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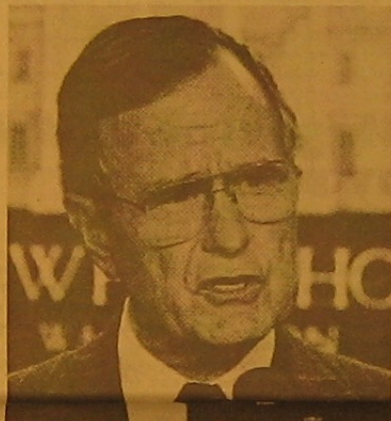
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NEW WORLD

ORDER



GEORGE BUSH

BUSH killed at least 100,000 Iraqis to seize control the world's biggest oil reserves and to throw off the 'Vietnam syndrome'.

Now he's resumed aid to the regime behind El Salvador's death squads.

Bush controls the world's biggest stockpile of nuclear, chemical, biological and conventional weapons. In the 'New World Order' they will be more ready to use them.



MIKHAIL GORBACHEV

HE used the Gulf War to unleash the military against Lithuanian independence. Tanks ran over demonstrators and seventy were killed.

In exchange for supporting the US in the Gulf, Gorbachev got Bush's approval for his crackdown.

Gorbachev still has the world's second greatest military to support the capitalist system.

SHEIK JABER AL-SABAH

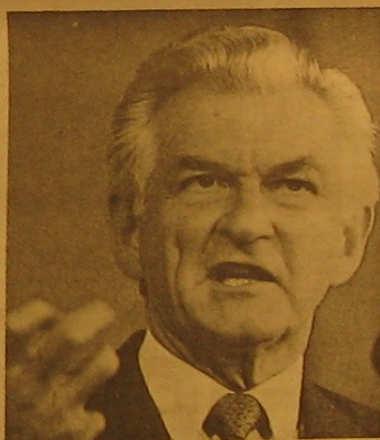
THE al-Sabah family has run Kuwait ever since the British created the 'country' in 1921. They are fabulously rich, with \$130 billion invested in the West. They allow no democracy to interfere with this. The Emir has a special place in Bush's New World Order. His job is to make sure plenty of cheap oil flows to industries in the West—and not to countries that threaten US interests.



BOB HAWKE

HE rushed to offer Australian frigates to support the US invasion of the Gulf.

Hawke was not kowtowing to the Americans, but defending the global interests of Australia's own multinationals. Now he's turning back to attack his enemies at home—the poor and the working class who are not producing enough profit to satisfy Australia's bosses.



Same old bullies!

Greens vow to fight resource guarantees

IN THE grab-bag of measures which made up the March Industry Statement none has caused greater anger than the proposal to guarantee the forest industries access to timber by legislation. Hawke's decision in the face of heated opposition from the environmental movement, is yet another sign of the declining electoral stocks of the greens. Even the possible fall of the Tasmanian Labor government if the legislation goes ahead was not enough to dissuade him. The proposal is part of the ALP's desperate bid to regain the confidence of the bosses and persuade them

that the government's priority is running the economy on their behalf. It is also an attempt to get up new projects with the prospect of jobs and exports to help dig the economy out of the hole Keating's policies have got it into. The levels of investment needed for something the size of a world-competitive pulp mill are so high that the bosses want cast-iron guarantees they can get at the trees before they commit themselves. Hence the decision to legislate which makes it far harder for future governments to bow to the demands of a militant green movement.

The distance from a federal election makes it easier for Hawke to dismiss the fall-out from the greens. NSW Opposition leader Bob Carr is not so lucky, so he has supported the environmental movement on the question to give him something to distinguish himself from Greiner. The federal legislation will need parallel laws in the states, which Greiner will happily enact. So should Carr win the NSW election, he can hide behind the legal guarantees already in place. The proposal clearly is a major threat to the protection won so far for the forests. In Tasmania the increases in wood chip production

which Premier Field is talking about—nearly double the current level—has galvanised the Greens in the Parliament to threaten a no confidence motion to bring the minority government down.

FEAR

Their fear is that the guarantee, whether by area or by volume of timber, cannot be supported by the existing agreed areas of logging and that National Park and even World Heritage areas will come under pressure. The green movement is incensed by this new threat

when they considered that both the Resources Assessment Commission and the Ecologically Sustainable Development working parties provided means to sort out environment disputes by "rational" discussion. The Hawke decision pre-empted any guidelines the working parties may come up with, so Greenpeace and the Australian Conservation Foundation now has to consider withdrawing from them. This is actually a step forward, for the working parties were basically a means for co-opting the movement's right wing and discrediting the militants. The government's decision

has discredited lobbying and co-operation as a method and could make it easier for militants to get a hearing for calling demonstrations instead. For the Tasmanian movement the possibility of an election over the resource security legislation means that electoralism is still seen as a way forward. Whichever party wins in Tasmania it is likely that the greens will have to take to the streets to defend the national estate forests. The problem will be to mobilise people after more than a year's inaction hoping Bob Brown and co would save the forests for them. —by Anne Picot

Industry statement pie in the sky

TARIFF CUTS AIM TO DISCIPLINE WORKERS

BOB HAWKE made a long speech, Keating followed, Senator John Button and other ministers chipped in.

But when the smoke cleared, the March economic statement offered little hope for the economy, and none for Australian workers. Protection's being cut again, including cars, and textiles, clothing and footwear. That was predictable. Business is getting tax concessions as it always does. There are a lot of fiddly measures ranging from aid to the sugar industry to a bit of export assistance—again, money for the bosses.

Hawke admitted that his policies mean "jobs will be lost in declining industries" but he tried to mumble that bit, and offered some trivial retraining and other adjustment assistance for the victims.

There's a pittance too for people out of work more than six months, but that got far less emphasis than the need to create a "favourable climate for investment", even though 150,000 people have been out of work for a year or more and the figure is set to grow steadily as the recession drags on.

ISSUES

For all the talk about a "clever country", the central issues behind the statement are actually pretty basic. Australia's capitalists are in big trouble. Their old strategies no longer work, and they're desperate to find new ones.

They traditionally relied on exporting minerals and rural commodities, while manufacturing industry hid behind high tariff walls. But by the 1980s our rulers realized this wasn't good enough.

Minerals, wheat and wool were becoming less central to the world economy. The key to success was exporting complex manufactured exports. But decades of tariffs, bounties and quota protection had left Australian manufacturing industry fragmented and backward. It couldn't compete overseas without radical change.

Capitalist change is always brutal, and the first casualties are always the working class. So the last eight years of a "reforming"

Labor government have brought one onslaught after another on wages, working conditions, and union rights.

Labor decided the high tariff walls had to go, since the longer industry had behind them the weaker it got. A central plank in Senator Button's industry plans was to phase out protection. But if Australian capitalists were to cope with stiffer import competition as well as learn to export, they would need help.

Who got drafted to help them? You and me. While our wages were held down to cushion the employers' profits, our tax money was poured into helping them re-gear. And with the ACTU's help our unions were locked into "tripartite" deals, trading off working conditions and union rights (now dubbed "restrictive work practices") in exchange for promises not to sack too many workers.

They promised the changes would create a leaner, meaner, "clever" economy, and eventually a prosperous one. But after eight years, as LaTrobe Uni economist John Carroll puts it, the "suffer more now in order to benefit later" school has exhausted its credit.

The plans have not come close to solving the problems, because of some simple realities the planners chose to ignore. They told us Australian industry could achieve Japanese-style success by adopting Japanese methods. They forgot that while local industry was sluggishly adapting, the Japanese ruling class was continuing to race ahead. While BHP lifted its productivity dramatically, the Japanese steel mills still far outpaced it. So our bunyip bourgeoisie can't make the pace, and now they and their politicians are squabbling over what to do.

They can agree on one thing: the environment comes second. The decision to guarantee forest access to timber companies should be no surprise. While a green tinge might win votes at election time, Hawke would personally bulldoze the rainforests to guarantee the dividends of his millionaire backers.

But other issues are harder. So hard, in fact, that as sophisticated a writer as John Carroll wants to

return to the old protectionism. There signs that the more vulnerable sections of capital are warning to this idea.

More typically, the bosses still want "industry reform", but each industry sector wants the others to make the hard decisions. ICI's Michael Deeley argues there should be no further tariff cuts until "industry reform" is done in areas like the waterfront, which requires more savage attacks on the maritime unions. Similarly, the National Farmers Federation's Peter Barnard wants the government to do on the waterfront "what it did to the pilots".

Actually, the maritime industry is changing fast. About 1000 workers have left the waterfront since an industry plan was announced in 1989, and up to 40 per cent of crew numbers has been cut from ships. A visiting Dutch delegation was amazed at the pace of the slaughter: it took eight years to slash jobs in the port of Rotterdam! But as the overseas trade picture fails to turn around, the bosses' enthusiasm is flagging. This is where the economic statement is important: by signalling tariffs will continue to fall, Hawke and Keating are keeping the heat on the bosses. They will be forced



HAWKE wants to create a hi-tech car industry. But will the bosses invest? And will there be any jobs at the end?

to keep attacking us in every sphere, not wait for someone else to do it. The union movement will go along with the industry statement in the short run. They are too tied to the Labor government to do otherwise, and the ACTU is heavily committed to "industry reform". Over time, though, at least some unions are likely to join the voices calling for a return to protection. On past form, most of the political left will split between these two alternatives.

Neither is any good. We have seen that the industry plans bring continuing attacks on us. Yet in the long run tariffs are no protection.

ever done is weaken trade unionism. What's more the union officials want to "improve quality, productivity, technology" while cutting absenteeism and labour turnover. In essence, they want to do management's job for them, and for what—the fantasy that this will create a brave new world of happy workers in a hi-tech industry.

Workers in the car factories know this is bullshit. Melbourne Toyota workers returned from a recent meeting about such plans full of scathing comments. The problem is that they can see no alternative when the union is hand in glove with management.

That is the worst thing about all the plans, and packages, and "clever" policies. We have been locked into them by our supposed representatives: in the ALP, the ACTU, and the union offices. They have committed themselves 100% to capitalist measures. The trouble is that all this ever gets you is capitalist results. In the end we will have to fight back against these results. Until we do, each step along the road to a "clever country" will make our lives that much harder.

JUST OUT!

The third issue of the ISO theoretical journal:

Socialist Review

ARTICLES INCLUDE:

- Australian perceptions of Japan: the history of a racist phobia;
- Post-structuralism: a Marxist critique;
- Stalin's industrialisation: the myth of the planned economy;
- Makhno: the failure of Anarchism.

\$6.00 each from ISO branches and left bookshops. Subscription offer: \$20 for 3; \$25 for 4; \$30 for 6 PLUS \$1 free from Bookmarks, GPO Box 1473N, Melbourne, 3001.

National independence movements are...

STRIKING BLOWS AT RUSSIA'S EMPIRE

by Ian Rintoul

FIRST Lithuania, now Latvia and Estonia have voted overwhelmingly for independence from Moscow.

The referendum still to be held in Georgia will no doubt give a similar result. No amount of bullying or presidential decrees from Gorbachev will alter the significance of the stand taken by the republics. Only eight of the fifteen republics have signed the new Union Treaty with Moscow.

The results of the referenda in Latvia and Estonia are particularly significant given the large proportion of ethnic Russians in those republics.

Gorbachev had previously considered that the combination of ethnic Russian opposition to independence and the complicated procedure for the referenda (requiring two-thirds votes, a five-year cooling-off period, and insisting that the interests of "the Soviet Union and the republic be taken into account") would be enough to constrain moves for independence.

One Russian couple interviewed outside the polling booth in Latvia explained why he was wrong: "We voted for independence. After all we've already experienced communism."

What they've experienced has actually been state capitalism, not any variant of communism or socialism. No-one can blame them for rejecting that.

However Gorbachev continues to find support from rulers in the West. British Prime Minister John Major delivered the republics a kick in the teeth when, after paying lip service to their demand for independence from Moscow, he sided with Gorbachev in saying it could take years of negotiation.

Seven of the fifteen republics are boycotting another referendum on 17 March, which is sponsored by Gorbachev and is about preserving the USSR.

Repression is not new to Gorbachev

Lithuania has gone further, declaring illegal all Soviet government structures and decrees affecting the republic. The Lithuanian parliament has even passed a law endorsing resistance to Soviet force used against the "sovereignty of Lithuania", although it only sanctions non-violent non-cooperation.

The use of repression is not new to Gorbachev. Rhetoric about autonomy for the republics, and the "new thinking" that



ABOVE: Moldovans demonstrate against the new Union Treaty. Socialists have a duty to support movements against Russian imperialism, while criticising the politics of their leaders.

now informed the relations between the centre and the republics, punctuated episodes of repression for a time. The leaders of the republics were drawn onto a Federation Council, subordinated to President Gorbachev but supposedly heralding a new era in collective and consultative leadership and paving the way for a new Union Treaty.

As the mass independence movements grew, Gorbachev resorted to more and more repression to hold the Soviet Union together. In the aftermath of the earthquake in Armenia in 1988, his first action was to arrest nationalist leaders who were organising relief operations.

In 1989, nationalist demonstrators were massacred by Russian troops in Tbilisi, Georgia. And in 1990, troops were sent into Baku to suppress a nationalist uprising. There was nothing "new" about the "new thinking" at all.

The breakup of the empire has, however, also brought some republics to the verge of civil war. Rival militias' hatred of the old rulers of the Communist Party has sometimes given way to a virulent nationalism, producing communal violence and internecine feuding that can look worse than the stark repression of the party bureaucrats.

Georgia, for example, has stridently professed its determination for independence. However, the newly elected Chair of the Supreme Soviet of Georgia, Gamsakhurdia, has said that the rights of the Georgian minority can only be guaranteed by the "complete liquidation of the so-called South Ossetian Autonomous Region", and is waging a bloody war against the Ossetians.

He opposes mixed marriages of Georgians, and has proposed that Georgian citizenship be given only to those who can



YOUNG Lithuanians seeking refuge with the Red Cross from conscription into the Russian army.

show that their ancestors lived in Georgia before 1801. Such a turn of events has led some to consider the nationalist cure to be worse than the disease of Stalinist repression. This view is mistaken, although it is obvious that such actions in fact weaken the struggle against Moscow and will not lead to the unity of all workers that socialists strive for.

DISTINCTION

"A nation which oppresses another cannot itself be free," insisted Karl Marx, 120 years ago. The starting point for socialists is to make a distinction between the nationalism of the oppressed and the nationalism of the oppressor.

Lenin and Trotsky, the leaders of the Russian Revolution in 1917, fought for that idea against all opposition, denouncing the Great Russian chauvinism demonstrated by Stalin.

It is not that we think there is a nationalist solution for the workers of Russia, Lithuania,

Georgia, etc. But we recognise that only on the basis of supporting their national rights can we break the vicious circle that sees minorities turn against each other rather than against their common oppressor in Moscow, and build a socialist movement based on the unity of all workers regardless of nationality.

The votes in Latvia and Estonia show that the divisions caused by imperialism can be overcome. In some measure at least, ethnic Russian workers have recognised that they and the oppressed nationalities share a common enemy in Moscow.

This has been more a result of good luck than design on the part of the nationalist leaders in the Baltic States. Their own nationalist outlook leads them to shrink from calling for solidarity action from other republics, appealing to Russian workers, or consistently mobilising the mass demonstrations and mass strike action that could seriously challenge Gorbachev. And they are unlikely to do so, for such action would challenge their position as well.

Nationalism that fights for independence from Moscow only to repress minorities inside its own boundaries is no solution at all. While socialists in Russia must argue for the rights of those oppressed by Russia, inside Georgia for example we must fight for the rights of those who would be oppressed by Georgian nationalism.

The collapse of the Soviet Union will weaken one of the world's major imperialist powers, and open up the possibilities for mass struggle from below. To win the argument for a socialist solution to this crisis, however, we have to stand unconditionally (but not uncritically) with those who struggle today to break the shackles of the Russian Empire.

Fighting Australian apartheid in Fiji

AUSTRALIAN firms are as imperialist and as disgusting as any other. Just ask the 600 miners on strike against Australia's Emperor Gold Mining Company in Vatukoula, Fiji.

The Fiji Mineworkers Union (FMU) accuses Emperor of unfair labour practices, exploitation, lack of controls on pollution in the mines and failing to supply protective kits to miners using dynamite.

"Some of the houses the miners live in today were built by the American air force in 1939," according to FMU secretary Kavakini Navuso. "The company has refused to do any repairs and only recently they repainted."

Twelve families were sharing bathroom and toilet facilities in a building he described as a wasteland. A scheme introduced by the company to encourage home ownership on a new housing estate was out of the reach of local workers, whose real wages have not risen since 1984. Some of them receive only \$A23 a week.

All this is made more galling by the "apartheid" practised by the company. European and part-European mineworkers get better wages, conditions and housing than the locals.

This has enabled the company to successfully divide the workforce, with about 100 European or part-European workers still working.

But the strike is still crippling gold production. 500 workers who are not on strike are respecting the strikers' picket lines.

Particularly inspiring is the way the strike has brought together the usually divided ethnic Fijian and Indian communities in Vatukoula, both of whom suffer from Emperor's discriminatory practices.

The company refuses to recognise the union, and has sacked 400 strikers. But the FMU is fighting on, and has so far resisted government pressure to compromise.

"We are not prepared to negotiate with Mr Veilata [the Industrial Relations Minister] because we want the company to negotiate with us over our demands," said Navuso.

Australian workers can only wish them well in their struggle against our bosses. And the Australian left has yet another reason to recognise that Australian capitalism is every bit as bad as "foreign" bosses, and stop trying to help it at the expense of workers' conditions here and abroad.

—by Robert Stainsby

Why you should be a socialist

THE US victory in the Gulf confirms the utter bloody barbarity of our rulers.

It has nothing to do with justice, freedom for small countries or challenging aggression.

The US won in the Gulf because it had the brute military power to crush a much smaller, weaker and poorer country whose people had no confidence in the tyrant who ruled them.

If that was all there was to the Gulf war, you'd be pretty depressed. But there was another side—as there always is when our rulers go on the rampage.

Around the world, millions of ordinary people marched, picketed, and went on strike to stop the war.

The central question now is: how do we stop this every happening again? How do we build a world free from the scourge of war and oppression? How do we get rid of US imperialism?

Throughout the anti-war movement, there were essentially two different approaches.

One looked to the existing institutions of society—such as the United Nations and the Australian Parliament—to stop the war and resolve such disputes.

Socialists disagreed. We argued that the problem wasn't a breakdown in an otherwise workable system; the problem was the system itself.

Capitalism is a system of competition. In the modern era, that competition is global. And it is military as much as it is economic.

The US did not go to war because the United Nations "failed", it went to war to stop its own decline in the face of competition from Germany and Japan and it did this by reasserting its military supremacy.

And it's not just a question of war and imperialism. All the systematic problems ordinary people face are produced by the capitalist system.

Why are our living standards being cut?—because of the capitalist drive for higher and higher profits, and the threat of bankruptcy hanging over any business—or country—that fails to match

its competitors.

Why are women oppressed?—at root, because the capitalist system needs their unpaid labour to raise the next generation of workers.

Why does racism debate and divide every single country?—because dividing the working class is an excellent way to maintain profits and keep control.

Why is the environment being destroyed?—because in a brutally competitive system, maintaining profits are more important to the class that controls industry.

To be a socialist is to want to smash this whole system of capitalism and imperialism with its exploitation, its wars and its oppression.

FIGHTING

It means fighting for a world run by the ordinary people who do the work, who have no interest in exploitation, racism or war.

All this is possible because capitalism has a fatal flaw. At the end of the day, the great powers rely on the labour of the workers of the world to generate their wealth and military muscle.

Time and again, the working class has brought the bosses to their knees.

The First World War was ended, not by negotiations but revolution—first in Russia in October 1917 and then in Germany in November 1918.

THE explosion of demonstrations, vigils, teach-ins and other actions drew tens of thousands into action and political debate, often for the first time.

It brought to life what revolutionary socialists have long argued about the potential of ordinary people to change the world.

Indeed, the scale of the international movement was a real factor in restraining our rulers—for instance forcing Bush to continually delay the "ground war" for fear of the political impact of high US casualties.

But precisely because it was a real movement, it contained a myriad of ideas about the war and how to stop it—including a series of quite coherent, right-wing tendencies.

The first division in the movement was the demand made right at the start that we condemn Iraq's invasion of Kuwait, and insist that it had to withdraw—and that this was essential if we were to build a broad movement.

ISO members argued in response that once the US got involved, the central question became the attempt by the world's greatest power to impose its will on the people of the Middle East.

To condemn Iraq, to demand it leave Kuwait, could not win the "middle ground" or persuade



wavers, since in doing this you fail to take on the core of the pro-war argument and, indeed, add weight to the idea that the US was justified in its actions since Kuwait had to be liberated.

PRACTICAL

Our argument received some practical confirmation. The fact that the Bring the Frigates Home Coalition in Sydney refused to condemn Iraq did not stop it organising by far the biggest rally in the city—30,000 on 19 January.

As the US imposed its deadline, this difference emerged in a new form when people like Tom Uren, the Democrats, and most of the left, argued that "sanctions should be given time to work"—along with the laughable claim that sanctions didn't kill.

Again, we were almost alone in arguing that the result of this position was legitimate: the Allies' actions by accepting that Iraq had to be driven from Kuwait and the only argument was over how.

We also had an answer for those like Terry Flew, who

used the columns of the Green Left Weekly to support the call for a ceasefire and a negotiated settlement.

If there was a ceasefire, it would leave the US and Allied troops in place. If there was a negotiated settlement, it would inevitably favour the Americans while they had half a million troops in the Gulf.

The best slogan—and one that was popular with the mass of people on the demonstrations—was *US out of the Gulf*, since it was clearly directed against the imperial ambitions of George Bush. A Marxist world view

WAR raises questions of politics to the highest and most urgent level. So while broad movements against the war were essential, it was not enough. A single-issue approach could not deal with the complexities of the situation.

Take the Green movement. Many thousands of those who marched against the war were also concerned about the fate of the forests, plans for a third runway in Sydney or mining in Kakadu.

Yet the major Green organisations played little role in building the

THE NEED FOR SOCIALIST ORGANISATION

anti-war movement. Being opposed to the destruction of the environment tells you very little about stopping the war.

By contrast, Marxist politics can draw the links between the two issues—how a defeat for the world's major superpower would have made it easier to fight

the polluting bosses who were cheering George Bush on.

Despite our group's small size, ISO members were able to have a modest impact on the anti-war campaign.

Providing clear arguments on the major questions of the war, such as sanctions, negotiations and

attitudes towards Iraq, helped sustain confidence among a layer of militants.

If the right wing of the movement had not been challenged on the political questions, it would have made it much easier for them to suffocate the movement in respectability.

To have that impact involved a second factor over and above a revolutionary socialist world view—organisation.

Because we could publish a national paper and because we could make a co-ordinated intervention into the campaign, we could carry much more weight than if members had been active simply as individuals.

For nearly two decades, ISO members have been building an organisation that attempts to relate the Marxist tradition to the key political questions of the day.

In our weekly meetings we both educate ourselves in the ideas that help make sense of the world around us and discuss in a democratic and open way our work—on the campuses, in the workplace or in campaigns.

The meetings have been important, too, in sustaining confidence at times when socialist ideas have seemed marginal.

They will prove invaluable in the coming weeks as we set about analysing and clarifying the implications—and the limitations—of America's victory.

Thousands are confused, bitter and angry at the useless savagery of the war.

Revolutionary politics can help prevent that bitterness turning into cynicism, can turn that anger back against the system so that next time it's us, the mass of ordinary people who win.

To help make that possible the ISO needs you. But, just as much, you need the ISO.

Why not join us?

open the road to revolt from below in Iraq, in the rest of the region and in the West as well.

When it came to practical proposals, all kinds of right-wing ideas from the 1980s threatened to hold the movement back.

Some people argued that we had no right to organise sit-downs in the middle of the road in defiance of the police. Others argued that demos were a hangover from the 1960s, and that militancy had to be curbed to get good media coverage.

Others were opposed to frequent demonstrations—with Senator Jo Valentine in Perth arguing that once-a-year Palm Sunday marches were too much.

Yet in Sydney, a rally a week after the huge 19 January demo saw another large turnout—around 10,000—with almost no media or poster advertising. This in turn drew more new people into the struggle.

And despite the media's hostility, many activists discovered—as socialists had argued—that militancy enthused new people, that the sense of power that flowed from even the smallest march built the movement.

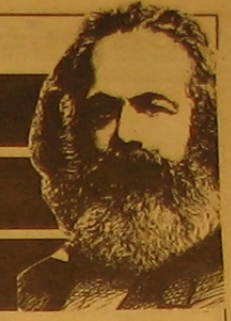
helped on other questions, too.

When the Scuds began landing on Tel Aviv, socialists were able to explain why Israel was no innocent bystander in the region.

When Gorbachev backed the US, we were able to link it to his crushing of independence moves in the Baltic and his desire to prop up his own, state capitalist empire.

And while many opposed to the war felt there were only two positions on Saddam—outright support or outright opposition—the ISO argued that giving the US a bloody nose was the best way to

The real Marxist tradition



I BELIEVE in evolution rather than revolution. That was the reply of Jordan's foreign minister when asked his opinion of the possibility of revolution in Iraq.

And it's hardly surprising that the representative of a corrupt and reactionary monarchy should hold revolutions in horror.

Nevertheless you don't have to be an Arab potentate to be wary of revolutions. The debate between reform and revolution has gone on within socialist movements for over 100 years.

One of the most famous arguments took place inside the German Social Democratic Party around the turn of the century.

The party had been founded with the support of Karl Marx's collaborator, Friedrich Engels, and had a Marxist programme.

Despite being banned at one stage by Bismark, the SPD grew massively as Germany industrialised.

By 1900 it was a legal party with hundreds of thousands of members, a large parliamentary wing, and a daily paper in every major town in Germany and a trade union federation uniting millions of German workers.

But along with growth had come conservatism and bureaucracy. The party drew a wider and wider distinction between its "minimum" and "maximum" programs.

The minimum program demanded reforms like shorter working hours, pensions, and universal suffrage.

The maximum program, which contained all the talk of socialism and revolution, was increasingly relegated to May Day and other ceremonial occasions. It was not surprising then that one of the party's leading theoreticians, Eduard Bernstein, should want to make this process complete and ditch the maximum program altogether.

Revolution, he argued, was no longer necessary. The contradictions of capitalism, far from becoming sharper, were gradually disappearing.

The task of socialists was now to gradually improve capitalism till it naturally grew over into socialism.

Bernstein met resistance from two sections of the SPD. First, from union officials and MPs who couldn't see the point in racking the boat over a maximum program they were happy to ignore.

But there was also a principled opposition, most importantly from the great Polish revolutionary, Rosa Luxemburg.

Reform or revolution?

She laughed at Bernstein's touching faith in bourgeois democracy, and its capacity to transform capitalism into socialism. She wrote:

"...as soon as democracy [becomes] transformed into an instrument of the real interests of the population, the democratic forms are sacrificed by the bourgeoisie and its state representatives."

Now, over 90 years on we can see only too clearly how reforming governments have come up against the real, extra-parliamentary power of the capitalist class—the banks, the bureaucracy, the press or the Governor General.

And if a government goes too far there are always the ultimate sanctions—the army and police.

In Chile in 1973, the capitalist class happily abandoned a 100 year old tradition of bourgeois democracy and let loose their dogs in a military coup that cost 30,000 lives.

themselves to do far more demanding things than they would in quieter years.

But the bulk of Rosa Luxemburg's polemic against Bernstein was directed at the idea that capitalism was overcoming its contradictions—that wars and economic crises would become a thing of the past.

Today, just after a hideous war and in the midst of a recession, it's not hard to see that she was correct.

But Bernstein is not the only renegade socialist to predict that capitalist crisis could be overcome. The great post-war boom of the 1950s and 60s led to a whole crop of such predictions.

It was only when the US bogged itself down in a failed war in Vietnam that the arguments about "managed" capitalism were undermined.

When Bernstein made his claims, capitalism had enjoyed a period of prosperity not unlike the 1950s and 60s.

The colonial scramble of the late 19th century had staved off economic crisis in Europe. But once the world had been divided up, the same colonial scramble became instead a trigger for the First World War.

The apostles of peaceful reform in the SPD and similar parties throughout the world, far from admitting that capitalism was still a system of crisis, blood and filth, endorsed the war.

The war ended with a revolution in Germany that nearly added a mighty ally to the fledgling workers' state in Russia.

The question was no longer reform or revolution, but whether the actual revolution would win.

With only a few comrades Luxemburg had stood against the slaughter. Now she began to organise a new party, in the midst of the revolution.

To hold the system together, the German bourgeoisie brought the SPD to power, and they showed where they really stood by crushing the revolution.

Within a month, Rosa Luxemburg was dead.

The moderate, "evolutionary socialists", who had ridiculed her as a wild extremist—as "Red Rosa"—had proved their moderation.

They had sent the soldiers to murder her.

—by Robert Bollard

How we fought the war...

The Socialist AUGUST 1990: Bush is the real butcher. U.S. OUT OF THE GULF!

The Socialist SEPTEMBER 1990: AS BUSH SENDS 200,000 TROOPS STOP U.S. WAR DRIVE

The Socialist OCTOBER 1990: THE ENERGY IS AT HOME! No to recession, No to war!

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Industry statement heralds new attack in...

Hawke's new war on workers

By Tom O'Lincoln

BELOW: thousands of car industry workers have been thrown onto the dole by Keating's recession.

THE RECESSION is gathering momentum.

Already 8.4% of the workforce are officially unemployed. And these are only the advance guard of the legions of unemployed. Hundreds of thousands more who were sacked over Christmas and are only just becoming eligible for the dole will soon show up in the figures.

The Australian Council of Social Services estimates that by the middle of the year over one million people will be dependent on the dole.

EMERGENCY

The Smith Family has reported a doubling of the numbers coming to it for emergency help. These people don't find the Smith Family by accident either. They are sent there by the DSS.

This is the background for the industry statement launched by Hawke. It comes amidst a savage recession that has left his and Keating's reputation in tatters, and left Australian workers bleeding.

A year ago Keating claimed he could avoid a recession. In August he said it was only a "slowdown". In November he confessed: "I knew there had to be one, but I didn't want to tell you."

So now unemployment is heading for double digits, financial institutions have fallen over like ten-pins, and carworkers are on a four day week... if they're lucky. We're seeing what a pack of lies Hawke fed us, when he

said wage restraint and cosy deals with the bosses under the Accord would guarantee us economic security.

Actually the sacrifices, and the deals, paved the way for today's crisis. They boosted profit rates dramatically, and Hawke and Keating hoped this would fuel stronger investment and rebuild Australian manufacturing. But what did the bosses do with the profits?

For a while most of the dough was used for speculation. After the difficulties of the Fraser era, few capitalists had enough confidence in their own system to

engage in serious investment. But the investment boom of 1988 and 1989 was a double-headed disaster. Business spent heaps of money, much of it borrowed, but what was it spent on? OECD figures show that Australia's rate of investment in new plant, equipment and machinery has been among the lowest of the larger industrial economies.

Whereas Japan spent nearly 20 per cent of GDP on business investment over the past three years, Australia spent about 13 per cent.

The rest went into unproductive investments like office buildings, bought at inflated prices. Then the property boom turned to bust, and a big chunk of that investment was wiped out.

Just as serious, it is now clear that far too much of the investment in equipment went into of-



ice computers rather than "deepening capital" on the factory floor.

So much for the idea, continually drummed into us, that the capitalists are specially competent at running industry. They've made such a hash of the Australian economy, that opinion polls show 75 percent of people think management should take a pay cut!

If the investment boom didn't revive industry, it did lead to a huge surge in imports, raising the current account deficit to crisis levels. The government slammed on the brakes, pushing up interest rates to slow the economy and the drift toward recession began.

Once again, Keating had a plan. The world economy seemed to be holding up, so Australia's domestic economy could be slowed while exports stayed relatively high. This would cushion the recession and fix the trade balance.

Again the plan flopped. Major overseas economies like America and Britain have also gone into recession, Europe and Japan have slowed down dramatically, and this has rebounded on Australian exports.

Of course the situation

wasn't helped by our great "entrepreneurs" like Alan Bond and Bill Farrow mismanaging billions of dollars.

So the recession is here and Keating is under pressure to do something. But his strategy for economic recovery just amounts to finding new ways to make workers' pay.

Interest rates have finally come down. But while the government has eased up a lot on monetary policy, it appears that the banks haven't passed on all the benefits. They prefer to fatten up their own profit margins, and let working class homeowners continue to struggle.

INFLATION

Keating says inflation is coming down. While he's said that before, this time it might be true, but only because workers have been forced onto the dole, and can no longer scrape the money together to pay rising prices. What's more, the lower inflation rate probably won't last.

Keating claims that he's cushioning the economy by running down the budget surplus,

and leaving more money out in the private sector to boost activity. But isn't this the same Mr Keating who told us last June that his big surpluses were almost the only thing keeping foreign lenders happy with the Australian economy?

If the surplus is slashed, or becomes a deficit, it's likely they'll lose confidence in us, and the dollar will collapse. That in turn would mean a new surge of inflation. We pay again.

Worst of all, when the recession finally ends, we will still have an economy with the same

fundamental structural problems.

The latest trade figures showed a current account deficit still around \$1.8 billion, with imports falling only a little in dollar terms despite the recession. When the recovery finally arrives, those figures will balloon out again.

Remember only a couple of years ago politicians, business and the media were touting the virtues of the free market? Now we see just what a fiasco the capitalist market and rightwing government policies can create.



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