

The crisis:

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Last year UK corporate bonuses were £34billion. In the City alone bonuses amounted to £17billion.

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A global crisis of capitalism

Another Great Depression?

The world crisis of capitalism is a fact that nobody can ignore. The economists only yesterday were assuring us that another 1929 was impossible. Now they are talking of the threat of another Great Depression. The IMF is warning of an increased risk of a severe and protracted economic downturn on a world scale. What began as a financial collapse in the USA has now spread to the real economy, threatening the jobs, homes and livelihoods of millions.

Panic has gripped the markets. Richard Fuld, the former chief executive of Lehman Brothers, told the US Congress his bank had been blown away by a "storm of fear". That storm shows no sign of subsiding. Not only banks but countries are threatened with bankruptcy, as the case of Iceland shows. Asia was supposed to save the world from recession, but the Asian markets were dragged into the general maelstrom. Steep falls are being registered daily from Tokyo to Shanghai, from Moscow to Hong Kong.

This is the biggest financial collapse since 1929. And like the Great Crash, it was preceded by massive speculation in the previous period. The sheer scale of speculation in the last two decades was unprecedented. Stock market capitalization in the USA went from 5.4 trillion dollars in 1994, to 17.7 trillion in 1999 and 35 trillion in 2007. This is far in excess of the amount of speculative capital that was present before 1929. The world derivatives market is at least 500 trillion dollars, or ten times more than the total world production of goods and services.

In the years of boom, when the bankers

succeeded in accumulating incalculable amounts of wealth, there was no question of sharing their profits with the rest of society. But now they are in difficulty, they run to the government demanding money. If you are a compulsive gambler who has borrowed and lost a thousand dollars, which you are unable to pay, you will be sent to prison. But if you are a wealthy banker who has gambled and lost billions of dollars of other people's money, you will not go to prison but will be rewarded with further billions of other people's money from the state.

Faced with the risk of a complete collapse of the banking system, governments are taking desperate measures. The Bush administration has injected \$700 billion into the coffers of the bankers in a frantic attempt to breathe life into the moribund financial system. This is the equivalent of about \$2,400 for every man, woman and child in the USA. The British government has announced a rescue package of over £400 billion (proportionately far more than in the USA), and the EU has added further billions. Germany's rescue plan amounts to about 20 percent of the gross domestic product of Europe's biggest economy. Chancellor Angela Merkel's administration pledged 80 billion euros to recapitalize distressed banks, with the rest allocated to cover loan guarantees and losses. So far around \$2.5 trillion has already been spent worldwide and it has not halted the downward spiral.

Desperate measures

The present crisis is far from having run its full course. It will not be halted by the measures taken by governments and central bankers. By throwing huge amounts of money at the banks, they

will succeed at most in achieving a temporary respite or marginally alleviating the crisis at the cost of creating a huge burden of debt for future generations. But every serious economist knows that the markets have a lot further to fall.

In some ways the present situation is even worse than it was in the 1930s. The huge wave of speculation that preceded the present financial crisis and prepared it was several times bigger than the one that triggered the crash of 1929. The amounts of fictitious capital that has been pumped into the world financial system, and which constitute a poison that threatens to destroy it altogether, are so vast that nobody is able to quantify them. The corresponding "correction" (to make use of the current euphemism of the economists) will therefore be even more painful and longer lasting.

In the 1930s the USA was the world's biggest creditor. Now it is the world's biggest debtor. At the time of the New Deal, while attempting to re-start the US economy from the Great Depression, Roosevelt had vast sums of money at his disposal. Today, Bush has to plead with a reluctant Congress to hand over money that it does not possess. The approval of the gift of \$700 billion to Big Business means a further increase in public indebtedness. This in turn means a whole period of austerity and cuts in living standards for millions of US citizens.

These panic measures will not prevent the crisis, which has barely begun. In the same way, Roosevelt's New Deal, contrary to the common perception, did not halt the Great Depression. The US economy remained in a depressed state until 1941, when the USA entered the Second World War and huge military

spending finally mopped up the unemployed. We are once more facing a prolonged period of declining living standards, factory closures, the lowering of wages, cuts in social spending and general austerity.

The capitalists find themselves in a blind alley and can see no way out. All the traditional parties are in a state of perplexity bordering on a paralysis of will. President Bush has told the world that "it's going to take a while" for his financial rescue plan to work. In the meantime, more companies go bankrupt, more people lose their employment, and more nations are being ruined. The credit crisis is beginning to throttle otherwise healthy companies. Unable to raise capital, companies will be forced to cut back first on fixed investment, then on working capital and ultimately on employment.

The employers are begging governments and central banks to cut interest rates. But under present circumstances this will not help. The coordinated cut of half a percent was followed by further sharp falls on world stock markets. The turmoil in markets will not be resolved by the interest rate cuts made by central banks. In the face of a global recession, no one wants to buy shares and no one wants to lend money. Banks stop lending because they have no confidence that their money will ever be returned. The whole system is threatened with paralysis.

Despite the coordinated efforts by the central banks to pump money into the system, the credit markets remain stubbornly frozen. The British government gave the bankers a present of over £400 billions. *The reaction was a fall on the stock exchange.* The rate of inter-bank lending actually increased after the announcement of this donation and the Bank of England's announcement of a half a percent rate cut. In the main these cuts are not being passed onto borrowers and house-buyers. These measures have not solved the crisis but only poured money into the pockets of the same people whose speculative activity, if it did not cause the crisis, has greatly exacerbated it and given it a convulsive and

uncontrollable character.

The bankers never lose

In the past the banker was a respectable man in a grey suit who was supposed to be a model of responsibility who would subject people to a severe interrogation before lending money. But all that changed in the last period. With interest rates low and liquidity in plentiful supply, the bankers threw caution to the wind, lending billions for high margins to people who found they could not afford repayments when rates rose. The result was the sub-prime mortgage crisis that helped to destabilise the entire financial system.

Governments and central banks conspired to fuel the fires of speculation in order to avoid a recession. Under Alan Greenspan the Federal Reserve kept interest rates very low. This was praised as a very wise policy. By these means they postponed the evil day, only to make the crisis a thousand times worse when it finally arrived. Cheap money enabled the bankers to indulge in an orgy of speculation. Individuals borrowed to invest in property or buy goods; investors used cheap debt to invest in higher-yielding assets, or borrowed against existing investments; bank lending outstripped customer deposits to an unprecedented degree and dubious activities were kept off balance sheet.

Now all this has turned into its opposite. All the factors that pushed the economy up are now combining to create a vicious downward spiral. As the debt is unwound, the shortage of credit threatens to bring the economy to a grinding halt. If a worker makes a mess of his job, he will get the sack. But when the bankers wreck the entire financial system they expect to be rewarded. The men in smart suits who have made fortunes out of speculating with other people's money are now demanding that the taxpayer bail them out. This is a most peculiar logic, which most people find very difficult to understand.

In the years of boom huge profits were made by the banking and financial sector. In 2006 alone the big banks made

approximately 40 percent of all business profits in the USA. This is an industry where top executives are rewarded 344 times more than the average employee in the USA. Thirty years ago the average Chief Executive Officer (CEO) made around 35 times the pay of a typical worker. Last year, the average CEO of a top 500 listed company got \$10.5 million in "compensation".

The bankers wish us to forget all this and concentrate on the urgency of saving the banks. All the pressing needs of society are to be put to one side and the wealth of society in its entirety must be put at the disposal of the bankers, whose services to society are assumed to be far more important than those of nurses, doctors, teachers or building workers. The governments of the EU and the USA spent in one week the equivalent of what *would be needed to relieve world hunger for nearly 50 years.* While millions starve, the bankers continue to receive lavish salaries and bonuses and maintain an extravagant lifestyle at the public expense. The fact that there is a crisis makes no difference.

"In everybody's interest"?

Most people are not convinced by the arguments of the bankers and politicians. They bitterly resent the fact that their hard-earned money is handed over to the bankers and the wealthy. But when they object they are met with a deafening chorus of politicians, who tell them: "there is no alternative". This argument is repeated so often and with such insistence that it silences most critics, especially as all the parties are agreed on this.

Democrats and Republicans, Social Democrats and Christian Democrats, Conservatives and Labourites, all have joined forces in a veritable conspiracy to persuade the public that it is "in everybody's interest" that ordinary working people must be robbed in order to put more money into the hands of the corporate gangsters. "We need a healthy (that is, profitable) banking system", they shout. "We need to restore confidence, or else we will have Apocalypse tomorrow morning".

This kind of argument is intended to generate an atmosphere of fear and panic, in order to make a rational discussion impossible. But what does the argument really consist of? Stripped of all niceties, it means only this: that since the banks are in the hands of the rich, and since the rich will only "risk" their money if they get a high rate of profit, and since they are not making profits at the moment, but only losses, the government must intervene and give them huge sums of money in order to restore their profits and therefore their confidence. Then all will be well.

The celebrated American economist John Kenneth Galbraith summed up this argument in the following way: "The poor have too much money, and the rich do not have enough." The idea is that if the rich are doing well, then in the long run some of the wealth will trickle down and we will all benefit. But as Keynes remarked: in the long run we are all dead. Moreover, this theory has been shown to be false in practice.

The argument that it is absolutely necessary to pump vast sums of public money into the banks because if this is not done, a catastrophe would ensue does not convince ordinary hardworking men and women. They ask the very simple question: why should we pay for the mistakes of the bankers? If they have got themselves into this mess in the first place, they ought to clean it up. Apart from a considerable loss of jobs in the financial and service sectors, the bank crisis affects living standards in other ways. The upheaval in markets has sent the stock market plummeting and devastated the savings of workers and the middle class.

To date, Americans' retirement plans have lost as much as \$2 trillion. It has meant that people who have worked hard all their lives and saved money in the hope of earning a relatively comfortable retirement are now forced to cancel their plans and delay their retirement. More than half the people surveyed in a recent opinion poll said they worry they will have to work longer because the value of their retirement savings has

declined and nearly one in four has increased the number of hours he or she works.

Many people are faced with repossession and the loss of their home. If a family loses their house, this is said to be the result of their own greed and lack of foresight. The iron laws of the market and the "survival of the fittest" condemn them to homelessness. It is a private matter and no concern of the government. But if a bank is ruined by the voracious speculation of the bankers, this is a terrible misfortune for the whole of society and therefore the whole of society must unite to save it. This is the twisted logic of capitalism!

This shameful attempt to place the burden of the crisis on the shoulders of those who can least afford it must be resisted. In order to solve the crisis, it is necessary to take the entire banking and financial system out of the hands of the speculators and bring it under the democratic control of society, so that it can serve the interests of the majority, not the rich.

We demand:

- 1) No more bail outs for the rich. No reward for the fat cats! Nationalize the banks and insurance companies under democratic workers' control and management. Banking decisions must be taken in the interests of the majority of society, not a minority of wealthy drones. Compensation for nationalized banks and other companies must be paid only in cases of proven need to small investors. The nationalisation of the banks is the only way to guarantee the deposits and savings of ordinary people.
- 2) Democratic control of the banks. The boards of directors should be composed in the following way: one third to be elected by the bank workers, one third to be elected by the trade unions to represent the interests of the working class as a whole, and one third from the government.
- 3) An immediate end to the exorbitant bonuses, all executive pay should be limited to the wages of a qualified worker. Why should a banker be worth more

than a doctor or a dentist? If the bankers are not prepared to serve on reasonable terms, they must be shown the door and replaced by qualified graduates, many of whom are looking for work and willing to serve society.

4) An immediate reduction of interest rates, which should be limited to the necessary costs of banking operations. Cheap credit must be made available for those who need it: small businesses and workers buying homes, not the bankers and capitalists.

5) The right to a home; an immediate end to repossessions, a general reduction of rents and a massive building programme of affordable social housing.

The cause of the crisis

The root cause of the crisis is not the bad behavior of some individuals. If that were true, then the solution would be simple: get them to behave better in future. That is what Gordon Brown means when he calls for "transparency, honesty and responsibility." But everybody knows that international finance is as transparent as a cesspool, and that the banking fraternity is as honest as a Mafia Convention and as responsible as a compulsive gambler. But even if all bankers were saints, it would not make any fundamental difference.

It is not correct to attribute the cause of the crisis to the greed and corruption of the bankers (although they are exceedingly greedy and corrupt). Rather it is an expression of the sickness of a whole system - an expression of the organic crisis of capitalism. The problem is not the greed of certain individuals, nor is it the lack of liquidity or the absence of confidence. The problem is that the capitalist system on a world scale is in a complete blind alley. The root cause of the crisis is that the development of the productive forces has outgrown the narrow limits of private ownership and the nation state. The expansion and contraction of credit is often presented as the cause of the crisis, but in fact it is only the most visible symptom. Crises are an integral part of the capitalist system.

Marx and Engels explained this long ago:

"Modern bourgeois society, with its relations of production, of exchange and of property, a society that has conjured up such gigantic means of production and of exchange, is like the sorcerer who is no longer able to control the powers of the nether world whom he has called up by his spells. For many a decade past the history of industry and commerce is but the history of the revolt of modern productive forces against modern conditions of production, against the property relations that are the conditions for the existence of the bourgeois and of its rule.

"It is enough to mention the commercial crises that by their periodical return put the existence of the entire bourgeois society on its trial, each time more threateningly. In these crises, a great part not only of the existing products, but also of the previously created productive forces, are periodically destroyed. In these crises, there breaks out an epidemic that, in all earlier epochs, would have seemed an absurdity - the epidemic of over-production. Society suddenly finds itself put back into a state of momentary barbarism; it appears as if a famine, a universal war of devastation, had cut off the supply of every means of subsistence; industry and commerce seem to be destroyed; and why? Because there is too much civilization, too much means of subsistence, too much industry, too much commerce.

"The productive forces at the disposal of society no longer tend to further the development of the conditions of bourgeois property; on the contrary, they have become too powerful for these conditions, by which they are fettered, and so soon as they overcome these fetters, they bring disorder into the whole of bourgeois society, endanger the existence of bourgeois property. The conditions of bourgeois society are too narrow to comprise the wealth created by them. And how does the bourgeoisie get over these crises? On the one hand by enforced destruction of a mass of productive forces; on the other, by the conquest of new markets, and by the more thorough exploitation of the old ones. That is to say, by paving the way for

more extensive and more destructive crises, and by diminishing the means whereby crises are prevented."

These words from *The Communist Manifesto*, written in 1848, are as fresh and relevant today as they were then. They could have been written yesterday.

The most important question, in any case, is not banking but the real economy: the production of goods and services. In order to make a profit, these must find a market. But demand is in steep decline and this is exacerbated by the lack of credit. We are faced with a classic crisis of capitalism, which is already claiming many innocent victims. The collapse of house prices in the USA has meant a crisis in the construction industry, which has already shed hundreds of thousands of jobs. The car industry is in crisis, with sales in the USA at their lowest point for 16 years. This in turn means falling demand for steel, plastic, rubber, electricity, oil and other products. It will have a knock-on effect throughout the economy, signifying rising unemployment and falling living standards.

Capitalist anarchy

For the last thirty years or more, we have been told that the best possible economic system was something called the *free market economy*. Ever since the late 1970s the mantra of the bourgeois was "let the markets rip" and "keep the state out of the economy." The market was supposed to possess magical powers that enabled it to organize the productive forces without any intervention by the state. This idea is as old as Adam Smith who in the 18th century spoke of the "invisible hand of the market." The politicians and economists boasted they had abolished the economic cycle. "No return to boom and bust" was repeated time and again.

There was no question of them following any regulations. On the contrary, they loudly demanded that all regulations be abolished as "detrimental to the free market". They therefore made a bonfire of all regulations and allowed the market forces free reign. Greed for

profit did the rest, as enormous amounts of capital moved from one continent to another without any hindrance, destroying industries and bringing down national currencies at the click of a computer key. It is what Marx called *the anarchy of capitalism*. Now we see the results. With \$700 billion from the US government and over £400 billion from the British government, the state will be involved for many years. £400 billion is the equivalent of one half of the British national income. Even if this is paid back (which is supposing a lot) it means many years of tax increases, cuts in social spending and austerity.

A very old law, the herd instinct, governs the conduct of the markets. The faintest scent of a lion prowling in the bush will send a herd of wildebeest into a panic that nothing will halt. This is the kind of mechanism that determines the destinies of millions of people. This is the crude reality of market economics. Just as the wildebeest can scent a lion, the markets can scent the imminence of a recession. The prospect of a recession is the real cause of the panic. Once this happens, nothing can stop it. All the speeches, all the interest rate cuts, and all the handouts to the banks, will have no effect on the financial markets. They will see that the governments and central banks are afraid, and they will draw the necessary conclusions.

The panic that has swept markets threatens to overwhelm all attempts by governments to contain the crisis. None of the desperate measures taken by the Fed and the British and European governments and central banks have succeeded in halting the stampede. This scandal is all the more shocking because the very people who are now screaming for state assistance are the ones who were always shouting that government has no place in the workings of the economy and that the free market must be allowed to operate with no regulations or any other form of state interference.

Now they complain bitterly that the regulators were not doing their job. But until recently all were agreed that the job of the regulators was simply to leave the markets alone. The watchdogs are quite

right when they argue that it is not their job to run banks, because that was the mantra for the last 30 years. From London to New York and Reykjavik regulators failed to rein in the "excesses" of the financial industry. For the last three decades the advocates of market economics were all demanding the abolition of regulations.

Competition between financial centres for business was supposed to guarantee that the market would operate efficiently, thanks to the invisible hand of the market. But the bankruptcy of these laissez-faire policies was cruelly exposed in the summer of 2007. Now they are all beating their chests and wailing at the consequences of their own actions. Society is now paying the bill for the policies whereby the capitalists and their political representatives attempted to keep the boom going by constantly inflating the speculative bubble. All were involved in this massive fraud. Republicans and Democrats, Labour and Conservatives, Social Democrats and former "Communists" - all embraced market economics and applauded this merry carnival of moneymaking.

It is very easy to be wise after the event, as every drunk will tell you the morning after a drunken binge. Then they all swear that they have learned the lesson, and will never drink again - an excellent resolution that they sincerely mean to maintain - until the next drunken party. Now the financial regulators are sticking their nose in to even the smallest aspects of the banks' affairs, but only after the banks were on the verge of collapse. Where were they before?

Now everybody blames greedy bankers for the crisis. But only yesterday these same greedy bankers were universally hailed as the saviours of the nation, the wealth creators, the risk-takers and the job-givers. Many in the City of London and Wall Street are now faced with losing their jobs. But the traders will have made millions from short-term bonuses for market speculation. Traders' bosses in the boardroom let the casino continue because their pay was also linked to short-term results.

Belatedly the authorities are attempting to impose curbs on bankers' pay as the price for bailouts. They do this, not out of principle or conviction but because they fear the reaction of the public to the scandal of huge bonuses being paid out of public funds to the very people who have caused the chaos in the economy. The bosses are oblivious to the mood of anger and hatred building up in society. At any rate, they are indifferent to it. But politicians cannot afford to be totally indifferent to the voters who can kick them out at the next elections.

The problem they face is that it is impossible to regulate capitalist anarchy. They complain about greed, but greed is at the heart of market economics and must not be stunted. All attempts to limit "excessive" remuneration, bonuses, etc., will be met with sabotage. The Market will express its disapproval with sudden falls in the price of shares. This will serve to concentrate the minds of the Lawgivers and compel them to pay attention to the real Electorate: the owners of wealth. When a worker sacrifices a pay increase this year, that money is lost forever. But the same rule does not apply to the bankers and capitalists. Even if the latter, for cosmetic reasons, agree to restrict their bonuses for this year, they will make up for this great "sacrifice" by increasing their bonuses next year. It is not at all difficult.

The idea that men and women are incapable of ordering their affairs better than this is a monstrous slander against the human race. For the past 10,000 years humanity has shown itself able to overcome every obstacle and advance towards the final goal of freedom. The marvellous discoveries of science and technology place in our hands the prospect of solving all the problems that have tormented us for centuries and millennia. But this colossal potential can never be developed to its full extent as long as it is subordinated to the profit system.

For a better life

Incredibly, in their efforts to defend capitalism, some commentators are trying to blame the consumers and house buy-

ers for the crisis: "We were all to blame," they say, without even blushing. After all, they argue, no one was forcing us to take 125 percent mortgages or to chalk up debts to pay for holidays abroad and designer shoes. But in a situation where the economy is developing fast, and credit is cheap, even poor people are tempted into "living beyond their means." In fact, at a given moment real interest rates in the USA were negative, which means that people were punished for not taking out loans.

Capitalism constantly creates new needs and advertising is now a vast industry, utilizing the most sophisticated means to convince consumers that they must have this and that. The lavish lifestyle of rich "celebrities" is dangled before the gaze of the poor, presenting them with a distorted view of life and brainwashing people into aspiring to things that will never be theirs. Then the bourgeois hypocrites point an accusing finger at the masses who, like Tantalus, are condemned to watch a feast while suffering all the torments of hunger and thirst.

There is nothing immoral or illogical about aspiring to a better life. If men and women did not constantly aspire to something better, there would never be any progress. Society would sink into a stagnant and inert condition. We should certainly aspire to a better life, for we only live once. And if all that we can hope for is what exists now, the outlook for humanity would be grim indeed. What is certainly immoral and inhuman is the rat race that is created by capitalism, where individual greed is held up, not merely as a virtue but as the main-spring of all human progress.

The capitalist class believes in the so-called survival of the fittest. However, by this is meant survival, not of the fittest and most intelligent people but only of the rich, however unfit, stupid, ugly or diseased, and no matter how many perfectly fit and intelligent people die in the process. The idea is systematically cultivated that my personal advancement must be at the expense of everyone else, that my personal greed must be satisfied through the loss of others, and that in order to advance, it is

necessary to trample others underfoot. This kind of vicious bourgeois individualism is the psychological and moral basis for many of the ills that currently affect society, gnawing at its entrails and dragging it down to the level of primitive barbarism. It is the morality of dog eats dog, the concept of "each man for himself and let the devil take the hindmost".

This miserable caricature of natural selection is a slander on the memory of Charles Darwin. As a matter of fact, it was not competition but co-operation that was the key to the survival and development of the human race from its earliest origins. Our early ancestors on the savannah of East Africa (for we are all descended from African immigrants) were small and weak creatures. They lacked strong claws and teeth. They could not run as fast as the animals they wanted to eat or the predators that wanted to eat them. According to the "survival of the fittest" our species should have been extinct approximately three million years ago. The main evolutionary advantage our ancestors possessed was co-operation and social production. Individualism under these conditions would have spelt death.

Changing consciousness

One has to ask the advocates of the theory of the so-called survival of the fittest a simple question: why is it that the banks, which have been shown to be *completely unfit for survival*, are not allowed to die but must at all costs be saved by the generosity of that very society that was supposed not to exist? In order to save the weak and unfit banks, run by stupid and inefficient bankers, the fit, intelligent and hardworking majority is supposed to sacrifice itself gladly. But society is by no means convinced that to serve this worthy cause, it must do without such superfluities as schools and hospitals and accept a regime of austerity for the foreseeable future.

The economic shocks that are daily reported in the newspapers and on television screens tell a story the meaning of which is clear to all: the existing system is not working. To use an American

expression: it is not delivering the goods. There is no money for health care, schools or pensions, but for Wall Street there is all the money in the world. In the words of America's greatest living writer, Gore Vidal, what we have is socialism for the rich and free market economics for the poor.

Many ordinary people are drawing the correct conclusions from this. They are beginning to question the capitalist system and look around for alternatives. Unfortunately, no alternatives are immediately obvious. In the USA, they look to Obama and the Democrats. But Republicans and Democrats are only the right and left boot of Big Business. Again, Gore Vidal stated, "in our Republic there is one party, the Property Party, with two right wings". Obama and McCain both loyally supported the \$700 billion bailout of Big Business. They represent the same interests with only slight variations in tactics.

These facts will have a powerful effect on consciousness. It is an elementary proposition of Marxism that human consciousness is profoundly conservative. People generally do not like change. Habit, tradition and routine play a very important role in shaping the outlook of the masses, who normally resist the idea of major alterations in their lives and customs. But when great events shake society to its foundations, people are compelled to reconsider their old ideas, beliefs and prejudices.

We have now entered just such a period. The long period of relative prosperity that has lasted two decades or more in the advanced capitalist countries left its mark apart from a relatively mild recession in 2001. Despite all the manifest injustices of capitalism, despite the long hours of work, the intensification of exploitation, the gross inequality, the obscene luxury of the wealthy shamelessly paraded alongside the growing numbers of the poor and marginalized - despite all this, most people believed that the market economy worked and that it could even work to their benefit. This was particularly true in the United States. But for a growing number of people it is true no longer.

How to combat unemployment

During the boom, when fantastic profits were being made, the majority of working people did not see a real rise in wages. They were subjected to increased pressure for ever-higher productivity and longer hours. But now, as the crisis begins to bite, they are threatened not just with drastic cuts in living standards and conditions but also with the loss of their jobs. Factory closures and rising unemployment are on the order of the day. This in turn signifies a deepening of the crisis and a further deterioration in the living standards of the people. On a world scale, millions are faced with the danger of being cast into the pit of pauperism.

For ten years the Spanish economy was presented as the motor of job creation in the euro-area. Now the ranks of the jobless in Spain have been swollen by more than 800,000 in the past year. The collapse of the decade-long construction boom has pushed Spain's unemployment rate to 11.3 percent, the highest rate in the European Union. "It's going to get worse; this has just started," said Daniele Antonucci, an economist at Merrill Lynch International in London. He forecasts Spain's unemployment rate will rise to 13 percent next year, while European joblessness will swell to 8.1 percent from 7.5 percent by the end of 2008. In reality, the figures for unemployment are far worse, but governments resort to all kinds of tricks to reduce them. The same situation exists, to a greater or lesser degree, in all countries.

The workers must defend their living standards, if they cannot increase or better it. Unemployment threatens society with disintegration. The working class cannot permit the development of mass chronic unemployment. The *right to work* is a fundamental right. What sort of society condemns millions of able-bodied men and women to a life of enforced inactivity, when their labour and skills are required to satisfy the needs of the population? Do we not need more schools and hospitals? Do we not need good roads and houses? Are

the infrastructure and transport systems not in need of repair and improvement?

The answer to all these questions is well known to everybody. But the reply of the ruling class is always the same: we cannot afford these things. Now everybody knows that this answer is false. We now know that governments can produce extraordinary sums of money when it suits the interests of the wealthy minority who own and control the banks and industries. It is only when the majority of working people request that their needs are attended to that governments argue that the cupboard is bare.

What does this prove? It proves that in the system in which we live the profits of the few are more important than the needs of the many. It proves that the whole productive system is based on one thing and one thing only: the profit motive, or, put plainly, greed. When workers go on strike, the press (which is also owned and controlled by a handful of billionaires) pillories them as "greedy". But their "greed" is only the struggle to make ends meet: to pay the rent or mortgage, to pay the food and fuel bills that are increasing steeply month by month, to provide for their children and families.

On the other hand, the greed of the bankers and capitalist is the greed to accumulate vast fortunes from the labour of others (for they themselves produce nothing). With this money they spend money on works of art, not for enjoyment but only as yet another profitable investment, on lavish lifestyle and extravagance, or to indulge in further speculation that always ends in economic collapse and misery - not for themselves, but for the majority upon whose productive labour society rests.

In the past the employers argued that new technology would lighten the burden of labour, but the opposite has been the case. The EU has just passed a law that increases the maximum working week to sixty hours! This is in the first decade of the 21st century, when the miraculous advances of modern science and technology have produced more labour-saving devices than in all previ-

ous history. What sense is there in this? What sense is there in having a large number of unemployed people being paid for doing nothing, while in the workplaces other workers are being forced to work long hours of compulsory overtime?

During the boom, the employers force the workers to work long hours of overtime, in order to squeeze the last ounce of surplus value from their labour. But when the recession starts and they no longer have a market for their goods, they do not hesitate to close their factories, as if they were so many matchboxes, and throw their workforce onto the streets, while exploiting the rest to their very limit. The impasse of capitalism is such that unemployment will no longer have a "conjunctural" character but will be increasingly organic or "structural". A man or woman who is over 40 or 50 may never work again in their lifetime, while many qualified people who lose their employment will be forced to take unqualified and low-paid jobs in order to survive.

This is the economics of the madhouse! From a capitalist point of view it is quite logical. But we reject the crazy logic of capitalism! Against the menace of unemployment we advance the slogan of *public works* and *work sharing without loss of pay*. Society needs schools, hospitals, roads and houses. The unemployed must be put to work on a major programme of public works!

Trade unions must ensure that the unemployed are closely linked to the workers, bound together in the solidarity of mutual responsibility. It is necessary to share out the available work without loss of pay! All the available work must be divided among the workforce in accordance with how the extent of the working week is defined. The average wage of every worker remains the same as it was under the old working week. Wages, under a strictly guaranteed *minimum*, would follow the movement of prices. This is the only programme that can protect the workers in a time of economic crisis.

When they are making huge profits the

property owners jealously guard their business secrets. Now that there is a crisis, they will point to their account ledgers as "proof" that they cannot afford the workers' demands. This is especially the case with the smaller capitalists. But whether our demands are "realistic" or not from the standpoint of the employers is not the point. We have a duty to protect the vital interests of the working class and to protect it from the worst effects of the crisis. The bosses will complain that this will reduce their profits and have a negative effect on their incentive to invest. But what incentive do the majority of people have under a system based on private profit? If the vital interests of the majority are incompatible with the demands of the present system, then to hell with the system!

Is it really logical that the lives and destinies of millions of people are determined by the blind play of market forces? Is it fair that the economic life of the planet is decided as if it were a gigantic casino? Can it be justified that the greed for profit is the sole motor force that decides whether men and women will have a job or a roof over their heads? Those who own the means of production and control our destinies will answer in the affirmative because it is in their interest to do so. But the majority of society who are the innocent victims of this cannibalistic system will have a very different opinion.

By fighting to defend themselves against the attempts to make them pay for the crisis, the workers will come to understand the need for a root-and-branch change in society. The only answer to factory closures is factory occupations: "*a factory closed is a factory occupied!*" That is the only effective slogan for combating closures. Factory occupations must necessarily lead to *workers' control*. By means of workers' control the workers acquire experience in bookkeeping and the administration of the enterprise that will permit them later to run the whole of society.

This has been the experience of the most advanced workers' struggles in recent years, especially in Latin America.

In Brazil (CIPLA/Interfibras, Flasko and other factories), Argentina (Brukman, Zanon and many others) and Venezuela, where the giant oil company PDVSA was restarted and run by the workers for months during the bosses' lockout in 2002-2003, and where a movement of occupied factories developed around Inveval in 2005 and is gaining strength.

In all these cases and in many more, workers have attempted successfully against all the odds to run their factories under their own control and management. But workers' control cannot be an end in itself. It poses the question of ownership. It raises the question: who is the master of the house? Either workers' control will lead to *nationalization*, or else it will merely be an ephemeral episode. The only real solution to unemployment is a socialist planned economy, based on the nationalization of the banks and major industries under democratic workers' control and management.

We demand:

- 1) No to unemployment! Work or full maintenance for all!
- 2) Down with business secrets! Open the books! Let the workers have access to information about all the swindles, speculation, tax dodges, shady deals and excessive profits and bonuses. Let the people see how they have been swindled and who is responsible for the present mess!
- 3) No to factory closures! A factory that closes is a factory occupied!
- 4) Nationalization under workers' control and management of factories that threaten to close!
- 5) For a wide-ranging programme of public works: for a crash building programme of affordable social housing, schools, hospitals and roads to give employment to the jobless.
- 6) For the immediate introduction of a 32-hour week without loss of pay!
- 7) For a socialist planned economy, in which unemployment will be abolished and society will inscribe on its banner: THE UNIVERSAL RIGHT TO WORK.

Fight to defend living standards!

While the bankers and employers made fabulous profits, in real terms the wages of the majority either stagnated or declined. The gulf between rich and poor has never been greater than it is today. Record profit levels were accompanied by record inequality. *The Economist* (hardly a left wing journal) pointed out: "The one truly continuous trend over the past 25 years has been towards greater concentration of income at the very top". (*The Economist*, June 17, 2006.) A tiny minority became obscenely rich, while the share of the workers in the national income is constantly reduced and the poorest sections sink into ever-deeper poverty. Hurricane Katrina revealed to the whole world the existence of a subclass of deprived citizens living in Third World conditions in the richest country in the world.

In the USA millions are threatened with losing their jobs and homes, while profiteering continues apace. At the same time that Bush announced his \$700 bailout plan, US utility companies reported a record rise in the number of customers defaulting on their gas and electricity bills. The largest increase in power cut-offs was in the states of Michigan (22 percent) and New York (17 percent), although rises were also reported in Pennsylvania, Florida and California.

The workers of the USA produce 30 percent more now than ten years ago. Yet wages have hardly increased. The social fabric is increasingly strained. There is an enormous increase in tensions in society, even in the richest country in the world. This is preparing the ground for an even greater explosion of the class struggle. This is not only the case in the USA. Around the world, the boom was accompanied by high unemployment. Reforms and concessions were being taken back even at the peak of the boom. But the crisis of capitalism does not only mean that the ruling class cannot tolerate new reforms. They cannot even permit the continued existence of those reforms and concessions that the workers have won in the past.

Working people derived no real benefit

from the boom but are now being presented with the bill for the recession. Everywhere there are attacks on living standards. In order to defend the profits of the bosses and bankers, wages must be reduced, the hours and intensity of work increased and spending on schools, housing and hospitals slashed. This means that even the semi-civilized conditions of life that were achieved in the past are under threat. In present-day conditions no meaningful reform can be achieved without a serious struggle. The idea that it is possible to do this by agreement with the bosses and bankers is false to the core.

The idea of "national unity" to combat the crisis is a cruel deception of the people. What unity of interest can there be between the millions of ordinary working people and the super-rich exploiters? Only the unity of the horse and the rider who digs his spurs into its sides. The leaders of the Socialist, Labour and left Parties who vote for "crisis measures" involving lavish bailouts for the bankers and cuts and austerity for the majority of society are betraying the interests of the people who elected them. Those trade union leaders who argue that in a crisis "we must all pull together" and imagine that it is possible to secure concessions by moderating wage demands and agreeing to the conditions imposed by the employers will achieve the opposite of what they intend. Weakness invites aggression! For every step back we take, the bosses will demand three more. Along the road of class collaboration and so-called New Realism there lies only new defeats, factory closures and cuts in living standards.

While unemployment inexorably rises, the cost of living also increases. Fuel, gas, electricity, food - all have increased, while wages are frozen and the profits of the big energy companies soar. In the past period the bourgeois economists argued that they had "tamed inflation". How ridiculous these arguments sound today! Families who yesterday lived on two wages now have to live on one - or none. The struggle for life now assumes an ever-harsher meaning for millions. Inflation and austerity are merely two

faces of the same coin. Neither can serve the interests of the working class. We completely reject all attempts to place the burden of the crisis, the disorganization of the banking system and all other consequences of the crisis of the profit system on the shoulders of ordinary working people. We demand *employment and decent living conditions for all*.

The only solution to the galloping rise in prices is a *sliding scale of wages*. This means that collective agreements should assure an automatic rise in wages in relation to the increase in price of consumer goods. The bankers and their political representatives tell the masses: we cannot afford higher wages because this will cause inflation. But everybody knows that it is wages that are trying to catch up with prices, and not the contrary. The answer is a sliding scale of wages, whereby wages are automatically linked to increases in the cost of living. However, even this is not sufficient. The official indexes of inflation are rigged in order to underestimate the real amount of inflation and then workers are ordered not to ask for increases in excess of these false figures. It is therefore necessary for the trade unions to work out the real rate of inflation, based on the price of basic necessities (including rents and other housing costs) and to keep this under constant review. All wage claims should be based on this.

We demand:

- 1) A living wage and pension for all!
- 2) A sliding scale of wages, linking all increases to the increases in the cost of living.
- 3) The trade unions, co-operatives and consumer associations must work out the real index of the cost of living in place of the "official" index, which does not reflect the real state of affairs.
- 4) Set up committees of workers, housewives, small shopkeepers and unemployed to control price increases.
- 5) Abolition of all indirect taxation and the introduction of a heavily progressive system of direct taxation. Abolish all taxation for the poor and let the rich pay!
- 6) An end to fuel poverty and a drastic reduction of fuel bills! This can only be

achieved through nationalisation of the energy companies, which will enable us to impose price controls on the consumer price of gas and electricity. No more profiteering at the public's expense!

The trade unions

In the present period, the workers more than ever before need their mass organizations, above all trade unions. The trade union is the basic unit of organization. It will not be possible to fight to defend wages and living standards without powerful trade unions. That is why the bosses and their governments are always seeking to undermine the unions and restrict their scope of action through anti-union legislation.

The long period of boom has affected the union leaders, who have embraced the policies of class collaboration and "service unions", precisely when the conditions for such things have vanished. The right wing trade union leaders are the most conservative force in society. They tell the workers that "we are all in the same boat" and must all make sacrifices to solve the crisis, that the bosses are not the enemy and class struggle is "old fashioned".

They preach a bargain between wage labour and Capital, which they regard as "new realism". In reality it is the worst kind of utopianism. It is impossible to reconcile mutually exclusive interests. In the present conditions the only way to obtain reforms and wage increases is through struggle. In fact, it will be necessary to struggle to defend the gains of the past, which are everywhere under threat. This is in direct contradiction to the class collaboration policies of the leaders, which reflect the past, not the present or the future.

In their efforts to neuter the unions and turn them into instruments to control the workers, the ruling class does all in its power to corrupt the tops of the unions and entangle them with the state. We oppose all such attempts and stand for the strengthening and democratisation of trade union organization at all levels. The unions must be independent

of the state and must control their leaders and oblige them to fight consistently for the interests of the workers.

The reformist union leaders, who like to think of themselves as practical and realistic, in reality are completely blind and obtuse. They have not the slightest idea of the catastrophe that is being prepared by the crisis of capitalism. They imagine that it is possible to muddle through, accepting cuts and other impositions in the hope that everything will be all right in the end. They cling to the "good relations" with the capitalists that they imagine their conduct will achieve. On the contrary! All history shows that weakness invites aggression. For every step back they make, the bosses will demand three more.

Even when they are forced by pressure from below to call strikes and general strikes, they do everything in their power to limit such actions to mere gestures, limited in time and scope. When they are obliged to call mass demonstrations, they turn them into shows and carnivals with balloons and bands, with no militant class content. For the leaders, this is only a means of blowing off steam. For serious trade unionists, on the contrary, strikes and demonstrations are a means of getting the workers to understand their power and prepare the ground for a fundamental change in society.

Even in the previous period there was an undercurrent of discontent as a result of the attacks on workers' rights and anti-trade union legislation. This will now come to the surface and find an expression in the mass organizations of the working class, starting with the unions. The radicalisation of the rank and file will enter into conflict with the conservatism of the leadership. The workers will demand a complete transformation of the unions from top to bottom, and will strive to turn them into real fighting organizations.

We stand for the building of mass, democratic and militant trade unions, which will be capable of organizing the majority of the working class, educating and preparing them practically, not just for a radical transformation of society,

but for actually running the economy in a future democratic socialist society.

We demand:

- 1) Complete independence of the unions from the state.
- 2) An end to compulsory arbitration, no-strike deals, and other measures to restrict the scope of action of the unions.
- 3) Democratise the unions and place control firmly in the hands of the members!
- 4) Abolition of election for life! Election of all union officials with right of recall.
- 5) Against bureaucracy and careerism! No official to receive a higher wage than a skilled worker. All expenses to be available for the inspection of the membership.
- 6) No class collaboration! For a militant programme to mobilise the workers in defence of jobs and living standards.
- 7) For trade union unity on the basis of the above demands.
- 8) For rank and file control, including the strengthening of the shop stewards committees and the creation of ad hoc strike committees during strikes and other conflicts as a means of ensuring the fullest participation of the widest number of workers.
- 9) For the nationalization of the commanding heights of the economy and the creation of an industrial democracy in which the unions would play a key role in the administration and control of every workplace. Trade unionism is not an end in itself, but only a means to an end, which is the socialist transformation of society.

The youth

The crisis of capitalism has particularly negative effects in the case of the young generation, which represents the key to the future of the human race. The senile decay of capitalism threatens to undermine culture and demoralize the youth. Whole layers of young people, seeing no way out of the impasse, become prey to alcoholism, drug addiction, petty crime and violence. When young people are murdered for a pair of trainers we must ask ourselves what kind of society we are living in. Society encourages young

people to aspire to consume products that they cannot afford, and then throws up its hands in horror at the results.

Margaret Thatcher, that high priestess of market economics, once said there is *no such thing as society*. This noxious philosophy has had the most devastating results since it was put into practice thirty years ago. This crude individualism has contributed powerfully to creating a spirit of egotism, greed and indifference to the sufferings of others that has seeped like a poison into the body of society. It is the real essence of market economics.

The true measure of the level of civilization in society is how we take care of the old and the young. By this measure, we do not qualify as a civilized society, but rather a society that is teetering on the edge of barbarism. Even in the period of boom there were already symptoms of barbarism in society, with a wave of crime and violence, and the spread of anti-social and nihilistic moods among a layer of young people. But these moods are a faithful reflection of the morality of capitalism.

The reactionaries protest loudly about this but, since they cannot admit that such things are the consequences of the social system that they defend, they are powerless to propose any solution. Their only response is to fill the prison cells with young people, who learn how to be real criminals instead of mere amateurs. And so we enter into a vicious circle of social alienation, drug addiction, degradation and crime.

The "answer" of the Establishment is to criminalize young people, to blame them for the problems generated by society itself, to increase repressive policing, to build more prisons and hand out heavier sentences. Instead of solving the problem, such measures only serve to aggravate it and to create a vicious circle of crime and alienation. This is the logical result of capitalism and market economics, which treats people as mere "factors of production" and subjects everything to the profit motive. Our answer is for the youth to organize and join the working class in the struggle against capitalism and for socialism!

The crisis of capitalism means more unemployment and a further deterioration of the infrastructure, education, health and housing. This decay of civilized standards brings with it the risk of further social disintegration. It will mean an increase in crime, vandalism, anti-social behaviour and violence.

It is necessary to take urgent measures to prevent new layers of youth sinking into the morass of demoralization. The fight for socialism means the fight for culture in its broadest sense, to raise the aspirations of young people, to give them an aim in life that is more than the struggle to survive on a level hardly higher than that of animals. If you treat people like animals, they will behave as animals. If you treat people like human beings, they will react accordingly.

Cuts in education at all levels, the abolition of student grants and the imposition of fees and student loans mean that working class youth are excluded from higher education. Instead of being properly trained to serve the needs of society, and given access to culture, the majority of young people are condemned to a life of drudgery in low-paid unskilled jobs. At the same time private companies are allowed to interfere in education, which is increasingly being treated as a yet another market for making profit.

We demand:

- 1) A decent education for all young people. A massive programme of school building and a genuinely free system of education at all levels.
- 2) The immediate abolition of student fees and the introduction of a living grant to all students who qualify for higher education.
- 3) A guaranteed job for every school-leaver with a living wage.
- 4) An end to the domination and exploitation of education by big business. Drive private enterprise out of education!
- 5) The provision of well-equipped youth clubs, libraries, sports centres, cinemas, swimming pools and other recreational centres for young people.

6) A programme of affordable public housing for students and young couples.

"Practicability"

The crisis of capitalism means that everywhere the bankers and capitalists wish to place the entire burden of the crisis onto the shoulders of the people who can least afford to pay: the workers, the middle class, the unemployed, the old and sick. The argument is constantly repeated that, because there is a crisis, we cannot afford to improve or even maintain living standards.

The argument that there is no money to pay for reforms is a blatant falsehood. There is plenty of money for arms and to pay for the criminal wars of aggression in Iraq and Afghanistan. But there is no money for schools and hospitals. There is plenty of money to subsidize the rich, as we saw with Bush's little gift of \$700 billion to the bankers. But there is no money for pensions, hospitals or schools.

The argument about "practicability" therefore falls to the ground. A given reform is "practical" or not, depending on whether it is in the interests of a given class or not. In the last analysis, whether it is practical (that is to say, whether it will be carried into practice) depends on the class struggle and the real balance of forces. When the ruling class is threatened with losing everything, it will always be prepared to make concessions that it "cannot afford". That was shown in May 1968 in France, when the French ruling class conceded huge increases in wages and important improvements in conditions and hours in order to bring the general strike to an end and get the workers to leave the factories they had occupied.

The onset of crisis may at first produce a shock, but this will soon turn to anger when people realize that they are being asked to pay the price of the crisis. There will be sudden changes in consciousness, which can be transformed in the space of 24 hours. A big movement in just one major country can provoke a rapid change in the whole situation, as happened in 1968. The only reason that

this has not yet happened is because the leadership of the mass workers' organizations is lagging behind events and failing to present a real alternative.

However, there are already signs of a change.

In the recent period there have been general strikes and mass demonstrations all over Europe. In Greece there have been nine general strikes since the right wing New Democracy party took office in 2004. In the first six months of 2008 Belgium witnessed a wave of wildcat strikes reminiscent of the 1970s. The movement spread spontaneously from one sector to another. In March 2008 the Berlin Transport Company (BVG) was paralysed by a long and militant strike of the drivers and the maintenance and administration workers. After years of concessions and backsliding by the unions the workers have said they have had enough. Thousands of students took to the streets in Spain on Wednesday 22nd October to protest against plans to privatise university education and also opposing any plans to make workers pay for the capitalist crisis through cuts in education, health and other public services.

In Italy the students are mobilising. Hundreds of thousands of school and university students, together with teachers, professors and parents are mobilising all over Italy against Berlusconi's attempt to further privatise education. This has led to occupations of schools and universities. The response of the government has been to threaten the use of armed police against the students. On Saturday, October 11, 300,000 workers and youth demonstrated in Rome in a demonstration called by Rifondazione Comunista.

All this shows that the workers will not remain with arms folded while their living standards are destroyed. The stage is set for a big upswing in the class struggle. The workers are not interested in the logic of the profit system. Our duty is to defend the interests of our class, preserve living standards and raise the conditions of the workers to levels that approximate a civilized standard of living. *If there is money for the bankers, then*

there is money to finance the kind of reforms we need to make society a fit place to live in!

Defend democratic rights!

For more than half a century, the workers of Western Europe and North America believed that democracy was fixed for all time. But this is an illusion. Democracy is a very fragile construction, and one that is only possible in rich countries where the ruling class can make certain concessions to the masses in order to mitigate the class struggle. But when conditions change the ruling class in the "democratic" countries can pass over to dictatorship with the same ease as a man passing from one compartment of a train to another.

In conditions of heightened class struggle, the ruling class will begin to move in the direction of reaction. They will complain that there are too many strikes and demonstrations and demand "Order". Recently, Cossiga, who was Christian Democrat Minister of the Interior in Italy in the 1970s, later President of the Republic, and now life Senator, was asked what should be done about students' demonstrations. He answered:

"Let them get on with it for a while. Withdraw the police from the streets and campuses, infiltrate the movement with agents provocateurs who are ready for anything, and leave the demonstrators for about ten days as they devastate shops, burn cars and turn the cities upside down. After that, having gained the support of the population - making sure that the noise of the ambulance sirens is louder than those of the police and carabinieri - the forces of order should ruthlessly attack the students and send them to hospital. Don't arrest them, as the judges will only release them immediately; just beat them up and also the professors who foment the movement."

This is a warning of what we can expect in the coming period of heightened class struggle in Italy and other countries. In the future, because of the weakness of the reformist leaders it is possible that they may succeed in establishing some kind of Bonapartist (military-

police) dictatorship in one European country or another. But under modern conditions such a regime would be very unstable and probably not long lasting.

In the past in Italy, Germany and Spain there was a large peasantry and petty-bourgeoisie, which formed a mass base for reaction. This has disappeared. In the past most students were from rich families and supported the fascists. Now most students are left wing. The social reserves of reaction are quite limited. The fascist organizations are small, although they can be extremely violent, which reflects weakness, not strength. Moreover, after the experience of Hitler, the bourgeoisie has no intention of handing power to the mad dogs. They prefer to base themselves on the "respectable" army officers, using the fascist thugs as auxiliaries.

Already in the recent period democratic rights have come under attack everywhere. Using the excuse of anti-terrorist legislation, the ruling class is introducing new laws to restrict democratic rights. After the 11th September terrorist attacks, Bush rushed through the Homeland Security Act (HSA). The Bush administration is attempting to destroy the basis of democratic regime established by the American Revolution and move towards a form of rule freed from the constraints of law. Similar laws have been passed in Britain and other countries.

We will fight to defend all the democratic rights that have been conquered by the working class in the past. Above all we will defend the right to strike and demonstrate and oppose all legal restrictions on trade unions. Everyone must have the right to join a trade union and combine with other workers to defend his or her rights. Very often the defenders of capitalism contrast socialism with democracy. But the same people who dare to accuse socialists of being anti-democratic and put themselves forward as the defenders of democracy have always been the most ferocious enemies of democracy. They conveniently forget that such democratic rights that we possess today were conquered by the working class in long and bitter struggle

against the rich and powerful who consistently opposed every democratic demand.

The working class is interested in democracy because it provides us with the most favourable conditions for developing the struggle for socialism. But we understand that under capitalism democracy must necessarily have a restricted, one-sided and fictitious character. What use is freedom of the press when all the big newspapers, journals and television companies, meeting halls and theatres are in the hands of the rich? As long as the land, the banks and the big monopolies remain in the hands of a few, all the really important decisions affecting our lives will be taken, not by parliaments and elected governments but behind locked doors in the boards of directors of the banks and big companies. The present crisis has exposed this fact for all to see.

Socialism is democratic or it is nothing. We stand for a genuine democracy in which the people would take the running of industry, society and the state into their own hands. That would be a genuine democracy, as opposed to the caricature we now have, in which anyone can say (more or less) what they want, as long as the most important decisions affecting our lives are taken behind locked doors by small, unelected groups on the boards of directors of the banks and big monopolies.

We demand:

- 1) The immediate abolition of all anti-trade union laws.
- 2) The right of all workers to join a union, strike, picket and demonstrate.
- 3) The right to free speech and assembly.
- 4) No to restrictions of democratic rights under the pretext of so-called anti-terrorist laws!
- 5) The workers' organizations must reject the false idea of "national unity" with capitalist governments and parties under the pretext of the crisis. The latter are responsible for the crisis and want to present the bill to the working class.

Another world is possible - socialism

Some misguided people say that it is the very advances of science that are the problem. They believe we would be happier squatting in mud huts and working from dawn to dusk in backbreaking labour the fields. This is foolishness. The way to attain true freedom to develop the potential of men and women to the full lies precisely in the fullest development of industry, agriculture, science and technology. The problem is that these powerful weapons for human progress are in the hands of individuals who subordinate them to the profit motive, distorting their purpose, limiting their application and holding back their development. It is clear that science would long ago have discovered a cure for cancer or found cheap and clean alternatives to fossil fuels if it had not been chained to the chariot of profit.

Science and technology can only realize their tremendous potential when they are freed from the suffocating embrace of market economics and placed at the service of humanity in a democratic and rational system of production, based on need not profit. This would enable us to reduce the hours of work to a minimum, thus freeing men and women from the slavery of long hours of toil, and enabling them to develop whatever physical, intellectual or spiritual potential they possess. This is humanity's leap "from the kingdom of necessity to the kingdom of freedom."

After the fall of the Soviet Union, the defenders of the old order were jubilant. They spoke of the end of socialism, and even the end of history. They promised us a new era of peace, prosperity and democracy, thanks to the miracles of the free market economy. Now, only fifteen years later, these dreams are reduced to a heap of smoking rubble. Not one stone upon another remains of these illusions. Serious problems require serious measures. It is not possible to cure cancer with an aspirin! What is needed is a real change in society. *The fundamental problem is the system itself.* The economic pundits who argued that Marx was wrong and capitalist crises were things of the past (the "new economic paradigm") have themselves been proved wrong.

The past boom had all the features of the economic cycle Marx described long ago. The process of the concentration of capital has reached staggering proportions. There was an orgy of takeovers and ever increasing monopolization, which has reached unheard of proportions. This did not lead to the development of the productive forces as in the past. Factories were closed as if they were matchboxes and thousands of people were thrown out of work. Now this process will be speeded up, as the number of bankruptcies and closures increases by the day.

What is the meaning of all of this? We are witnessing the painful death agonies of a social system that does not deserve to live, but which refuses to die. That is not surprising. All history shows us that no ruling class ever surrenders its power and privileges without a fight. That is the real explanation of the wars, terrorism, violence and death that are the main features of the epoch in which we live. But we are also witnessing the birth pangs of a new society - a new and just society, a world fit for men and women to live in. Out of these bloody events, in one country after another, a new force is being born - the revolutionary force of the workers, peasants, and youth.

George Bush is drunk with power and imagines that this power is limitless. Unfortunately, there are some on the Left who believe the same thing. But they are wrong. A revolutionary wave is sweeping Latin America. The Venezuelan Revolution was an earthquake that has caused aftershocks throughout the continent: The movement of the masses in Latin America is the final answer to all those who argued that revolution was no longer possible. It is not only possible, it is absolutely necessary, if the world is to be saved from impending disaster.

Millions of people are beginning to react. The massive demonstrations against the Iraq war brought millions onto the streets. That was an indication of the beginnings of an awakening. But the movement lacked a coherent programme to change society. The cynics

and sceptics have had their day. It is time to push them out of our way and carry the fight forward. The new generation is willing to fight for its emancipation. They are looking for a banner, an idea and a programme that can inspire them and lead them to victory. That can only be the struggle for socialism on a world scale. *The choice before the human race is socialism or barbarism.*

For the Socialist United States of Europe!

The productive potential of Europe is tremendous. With a population of 497 millions and a per capita income of \$32,300, it is a formidable power, which potentially could challenge the might of the USA. But this potential can never be realised under capitalism. All the attempts to push forward with the unification of Europe have foundered on the rock of conflicting national interests. The onset of recession will serve to deepen these divisions and place a question mark over the future of the EU itself.

The formation of the European Union was a tacit admission of the fact that it is impossible to solve the problems of the economy within the narrow limits of the national market. But on a capitalist basis, European unity can never be achieved. In a crisis, the contradictions between the capitalists of the different national states come to the fore. The present crisis has exposed the hidden fault lines and revealed the hollowness of all the demagogy about European unity. Despite M. Sarkozy's assurances, relations between European leaders are severely strained, not least between the leaders of France and Germany, the two key countries of the EU.

The German government's unilateral declaration that the country's €1 trillion of private bank deposits would be "guaranteed" caught other EU governments unawares and appeared to trample on the pledge of European co-operation previously given at a Paris mini-summit of the French, British, German and Italian leaders. The German move threatened to draw savings from banks in other countries. The other countries

were furious. But what was the difference between this and the declaration of the Irish government that it would guarantee all the liabilities of its six main banks for two years, or the British government's frequent promise that it would take "all possible measures" to protect savers or M. Sarkozy's pledge that French private savers would not lose "a single euro"?

This move showed the hypocrisy of the European Commission, which is challenging the Irish move, but said later that it saw nothing wrong in Berlin's "promise". What is the difference between Ireland and Germany? It is only that Ireland is small and Germany is big, and moreover controls the purse strings of the EU. Similar guarantees were issued by a succession of other EU governments - including Sweden, Austria, Denmark and Portugal - to prevent savers from fleeing to German (or Irish) banks.

In reality, each national government is trying to put its interests first. The mutual suspicions of EU governments come to the surface as soon as they are confronted with a crisis. Each government must struggle to deal with the panic spreading across the Atlantic through European financial institutions. Washington, with one government and one political system, found it difficult enough to cope with the global credit crisis. The EU has a single currency and single market but 27 governments and no overall system of banking supervision or economic governance.

It is impossible to unite economies that are pulling in different directions and European governments are paying the price for creating a single currency without the institutions or regulatory system to manage a single economy. In the coming period protectionist tendencies will inevitably come to the fore. The attempts of individual governments to attract billions of euros in savings away from other countries are an anticipation of the "beggar-my-neighbour" policies that we can expect as the crisis deepens.

Sylvester Eijffinger, of Tilburg University, a monetary adviser to the

European Parliament, said: "This is a wake-up call. First we had economic integration, then we had monetary integration. But we never developed the parallel political and regulatory integration that would allow us to face a crisis like the one we are facing today." Such are the strains between the nation states that the very existence of the euro might be called into question in the coming period. It is not inconceivable that the EU may break up, or at least emerge with its structures radically altered and the EU reduced to little more than a loose customs union.

The EU is really a capitalist club dominated by the banks and big monopolies of the member states. The new member states of Eastern Europe are used as a pool of cheap labour, with "European" prices and "Eastern" wages. On the other hand, the EU is an imperialist bloc that exploits the former colonies of European countries in Africa, the Middle East, Asia and the Caribbean. There is nothing progressive about it. The only way to achieve the true potential of Europe is by establishing a Socialist Federation, which would integrate the productive forces of Europe in a common plan. This would be combined with the maximum autonomy for all the peoples of Europe, including the Basques, the Catalans, the Scots, the Welsh and all other nationalities and national and linguistic minorities. It would lay the basis for a peaceful and democratic settlement of the national problem in countries such as Ireland and Cyprus. A socialist federation would be formed on a strictly voluntary basis with complete equality for all citizens.

We demand:

- 1) No to the Europe of the bureaucrats, banks and monopolies!
- 2) For the expropriation of the banks and monopolies and the creation of an integrated and democratic socialist plan of production.
- 3) End all discrimination against immigrants, women and youth. Equal pay for work of equal value!
- 4) For the development of links between trade union activists on a European and global scale. For a mili-

tant workers' united front against the big transnationals!

- 5) For the Socialist United States of Europe!

Eastern Europe, Russia and China

The onset of recession in Western Europe is exacerbating the problems of the so-called emerging economies of Eastern Europe, where investors are dumping riskier assets in a flight to safer destinations. The relatively weak economies of Eastern Europe will pay a heavy price for their entanglement in the world capitalist economy. Sharp declines in growth and increases in poverty are anticipated in Russia, the Ukraine and Romania. Despite growth in some areas of Eastern Europe, the growth in per capita GDP for the region as a whole is expected to be zero.

Hungary is preparing for a "recession reality" and expects gross domestic product will shrink next year, according to Prime Minister Ferenc Gyurcsany. The government was expecting GDP growth of 3 percent in 2009 when it first drew up next year's budget. Now it faces deep cuts and rising unemployment. The financial crisis comes only two years after Gyurcsany pushed through tax increases and cuts in public sector jobs and household energy price subsidies to narrow the widest budget deficit in the European Union.

The Hungarian government was compelled to seek an emergency loan facility of 5 billion euros from the European Central Bank. Squeezed by the embrace of the international bankers, Hungary will be forced to cut public spending in order to cut the budget deficit. As always, it will be the workers and farmers who pay the price. The government is proposing freezing salaries and cancelling bonuses for public workers and reducing pensions to cut the budget deficit to 2.6 percent of gross domestic product. And Poland and the other countries of Eastern Europe are only one step behind Hungary.

The peoples of Eastern Europe joined the EU with the idea that they would enjoy the kind of living standards they saw in Germany and France. But these illusions were soon exposed as false. A small minority of people got rich by

plundering the people's property through crooked privatisation deals. But the majority of Poles, Czechs, Slovaks and Hungarians derived no benefit from the return to capitalism. During the boom they were exploited as cheap labour in richer countries. Now Eastern Europe is staring bankruptcy in the face. And economic collapse in Eastern Europe will drag down the economies of Austria and other exposed EU states.

Nowhere in Europe have the consequences of capitalist restoration been so serious as in the Balkans. The break-up of Yugoslavia was a criminal act, which has led to a series of fratricidal wars, terrorism, mass murder and genocide. This monstrous situation has had catastrophic consequences for millions of people who previously enjoyed a good standard of life, peace and full employment. Now many people look back to the old Yugoslavia with longing. Capitalism has brought them nothing but war, misery and suffering.

The situation facing Russia is not much better. The contradiction here is even more glaring than in Eastern Europe. The restoration of capitalism has not benefited the overwhelming majority of citizens of the former Soviet Union. It has created an obscenely rich oligarchy, which is closely linked to criminal elements. But this is a tiny minority. For millions of Russians, the past two decades have meant only misery, hunger, suffering and humiliation. It has meant the collapse of the health and education services, which were free for all citizens in Soviet times, as well as a collapse of culture, general impoverishment and inequality.

For a while, people thought that the worst was over and that the economy was recovering from the deep slump that followed the collapse of the USSR. But now Russia faces the worst financial crisis since the collapse of 1998. The falling price of oil, reflecting the worldwide slump in demand, has pushed the economy into crisis. The previous mood of optimism in Moscow has evaporated after steep falls on the stock exchange, which had to be closed because of the extreme turbulence. Like the fairy tale

about the witch Baba Yaga, Russian capitalism is a hut built upon chicken's legs. The crisis reveals itself in reduced construction volume, redundancies and restrictions on opening new credit lines for private companies.

The crisis has forced the government to follow the same path as Washington and London, spending billions of dollars of public money to bail out private companies. More than \$200 billion have been allocated in loans, tax cuts and other measures. But ordinary Russian citizens will be asking why public money should be used to bail out the oligarchs who have got rich by looting the state in the past period. If private enterprise and the market was supposed to be superior to the nationalized planned economy, why does the private sector now need to be propped up by the state?

The situation is even worse in other former Soviet Republics, such as the Ukraine, where poverty is accompanied by political instability, corruption and chaos. For the peoples of the Caucasus and Central Asia it has been an unmitigated calamity. Georgia, Armenia and Azerbaijan are in a state of constant war, and the masses have to support the heavy burden of military spending. Terrorism is spreading from occupied Chechnya to other Republics. The war in Afghanistan threatens to destabilise not just Pakistan but all Central Asia.

There is an old proverb: "Life teaches". Many people in Russia, the Ukraine and Eastern Europe are saying: we had problems before, but at least we had full employment, a home and free health and education. Now these countries are facing ruin and mass unemployment. The peoples of the Caucasus long for the return of peace and stability. Nobody wants a return to bureaucracy and totalitarian dictatorship. But a genuinely socialist regime, like the regime of workers' democracy established by Lenin and Trotsky after the October Revolution, has nothing in common with the grotesque Stalinist caricature that emerged after Lenin's death.

This was the result of the isolation of the Revolution in conditions of extreme

backwardness. But now, on the basis of the advanced industry, science and technology built up over the last 90 years, the objective conditions have been created for a rapid advance towards socialism. What is required is the establishment of a voluntary Socialist Federation in which the economy would be in the hands of the state, and the state would be under the democratic control of the workers and peasants. But the prior condition for this is the expropriation of the oligarchs, bankers and capitalists.

The world slowdown is having a major impact on the Chinese economy. Chinese economic growth is heavily dependent on exports and at the height of the recent boom the annual rate of growth of exports reached the figure of 38 percent (in the third quarter of 2003). Now the latest quarterly figure has dropped to around 2 percent and with it we have seen also a sharp slowdown in manufacturing orders in the last few months. Serious bourgeois commentators are now discussing whether there will be a "gradual slowdown" or an "abrupt drop" in Chinese production.

Stephen Green, an expert on the Chinese economy at Standard Chartered, has forecast that exports could even fall to "zero or even negative growth" by next year. How tightly linked to the world economy China has become is shown by a recent estimate of JP Morgan Chase that sees Chinese exports falling by 5.7 percent for every one percent fall in global economic growth. This is leading to massive factory closures across China with millions of workers facing unemployment

In 2007 growth stood at 12 percent and in 2008 it has already slowed to 9 percent and could fall further. In the area around Hong Kong more than two million workers could lose their jobs in the next few months. With this comes a bursting of the housing bubble as house prices have come down sharply, leaving many Chinese families with negative equity, i.e. a mortgage that is worth more than the homes they have bought. This is having an impact on the domestic market. The response of the Chinese government has been to come up with

an economic package to stimulate growth.

They need to keep growth above eight percent to maintain some degree of social stability. It is true that China has accumulated huge reserves. But these will not compensate for the loss of foreign markets as the world economy slides further into recession. As a result labour unrest is spreading and there has already been a wave of protests demanding unpaid wages, with road-blocks and pickets of factories. As in Russia and Eastern Europe, so in China, there will be a violent backlash against capitalism. The ideas of Marxism will gain ground, preparing the way for a new and irresistible movement towards socialism.

We demand:

- 1) An end to privatisation and the abandonment of market economics
- 2) Down with the oligarchs and the new rich! For the renationalization of privatised companies without compensation.
- 3) For a workers' democracy!
- 4) Down with bureaucracy and corruption! The trade unions must defend workers' interests!
- 5) The Communist Parties must stand for Communist policies! For a return to the programme of Marx and Lenin!
- 6) For the reintroduction of the state monopoly of foreign trade!

The crisis of the "Third World"

The present crisis will undoubtedly hit the poor countries of Africa, the Middle East, Asia and Latin America hardest. Even in the boom the overwhelming majority derived little or no benefit. There has been an extreme polarization between rich and poor in all countries. Two percent of the population of the globe now has more than half the world's wealth. 1.2 billion men, women and children live in conditions of absolute poverty. Eight million die of poverty every year. This was the best that capitalism had to offer. What will happen now?

In addition to the collapse of exports, which will hit all commodities (except

gold and silver), including oil, they face the rising cost of food, which is largely a result of speculation. A recent report of the Banco Interamericano warned that the rising cost of food will push 26 million people in Latin America into absolute poverty. The President of the World Bank, Robert Zoellick has warned that the world's poorest face the "triple jeopardy" of food, fuel and finance: "The poorest cannot be asked to pay the highest price. We estimate that 44 million additional people will suffer from malnutrition this year as a result of high food prices. We cannot let a financial crisis become a human crisis." These are fine words, but as the old English proverb goes, fine words butter no parsnips.

World poverty and hunger will increase as a result of the global financial crisis and the free market "structural adjustment" measures dictated by the International Monetary Fund. This is the inescapable conclusion of the latest report on global poverty issued by the World Bank. The Bank found that the number of people forced to live on less than \$1 a day was increasing and could reach 1.5 billion by the end of this year. About 200 million people have fallen into abject poverty since the last estimate in 1993. In the Middle East and North Africa, per capita GDP growth was expected to be negative. Summing up the situation, World Bank Director of Poverty Reduction and Economic Management, Michael Walton said: "The global picture that emerges at the end of the 1990s is one of stalled progress as a result of the East Asian crisis, rising numbers of poor people in India, continued rises in Sub-Saharan Africa, and a sharp worsening in Europe and Central Asia."

In Indonesia alone, the proportion of people forced to live on less than \$1 per day increased from 11 percent in 1997 to 19.9 percent in 1998, implying an increase of 20 million in the ranks of the "newly poor" - equivalent to a medium-sized nation such as Australia. In South Korea, the incidence of urban poverty went from 8.6 percent in 1997 to 19.2 percent in 2007. The number of people below the \$1 per day level in

India had increased to 340 million, from an estimated 300 million in the late 1980s. Recent data on the stagnation in rural wages suggested a further increase in poverty rates in that country. And this was with a booming economy with rates of growth near 10 percent on a yearly basis. Official figures estimate that the economic growth is already coming to a halt. In August 2008 industrial growth was 1.3 percent on a yearly basis, a miserable output compared to the previous year's growth of over 10 percent.

The IMF demands that poor countries open their markets for the penetration of international capital. It demands cuts in government spending, the elimination of subsidies on food and other items of popular consumption and the privatisation of government-owned enterprises. The stated objective is fostering "sustainable economic growth." In reality it means the destruction of their national industries and agriculture and a sharp increase in unemployment and poverty.

A recent study found there was a net transfer of payments of more than \$1 billion from African governments to the IMF in 1997 and 1998. However, despite these increased repayments, total African debt continued to increase, rising by 3 per cent. While African countries urgently need to increase spending on health care, education, and sanitation, IMF structural adjustment measures have forced them to cut such spending with per capita spending on education actually declining between 1986 and 1996.

The catastrophe of the "Third World" is man-made. There is nothing automatic about it. In fact, there is no need for anybody to starve in the first decade of the 21st century. The money that has been given to the banks could have solved the problem of world hunger, saving millions of lives. In June 2008 the World Food Organization asked for \$30 billion to stimulate agriculture and prevent future food shortages. It only received seven and a half billion, payable in four years, which works out at about \$1.8 billion a year. This is the equivalent of two dollars a day for every starving person.

It is customary in the West to pose the "solution" of the problems of these countries in terms of aid. The "rich" countries are urged to give more money to the "poor" countries. But in the first place, the niggardly amounts of so-called aid represent only a miniscule part of the wealth that is being plundered from Asia, Africa, the Middle East and Latin America. Secondly, this aid is frequently linked to the trading, military or diplomatic interests of the donor countries, and therefore represents a means of increasing the subordination of the former colonial nations to their former masters.

In any case, it is unacceptable that countries with vast resources are reduced to seeking charity like beggars scrambling for crumbs from the rich man's table. The prior condition is to break the domination of imperialism and overthrow the rule of the corrupt local rulers who are no more than the local office boys of imperialism and the big transnational companies. Neither aid nor charity but only a fundamental change in society is the answer to global poverty.

In many countries the working class, after years of despondency and exhaustion, is taking the road of struggle. The struggle of the Palestinian people against Israeli oppression continues. But it is the powerful working class in countries like South Africa, Nigeria and Egypt that holds the key to the future. In Egypt we have witnessed a wave of strikes and factory occupations against privatisation and in defence of jobs, including the victorious strike with factory occupation of more than 20,000 workers at the Mahalla textile complex. The Iranian workers are also on the move. There has been a major strike wave, involving many sections of the working class: bus workers, shipyards, textiles railways, the Haft-Tapeh sugar works, oil and other sections. These strikes may begin with economic demands, but given the nature of the regime they will inevitably take on an increasingly political and revolutionary character.

In Nigeria, the workers have staged a series of general strikes (8 in the last 8 years!), paralysing the country and pos-

ing the question of power, only to be let down by the trade union leaders once and again. In South Africa too, the powerful workers' movement has organised general strike after general strike, more recently in June 2007 and August 2008. We have seen impressive movements of the workers in Morocco, Jordan, and Lebanon and also in Israel, that bastion of reaction in the Middle East. There have also been mass movements of the workers and peasants in Pakistan, India, Bangladesh and Nepal, where they led to the overthrow of the monarchy. Latin America is in the throes of a revolutionary movement from Tierra del Fuego to the Rio Grande with Venezuela in the vanguard. The appeals of Hugo Chávez for socialism have not fallen on deaf ears. The idea of socialism is back on the agenda. In Bolivia and Ecuador the movement of the masses against capitalism and imperialism is advancing despite the ferocious resistance of the oligarchies backed by Washington. It is necessary to place on the agenda the fight for working class policies, for proletarian international solidarity and the struggle for socialism as the only lasting solution for the problems of the masses

We demand:

- 1) An immediate cancellation of all Third World debts.
- 2) Down with landlordism and capitalism!
- 3) For the expropriation of the property of the big landowners and an agrarian reform. Wherever possible, large estates should be run on collective lines, using modern methods of agriculture to boost production.
- 4) Freedom from imperialist domination! Nationalise the property of the big transnationals.
- 5) For a crash programme to abolish illiteracy and create a skilled and educated workforce.
- 6) For a free and comprehensive health service for all.
- 7) Down with the oppression of women! Full legal, social and economic equality for women!
- 8) Down with corruption and oppression! For full democratic rights and the overthrow of the local office boys of

imperialism.

Down with imperialism!

The most striking aspect of the present situation is the chaos and turbulence that has gripped the entire planet. There is instability at all levels: economic, social, political, diplomatic and military. Everywhere there is war or the threat of war: the invasion of Afghanistan was followed by the even bloodier and more criminal occupation of Iraq. There have been wars everywhere: in the Balkans, in Lebanon and Gaza, the war in Darfur, in Somalia, in Uganda. In the Congo some 5,000,000 have been slaughtered in the past few years and the UN and the so-called international community did not lift a finger.

Conscious of its enormous power, Washington replaces "normal" diplomacy with the most shameless bullying. Its message is brutally clear: "do as we say or we will bomb you and invade you". The former President of Pakistan, General Pervez Musharraf, revealed that soon after the terror attacks of 11 September 2001 the United States threatened to bomb his country "back into the Stone Age" if he did not offer its co-operation in fighting terrorism and the Taliban. Now Musharraf has gone and the US air force is actually bombing Pakistan territory.

US imperialism invaded Iraq under the false pretext that it possessed weapons of mass destruction. They argued that Saddam Hussein was a brutal dictator who murdered and tortured his own people. Now the UN is forced to admit that in occupied Iraq mass murder and torture are endemic. According to a recent opinion poll, 70 percent of Iraqis think life is worse than under Saddam.

The "war on terrorism" has led to more terrorism on a world scale than ever before. Everywhere they set foot, the US imperialists cause the most terrible destruction and suffering. The appalling scenes of death and destruction in Iraq and Afghanistan recall the words of the Roman historian Tacitus: "And when they have created a wilderness they call it Peace". But compared to the might of

US imperialism, the power of the Roman Empire was child's play. Not content with the rape of Iraq, Washington threatens Syria and Iran. It has brought about the destabilization of Central Asia. It constantly attempts to overthrow the democratically elected government of Venezuela and assassinate President Chavez. It is plotting to reduce Cuba once more to the status of a semi-colony and organizes terrorist acts against it.

Most people turn away from these barbarities in disgust. It seems that the world has suddenly gone mad. However, such a response is useless and counter-productive. The present situation that confronts the human race cannot be explained as an expression of madness or the inherent wickedness of men and women. The great philosopher Spinoza once said: "neither weep nor laugh, but understand!" That is very sound advice, for if we are not able to understand the world we live in, we will never be able to change it. History is not meaningless. It can be explained and Marxism provides a scientific explanation.

It is pointless to approach war from a sentimental point of view. Clausewitz pointed out long ago that *war is the continuation of politics by other means*. This bloody mess reflects *something*. It is a reflection of the insoluble contradictions that face imperialism on a world scale. They are the convulsions of a socio-economic system that finds itself in an impasse. We have seen similar situations before in world history, as in the long decline of the Roman Empire or the period of the waning of feudalism. The present global instability is only a reflection of the fact that the capitalist system has exhausted its historical potential and is no longer able to develop the productive forces as it did in the past.

Senile capitalism, besieged with insoluble contradictions on all sides, finds its counterpart in the most brutal imperialism the world has ever seen. The galloping arms race is consuming an ever-growing portion of the wealth created by the working class. The USA, which is now the world's only superpower, every

year spends approximately 600 billion dollars on arms. It accounts for almost 40 percent of total world military expenditure. By contrast, Britain, France and Germany represent about five percent each, while Russia, incredibly, only accounts for about six percent. This situation represents a threat to the future of humanity.

The enormous sums spent on arms would, on their own, be enough to solve the problem of world poverty. According to one estimate the total cost of the war in Iraq alone will have cost the USA \$3 trillion. Everyone knows that this is madness. But disarmament can only be achieved through a fundamental change in society. The liquidation of imperialism can only be achieved by liquidating capitalism and the rule of the banks and monopolies, establishing a rational world order, based on the requirements of people, not the voracious struggle for markets, raw materials and spheres of influence, which is the real cause of war.

We demand:

- 1) Opposition to the reactionary wars waged by imperialism.
- 2) Immediate withdrawal of all foreign troops from Iraq and Afghanistan.
- 3) A drastic cut in wasteful arms expenditure and a massive increase in social spending.
- 4) Full civil rights for soldiers, including the right to join trade unions and the right to strike.
- 5) Defend Venezuela, Cuba and Bolivia against the aggressive plans of Washington!
- 6) Against racism! Defend the rights of all oppressed and exploited people! For the unity of all workers, irrespective of colour, race, nationality or religion.
- 7) For proletarian internationalism! Workers of the world unite!

For a socialist world!

The market cannot be planned or regulated. It does not respond to the measures taken by national governments. The President of the World Bank came close to admitting this when he said: "The G7 is not working. We need a better group

for a better time". But better times are not in sight. The IMF cannot possibly underwrite the whole world. And the crisis, which is now staring us in the face, is worldwide. No country can escape. The crisis is global and it demands a global solution. This can only be supplied by socialism.

In the Middle Ages production was limited to the local market. Even to move goods from one town to another involved paying tolls, taxes and other duties. Overthrowing these feudal restrictions and establishing the national market and the nation state was the prior condition for the development of modern capitalism. In the 21st century, however, the nation states and the national market are too narrow to contain the fabulous development of industry, agriculture, science and technology. Out of a collection of national economies sprang the world market. Karl Marx already foresaw this in a brilliant prediction in *The Communist Manifesto* over 150 years ago. The crushing domination of the world market is now the most important feature of the modern epoch.

In its early days capitalism played a progressive role in sweeping away the old feudal barriers and restrictions and creating the national market. Later, the expansion of capitalism created a world market, and the domination of the world market is the most important feature of the modern epoch. The advent of globalisation is an expression of the fact that the growth of the productive forces has outstripped the narrow limits of the nation state. However, globalisation does not abolish the contradictions of capitalism. It only reproduces them on a far vaster scale. For a time, capitalism succeeded in overcoming its contradictions by increasing world trade (globalisation). For the first time in history, the entire world has been drawn into the world market. The capitalists found new markets and avenues of investment in China and other countries. But this has now reached its limits.

The present crisis is, in the last analysis, an expression of the revolt of the productive forces against the straitjackets of

private property and the nation state. The present crisis is global in character. *Globalisation reveals itself as a global crisis of capitalism.* It is impossible to solve it on a national basis. All the experts agree that the problems facing the planet cannot be solved on a national basis. The problem of world hunger has been greatly exacerbated by the production of eco-fuels in the USA. This is in the interests of the big agro-businesses, but no one else. Only a global planned economy can put a stop to this madness.

In its insatiable greed for profit, the capitalist system placed the whole planet in danger. An economic system that ravages the planet in search of loot, that destroys the environment, tears down the rain forests, poisons the air we breathe, the water we drink and the food we eat is not fit to survive. The roads in our great cities are clogged with private vehicles. Traffic congestion that meant people spent 7 billion hours and wasted 5 billion gallons of fuel in traffic jams in 2003 alone. The lack of planning is leading to the collapse of the transportation infrastructure and the deterioration of the environment caused by the emission of greenhouse gases and air pollution, 60-70 percent of which is caused by vehicles.

We leave aside the tremendous human cost of this lunacy: the accidents, the people killed and maimed on the roads, the unbearable stress, the inhuman conditions, the noise and the chaos. The loss of productivity is colossal. Yet all this could be solved easily by an integrated system of good quality free or nearly free public transport. Air, road, rail and river transport should be publicly owned and rationally integrated to serve human needs.

The continuation of capitalism is not only a threat to jobs and living standards. It is a threat to the future of the planet and life on earth.

Is it utopian?

Through increased participation in world markets, the bankers and capitalists achieved fabulous super-profits in the last period. But now this process has

reached its limits. All the factors that served to push the world economy upwards in the last period are now combining to push it downwards. Demand, which was artificially expanded by low rates of interest in the last period, has now sharply contracted. The severity of the "correction" reflects the exaggerated confidence and "irrational exuberance" of the previous period.

Just as in the period of feudal decline the old barriers, toll roads, local taxes and currencies became intolerable obstacles for the development of the productive forces, so the present nation states with their national frontiers, passports, import controls, immigration restrictions and protective tariffs have become barriers that impede the free movement of goods and people. The free development of the productive forces - the only real guarantee for the development of human civilization and culture - demands the abolition of all frontiers and the establishment of a worldwide commonwealth.

Such a development will only be possible under socialism. The prior condition is the abolition of private property of the key points of the economy: the common ownership of the land, banks and major industries. A common plan of production is the only way to mobilize the colossal potential of industry, agriculture, science and technique. This would mean an economic system based on production for the needs of the many, not the profits of the few.

A socialist Europe, a socialist federation of Latin America, or of the Middle East, would open up tremendous new vistas for human development. The ultimate goal is Socialist World Federation, in which the resources of the entire planet would be harnessed for the benefit of all humankind. Wars, unemployment, hunger and privation would become only bad memories of the past, like some half-forgotten nightmare.

Some will say this is utopian, which is to say, something that cannot be realised. But if we had explained to a medieval peasant the perspective of a world economy with computers and space travel, he

would have reacted in exactly the same way. And when one thinks of it, is it really so difficult? The potential of the productive forces is such that all the problems that torment the human race - poverty, homelessness, hunger, disease and illiteracy - could easily be solved. The resources are present. What is needed is a rational economic system that can put them to work.

The objective conditions for socialism are already in existence. Is this really utopian? Only the most narrow-minded sceptics, without knowledge of history or vision of the future, would say so. The question that must be asked is this: in the first decade of the 21st century, is it acceptable that the lives, jobs and homes of everyone in the world should be determined in the same manner as a gambler's throw in a casino? Do we really believe that humanity can devise no better system than the blind play of market forces?

The defenders of the so-called free market can produce no rational argument that could justify such a preposterous supposition. Instead of logical argument they merely assert that this is a natural and inevitable state of affairs, and anyway there is no alternative. This is not a coherent argument but only a blind prejudice. They hope that by constantly repeating the same mantra, eventually people will believe it. But life itself has exposed the lie that "the free market economy works." Our own experience and the evidence of our eyes tell us that it does not work, that it is a wasteful, chaotic, barbarous and irrational system that blasts the lives of millions for the profit of a few.

The capitalist system stands condemned because it is not even capable of feeding the population of the world. Its further continuation threatens the future of civilization and culture, and even threatens the continuation of life itself. The capitalist system must die in order that the human race may live. In the future socialist society, free men and women will look back on our present world with the same sense of disbelief as we do when we contemplate the world of the cannibals. And to the cannibals a world

in which men and women did not eat each other also seemed utopian.

The crisis of leadership

In 1938 Leon Trotsky wrote: "All talk to the effect that historical conditions have not yet ripened for socialism is the product of ignorance or conscious deception. The objective prerequisites for the proletarian revolution have not only 'ripened'; they have begun to get somewhat rotten. Without a socialist revolution, in the next historical period at that, a catastrophe threatens the whole culture of mankind. The turn is now to the proletariat, i.e., chiefly to its revolutionary vanguard. The historical crisis of mankind is reduced to the crisis of the revolutionary leadership."

The working class long ago established parties to defend its interests and change society. Some are called Socialist, others Labour, Communist or Left. But none of them defend a communist or socialist policy. The long period of capitalist upswing after the Second World War set the final stamp on the bureaucratic and reformist degeneration of the mass organizations of the proletariat. The leaders of the trade unions as well as the socialist and communist parties have come under the pressure of the bourgeoisie and most of them have long ago abandoned all pretence of standing for a change in society.

The leaders of the traditional workers parties, the Social Democrats and the Labour Party are completely enmeshed with the capitalists and their state. Against their wishes, they were compelled to nationalize the banks, but they have done so in a way that amounts to a huge subsidy to the bankers and does not benefit the population at all. We demand the nationalization of the entire banking and financial sector, with minimum compensation on the basis of proven need only.

The leaders of the former Communist Parties in Russia, Eastern Europe and many other countries have completely abandoned the revolutionary programme of Marx and Lenin. We are faced with the glaring contradiction that

precisely at a moment when capitalism is in crisis everywhere, and when millions of men and women are looking for a fundamental change in society, the leaders of the mass organizations cling every more tenaciously to the existing order. As Trotsky pointed out long ago: *the world political situation as a whole is chiefly characterized by a historical crisis of the leadership of the proletariat.*

It is impermissible for leaders who speak in the name of socialism and the working class, or even "democracy", to preside over huge bailouts to private banks, which signifies a big increase in the public debt that will be paid for by years of cuts and austerity. This is done in the name of "the general interest", but is in reality a measure in the interest of the rich and against the interest of the majority. But this situation cannot last.

There is no alternative for the working class outside the Labour and trade union movement. Under conditions of capitalist crisis the mass organizations will be shaken from top to bottom. Beginning with the trade unions, the right wing leaders will come under pressure from the rank and file. They will either bend to the pressure and begin to reflect the pressure from below, or else they will be pushed out and replaced with people who are more in touch with the views and aspirations of the workers. Our task is to carry the ideas of Marxism into the Labour Movement and win the working class to the ideas of scientific socialism. Over 150 years ago, Marx and Engels proclaimed in the Communist Manifesto:

"In what relation do the Communists stand to the proletarians as a whole?"

"The Communists do not form a separate party opposed to the other working-class parties.

"They have no interests separate and apart from those of the proletariat as a whole.

"They do not set up any sectarian principles of their own, by which to shape and mould the proletarian movement.

"The Communists are distinguished from the other working-class parties by this only: 1. In the national struggles of the proletarians of the different coun-

tries, they point out and bring to the front the common interests of the entire proletariat, independently of all nationality. 2. In the various stages of development which the struggle of the working class against the bourgeoisie has to pass through, they always and everywhere represent the interests of the movement as a whole.

"The Communists, therefore, are on the one hand, practically, the most advanced and resolute section of the working-class parties of every country, that section which pushes forward all others; on the other hand, theoretically, they have over the great mass of the proletariat the advantage of clearly understanding the line of march, the conditions, and the ultimate general results of the proletarian movement."

The Marxists understand the role of the mass organizations. We do not confuse the leadership with the mass of workers who stand behind them. An abyss separates the opportunists and careerists in the leadership from the class that votes for them. The developing crisis will expose this abyss and widen it to breaking point. However, the working class clings to the mass organizations, despite the policies of the leaders, because there is no alternative. The working class does not understand small organizations. All the attempts of the sects to create "mass revolutionary parties" outside the mass organizations have failed miserably and are destined to fail in the future.

We will fight against the bankrupt policies and confront the old leadership. We demand that they break with the bankers and capitalists and carry out policies in the interest of the workers and the middle class. In 1917 Lenin and the Bolsheviks told the Menshevik and SR leaders: "Break with the bourgeoisie, take the power!" But the Mensheviks and Social Revolutionaries obstinately refused to take power. They clung to the bourgeoisie and thus prepared the victory of the Bolsheviks. In the same way, we call upon those parties and organizations that base themselves on the workers and speak in their name, to break politically from the bourgeoisie and fight for a socialist government with a socialist programme.

We will give critical support to the mass worker's parties against the parties of the bankers and capitalists. But we demand that they carry out policies in the interests of the working class. There is no way that the fall will be detained by palliative measures taken by governments and central bankers. Partial measures will not provide a way out. The problem is that the leaderships of the mass workers' organizations in all countries have no perspective of a fundamental change in society. But that is precisely what is necessary.

Social being determines consciousness. The working class in general learns from experience, and the experience of capitalist crisis means that it is learning fast. We will help the workers to draw the necessary conclusions, not by shrill denunciations but by patient explanation and systematic work in the mass organizations. People are asking questions and looking for answers. The task of the Marxists is only to make conscious the unconscious or semi-conscious desire of the working class to change society.

- 1) Against sectarianism!
- 2) Face to the mass organizations of the working class
- 3) Fight for the transformation of the unions!
- 4) Fight for a Marxist programme!

Help us build the IMT!

It is not enough to lament the situation the world finds itself in. It is necessary to act! Those who say: "I am not interested in politics" should have been born at another time. Today, it is not possible to escape from politics. Just try it! You may run to your home, lock the door, and hide under the bed. But politics will come to your house and knock on the door. Politics affects every aspect of our lives. The problem is that many people identify politics with the existing political parties and their leaders. They take one look at the scenes in the parliament, the careerism, the empty speeches, the broken promises and are alienated.

The anarchists draw the conclusion that we do not need a party. This is a mistake. If my house is falling down, I do

not conclude that I must sleep in the street but that I must begin urgently to repair the house. If I am dissatisfied with the present leadership of the trade unions and the worker's parties, I must fight for an alternative leadership, with a programme and a policy that is adequate to my needs.

The International Marxist Tendency is fighting for socialism in forty countries in five continents. We stand firmly on the foundations of Marxism. We defend the basic ideas, principles, policies and traditions worked out by Marx, Engels, Lenin and Trotsky. At present our voice is still weak. For a long time the Marxists were compelled to swim against the stream. The International Marxist Tendency has proved its ability to stand firm in adverse conditions. But now we are swimming with the tide of history. All our perspectives have been confirmed by the march of events. This gives us an unshakable confidence in the ideas and methods of Marxism, the working class and the socialist future of humankind.

Starting with the most advanced workers and youth, our voice will reach the mass of the workers in every factory, trade union branch, shop stewards committee, every school and college, every worker's district. To carry out this work we need your help. We need people to write articles, sell papers, raise money, and carry on work in the trade union and Labour movement. In the struggle for socialism, no contribution is too small and everybody can play a part. We want you to play your part too. Do not think: "I can make no difference". Together, once we are organized, we can make a fundamental difference.

The working class holds in its hands a colossal power. Without the permission of the workers, not a light bulb shines, not a wheel turns, not a telephone rings. The problem is that the workers do not realise they have this power. Our task is to make them aware of it. We will fight for every reform, every advance no matter how small, because only through the struggle for advance under capitalism will the workers acquire the necessary confidence in their strength to change

society.

Everywhere the mood of the masses is changing. In Latin America there is a revolutionary ferment, which will intensify and spread to other continents. In Britain, the USA and other industrialized nations many people who previously did not question the existing social order are now asking questions. Ideas that previously were listened to by small numbers will find an echo among a far broader public. The ground is being prepared for an unprecedented upsurge of the class struggle on a world scale.

When the USSR collapsed, we were told

that history had ended. On the contrary, history has not yet begun. In the space of just 20 years capitalism has shown itself to be utterly bankrupt. It is necessary to fight for a socialist alternative! Our aim is to bring about a fundamental change in society and fight for socialism nationally and internationally. We are fighting for the most important cause: the emancipation of the working class and the establishment of a new and higher form of human society. That is the only really worthwhile cause in the first decade of the 21st century.

Join us!

Join us in the fight for socialism!

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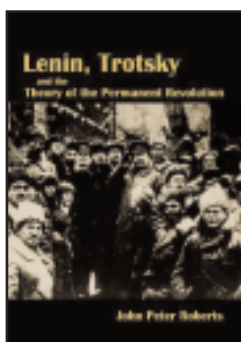
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