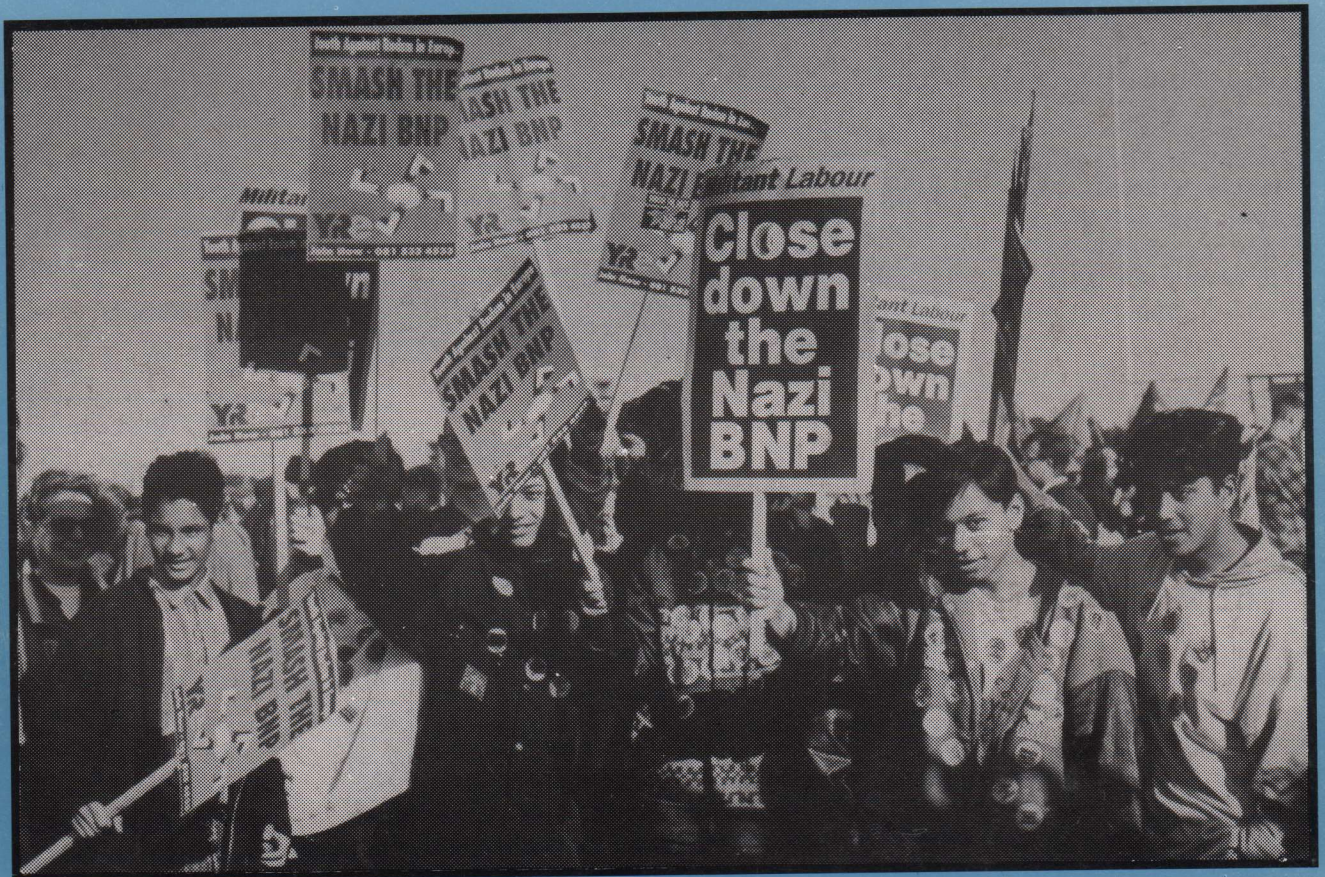


MIR



Tory Britain and the fightback

The Timex story ●
After Yeltsin's coup ●
Northern Ireland ●

Militant International Review

MIR

Issue 54, November/December 1993

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How will the fightback develop?

The BNP win the Millwall by-election, yet 50,000 march on October 16. What is the real situation in Britain today?

“IT BAFFLES ME”, said Nick Ross, presenter of the special BBC TV programme *After Millwall*, “why, if as you say the Isle of Dogs was a protest vote, Labour didn’t win the seat”. In fact, Labour’s vote fell from 45% in the 1990 local elections to 34% in the by-election. “I’m baffled too”, was all Keith Vaz MP, Labour’s inner-city spokesperson, could reply.

Yet there is no mystery in the Millwall result. At root it was a symptom of the despair that is accumulating, particularly in the inner-city areas, as the consequences of the growing crisis of British capitalism bear down on the working class - while no alternative is offered by the Labour Party leaders.

The Isle of Dogs is ‘unique’ in that, in some respects, it represents a concentrated microcosm of the results of the 1980s boom. With billions of pounds of public and private investment in the London Docklands Development Corporation (LDDC) ‘Enterprise Zone’ there could not but be some economic ‘development’ in the area. But its results have been to accentuate class divisions.

The net effect of the LDDC on jobs has been

to increase local unemployment as many Island firms closed down. The service companies that have moved into the new office developments have employed only a handful of local workers, instead transferring existing staff from their previous premises to Docklands, with its business rate concessions.

The LDDC, controlling the bulk of potential housing development land on the Island, pursued a policy of ‘social engineering’, with 3,000 homes built in private developments and luxury housing projects beyond the reach of local people.

But Millwall was also the consequence of another important national trend in British society, the march to the right of the Labour Party. The media featured the racist propaganda of the Liberals. But more significant is that Tower Hamlets, after a local purge in the early 1990s, is an example of the Kinnock/Smith ‘new model Labour Party’.

Labour’s by-election campaign was launched in the local press as signalling ‘the end of the loony left’. Labour’s ‘new look local team’, introduced by deputy leader Margaret Beckett MP at a £20-a-head dinner on the Lady Gwynfred barge,

far from answering racist lies, repeated them. No other answer was offered to the housing shortage, cuts in services and poor facilities on the Island.

Nonetheless, the BNP victory in one council seat does not mean that we are at the beginning of a dramatic growth in support for fascism. The by-election result is a serious warning for the future to the working class, and an immediate threat to the black and Asian community and socialist activists in Tower Hamlets and certain other areas. But the response to the BNP victory, above all the magnificent mobilisation of 50,000 for the October 16 YRE/ANL Unity demonstration, indicates the limits to the growth of racism, and fascism in particular, at this stage. On the contrary, by alerting millions of working class people to the danger of fascism, we are at the beginning of an awakening of a new generation of fighters.

This is indicated in the fear displayed by the ruling class at the reaction to the BNP victory, particularly its effect on the consciousness of black and Asian youth. This explains the moves by the police and the courts when they arrested BNP members on their way to Brick Lane and held the BNP national organiser in custody for four weeks.

It also, on the other hand, explains the attempts by the police and media to undermine the turnout on the October 16 Unity demonstration, by threatening the demonstration organisers, by creating the idea prior to the event that 'violence was inevitable', and by their provocative tactics on the day and the vilification of the event afterwards. Another aspect of this effort was the promotion of the so-called 'Anti-Racist Alliance' demonstration in central London, also on October 16. Unprecedentedly, a march that was announced on the day on LBC radio as being, on police estimates, 1,000 strong, became 5,000 strong on Sunday 17 October and 10,000 strong on Monday! Despite this 'broad-base' of backers, from the BBC to the TUC, even on the best estimate it was dwarfed by the 'unofficial' YRE/ANL demonstration.

Fundamentally, the organised working class is still far too powerful to let fascism come to power. The social weight of the working class in Britain remains unbroken. So what then are the medium-term perspectives, economically, politically and socially, for Britain? How will events unfold?

AN ANALYSIS of the development of world and British capitalism shows that any economic recovery will be feeble and possibly very short-lived. In any case, after a recession or a small slump such as we experienced in 1991-92 (at least in the Anglo-Saxon countries), a certain recovery is inevitable at a certain stage. The question is, a recovery from what and to what? The car industry, for instance, has experienced a growth in production but will find it difficult to sustain this with the contraction of European markets. Manufacturing industry increased in the first quarter of this year, but hardly made up

for the 207,000 contraction in manufacturing employment in the last 12 months.

Moreover, in a little over a decade, the number of workers employed in the key manufacturing sector has dropped from 8m to 4.2m today. The rise of general investment, always a key barometer of the capitalists' own expectations for growth, is put at a miserly 0.6% this year. Manufacturing investment will be 11% below the level of 1990, which in turn was not much higher than a decade before.

It is true that during the summer the CBI claimed that the economy could grow by 3%. But it is more likely that any recovery in Britain will be weak and could even be snuffed out by the continued downturn in the European economies alongside the economic contraction which is taking place in Japan. Economic analysts there have slashed forecasts for growth this year from 1.5%-3.2% to 0.3%-1.5%. A similar downgrading of expectations for the US economy is also taking place.

The by-election result is a serious warning for the future.

It is now clear that the economic scenario confronting world and British capitalism is of a drawn-out world depression - rather than the rosy economic, political and social scenario charted out by the soothsayers of capitalism. One thing is absolutely clear, there will be no return to the 1980s, let alone the long boom of 1950-75. This is clearly shown by the levels of unemployment which any 'recovery' is unlikely to make a dent in.

Alongside of this is the almost Third World-like conditions which exist for millions of workers in Britain. The number of poor has risen from one in ten of the population just over a decade ago to a huge one-quarter of the population today. Through attacks on welfare benefits and the drive to lower wages, this army of poor people will increase, stoking up class antagonisms which will break out into open confrontation between the classes at a certain stage.

Moreover, in the future, so long as capitalism continues to exist, even today's conditions will appear almost like a 'Golden Age'. The capitalists are clearly preparing a worldwide offensive against the rights and conditions of the working class built up in the post-1945 situation, against the very concept of the 'welfare state'. This will take a particularly acute and vicious form in Britain, precisely because of the devastating weakness of British capitalism.

A foretaste of what is to come was given by right-wing Tory cabinet ministers before and during the Tory Party conference. Lilley, the unrecon-



Nurses march for the miners, October 1992.

structed voice of Thatcherism, along with Redwood, the Welsh Minister, called for public expenditure to be cut to the bone. He is conducting a war against the so-called 'something for nothing society'.

However, these measures are being proposed with enormous trepidation by the Tory cabinet. They have already been given a bloody nose in the Newbury and then the Christchurch by-election, the worst result for the Tory Party since 1945, amongst other reasons because of the proposed increases in VAT on domestic fuel - a measure yet to be implemented!

Yet it is not only the poor, the old, the sick and the most vulnerable, such as the unemployed, who are coming under attack. The government, on behalf of the British bourgeois, has continued its offensive against employed workers. The government represents the collective will of the bourgeoisie to squeeze living standards as a means of increasing the surplus accruing to the capitalists, ie, to boost profitability at the beginning of what they believe to be a new cyclical upturn.

A whole battery of measures has been implemented to further the interests of the bosses. The abolition of wage councils, which directly affects 2.6m workers, will lead to big reductions in hourly rates. Health and safety regulations are being swept away.

The stoked-up anger, bitterness and opposition to the government and the employers has reached explosive proportions. Major is lower in the polls than any other Tory leader since records began, lower even than the hated Thatcher at the height

of the anti-poll tax battle.

Moreover, the government is riven with divisions with the outline of a split already present within the cabinet and the Tory Party. The vicious attacks on Major from erstwhile former 'colleagues', with the usual parliamentary politeness abandoned, reflects the profound character of the crisis afflicting the Tory Party, potentially the worst in the whole of its history.

NONETHELESS IT IS a feature of the period that this latent mass opposition to the Tories has not yet been translated into mass movements or, when it has, such as in last year's movement around the miners or in the recent Timex dispute, it has been thwarted by right-wing Labour and trade union leaders.

In addition, there is clear evidence that, amongst an older layer in particular, there has been a growth of racist feelings. This is a symptom of despair at the lack of alternative offered to deal with the problems which beset the working class. This trend was apparent even before the Millwall by-election and the opinion poll which followed, showing 36% in favour of enforced repatriation. Nonetheless, as the brilliant response to the October 16 demonstration showed, we should not exaggerate this. There is an even greater anti-racist mood, amongst the youth in particular.

Yet, when huge opposition develops to government measures, such as the attacks on the NHS, it is sometimes tinged with certain racist feelings: 'The government is wrong, but let's face it, there are too many people coming into the country'. Add to this the television scenes of Nazi and racist attacks in Germany and elsewhere in Europe, the barbarism of Bosnia played out nightly on TV screens, etc, and it is possible to paint a very pessimistic picture from which equally pessimistic conclusions can be drawn.

*The capitalists are
preparing a worldwide
offensive against the idea
of the 'welfare state'.*

The reasoning can be thus: yes, we have a deep economic and social crisis, which even provokes movements of the working class, but these have either been defeated or sometimes take a reactionary form. After all, in East Germany, did not mass unemployment and deprivation lead to a movement not to the left but to the right? This at least is the impression which is given by the media.

Marxists do not close their eyes to the realities which exist under capitalism. Nor do we paint a romantic or idealised picture of the present state of consciousness of the working class. We

recognise the manifestations of certain backward features within the proletariat. These features do exist, but they are by no means predominant. Nor will they stop mass radicalised movements of the working class developing at a certain stage. On the contrary, the growth of the racist and fascist groups has already stirred the proletariat into life. Rather than a decisive shift to the right, the period opening up will see a new radicalisation, with the formation of new combative layers of the working class.

Consciousness lags behind the objective development of events.

Undoubtedly, the present conjuncture, both in Britain and throughout the capitalist world, is still powerfully influenced by the political consequences of the collapse of Stalinism. Its effects were more pronounced in the colonial and semi-colonial world where to some extent the Stalinist regimes were a 'model' which at least showed a possible means of satisfying the elementary requirements of food, shelter, employment, etc. Although for the workers of the advanced industrial world the Stalinist states were not so much a 'model' as a scarecrow used to frighten the proletariat away from the ideas of socialism, the collapse of Stalinism and the planned economy did provide the bourgeois with the opportunity to conduct an ideological offensive which has undoubtedly complicated the tasks of genuine Marxism for a temporary historical period.

This ideological barrage - 'socialism is finished' or 'the socialist project has been wound up' - could have some effect when world capitalism could counterpose the boom of the 1980s to the 'failure' of the 'planned economies'. But the material basis for such an ideological offensive has been undermined precisely by the economic difficulties of world capitalism which affected first Britain and the US and are now drawing Germany and Japan into the economic vortex.

However, consciousness lags behind the objective development of events. To some extent, the consciousness of the working class, even of its guiding layers, has been thrown back by the developments of the past period. The idea of socialism, for instance, came up almost automatically in the tumultuous events of the early 1970s in Britain, within

the Labour Party in the battles of 1979-81, in the struggle of Liverpool council in the mid-1980s, and even in the course of the anti-poll tax campaign. Now workers can move into action but the alternative is not at all clear or self-evident, particularly in the form of the socialist alternative.

ONE OF THE decisive factors in this process was the move to the right of the Labour and trade union leaders, together with the virtual disappearance of the left within the unions and the Labour Party.

The union leaders are trembling at the prospect of attacks on the check-off system for deducting union dues contained in the latest anti-trade union act. John Monks, recently-appointed TUC general secretary, bemoans the fact that the unions will now have to have 'six million conversations' with their members to obtain written permission for the check-off system to continue.

This measure of the government can in the first instance appear to weaken the unions. Its net result, however, will be exactly the opposite. A new layer of stewards will be developed who will be forced to discuss and convince, collect union dues and thereby strengthen the base of the unions. This layer, in turn, will develop a new fighting spirit under the very blows of the capitalist employers' offensive. Right-wing union leaders can act as a break which can delay and thwart the struggle for a time. But they cannot act as an impenetrable historical barrier which dams up and prevents the outbreak of the class struggle.

Nor can the right-wing Labour leaders, who, if anything, are more to the right than the union leaders themselves. The Labour Party conference was another step in the process of evolution to the right, on policy issues and the party constitution, which has yet to run its full course. Having burnt their fingers in the 1987 and 1992 general



elections, by creating the impression that they were going to tax those on average or just above average earnings, they have now gone to the opposite extreme. Out goes any hint of 'squeezing the rich until the pips squeak' as Dennis Healey once declared, and with it are jettisoned Labour's proposals for increased public expenditure.

Its policies are now virtually indistinguishable from the Tories, and particularly the Liberal Democrats. This further lurch to the right has provoked the opposition of former lefts, such as Blunkett and *Tribune* MPs like Peter Hain, who clearly perceives himself as a future leader of the Labour left.

However, this will not result in a rejuvenation of the left within the Labour Party. In fact, there is nothing within the Labour Party to attract workers, particularly the newer layers of the proletariat, into active participation. In opinion polls, Labour is way ahead of the Tories and the Liberals. The support for Labour, however, results from negative feelings towards the Tory government, rather than positive support for Labour and its policies.

With the shift towards the right has also grown the idea of coalitionism between Labour and the Liberal Democrats. Already, at district and county council level, some coalitions of right-wing Labour and Liberals are in place. This could be a dress rehearsal for the situation after the next general election.

The norm has been for dissatisfied Tory voters to register their protest by voting for the Liberals in by-elections and then returning to the Tories in a general election. In the South of England, such is the widespread disenchantment with the Tory Party, reflected in the organisational collapse of the Tory Party machine, it is not guaranteed that this process will automatically occur in the future. In the South outside of London, and in the South West, the Liberals could pick up some Tory seats. This could see Labour with the largest number of seats but without an overall majority, dependent on the votes of Liberal MPs.

If the link with the unions is completely broken, which seems unlikely this side of a general election, then Labour's right-wing would not be adverse to going into a coalition government with the Liberals. After all, there is now no fundamental difference in programme and policy. On the other hand, collaboration could take the form of an unofficial coalition along the lines of the Lib-Lab

pact of 1976-78.

One thing is certain: for the foreseeable future there will be nothing to attract substantial numbers of workers into the Labour Party.

IN THIS EPOCH, more than at any other time in the post-war period, the problem is posed in the way that Trotsky put it in 1938: the crisis of the labour movement, indeed, the crisis of humankind, is reduced to a crisis of leadership. However, leadership has to be earned. The mere unfurling of an independent banner does not automatically gain the leadership of the working class. The shift towards the right of the Labour and trade union leaders, for that matter, does not automatically mean that the working class, or even its advanced layers, would quickly transfer its support to a new independent organisation. That support has to be won and the confidence of the working class gained in the course of struggle over an extended period of time.

Militant Labour has a great reputation in the eyes of many workers. What we achieved in Liverpool, in the anti-poll tax struggle, over water privatisation, in the CADV campaign, and now in the battle against racism and fascism, has been registered in the minds of the advanced workers. But in a period like this, for one worker who would actively support our organisation, there can be ten, 50 or 100 who are watching and waiting to see how we equip ourselves in the course of the next period.

A revolutionary organisation is tested not just at high points of the class struggle but in periods like this, when the ideological offensive of the bourgeois has had a certain, although now diminishing, effect. Of course, it is entirely false to picture the present situation as one primarily of 'difficulties'. However, as pointed out above, a combination of objective circumstances, the collapse of Stalinism, the move towards the right at the top of the labour movement, and the ideological offensive of the bourgeois, have produced certain cross currents which particularly affect the older layers of the proletariat. To explain this situation, not just the present conjuncture but how events will change the outlook and consciousness of significant layers of the working class, is a key task for Militant Labour.

A revolutionary organisation must utilise all opportunities to push ahead in campaigns, some of them with a mass character. But this must go hand in hand with theoretical training, to



Clarke and Portillo - attacking welfare state.

understand the character of the period, the rhythm of the class struggle, and perspectives for Britain and internationally in the period that we are going into. Activity, in other words, must be underpinned by a greater understanding of perspectives and theory.

Militant Labour has a great reputation in the eyes of many workers.

The broad framework which we confront, if one looks to the next year or so, is not one of reaction, but of powerful, radicalised movements of the proletariat. Some of the spokesmen of capitalism have a dim recognition of this. They recognise the fragile character of their alleged 'victory' over 'socialism'. Former Tory chancellor Lawson, for instance, recently mused over the future of capitalism: "Market capitalism may have triumphed worldwide over socialism since the 1970s but the atmosphere of hostility to capitalism is as pervasive as ever". Recognising that the growing wealth gap between the classes is preparing a ferocious outbreak of the class struggle, the authoritative journals of capitalism are full of articles arguing for a new 'moral base', for business to adopt a 'social conscience'. This is at a time when capitalist governments of all hues are preparing to attack the social gains of the past.

This is not to underestimate the growth of the forces of reaction, in the form of racism and, to a lesser extent, fascism in Europe and elsewhere. The racists and fascists have been given their opportunity by the paralysis of the labour movement, due to the rightward evolution of the Labour and trade union leaders. But this in turn, like a crack of thunder, has awakened the new generation, which sometimes through our initiatives, has already begun to partially reverse the situation. In a sense, the racists and fascists in countries like Germany are the whip of the counter-revolution, which have provoked mass demonstrations and the awakening of a new generation.

In Britain the mobilisation against the BNP is a barometer of the mood that will exist once the working class finds the necessary leadership. Even without this, the objective development of events, the ferocious capitalist onslaught which has been prepared, will mean movements of a mass character will develop in Britain and on a European scale.

This may not take the form of 1968 in France, or exactly parallel the revolutionary events of Portugal in 1974 or of Spain in 1976. There has been a certain weakening in the 'socialist culture' of the working class for the reasons mentioned above. However, it is entirely false, as the galaxy of *Guardian* writers have suggested, that the 'socialist project' has been wound up.

Mass movements can arise which appear 'apolitical' or even avowedly non-political. We should never forget that the 1905 revolution in Russia began ostensibly as a 'non-political' event with a demonstration led by the priest, Father Gapon, petitioning the Tsar. Even before the Russian Social Democratic Labour Party had managed to put down strong roots amongst the Petrograd proletariat, this working class had moved in 1905 in the direction of mass self-organisation, in the form of workers' committees, or soviets, and towards the idea of socialist revolution.

In France, in 1986, the mass movement of the students, which found an echo amongst the workers, began as an 'apolitical' or even non-political event. However, in the course of a movement over weeks, the students looked for a political alternative which led them in the direction of socialism.

At stages like this consciousness can appear to have been thrown back. Yet in the course of big events, it does not take decades, but weeks, months and even days for that consciousness to recover to its previous level. We are not faced with a period of reaction. There are cross currents within the proletariat, with different layers moving at different speeds. The new generation in particular, in the course of struggle like that conducted by the YRE, can rapidly embrace socialist and revolutionary ideas. They, in turn, will infect the older generation.

IT IS ENTIRELY unjustifiable, from a Marxist point of view, to exaggerate the importance of timescales. Predictions involving timescales are always extremely difficult anyway. Socialism, in a mass form, will come back onto the agenda: precisely when and under what conditions, we cannot say. Lenin, on the eve of the February revolution, mused that he did not expect to see the revolution in his lifetime. He could be excused because he was cut off in exile from the huge turbulent movements that were developing precisely at that stage within Russia.

We are not faced with a period of reaction.

A colossal subterranean revolt is brewing amongst the proletariat. This inevitably means mass movements at a certain stage. The incapacity of capitalism to deliver even the basic essentials will be borne in on the working class. They will look for an alternative. This, at a certain stage, will lead to a revival of the labour movement, first of all in the unions, and then on the political plane. A recent poll recorded that 90% of the population have no faith in all 'politicians' who are "out for themselves". Above all, this signifies the rejection of *capitalist* politicians. It indicates the breaking away of formerly conservative layers of the popu-

lation from traditions and habits built up over generations. It is a prelude to a mass revolt which will shake British capitalism to its foundations.

This prognosis is based not on emotion or wishful thinking. It arises from a careful assessment of the present state of British and world capitalism.

Marxism is saturated with the spirit of optimism. This arises from its analysis of the workings of the capitalist system, of capitalism's incapacity to further develop the productive forces. This will be reflected in the consciousness of the working class at a certain stage, which will draw far-reaching, revolutionary conclusions.

Trotsky, as a young man at the dawn of this century, confronted a somewhat similar situation as we face at this present, temporary conjuncture. His views were summed up in an imaginary discussion between an optimist and pessimist on the prospects for the new century: "And now that century has come! What has it brought with it at the outset? In France - the poisonous foam of racial hatred; in Austria - nationalist strife... in South Africa - the agony of a tiny people, which is being murdered by a colossus (the Boer War)... dramatic 'complications' in the east; rebellions of starving popular masses in Italy, Bulgaria, Romania... Hatred and murder, famine and blood...

It seems as if the new century, this gigantic newcomer, was bent at the very moment of its appearance to drive the optimist into absolute pessimism and civic nirvana. 'Death to Utopia! Death to faith! Death to love! Death to hope!' thunders the twentieth century in salvos of fire in the rumbling guns. 'Surrender, you pathetic dreamer. Here I am, your long-awaited twentieth century, your future'. 'No', replies the unhumbled optimist. 'You - you are only the *present*'."

Within four years, the first Russian revolution of 1905-07 had broken out. Sixteen years later, two revolutions, in February and October 1917, took place and the proletariat took power under the banner of the Bolshevik Party of Lenin and Trotsky.

The collapse of Stalinism and evolution to the right of the tops of the trade unions and Labour Party has complicated the position. But the other side of the picture is that Stalinism has disappeared as a major obstacle to the revolutionary movement and the authority and ideological grip of the Labour leaders has been weakened.

The next year will see opportunities, and in some areas and in some fields of work, big opportunities, which can be seized to build the forces for the great historic tasks which are on our shoulders. □



October 1992: 40,000 march on YRE Brussels demo.

Bruce Wallace looks at the lessons of the most significant industrial battle since Wapping.

The Timex story



Timex mass picket, May 17.

IN THE CLASS struggle some events stand out as a watershed. The struggle of the Timex workers is just that. The powerful Timex corporation, backed by the Tories and their state forces, was defied by 343 workers using the traditional methods of struggle, the strike weapon, mass picketing and demonstrations.

However the closure of the Timex factory raises many questions. Was the failure of the workers to get their jobs back an outright defeat? Is militant action against union-busting bosses ineffective?

Fred Olsen's Timex corporation has pursued a world-wide strategy of switching production to low-wage countries like the Philippines. Its plants in the USA are being relocated to states with draconian anti-union laws. With the most restrictive labour laws in Europe, Britain seemed ideal ground for Olsen's 'slash and burn' tactics. Dundee was chosen as a testing ground for a vicious programme

of cuts in wages and conditions. Under cover of lay-offs, management planned to pick-off union activists, paving the way for a sweat-shop.

Two years previously at the Dundee Albacom factory management sacked their workforce for going on strike and bussed in scabs. Accepting legal restraints and control by the official AEEU leadership, the workers were forced to admit defeat after a year-long lock-out. The scabs remain working to this day.

With this example on their doorstep, Timex management thought they could push through their plans with ease. They miscalculated. While the attitude of the union bureaucracy emboldened them, they had not taken the mood of the workforce into account.

The workforce at Timex was overwhelmingly women and of a more mature age, with few younger workers. To the bosses they must have appeared unlikely to put up a serious fight. Rising

Diary of the struggle

December 1992

Timex propose six months lay-off for 150 workers. Workers propose lay-off rotation. Timex refuse.

January 1993

Negotiations continue. Timex reject rotation. Strike ballot: 92% in favour. Strike begins, 29 January.

February 1993

343 workers agree return to work under protest but are locked out. Scabs bussed in.

March 1993

6,000 demonstrate in support of sacked workers. Monday 22 March Timex workers and supporters block scab busses for two hours. Scottish Militant Labour (SML) councillor Tommy Sheridan and others arrested.

April 1993

Massive demonstration past Timex gates on Easter Monday (not a bank holiday in Scotland). Partial general strike in Dundee.

May 1993

Another monster demonstration on Saturday 15 May marks critical point of battle. Timex strike committee and leaders make a joint call with SML to blockade Timex. Monday 17 May, 3,000 pickets assemble. 1,000 police mobilised to break picket. Busses get through but management locked out. Arthur Scargill calls for a one-day general strike at rally following mass picket.

June 1993

Workers reject settlement cooked-up between management and AEEU official, Jimmy Airlie. All-Scotland shop-stewards conference proposes day of action for Thursday 1 July. The STUC sabotage this by doing nothing to build it but refinery workers at Grangemouth stage half-day strike. Timex announce closure by Christmas after 47 years in Dundee. Workers reject proposal to assist in orderly closure. 10,000 march behind Timex workers banner.

July 1993

Militant makes urgent call for occupation to halt closure. STUC don't lift a finger to stop asset stripping at Timex.

August 1993

Sunday 29th - Timex close Harrison Road factory. Workers, still proud and defiant, pledge to fight on, picket Timex scab office in Forfar and organise boycott of scab Timex products.

October 1993

Airlie issues ultimatum to workers: call off the boycott and accept a settlement costing Timex £900,000, compared to likely tribunal pay-outs of £3m, or the AEEU withdraws official support. 'Airlie's achieved what Peter Hall, Timex, the Tayside police and the Tory government could not. He's not one of us, he's one of them' - Ann Crawford, sacked Timex worker.

unemployment and the effects of recession has made workers hold back before launching defensive struggles. Workers reticence has been reinforced by the actions of right-wing trade union leaders signing cynical no-strike and wage cut deals, like the disgraceful Hoover deal negotiated by AEEU executive member Jimmy Airlie at Cambuslang, while simultaneously crowing that strikes, mass picketing, solidarity and demonstrations are out-moded forms of struggle. Yet the clearest lesson of the Timex battle is that traditional methods of struggle militantly applied achieved greater results in a few months than all the years of hot air from the TUC.

THE STRUGGLE BEGAN after the workers struck over managements refusal to concede rotation. Initially the workers agreed to return to work 'under protest', accepting a 10% wage cut and changes in working practises. Yet they had shown too much pluck. Management feared that they were not pliant enough and that a return to work would give them the opportunity of fighting on from the inside. When first hearing of the lay-offs, for example, workers had occupied the canteen. Indeed, it would have been an effective tactic at the start of the dispute to have occupied the factory: many workers openly admitted they should have occupied rather than coming out.

*The picket became a
magnet for class fighters
everywhere.*

The decision of Peter Hall, Timex's axe-man, to lock the gates left them initially in a state of shock. But the sight of busses full of scabs entering the factory created outbursts of fury from women pickets witnessing the theft of their jobs.

The transformation of the workers from lambs to lions stunned the bosses. The mass picket at the gates became a focus of the battle for jobs, wages and conditions. Tory anti-picketing laws were circumvented despite legal action. Workers everywhere saw that at last a real fight was being put up. In this the picket was crucial.

The effectiveness of mass picketing is an issue of debate in the labour movement. Mass picketing has both a political and an industrial function. Politically, mass picketing was clearly successful in raising the profile of the dispute to national significance. Industrially, after the mass picket of May 17, Timex always closed on the day a mass picket was announced. If an official call for bolstering the picket had come from the STUC or the TUC the plant could have been completely cut off.

Even without this the picket became a magnet for class fighters everywhere as workers saw pictures of the human blockade on television. The



Solidarity with Timex strikers came from all over Britain.

nature of the struggle itself attracted unprecedented solidarity. It showed that when workers put up a tenacious fight the Tory laws become *de facto* unworkable.

The struggle took this form mainly because the workers seized the leadership of their dispute through their strike committee. This tendency towards rank and file or ad hoc committees directing industrial battles will become a feature in the future. The Timex strike committee, despite its imperfections - it was appointed and its members were not subject to recall - represented a higher form of trade union organisation for the prosecution of struggle. It was the strike committee that organised the picketing and solidarity work where the AEEU officials were an impediment.

The struggle opened the workers' eyes to the role of these 'leaders'. Timex convenor John Kydd junior was followed by a union solicitor who recorded his every word lest he make a public call for action to break anti-union laws. The bureaucracy were trembling for their union assets. After the human blockade of Timex on March 22, letters from the union threatening stoppage of strike pay and expulsion if workers were involved in illegality were consigned to the picket line brazier.

Rather than cow the Timex men and women into compliance they renewed the struggle with intensified vigour after overcoming their doubts. This caused the AEEU leadership to back-off in their attacks on the strike, switching to behind the scenes negotiations with Timex management to scupper the dispute.

The important lesson in this is that the bureaucracy was suspended in mid-air by the militant action of the workers. It showed the chasm that divides the be-suited officials from their members who are under attack. On a visit to Dundee, Airlie told a local official to 'get hold of the dispute before it got out of control'.

On Easter Monday, 6,000 workers marched past the Timex gates, many taking industrial action to join the demonstration. NCR workers were given time off by management, lest they take unofficial action. Throughout the battle they had shown admirable initiative in organising car blockades of Timex by the nightshift; regularly they marched onto the lines as a body, once led by a piper. Workers from the public works, Valentines, Ninewells hospital and other major workplaces took part. Workers at the small Bulkbag factory came out on strike, in defiance of management, led by a GMB steward and SML member.

The sympathy action around Timex reflected a subterranean mood that is developing among the working class. Dundee workers, with pent up grievances over wage cuts, redundancies and privatisation, although in some cases feeling that they could do little about their own situation, were drawn to the Timex struggle. This included

JOHAN KYDD JUNIOR is the sacked AEEU convenor of the Timex workforce. John has political differences with Scottish Militant Labour (SML). We asked him for an honest assessment of our role in this momentous battle:

"The role of SML in the Timex dispute enhanced the class emphasis of the dispute. Their solidarity, support and encouragement helped to bolster the morale of the pickets at every stage of the dispute.

"Their direct action approach made sure of national recognition and raised the dispute to greater heights. Those who condemned the support of SML failed to recognise the class nature of the dispute and by their actions aided and abetted the Engineering Employers Federation and the company at a time when we had them on the defensive".

'illegal' walk outs, which occurred with no call being made even by the strike committee itself.

Workers may be reticent to come out in solidarity given the nature of the union leadership but Easter Monday clearly showed that a call from the Timex strike committee for a one-day general strike in Dundee, given the legitimacy of the committee in the eyes of the working class, could have gained an immense response if built for by a campaign of factory gate meetings explaining the aims of the action to the wider labour movement. This was the position of SML who merely gave a public voice to the many Timex workers who were privately demanding a general strike to link their struggle with others facing the bosses attacks.

THE STRUGGLE INTENSIFIED through spring and summer as pressure mounted on Timex. The mass picket of May 17 showed the vulnerability of the factory to a blockade, creating consternation amongst the police who were hard pressed to keep the plant open for scabbing. The media howls for a resolution of the dispute echoed Tory fears that an outright victory for the Timex workers would irreparably breach the effectiveness of the anti-union laws.

The STUC were pressed from below to organise solidarity action. At the suggestion of SML the Timex strike committee pressurised the STUC into organising a shop stewards conference to discuss action to aid the struggle. At this conference the STUC leadership ruled out 'secondary' action but faced numerous calls for an all-Scotland one-day stoppage to link wider struggles together with the Timex dispute. The STUC leadership conceded to calling a day of action on July 1.

This was an ideal opportunity to make an official call for a one-day stoppage by the strike committee. The tacit backing of the STUC would have enhanced the legitimacy of this call. It would have definitely got a response despite the announcement in June that Timex planned to close the factory by Christmas. Unfortunately this opportunity was not seized by the strike committee although the action of 800 refinery workers at Grangemouth showed the potential groundswell of support for generalised action.

The closure announcement marked another crucial turn in the dispute. Timex had been fought to a standstill. Their attempt to maintain a scab sweatshop was defeated and they were preparing to flee. It posed pointblank the question of how to pursue the fight. SML immediately raised the demand of occupation of the plant. Occupation would have been a severe blow for Timex, stopping them skulking out of Dundee. The outcome could have been entirely different in that new vistas for the continuation of the struggle would have opened up.

The occupation of Caterpillar had shown how this could raise the stakes in a struggle against closure. Given the impact of Timex an occupation

would have maintained the tempo of the struggle and allowed the build-up of solidarity to a wider layer of workers. Having seized the assets of the Timex corporation in their Dundee factory the initiative would have been in the workers hands.

There was support for occupation amongst a layer of the most militant Timex workers. Technically occupation was not a problem: what was lacking was the necessary leadership and organisation for it.

Had SML been in the leadership of the dispute, occupation would have been taken-up in a serious fashion from the very start. The workers had shown their courage on the line. They would not have baulked at an occupation which would have posed serious problems for the bosses and their state forces. The failure to organise an occupation stands as a missed opportunity and a mistake.

*Occupation would have
been a severe blow for
Timex, stopping them
skulking out of Dundee.*

Yet Timex is not a defeat for the labour movement. At the start John Kydd junior stated that either Timex negotiated a settlement or the workers would close the factory: there would not be another Albacom in Dundee. The Timex multinational was halted by the tenacity of the Timex workers and the movement that developed around them. Timex's conscious policy of 'slash and burn' was defeated - they failed to establish a scab plant in Dundee.

Of course the Timex workers did not get their jobs back but their attitude is defiant. 'We proved they could not walk all over us' is a common response. In a wider context it has been a setback for the bosses and has placed a barrier in the path of organised scabbing as a weapon in their armoury.

At key stages the struggle could have taken a decisive turn towards a generalised movement. The situation was pregnant with the possibility of a regional one-day general strike.

It is certainly true that in Dundee and further afield the lessons of Timex are being seriously discussed by workers grappling for ideas and tactics to employ in the period ahead. Rather than the closure of Timex cowering workers in Dundee and Scotland, this struggle demonstrates the anger that exists in both the public and private sector which will find expression in the months and years ahead.

It is precisely the methods of the Timex workers, which caught the imagination of the British working class, that will be utilised in the turbulent period that is now opening up. □

Economic Focus

By Pete Watson

GATT in trouble

PETER SUTHERLAND IS a worried man. As the new director-general of the General Agreement on Tariffs and Trade (GATT) he is currently stomping around the world trying to conclude the current round of the agreement.

It is not an easy task. This round of negotiations is called the 'Uruguay round' because it began all of seven years ago in 1986 in Punta del Este in Uruguay. Sutherland now faces the unravelling of the whole deal if it cannot be signed by December 15th.

The current negotiations on world trade propose the elimination of tariff and non-tariff trade barriers between the 116 countries involved. It covers eight categories of manufactured goods, the harmonisation of tariffs on chemical products at low rates, and across the board tariff cuts of one third to a half on products.

Tariffs are duties put on imports into a country. The key question for capitalism is whether goods can be produced and sold at a profit. Nevertheless, reduction of barriers between countries can make world trade easier and cheaper, improving the chances of the distribution and sale of goods around the world.

Commentators have fallen over each other to declare the benefits of such an agreement. Two million new jobs created world-wide in five years was one estimate, an extra \$213bn extra on world income per year another.

Even if these predictions were true they are fairly modest con-



Farmers protest at GATT talks.

sidering the chronic stagnation of world production. What is clear is that a failure to conclude the Uruguay round will lead to increasing rivalry and tension between the main capitalist powers.

If commentators are so much in favour of the deal why don't the main players sign? GATT was first supported by a total of 23 countries in 1947. At that time it had three parts. The first has an important article that deals with the 'mostfavoured nation' principle: any trading advantage granted to one country should be granted to all. Part two has 21 articles supposed to make sure that the value of tariff reductions are not altered by government action. Part three contains 12 articles dealing with enforcement, amendments and other matters. At a later date a part four was added that sought to reduce trade barriers against developing countries.

The GATT agreement gives the impression on paper that liberal lawyers had come together in 1947 and created harmony in the world economy where before there was only world war. But the economic root of GATT lies nearer the heart of the capitalist class: profit, and more particu-

larly, US profit.

The USA emerged from world war two enormously strengthened. In 1946 it produced two thirds of the world's mining and industrial output and had 66% of the public gold reserves. With this crushing economic might it sought to bring some harmony to world finance and trade so that US capital could find a profitable and peaceful home around the globe. Other imperialist powers such as Britain and France stood to gain by exploiting the colonial world. In 1944 therefore, the International Monetary Fund and the World Bank were established at Bretton Woods.

Under capitalism however rivalry between countries is quite natural. And tensions between the GATT 'partners' started even at this early stage of discussion. The original idea was for the creation of a more binding International Trade Organisation (ITO) which was to have the goal of achieving and maintaining "full and productive employment and large steadily growing demand". But 602 amendments were put to the ITO proposals. The idea was badly holed below the waterline and sank without a

trace by 1948. What followed was a series of GATT 'rounds' which reduced tariff barriers between countries. The Uruguay round is the eighth.

Rising profit levels during the long upswing of 1950 to 1973 meant that the main imperialist powers could afford some 'harmony'. The Kennedy round, 1964-1967, was the greatest achievement for GATT where a 50% cut in tariffs were achieved in many areas. All this helped capitalism exploit the working class of the world. Between 1953 and 1963 world trade grew by over 6% per year. The world became more integrated, under the control of giant multinational monopolies.

With the end of the upswing in 1973 trading rivalry became sharper. With falling profit rates imperialist countries fought furiously to maintain their existing markets.

A new de-stabilising factor developed. The USA was able to impose its solution on the world in 1947. Since then there has been a relative decline of the USA. In 1950 the US produced 40% of the world gross domestic product. By 1980 this had declined to 22%. The powers of Japan and Germany emerged to compete with the US. While the Japanese and German economies together do not equal the US economy, production per head is now higher in both Germany and Japan.

This rivalry has led to trading clashes and the creation of trading 'blocs': 58% of the exports of EC countries remain within the EC, 40% of Japanese exports go to Asia. The US, Canada and Mexico are seeking to establish a North American Free Trade Area (NAFTA). But even within the blocs there is tension and division.

A whole series of exceptions have been created to 'dodge' GATT rules. The Multi-Fibre Arrangement allows countries to block the textile exports of ex-colonial countries. Article 24 of the GATT allows customs unions so that the EC, NAFTA and so on can flout the 'most favoured nation' principle. And that puts aside non-tariff barriers such as quotas



Tensions in the EC.

of imports, 'orderly marketing agreements', 'voluntary restraints' and so on that are slapped on imports and exports.

This is the background to the present GATT negotiations.

In July the group of seven richest countries (G7) declared the Uruguay round all but signed. Negotiators then had August on holiday. Since then negotiations again look close to collapse. The Blair House accord was supposed to wrap up negotiations on farm trade subsidies but has been rejected by France. They want agriculture and audio-visual trade to be taken out of GATT. The right-wing government of Balladur has been looking to future elections and the powerful farmers' lobby. Now both Germany and Britain are pressurising France into signing by threatening internal EC strife.

A new de-stabilising factor developed.

December 15 is when President Clinton's 'fast track' authority expires. This gives him the right to present the agreement as a single package to Congress. Without that the Uruguay round could be broken up by Congress amendments and deletions. A new GATT agreement hangs in the balance. If a deal cannot be patched up a period of even sharper trade

rivalry and protectionism could develop. □

Studies point to future

TWO RECENT STUDIES reveal the real nature of capitalism. One refers to 'Karoshi', death from overwork, due to the large amounts of unpaid overtime worked by Japanese workers. The other deals with long-term structural unemployment embedded into the capitalist system. World capitalism decrees that millions stay unemployed while others work themselves to death.

What is common between the two studies is not only their gloom but also the bosses' fear of future social explosions. The Organisation for Economic Co-operation and Development (OECD) half-yearly forecast predicts rising unemployment for the next 18 months in the 24 richest countries. They predict it to reach a rate of 8.6% by 1994, a post-war high.

This means 35m unemployed this year and 36m in 1994. Europe will account for 22m and 23m of these totals. European



Japanese workers at morning assembly.

unemployment is expected to rise from 9.9% in 1992 to 11.9% in 1994. The deep German recession is being blamed for European problems. But the report makes clear that predicted average growth for all the OECD countries in 1994 of 2.7% will only make a slight dent in unemployment. The OECD warn that rising unemployment is putting 'social cohesion' in jeopardy.

In the same way a report by the 'Industrial Relations Services' indicates that the bosses may reap the consequences of 'Japanese-style' changes to working practises.

The philosophy of working 'as hard as humanly possible' builds resentment against the employer. The practice of keeping materials stocks to a minimum to reduce costs ('Just in Time' production methods) makes companies vulnerable to strike action.

The report warns: "If there is a great deal of pent-up resentment against Japanese-style working practices, and the fragility of

production systems has been increased... worker dissatisfaction leading to industrial action could have a devastating effect". □

End of the Japanese 'miracle'?

A SENIOR EXECUTIVE in a leading Japanese securities firm explained the problems that the Japanese economy faces. In previous slowdowns he likened it to breaking an arm: the pain was intense but the body remained healthy for a quick recovery. Now the body

of the Japanese economy has a severe circulatory disorder from external shocks and internal weakness. Gross national product (GNP) fell by 2% at an annualised rate for a second quarter this year.

This means that the Japanese economy has moved from slow-down to recession after four years of slackening growth. August saw a 2% fall in industrial output, down for the 23rd consecutive month. The Long-Term Credit Bank of Japan predicts a cut in capital investment for the fourth year in a row.

Countries that received Japanese capital are also suffering. Taiwan still has high growth at 6.6% this year but down from an average of 8.6% between 1984 and 1991. 300,000 manufacturing jobs have been lost since 1989. South Korean growth stands at 4%, the lowest from 1980. With wages in these 'Tiger' economies standing at the highest in Asia outside Japan, investment is moving on to China, Thailand and Malaysia.

The shift of manufacturing capacity out of Japan has not been replaced with anything new. The 'jobs for life' idea in Japan is on the way out. NTT wants to shed 10,000 jobs next year through voluntary retirement. Toshiba, 5,000 jobs, Honda, 3,000 jobs, and Kawasaki Steel, 3,200 jobs, are all going down the same road. □

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Northern Ireland Is a settlement possible?

What will be the likely outcome, asks Manus Maguire, of the recent Hume-Adams talks?

THE JOINT STATEMENT by John Hume, SDLP leader, and Gerry Adams, Sinn Fein president, on 25 September met with an avalanche of press coverage. Other discussions have taken place between the Irish and British governments and the DUP has presented the British government with their proposals *Breaking the Logjam*.

It has been evident for some time that discussions have been taking place behind the scenes. Flowing from the Hume-Adams talks it is now being rumoured that the Provisional IRA are considering a ceasefire with speculation that an interim settlement could be negotiated involving Dublin, London, Sinn Fein, the SDLP and at least a section of the Unionists.

International developments, especially the peace accord between Israel and the PLO, have strengthened the belief that a settlement could be achieved. One of today's buzz words in the international arena is 'conflict resolution'. The negotiations in South Africa with the ANC, and the agreement between PLO leader Yasser Arafat and Israeli prime

minister, Yitzhak Rabin, have been cited as examples of intractable problems in the process of resolution.

The leadership of Sinn Fein and the IRA have been affected by these developments. Gerry

Adams recently wrote in his party's theoretical magazine *Starry Plough*, that "a De Klerk has yet to emerge from the ranks of Unionism". In other words, someone prepared to sit down and negotiate with the republican movement.

The changed balance of forces internationally, with the collapse of Stalinism, has had an effect on the leaderships of the ANC and the PLO. They can no longer depend on Soviet support or look to it as a model. They no longer pose a threat to capitalism and have been convinced of the need to deal with the capitalist class. It is the enormous revolts of the black working class and the intifada of the Palestinian people that has led South Africa and Israel to draw the leaders of these organisations into negotiations in order to de-rail these movements.

The leaders of the republican movement have also been affected by the propaganda of the capitalists about a 'New World Order'. Last year's republican policy document issued by Sinn Fein, *Towards a Lasting Solution*, was a cringing appeal to international capitalism to provide a solution to the Northern Ireland conflict.





Gerry Adams.

This document, and the recent positions developed by republicans, are a recognition of the bankruptcy of the 'Armalite-ballot box' strategy adopted under the leadership of Adams-McGuinness-Morrison. The Provos have been compelled to accept that they cannot force the British out of Northern Ireland, nor can they force one million Protestants into a united Ireland.

This has led to a change in republican thinking over the past few years. At the time of the last IRA ceasefire in 1975, for example, Martin McGuinness announced that there would be no further IRA ceasefires unless the British government gave a firm commitment to withdraw. His more recent statements have suggested that the price of an IRA ceasefire might be an announcement from the British government that it has no long term interest in Ireland. During the furore over the leaked document on joint Dublin-London rule over the North produced by Labour's shadow Northern Ireland spokesperson, Gerry Adams said that joint authority could be accepted as a stepping stone to a united Ireland.

In Sinn Fein's *Starry Plough*, in January 1992, the party's chairman in the North, Mitchel McLaughlin, argued that they

would have to ditch the self-deluding republican claim that in the event of a British withdrawal the Protestants would come to realise that their best interest lay in a united Ireland. He added that the Protestants should not be coerced into a united Ireland. Another senior Sinn Fein member argued late last year that in the event of a British withdrawal the agreement of Unionists will be necessary to put in place any new

constitutional arrangements, and if they couldn't be persuaded of the benefits of a united Ireland, then alternative constitutional arrangements will have to be made.

There have also been other signs that the Provos are prepared to move. From 3-10 September the IRA had an unofficial cessation of its campaign. No IRA attacks took place over this seven day period. The Irish-American fact finding mission headed by Bruce Morrisson had let it be known that they wished to talk to Sinn Fein, but only at a time when no military activity was being carried out by the Provos.

FLOWING FROM THESE developments the question is posed: is a settlement possible? What price would the IRA put on a ceasefire? What would be the cost of an agreement to the Unionists?

The Provos would demand Sinn Fein's entry into the talks process. Attached to this would likely be withdrawal or phased withdrawal of British troops to barracks, and the scrapping of Britain's repressive legislation, beginning with the censorship laws. It would also include some agreement on the prisoners and a statement from the British that they have

no long-term interest in Ireland. The Provos could demand a declaration of intent to withdraw within a specific time and the IRA would then call a ceasefire. If the Provos held out for this that would be the end of the talks.

The British government could not but be attracted to the possibility of an IRA ceasefire. But they also would place further demands on the republican movement. There has already been speculation that the British army had drawn up a 60-point plan and had secret talks with the IRA to de-escalate the conflict.

The British government, who have presided over eight years of stalemate in Northern Ireland, have been forced to accept that their last 'solution' - the Anglo-Irish Agreement - has been a failure. Then, the Agreement was hyped as an 'historic breakthrough'. The intention was to isolate Sinn Fein, smash the Provos and marginalise the extreme loyalists. Then, the 'centre' ground would be encouraged into a power-sharing devolved government.

What price would the IRA put on a ceasefire?

But the Thatcher government was met with united loyalist resistance. This effectively neutered the Agreement from the outset. Because of this the protests partially subsided and Thatcher was able to ride these out. Nevertheless, the Tory government learnt one crucial lesson - that any future agreement cannot be negotiated without the Unionists or at least a section of the Unionists.

If the government meets the price of an IRA ceasefire, it is unlikely that they will win favour with the loyalist paramilitaries and their response could be a backlash. Unionists have reacted

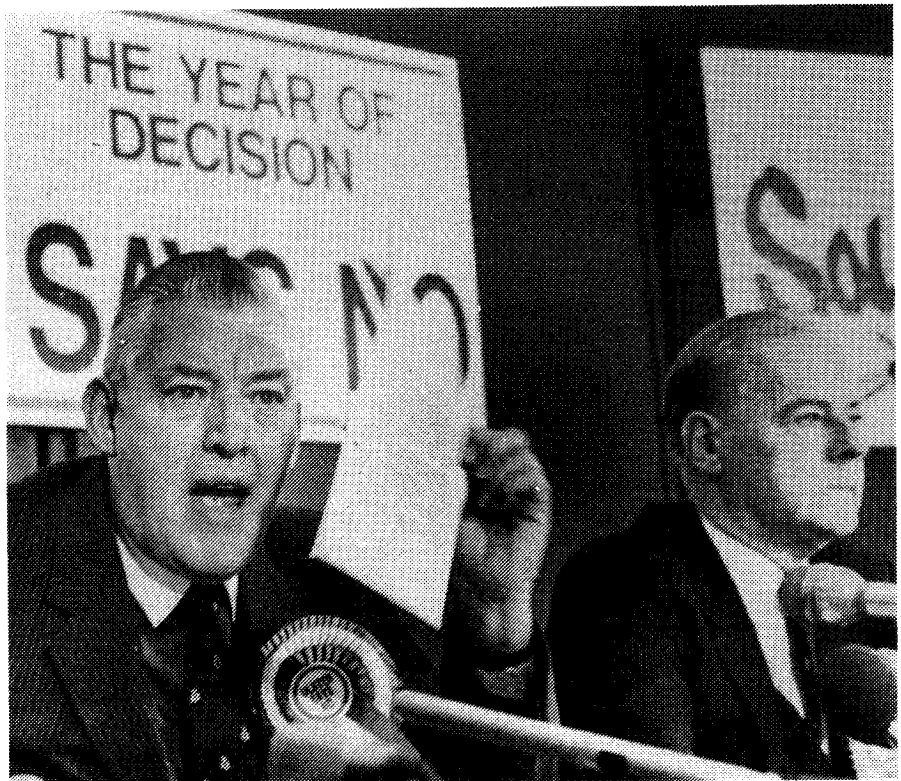
to the Hume-Adams statement, claiming that it is further evidence of the existence of a 'pan-nationalist front'. Peter Robinson, the DUP's deputy leader and the Ulster Unionist MP, John Taylor, both said that the talks could lead to civil war. Ian Paisley, the DUP leader, said that his party would not be prepared to enter any further talks if the British government even considered the Hume-Adams report. Unionist politicians and loyalist paramilitaries have added that the only IRA ceasefire they would accept would be one where the IRA hands over all its weaponry.

The UDA's Inner Council said that if any deal was done between Dublin and London over the heads of the Unionists they would put their military campaign into top gear and Catholics would 'never have seen the like of it before'. Previous IRA ceasefires have led to an intensification of violence. During the 1972 IRA ceasefire loyalist paramilitaries began a binge of sectarian killings against Catholics. From 1969 until the June 1972 ceasefire loyalists killed 35 people. It took them only six weeks from the start of the ceasefire to kill another 35 people. During the ceasefire the Provisionals were active in carrying out sectarian killings of Protestants.

Already loyalist paramilitaries have stepped up recruitment. They are making a simple appeal to a layer of improvised youth in the most deprived Protestant areas: join and stop the sell-out to the IRA and a united Ireland.

THE IRISH GOVERNMENT and the British government have already discussed the possibility of the South scrapping articles two and three of the Irish constitution and replacing them with an 'aspiration' for eventual unification. In turn the British government would acknowledge that it has no long-term interest in the North, and that if a majority favoured a united Ireland then Britain would pass the necessary legislation.

The British government may accept that an upsurge in loyalist



Unionist leaders Paisley and Molyneux.

killings could be the cost, in the short term, of an agreement which leads to a ceasefire. They could decide to take steps to crack down on the loyalist paramilitaries. They would hope to take the Unionist parties with them, but if they refused they could move to split them. In the Protestant areas they would hope to lean on a majority of the Protestant community as a whole. In the aftermath of a crackdown, the British government would hope an agreement could be cemented.

Already loyalist paramilitaries have stepped up recruitment.

However, such a scenario, is, to say the least, fraught with enormous difficulties. The British government could seriously miscalculate. They may not be able to entirely contain a backlash, which could spread beyond the

paramilitaries. In such a situation a backlash would invite a response from the Provos, a section of the Provos or another republican paramilitary grouping. During previous IRA ceasefires the IRA stepped up sectarian assassinations. The result of any future agreement could inflame the situation further.

Even in the event of an agreement, it is ruled out that it would provide a long term solution to the present conflict. The underlying roots of the conflict would remain. Catholic workers will never accept a poverty-ridden Northern Ireland state and Protestants will never accept unity with a backward, poverty-ridden, and as they see it, priest-ridden Southern state.

The only solution lies with the working class - Catholic and Protestant - united and fighting for a socialist solution. Militant Labour advocates a socialist Ireland and a socialist federation of Britain and Ireland on an equal and voluntary basis. Within this, the rights of all minorities would be guaranteed. On this basis there could be a democratic settlement of the conflict. □



James Long analyses the recent dramatic events in Russia and the likely developments now.

YELTSIN'S VICTORY IN crushing the Russian parliament, banning parties, re-imposing censorship, attempting to intimidate opposition, and dissolving the regional and local councils, has further consolidated the Russian counter-revolution. These events have strengthened the presidency's bonapartist role, prepared the way for a serious attempt at the economic 'restructuring' which imperialism has been demanding, and further advanced the consolidation of a capitalist state through a new purging of the state machine.

These events have confirmed the basic analysis made by Militant Labour at the time of the earlier battle between Yeltsin and parliament in March, followed by April's referenda. However the events of last spring did not turn out to be a culmination of the struggle between Yeltsin and the bulk of the parliamentary leadership. As we said then there was the possibility of a certain

stand off for a short period which turned out to be the case. While Yeltsin was strengthened by his referenda victories he hesitated in exploiting them. Nevertheless over the following six months the parliamentary leaders were weakened as their parliamentary manoeuvres were increasingly seen as ridiculous in the face of economic collapse and social disintegration.

In March we analysed the battle as reflecting not only different personal ambitions but broader social conflicts and interests over how to proceed with the establishment of capitalist property relations. Those forces which supported Yeltsin and those who had lent support to the parliament were both welded to supporting the introduction of capitalist property relations, the only difference being at what speed and how. Events since then have confirmed this analysis and partially explain why the mass of workers remained inactive.

The Rutskoi/Khasbulatov grouping never made a serious attempt to mobilise mass support in the whole period up to Yeltsin's dismissal of parliament. The reason was that they had no programme which could inspire the masses with confidence that parliament knew a way out of the social crisis. Secondly, like Yeltsin, they feared a movement of the working class. This battle between reactionary counter-revolutionary forces was being fought over the heads of the working class.

Neither the parliament nor the president had any solid social basis or substantial crystallised support.

Until the end of the battle between Yeltsin and parliament it was not certain that the military, also wracked by social discontent, could be relied upon by either side. Significantly the tanks which fired on the White House were entirely crewed by officers, with no other ranks in them. Clearly Yeltsin's gang felt they could only rely on handpicked elements whose support had been bought over a period of time.

After his victory in the April referenda Yeltsin increasingly ignored parliament's attempts to block his policies, but still held back from taking decisive action to tackle the obstacles to the 'fast track' breaking-up of the nationalised industries. Simultaneously the central government's role was being increasingly challenged by the republics and regions within the Russian Federation. Regions, which



Can Yeltsin retain the support of the generals?

tend to be richer and more populous than the republics, were beginning to demand that they be recognised as republics, thereby gaining greater local power.

IMPERIALISM HAD BEEN demanding decisive action by Yeltsin for some time. Their support for Yeltsin's coup provides another example, almost exactly on the 20th anniversary of the Chilean coup, of how the capitalists toss constitutional legalities to one side when laws stand in the way of their interests. The key question for the capitalists is what serves their class interests. Compare Russia with Nigeria. In June the Nigerian military annulled the result of a semi-free presidential election (which was less democratic than the March 1990 Russian parliamentary election) which they themselves organised. But as the imperialists looked with fear at a mass movement developing in Nigeria they told the nominal election victor to compromise with the un-elected military-backed regime.

*The leaders of both sides
in this struggle were
pro-capitalist ex-Stalinists.*

The propaganda of both Yeltsin and imperialism tries to present these events as a 'second October revolution', when in reality the leaders of both sides in this struggle were pro-capitalist ex-'Communists', in reality ex-Stalinists. The West presents Yeltsin as a 'democrat' fighting against a 'red-brown' dictatorship by a coup! They can only do this by hiding the truth that because both sides supported capitalist restoration and Russian central power they both, sooner or later, would have to begin repressing the working class and nationalities.

But for mass propaganda purposes Yeltsin had to be presented as a 'democrat'. Yeltsin's own past career of working his way to the old politbureau, the very top of the Stalinist bureaucracy, was ignored. Hardly any mention was made that Yeltsin's coup was fully backed by Zhirinovskiy's ultra-reactionary Liberal Democratic party. When Yeltsin suspended the Constitutional Court he said it was 'negative and collaborationist', yet he had personally nominated all its members in 1991!

Occasionally the imperialists' 'democratic' mask slipped. The *Financial Times* revealed their real thinking and, unconsciously, provided a fresh confirmation of the Marxist theory of the state. Just after parliament's suspension it wrote "when a country's constitution prevents it from being governed, extra-constitutional action is inescapable. In such situations power resides with those who command the loyalty of the apparatus of coercion. President Yeltsin has this far proved to be that person". The day after the shelling of the White House the *Financial Times* commented "Force is and always will be *ultima ratio regum*: the final argument of kings".

The fact that the leaders of the so-called Socialist International rushed to support Yeltsin's complete disregard of Russia's existing law will be remembered by militant workers when reformist labour leaders preach about the necessity for the working class to accept bosses' laws.

Now it is possible that for domestic and image reasons the imperialists will attempt to distance themselves from some of the repressive measures and ballot-rigging that Yeltsin is attempting to implement. But this must not be allowed to hide the fact that they were one of the main forces behind Yeltsin's coup.

FOR SOME TIME Yeltsin has hesitated, continually making twists and turns. He tried to make deals with the republics and regions, and hesitated before attacking the working class.

The IMF has been demanding a strict control of the money supply to try to halt hyper-inflation. The IMF's proposals would mean the working class paying for the halting of inflation through mass unemployment and cutbacks. But Yeltsin was wary of the effects of such a policy. Thus in August his government announced that the credit growth target for each of the last two quarters of 1993 would be 30%, when they had previously agreed with the IMF targets of 20% and then 15%. In fact in the third quarter it was 43%, which while a reduction on previous levels was no-way as tight as the IMF was demanding. Clearly Yeltsin did not want to further attack the working class without first removing his parliamentary rivals who could gain from social unrest.

Last year, more people died in Russia than were born.

But Yeltsin could not dely much longer. During the summer the trade unions stepped up their campaign against the lack of funds in many workplaces which meant workers were not getting their wages and were producing cutbacks. Strikes were being threatened. In this situation the imperialists were demanding Yeltsin acted before there was any large movement of the working class.

Yeltsin's September 21 coup broke the impasse which had developed in the struggle between his faction and the parliamentary leaders. However the break-up of the Yeltsin/Rutskoi/Khasbulatov coalition which had fought both the August 1991 coup attempt and Gorbachev was not simply a struggle between different cliques. It reflected the immense obstacles which exist in creating a viable capitalist economy in Russia.

The first results of the break-up of the planned economy have been economic collapse, hyper-inflation, a massive drop in living standards, huge increase in crime, and growing tensions between the centre and the regions and republics. Officially 80% of Russians now live below the poverty line. Previously eradicated diseases like diphtheria are breaking out again. Last year, for the first time since world war two, more people died in Russia than were born.

This drastic situation opened up divisions among the 1991 Russian leadership. Increasingly the parliamentary leadership, closer to the industrial management, urged a slower pace in both privatisation and the so-called 'restructuring' of the economy. This wing of the former Stalinist bureaucracy wished to perserve its position of power in the restored capitalist economy, a position which was threatened by the imperialists demands for 'creative

destruction' of bankrupting enterprises and foreign takeovers. They also feared the possibility of this policy provoking an explosion of discontent from below.

Yeltsin himself hesitated a number of times. This situation enraged the imperialist powers who began to pile on the pressure for action to be taken to break the deadlock. Increasingly from July threats were made of no further imperialist financial support and that Yeltsin himself was not irreplaceable. The Western leaders feared that unless the old structures were quickly broken-up there would be the danger, for them, of attempts to hold back capitalist restoration.

The victory in the September 19 Polish elections of the Democratic Left Alliance (SLD), the party



The battle for the White House.

of the bulk of the old Stalinist bureaucracy, sent shock-waves throughout the Russian government. While itself pro-capitalist and pro-privatisation, the SLD won support on the basis of opposition to and disappointment with the first results of capitalism in Poland. The imperialists feared that a similar development in Russia could lead to even greater instability, possibly opening the door to a government under pressure from the working class not to fully complete breaking-up the old nationalised economy or to hold down living standards.

While the Russian working class has been stunned by the economic collapse it cannot at all be excluded that there can be movements of desperate protest at the terrible situation which many workers and pensioners face. It has been precisely the fear of such explosions of anger which have, so far, stopped the government from forcing through the mass closures and sackings which imperialism is demanding. This, alongside the rivalry between Yeltsin and the parliament, created the paralysis which prevented any decisive policy being implemented.

For imperialism it is not enough that the old economic plan has been smashed, the state monopoly of foreign trade scrapped, and that a bourgeois state is being constructed. They see the privatisation and break up of the old economic combines as vital to securing the capitalist economy in Russia and opening up trading opportunities for themselves. This is why steadily throughout this year imperialism has been demanding decisive action from Yeltsin.

Neither Yeltsin nor Rutskoi and Khasbulatov were able to mobilise active support.

Already for some time now many of the new capitalists had backed Yeltsin, but as the crisis unfolded many elements of the old bureaucracy switched their support from parliament to Yeltsin. Through the summer Yeltsin's clique prepared for the coup politically and by strengthening their links with the military. During this time Yeltsin openly warned that August was the time for 'artillery preparation' and September will see 'Russia's decisive political battle'.

THE FACT THAT this was a struggle between different pro-capitalist groups did not mean that it was of no concern to the working class. The labour movement always has the responsibility to fight to defend and extend democratic rights. The Russian workers could not be indifferent to Yeltsin's move to permanently concentrate power

in the president's hands at the expense of any elected assembly. Equally the fact that the planned economy in Russia has been destroyed does not mean that privatisation must be accepted as inevitable. Even in the most stable capitalist economies privatisation has to be resisted as it opens the door to profiteering and a worsening of workers' conditions.

Yeltsin's victory was based upon the isolation and then crushing of the parliamentary leaders. Only a mobilisation of the working class could have defeated Yeltsin's coup. The August 1991 coup was defeated by the beginning of mass opposition to the plotters' attempt to abolish what fragile democratic rights then existed and go back to the old regime. At that time many pro-market illusions and hopes existed. Now the illusions have gone but most workers do not know what the alternative is. During this struggle workers remained inactive. Rutskoi made a call for a general strike which got no response. From then on the parliamentary leadership concentrated on appeals to the state apparatus to support them, finally attempting a desperate military adventure.

The workers' inactivity was not accidental. Partly it was the result of the economic crisis. But neither Yeltsin nor Rutskoi and Khasbulatov were able to mobilise active support. Neither were seen as having any way out of the crisis and were regarded as being out for themselves. It was on this basis that Yeltsin's wing emerged victorious and presidential bonapartism strengthened. But the absence of class struggle did not mean that sections of the proletariat were not angry at what happened, particularly the October 4 assault on the White House after it was already surrounded, and the subsequent attacks on democratic rights. The question was, what was the alternative to fight for?

What could have been done to defeat Yeltsin's coup? Last spring we argued that Marxists must oppose any attempt to strengthen the presidency in a bonapartist manner which will be used against the proletariat. On the other hand we could not lend any support to the reactionary forces in the parliament in opposition to Yeltsin. But this does not mean that while fighting capitalist restoration Marxists were indifferent to Yeltsin's moves towards bonapartism.

The Marxists in Russia have come out against the idea of an executive presidency. They stand for the most energetic defense, and extension, of democratic rights. This means fighting against the extension of bonapartist powers, the suppression of parties, censoring and banning of the media, and attempts to rig elections. The Russian people themselves must democratically decide upon the future character of the country.

But it is utopian to think that a US or Western European-style capitalist democracy can be established in the wild chaos of capitalist Russia. Russia under capitalism will be more like Latin America, with its regular periods of sharp class

struggle followed by repression. This is why at the same time as fighting for democratic rights today, the Russian Marxists explain that these rights can only be guaranteed in a workers' democracy, based upon the democratic planning of a socialised economy.

In September the question was concretely posed: how could democratic rights be defended from Yeltsin's coup? In particular how could the working class be mobilised? It is clear that the call to 'defend the parliament' received an extremely limited response. The fact of the matter was that the parliamentary leadership was

an obstacle to the mobilisation of the working class. There was no confidence that Rutskoi et al had any viable alternative. Their months of sparing with Yeltsin confirmed the impression that they were mainly interested in their own positions. Rutskoi's occasional 'left' rhetoric was not aimed at mobilising support. Although a confrontation with Yeltsin was clearly coming, the parliamentary leaders did not build a mass movement because they themselves were scared of the mass of workers moving into action. Additionally the fact that their active supporters included Stalinists, nationalists, and fascists limited their appeal.

The parliamentary leadership never based themselves on the working class, but neither did Yeltsin in 1991. The difference in 1991 was that then workers saw that coup as a threat to their newly won democratic rights and an attempt to turn the clock back towards the old form of Stalinist rule. But now, faced with the reality of economic collapse and elements of social disintegration, workers did not see either side as offering a way out.

For Yeltsin everything worked out just as he needed. After September 21 the parliamentary leaders sat relatively isolated in terms of active support. Around the White House their supporters included extreme nationalists and fascists which enabled the media to start the 'red-brown' scare campaign. The October 3 fighting had all the characteristics of a badly prepared putsch attempt, but one which gave Yeltsin exactly the excuse he was looking for to demonstrate his power by using military force. The October 4 bombardment of the White House was a warning to all the opposition. All in all the parliamentary leaders tactics played into Yeltsin's hands, enabling him to make a far wider clamp down on the opposition.



Yeltsin with Khasbulatov in August 1991.

A mobilisation of workers and youth could only have occurred against both Yeltsin and the parliamentary leadership. While totally opposing Yeltsin's coup Marxists argued that only through independent activity could the working class stop the move towards bonapartism. The parliamentary leaders neither offered an alternative nor were capable of mobilising mass opposition to Yeltsin. Indeed had they won they would have been forced to also move towards bonapartist rule as the weakness of capitalism in Russia and the potential strength of the working class create the conditions where the new capitalist

class have increasingly to rule through authoritarian methods.

However bonapartism does not mean continuous repression. Bonapartism implies a combination of balancing and repression, with or without a parliamentary smokescreen, and usually laced with nationalism. Yeltsin has already showed many of these features both in regard to his policies towards the working class and with the republics and regions within the Russian Federation. This also illustrates that the process of capitalist counter-revolution will not proceed in a straight line.

AN IMPORTANT ASPECT of the counter-revolution in Russia has been the development of ultra-nationalist and fascist groupings. Basing themselves on the anger at the unprecedented social collapse which all parts of the former USSR have suffered, they campaign against Russia's 'national humiliation'. Wrapping this national banner around themselves the fascists and extreme nationalists have been able to participate without hindrance, so far, in many demonstrations and meetings. During the clash between Yeltsin and parliament these elements were present among the supporters of both sides.

The growth of these forces represents a serious warning to the working class. The fascist groupings will inevitably play a key role in attacking the development of genuine workers' movements, serving as auxiliaries to state repression. Nationalism will be used in an attempt to blind and confuse workers, peasants, and the middle class. It will combine opposition to the major imperialist powers with the idea of building a bloc of Russian workers and bosses, ie trying to direct workers anger away from the Russian capitalists. At the same time nationalism will be used as a means of dividing the different nationalities and religions

within the Russian Federation.

Yeltsin's victory over the parliament was secured only with the help of the military. The deepening involvement of the military tops in running the country opens the way to the possibility of future military coups. Although the military's political role was strengthened by Yeltsin's dependence on the army and its capture of the White House, it is unlikely in the short-term that the generals would attempt to take over power directly. However given the inevitable instability of a capitalist Russia there will be a deepening involvement of the military in running the country, which could take an open character in some of the regions.

Both Russian nationalism and the military will not only be threats within the Russian Federation, they will also effect the dealings between Moscow and rest of the former USSR. Outside the Federation the Russian military are now demanding special rights in this area they call the 'near abroad'. Already there are Balkan-style conflicts and wars in many parts of the former USSR. The Russian military's demand is a recipe for possible future Russian military interventions. Significantly, days before his coup, Yeltsin warned the West not to take Moscow's former satellites in central Europe (Poland, the Czech Republic, Hungary, and Slovakia) into NATO. In other words they should remain within Moscow's sphere of influence.

Despite his victory it is still not certain how far Yeltsin can go in restructuring the economy. It depends on how the working class reacts to the massive burden of the 'restructuring'. Equally uncertain in the medium term is to what extent can Moscow re-establish central control over the republics and regions. While the areas outside Moscow and St Petersburg now appear to be bowing to Yeltsin's demands for elections to be held for the new-style local councils, new conflicts are certain to break out between and among the different parts of the Russian Federation.



Struggling to survive in Moscow.

Only through independent activity could the working class stop the move towards bonapartism.

Although the imperialists have welcomed Yeltsin's victory and promised aid, as the last few years have shown, there is a big gap between what is promised and what is actually received. While some aid is likely to go into Russia, large-scale investment is unlikely. The Economics Ministry has estimated that Russia requires between \$30bn to \$50bn in foreign aid and investment each year until 2000, but they expect only between \$1.5bn-\$2bn next year. In fact, there is a large-scale flow of money out of Russia. A total of \$9bn in cash was exported in 1992, \$4.6bn illegally. The combination of low investment, slow world economic growth, and instability will prevent any quick recovery from the collapse of the past few years. That means for the vast majority of Russians a continuing struggle to survive.

In this situation Yeltsin's own future is not secure. Time and time again the imperialists have complained about his unreliability and are concerned at his fall in popularity. Already there is a discussion about a possible successor if he becomes a liability.

The key factor is how and when will the working class begin to move. As we argued last spring the proletariat has been stunned by the consequences of the process of capitalist restoration. There is disillusionment with the effects of the market. However, confusion still exists over privatisation. With the absence of an alternative leadership and programme it will inevitably take some time for the working class to recover from the defeat which has taken place. At the same time there is the prospect of explosive outbursts of anger flowing from the desperate economic situation. It has been a feature of the movement throughout Russia's stormy revolutionary history that deep and quite long periods of apparent quiescence rapidly give way to big upheavals. At a certain stage this will feature as the working class is driven again to take to the path of struggle. It will need to come to terms with the new situation which exists and rebuild its confidence, understanding and organisations.

Yeltsin's coup already has had a effect in radicalising a small layer of workers and youth. Through its experiences, over a period of time, a bigger shift in the consciousness of the working class will begin to take place, preparing the way for new struggles and the eventual re-birth of mass support for the genuine ideas of Marxism. □

14 October 1993

Tory 'democracy' in Hong Kong

Why are Britain and China in dispute over Hong Kong Governor Chris Patten's 'democracy package'? Mike Waddington explains.

HONG KONG MEANS 'fragrant harbour'. A 'fragrant exit' is what Chris Patten, the twenty-eighth unelected Governor, wants to achieve when Hong Kong is handed over to China in June 1997. The handover takes place under a deal cynically struck between Thatcher and Deng Xiaping in December 1984. Under the Sino-British Joint Declaration the two powers decided the future of Hong Kong without reference to its people.

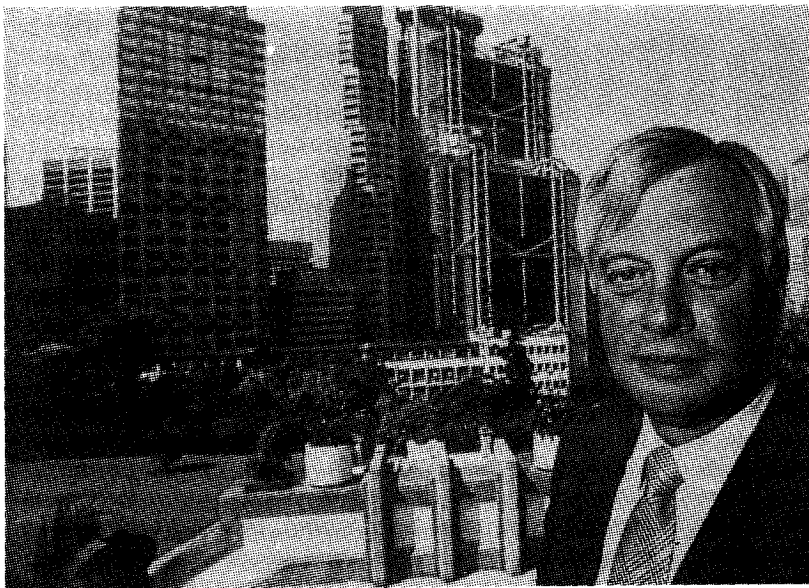
Ten years on, and the handover date bearing down fast, Patten has announced some very limited 'democratic reforms' to the way the colony's 'parliament', the Legislative Council (LegCo) is constituted. Suddenly, after 150 years of absolute rule as a colonial outpost, the ruling class have become 'democrats'. But Patten's proposals are not democratic. Real democracy is when the people of Hong Kong themselves decide.

Presently the LegCo is made up of 60 seats. Until 1985 these were appointed by the Governor, himself appointed by London. Then 12 seats were elected by an electoral college of appointed local councillors and 12 by 'functional constituencies' through associations like the Chamber of Commerce. The total electorate was 110,000. In 1991 Britain and China agreed that 18 of the 60 seats were to be directly elected.

Then in October 1992 Patten proposed his 'democracy package' whereby 20 seats would be directly elected by all 2.7 million voters and 21 by the old 'functional constituencies'. Nine new functional constituency seats would be elected by all people at work and ten seats by local councillors, who would themselves be elected directly for the first time. But this would not be majority rule. In total the 'parliament' would have less than half its members elected by the mass of people, with



One million protest at the Tiananmen Square massacre.



Hong Kong Governor, Chris Patten.

a built-in bias towards the representation of big business.

Nonetheless, Beijing reacted furiously and has gathered support from the biggest of big business in Hong Kong, known as the 'Hongks', who do not want anything to complicate their profits from China. In recent elections to the Chamber of Commerce, five of the six seats were won by pro-Beijing business people.

A parallel body has been set up by China comprising the foreign minister, 27 Chinese officials and 30 Hong Kong business people. The chief executive of one bank was moved to say, 'it is ironic to see the millionaire politicians, high priests of capitalism, bowing before the altar of communism'. Of course, the Hongks have a lot in common with the upper layers of the Chinese bureaucracy, in lifestyle, standard of living and aspiration. They also share a great desire not to change anything in Hong Kong. But the banker overstates his case; there is a lot of 'bowing' taking place but the altar is a capitalist one. Hong Kong and the 'special economic zone', the Pearl River Delta area of south China, grew by 26.7% last year, the fastest on the planet. Neither China nor the Hongks want to disrupt the unrestricted operation of capitalist economic relations in this area - including Hong Kong.

B RITAIN FIRST COLONISED Hong Kong in 1841. Opium was grown in Bengal and 'traded', that is smuggled, into China. When the Chinese government took action against the traders and burnt the opium, British imperialism seized Hong Kong as a base for future policing operations. Kowloon was seized in 1862 and the Chinese were compelled to 'grant' a lease on the New Territories in 1898. It is this lease that expires in 1997. At no stage have the people of Hong Kong been given the opportunity to voice their own views in genuine democratic elections.

After the storm of protest from the privileged on both sides of the Hong Kong border, Chris Patten came to London in April this year to 'seek advice'. Although portraying himself as 'the Dennis Skinner of the Orient', Patten's objectives remain the same as when he was Tory party chairman: to advance the interests of British capitalism. This did not stop Jeremy Bray, Labour MP and spokesperson on Hong Kong, leading the all-party cheerleading for Patten: "Somebody like him should have been appointed ten years ago". In fact, 'ten years ago', when it came to the ratification of Thatcher's 1984 deal, as Denis Healey, then foreign affairs spokesman, admitted in his autobiography, "I did my best to help the government, since it was doing what Labour would have done".

The 1984 Declaration was hailed as a great diplomatic achievement. It was agreed that Hong Kong would be re-incorporated back into China but as a 'special autonomous region', under the formula 'one country, two systems', spelt out in a special annex to the Declaration from the Chinese government: "Hong Kong shall maintain the capitalist economic and trade systems previously practised... (It) shall decide its economic and trade policies on its own". The Hong Kong LegCo would be able to run the territory in all but foreign policy. In the immediate aftermath of the deal the Hong Kong stock market reached a record high.

Patten's objectives remain the same as when he was Tory party chairman.

There was every reason to believe that China would uphold its end of the bargain as China had always tolerated Hong Kong as a useful connection to the capitalist world. The rise of Deng Xiaping and his grouping to become the dominant layer of the bureaucracy in 1977 brought with it the promotion of capitalist economic methods, paradoxically called 'socialism with Chinese characteristics'. Taiwan and Hong Kong were viewed by China as routes to the supply of capital, 'expertise' and a trading and financial infrastructure.

The Tories were delighted that capitalism was to be preserved in Hong Kong. 'Democracy' was just part of the small talk. In 1983, for example, Thatcher, during a particularly trying time in the negotiations, actually suggested that a referendum be held in Hong Kong. But this was only another bargaining ploy which was hastily withdrawn. It

has been the only mention of a referendum.

A recent book by Robert Cottrell, *The End of Hong Kong: the secret diplomacy of imperial retreat*,* goes into great detail about the negotiations. He deals particularly well with the diplomatic camouflage. Thus paragraph 3 (4) of the Declaration says that there will be "elections or consultations to be held locally". Cottrell comments that, "it was understood by the British negotiators and by their Chinese counterparts, that it need not mean a legislature elected in its entirety by universal suffrage. The British accepted that 'elections' might include indirect elections and elections through a restricted franchise".

So why is Patten rocking the boat?

There had in fact been an informal deal between China and Britain in 1955 that democracy would not be introduced into Hong Kong. One official from the Hong Kong government said, "Throughout the 30 years that I was an official myself, from 1951 to 1981, 'democracy' was a dirty word. Officials were convinced that the introduction of democratic politics into Hong Kong would be the quickest and surest way to ruin Hong Kong's economy and create social and political instability... Pressure groups advocating political reform... were carefully monitored by the government and the Special Branch of the Hong Kong police, and where possible their activities were discreetly obstructed or frustrated, sometimes by the use of highly questionable tactics". (*The End of Hong Kong*, pp178-179).

A 1987 government green paper on democracy was issued and invited 'responses' from Hong Kong. One proposal hidden within the fourth chapter called for direct elections. The written responses were 265,078 to 94,565 in favour. However, as some of these were petitions, and therefore discounted, the government brazenly announced, "among submissions to the survey office from individuals, groups and associations, more were against than in favour of the introduction of direct elections"! The Joint Declaration itself was eventually submitted for the 'comments' of the people of Hong Kong, producing an 84% majority in support... from 2,494 submissions, 679 of them from organisations!

CLEARLY BRITISH CAPITALISM wants to be able to operate on a privileged basis in the boom taking place within China. Trade between Britain and China is worth

around £1.4bn, but around £1bn is exports from China to Britain. Although many companies like ICI, BTR, GEC, Glaxo, Pilkingtons and Slumberland, have opened operations in China, Britain is a long way behind. Of the 72,000 joint ventures agreed last year, only 36 were from Britain.

Hong Kong, however, has contributed massively to the economic growth within China. Sixty per cent of all trade with China passes through Hong Kong; some 18,000 trucks a day cross the border, carrying 8m containers a year. A new development will expand this capacity by nearly 2m. This makes this border area the tenth largest trading entity in the world.

Twenty-five thousand Hong Kong factories have been set up in the special economic zone, employing three million workers. Wages are only one-sixth of wages in Hong Kong and much Hong Kong industry has been transferred to China. Hong Kong's role as a financial centre is also key: 70% of all investment in China goes through Hong Kong and half of China's foreign exchange reserves - some US\$20bn - are held in Hong Kong. Hong Kong's stock market turns over HK\$2.8bn a day. The Joint Declaration specifically preserves these features.

Clearly, Thatcher, Deng and the 'Hong' want to maintain all this. Lord Rees-Mogg says that "Hong Kong is the last and in some ways the greatest single achievement of the British Empire". So why is Patten rocking the boat? Some Tories, like Ted Heath, worry that Patten is unnecessarily irritating China.

China, influenced by events in the former USSR and Eastern Europe, fears 'chaos'; while economically 'liberalising' it is determined to maintain a harsh political regime. Clearly they are concerned that any 'democracy' in Hong Kong could raise political expectations elsewhere, causing turbulence and unrest.

China is a developing super-power. It combines



Chinese leader, Deng Xiaoping.

diplomacy with military muscle, with an army of more than three million. There have already been clashes with its traditional adversary, Vietnam, over islands in the China sea. North Korea's recent repudiation of the Nuclear Non-Proliferation treaty with the threat to develop nuclear weapons is as much aimed at China as it is against South Korea and the US.

Patten's behaviour could therefore be seen as an attempt to bolster Britain's prestige, to win 'respect' from China for British capitalism's interests in the region. Moreover the British ruling class also has to consider the future for Hong Kong from the point of view of what may develop within the territory itself.

The British government are afraid of the prospect of mass immigration from Hong Kong as the handover date nears. Although the law has been changed many times from 1962 onwards to deprive Hong Kong citizens of the right to enter Britain, the Tories had to agree to let 50,000 Hong Kong heads of families have the right of entry, with places to be allocated on a points system which favours civil servants and 'entrepreneurs'. In total this would amount to 200,000 people. By portraying itself as a 'champion' of Hong Kong able to stand-up to China, Britain hopes to allay the fears of this business and professional elite.

Patten's behaviour could be seen as an attempt to bolster Britain's prestige.

Another consideration is the need to widen the social base of a future Hong Kong government. If Hong Kong is to govern itself, the government needs some kind of authority to do so. The current oligarchy, the Hongks, lack a real base amongst broad layers of the population. There are also up and coming members of the ruling class who want a seat at the table, such as Martin Lee, leader of the pro-capitalist United Democrats, which won 16 of the 18 directly elected LegCo seats.

Yet, by raising the slogan of democracy and then not delivering, Patten is playing a dangerous game from the point of view of British imperialism.

The social situation in Hong Kong is often described as 'stable' but is prone to sharp and often explosive outbursts from the working class. In 1966-67, for example, there were riots and uprisings which resulted in 51 people killed and over 800 injured.

In January 1984 taxi drivers went on strike when fees they had to pay to the government went up. In Mongkok in Kowloon, a taxi blockade resulted in a riot involving at least 10,000 people

and 172 arrests. During the events in Tiananmen Square in 1989 one million people took part in each of the three demonstrations called in support of the democracy movement. Up to 250,000 demonstrated on the anniversary in 1990.

Currently, unemployment is around 1.8% because of the boom inside Hong Kong. Cheaper labour is actually being imported into Hong Kong from China. But this situation of 'tight labour markets' strengthens the working class, giving more confidence to the workers. Wages are generally rising but in the last ten years, whereas output has risen by 150%, wages have increased only by 16%. A movement of the working class similar to that taking place in South Korea, Hong Kong's fellow 'tiger' economy, could develop.

This will bring into question what the *Financial Times* described as "labour laws... very much out of the 19th century". Censorship of books and newspapers and other repressive laws also exist: for example, six people were charged in 1990 with the illegal use of a megaphone on a demonstration! Real democracy in Hong Kong would include the right to vote and representation but would also establish other rights, including freedom of speech, freedom of assembly and the right to join unions and organise strikes.

In January of this year the Flight Attendants Union at Cathay Pacific organised a 17-day strike. The strikers picketted Patten expecting support from the 'democratic' Governor. This was not forthcoming. From such experiences the lesson will be drawn that the working class have their own class interests, separate from the interests of the capitalists of all hues, in fighting to advance democracy. Real democracy in Hong Kong would mean a constituent assembly elected by all the people to prepare a constitution, including the question of links with the Chinese mainland, with all proposals to be approved in a referendum.

No doubt there are many workers within China and Hong Kong who look forward to the re-uniting of Hong Kong and China, to remove the manifestation of the wounds inflicted by nineteenth century imperialism. Some believe this will lead to an improvement in their lives. However, this does not over-ride the democratic right to self-determination - literally the right for the people of Hong Kong to determine for themselves their own future. The working class of Hong Kong especially, must reach out to the three million workers within China who are employed by the very same bosses who employ and exploit them too. A unity of struggle in united workers organisations, for the improvement of the livelihoods of all, can be achieved.

The working class has yet to raise its full voice but conditions are being prepared for it be heard loud and clear. □

**The End Of Hong Kong: the Secret Diplomacy of Imperial Retreat, by Robert Cottrell. Published by John Murray, 1993, £19.99.*

Forum

Why nationalisation?

A reader questions one of Militant Labour's central demands.

Dear comrades,

In discussions in my local Labour Party, right-wingers often put forward the idea that workers own the means of production, distribution and exchange through their pensions and life assurance policies. They argue that there is no need, therefore, for a Labour government to nationalise the top 150 monopolies, banks and insurance companies, under democratic workers' control and management, as demanded by Militant Labour.

Is it true that the working class owns the assets of the big pension and life assurance companies? Have you any statistics on the size of the working

class' share of the assets of pension and life assurance companies?

If the major monopolies, banks and insurance companies were nationalised, what would happen to workers' private pension policies, company pension policies, and life assurance policies? Do workers own the majority of stocks and shares through their pension funds and life assurance policies?

Your answers will enable me to combat the arguments of the local right-wing. I am sure that other comrades have faced similar arguments on this subject.

John Smithee,
Wisbech

Pete Watson replies:

THE LAST TWENTY years has seen a massive increase in 'investment institutions' in Britain. These are the pension funds, life assurance companies, investment and unit trusts. They hold the majority of shares in British companies and are big property owners. They are the biggest financiers of the government's budget debt. Pension funds alone are worth an enormous £370bn.

Tory policy has had a big say in their growth. The decline in council house building and the sale of council housing stock has led to a growth of home ownership. This has not created a

'property-owning democracy' as the Tories claim. It has merely transferred the workers' landlord from the council to the building society. Those buying a house on an endowment mortgage will take out a life assurance policy, and will therefore be giving regular income to the life assurance companies.

The Tories have also actively undermined the state earnings-related pensions scheme (SERPS). British state pensions have 'flat rate' and earnings-related elements. In broad terms a British pensioner can at best expect to get between 35% and 43% of previous earnings as a state pen-

sion on retirement. The seven European community states that have earnings-related pensions give 60% plus of previous earnings. Through tax incentives and other methods, workers have been drawn into private occupational pensions in this country in the hope of getting a half-decent pension.

Even here private occupational pensions are biased against women, based on the idea of starting full-time employment at 16 and staying continuously with the same employer for 40 years. In June 1993 only 30% of women aged 55 to 69 were entitled to an occupational pension compared with 70% of men.

The Tories are not motivated in these matters by the desire to provide decent pensions and homes. They wish to privatise these state-run services so they can hand them on to their city friends. The investment institutions themselves operate as any capitalist enterprise - they invest to make a profit.

It is probably impossible to provide information on "the size of the working class' share of the assets of pension funds and life assurance companies". It would require working out not only the company contributions to pension schemes but also the class background of every holder of a life assurance policy or pension contributor! However it is clear that workers contribute massively.

This does not mean that the working class own and control these assets. Workers may be entitled to a profit share from their savings. However, real ownership means collective control by the working class as a whole over these companies' assets. What is the real situation?

Taking life assurance companies first, there are two types of companies. The first are 'proprietary' and include the biggest companies such as Prudential, Guardian Royal Exchange and Legal & General. These are public companies, in other words they are listed on the stock exchange. They are therefore run by a board of directors and share



Maxwell - 'workers control' of pension funds?

holders. But share-holding generally is still in the hands of the rich. It is true that the number of shareholders has risen from three million in 1979 to nine million in 1988. But 60% of new shareholders own only one share, 22% only two.

The second type of life assurance is 'mutual'. Here each policy holder is theoretically part-owner or member of the company and expects to share in the profit. These are companies such as Colonial Mutual and Provident Mutual. If anything, however, there is even less broad ownership and control of these companies than in proprietary companies. The company is run by a self-selecting board of directors: policy holders have little say in company policy.

PENSION FUNDS ARE usually the example given when trying to prove that capitalism has changed for the better. The argument goes that at last the evil owners have gone and in their place are trustees who serve the interest of the pension contributors. A closer look reveals a different picture.

Most pension funds are set up as trusts with a board of trustees managing the funds. The job of the trustees is to make sure there is a reasonable rate of

return for the pension fund. As long as that happens there is virtually no control over them.

Real ownership means collective control by the working class.

An increasing number of schemes have 'worker trustees', particularly in the public and ex-public sector. According to a 1990 National Association of Pension Funds survey of over 700 schemes, 59% in the private sector and 75% in the public sector include employees other than management on the board of trustees. Of these however only 189 schemes had trustees that were chosen by employees and only 54 were trade union nominated. Even where there are 'worker trustees' they will be in a minority. 'Workers' control' of the pension funds is an illusion.

Most of the large pension funds farm out the job of investment to managers. These obscure companies, such as Mercury Asset Management and BZW Investment Management, wield enormous power. The top six external

investment management companies controlled UK pension fund portfolios worth £110bn. About ten or twelve managers control one half of the total value of UK pension funds.

Militant Labour stands for the public ownership of these vast financial institutions along with the largest 150 companies and banks that dominate the economy. This would mean the assets of the life assurance companies and pension funds could be used for the benefit of society rather than being 'locked up' in property or share speculation. Pensions would be improved to a minimum guaranteed £200 a week immediately and index-linked into the future. Mortgages could be cut dramatically.

An essential part of a socialist programme is the democratic control of these resources by pension contributors, policy holders and the working class as a whole.

There is no guarantee that pension funds will be protected under capitalism. Hundreds of millions of pounds was stolen by Robert Maxwell from his companies' pension funds. Social security minister Peter Lilley offered a tiny £2.5m to tide over Maxwell schemes that had run out of money!

A number of companies such as National Westminster bank, Belling, and Lucas have been either using pension funds for their own use or altering scheme rules to benefit themselves. The Tories are trying to organise 'raiding parties' on coal and rail pension funds. Continuing economic crisis will in any case affect the returns of pension funds and threaten their long-term future.

The growth of pension funds and life assurance has not altered capitalism. The ownership of a few shares or a mortgage does not change the fact that workers live by selling their labour for wages. The existence of 'worker trustees' or mutual life assurance companies does not alter the fact that their assets are invested for and by representatives of the capitalist class. This vast wealth can only be unlocked by socialism. □

Book Reviews

Health, Wealth and Poverty
By Charles Webster,
Margaret Whitehead
et al

Published by the Medical
Practitioners' Union and the
Socialist Health Association,
1993, £2

Reviewed by John Dale

IF YOU ARE short of money, it is easy to understand why poverty and ill-health go together. But why are the wealthiest so much healthier than even those in 'good' jobs who can afford basic needs?

Some of the answers are in *Health, Wealth and Poverty*, a pamphlet bringing together six papers presented to a conference last November, published jointly by the Medical Practitioner's Union and the Socialist Health Association.

The biggest cause of early death in the UK is heart disease. At one time this was thought of as a businessman's problem. Now it is far more common among working class people. A study of 17,000 Whitehall civil servants showed the risk of dying from heart disease amongst middle management is twice that of the top civil servants. Clerical workers have three times the risk and manual workers, messengers, porters, cleaners etc, have four times the risk of the most senior grades.

The first paper in *Health, Wealth and Poverty*, by Dr Charles Webster, shows how those in power have ignored or covered up such inequality for years. In 1933, for example, the Chief Medical Officer wrote that there was "no available evidence of any general increase in physical impairment, in sickness or in mortality, as a result of the economic depression or unemployment".

This flew in the face of health statistics that had been available since 1911. However, it suited the National government of the



Inequality, as well as poverty, damages health.

1930s, with its policy of benefit cuts, to push the idea that class differences in health were due to the biological or moral defects of the poorest in society.

Margaret Whitehead's paper includes the results of some interesting international studies. In Canada there is a gap of over six years in life expectancy between the richest 20% of men and the poorest 20% and nearly three years between the richest and poorest women. If the number of years spent without disability is calculated, the difference grows to over 14 years for men and over seven years for women.

Throughout Europe, she concludes, "the mounting scientific evidence... all points to a better health status for those who earn more, know more, or have more power".

The paper *Income and Health*, by Richard Wilkinson, reaches important conclusions, although the statistics are a bit heavy. The Whitehall civil servants study, mentioned above, is analysed further. Is the difference between top civil servants and the rest simply because they are better at following a 'healthy lifestyle'?

Wilkinson points out that all the known risk factors for heart disease, smoking, diet, high blood pressure etc, explain less than

a quarter of the difference between the civil service grades.

Comparing different developed capitalist countries, he shows that average life expectancy is closely related to the distribution of wealth. Where inequality is greatest, life expectancy is lowest, regardless of the average income per head.

In Britain, for example, average life expectancy fell by about a year between 1969 and 1986. The share of income of the poorest half of the population fell from 31% to 28% in the same period.

The Department of Social Security has produced figures showing that 98% of the poorest fifth of households have a TV, 80% have a washing machine and 42% have a car. What these figures don't show are the problems caused by trying to pay for a TV license, repair an ageing second-hand washer or being caught with bald tyres you can't replace. Wilkinson argues that this stress, causing anxiety, depression and insecurity, is the main reason for the health gap between rich and poor in the advanced capitalist countries.

Although some of the statistics in *Health, Wealth and Poverty* are quite technical, at £2 it is worth buying for facts to prove that inequality, as well as poverty, damages health. □

*Capitalism, Culture and
Decline in Britain,
1750-1990*

By **WD Rubinstein**
Published by Routledge,
1993, £25hb

Reviewed by
Andrew Price

IN OUR ECONOMIC analysis of world capitalism, *Militant* has explained the reasons for the massive economic boom from roughly 1950-1975 and how the system has since moved to periodic slumps and booms. Within the general crisis of world capitalism, however, there are special features of the crisis of British capitalism, which has witnessed the massive decline of Britain as an industrial nation.

The recent book by WD Rubinstein, an Australian academic, is a contribution to this debate on the decline of British capitalism. However I cannot conclude that he has helped us understand the process any more clearly.

Rubinstein devotes the largest part of his work to a strong attack on what he calls 'the cultural critique'. This argument traces the massive growth of British industry post-1760 leading to the establishment of Britain by 1850 as 'the workshop of the world'. But this period of industrial hegemony was short-lived. After 1870 came the economic decline of Britain, a process that has continued to the present day. The 'cultural critique' advanced by a number of economic historians attributes Britain's economic decline to an 'anti-business' and 'anti-industrial' culture among people in power in Britain.

Rather than seriously examine the actual historical relationship between the development of capitalist economy and the institutions of the state (government, law, the education system, civil servants, police, the army etc) Rubinstein attacks supporters of the 'cultural critique' with the argument that Britain was never really an industrial nation and therefore has not suffered a process of industrial decline.

In nearly all of his arguments he is wrong. For example, a British Conservative writing in 1826, quoted in Trotsky's *Where is Britain Going?*, argues: "The prospects which are now opening to England almost exceed the boundaries of thought, and can be measured by no standard found in history... The manufacturing industry of England may be fairly computed as four times greater than that of all the other continents taken collectively, and sixteen such continents as Europe could not manufacture as much cotton as England does". So much for Rubinstein's claim that Britain was not the workshop of the world.

Rubinstein's arguments range from the unusual to the questionable to the downright ridiculous. Thus having produced an array of statistical data on Britain's industrial decline, he claims that it is not really a question of the rapid *decline* of British capitalism rather than the rapid *growth* of German and US capitalism! In defending the decision of the British ruling class to invest in services rather than manufacturing industry, Rubinstein shows that more people

use Heathrow airport than any other airport in the world. Finally, he attacks those who maintain the superiority of manufacturing over a service economy in the following terms: "It is difficult to believe that there is not some underlying sexual undertone to the preference for manufacturing rather than services".

Rubinstein fails to draw a distinction between making money and creating wealth. The British ruling class has been very skilful in the former, but have shown little facility for the latter. Early in the lifetime of the present Tory government, for example, the very minimal exchange controls introduced by the previous Labour government were lifted. Since then billions of pounds that could have been invested in manufacturing industry has flowed abroad. This has made the ruling class richer as has their colossal investment in banking and insurance. But British manufacturing continues its remorseless downward march.

These actions graphically indicate the absolute decline of British capitalism, and the ruling class's pessimism for the future. Ironically they have less faith in the future of capitalism than have the leadership of the Labour Party. But despite considerable scholarship and research, this vital point is lost on Rubinstein. Those looking for an introduction to the complex but vital questions raised in this book are better advised to start with Trotsky's *Where is Britain Going?*, which retains today all the vitality and relevance as when it was first published. □

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