

# Class Struggle 74

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Afghanistan,  
Iraq, Iran?  
Burma next?

***Stop the Wars for Oil!***

# For a Socialist Republic of Burma!

***The military regime in Myanmar (the new name for Burma imposed by the military regime in 1989) has close business dealings with US oil giant Chevron, as well as with Russia to build a new nuclear reactor, and with China to build an oil pipeline from the Bay of Bengal to Yunnan. Are we heading for a 'maroon' revolution? No to United Nations intervention or sanctions! Yes to a united Workers', Peasants' and Students' Congress!***

Burma/Myanmar's latest protests erupted on August 19 after the junta doubled the price of some fuels without warning. Many of the activists detained were members of the '88 Generation Students group, which was founded by former student leaders who spearheaded a 1988 pro-democracy uprising. The military regime formed in 1962, has ignored previous demands by the U.S. and the UN to free more than 1,000 political prisoners and return the country of more than 47 million people to democracy. It has been under international sanctions since the military rejected the results of the 1990 elections.

While the US has protested abuse of human rights in Burma/Myanmar but failed to take action against its own oil giant Chevron which owns Unocal the largest foreign investor.

For example, Marco Simons reports on the atrocities that Unocal has committed using the Junta's military to suppress resistance to the Yadana pipeline.

"When refugees who had suffered rape, torture, enslavement, and murder at the hands of soldiers protecting the Yadana pipeline sued Unocal in a US court, the Bush administration intervened to try to convince the courts that the lawsuit should be thrown out. The administration essentially argued that, even if the case would not actually interfere with U.S. relations with Burma, holding Unocal liable would create a precedent that could conflict with U.S. foreign policy in other parts of the world. (The lawsuit, *Doe v. Unocal Corp.*, was ultimately resolved before the courts considered the administration's position, with Unocal compensating the victims in a historic settlement— see <http://www.earthrights.org/legal/unocal/>.)

Simons, Marco, "Big Oil Trumps Freedom", [http://www.tompaine.com/articles/2006/09/26/big\\_oil\\_trumps\\_freedom.php](http://www.tompaine.com/articles/2006/09/26/big_oil_trumps_freedom.php)

"Myanmar intends to ignore U.S. sanctions and use companies from China, India and France to export natural gas in Asia, U Myint Kyi, managing director of state-owned Myanma Oil & Gas Enterprise, said in Beijing in January. Myanmar and China agreed to build a pipeline this year to bring oil to southern China. Myanmar had proven gas reserves of 17.7 trillion cubic feet at the end of 2005, or 0.3 percent the world's total, according to British Petroleum's *Statistical Review of World Energy*. Russia said in May its atomic agency agreed to build a nuclear power research center and light-water reactor in Myanmar, China and Russia, who are both members of APEC, on Jan. 12 vetoed a U.S. resolution at the UN Security Council to press Myanmar to free political prisoners."

It looks like the doubling of the price of fuel on August 19 was a pretext to spark a internal fight over who will control Burma/Myanmar's hydrocarbon resources. On the one hand the US Chevron is the



biggest player, but its dominance is being challenged by the deals done by the junta with Russian and China, the big US rivals competing for Asian hydrocarbons.

Whoever controls Burma/Myanmar's resources and strategic location wins a vital chunk in the battle of Asia's resources. It seems that the junta's willingness to switch loyalties to the Asian bloc has sparked a plan by the US to try to stage a 'democratic' revolution as a pretext to remove the regime and impose a more US friendly regime. If a 'Maroon' revolution plays out in Burma/Myanmar to the advantage of the US bloc, then we can expect further pressure to be put on Iran to back away from deals with Russia and China or else face a US/Israeli military attack.- See Michel Chossudovsky, "Bush Administration War Plans directed against Iran" (see article below)

- ***In the face of two giant blocs competing for control of the nation's resources, workers everywhere must support the struggle for democracy.***
- ***We do not trust any 'democratic front' to liberate Burma/Myanmar. In every state where the bourgeoisie are mere pawns in the hands of the giant MNCs and their state backers.***
- ***We are against calling for outside intervention from the UN or from China.***
- ***Only the organised working class and poor peasants can carry the struggle for national liberation through to victory.***
- ***For Workers, Peasants and Students Councils.***
- ***For a Popular Assembly of Workers, Students and Peasants Councils, to defeat the imperialist oil monopolies, their Russian and Chinese rivals and their local bourgeois nationalist agents, and to open the road to socialist revolution.***

# “NZ NOT FOR SALE” *its* **SOLD!**

*"If you want fair trade, a healthy society, an inclusive economy and a peaceful planet, then come out on the streets on September 10, and let the government know, NZ IS NOT FOR SALE". (Campaign Blog). This statement amounts to anti-neo-liberalism, not anti-capitalism. It suggests that the reasons we don't have a 'healthy society' and an 'inclusive economy' is because of **neo-liberalism**, a rampant rogue globalisation that can be roped and pacified by street action, hopefully built up to Bolivarian proportions. Here we argue that 'neo-liberalism' is a reformist concept derived from bourgeois ideology. **To fight free trade agreements (FTAs) we need to be anti-capitalist, not anti-'neo-liberal'.***

## **Bolivarians Downunder**

It is not surprising that the NZ 'left' is in retreat from anti-capitalism to anti-neo-liberalism, as they are all more or less, lining up behind President Chavez and the Bolivarian Revolution which is a specifically anti-neo-liberal 'revolution'. Insofar as Chavez is re-awakening hopes in the possibility of reforming imperialism and capitalism by using Venezuela's oil wealth to improve the living conditions of the poor, the left is asking why it can't happen here too.

That is why so-called 'left' organisations are giving up the hard fight to build independent struggles, for backing this or that popular leader, Chavez, Galloway, etc who says he will save them from neo-liberalism.

Just as putting one's hopes in the Bolivarian Revolution makes workers subordinate to a bourgeois state, the NZ IS NOT FOR SALE campaign is dropping independent working class action and turning street action into a lobby group to put pressure on the Labour Government.

This sort of street action appears to be workers action, but in fact the object of the action is to TELL LABOUR what we want, as if we will then get it! Putting demands on a capitalist government can only work when workers are in a position of power and when the bosses are forced into concessions. Such power only comes from workers' power to shut down industry and society.

This campaign is not a workers united front, but a popular front bloc designed to pressure Labour to drop an FTA when as if it was not committed to interests of international and local capitalism. It promotes the illusion that the NZ state can insulate the economy from the organisations of 'neo-liberalism', the MNCs, WTO, WB etc. But hey! If Fidel, Hugo and Evo can do it, so can we! Well they can't.

## **But what is 'neo-liberalism'?**

'Neo-liberalism' is the ideology that capitalism suddenly embarked on a global attack on workers 20 years ago, and that this attack was responsible for most of our ills. (Of course colonisation and other 'bad' things that happened in history accounts for the rest.) The FTAs are seen to be one of the instruments of this most recent attack and stopping them can help stop and roll back 'neo-liberalism'.

**'Neo-liberalism' is an idea that says that capitalist exploitation arises from unequal exchange - the rich and powerful demanding low prices for imports and high prices for exports. Therefore, to equalize exchange, it is sufficient to mobilise popular power to take control of the states of the poorer countries, and demand better deals with imperialism.**

Don't get us wrong. Fighting FTAs is important if it is based on independent workers struggles led by those who openly explain that fighting neo-liberalism will not win us" fair trade...a healthy society...inclusive economy and...peaceful

planet".

*This means arguing that capitalist exploitation results from capitalist relations of production, not exchange relations. As Marx said, capitalism presents its unequal social relations as equal exchange relations. Unequal exchange is then seen as a deviation from normal capitalism.*

So-called 'neo-liberalism' is no more than the aggressive response of monopoly capitalism and imperialism, particularly US imperialism, to the crisis of falling profits in production which hit in the mid-1970s. This crisis could only be

countered by driving down wages, breaking down barriers to free trade in cheap commodities, and direct foreign investment, thus extracting more surplus value at the point of production (eg China). As a result, imperialism cut its costs and raised its profits –not by unequal exchange, but by owning and controlling the global forces of production.

## **Don't patronise workers!**

Right through the 1980s and 1990s the vast majority of New Zealanders were against privatisation. The revival of the National Party's privatisation schemes has sparked renewed popular opposition. Instead of demanding that the Labour Government rejects an FTA with the US, now is the time to demand the re-nationalisation of all the stolen

assets and the complete socialisation of all the key assets in energy, land, timber etc. Farmland should be nationalised and leased back to the farmers. Instead of subsidizing the private owners of these resources to go on profiteering and destroying the ecology, we must fight for socialisation of the means of production as the only answer.

The Campaign based on groups like *Radical Youth*, and *Space Inside* etc should be less patronising to workers and their ability to take an anti-capitalist stand. It could start by building a united front that does not beg the government of the class enemy to hand over power, but instead builds a campaign for workers occupations and control, as a step towards socializing the key industries that we need to run a "healthy, peaceful, inclusive society."

**If we are serious about rejecting an FTA that, for example, can complete the FUTURE privatisation of health, we should start by uniting and coordinating all health workers today against the EXISTING privatised elements of health.**

Use the campaign against *Spotless* to unite all health workers to throw out management and private contractors, and run the service themselves to meet the people's needs. The Labour Government would send in the cops right away. That would make it clear that street action isn't going to stop the Government from signing a FTA and privatising the remaining public services.



# Wanganui Hospital death symptomatic

*Botched operations - an obstetrician that was later dismissed for reporting for work with alcohol on his breath. The loss of 166 patient referral letters by the records department. Miscommunication between doctors over a woman with cardiac symptoms. The woman later died. One of many unnecessary deaths in the NZ Health sector, Wanganui's problems are symptomatic of the failing public health system.*

***We show how the workers' death rate is connected to the bosses' profit rate.***

**Dr Solomon: "the report is a whitewash"**

***It's not only Wanganui that has these problems. Around the country District Health Boards (DHBs) have urged people to stay away from Wellington, Northshore, Waitakere, and Dunedin Hospitals' emergency departments while they struggle with staffing shortages and winter illnesses.***

So, no wonder there is a crisis of confidence in public health services. But wait, the capitalist state swings into action. The Labour

Government asked for a review of Wanganui hospital: "The purpose of the review was to ensure clinical safety and quality of services provided, restore public confidence, preserve the professional reputation of the competent clinical staff, and identify opportunities for quality improvement."

Criticism is widespread. The New Zealand chairman of the Royal College of Obstetricians and Gynaecologists said the report into Wanganui Hospital did not go far enough. Elected Board member and surgeon Dr Solomon called the report a "whitewash". He was adamant Wanganui Hospital did have and still had problems.

One function of the state is to 'sell' the ruling class underfunding of public health as 'good enough' for the working class. This is a capitalist attempt to maintain class relations by deluding workers that services are equal i.e. not class biased. It was workers confidence in Wanganui hospital that the state wanted to "restore" with its "whitewash". In the same way the government tries to maintain workers confidence in health services around the country.

## Privatisation by stealth

When it suits them, the DHBs (District Health Boards) have cleared waiting lists through use of private hospitals. Likewise workers-funded ACC can contract for surgery and other services through private hospitals. The same doctors / surgeons / specialists can be working in both the public and private system. Doctors are taking cash from both, and it suits them to keep waiting lists long because that will force patients to pay for surgery in the private system.

***With or without a free-trade agreement with the US (that may well demand privatisation of health services)***

***NZ health services are being privatised. The DHBs have contracted out many of the medical and support services. Now capitalists such as Spotless run the catering and cleaning services for almost all hospitals, and scores of others provide services like blood testing.***

In the Auckland blood testing both the providers competing for the Auckland contract are capitalist companies. A DHB member used inside information to help his company come up with the best proposal to provide laboratory

services. They initially won the contract against the existing contractor Medlab. Both contractors are Australian-owned companies that take a profit from the laboratory services they provide as part of the health services. Health sector privatisations continue under DHBs management. Privatised health services are there to make a profit for the capitalist.

## Community care as cost cutting.

'Community care' was one of the slogans the state used while dismantling the 'welfare state' in the 1980s and 1990s. When 'community care' was first proposed, it was direct at de-institutionalisation to shut down big hospital institutions. In the case of psychiatric / mental health long stay hospitals could safely be closed, since with modern medicines they are not needed. However the cost cutting plan was clear because the money saved from closing hospitals was not shifted into community services.

These community services were initially run by the DHBs, however they were soon contracted out and workers wages suffered. Quality of service is reduced since NGOs (non government organisations) find it more difficult to attract qualified staff because of a worldwide nursing shortage (and poor rates of pay). NGOs cut costs by employing less qualified staff.

Millions of dollars of services are contracted out from direct government provision and are now run by trusts and other NGOs (Non-Governmental Organisations). This has occurred under a veneer of 'community care', but the reality has been cost cutting by the DHBs.

NGO workers are in a more vulnerable position than their DHB counterparts. NGOs can get away with restructuring and redundancies more easily than the DHBs which have more specific "good faith" provisions in the Employment Relations Act. Community care is a cover-up of capitalist neglect.



**The death rate is connected to the profit rate**

### Death rate connected to the profit rate

By checking into another of the capitalist state's own reports we can see more of the true picture: "*Tracking Disparity: Trends in ethnic and socioeconomic inequalities in mortality, 1981 – 2004*" is available on the Ministry of Health website at: [www.moh.govt.nz](http://www.moh.govt.nz)  
<http://www.moh.govt.nz/moh.nsf/indexmh/tracking-disparity-inequalities-mortality-1981-2004?Open>

Maori are mostly working class and "Maori death rates remain double those of the European". The report admits that: "dismantling the welfare state in the 1980s and the 1990s meant inequalities in death rates between Maori or Pacific peoples and the European ethnic group increased steeply."

In comparing, death rates between low and high income groups the best they can say is "these are no longer increasing as rapidly as they did in the past". This means that on average, the rich continue to live longer and longer, while the poor will still die first, and are not catching up. The health of workers is not improving much while the rich recover faster. Why?

**Capitalism does not want to pay for the health of the working class unless it is profitable. The bosses want workers to pay for their own health out of their already low wages. Capitalists are only interested in the health of workers who can afford health insurance and buy private medical services. The rest of us have to make do with a declining public system prone to more and more 'failures' which cost the lives of the working class poor. While this is the reality, the system doesn't want workers questioning their fate. They don't want workers to organise independently of the state to take over the health system.**

### Labour bullshits workers about health services

The whole capitalist state, led by the Ministry of Health, is committed to the capitalist project of maintaining workers confidence in health services around the country. The Labour party is particularly involved, and skilled at this. Labour puts candidates up for elections to go on District Health Boards around the country. It can choose these candidates carefully and control what they say .e.g. limit criticism of health services).

The members of DHBs are generally powerless to make effective changes. Their role is to set goals that fit within the limits already imposed by capitalist budgets. The management of health services is dominated by accountants, and others hand picked because they will keep health spending within the limits of capitalism, and sell this as good enough for the working class.

The top layer of health sector workers, specialist doctors are in a union called the Association of Salaried Medical

Specialists. These technical experts have recently held stopwork meetings around the country, a first in the history of their union. The "clinical leadership" of health services are subjugated to the demands of capitalism, in many ways. Doctors can only prescribe the medications that are funded by Pharmac (state regulator and buyer of medical drugs). The DHBs will only fund a certain number of operations. Patients on waiting lists to see specialist services are thrown back to their GPs (or the rich can pay for a private clinic). And then the government can say waiting lists aren't so bad.

The labour government leaves the reclaiming of national collective agreements to the unions ability to negotiate this. It neglects to roll back the losses of the 80's and 90's and Labour allows continued contracting out of health services, while having party members on DHBs.



Pressure from unions comes onto the District Health Boards and other (contracted) employers. However the unions are numerous, representing different occupations – Association of Salaried Medical Specialists, Junior Doctors, Nurses Organisation, Public Service Association, Service and Food Workers Union, Radiographers etc.

### Unite all the unions

There is a need for the Health

Sector unions to work together. All health workers from doctors to cooks need to come together to expose the DHBs and the Labour government as the servants of capitalism.

Workers need to support each other to take on the capitalist motives which are driving the underfunding of public health services. But the interests of the separate unions' paid officials may not be served by workers united action.

**Unionised workers need to join together to fight for multi-employer collective agreements to cover DHB, NGO and private contract workers. In that way it will become clear to all workers that the only way they can get decent health is to take over the system and run it under workers control.**

- **Free public health services for all!**
- **Tax the rich to pay for it!**
- **For Multi-Employer and Multi-Union collective Agreements**
- **End bulk funding of workers wages. For national collective agreements. For all Health workers to be paid by the Ministry of Health.**
- **For local workers councils to inspect the DHBs books, and workers action to defend health services against privatisation.**
- **Prepare for workers occupation against contracting out services.**
- **Prepare for workers control of health services!**

# Unite: Report of Annual General Meeting

Members of the Waitemata Branch of Unite attended the recent Unite AGM. It marked Matt McCarten's rise to National Secretary of the union less than 5 years after he started off a new branch in Auckland. Waitemata Branch members continue to fight for practical recognition of the equal rights to membership of unemployed and beneficiaries in the union constitution and for rank and file democracy in the union.

## What is an Annual General Meeting?

According to the Unite union's constitution, the annual general meeting is 'the chief governing body' of the union. One might then expect that every effort would be made to ensure that the union's most important business was placed on the agenda, and that this would be notified to members and branches well in advance of the meeting. One might further hope that, this being the case, members would need little further encouragement to attend. Candidates for National Executive positions would likewise have their nominators, seconders, credentials and platforms, publicised amongst the membership well in advance.

Unless these requirements are fulfilled, the AGM can scarcely function as the union's 'chief governing body', and the constitution itself spells out some (but not all) of these requirements. Nor can the rank-and-file be blamed if they show apparent apathy by failing to turn up.

**Whether by accident, inexperience or design, what actually happened at the Unite August 23rd AGM and in the weeks leading up to it is as follows.**

The meeting was notified in the July issue of *Unite News*, which some if not all members did not receive until the first week of August—a week after the deadline of one month's notice required by the constitution. Some members at least received no notification at all. The business of the meeting was not notified as required by the constitution, or at best only partially. The Secretarial and Financial reports for example, were not mentioned. Election of the Executive and Remits were mentioned only implicitly with a notice for the closing day for nominations and remits.

**Given the shortcomings so far mentioned, the 2007 Unite AGM barely if at all satisfied the constitutional criteria for legality, although it is from the more demanding standards of workers' democracy that it must be judged.**

## Only paid delegates could attend

As for the meeting itself, it was held during working hours on the same day as a preceding delegates' training session (EREL), thus ensuring that the only fully employed members who could attend without losing pay were the delegates themselves. This raises inevitable questions that the timing ensured that only paid delegates could attend, hardly an advertisement for union democracy.

Reflecting the National Secretary's importance in the union—or perhaps his own assessment of that—the lion's share of the time at the AGM was allocated to the Secretary's report.. Little time was left after this for the remits, none of which were put or spoken to by members of the Executive, as they dealt with matters they presumably consider of lesser importance than the particular campaigns currently preoccupying the officials.

By the time remits came up, delegates who'd attended the EREL were beginning to show signs of fatigue, and some were leaving the meeting. Either out of solicitude for them or out of hostility to the speakers, a zealous official of the union provocatively attempted to usurp the chairperson's prerogative to close down the meeting while someone was speaking.

## Waitemata Branch Remits

All four remits were put forward by members of Waitemata Branch and were favoured with the 'recommendation' of the National Executive, despite the fact that Waitemata Branch is allegedly considered by anonymous but influential members of the union (or its officialdom) to be a 'malignant influence'.

The first remit reaffirmed those articles of the constitution stating the objectives of the union, amongst them being the organising of unemployed and beneficiaries. This was put forward because the marginalisation of beneficiaries in their own union has advanced to a point that few members are aware of beneficiary membership because both passive and active measures have actually been taken to prevent them from becoming aware.

Beneficiaries in the union had every reason then, to anticipate remits for constitutional change that would exclude them. In the event, such remits did not eventuate, but an open letter sent by members of Waitemata Branch to Auckland reps on the executive may have headed off such a move, which to be successful would have required major constitutional breeches to pass unnoticed and uncontested.

The second remit required the National Executive to work towards these constitutional objectives 'in their' entirety'.

The third remit condemned the Australian Howard government's attack on Aborigines and the fourth condemned opportunist attempts to politically exploit child abuse by holding Maori and /or beneficiaries collectively responsible.

To the credit of all still present, all remits were passed without opposition.

## "Executive Recommendations"

Instead of remits for constitutional change, the Secretary's report contained 'Executive Recommendations' for a constitutional review, to which members were invited to contribute. Included in these is one reportedly "streamlining AGM procedure". The outgoing President Robert Reid agreed from the chair that "these would need to be passed by a future AGM or SGM" before becoming policy.

Only Matt McCarten and his close associates know why the AGM did not meet the constitutional requirements for democracy. Perhaps the National Secretary regards the requisites of democracy as of lower priority than that of "working for the poor". His apologists would doubtless justify the practise of holding AGMs in conjunction with delegate training sessions as a measure to ensure a good turnout in the face of presumed rank-and-file apathy. However, the fact that a small branch such as Waitemata was able to muster more than half its members to contribute around 20% of those present shows that apathy can be effectively combated by building the union on a structure of branches with regular meetings.

Whether by apathy or design, the erosion of democracy in Unite can only have an outcome that the bosses will rejoice in.

**No union affiliation to any capitalist party!  
Unions break with the state!  
For fighting, democratic unions!  
For a party of world socialist revolution!**

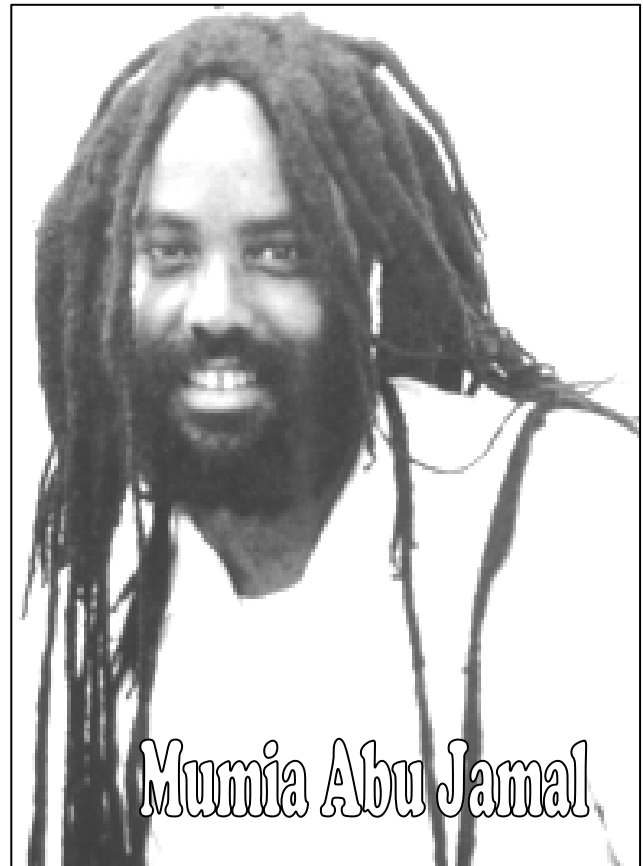
# Stop the execution of Mumia!

An ongoing need for vigilance on the part of the world wide labour movement exists regarding the heroic political prisoner **Mumia Abu Jamal**. Mumia has been in prison since 1981, and is possibly going to be executed in the near future. Readers are urged to familiarise themselves with this case. You could start with the **From Death Row** DVD. If this appeal goes against him we need to join a world wide protest (and strike action) to prevent his execution.

Mumia was condemned to death and has been stuck on death row since 1983. He was framed up for shooting a cop. The police had been out to get him for years because he had been a Black Panther when he was a teenager and later as a leading journalist had exposed police terror against a commune of a radical organisation known as MOVE. In 1985 the police actually dropped a bomb on this commune from a helicopter killing eleven people including children.

See <http://en.wikipedia.org/wiki/MOVE>

This video **From Death Row** does an excellent job of demonstrating the historical background of resistance to cop, state and KKK terror against blacks in America. Mumia is a living and symbolic link to those revolutionary times. Nor will he buckle now, which is why, from the point of view of the imperialists, he must be silenced. He is no ordinary political prisoner because he is an unapologetic revolutionary internationalist currently buried alive in concrete with his only hope being the support of the world workers. His execution would be such a major blow to the international working class that it is almost unthinkable that we could allow it to happen.



***We call on activists to monitor Aotearoa Indymedia for a national protest if the appeal fails and Mumia is once more facing imminent execution.***

## **Facts about Mumia's 1982 trial:**

The policeman was killed with a 44 caliber gun. Abu-Jamal's gun which he was licensed to carry as a night-time taxi driver, was a 38 caliber.

The police never tested Abu-Jamal's gun to see if it had been recently fired. They never tested his hands to see if he had fired a gun. They have never shown Abu-Jamal's gun to be the fatal weapon.

No police officers present at Abu-Jamal's arrest claimed to have heard Jamal's "confession" until two months after it allegedly occurred. This was right after Abu-Jamal had filed police brutality charges.

Abu-Jamal's doctor said that Abu-Jamal, who was unconscious, said nothing. He reported that a nurse found police with loaded guns pointed at Mumia as he lay unconscious in his hospital bed.

William Singletary, a Vietnam veteran and local businessman, saw the whole incident and has testified that Abu-Jamal was not the shooter. However, the police forced him to change his story and intimidated him into leaving Philadelphia.

Other key witnesses, such as Veronica Jones - who now testifies in support of Abu-Jamal, were harassed into giving false testimony. Two prosecution witnesses were given special favors, including exemption from criminal prosecution, for their testimony.

### **Elements in an unfair trial:**

**The Judge**, Albert Sabo, sentenced more people to death than any other sitting judge in the US.

**The public defender** didn't interview a single witness in preparation for the trial, and didn't have funds for defending a capital case.

**The prosecutor** removed 11 qualified African Americans from the jury. He also argued for the death penalty because of Mumia's membership in the Black Panther Party, a practice later condemned as unconstitutional by the US Supreme Court.

**The racial bias** of Philadelphia's courts has resulted in 120 people on death row, all but 13 non-white.

[www.freemumia.org](http://www.freemumia.org)

[http://en.wikipedia.org/wiki/Mumia\\_Abu-Jamal](http://en.wikipedia.org/wiki/Mumia_Abu-Jamal)

# The Carbon Scam: Saving the Government

*The Labour Government has come up with a new Carbon Trading Scheme to deal with global warming. Is it a workable scheme or a cunning scam? We look at the Labour's proposals, the Green view that it is less about carbon neutrality than political neutrality, and our answer to carbon emissions: socialism or burn!*

## Labour's proposals on Emissions Trading

The idea is to make it expensive to emit carbons and cheaper not to emit carbons. This is a local application of the Kyoto principle of trading in carbon emissions. This is preferred to taxing carbon emissions. They say the ETS is "equitable, effective and efficient". But that is only the case if those who emit the carbons actually pay a price for this. It assumes that the market operates and that capital will migrate to new technology that will be less carbon emitting rather than sticking with the dirty technology and passing on the cost.

The Government acknowledges this problem in the case of oil and electric power and proposes to subsidise the consumers against price increases. Yeah right. Both petrol and power prices have risen consistently under monopoly ownership before Kyoto and carbon trading, and have continued to rise ever since, so what makes this Government think it can reverse this process in a tiny little country under its new ETS? Such subsidies are a gift to the corporations who monopolise energy production on a world scale and who now will profit from trading in carbon as a commodity.

Such inducements are even more obvious when it comes to forestry and farming. Both will get healthy 'credits'; that is, subsidies to dirty production for some years. Farmers don't have any carbon costs imposed until 2013 even though farming contributes half of NZ's greenhouse gas emissions. Both sectors are owned by large units of international capital (Fonterra shares are currently non-tradeable but that won't last long) which to remain competitive have to keep their costs down. Both benefit hugely from massive infrastructural subsidies (roads, railways, power etc) and carbon credits will add another subsidy from general taxation.

So the ETS is actually a disguised tax system that redistributes taxes from the working class (business writes off or passes on most taxes) to the capitalists. It's a huge increase in GST. It's a gigantic scam to subsidise key sectors of NZ business in the guise of green capitalism. Labour hopes that it will get away with this scam and that public enthusiasm for green capitalism will see them re-elected for a fourth term.

## Greens: carbon or political neutrality?

One response to the ETS focuses on its limitations and its workability. See <http://prismwebcastnews.com/pwn/?=1355> No limits to carbon emissions are made, and no measure of outputs? The ETS will fall short of the 50% reduction in emissions by 2050 and be nowhere near carbon neutrality. The writer endorses the Green proposal of a tax on fossil fuels such as oil, coal and natural gas, as the best way to cut carbon emissions. These taxes could be used to clean up the economy and subsidise the 'poor'. Second, the NZ economy should go 'organic'. This would cut carbon emissions by between 40-60%. The writer asks: "When will the farmers and politicians wake up to the fact that organics is a win-win solution for our climate, soils, production, hearts, minds and wallets of consumers?"

This raises the question of how to motivate individuals. "Maybe you can win peoples hearts, minds and wallets by introducing an individual carbon budget allowance". Each person and business would be allocated a budget for carbon emissions each year. This is taking the Kyoto principle into individuals' pockets and encouraging them to be

environmentally conscious, beyond the politicians who brag about changing to eco friendly light bulbs in their mansions? The ETS fails to seriously meet the challenges of global warming, and in the last analysis it is not about carbon neutrality but more about political neutrality. Both National and Labour agree that the ITS poses no real threat to their main constituencies, big business or big unions.

## Communists: survival socialism

The major problem with the Green/Liberal critique of Labour's new scheme is that the proposals to first, tax the oil companies, second, give everyone a carbon allowance and third, go organic, are utopian. Who is going to make sure all of this happens? Sure a trading system is not going to stop the problem. The polluters are big business. They control the state and they would rather destroy the earth than go bust. Green capitalism is a sick joke.

None of the things the Green/Liberals advocate can be made to work under a capitalist economy. The oil companies may agree to some level of tax as they are monopolies and can pass on their taxes to the consumers. At a critical point they will switch to nuclear and bio-fuel which they are busy monopolising right now. And they will continue to go to war to ensure they control these energy sources.

Second who is going to make NZ farmers go organic? They are the number one polluters accounting for half of the carbon emissions. Yet their right to pollute will be subsidised for years on the strength of their claims to private property and their economic and electoral strength. The only solution to agricultural pollution is the 'socialisation' of agricultural land, and offering inducements for organic production as part of leading back the land to farmers. Those farmers who object to socialization should be paid out at a fair value for the capital improvements they have made to the land and buildings.

Third, suggesting that individuals are allocated a personal carbon allowance is an attack on the living standards of workers because corporations can trade off dirty production to the consumer. It is then left to the consumer choice to pay this price or not. But that simply perpetuates the bourgeois illusion that individuals as consumers can shop to save the planet. Consumer bans are a petty bourgeois fantasy.

Socialism is the only way that we can get collective control of the means of production and plan production on the basis of meeting our needs in a sustainable way. The arguments against socialism that deterred workers in the past will not deter them further when their survival is at stake. We already apply global public ownership in the Antarctic and in what is left of the commons. We need to defend and extend the commons, all the way to the central banks. We have 'socialism' for the rich in the bailing out of the big banks by central banks which becomes inflation eating into the living standards of increasingly homeless workers. If Bush can print dollars which become can be exchanged for the value created by workers why not eliminate the middle man? Let's take over the central bank and print our own dollars.

Soon the arguments for social ownership and social allocation of resources will be seen to be the only hope of survival.

**Time to become survival socialists!.**

# Fight the New Immigration Bill!

*The new Immigration Bill gives officials sweeping new powers to control who is allowed into the country. They can use face scans at airports to vet entry to New Zealand. Random biometric identity checks such as fingerprinting and iris scans will make sure whether travellers are really New Zealand citizens. According to Immigration Minister David Cunliffe the law will "strengthen border security", in other words, deport those thought a "risk to New Zealand's well being". The extended powers for officials include greater powers of search, entry and detention without warrant. The most significant measure will be the use of secret information that can be concealed from the person seeking entry. The Bill seeks not only to legitimise the secrecy used against Ahmed Zaoui but also to eliminate any effective right of appeal.*

Zaoui was subject to the use of secret information that he could not see or challenge as well as special advocates who would be sole party to the secrets. The invoking of secrecy was justified by the claim that Zaoui was a risk to national security, and so he was denied basic human rights.

The new Bill extends and hardens the measures used against Zaoui. Under the new system the definition of classified information is broadened. Information can come from wider sources than the Security Information Service (SIS). It can come from the police and other government agencies, or even gossip or malicious information from rivals.

The experience in North America has shown the use of secret information in refugee cases leads to highly suspect decisions. In a major refugee case before the US courts, it emerged that secret evidence relied on by the FBI had come from an angry estranged spouse. The Canadian courts see the use of secret information as a violation of natural justice. But New Zealand is taking the opposite path while masking this through recent decisions in two high profile cases.

## Labour's fake liberalism

The Labour Government appears to have liberalised the controversial rules on immigration in its handling of two cases, one being Zaoui, the other case Iranian hunger striker, Ali Reza Panah.

Ali Panah is an asylum seeker resisting deportation on the grounds he fears for his life in Iran after converting to Christianity. He has been released from prison on bail conditions ordering him to start eating. The Government did not want to be blamed for his death from starvation.

The Government released Zaoui after deciding he was no longer a security risk. When he arrived in December 2002 he claimed political asylum but was imprisoned while he was investigated as a risk to national security. Although he was recognised as a refugee in August 2003 by the Refugee Appeal Authority, this was an embarrassment to the Labour Government still claiming he was a danger to the country.

The turnaround is based on "new evidence" which is a weak excuse to cover the Government's embarrassment they could no longer sustain their position. The new evidence is according to the *New Zealand Herald* report - is that Zaoui had given the CIA information on his former colleagues. But

of two exiled leaders of the FIS, Anwar Haddam is living openly in the USA while Samir Bennegadi has a security clearance to work in a nuclear facility in Sydney. Neither likely candidates for providing Zaoui with up-to-date security information. It seems that the Labour Government is trying to smear Zaoui and win brownie points with the Bush regime at the same time. But who knows? It's a secret.

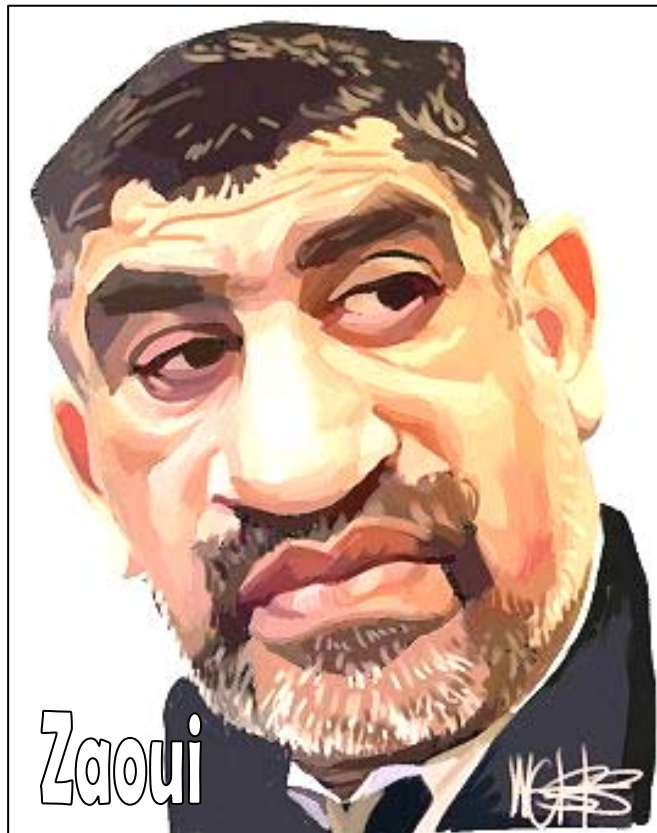
The Bill will "streamline" the appeal bodies. The Refugee Status Appeals Authority which granted Zaoui refugee status will be scrapped. Despite the Residence Review Board finding the high number of decisions by the Immigration Service to have been incorrect, the Board will be scrapped and the Service function unimpeded by checks through appeals.

## Terror rules

The major immigration policy change in the twentieth century was in 1986, when the Labour Government as part of its deregulation of the state sector, deregulated immigration. New Zealand was opened up to an international flow of capital and also a movement of people. We reversed previous law that relied on migrants from traditional source

countries in favour of economically productive migrants. New law/policy aimed to make NZ colour blind. We assessed the suitability of potential migrants on skills and financial aptitude. With the new policy, New Zealand attracted large numbers of migrants from the Asian Tiger countries that we traded with. Winston Peters incited an alarmist reaction in insecure groups in the community such as Maori and elderly whites who feared being overrun by Asians. The Government modified its policy on entry through the 90s and into the new century, trying to balance economic needs with appeasing their xenophobic constituency.

Then the 'War on Terrorism' after 9/11 increased the concerns over refugees and made security a priority. New Zealand accepts 750 quota refugees a year. These are screened by the United Nations High Commission for Refugees. The refugees off the Tampa came under this quota. NZ also accepts refugees who arrive at our borders seeking political asylum. But these are now scrutinised closely. Zaoui found loopholes in the law. These are now going to be closed under the new law. Stop it!



# Are we headed for a world depression?

After a period of expansion, punctuated by a series of crises and upturns, the world economy has recently experienced another shock – the collapse of the ‘sub-prime’ housing market in the USA<sup>1</sup>. This collapse has created a panic in some sectors of the bourgeoisie and unprecedented intervention by the Federal Reserve in the US and the European Central Bank. What does this shock mean? Is yet another ‘correction’ in which over-valued assets are purged i.e. another ‘bubble’ like the bubbles of the Asian crisis of ‘97, Russia of ‘98 and the dot-com collapse of 2000-03? Or is it a serious crisis which could lead to a global recession? Here we argue that so far, the sub-prime market collapse is a symptom of the destruction of part of the historic value of the wage in the USA as millions of workers lose their homes. This is part of a devaluation of the historical wage of US workers to increase the rate of profit that will see a major cut in their share of the national income. This, more than a financial crisis, is what is likely to cause a drop in consumption and spill over into a world crisis. Whatever it is, we can be sure that it is a symptom of a systematic crisis of overproduction of capital which will be resolved either at the expense of the world’s workers, or by the rising up of the exploited masses to overthrow the system that exploits them. Here we assess the severity of the crisis and its implications for the world’s workers.

## The Bourgeois View

The bourgeois view is that the sub-prime market collapse is the bursting of a ‘bubble’. A sector of the economy – workers’ houses – became overpriced because of uncontrolled speculation and bad investments. Normally the market operates smoothly and shocks only arise when individuals make bad decisions that are compounded as in

the housing market, or governments have bad policies that interfere with good decisions. The collapse is therefore a ‘correction’ that will see housing assets ‘revalued’ and see losses of around US\$ 50-100 billion faced mainly by workers as they lose the equity in their houses. They see workers as individual borrowers and their concern is to protect them from the bad decisions of others but not their own. If they bought houses which they could not pay for or

lost their jobs, that is a risk that they must take. While the bourgeoisie agrees on the cause, they don’t agree on the solution.

**(a) Marketeers:** Those who follow Milton Friedman (who on the destruction of New Orleans by Hurricane Katrina, said that “every crisis is an opportunity”), say that the market will self-correct. They accept that the housing market collapse may spill over into the banking system, and that it is the Central Banks role to defend the banking system, but oppose any ‘bail-out’ of the speculators or workers who lost their homes. They argue that to intervene to rescue lenders or borrowers is to reward them for making bad economic decisions. One of the main reasons that shocks occur is because the state interferes with individual decisions e.g. bailing out bad loans will just encourage more bad loans whether by speculators or workers who bought houses beyond their means to pay.

**(b) Keynesians:** Those who look to the state to regulate

the market say that the market cannot self-regulate. This is because individual capitalist’s decisions are not necessarily good for the whole society. They want the state to step in and go further than defend the banking system and insure mortgages so that workers can still afford to buy homes. George Bush and Hilary Clinton are competing to offer token financial support to workers who have lost their homes. What

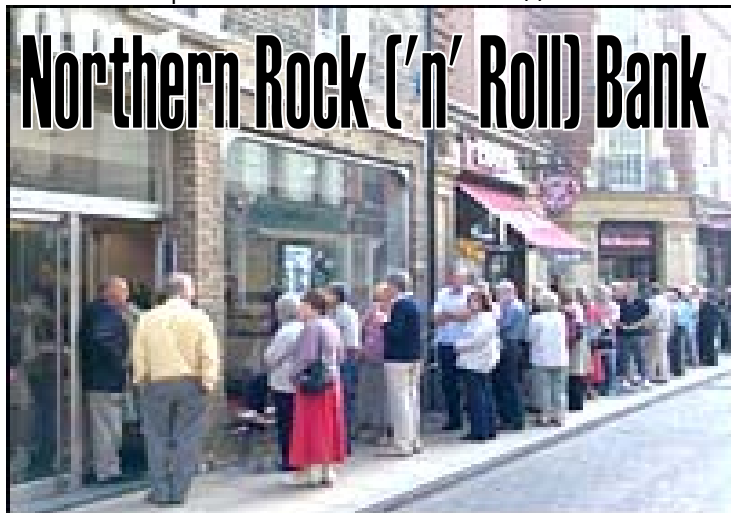
the Keynesians want to avoid is the debts of workers reducing their spending power and causing a slowdown in consumption in the USA. This, they fear, could spill over into a general recession that would spread to the global economy.

**(c) Ricardians:** Like the marketeers and liberals, the Ricardians view capitalism as capable of being in a state of equilibrium. But crises the sub-prime collapse do not arise from ‘bad’ individual

or ‘collective’ decisions. They result from the interests of the ‘neo-liberal’ elite that uses its power to dominate the market and pay less than the full value of commodities. Ricardians adopt the position of David Ricardo, a bourgeois political economist who lived in the period just before Karl Marx and was highly regarded by Marx. Ricardo said that exploitation and profits result from the payment of labour below its value.

The response of Radicals to the sub-prime crisis is to blame the capitalist class for speculating in workers housing, driving up the price well above its value, at the same time paying workers a wage well below its value. The solution is to support state intervention by mobilizing workers as a political force to nationalize housing and industry so that houses and wage-labour exchange at their real value.

**This is the bourgeois political economy that underlies the so-called ‘market socialism’ of neo-Marxists like Petras, and inspires support for bourgeois leaders like Hugo Chavez and his ‘Bolivarian Revolution’.**



<sup>1</sup> ‘Sub-prime’ means high risk loans to low income workers. Workers who took out mortgages for overvalued houses found that they could not pay the installments because of wage cuts or lost jobs and defaulted causing the housing market to collapse.

**However, far from being a system that is normally stable and only subject to shocks resulting from bad decisions (either individually or the collectively) or the rule of a greedy elite, the capitalist economy in the epoch of imperialism, is in a perpetual state of anarchy, punctuated by crises, wars and revolutions. It is not the best or only system of allocating resources to meet social needs. In fact capitalists will not employ the class that produces the value unless they make a profit. This means that over-production of values, in the form of money, commodities and capital, leads to crises, and the destruction of value such as raw materials, machines and the livelihoods as well as lives of the workers.**

### The Marxist View

The capitalist system is one in which one class owns the means of production and is able to force the working class to work to live and to exploit its labor-power as the source of surplus value and profits. The market is the mechanism allows this to happen, not a happy meeting place of rational individuals, nor simply a battle ground of rich elites and oppressed workers.

Capitalists buy the labor-power of workers at its market value in order to extract more value which they take as their profits when they sell the commodities produced by workers on the market. Workers resist cuts in the value of their labor-power and increases in the intensity and hours of work as capitalist try to increase the rate of surplus-value (rate of exploitation).

Capitalists also compete with one another to produce commodities at a lower price of production to capture a larger share of the market. The constant class struggle over the division of value among capitalists (and nations) means that the market is in a constant state of disequilibrium, or, as Marx described it, anarchy.

### (a) Crisis

For Marx 'crisis' is defined as the interruption of the reproduction of capitalist production. Because capitalism is a system in which the market links production, distribution, consumption and exchange, the system can be interrupted at any point. But where-ever this interruption occurs it is always a symptom of a deeper crisis, that of overproduction of capital that results from the tendency of the rate of profit to fall (TRPF). Marx called the TRPF "the most important law of political economy". It is necessary to understand this law in order to see how the current crisis of the sub-prime housing market is ultimately an expression of this fundamental law.

The TRPF results from the necessity for capitalists to invest increasing proportions of Constant capital to Variable capital ('organic composition') in order to increase labor productivity. Constant capital (C) does not produce value itself. Typically it is raw material or the machines necessary for production. As it is used up in production the same value that goes in comes out i.e. it remains constant. Variable capital (V) is the value of labor power that adds value in the production process and is hence, variable. Typically as each capitalist competes to increase labor productivity and low the value of each commodity so as to grab a larger market share, they have to spend more on the latest technology and thus raw material consumption. While the rate of surplus value increases at a certain point it will not be sufficient to return a profit on the total capital invested and the capitalist will stop

investing. When this becomes generalized to the whole economy a crisis of the overproduction of capital occurs.

Marx called this law a 'tendency' because it was offset by 'counter-tendencies' (CTs) as capitalists looked for ways to prevent the crisis developing (Marx, *Capital*, Vol 3). Marx allowed for an increasing rate of relative surplus value as part of the tendency itself. CTs included cutting the value of both C and V by means of foreign trade. Lenin later developed Marx's law of the TRPF and the CTs in his analysis of imperialism which resulted from the TRPF causing the export of capital to the colonies to take advantage of cheap raw materials and labor power (CTs). Commercial and military wars were extensions of this counter-crisis economizing.

### (b) The Current Crisis

By Marx's definition of crisis then, the sub-prime housing collapse in the US is a symptom of a much deeper crisis of overproduction of capital. The finance used to speculate in the housing market is a small part of the total 'fictitious' capital inside the US that is worthless because there is no asset value to back it or to exchange for it. It will disappear as housing assets are devalued i.e. are 're-priced'.

This is why the bourgeoisie try to explain away the crisis as only a 'correction' of a burst 'bubble'. Yet they fear that it will spread from the sphere of distribution, to consumption, exchange and production itself. The marketeers know that 'bad' investments must be 'purged' to save the rest of the

system (Martin Wolf of the *Guardian*).

The Keynesians, however, are convinced that 'bad' investments must be managed by appropriate state intervention to stop them spreading. They represent the dominant fraction of US capital that uses the state to prop up capitalism by subsidizing it at the expense of weaker capitals and



**Argentine bank gets the message**

nations and ultimately the world's workers. This includes US workers whose loss of jobs and declining wages mean that they cannot afford to pay their housing costs.

In the face of the sub-prime collapse, the Central Banks have provided the liquidity to subsidize the buying power of the rich to compensate for the cut in workers' purchasing power, and prevent the crisis from spreading offshore to Asia. A few hundred billion dollars is very little compared to the total asset values in the US and to the total debt which the US offloads onto weaker nations and their working classes by printing dollars.

The risk of US debt is shifted from US banks onto the Central banks of other countries like China and Japan who buy US junk bonds. In this way the US government shifts the cost of paying for the sub-prime collapse onto its economic rivals.

What is masked by this reflation is that these funds are to rescue the assets of the bourgeoisie only, and will not replace the lost spending power of the working class. This is part of a declining share of income going to the working class and both increase the productivity of US exports and impact on the import of 'China goods'

### The deep crisis facing US imperialism

What the current credit crisis reveals is a deeper crisis faced by US imperialism and the world economy as it constantly struggles to offset the TRPF with a range of CTs.

The collapse of the sub-prime market is a symptom of the restructuring of the US labor force as it shifts from manufacturing and assembly to knowledge industries around biotech, IT, and scientific and technical research.

A further indication of this restructuring is the 4000 net loss of jobs in the US in August compared with the 100,000 new jobs forecast for that month. In the same month 46,000 jobs were lost in manufacturing, 22,000 in construction and 32,000 in the education sector while 1000s of new 'Walmart' low-paid service jobs were created. Other figures show that the slump in the construction industry is cutting jobs for migrant workers and that this is reflected in the drop in remittances to the countries of Latin America. So while the old labor aristocracy is losing its traditional privileges, the reserve army of migrant workers is also under attack.

All of this data shows that the US working class is undergoing a drastic cut in its historic living standards which is reflected in cheaper wages, more productivity, and loss of consumption. This is a cheapening of V or variable capital as a CT to the TRPF. A reduction in the value of housing will see houses become cheaper. But this will hardly compensate for loss of pensions, health entitlements, job losses and a major switch from manufacturing to 'Walmart' jobs. This devaluation of V is a significant cut in real wages and must spill over into a fall in consumption of imports of 'China goods'.

Whether this will actually create a global crisis depends upon the ability of 'China goods' producers to shift production to different markets or to switch to different products. Asia's exports to the US (not only consumer goods) average 16-20%. This does not take into account Asian corporations like Toyota that produce inside the US which may also lose sales like that of the US automakers in the last years. China is also expanding its inter-Asian trade and its domestic sales are up. A major cut in consumption of China goods in the US would, according to the Economist Intelligence Unit, see China dump its overproduced exports. The effect of a slump in production

in China would spill over to a drop in demand for commodities from Latin America and see prices fall.

## Conclusions

A global recession of this order would not necessarily change the US hegemony established by the dominance of US control of oil, nuclear fuel and bio-fuel. The US uses its monopoly of oil to blackmail its weaker rivals to deal in petrodollars and junk bonds. It uses its military power to occupy oil fields and control the oil market and will do so also to ensure its monopoly of nuclear fuel and bio-fuel. It forces its rivals to accept this hegemony and to invest in US junk bonds so that any disruption in this global equilibrium would mean a crisis for all states. A global recession would not in itself bring about a new imperialist rivalry such as to challenge or change this world order. China will not dare to sell its junk bonds suddenly, just as Putin has recently put Russia's dollar funds into its Central Bank. They will try to pass off any costs onto their own workers.

So the US will try to solve its overproduction crisis at the expense of its own workers and those of the whole world. But the attacks on US workers as well as those of Asia and Latin America to force them into poverty wages and the black economy, to intensify the rate of exploitation and super-exploitation, along with the ruthless plundering of raw materials, will create conditions in which workers' resistance will become more internationalized.

The resistance movements of Iraq and Palestine and the growing struggles of Latin American and Asian workers will co-ordinate their forces and finally bring the US workers onto the scene as an active part of the world proletariat. Under these conditions US hegemony would be challenged, not by any rival state, but by the world proletariat. The duty of revolutionaries is to seize this opportunity to intervene in the struggles to build the world party of revolution to end capitalism and open the road to socialism.

## Solomon Islands Attorney-General Moti vs RAMSI

*The exchange between Moti and George (below) is part of an ongoing fight between the Solomons' government that appointed Julian Moti and Australian imperialism which is using RAMSI (Regional Assistance Mission to the Solomons which includes NZ police) to intervene in the Solomons, and like East Timor, engineer a 'regime change that is compliant with its interests. Moti is calling for the 'review' of the previous Act (FIAA) which invited RAMSI to intervene to restore 'law and order' in 2003, to force it leave. He has fabricated charges of child abuse hanging over him in Australia and fears for his life.*

**Attorney General Julian Moti QC** has challenged the Visiting Contingent's Head, [Australian] Tim George to go and get a Court injunction to stop National Parliament's proposed review of the Facilitation of International Assistance Act ("FIAA") if he feels that the AG's legal advice to Government was as "fundamentally flawed and muddled" as George recently claimed.

"That will be the ultimate proof of the pudding and if he succeeds in obtaining an injunction, in defiance of established constitutional principles, our people will be mourning the death of parliamentary democracy in Solomon Islands."

"...Parliament was merely reasserting its constitutional authority to make and unmake laws for the 'peace, order and good government' of Solomon Islands."

According to Moti: "It seems so silly to obstruct the path of a meaningful review of the existing FIAA notice when our Provincial Premiers have also just called for the reorientation and scaling down of the Visiting Contingent's operational presence as a result of its apparent success."

Says Moti: "...Since we're both here to serve the people of Solomon Islands, he should come and introduce himself to me so we can get acquainted and work out why Parliament needs to re-align the Australian-drafted text of FIAA to ensure its continued relevance and sensitivity to our constitutionally

established laws and values."

"...By accusing me of possessing an "anti-RAMSI mindset" George has paid a high compliment to my constitutional independence from outside influence in faithfully discharging my duties and proved, yet again, why his appointing Government was desperately trying to remove me from my job. The financial stakes are too high for those who perceive me as a threat to the regime installed here by FIAA."

Moti says: "I thank God for each day I remain alive. You only have to read what has happened elsewhere to people with my mentality to know that I won't live long. The typical pattern of the elimination plan is to discredit morally, then attack professionally before arranging an assassination. We've just entered the next phase of Australia's vilification campaign against me and I must start writing my epitaph. As Honourable William Haomae MP is so fond of saying in Parliament, 'you mark my words!'"

*Monday, 24 September 2007, 3:29 pm, Press Release: Solomon Islands Government A- General tells RAMSI: "Go and Get Court Injunction to Stop Parliament Review of FIAA, if my Advice is Wrong".*

## Emergency Declaration of the Leninist-Trotskyist Fraction (FLT)

# ***A new crisis of the global capitalist economy has begun!***

*We present the emergency declaration of the FLT at the start of a new crisis of the rotten imperialist world capitalist system. In the next edition of the "International Workers Organizer" of the FLT we will publish the theses, articles and contributions of the member organizations of the FLT, elaborating the causes of the crisis, its consequences, and the tasks of revolutionaries in working together to unmask the 'secrets' of the world political economy to the revolutionary vanguard of the proletariat.*

### **A new world crisis has begun**

This follows the onset of several heart attacks hitting international finance capital such as stock exchange falls, the rising cost of debt in the semi colonial countries, bank collapses in many countries, all signifying the prospect of a massive devaluation of capital, exposing the parasitic character of capitalism in its imperialist epoch.

This new crisis puts in question the political, economic and military equilibrium of 2003 resulting from counter-revolutionary wars for oil; the abortion, strangulation or diversion of revolutionary upsurges by the popular front in Latin America; the imposition of the capitalist division of labor and new markets following the restoration of capitalism after 1989, in Russia, China, etc.; and huge expenditure on the destructive forces – US\$ 500 billion a year spent on the industrial-military apparatus of the US – and finally, the counter-revolutionary role of the treacherous leaders of the workers that isolated and contained the uprisings of the masses in the semi-colonial countries, and the struggles of the workers in the imperialist countries.

This crisis opened with the falls of the stock market of China and its banks in February-March which was an indication of the fall of the rate of profit in the branches of production of consumer goods re-localized there by the multinationals to export to the world market. There was another convulsion when the Australian central bank (and NZ to a lesser extent) had to buy dollars to prevent the value falling with the hasty exit of speculators in the Australian dollar. When the yen increased in value, many speculators were forced to sell the Australian currency. More than \$US150 million had that to put the Australian state to save its currency from devaluing.

At the same time, about US\$500 billion had to be pumped into reserves by the imperialist central banks to help its banks face mounting bad debts. As the run on the Northern Rock bank in England and the "blockade" of the Paribas of France show, more than 40% of the assets of these European imperialist banks were involved in the parasitic speculation in real estate 'bubble' that is now burst in the United States.

### **Imperialism will make workers pay for the crisis**

The crisis from deepening and spreading on a world scale, the United States, as dominant power, will try to make its imperialist rivals pay the full cost of the crisis. Trade wars will intensify between the imperialist powers, so that only the strongest will win.

But more than that, each imperialist power will pass on the cost of the crisis to its workers, and in particular the most oppressed layers of workers, especially in the semi-colonies. As this crisis develops, the national bourgeoisies in these countries will pass on the costs of the bad debts of parasitical imperialist finance capital with savage attacks on the wages of the exploited, cruel increases to the cost of living, and higher interest rates on debts etc.

As finance capital starts to move to new branches of production in search of a higher rate of profit, the continuous rise in the price of oil – reaching over \$80 a barrel in September – along with the prices of commodities for the new investments in biotechnology and bio-fuel, means that the real purchasing power of the masses and the world working class will decline further.

The war drums are already sounding. The talk of 'peace conferences' and withdrawal of Anglo-US troops from Iraq are lies. The reality is new threats of aggression to make Iran submit. China and Russia, as countries dependent on imperialism, will be subjected to an aggressive re-colonization process to reduce them to the status of colonies.

The crisis that has begun is proof that the world capitalist system can only lead to the destruction of human civilization. But by itself capitalism cannot collapse. The revolutionary proletariat that rises to meet the crisis will have the last word on how the crisis is resolved. But first the crisis of revolutionary leadership must be overcome. The proletariat lacks a revolutionary leadership. Without that leadership the working class cannot smash the rotten capitalist imperialist system.

### **The FLT calls on the proletariat to take the offensive**

The FLT calls on the world working class to prepare itself for the new attacks that will come. We call on the workers of the imperialist countries to join in the struggles of the Palestinian and Iraqi masses, and join the fights of the workers and poor peasants of the semi-colonial countries of Latin America, Asia, Africa and Eurasia.

Under these new conditions, the treacherous leaders of the reformists will find the earth slipping under their feet. The concessions they can make to tempt the workers to accept 'reforms' are few and are getting fewer. Every day the crumbs they offer the masses from the table of the rotten parasitical capitalist imperialist system are getting smaller.

These new conditions will create opportunities for the international Trotskyists to defeat the counter-revolutionary leaders of the World Social Forum. As the imperialist countries prepare for new wars and colonial adventures they will have to turn their blows also on their own proletariat. This will expose the pro-imperialist role of the reformists in the EU, USA and Japan. As the workers begin to break from the reformists this will expose the rotten role of the treacherous ex-Trotskyists who use trample on the legacy of socialism and the 4<sup>th</sup> International of 1938 in order to deceive the workers and prevent them from completing this break from the bureaucracy and the bourgeoisie.

The FLT is committed to the struggle for an International Conference of Principled Trotskyists and revolutionary workers organizations, to build a new Zimmerwald and Kienthal of revolutionary internationalists, on the way to a new world socialist party of revolution.

As the new conditions of crises, wars and revolutions unfold with incredible rapidity, the offensive of the proletariat and the forging of a new world party of revolution becomes the order of the day. More than ever, the current crisis proves yet again, that for the proletariat to live imperialism must die.

**18 of September of 2007.**

***International Coordination and Action Secretariat (SCAI) of the Leninist-Trotskyist Fraction, comprising:***

**Red October Internationalist (ORI) of Bolivia, Trotskyist Fraction (FT) of Brazil, LOI (QI) – Workers' Democracy of Argentina, Internationalist Trotskyist League (LTI) of Perú, Communist Workers Group (CWG) of New Zealand, Internationalist Workers Party (POI-QI) of Chile**

## Unionists debate Chavismo in Venezuela

Venezuela remains at the centre of controversy on the left about revolutionary strategy and tactics. Those who call for revolutionaries to enter the PSUV must pause to think when faced with the letter by Orlando Chirino, the leader of the C-CURA, the class struggle tendency in the UNT labor federation, to a group of comrades in the C-CURA in the state of Zulia on the question of the constitutional changes and the formation of the PSUV. We reproduce some sections from Chirino's letter together with our own comments and analysis. The original appeared on Aporrea 9/17/07. The translation is by Earl Gilman which was posted to Argentina Solidarity [http://groups.yahoo.com/group/Argentina\\_Solidarity/message/5289](http://groups.yahoo.com/group/Argentina_Solidarity/message/5289)

In their statement, the comrades from Zulia state they support the Constitutional reform proposals of President Chavez ["Magna Carta"], and the formation of the PSUV as an "organization of revolutionary militants". Chirino makes it clear that his positions on these questions are his own personal opinions and not that of the C-CURA. He says the existing Constitution is a bourgeois constitution and a huge advance which he would defend against reactionaries.

However, he says, "the proposal presented by the Executive Branch does some more retouching but there is nothing within a socialist perspective. That is, it does not question at all capitalist property. The fruit of our labor and our surplus value that we produce as workers will be appropriated by the businessmen minority and under the best of conditions by a State that administers the means of production from the point of view of capitalism.

The real exercise of power is not transferred to the mobilized people so that they can make basic decisions to transform the country. The possibility is now open that the multi-nationals will have legal rights over the soil, marine areas and our natural resources through joint ventures. Bourgeois justice remains intact, the administration of which remains in the hands of the capitalists and will continue favoring the exploiters and the thieves in white shirts. The defense of the revolution will continue to be in the hands of a professional army and not the armed people trained to defend themselves against the enemies of the people and revolution..."

"...That is why I have called for the necessity that all people and especially the workers to discuss the contents of the MAGNA CARTA through mechanisms more democratic and superior to what is being called "Parliamentarism of the Street", as we all know the limitations of this option. To overcome this limitation I propose that all debate and approval of the reform be through a new Peoples Assembly ...with delegates of workers, peasants, communities, students, members of the Armed Forces which would be superior to a Constituent Assembly which is based on "one person one vote." With a Peoples Assembly with this characteristics, that is fully democratic and representative of the fundamental social sectors of the revolutionary process..."

Here Chirino clearly counter-poses a soviet form of organization - a "Peoples' Assembly" -to the Constituent Assembly which is a bourgeois parliament designed to redraft a bourgeois constitution. But would a Peoples Assembly representing the sectors in struggle throw out a bourgeois constitution? Not unless those sectors were engaged in struggles that brought them up directly against the regime, and the party of the regime, the PSUV.

Chirino states that he has always supported the building of

a revolutionary party but that the PSUV is not it. Why not?

Because the PSUV does not allow organized fractions, and demands that all political currents dissolve themselves into the PSUV. **To join a party alongside well known capitalists, members of the old bourgeois parties, corrupt bureaucrats and members of the 'Bolibourgeoisie' (Bolivarian state bourgeoisie), as well as known conspirators against Chavez in the coup attempt of 2002, without being able to freely organize as a revolutionary faction, would be crime against the working class.**

The Militant Alan Woods says that to stay outside the PSUV and to fight for an 'independent workers party' is a crime against the working class because it will isolate the militants from the "real, actual, revolutionary process".

On the contrary, to take workers into the PSUV without the elementary, democratic right to form a faction to fight for a socialist program against a bourgeois constitution would be a crime against the world's working class. It would be to take workers into a party that is an agency of the bourgeois state in supporting the a bourgeois constitution without having a fight.

But, the weakness in Chirino's position is that while he correctly identifies the barriers to workers

democracy in the PSUV, he does not look for a tactical means to challenge them. Forming an 'independent revolutionary workers' party outside the PSUV is essential. But such a revolutionary party cannot act as a united front in mobilizing workers to fight inside the PSUV for workers democracy.

The task of revolutionaries inside the C-CURA is to form a party-bloc to build a workers united front to smash the Bolivarian popular front. That united front must be based on the principles of workers democracy and fight for those principles in all struggles, including during the process of the formation of the PSUV.

Therefore the pre-condition for workers entry into the PSUV must be that it is based on workers democracy. The C-CURA must resolve that in the pre-congress discussion period the ban on factions is thrown out. Second, the C-CURA must demand that the founding Congress of the PSUV be a Peoples' Congress that represents the base of all the sectors in struggle, that has the authority to debate and vote on both the Constitutional reforms, and the constitution of the PSUV.

**Only by this means will the workers vanguard engaged in the revolutionary struggle be able to take an independent stand against the popular front regime and use its authority in the class struggle to win over the majority of the workers, poor peasants and all oppressed and exploited people, from the Bolivarian revolution to the socialist revolution.**



# Chossudovsky: On Bushes war plans for Iran

In a recent article Michel Chossudovsky presents a detailed analysis of the US political and military preparations for an attack on Iran.: He does not however, examine in any detail the underlying motives for the US attack, the drive by US imperialism to extend its existing monopoly of oil over the whole of Asia. The fact that there is no 'public outcry' cannot be explained by public ignorance of the facts, but can only mean that US workers are politically passive in the face of rampant US imperialist drive for re-colonisation and war in Asia. The reason for this is that the anti-war movement is committed to the Democratic Party and its pro-imperialist stance. What Chossudovsky does not acknowledge is the new economic crisis will intensify rivalry between the US and the Russia/China bloc over control of Asia's resources and markets. This is already evident in the mass struggles breaking out in Egypt, Pakistan and Burma. The opportunity exists for the revolutionary communists to shift the axis of the anti-war movement from subservience to the Democratic party to an independent working class basis.

<http://www.globalresearch.ca/index.php?context=va&aid=6792>

## US war plans now clear

The Western media is openly talking of the Bush regimes plans for war against Iraq. "Punitive bombings" directed against Tehran could be launched within the next few months. The diplomatic mode has been switched off: The Pentagon is said to be "taking steps to ensure military confrontation with Iran" because diplomatic initiatives have allegedly failed to reach a solution."

These preparations are going ahead in total rejection of the International Atomic Energy Agency reports that Iran is undertaking civilian development of nuclear energy and has undertaken to cooperate totally with its inspections.

Chossudovsky thinks that the failure to resist these war moves has a lot to do with what we would call 'social imperialism'. US workers accept the argument that even US bombs may be better than Islamic Sharia law. Historically US workers who benefitted from the super-profits of colonialism justified this as a 'civilizing' mission. Today this same ideology is conveyed in the "war for democracy" lies of the Bush Administration.

"All the ideological signposts for attacking Iran are in place. The country has been thoroughly demonized because it is not nice to women, to gays, or to Jews. That in itself is enough to neutralize a large part of the American "left". The issue of course is not whether Iran is nice or not according to our views -- but whether there is any legal reason to attack it, and there is none; but the dominant ideology of human rights has legitimized, especially on the left, the right of intervention on humanitarian grounds anywhere, at any time, and that ideology has succeeded in totally sidetracking the minor issue of international law." (Jean Bricmont, [Global Research](http://www.globalresearch.ca), September 2007)

Chossudovsky documents in detail the Pentagon's preparation for this attack on Iran since at least 2003. War plans in relation to Iran have been an advanced stage of readiness since mid 2005. Israel, Britain and NATO are part of the US led coalition and are slated to play an active role in the military operation. These include fully developed war scenario, military exercises, buildups in the Gulf, and practice runs off the Lebanese coast.

France's 'socialist' Foreign Minister Kouchner has talked of "preparing for the worst, and the worst is war" against Iran. (BBC, 16 September 2007). Britain, Turkey and of course Israel are all involved in this planning. The recent Israeli

bombing sortie against Syria via Turkish airspace is the latest case of a practice run for Iraq.

"Already in 2005, the Israeli Air Force had reached a state of preparedness. Israeli air attacks of [Iran's nuclear facility at Bushehr](#) had been contemplated using US as well Israeli produced bunker buster bombs. The attack was planned to be carried out in three separate waves "with the radar and communications jamming protection being provided by U.S. Air Force AWACS and other U.S. aircraft in the area". (See <http://www.globalresearch.ca/articles/MAD410A.html> ')

The most common scenario is an Israeli strike against the Bushehr nuclear facility producing an Iranian response in blockading the Gulf and possible missile attacks on

Middle East targets including Israel. This would see further pre-emptive or reactive responses by the US and its allies. This would blow up into a regional war and possibly spread further afield if Russia and/or China got involved.

## US phony vs real motives to attack Iran

The reasons used by the US regime are first Iran's nuclear menace and second its role inside Iraq. The military case based on the second is to strike over the Iranian border to take out the bases it is using to infiltrate

Iraq The Bush regime has been putting military top brass committed to this course in charge of its forces in the region.

"USSTRATCOM would have the responsibility for overseeing and coordinating this military deployment as well as launching the military operation directed against Iran. (For details, [Michel Chossudovsky, Nuclear War against Iran, Jan 2006](#) )."

Chossudovsky believes that Iranian retaliation will trigger a US tactical nuclear strike. "This scenario of using nuclear weapons against Iran has been in the pipeline since 2004. In 2005, Vice President Dick Cheney ordered USSTRATCOM to draft a "contingency plan", which "includes a large-scale air assault on Iran employing both conventional and tactical nuclear weapons." (Philip Giraldi, [Attack on Iran: Pre-emptive Nuclear War](#), The American Conservative, 2 August 2005)."

Chossudovsky also believes that such a tactical nuclear strike could potentially lead to a World War 3 scenario. He is highly critical of the anti-war movement ignoring the risk of a global war. Yet his answers to this problem are more information, more debate more education about US plans,



and more pressure to challenge the "legitimacy of the political and military actors in high office".

Scaremongering about global war to wake people up is no substitute for serious analysis of US imperialist aims in the region. Marxists argue that war is an extension of politics which is an extension of economics. The US interests in going to war against Iran are territorial, even more so in the wake of the unfolding global crisis of capitalism.

The US working class has to be broken from the Democratic party by exposing its 'social imperialism'. The only way to break the monopoly of the corporate media which propagandizes against Islamic terror and reinforces the Bush line that 'evil axis' and 'rogue states' must be taken out to spread the values of democracy, is to prove that this is a lie, and that demonstrate what Bush and co are really after. Chossudovsky can do this as he proved when he showed that Israel's bombing of Lebanon in 2006 had a lot to do with a proposed oil pipeline route from the Caspian through Turkey and the Lebanese shore to further to link Israel to Western markets.

<http://www.globalresearch.ca/index.php?context=viewArticle&code=CHO20060726&articleId=2824>

**What ultimately drives US imperialist foreign policy is the same that former US Treasury head Greenspan acknowledges in his recent book when talking about why Iraq was invaded – oil. Iran is the key to a rival bloc emerging to take control over Asian oil away from the US. More than this, Iran, Russia and China are selling oil for Euros rather than petro-dollars, putting at risk the system of printing petrodollars that the US uses to prop up its huge national debt. He could justifiably title a new article "The War on Iran and the Battle for Oil"**

A recent article in the Asia Times by Dilip Hiro: **US Hegemony being challenged – Rising powers have the US in their sights**" has much to say about the new bloc between Russia and China competing with the US for hegemony not only of Asia but the world.

[http://www.atimes.com/atimes/Middle\\_East/IH22Ak01.html](http://www.atimes.com/atimes/Middle_East/IH22Ak01.html)

Hiro makes a lot of the US impasse in Iraq and other challenges to its 'hegemonic' position, yet he agrees these are secondary to the increasing competition for oil. The supremacy of the US in monopolizing oil is being challenged by the rising powers of Russia and China and the lesser powers of Venezuela and Iran.

### Russia's Rise

Russia has recovered since 1991 to become an "energy superpower". It has renationalized its main energy resources. "In 2005, Russia overtook the United States to become the second-largest oil producer in the world. Its oil income now amounts to US\$679 million a day. European countries dependent on imported Russian oil now include Hungary, Poland, Germany, and even Britain. Russia is also the largest producer of natural gas on the planet, with three-fifths of its gas exports going to the 27-member European Union. Bulgaria, Estonia, Finland and Slovakia get 100% of their

natural gas from Russia; Turkey 66%; Poland 58%; Germany 41%; and France 25%. Gazprom, the biggest natural-gas enterprise on Earth, has established stakes in 16 EU countries. In 2006, the Kremlin's foreign reserves stood at US\$315 billion, up from a paltry \$12 billion in 1999. Little wonder that in July 2006, on the eve of the Group of Eight summit in St Petersburg, Putin rejected an energy charter proposed by the Western leaders."

As its energy wealth has mounted, Russia has become more aggressive in its attitude towards the US. It now proclaims itself to be a rival and is busy building a power bloc with China that includes most of the other Asian countries not currently occupied by the US, outside Pakistan and India. Hugo Chavez is busy building his side of this anti-US bloc. When visiting Russia he invokes comrade Lenin's anti-imperialism, echoing the 58% of Russians who see the US as "unfriendly". The "people of the world" he said "need a stronger Russia." And it is clearly an economic bloc against the US. Chavez signed a deal for 5 submarines against any future US oil embargo. Venezuela is the second biggest buyer (after Algeria) of Russian arms, including a license to manufacture the AK 47 assault rifle. Chavez has signed 180 agreements with Iran including the building of Iranian cars and tractors in Venezuela.

But while the US fulminates against the 'dictatorships' of Putin and Chavez its real concern is the rising dependence of



the US on imported hydrocarbons. The US now imports 60% of its oil and Venezuela is its 4<sup>th</sup> largest supplier. Chavez has said many times that he wants to stop selling oil to the US and is looking elsewhere, especially China to replace that market. Chavez wants to trade with China and has promised to triple its oil exports to China in return for China's participation in 'joint venture' projects in Venezuela. China has already agreed to undertake several projects with the state oil company Petroleos de Venezuela SA (PdCSA). So China has a political attraction to the Chavez anti-US bloc as a state that has a mixed economy, self-styled 'market

socialism', that is, joint ventures between the state and the private sector, which is seen as a better model of capitalism to challenge the supremacy of 'neo-liberal' capitalism.

### China's ascendancy

According to Hiro, "So dramatic has been the growth of the state-run company PetroChina that, in mid-2007, it was second only to ExxonMobil in its market value among energy corporations. Indeed, that year three Chinese companies made it on to the list of the world's 10 most highly valued corporations. Only the US had more with five. China's foreign reserves of more than \$1.3 trillion have now surpassed Japan's. With its gross domestic product soaring past Germany's, China ranks No 3 in the world economy.

China has also been active in building allies across Asia. It formed the Shanghai Cooperation Organisation (SCO) in 1996 with Russia and the former Soviet republics of Kazakhstan, Kyrgyzstan and Tajikistan. The SCO now includes Uzbekistan, and with observer status, Pakistan, India, Mongolia and Iran. The US applied for observer status and was rejected. China has also been active in building alliances in Africa based on trade, in exchange for cheap

Chinese consumer goods, Africa supplied oil, iron ore and cotton.

It is now obvious that the US and China are on a collision course over hydrocarbons. The US and EU have sanctions in Iran, Sudan, and Myanmar, China's trading partners. The popular protests in Myanmar are no doubt a symptom of this rivalry (see article on Myanmar). And in this context the US EU preparation for an attack on Iran is also a key part of this global rivalry. But first we have to explain why.

### US to break Iran from the Russia/China bloc

Hiro argues that the US time as hegemonic [dominant] power is reaching its end. It has over-reached its power and must suffer decline and eclipse at the hands of its new rivals. He echoes the familiar academic refrain that imperialist nations from the time of Rome, have risen to power reached their zenith and then gone into decline. This is a sort of historical fatalism that does not recognize the specific historic features of capitalist imperialism.

Lenin's definition of imperialism predicted the rivalry of imperialist powers to divide and re-divide the world. Trotsky recognized the rise to dominance of the US following the First World War. No doubt he would have acknowledged the US position was strengthened after the Second World War.

Today, no other imperialist power remotely rivals the US dominance of the global economy. It achieves this dominance economically, but maintains it politically and militarily. The coming war on Iran is part of the US fight to maintain this ascendancy.

US economic dominance arises not only from its huge capital stocks invested not only in North America, but Asia, Latin America and Europe. It also arises from the fact that the dollar is the world currency and is used to buy and sell most oil. Ultimately US economic power is based on its monopoly of oil, and in the future, of nuclear energy and bio-fuel.

The coming showdown with Iran is therefore an attempt to break Iran from the Russia/China bloc and open up a wedge to win over the central Asian states from this bloc also. The current situation in Burma/Myanmar is a sign of what may come. The US will bully the Iranian government as 'terrorist' and hope that it can foment a 'democratic' revolution as it wants to see in Burma/Myanmar. The objective will be the same, to bring about a 'regime change' so that it can shift these states out of the Russia/China bloc into the US/EU bloc. If this fails and the regime remains intact, or is overthrown by a populist regime that remains aligned to Russia/China bloc, then war becomes much more likely.

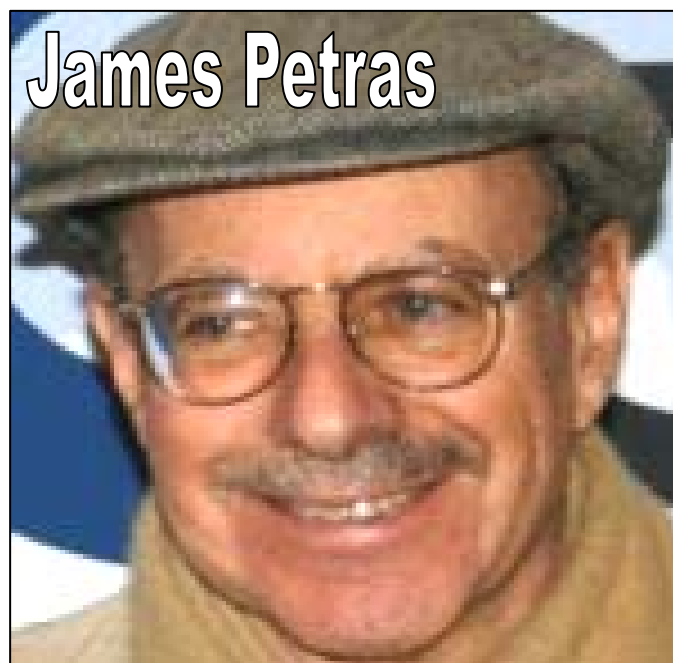
## Petras wants 'market socialism' in China

In the last issue of *Class Struggle* we printed an article criticizing James Petras' support for popular fronts in Latin America. We argued that Petras is an exchange theorist who believes that the capitalist state can be an alternative to 'neo-liberalism'. In a new article on China, not surprisingly, he takes the same position. He asks, is "High Growth - High Risk Liberalization the Only Alternative?" for China. He argues that the Chinese state can be 'democratized' and can opt for an alternative 'market socialism'.

China is a phenomenon, its growth rate appears unstoppable, and it rode out the recent financial crisis in the imperialist countries with a record trade balance for July of nearly US \$25 billion. What's more, China is making the transition from a low wage to a high capital intensive economy with massive investment in new technology, that is, catching up with the West at a rapid rate and Chinese capital growth is capable of challenging the dominant role of imperialist capital investment. For example, China is second only to the US in terms of the amount of new investment in high tech and exceeds it easily with a rate of 4.9% of GDP. China clearly poses a threat to the imperialist countries as it outstrips Japan, the EU and is overtaking the US to become the new dominant force in the global economy.

This, Petras argues, makes China extremely vulnerable to an imperialist financial takeover.

**"Summarizing US imperial financial strategy, the first step is to secure China's acquiescence in an 'opening' for financial groups to buy shares and secure a 'beach head' in each sub-sector: banks, financial houses and investor consultancies among others. This would be accompanied by further 'liberalization' of offshore investments as well as 'in**



shore' investments (buy-outs) by big US private equity funds. The third step would involve US financial giants exploiting their access to hundreds of billions of local savings (public and private) to invest in local manufacturing, commercial, technological and financial enterprises – leading to control over China's strategic economic sectors. Finally, having secured financial leverage over the economy through buy-outs and mergers and acquisitions to exert direct pressure on the political regime to serve US imperial interests."

Here Petras defines 'finance capital' differently from Lenin. For Lenin

'finance capital' is the fusion of banking and industrial capital. The big banks own and control industry through the stock market. Yet Petras defines it as the dominant sector of the US economy, comprising "financial, banking and related services". Finance capital has replaced 'industrial' capital as the "dominant group in the US ruling class." This false distinction between finance capital and industrial capital is a basic mistake made by exchange theorists. They see finance capital as parasitic –in this case attempting to rob China of its savings and reserves –compared with industrial capital, which

is productive capital invested in industry producing commodities.

The advantage that China has got at the moment is that its state finance sector is not open to imperialist buyouts. This was also largely true of Japan before the 1990s and the Asian 'tigers' before 1997 when the giant combines (fusions of banking and industrial capital) were forced by huge debts to open up to imperialist buyouts. The danger is that if China liberalizes its banking system, it could be taken over completely by the big imperialist banks. Therefore, says Petras, China should continue to protect its financial system and keep the imperialist banks out. In other words, state regulation of the banks will amount to a form of 'socialism of the market'.

### Evils of neo-liberalism

Unfortunately, says Petras, China has already 'liberalized' the finance sector significantly.

*"In May 2007 Beijing agreed to allow new securities joint ventures and increased the range of activities these firms can participate in (Financial Times, May 25, 2007). Foreign banks are now allowed to*

*issue credit and debit cards. Foreign financiers are now allowed to invest up to \$30 billion dollars in domestic financial markets, triple its previous ceiling. For now China is resisting US pressure to lift ownership caps on foreign investment in domestic banks and to permit foreign companies to buy into domestic brokerages. However given the growing US and EU presence, experts expect China's*

*liberals to lift these restrictions in the near future. China has given the green light to worldwide expansion, mergers and acquisitions and investments in minority shares of foreign equity companies (FT, May 31, 2007).*

*China has recently opened its corporate bond market by eliminating quotas, and allowing bond prices and interest rates to be set by the market (FT, June 15, 2007). In 2006 the Chinese investment banking sector was opened to Morgan Stanley, Goldman Sachs and UBS they have benefited from a 10 fold increase in the stock market in 2007 (FT, June 6, 2007). China's promotion of private equity investments has led to a doubling of investments in mainland companies to \$7.3 billion dollars in 2006, over 2005. However the private equity investment sector has been dominated by giant US-owned funds, such as the Carlyle Group and Texas Pacific Group. In June 2007, Beijing opened the door to foreign buy-outs (FT, June 7, 2007). China has virtually lifted all restrictions on foreign investment in Chinese private companies—leading to foreign penetration of several key sectors. During the first 5 months of 2007 overseas banks profits grew by an annualized 43% -- \$400 million dollars (FT, July 7, 2007).*

Petras says that already such liberalization of the finance sector has exposed China to huge risks. Speculation in stocks and shares has ballooned by 200% over two years so that stocks are now worth 4 to 6 times the real earnings of the

companies concerned. Speculation in offshore shares and bonds will divert finance capital from productive investment in low wage industries in China and lead to huge speculative losses.

However the real danger is that direct foreign investment will see takeovers of the state owned corporations and that liberalization will penetrate every part of the state sector in a pattern now familiar in Latin America. In fact, we will see repeated in China all the evils of 'underdevelopment' experienced in Latin America when the national economies were broken down by neo-liberalism.

### A socialist utopia with Chinese characters

It is clear that Petras' prescription of 'socialism with Chinese characters' is in fact, market socialism. Instead of China investing in high risk speculation offshore it should invest in basic infrastructure, energy and construction at home. Instead of dismantling the health system, it should put billions into revamping the health system to provide free health coverage for the billions of people who now lack it. China could learn a lot from Cuba on health. Instead of a

collapsing education system China needs to invest in upskilling its workforce in a public, universal, free system. Chavez' misiones could be a model. China could tackle its pollution problems by better regulation of health and safety and environmental protection. China could pay for this from its reserves and by taxing foreign investment.

Petras thinks that the democratization of

the state would allow a form of joint venture where the state retained its majority share and avoided the risk of foreign takeovers. Here he is clearly thinking of Venezuela as a model. Chavez' joint ventures with China between the two state oil companies would strengthen the 'market socialist' model globally as the alternative to rampant neo-liberalism.

Unfortunately capitalism does not operate like this. Of course US imperialist banks want to get control of the surplus-value generated by China's booming economy. But those banks are also the majority shareholders of the monopoly corporations. More than anything they want to own the productive forces of China so that they can directly exploit billions of new workers to produce surplus value from the raw materials of the whole of Asia.

The huge surpluses of capital accumulated in China are the result of surplus-value pumped out of this massive labor force. It is access to these huge forces of production that imperialism craves so as to produce enough super-profits to compensate for the falling rate of profit in its less profitable branches of production. The alternative to imperialist super-exploitation of Chinese labor-power, is not a 'democratized' bourgeois 'welfare state, but the mobilization of the laboring masses to take over the economy and smash the state, replacing it with a real workers' and peasants' state – a socialist republic of China!



## Trotsky 'Trade Unions in the Epoch of Imperialist Decay'

There is one common feature in the development, or more correctly the degeneration, of modern trade union organizations in the entire world: it is their drawing closely to and growing together with the state power. This process is equally characteristic of the neutral, the Social-Democratic, the Communist and "anarchist" trade unions. This fact alone shows that the tendency towards "growing together" is intrinsic not in this or that doctrine as such but derives from social conditions common for all unions.

Monopoly capitalism does not rest on competition and free private initiative but on centralized command. The capitalist cliques at the head of mighty trusts, syndicates, banking consortiums, etcetera, view economic life from the very same heights as does state power; and they require at every step the collaboration of the latter. In their turn the trade unions in the most important branches of industry find themselves deprived of the possibility of profiting by the competition between the different enterprises. They have to confront a centralized capitalist adversary, intimately bound up with state power. Hence flows the need of the trade unions – insofar as they remain on reformist positions, i.e., on positions of adapting themselves to private property – to adapt themselves to the capitalist state and to contend for its cooperation. In the eyes of the bureaucracy of the trade union movement the chief task lies in "freeing" the state from the embrace of capitalism, in weakening its dependence on trusts, in pulling it over to their side. This position is in complete harmony with the social position of the labor aristocracy and the labor bureaucracy, who fight for a crumb in the share of superprofits of imperialist capitalism. The labor bureaucrats do their level best in words and deeds to demonstrate to the "democratic" state how reliable and indispensable they are in peacetime and especially in time of war. By transforming the trade unions into organs of the state, fascism invents nothing new; it merely draws to their ultimate conclusion the tendencies inherent in imperialism.

Colonial and semi-colonial countries are under the sway not of native capitalism but of foreign imperialism. However, this does not weaken but on the contrary, strengthens the need of direct, daily, practical ties between the magnates of capitalism and the governments which are in essence subject to them – the governments of colonial or semi-colonial countries. Inasmuch as imperialist capitalism creates both in colonies and semi-colonies a stratum of labor aristocracy and bureaucracy, the latter requires the support of colonial and semicolonial governments, as protectors, patrons and, sometimes, as arbitrators. This constitutes the most important social basis for the Bonapartist and semi-Bonapartist character of governments in the colonies and in backward countries generally. This likewise constitutes the basis for the dependence of reformist unions upon the state.

In Mexico the trade unions have been transformed by law into semi-state institutions and have, in the nature of things, assumed a semi-totalitarian character. The stateization of the trade unions was, according to the conception of the legislators, introduced in the interests of the workers in order to assure them an influence upon the governmental and economic life. But insofar as foreign imperialist capitalism dominates the national state and insofar as it is able, with the assistance of internal reactionary forces, to overthrow the unstable democracy and replace it with outright fascist dictatorship, to that extent the legislation relating to the trade unions can easily become a weapon in the hands of imperialist dictatorship.

### Slogans for Freeing the Unions

From the foregoing it seems, at first sight, easy to draw the conclusion that the trade unions cease to be trade unions in the imperialist epoch. They leave almost no room at all for workers' democracy which, in the good old days, when free trade ruled on the economic arena, constituted the content of the inner life of labor organizations. In the absence of workers' democracy there cannot be

any free struggle for the influence over the trade union membership. And because of this, the chief arena of work for revolutionists within the trade unions disappears. Such a position, however, would be false to the core. We cannot select the arena and the conditions for our activity to suit our own likes and dislikes. It is infinitely more difficult to fight in a totalitarian or a semitotalitarian state for influence over the working masses than in a democracy. The very same thing likewise applies to trade unions whose fate reflects the change in the destiny of capitalist states. We cannot renounce the struggle for influence over workers in Germany merely because the totalitarian regime makes such work extremely difficult there. We cannot, in precisely the same way, renounce the struggle within the compulsory labor organizations created by Fascism. All the less so can we renounce internal systematic work in trade unions of totalitarian and semi-totalitarian type merely because they depend directly or indirectly on the workers' state or because the bureaucracy deprives the revolutionists of the possibility of working freely within these trade unions. It is necessary to conduct a struggle under all those concrete conditions which have been created by the preceding developments, including therein the mistakes of the working class and the crimes of its leaders. In the fascist and semi-fascist countries it is impossible to carry on revolutionary work that is not underground, illegal, conspiratorial. Within the totalitarian and semi-totalitarian unions it is impossible or well-nigh impossible to carry on any except conspiratorial work. It is necessary to adapt ourselves to the concrete conditions existing in the trade unions of every given country in order to mobilize the masses not only against the bourgeoisie but also against the totalitarian regime within the trade unions themselves and against the leaders enforcing this regime.

- **The primary slogan for this struggle is: *complete and unconditional independence of the trade unions in relation to the capitalist state. This means a struggle to turn the trade unions into the organs of the broad exploited masses and not the organs of a labor aristocracy.***
- **The second slogan is: *trade union democracy. This second slogan flows directly from the first and presupposes for its realization the complete freedom of the trade unions from the imperialist or colonial state.***

In other words, the trade unions in the present epoch cannot simply be the organs of democracy as they were in the epoch of free capitalism and they cannot any longer remain politically neutral, that is, limit themselves to serving the daily needs of the working class. They cannot any longer be anarchistic, i.e. ignore the decisive influence of the state on the life of peoples and classes.

They can no longer be reformist, because the objective conditions leave no room for any serious and lasting reforms. The trade unions of our time can either serve as secondary instruments of imperialist capitalism for the subordination and disciplining of workers and for obstructing the revolution, or, on the contrary, the trade unions can become the instruments of the revolutionary movement of the proletariat.

The neutrality of the trade unions is completely and irretrievably a thing of the past, gone together with the free bourgeois democracy.

From what has been said it follows quite clearly that, in spite of the progressive degeneration of trade unions and their growing together with the imperialist state, the work within the trade unions not only does not lose any of its importance but remains as before and becomes in a certain sense even more important work than ever for every revolutionary party. The matter at issue is essentially the struggle for influence over the working class. Every organization, every party, every faction which permits itself an ultimatic position in relation to the trade union, i.e., in essence turns its back upon the working class, merely because of displeasure with its organizations, every such organization is destined to perish. And it must be said it deserves to perish.

**To Be Continued...**

**<http://www.marxists.org/archive/trotsky/1940/xx/tu.htm>**

# What We Fight For

## We fight to overthrow Capitalism

Historically, capitalism expanded world-wide to free much of humanity from the bonds of feudal or tribal society, and developed the economy, society and culture to a new higher level. But it could only do this by exploiting the labour of the productive classes to make its profits. To survive, capitalism became increasingly destructive of "nature" and humanity. In the early 20<sup>th</sup> century it entered the epoch of imperialism in which successive crises unleashed wars, revolutions and counter-revolutions. Today we fight to end capitalism's wars, famine, oppression and injustice, by mobilising workers to overthrow their own ruling classes and bring to an end the rotten, exploitative and oppressive society that has exceeded its use-by date.

## We fight for Socialism.

By the 20th century, capitalism had created the pre-conditions for socialism –a world-wide working class and modern industry capable of meeting all our basic needs. The potential to eliminate poverty, starvation, disease and war has long existed. The October Revolution proved this to be true, bringing peace, bread and land to millions. But it became the victim of the combined assault of imperialism and Stalinism. After 1924 the USSR, along with its deformed offspring in Europe, degenerated back towards capitalism. In the absence of a workers political revolution, capitalism was restored between 1990 and 1992. Vietnam and China then followed. In the 21st century only Cuba and North Korea survive as degenerate workers states. We unconditionally defend these states against capitalism and fight for political revolution to overthrow the bureaucracy as part of world socialism.

## We fight to defend Marxism

While the economic conditions for socialism exist today, standing between the working class and socialism are political, social and cultural barriers. They are the capitalist state and bourgeois ideology and its agents. These agents claim that Marxism is dead and capitalism need not be exploitative. We say that Marxism is a living science that explains both capitalism's continued exploitation and its attempts to hide class exploitation behind the appearance of individual "freedom" and "equality". It reveals how and why the reformist, Stalinist and centrist misleaders of the working class tie workers to bourgeois ideas of nationalism, racism, sexism and equality. Such false beliefs will be exploded when the struggle against the inequality, injustice, anarchy and barbarism of capitalism in crisis, led by a revolutionary Marxist party, produces a revolutionary class-consciousness.

## For a Revolutionary Party

The bourgeois and its agents condemn the Marxist party as totalitarian. We say that without a democratic and a centrally organised party there can be no revolution. We base our beliefs on the revolutionary tradition of Bolshevism and Trotskyism. Such a party, armed with a *transitional programme*, forms a bridge

that joins the daily fight to defend all the past and present gains won from capitalism, to the victorious socialist revolution. Defensive struggles for bourgeois rights and freedoms, for decent wages and conditions, will link up the struggles of workers of all nationalities, genders, ethnicities and sexual orientations, bringing about movements for workers control, political strikes and the arming of the working class, as necessary steps to workers' power and the smashing of the bourgeois state. Along the way, workers will learn that each new step is one of many in a long march to revolutionise every barrier put in the path to the victorious revolution.

## We fight for Communism.

Communism stands for the creation of a classless, stateless society beyond socialism that is capable of meeting all human needs. Against the ruling class lies that capitalism can be made "fair" for all; that nature can be "conserved"; that socialism and communism are "dead"; we raise the red flag of communism to keep alive the revolutionary tradition of the *Communist Manifesto* of 1848, the Bolshevik-led October Revolution; the Third Communist International until 1924, the revolutionary Fourth International up to 1940 before its collapse into centrism. We fight to build a new, Fifth, Communist International, as a world party of socialism capable of leading workers to a victorious struggle for socialism.

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