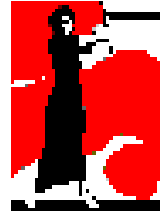


Workers' Liberty

The emancipation of the working class must be the act of the working class itself



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Enron, HIH, WorldCom, OneTel.....

A world run by crooks? Why not a world run by the workers?

Inside:

- The current crisis of capitalism. Brenner's 'The Boom and the Bubble' reviewed
- Is a capitalist 'Ice Age' coming?
- Eyewitness report from East Timor
- Socialist Alliance news and analysis
- Refugees: national conference needed build opposition to Howard and Ruddock
- Leon Trotsky, Jenny Macklin and the ALP

Where we stand

SOCIALISM to us means not the police state of Stalinism, but its polar opposite, the self-organised power of the working class breaking the entrenched power of the billionaires and their bureaucratic state machine.

Socialism means a society restructured according to the working-class principle of solidarity. It means an economy of democratic planning, based on common ownership of the means of production, a high level of technology, education, culture and leisure, economic equality, no material privileges for officials, and accountability. Beyond the work necessary to ensure secure material comfort for all, it means the maximum of individual liberty and autonomy.

The trade unions are the product of long struggles by the working class for the right to build their own organisations to protect them from the arrogant power of the bosses. They remain the major organisations of the working class, the major vehicles of class struggle. There is no short-term prospect of them being replaced by new organisations. Since we believe only the working class liberating itself can achieve socialism, we must focus on the trade union movement, rather than on "radical" movements without a working class or socialist perspective.

Yet the unions represent the working class incompletely, unsatisfactorily, binding the class to capitalism. We must develop the unions, transform them, reinvigorate them with socialist purpose. To do that, the radical activist minority must organise itself and equip itself with clear ideas. That is our aim: to spread ideas of unfalsified socialism, to educate ourselves in socialist theory and history, to assist every battle for working-class self-liberation, and to organise socialists into a decisive force, able to revolutionise the labour movement so that it, in turn, can revolutionise society.

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Behind the painted face of capitalism

"You can't argue with facts," says the good old shortsighted adage.

Well, yes you can: you can put "the facts" in context and perspective; you can see "the facts" as "moments" in a living, changing reality that will, more or less quickly, subvert "the facts" against which only yesterday no argument seemed possible, and throw up new facts.

The scandal-fuelled crisis into which world capitalism seems to be spiralling is a case in point. For a long time now, many socialists have, if only subconsciously, felt that they couldn't "argue" with the gigantic facts of capitalism's unprecedented prosperity, or with its overwhelming predominance all across our planet.

They could argue that this prosperity was patchy, that large parts of the world – most of Africa for example – were smothering in poverty, recurrent famine, treatable diseases.

That millions of children die senseless, cruel avoidable deaths each year.

That in the most prosperous countries on earth the vast "prosperous" majority live lives dominated by their own exploitation.

That even in the richest countries many millions still live in poverty.

That the peoples in large parts of the big cities of the capitalist world – in New York and Los Angeles for example – live in Third World slum conditions.

That most human beings live lives of ignorance and cultural, moral and spiritual deprivation in a world wherein the commercial interests that control our means of communication serve the lowest common denominator – and exert continuous pressure to drive it down – so as to enlarge their catchment area and increase their revenue.

Criticism, radical, bitter, indignant, heart-felt criticism – yes. Proposals for amelioration – such as cancelling the Third World debt, and reforms – yes.

But overthrow and dismantle the capitalist system and replace it with a different system, a rational system run democratically to serve not profit but human need?

That has for a long time now seemed unthinkable. A dead dream. Look at the facts! In the whole of its 500 year history, capitalism had never been so prosperous, buoyant, bullish.

Capitalism as such could not be challenged. It was "natural". It corresponds with immutable human nature. It was the culmination and the peak of all human history.

Nothing better was possible. It was impregnable and invincible.

That creeping conviction, which entered the minds and political souls even of long-time socialist enemies of capitalism, was one aspect of the triumph of capitalism in the 1980s and 90s: it embodied the victory of capitalism on the "ideological front" of the class struggle.

It is the great unspoken fact underlying such phenomena as the irrationalism that has engulfed so much of the left and led to such absurdities as "revolutionary" "Marxist" socialists sucking up to Islamic fundamentalism (because in some of its forms it is an enemy of the capitalist great powers).

Only a deep underlying demoralisation and despair for the rational socialist alternative to capitalism could have produced such disorientation among people who subscribe to the great goal of human liberation from money lord, landlords, and priests.

People who used to see the primary role of socialists to be that of helping prepare a politically educated, self-confident and self-respecting working class that would rise and settle accounts with the capitalists and their system.

Things begin to look differently now!

Yesterday's seemingly unchallengeable "facts" about world capitalism fall into place and into perspective. The self-confidence of the rampant rulers of billions of dollars and millions of human beings is revealed as the self-confidence of the con man and the charlatan.

World capitalism is hit by a series of scandals. We have seen the big telecom company WorldCom collapse after revealing that it had fraudulently puffed up its profits by no less than \$3.8 billion. The WorldCom fiasco followed the Enron crash, earlier this year, and came just before a scandal at Xerox. Other scandals are brewing.

Markets are experiencing a major collapse in confidence and the whole capitalist system is experiencing a deepening crisis of self-confidence. World capitalism is close to a major slump.

Of course socialists are not indifferent to the human consequences of such a development. The point is that socialists have the answer to capitalist crisis: socialism.

Those socialists who lost their bottle in the '90s and retreated into chicken-shit reformism or into demented fantasies of the sort that lines up the SWP/ISO with Islamic fundamentalists, now have a chance to take stock.

Capitalism is not invulnerable. It is not eternal. It has won no definitive triumph. It is riddled with contradictions and

sapped by hidden decay. It is morally indefensible – even in terms of a morality that could excuse mass poverty and economic mass slaughter of the peoples of the poor countries of the world on the ground that capitalism was dynamic in the "First World" and would eventually pull even the less developed countries after it into something like prosperity.

This system stinks. This system not only eats the lives of millions of children every year in order to sustain itself: it does not work except in fits and starts and at enormous and unnecessary cost in terms of human lives, human well-being, human health, human security.

Its cost in terms of the human potential that is sacrificed in order to keep the dog-eat-dog system buoyant, is incalculable.

Against this system socialists need to confidently proclaim once more the crying need for democratic control of the economy and society, for the substitution of a planned socialist economy for the crazed anarchy revealed by the scandals to be the very stuff of capitalism.

We need to go to the labour movement – fundamentally to the trade unions – and once more convince our own class that we don't have to live in this filthy system.

**Socialism is necessary.
Socialism is possible!**

WorldCom collapses, stock market dips: is a capitalist Ice Age coming?

Colin Foster

"Capitalism has had a rotten time lately", says the big business magazine *The Economist*. "Not as rotten as in 1917..." (when the Russian workers took state power) it adds, in case its readers panic.

Indeed not. Yet Paul Krugman, the USA's best-known orthodox economist, reckons "there's an Ice Age just over the horizon". Both those opinions were written before the big telecom company WorldCom collapsed after revealing that it had fraudulently puffed up its profits by no less than \$3.8 billion.

The WorldCom fiasco – belonging to the same type as the Enron crash and the more recent scandal at Xerox – highlights the underlying problems.

Profit rates in the USA have been declining since 1997. According to recent detailed Marxist analyses, they have been squeezed essentially by the ballooning of the "unproductive" sectors of the capitalist economy, sectors like finance, insurance and real estate, which produce no new value but suck in value created in other sectors.

Add up the figures for total value-added in the US economy, subtract the amounts paid out in wages – which can be done straightforwardly from official US government statistics – and the conclusion is clear. Try to estimate profits by adding up the figures reported by individual companies, though, and you get a very different result. Those "profits" still look quite good. In other words, lots of companies are fiddling their figures, in small ways and big ways, to make their profits look healthy and keep their share prices high.

In a period of boom, and for a short time, that sort of fiddle can "work" without disasters. The disasters come when growth slows down. The fiddles become larger and more desperate. Eventually, some of them are exposed. Companies collapse. Share prices crash.

Debt bubbles set to burst

The share-price bubble has burst. There are three other large bubbles which the tumbling wreckage could pierce

and explode. US households have a huge mountain of debt – credit card bills, overdrafts, mortgages.

US corporations, too, are operating with historically high levels of debt. And the whole US economy depends – has depended for many years – on a constant influx of foreign capital. In a few years' time, on current trends, the resulting pile of US debt to the rest of the world will have risen so high that just paying interest on it will keep the debt expanding indefinitely, with no obvious way of controlling it.

In all of those four ways, the relative prosperity of US capitalism – its boom in the 1990s, and the relative mildness of its recent recession – depends on credit continuing to spiral up. If credit starts to implode on any of those fronts, then the whole economy is likely to spiral down, and credit will probably start imploding on the other fronts.

The US government and the Federal Reserve Bank can do some things to stop or limit an implosion. They have done some of those things already, reducing interest rates for example. But their tools are limited, certainly in proportion to the size of the bubbles (see review of Robert Brenner's *The boom and the bubble* further on in this issue).

World's biggest economy

The US economy is by far the world's biggest, and a sizeable downturn in the USA will produce a downturn world-wide. And worse. The dollar is still the basic currency of world trade. If international capitalists stop pouring their funds into the USA, then the value of the dollar will drop relative to other currencies, even faster than it has already dropped. The process will feed on itself – why put your stash into dollars, when dollars are losing value relative to other currencies?

Such are the vast amounts of "hot money" sloshing round the capitalist world that it is quite possible for such a self-feeding process to escalate beyond the point where all the world's central banks put together can do much to stop it.

And a decline of the dollar would do more than shift the relations of the USA to other capitalist economies. It would disrupt the basic fabric of world trade. No-one knows how long the US economy's credit bubbles can hold up. It is not impossible for them to be shrunk gently, rather than imploding catastrophically. But there is certainly more to the WorldCom and Enron scandals than a few individual capitalists cutting corners.

The great public asset robbery in Australia

Janet Burstall

Ken Loach's film *The Navigators* screens in Australian capital cities in August. It depicts the impact of privatisation on a group of former British Rail workers. British Socialist Alliance and Workers' Liberty member Rob Dawber, a railway trackworker for 20 years, wrote the script when he was forced out of the privatised rail industry and found that at work he had been exposed to asbestos and contracted mesothelioma. At first doctors gave him a maximum of six months to live; he survived two years, long enough to win a court case against the rail bosses for negligence and to see the film produced. Here is some background on the extent of privatisation in Australia, to illuminate local discussions of the film.

Eighty five billion dollars worth of government assets were sold around Australia during the 1990s. Further jobs and services were placed under private operation through out-sourcing, or were subjected to the profit motive through corporatisation.

State owned gas and electricity made up nearly 40% of the privatised value, and the half sale of Telstra made up one-third. The Commonwealth Government sold more than \$45 billion. About \$30 billion was sold by Victoria under Kennett, about twice as much as NSW, SA, WA and Queensland combined. Tasmania and NT sales did not register in significance.

Economic rationalist/neo-liberal think tanks proliferated and flourished in the 1980s and 1990s under the auspices of corporate interests and government, the Institute of Public Affairs, the Asia-Australia Institute, the Australian Manufacturing Council, etc. By 1996 such bodies employed more than 1,600 people, and every year they were publishing about 900 reports, and holding almost 600 conferences or meetings.(1) (Here indeed is evidence of the weight of culture and knowledge and resources available to the ruling class to develop and impose their will on the population.) These think-tanks and policy makers convinced politicians and public opinion that certain changes in government economic policies were essential – including a need to reduce public expenditure, cut taxes and reduce government debt. Australian Commonwealth debt fell to "7% of GDP compared to an average of 50% in Europe and similar levels in the US and Japan."(2)

These intellectual hired guns conveniently satisfied the interests behind these new policies – capital ever looking for new areas for investment or exploitation, depending on your vantage point. Major international legal, accounting and management firms developed specialists in organising and lobbying for the transfer of publicly owned assets to private ownership. These include Freehills, Clayton Utz, Andersen Legal, Minter Ellison, Mallesons Stephen Jacques. The websites of some of the major international firms, such as Price Waterhouse Cooper and Ernst and Young reveal the true interests behind the various methods of transfer of service provision and assets from the public to the private sector. Now the privatisers lament that "aside from the remaining half share of Telstra (worth \$45-50 billion) the cupboard is now relatively bare" at Commonwealth level. (3)

Apart from direct sale of government assets, governments have diminished the effectiveness of public health, education, prisons, immigration detention centres and even employment services, by sponsoring and promoting private contractors to take on part or all of the work involved.

The various forms of transfer of public ownership and service provision have all served to expose the workers in those industries to more intense exploitation reduced the number of jobs, and increased the workload of remaining workers.

The advantage, apart from meeting the supposed imperative to have a level of government debt less than one-fifth of the rest of the OECD, is meant to be in improved quality of service. The evidence for this is not apparent.

And if there are any improvements in service, they come at a cost not only for the workforces of these industries. The price is also decreased accountability and in some cases increased dangers to public health and welfare.

The history of water supply in NSW as told by Sharon Beder (4) is illustrative. From 1888 to 1924 a parliamentary standing committee on public works approved water and sewerage schemes and held open public inquiries. Public hearings ceased after 1924, but there was still some democratic control via the elected councillors who made up the Water Board. In the 1980s and 1990s the Water Board was stealthily corporatised and commercialised. In the late 1980s sewage pollution became a major issue, and then in 1998 dangerous bacteria, cryptosporidium and giardia were found in Sydney's water supply. The private company contracted to run the filtration plant was not required to test the water for these organisms. The protection of public health and the environment in water supply and management are lesser priorities to a corporatised water authority than is the priority of making a profit.

The benefits of private operation are said to be an increase in accountability through the mechanisms of the market, the consumer's power to choose where to spend. Where there is serious inequality of wealth and income, as in Australia, the power of many consumers is minimal. But the political accountability of democracy could be exercised on a real basis of equality, if it were not distorted by the power of private ownership to flout democratically made decisions. But an alternative model has had no public attention – a model of increasing accountability via elected delegates to management committees on a broad base,

including the workforce and consumers, to make plans and decisions about the provision of services.

The absurdity of private ownership, control and profit-making as the basis for providing goods and services is there to see if we dig behind the economic myths used to mask the greed behind the demands of capital.

1. Da Silva, Wilson "The new social focus" in *The Australian Financial Review Magazine*, June 1996. p.19-.

2. Moran, Alan (director, Deregulation Unit, Institute of Public Affairs) "Privatisation in Australia" in *Privatisation International*, July 2000. <www.ipa.org.au/pubs/Moranwebpapers/amprivint0700sum.html>

3. *ibid.*

4. Beder, Sharon "The downside of corporatisation" in *Engineers Australia*, September 1998, p. 62. <<http://www.uow.edu.au/arts/sts/sbeder/columns/engcol16.html>>

Socialist Alliance discusses policy for NSW elections

The NSW elections will be in March 2003. The NSW Socialist Alliance has succeeded in gaining registration as a political party, under stringent new electoral laws, and so the name Socialist Alliance will appear on the ballot paper.

This will be the first time in New South Wales that the name has appeared on ballot papers, and it will be interesting to see if this does bring the expected increase in votes for the Alliance.

The Alliance aims to stand up to 15 candidates for the upper house, Legislative Council, and some branches will also run lower house candidates.

A pre-conference on 3 August will pre-select some of the Legislative Council candidates, and will also begin the process of debating policy for the elections. Policy will be adopted at a NSW Conference, planned for 2 November.

The debate to develop policy is a chance to involve more inactive members, and to recruit more people to the Alliance. If this is to happen, it will take some re-prioritising by the currently most active members, who in the main belong to the existing left groups. It will need us all to take more seriously making the Alliance an effective political organisation in its own right, that is worth being involved in as more than a coalition of the left. More policy contributions and more responses are urgently needed.

Workers Liberty has already contributed a draft priority pledge, to set a framework for SA NSW election priorities,

printed below, and produced discussion starters on education and refugee policy.

Draft priority pledge for the NSW election campaign.

The following is proposed for discussion at the NSW SA pre-conference on 3 August, by Workers Liberty.

The Socialist Alliance is standing in the New South Wales elections to give a voice to the solidarity and struggles of people who have to work to earn a living, who have no property and investments to keep them in luxury.

Our platform is based on the demands that workers are fighting for in New South Wales, as well as on the necessary matching demands that the power and privileges of capital must be challenged and their monopoly of wealth and production be ended by a government that is serious about meeting the needs of the majority.

A Labor government acts so much like a Liberal government, because Labor will not challenge the wealthy, because Labor believes that society is best run when the major enterprises and industries are run for a profit by private owners, not for human need by democratically elected and accountable bodies.

- The Socialist Alliance specifically stands with public sector workers, defending public provision of vital services such as schools, child care, hospitals, public transport and environment protection. The Socialist Alliance pledges to fight for the resources from the Federal Government that are needed to be able to provide these services. We are for these services to be provided by securely employing sufficient workers on decent wages and conditions, including high standards of health and safety backed up by effective workers' compensation.
- The Socialist Alliance is on the side of workers in NSW fighting for jobs and union rights, including equal pay for women, and opposes all laws which can be used to stop union action.
- We pledge to support struggles for environment protection, and against the sell off of publicly owned land to private developers.
- We support the rights of asylum seekers to come to Australia and would offer these people assistance with resettlement in place of the abusive policy of mandatory detention now in force.
- We are totally opposed to the so-called "Anti Terror Laws" now being debated in Canberra, which (if enacted) would be used to attack and frame working class organisations and left wing and trade union militants.
- We say: not one soldier, not one gun, not one bullet, and no backup support for George W. Bush's coming war against Iraq.

- We are for full reconciliation with Australia's indigenous peoples: we support land rights, native title and a treaty.

Any Socialist Alliance candidates elected to the NSW parliament will be uncompromising and outspoken representatives of people taking up these struggles. We will use our positions to challenge the rotten, corrupt system that is administered against us and for the wealthy by Labor and Liberal alike, and to replace it with public ownership and democratic control by workers and the community.

"No detention" vs "mandatory processing"

Janet Burstall

"No detention" means that we want the concentration camp hell holes closed. That would be an enormous victory for the refugee solidarity movement, to get all the IDCs shutdown and the razor wire pulled down.

Recently a "No detention" statement was circulated and endorsed by campaigns such as the Refugee Action Collective and the Free the Refugees Campaign. But some activists for asylum rights criticised it. Is the "No detention" statement "divisive and assured of failure", as asserted by Lev Lafayette of Labor4Refugees in Victoria?

Lev mounts three main lines of argument against the "No Detention" statement. **One**, it is divisive. "It is now opportune to seek and work with political allies within the Liberal Party who are also dedicated to humanitarian treatment of asylum seekers." **Two**, mandatory processing is essential for health and identity checks, and whilst processing need only "take minutes" a "no detention" position prevents mandatory processing, and "administrative detention". **Three**, the arguments against any detention in the "No detention" statement are flawed, e.g. they make mistaken claims about Vietnamese migrants' treatment in 1989, and there is no necessary leap, as claimed in the statement, from a minimal detention policy to generalised racism against refugees.

Within the ALP, Labor4refugees has judged that they can be more successful with a policy proposal that includes "mandatory processing" even though a significant and probably the most activist section of the refugee solidarity movement would oppose it. The vague nature of "mandatory processing" is open to interpretation. The opponents of the Detention Centres can assert that mandatory processing need only "take minutes". The more powerful figures in the ALP, such as Simon Crean, can use it to claim that no one in the Parliamentary ALP is opposed to mandatory detention. If (a very big if) the

Labor4Refugees policy were to get through ALP National Conference, all the room that there is for manoeuvre would be used by those in favour of mandatory detention to get mandatory processing translated into something as close to mandatory detention as possible. The battle would remain to be fought. If the totally ambiguous ground on mandatory processing were not conceded by Labor4Refugees now, then victory might be slower, but it would be less likely to be hollow.

It may be that the "No Detention" statement puts many Labor4Refugees supporters on the spot, but it is a spot of the making of Labor4Refugees itself. Perhaps there was a vigorous debate amongst Labor4Refugees members as to whether or not the "mandatory processing" clause should be included in the state conference policy proposals. And perhaps the opponents of mandatory detention within Labor4Refugees were defeated, and decided to accept the compromise. The mobilisation of opposition to detention can only continue to strengthen the arguments of our co-thinkers in the ALP.

Labor4Refugees could have based itself on the main and common goal of the refugee solidarity movement, to close the Detention Centres, to abolish TPVs, and more recently to "end the Pacific solution" (what to replace it with is not defined). Then Labor4Refugees would have based itself on the movement, rather than on second guessing a compromise in the hope that it would gain powerful allies for changing government policy. The fact is that the movement is motivated to campaign FOR these common goals. But no-one in the refugee solidarity movement is going to be holding up placards or chanting in the streets "Mandatory detention NO! administrative detention YES!", even "asylum seekers themselves [who] recognise and understand the need for mandatory processing for health, security and identity" as Lev says.

A policy of "mandatory processing", "administrative processing" or "minimal detention" is similar to what existed *before* Labor opened the Western Australian detention centres. It was still a policy of a capitalist government for imposing immigration controls that had much more to do with managing labour supply and demands on social welfare, than health or criminal risks. Health and criminal risks are an absolutely *minor* issue in the overall scheme of immigration policy. It is *not* the job of socialists, or of working class solidarity to propose for capitalist governments a vague and open-ended power of "mandatory processing" which gives governments leeway to detain workers and peasants escaping from other countries. This is also an argument for "no detention", and it really doesn't matter if some of the arguments used by opponents of detention are wrong.

So while the Labor4Refugees policy victories at ALP state conferences are significant, they are unnecessarily hamstrung, concede too much to Crean, and by trying to bridge political gaps in the ALP, have chosen to open a gap with the activists opposing mandatory detention.

If we are in general against detention of asylum seekers, then there is **no** merit in calling for minimal detention. We might end up putting up with "administrative detention" as a

compromise, or opposing it in our statements, whilst not succeeding in mobilising people against it. However, Lev is arguing for a compromise, acceptance of a policy which significant activist sections of the refugee solidarity movement oppose, in advance of seeing what we can achieve by continuing to mobilise for what in principle we agree with.

If Liberal refugee supporters do want to agitate for a more humanitarian policy, then in the main their consciences, and any leverage they have for doing so, have been provoked by the passions and successful actions of the refugee activist movement which calls for closing the detention centres. The effectiveness of the broader activist movement is greater with a clear, principled demand, than with a compromise that many of the activists actually disagree with. Lev would lose the committed activists in order to curry favour with some power-brokers who are unreliable and do not build a movement, ahead of maintaining the morale and enthusiasm of the activists.

Workers' Liberty argues that a socialist policy should oppose all immigration controls, in other words support open borders. However, we have not insisted that this is the key to progressing the refugee solidarity agenda, or that it should divide opponents of mandatory detention, TPVs, and now the Pacific Solution. We would not therefore say that Labor4refugees has sold out. It is still a victory to achieve a change in policy at the ALP conferences on mandatory detention, TPVs and the Pacific solution, even if it is done on a weaker basis than we would wish.

But we have tried to present the case for working class solidarity with refugees, for civil disobedience/industrial action to support refugees. And so, Workers Liberty argues that Labor4Refugees should not be relying on its efforts within ALP forums to change policy, but *also* involving the labour movement in mounting solidarity based on withdrawal of our labour from enabling the implementation of the government's anti-refugee policy.

This said, there are some contradictions in the position of the ISO and RAC about the issue of immigration controls per se. One of the main arguments marshalled by the ISO for "no detention" is that *any* detention validates racist fear of refugees. It can equally be said that racist fear of refugees is validated by the existence of *any* immigration controls at all.

The ISO has up until now *deliberately* built RAC without taking a position in favour of no immigration controls, on the grounds that it will be a broader refugee support campaign on these terms. The ISO argued against the DSP and Workers Liberty at the founding conference of the Socialist Alliance. They argued that an open borders policy would be suicidal. Now here they seem to be using "open border" arguments to criticise Labor4Refugees, but not actually making the case for open borders.

Red baiting refugee solidarity

Lynn Smith

The Sydney Daily Telegraph of 25 July carried a front page story with a photo of Ian Rintoul of the Refugee Action Collective, the Socialist Alliance and the International Socialists. The Tele claimed to have found the sinister manipulators of the poor refugees who would otherwise sit contentedly and patiently in the detention centres, waiting their fate, if not for these agitators.

It is touching to see the Telegraph showing concern for the welfare of refugees. However, given the newspaper's record it seems more likely that its real motive is to stir up hostility to refugee solidarity activists. Most of the activists, especially the socialists, are also standing up for the interests of Australians struggling in the workforce for job-security, family-friendly hours of work and respect, for the rights of unemployed Australians to jobs. Socialists stand for getting rid of the obscenely wealthy profit-takers who currently own and control most of the opportunities for employment in this country.

The Telegraph is keen to hide this class which would be the object of far more legitimate anger, including the Telegraphs' owners, the Murdochs. So the Tele is always on the lookout for some fake or misleading source towards which to direct the fears and frustrations of its readers.

A modest proposal for the Socialist Alliance

Martin Thomas puts the case for the Socialist Alliance to turn to producing workplace and union newsletters, and trying to build workplace and union rank and file organisations.

Courts, employers, and now the AMWU national leadership are mounting a triple offensive against Workers' First, the militant grouping which won the leadership of the AMWU in Victoria in 1998. The offensive highlights two tasks – immediate solidarity for Workers' First, now being taken up by local Defend Our Union Committees in a number of capital cities, and longer-term efforts to build militant rank and file groupings in other unions.

Unions are the main bedrock organisations of the working class. But generally their leaderships become bureaucratised. In Australia, since the years of the Accord between the unions and the 1983-1996 Labor government, we have that bureaucratisation in spades. Consistent working-class struggle is impossible without organisation. Working-class socialists therefore cannot dismiss or bypass the unions. Nor can we explain away their shortcomings as just a matter of their leaders' links with the ALP (which is the way the DSP and *Green Left Weekly*

usually present things). To develop effective trade unionism; to rally the working class to fight for its own self-liberation; and, even more so, to root that revolutionary fight for self-liberation in on-the-ground workers' organising and struggle, rather than leaving it as a matter of words in the air, a central task for socialists is to help build rank and file organisations in workplaces and trade unions.

The aim of those rank and file organisations is to mobilise and give a voice to the rank and file in a way that bureaucratized, top-heavy official organisations cannot. They are not "oppositional" on principle, or for the sake of it. When official union leaders lead an effective struggle against the bosses, a serious rank and file organisation will support those leaders all the way. The rank and file organisation's enemy is not the official union leadership, but the bosses. The rank and file group is 100% for the union. It acts against the official leadership only when and to the extent that the official leadership thwarts or sabotages effective struggle against the employers.

Building rank and file organisations is the backbone of building a revolutionary party, at least in countries with large and more or less united trade union movements. It is the means by which the party gains a solid and reliable base in the working class, and it is the test of its ability to do that.

For that very reason, it is a difficult business. No solid rank and file grouping is likely to be built without a solid Marxist party or proto-party as its core. Rank and file groupings without that sort of political core do exist and have existed. Workers' First is an example. But those groupings have a very strong tendency to become closed circles of personal associates. They stand before the union membership as an alternative, more competent and honest leadership, but they are closed circles. They do not reach out to new activists. They may do excellent trade-union work for long periods, on a certain level, but they do not help to educate the trade union members in the ideas of working-class self-liberation, and in any sharp upheaval they tend to be sluggish and conservative. There are plenty of examples of this in the British trade union movement today, not to speak of many others in history, the most famous being the revolutionary-syndicalist left in France in the early decades of the 20th century. In fact, rank and file groupings first initiated and given their impulse by Marxist organisations have a tendency to mutate into the personal-circle mode if and when the initiating Marxist organisation loses its grip and dynamism; conversely, personal-circle trade-union groups have a tendency to mutate into syndicalist pseudo-parties, of a particularly elitist, shut-off and complacent sort.

Those problems are relevant to the tasks of beginning to build rank and file groupings.

Rank and file groups

To start a serious rank and file grouping we have to have at least five conditions.

1. There must be an initiating group of activists with at least some substantial base of common politics and common answers to the major challenges the union and the working class face. A Marxist organisation can provide

that, if it has sufficient competent members in the area in question; otherwise, the initiative may come from a small group of people who develop a common approach in the course of union battles and build a larger circle round themselves. (Usually even in the second variant the initiators will have some political education or input from some more explicitly political or theoretical grouping).

2. Those activists must have sufficient knowledge and experience in the union to translate that common base of general ideas more or less reliably into specific answers to day-to-day issues in the union or workplace.

3. They must be well-known and respected enough in the union or workplace that a large minority, at least, of the members will listen to them and consider them as a serious alternative to the incumbent leadership.

4. They must have a political orientation that enables them, and indeed drives them, to reach out constantly to find and train new activists.

5. There has to be a sufficient level of confidence and activity in the broad union membership to "float" the group. Of course, a competent rank and file group has it as part of its role to raise the general level of confidence and activity in the membership; but even to start a proper group, in addition to the initiating nucleus, we need a certain minimum of broad confidence and activism.

To put it sharply: it is not so hard to set up and maintain something which has the formalities and trappings of a "revolutionary organisation" (without rank and file trade union work). It is much harder to develop a serious, ongoing rank and file trade union grouping without a coherent core provided by a Marxist organisation which has at least a minimum of dynamism and clarity. The building of rank-and-file groupings cannot be a shortcut to the development of a political revolutionary party.

If anything the contrary: building a political nucleus is the best route to building a solid rank-and-file grouping. However, once that political nucleus develops beyond the tiniest handful, if it is to avoid sterility, it must start work to build rank and file organisation in the unions. It cannot produce huge results instantly or at will; but if it does not at least make an effort, it condemns itself to marginality.

Rank and file union organisation should, therefore, be a prime concern of the Socialist Alliance. Can the Alliance do it? Can the argument be won within the Alliance about the importance of this work, and the need to turn the Alliance to it? That depends on politics. Immediately, in fact, it depends on whether we can build up the Workers' Liberty current in the Alliance sufficiently that it has enough weight to push the larger groups, ISO and DSP, in directions where they are reluctant to go, and to promote new thinking among their membership.

We should start with practical measures where we can. Where a small nucleus of activists exists in a union, but we do not have the other conditions for a lively rank and file group, then we should not wait for those conditions to develop spontaneously. The small nucleus can do a lot to speed their development. The best step is a regular bulletin or newsletter – aimed at the whole union, a particular sector, or even a particular workplace, as seems best. Aiming at a broader and more diffuse readership is not necessarily the optimum. It depends. By publishing such a bulletin the initial nucleus train themselves, start a process of educating the membership, give themselves a visible presence and thus a chance of drawing in new people.

Leon Trotsky, Jenny Macklin and the ALP

Martin Thomas

Refugees, Labor's trade-union link, and public health care are the three issues most agitating rank and file Australian Labor Party members, to judge from the policy review consultation meeting held with ALP deputy leader Jenny Macklin in Brisbane on 27 July.

About 200 Australian Labor Party (ALP) members turned out for the meeting. It started slowly, with the sort of question that was easily answered by Jenny Macklin with a promise that ALP leaders would "look at options" to deal with this or that social problem, but warmed up a bit after one member, a retired accountant, spoke in favour of reducing trade-union input to the ALP.

Speakers defending trade-union input got strong applause. The best-received speech came from the president of the Rail, Tram and Bus Union, who condemned the ALP leadership as having become almost indistinguishable from the conservative parties over the last 20 years. He joined other members in arguing for Labor to oppose Howard's and Ruddock's shameful record with a more open and democratic policy on refugees..

Long-standing ALP left-winger Tony Reeves spoke of the need for measures to make sure that ALP policy is decided by the membership – not just announced by the leadership – and, once decided, is implemented by the leadership.

Several speakers argued for cutting or reducing the 30% rebate on private health insurance, and putting the money into a better publicly funded health care system.

Although Jenny Macklin spoke at length in response to some of the "easier" questions, she ducked the trade union question, saying only that the report of the Hawke-Wran investigation of the issue will be published on 9 August and a special national conference of the ALP will then be held on 8 October to debate any consequent rule changes.

The majority at the meeting clearly wanted a more democratic, more responsive, more worker-based ALP. If there had been a coherent left grouping there, with a strong team of activists with weight and standing in the party, it could have rallied that sentiment to put real pressure on Macklin. In the event she left Brisbane with a free hand, committed to nothing more than "looking at options" on issues such as the 30% rebate. The established Queensland Left faction evidently looks more to behind-the-scenes politicking to pursue its aims than to openly rallying the party membership on clearly argued issues.

If the radical left organised in the Socialist Alliance were instead inside the ALP, then it could have done what the Queensland Left failed to do. If such a stance – or open on-the-streets campaigning activities – led to numbers of radical activists being expelled from the ALP, which probably it would, then the left could combine open agitation outside the ALP with continued organising inside.

Play it properly, and every expulsion of a radical by the ALP leadership would stir up another ALP member to join the ranks of the radicals.

For the majority of the radical left to undertake such an orientation to the ALP, however, would require a vast culture-shift, something that will not happen tomorrow or the day after. For Workers' Liberty, at present a minority of the (radical left) minority, our best tactical choice at present is to try to exert leverage within the radical left, rather than attempting directly to find pivots from which to shift the immense inertia of the ALP. In the 1930s Leon Trotsky advised his British comrades to join the Independent Labour Party – to develop "the lever of a small group" there, rather than vainly trying to move the British Labour Party directly – even though he considered that the ILP had been wrong to split from the Labour Party and should reorient back to it.

The tactical choice, however, should not obscure the broader perspective. No revolutionary party will be built in Australia without a struggle to transform the ALP. We can and must argue immediately for the Socialist Alliance to develop the best relations possible with serious ALP left-wingers; for collaboration and discussion wherever possible. Such work could lay the basis for a serious intervention in the ALP when the time comes – as sooner or later it must – when its smouldering internal contradictions burst into open flames.

The lever of a small group

A letter by Leon Trotsky, October 2, 1933 to the British Section, Bolshevik-Leninists

Dear Comrades:

I received the copy of your letter of September 5 and allow myself to express a few additional considerations on the question of entry into the ILP.

1. We do not exaggerate the significance of the ILP. In politics as in the physical world, everything is relative. In comparison with your small group, the ILP is a big organization. Your small lever is insufficient to move the Labour Party but can have a big effect on the ILP.

2. It seems to me that you are inclined to look at the ILP through the eyes of the Stalinist party, that is, to exaggerate the number of petty-bourgeois elements and minimize the proletarian elements of the party. But if we should estimate that the workers make up only 10 percent (an obvious underestimation...) even then you will get one thousand revolutionary-minded workers, and in reality many more.

3. The jump from a thousand to ten thousand is much easier than the jump from forty to one thousand.

4. You speak of the advantages of influencing the ILP from the outside. Taken on a wide historical scale, your arguments are irrefutable, but there are unique, exceptional

circumstances that we must know how to make use of by exceptional means. Today the revolutionary workers of the ILP still hold on to their party. The perspective of joining a group of forty, the principles of which are little known to them, can by no means appeal to them. If within the next year they should grow disappointed with the ILP, they will go not to you but to the Stalinists, who will break these workers' necks.

If you enter the ILP to work for the Bolshevik transformation of the party (that is, of its revolutionary kernel), the workers will look upon you as upon fellow workers, comrades, and not as upon adversaries who want to split the party from outside.

5. Had it been a question of a formed, homogeneous party with a stable apparatus, entry in it would not only be useless but fatal. But the ILP is altogether in a different state. Its apparatus is not homogeneous and, therefore, permits great freedom to different currents. The revolutionary rank and file of the party eagerly seek solutions. Remaining as an independent group, you represent, in the eyes of the workers, only small competitors to the Stalinists. Inside the party you can much more successfully insulate the workers against Stalinism.

6. I believe (and this is my personal opinion) that even if you should give up your special organ you will be able to use to advantage the press of the ILP, The *New Leader* and the discussion organ. The American *Militant* as well as the International Bulletin could well supplement your work.

7. Should all the members of your group enter the ILP? This is a purely practical question (if your members who work inside the Communist Party of Great Britain have a wide field for their activity, they can remain there longer, although I personally believe that the useful effect of their work would be, under the present conditions, a few times greater in the ILP).

8. Whether you will enter the ILP as a faction or as individuals is a purely formal question. In essence, you will, of course, be a faction that submits to common discipline. Before entering the ILP you make a public declaration: "Our views are known. We base ourselves on the principles of Bolshevism-Leninism and have formed ourselves as a part of the International Left Opposition. Its ideas we consider as the only basis on which the new International can be built. We are entering the ILP to convince the members of that party in daily practical work of the correctness of our ideas and of the necessity of the ILP joining the initiators of the new International."

In what sense could such a declaration lower the prestige of your group? This is not clear to me.

Of course, the International Secretariat did not intend to and could not intend to force you by a bare order to enter the ILP. If you yourselves will not be convinced of the usefulness of such a step, your entry will be to no purpose. The step is an exceptionally responsible one; it is necessary to weigh and consider it well. The aim of the present letter, as well as of the foregoing ones, is to help in your discussion.

With best comradesly greetings,
L. Trotsky

Solidarity with E. Timor workers: report on a visit to E. Timor

Riki Lane and Maureen Murphy

We were in East Timor for ten days, and followed up work on union – union links and a proposed training tour. We talked to a number of organisations:

- PST (Socialist Party of Timor) and their labour wing SBST (Socialist Labour Alliance) and the ComeAlright (Committee for Mediation and Advocacy of Labor's Rights),
- KSTL (Union Confederation of East Timor)' Representatives from Oxfam GB and APHEDA, Senior members of Fretilin,
- OJATIL (Fretilin Youth Organisation) and
- La Lini – (a broad sport and cultural youth organisation. An important NGO that we did not get to meet is "LaO Hamutuk" (Walking Together), who were well respected by the PST, expatriate NGOs and Fretilin members.

The economic situation

The UN left East Timor in a poor state. They ensured that accommodation, power etc were available for the duration of the UNTAET mission, not for the long term. Although there has been enormous rebuilding since 1999, all infrastructure is very poorly developed.

There is little or no industrial working class in East Timor. What exists is mostly in hospitality, construction and small-scale mining. The largest companies are Australian, e.g. ET Plumbing and Gas, ET Constructions, and employ a maximum of 100 workers. The largest sector is civil servants, who are relatively privileged. There are perhaps 15,000 workers in Dili, out of a population of 150,000.

Wages are generally about US\$85 per month, which is higher than in Indonesia. However, the cost of living is also higher as many commodities are imported. The labour code adopted on 1 May 2002 is very weak.

The coffee industry is reorganising. Tourism is very undeveloped, especially for backpackers. Most of the population is engaged in subsistence agriculture. People are friendly, but surprised to see foreigners (malai) on foot, or the local transport. There is little of the begging or hard sell that is endemic in many Asian countries with a large tourism industry.

Political situation

Fretilin dominates the political scene. When the CNRT broke up, Fretilin had already prepared local structures and is the only party present in all parts of the country. They have an enormous amount of respect due to their uncompromising and successful leadership of the struggle for independence.

Fretilin in government are implementing the program laid down by the World Bank et al – who provide the finances.

They have retreated from their radical 1975 platform and appear to discourage political mass mobilisation.

Parliament is not functioning effectively – we were told the Budget for the next five years was only debated for five hours and that parliament sits for only two hours a day. Most elected politicians spend the rest of the day learning Portuguese. Having Portuguese as the official language causes many problems. Translations of laws and official documents into Bahasa Indonesia (the most commonly spoken language) are often unreliable.

The civil service is bureaucratic and it is difficult to find out who is responsible for anything, let alone get to see them, unless you have good connections.

Mari Alkatari, the Prime Minister, is seen as hard line and having the potential to limit democratic space. He has apparently taken almost sole responsibility for negotiations on the ET Gap Oil Treaty, where he is taking a strong position.

Xanana Gusmao, the President, is the Nelson Mandela figure of East Timor politics. He advocates reconciliation with the pro-Indonesian elements, with only ex-militia guilty of serious crimes to be tried. Others in Fretilin are less sanguine about reintegrating ex-militia.

Some issues identified by a senior Fretilin member we spoke to were:

- There is already significant infiltration by pro-Indonesian elements into Fretilin, the army (10%) and the police (40%);
- A group of 35,000 ex-militia etc in West Timor wants to come back en masse and settle near the border. Xanana is said to be sympathetic to this idea;
- Many of the Falantil veterans have been denied entry into the army.

Other parties include the Democratic Party (PD, seven MPs) who have some radical young members and the Social Democratic Party (PSD). In all, there are about 14 parties in parliament.

The ET Gap Oil and Gas Treaty is one of the hottest political issues in East Timor. It is also the one with huge relevance in Australia, as the ET Government seeks to get a fair division of the seabed. The current treaty includes most of a highly prospective area in Australia's zone, while international law would put most of it in East Timor's. Another question is where the gas pipeline will land – East Timor or the Northern Territory. Thousands of jobs are at stake in construction and in the ongoing processing plant.

PST, SBST and KSTL

The PST seems militant, active and self-confident. They are evidently busy, and not so willing to spare time for political tourists. When we suggested that English language training might be a possible form of assistance, the response was that it would need to be for 6 months minimum and the trainer would need to finance their own accommodation etc. They see it as up to Australian socialists, including Socialist Alliance, to develop concrete proposals about how we can assist them.

The PST has one MP. It criticises the Fretilin Government for its pro-capitalist course and refers to the 1975 program of Fretilin as a basic document.

The union wing of the PST is the SBST, which is "integrated into the structures of the party". SBST is militant and committed to building a union movement with revolutionary politics. Their focus is on direct action around

particular disputes, not on building up regular trade union structures. Instead the aim is to build the PST and its affiliated organisations. They maintain youth and farmer organisations on a similar basis.

They also maintain an independent body, ComeAlright, which has mediation, advocacy, workers education, language classes, and translation roles. This seemed to be the organisation for which they were seeking most material support.

The KSTL has political and financial backing from the ACTU, ICFTU and ILO via APHEDA. They maintain a position of non-affiliation to any political party and they are active over the Timor Gap oil and gas treaty. They participate in a cross-sectoral coalition called Timor Gap Watch.

Sectoral organisations in port/harbour, medical/nurses, teachers, journalists, musicians and construction workers were brought together under the KSTL confederation. These groups were not really unions, more like professional associations. The KSTL are set to launch a union to organise agricultural workers, where they have previously been focussed on Dili. Australian unions have emphasised to them the need to create a base that pays membership dues. They hope to achieve this by the end of the year.

The impression we gained was that the KSTL were trying to build a reformist, class-collaborationist trade union movement along the usual lines – tripartite negotiations etc. Their politics are comparable to a centre-left Australian TU. They seem to be somewhat top-down, but focussed on building up genuine industrial union structures. They identified the main issues for workers as unfair dismissal and the lack of formal employment contracts.

The PST had a very hostile attitude to the KSTL, saying it was a creation of the government, just like the SPSI under Suharto. The PST says that the KSTL does not organise workers, but makes agreements over their heads. They also said that they would refuse to work with any organisation that worked with the KSTL. This was a matter of principle – so Australian trade unions (and other groups) had to make a choice.

We explained that we understood this model of union organising, which is very common in the Philippines, for example, but that we disagreed with it. We prefer industrial unionism where revolutionaries fight for leadership against reformist currents.

(Since this was written, Jon Lamb from the DSP suggests that the analogy with the Philippines is not so useful – where there is a large working class with a long history of union organisation. In East Timor, there is very little history of unionism and the union movement is to be built from the ground up.)

Even if the PST's description of the KSTL's relation to the government were true, it would have a different character to the SPSI due to the different nature of the Fretilin government to the Suharto regime. The PST recognised this by having implementation of the 1975 Fretilin platform as a central plank of their election platform. The KSTL says it is independent of the government, even if it works closely with it. Its central leader is close to the main opposition party, PD.

The PST is perfectly able to make their own judgements on the KSTL. However, to prescribe to Australian trade unions that they must only deal with the SBST seems very

sectarian. It possibly reflects a lack of understanding of the nature of the Australian union movement – where militants and sellouts, revolutionaries and reactionaries coexist. The PST's ultimatum makes it almost impossible to get any union to work with the SBST.

There has already been work done to build a trade union tour to train East Timorese workers in how to remove asbestos. This involves the KSTL, the CFMEU, activists in Melbourne such as Chloe Beaton and in Brisbane such as Jeff Rickertt and Lauren Want from AIUS. I think that it is likely that the CFMEU would be prepared to meet with and possibly assist the SBST. It is very unlikely they would do so to the exclusion of the KSTL.

The KSTL has many international links and material support, while the PST and the SBST seem to have very little. Socialists in Australia need to develop relations with the PST, while not opposing links with the KSTL and other groups. We need to work to explain the nature of the Australian trade union movement to the PST.

Australian socialists, inside and outside Socialist Alliance, have a particular responsibility to support the struggle of East Timorese workers, farmers and socialist. "Our" Government and "our" capitalists play a dominant role.

Ideas for solidarity

1 look for ways to agitate around the ET Gap Oil and Gas Treaty, in cooperation with existing solidarity organisations

2 seek comradely relations with the PST and consider what support we can offer. Some ideas – a) English and Marxism lessons on a rolling basis, b) material support – PCs etc, c) political support – Marxist texts in Bahasa, d) possibility of tour of Australia by a PST leader.

3 comrades who are going to East Timor and want to meet with the PST should contact them beforehand and see if it is possible to have useful contact – bring things they want etc.

4 explain the nature of the Australian labour movement and encourage them to accept contact with organisations that also have contact with the KSTL.

5 attempt to facilitate union to union contacts with the SBST, ComeAlright and KSTL where we have influence. In particular, work with relevant unions to identify the Australian companies in East Timor and support the struggles of their workers.

Book review

The Boom and the Bubble, **Robert Brenner, Verso 2002.**

Reviewed by Martin Thomas

Robert Brenner's new book carries forward the argument of his much-discussed survey of the whole course of capitalism since 1945, *The Economics of Global Turbulence* (1998), to deal with the USA's bubble-boom of 1997-2001 and the prospects now.

The USA of the 1990s was not a "New Economy". It had a boom, but an ordinary, even mediocre, one. The official figures for rapid productivity gains in the USA at the end of the 1990s are probably about right, Brenner reckons, but

even on their basis the productivity improvement, averaged over any reasonable period, was not sensational.

In the first half of the 1990s, "all three great capitalist economic blocs" – the USA, the European Union, Japan – "experienced their poorest economic performance for any five year period since 1945". However, US capital had advantages.

It had pushed down real wages and stomped on the unions. Through that, and through a vast purge of less-successful businesses in the early 1980s, it had set profit rates on an upward trend from about 1982, with only a mild dip in the early 1990s. After 1993, manufacturing capital investment rose. From the Plaza Accord of 1985, through to 1995, the US had also kept the exchange-rate of the dollar low against the mark and the yen, so that US producers, with their costs in dollars, could compete more easily with German and Japanese capitalists paying their costs in marks or yen.

Asian crisis

The US boom reached its dizziest only after the "reverse Plaza Accord" of 1995. The plight of the Japanese economy, lit up in scary vividness by the glare from the Mexican peso crisis of early 1995, led the US government to start elbowing the exchange-rate of the dollar back up again.

This move helped trigger crisis in 1997 in the East Asian economies whose currencies were linked to the dollar. The US Federal Reserve Bank responded to that Asian crisis by drastically easing credit. The eased credit sent the modest US upturn underway since 1993 into a frantic up-spiral.

Consumer demand and share prices both rocketed. Yet while speculative fortunes were being made on the share markets, bottom-line industrial profits were actually falling. The many Internet businesses which saw their share prices soar high even though they had never made any actual profits were only the top-shine of a large general speculative bubble.

In fact several bubbles expanded simultaneously. Consumers – or, rather, the best-off 20% of households – greedily sucked up easy credit to go on shopping sprees. Corporations borrowed both to invest and to drive up "shareholder value" by buying back their own shares. "By the first half of 2000, corporate, household and financial sector debt as a percentage of GDP were all at their highest levels in postwar US history".

The US ran huge, expanding trade deficits, and paid for them by sucking in funds from the rest of the world. "Gross US assets held by the rest of the world reached \$6.7 trillion, or 78% of US GDP" – double the figure of 1995. Most of those assets were US Treasury bonds, corporate bonds, and shares, held by foreign capitalists (and liable in a crisis to be quickly sold by them).

Three spirals

The boom was thus propelled by three spirals of "spend-today-pay-tomorrow" debt. There is always a limit to such spirals – especially when the real profits from which the "paying tomorrow" can be done are actually declining. The stock market has nose-dived since March 2000.

Can the bubbles can be deflated slowly and gradually – slowly and gradually enough, at least, to avoid large dislocations – to reveal an underlying economic base which the new investments and reorganisations of the 1990s has

fitted for a long expansion? Or were they just bubbles, likely to be followed by a period of economic depression for the USA similar to that which Japan has seen since 1991?

In the first chapter of *The Boom and the Bubble*, Brenner summarises his argument from *Global Turbulence* about ruinous competition being the root of world capitalism's shift from long upswing in 1945-73 to turbulence and depression in the last thirty years. His conclusion is the ruinousness of world-market competition has not been overcome, and depression is the more likely prospect now.

He has done heroic work – and very useful work, whether you agree with his conclusions or not – in drawing together a vast amount of information into a documented narrative. I am still doubtful about his basic ruinous-competition thesis.

Capitalism always involves competition. Capitalist competition is always ruinous for some, and often and regularly ruinous for many. How then is modern world-market competition, since the late 1960s, especially ruinous? Why is it ruinous for the overall dynamic of the system rather than just for particular capitalists?

In *Global Turbulence* Brenner developed two arguments. The first was about specific circumstances in the late 1960s. In that period, he argued, the productive strength of German and Japanese manufacturing capital, and the freeing and cheapening of world trade, reached a critical level at which German and Japanese manufactured exports started to flood into the USA. The German and Japanese producers had much lower costs. They were willing to accept modest profit rates in order to win US markets. Their competition forced US producers to abandon hope of getting their accustomed returns of profit on the vast investments they already had in place, to cut prices, and to make do with a normal profit rate only on their current new investments. Result – a general lowering of profit rates, driven by a drop in the US manufacturing profit rate.

Brenner's second argument was much looser and more general. It said that after that first lowering of profit rates, ruinous competition became permanent. World manufacturing industry got stuck in a trough of "overcapacity" from which it has been unable to escape. Even when some governments have organised ruthless purges of manufacturing industry in their countries, the "overcapacity" has immediately been recreated by the entry of new producers, for example from East Asia.

There has been "not only too little entry, but too much entry". "The struggle for markets in a global manufacturing sector that [has] remained haunted by over-supply [has] continued to take the form of a zero-sum struggle, with winners and losers determined heavily by the movement of exchange rates".

Overcapacity

I see some problems in Brenner's first argument about ruinous competition in the late 1960s, but a lot more in his second argument about *long-term* ruinous competition. Of course there is often (at times of downturn) general "overcapacity", and there is longer-term "overcapacity" in some lines of production. But available statistics do not suggest that the *general* problem for capital is that there are chronically too many factories in proportion to other sectors of the economy. In the USA, average capacity utilisation from 1967 to 1996 was 81.1%, only slightly down from the 1948-65 average of 82.4%.

Human Rights Watch condemns treatment of Chinese workers

A 50-page report, analyzes in detail the demonstrations that took place from March through May 2002 in three cities in northeastern China, and the government response to them.

"The Chinese Communist Party is facing a serious dilemma: it claims to protect workers, but those very same workers are protesting in the streets," said Mike Jendrzeyczyk, Washington director of Human Rights Watch's Asia Division. "The workers want the right to form their own trade unions. They want to have a voice in decisions affecting their work and their benefits."

The unprecedented demonstrations lasted longer than any since the 1989 pro-democracy movement. In Liaoyang, metal workers laid off from former state-owned enterprises took to the streets. In Daqing, laid-off oil workers encountered a massive show of force and security forces detained at least sixty workers. In Fushun, thousands of laid-off miners and workers from nearby factories blocked roads and rail lines. Four key protest leaders in Liaoyang city were indicted on March 30, 2002. Yao Fuxin, Pang Qingxiang, Xiao Yunliang and Wang Zhaoming are charged with "illegal assembly, marches and protests" and could face five-year prison terms. The four men have been held for almost five months with little, if any, access to family and with no legal representation. (*edited for space*)
<http://www.hrw.org/press/2002/08/china080202.htm>
<http://www.labourstart.org/>

Even if there were long-term "overcapacity", artificially preserved, that would explain an economy poorer than it would be if not for the redundant enterprises, but not depression. China has large overcapacity in industry, yet is not economically depressed. Japan had huge "overcapacity" in agriculture and retail trade throughout its "economic miracle".

In fact Brenner seems to use the term "overcapacity" loosely, *assuming* that lower profit rates, ruinously excessive competition, and "overcapacity" are pretty much synonyms. For example, he writes: "Despite the fact that, throughout the advanced capitalist world, demand and *capacity utilisation* rates stayed *high* throughout the year 2000... the burden of *overcapacity* and overproduction on manufacturing vitality was manifest everywhere...". And again: "The world's leading manufacturing economies... continued to find it difficult to expand and prosper together, in the face of *incipient* overcapacity and overproduction in manufacturing lines". I have added the italics: given the inherent instability of effective demand in a capitalist economy, *incipient* overcapacity (the sort of "overcapacity" in force even when capacity utilisation is high?) *always* exists, even in the gaudiest boom.

Brenner's second argument, about *long-term* ruinous competition, thus tends to reduce down to a narrative of how first one national economy, then another, gained exchange-rate advantage, with reports of industry in the exchange-rate-disadvantaged economy sagging and industry in the exchange-rate-advantaged one gaining only modestly. The narrative is not a theory.

Nonetheless it is valuable. One example: Brenner's description of how the USA got its way in tussles with other big powers on world-economy issues at repeated crisis points (1971, 1974, 1978, 1985, 1987) sheds light on the current idea that the USA has so dramatically reinforced its hegemony since the early 1990s that the world is now a "US empire". The US government must surely hope that the extra clout and prestige from its military victories since 1991 will help it get its way more easily in world-economy disputes. But, on the record, does it actually get its way more easily, or more surely, than before 1991? I doubt it.

For theory I would rather look to two considerations. The first builds on an argument which Brenner develops in *Global Turbulence* but does not reprise in *The Boom and the Bubble*. The long capitalist upswing from 1945 to the end of the 1960s depended on *imbalances* in the world economy. The USA's great hegemony enabled the world economy to move from protectionism to relatively free trade, and allowed the USA without pain to concede *increasing* shares of increasing world trade to economies like Japan's and Germany's. But the imbalances tended to even out. Once the world economy had become more "balanced" – with relatively free trade and the USA no longer enjoying automatic productive superiority – it also became more fluid; it had fewer "dampers" on its oscillations; it became more crisis-prone.

Secondly, that greater instability operates on a background of downward general pressure on profit rates exercised decisively by the inexorable rise of *capitalistically unproductive costs* (public services, armaments, but also finance, insurance, real estate, advertising, lawyers, accountants and so on).

Refugees, from back page

To achieve this we also have to show that we care about the problems of Australian citizens who are battling to get or keep jobs, to get satisfactory health care, education for their children that they have confidence in, and a secure old age. We need to reach people who feel that in this rich country, the main threat to their well-being comes from people who are even poorer. We have to show that rather these problems are created by the class of the super-rich, the owners and directors of corporations. It is they who downsize, close bank branches, airlines, factories and offices, they who peddle junk food and tobacco which destroy our health, they who demand low corporate taxes so that there is not enough for public services, they who develop and pollute without care for the environment, only for profit. And the politicians make decisions to suit these people. Electing politicians every three years, when these decisions are made by the unelected owners of wealth, does not make a democracy.

What are refugees worth in this scheme of things, where wealth rules? Refugees have nothing to sell but their ability to work, but they are not the workers that Australian capitalism expects to profit from employing. The immigration policy has set that.

So we need solidarity of all the workers, unions and people who are exploited by this system, solidarity of all of us with the refugees, against this greedy minority, in order to overturn this immoral policy and achieve justice.

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Workers' Liberty

Overthrow the government's refugee policy

Janet Burstall

Jacqui Everitt, a lawyer who represented the Bedraie family and who helped to get the story of children in detention into the media, spoke at a July meeting of the Coalition for Justice for Refugees in Sydney.

Jacqui outlined where things are with Immigration Detention Centres (IDCs) now, total population is down to 600, Woomera is now 200, having been 1000 at the beginning of the year. IDCs will not be the main issue any more because the government has succeeded in stopping boats from arriving. So, she asked for contributions on how we are to progress from here in supporting refugee rights.

It seems that the refugee solidarity movement consists of a significant active minority, mobilised in a state of passionate moral outrage, at the injustice of the refugee policy, but by and large able to come up with only specific issues and protests, not a perspective on **why** Australia has this policy, or who can get rid of it and how.

If we are going to get rid of this policy against refugees, then we have to defeat this government, which has pinned its fortunes on mistreating refugees.

It is possible for a minority fighting for justice to win out in the end. One of the first things that Gough Whitlam did when Labor won government in 1972 was to withdraw Australian troops from Vietnam. Less than 10 years earlier opponents of the US/Australian intervention in Vietnam had been a reviled, dissenting minority.

We can defeat this government either by a campaign of civil disobedience which makes it impossible for them to implement their policy, or we can get rid of this government and replace it with a government that will support refugees. Or a combination of the two.

Labor under Crean would not necessarily do anything different from Howard and Ruddock. But there are signs of hope for change in ALP policy. Labor4refugees, which opposes mandatory detention and TPVs, has won four state conferences plus the ACT Branch to a position of opposing the Federal Labor policy on refugees, and the significance of this

should not be underestimated. Crean turned up to argue his case, and these state conferences all specifically and deliberately flouted him. Getting the next Labor National Conference to change policy on refugees will be much harder, since the composition of the National Conference makes it more easily controlled by the leaders. And even if the policy were changed at National Conference, there would remain the problem of enforcing it on the parliamentary party.

A campaign of public and collective civil disobedience could be effective, if we can reach the unions and workers whose jobs are to maintain and implement government policies – DIMA workers are sworn to remain silent on the issue, ACM offices and facilities need servicing with mail, electricity, maintenance, deliveries, workers in health and education are the ones who have to enforce the charges and restrictions that apply to holders of TPVs. Many unions already have policies of support for refugees, including the NSW Labor Council, AMWU, CFMEU Independent Education Union – and Labor4refugees reaches many unions and unionists.

To take refugee solidarity to a higher level, and move beyond protests, rallies and meetings on one hand, and on the other individual detainee, TPV-holder and escapee support, including underground activities, we need to co-ordinate a challenge. We need a national conference of all refugee groups, campaigns and supporters, including Labor4refugees and unions. We need this national conference to look at

- how we can undermine the government's ability to implement its policies against refugees, specifically to close the detention centres, end the Temporary Protection Visa system, stop the Pacific solution, and provide support services to help refugees settle.

- and how to get a government that will enact a policy that is supportive of refugees.

Continued on page 15

**Tampa Day – Black Armband Day Monday 26 August.
Wear a black armband to show support for refugees
NO Mandatory Detention
NO Deportations**