggles will either start to break that stranglehold or else a fresh generation of militants will end up trapped in the machinations of the bosses and their Trade Union stooges.*

The barbarism of the Afghan war, the crisis in Argentina and the job cuts in Europe are all connected. They are all symptoms of a common problem, that problem is the capitalist system of production. Until it is destroyed there will be no end to war, or unemployment, or poverty and hunger throughout the world.

The CWO's Basic Positions

1. *We aim to become part of the future world working class party which will guide the class struggle towards the establishment of a stateless, classless, moneyless society without exploitation, national frontiers or standing armies and in which the free development of each is the condition for the free development of all (Marx): Communism.*

2. *Such a society will need a revolutionary state for its introduction. This state will be run by workers' councils, consisting of instantly recallable delegates from every section of the working class. Their rule is called the dictatorship of the proletariat because it cannot exist without the forcible overthrow and keeping down of the capitalist class worldwide.*

3. *The first stage in this is the political organisation of class-conscious workers and their eventual union into an international political party for the*

promotion of world revolution.

4. *The Russian October Revolution of 1917 remains a brilliant inspiration for us. It showed that workers could overthrow the capitalist class. Only the isolation and decimation of the Russian working class destroyed their revolutionary vision of 1917. What was set up in Russia in the 1920's and after was not communism but centrally planned state capitalism. There have as yet been no communist societies anywhere in the world.*

5. *The International Bureau for the Revolutionary Party was founded by the heirs of the Italian Left who tried to fight the political degeneration of the Russian Revolution and the Comintern in the 1920's. We are continuing the task which the Russian Revolution promised but failed to achieve — the freeing of the workers of the world and the establishment of*

Internationalist Communist

Review of the International Bureau for the Revolutionary Party

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