

The Imperialist offensive and the crisis of working class leadership

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The world situation is characterised by an unremitting economic, political and military offensive by the imperialist bourgeoisie and a mounting trend of mass resistance to it. A series of social and political crises and explosions is developing. These show that globalisation is far from opening a new period of stability, expansion and social peace for capitalism. In fact globalisation is but the latest phase of imperialism - the rule of monopoly capital. Our age remains one of wars and revolutions; the period in which we live is filled with revolutionary potential. The main question is whether the mass forces of resistance can develop the strategy and organisation needed to defeat this offensive before it wreaks economic, military and environmental catastrophe on society in the decades ahead.

The imperialist offensive has two primary features:

War in the Middle East to control oil supplies, intimidate potential opposition to the new world order, strengthen the USA's position in relation to its potential rivals in the coming decades, and provide an ideological framework for US hegemony and globalisation (war on terror, war for 'democracy' and 'Western civilisation?'); and

Neoliberal ideology, ceaselessly pumped out by the billionaire private media and state corporations, insists that there is no alternative to the market as the ruler of all social life. For all its demagogic attacks on 'the state', neoliberal governments have vastly increased the state's core functions: surveillance and repression. The state has been 'rolled back' only insofar as it was used by the labour movement to ameliorate the worst abuses of capitalist society. The model being promoted is far from the minimal 'nightwatchman state' of the neoliberal dream world.

It is in fact much nearer to twentieth century dystopias such as Zamyatin's *We* or Orwell's *1984*. The only difference is that it is coming about under the aegis of a hollowed out bourgeois democracy. US imperialism remains committed to the strategy of using its current economic, political and military hegemony to secure key natural resources, in particular oil and gas, and markets for the next 20 to 30 years. The Pentagon's 2006 four-yearly review anticipates a further increase in America's military budget but a tactical change in policy, away from invasions and occupations (following its defeat in Iraq and Afghanistan) and towards wars by proxy and covert operations. The re-armament of India and Israel's invasion of southern Lebanon are examples of this². The US strategy is to secure friendly regimes along the 'arc of instability' stretching from Somalia, through the Middle East, southern Asia and Indonesia. The aim is to keep America's imperialist rivals and semi-colonial would be challengers divided and relatively weak.

The EU and Japan remain in a weak position to challenge this US strategy openly. The EU is saddled with expensive social systems - the European bourgeoisie urgently need to neo-liberalise their economies to

compete with the US. This will be their main priority after the drive to create a new European superstate suffered a severe blow in the French referendum defeat. This neoliberal programme will be pursued both at a continental level (Bolkestein, education) and at a national level (attacks on pensions, union rights, welfare benefits). Only in the aftermath of major defeats for the working class can they hope to remount their key project of political and military union and the construction of a pan-European imperialist state.

A key weakness facing the European bourgeoisie is the non-cooperation of the UK, which will continue to play a spoiling role at least until the US faces a serious recession. In the meantime, of course, France, the US and Germany will continue struggling to retain control of their specific spheres of influence, in rivalry with one another as well as the USA. Japan, meanwhile, faces the acute challenge of China, forcing it into a subordinate alliance with the USA. The neo-liberal offensive has provoked a wave of resistance around the world. Over recent years this has included multimillion strong protest movements against war³, general strikes, pre-revolutionary situations⁴ and revolutionary situations⁵, where youth, workers and peasants have brought down presidents, wrecked neoliberal programmes and blocked reactionary reforms⁶.

In short, the imperialist offensive is reviving movements of the exploited and oppressed on all continents. But this is happening not through a linear process of advance, but through collapses, splits and crises in old and established working class and popular organisations, unions and parties. A major factor in this is that many traditional parties and movements of the workers and poor have been taken over by neoliberal politicians - this includes most of the Social Democratic parties, many old-style third world nationalist and populist parties, and in some cases mainstream Communist Parties⁶.

This creates immense strain on those sections of the trade union bureaucracy linked to these forces. For example in Germany and Britain trade union leaders refuse to break from social democracy even when their own unions come under sharp attack from the very parties they support. Tensions rise still further when as a result the unions' membership levels plummet and old social programmes are dismantled.

This process has created a space to the left of social democracy. This is increasingly filled by the mutated parties of Stalinism - the traditional Communist Parties formerly loyal to Moscow and the variety of splits from these parties - which try to establish themselves as champions of a return to classical left reformism. The spread of Latin American neopopulism and 'indigenous politics', and the emergence of new workers' parties - or movements to create them - can only be understood in the context of this re-composition of the working class⁷.

It would be dangerous to assume that the mass forces mobilised in resistance to neoliberalism and imperialism are all on the side of the workers, all support democratic rights, the rights of minorities, women, the young and so forth. Powerful mass reactionary forces are also on the march. Racist, populist and outright fascist parties are growing in the imperialist countries and semi-colonies alike. Religious and national minorities, immigrants and refugees are their main targets.

Often they attack 'globalisation' and modernisation, the rights of women and gays, in the name of religious, ethnic or 'racial' traditions. The billionaire media magnifies their impact and persistently encourages the state to echo of it, demanding repression and deportation of immigrants, imposition of religious laws, bans on abortion, bans on certain religious forms of observance (the headscarf).

All these developments indicate ideological flux emanating from the downfall of the Stalinist states, the discrediting of secular bourgeois nationalism and the repulsive record of social democracy under the likes of Blair, Schroeder and Jospin.

They also indicate the depth of the crisis of leadership in the forces fighting back. It constitutes the ferment

out of which new solutions can come - if revolutionary Marxists advance bold and convincing answers within ongoing mass struggles and are able to project them in agitation, as well as in propaganda, aimed at the militant cadre of such struggles.

The development of the international class struggle within this period has not been a linear, ever upwards process of radicalization, but was marked by distinct ebbs and upsurges. Thus the period from late 1999 to 2001 saw a sharp upturn in struggles against the global financial institutions, the 'summit sieges' at Seattle, Prague, Quebec, Gothenburg and Genoa, the revolutionary days in Argentina, mass peasant struggles in India and Brazil. Yet after the highpoint of the anti-war mobilizations of February 2003, the movement reached its limits, being unable to prevent the outbreak of the war and the occupation of Iraq.

That meant a global setback for the forces resisting the capitalist and imperialist offensive. This was also expressed in a decline in the vitality and dynamism of the World Social Forum and the continental social forums such as the European Social Forum and in a strengthening of the reformist forces in the movement (the European Left Party in Europe, the Workers Party of Lula in Brazil).

However, since the summer of 2005 we have seen another worldwide upturn in the class struggle. Decisive in this respect is not a purely quantitative growth, but the fact that the ruling classes in Europe and the USA have suffered a number of important defeats or setbacks: the No Vote in the French referendum, the defeat of the French bosses' CPE offensive, the inability of the US occupiers to smash the resistance and pacify Iraq, the revolution in Bolivia, the election of Morales, and the move to the left in Venezuela.⁹

These successes show that the attacks can be halted, that the masses are not only driven to struggle, but that they can succeed against apparently superior opponents. As a result the ruling class - both in semi-colonial and in imperialist countries - have been alarmed by the great mass movements of 1999 to 2006. They are urgently seeking support amongst the more backward sections of the masses, seeking a social force to check and split the working class and the poor peasants. In all periods of developing crisis the forces of reaction grow at the opposite pole to those of resistance and revolution.

Therefore the questions of strategy and tactics, that is of political programme, and the need for a conscious revolutionary political alternative - a party - becomes a burning issue: an issue for the mass movement and its vanguard of committed fighters, not simply one for tiny propaganda circles of Marxists.

In summary, we are living through a period of growing political disequilibrium in national and international politics: a period of wars and rising class struggle. We characterize this as a pre-revolutionary period because the neoliberal offensive, the 'endless wars', create with increasing frequency in various countries mass movements which threaten the power of the ruling class (pre-revolutionary and revolutionary situations).

The objective limits to the uniformity and the depth of the social crisis are that the onset of the first truly synchronized and massive economic crisis of the globalization phase is yet to come.

The subjective limits to its radicalisation are set by the weaknesses and incompetence of the existing mass leaderships which repeatedly abort a coherent and effective counteroffensive. A further explosion of the contradictions of global capitalism - in particular economic crisis - would create the conditions in which these limits can be overcome.

GLOBALISATION: A NEW DISORDERING OF THE WORLD

The analysis of globalisation undertaken by the League for the Fifth International over the last seven years

has stood the test.¹⁰ We analysed the historical factors that led to the development of neo-liberal globalisation; we examined how this process was driven by the over-accumulation of capital in the imperialist metropolises, a tendency to a declining rate of profit, the manifestation of tendencies to stagnation and parasitism and the opportunities for capitalism to offset these trends presented by the collapse of the Soviet Union and the restoration of capitalism in China. The long boom of the 1950s and 1960s was exceptional in the epoch of imperialism in that it was able to overcome for an entire period the tendency of the rate of profit to fall that arises from the over-accumulation of capital. The massive capitalist expansion during this period and the dramatic extension of industrial output in the Stalinist states meant that there was an exceptional rise in the level of mankind's productive forces. With the crises of the early 1970s, the pattern normal for the imperialist epoch manifested itself once again: a pronounced tendency to stagnation. This was caused by the classical problem for capitalism, over-production and over-accumulation of capital resulting in a crisis of profitable investment.

However, as Marx showed, capitalism does not simply endure a remorseless fall in the profit rate¹¹. Countervailing tendencies exist at various levels e.g. increasing the rate of surplus value by lengthening the working day, depressing wages or increasing the intensity of exploitation, expanding the area of capitalist exploitation to new non-capitalist or under-capitalised areas of the world, cheapening the cost of plant and machinery, expanding foreign trade, etc. Globalisation represents in essence a package of countervailing tendencies, aimed at offsetting and reversing the tendential Fall of the profit rate. Thus in the USA globalization involved a constant downwards pressure on real wages and extension of the working year, which has contributed to an increase in profits in the past two years to a level comparable with the mid 1990s. It involved shifting production from areas where labour was well organised to areas where it was unorganised, first within the USA, then to neighbouring Latin American states, then to the Asian 'tigers'.

But above all it meant an enormous freeing of international finance capital through a bonfire of controls allowing it to break free from national limits to production and trade and greatly extend its reach into the semi-colonial world and the former workers' states. The social democratic state model was attacked in order to open up large sections of the economy to capital accumulation, seizing profitable sectors while destroying the unprofitable. The IMF and World Bank shifted their role from ensuring trade and exchange rate stability to forcing open markets of the semicolonies to mainly US capital, using the debts incurred by semi-colonial states in 1970s as their main lever.

The maintenance of profit rates through neo-liberal policy, in particular by unleashing its highly parasitic sectors, allowed imperialism to offset the declining GDP growth dynamic within their domestic economies. Conversely the impressive GDP growth output of the semi-colonies belies their dependence on imperialist capital investment and the export of surplus value back to the bourgeoisies of the imperialist metropolises. In every year since 1997 more capital has been transferred from the semi-colonial world to the imperialist metropolises than the other way. In 2005 we have seen the high point of a net transfer of more than \$483 billion; with the largest components concentrated in the 'emerging markets' that have been the golden children of imperialist capital in the globalisation process.

The huge swings in Foreign Direct Investment ('FDI') are also an expression of the parasitic nature of imperialism. It reached \$1.4 trillion in 2000 and then fell by 60 per cent to 2003-4 - the biggest fall ever - before rising again to nearly \$900m last year. But this investment has overwhelmingly comprised mergers and acquisitions, the centralization of capital in ever smaller number of hands rather than investment in 'greenfield' sites.

THE GROWTH OF CAPITALISM IN CHINA

Up until the crash of 1997, the major area for FDI inflows to developing countries was the Asian Tigers in South East Asia, with the whole region accounting for about 20 per cent of the world total¹². The crash of 1997 illustrated how globalisation had not been able to overcome the fundamental structural problem of over-accumulation, overproduction and the tendency of the rate of profit to fall in the same way as the 'long boom' had, i.e. through a major global expansion of the productive forces. After China's de facto devaluation of the Yuan in 1994, the rapid rise in her exports, which reached an annual growth rate of 25% between January and September 1997, exposed the fragility of the 'tiger economies' whose export-led growth had been financed by short-term foreign loans, attracted by high interest rates, and currencies tied to the dollar. The drying up of those loans and massive foreign exchange speculation led to the collapse of currencies, beginning with the Thai baht and then, inevitably, major recession. The recovery in this area, which began in 2002, has largely been based on a reorientation of production to supply the Chinese market with a range of agricultural produce, raw materials and semi-finished goods.

The turn of the Chinese bureaucracy to far-reaching market reforms, the weakening and ultimately the break up of the central plan, the collapse of the Soviet and Eastern European degenerate workers' states, opened up major new opportunities for globalisation and neoliberalism. The integration of the USSR into the global capitalist economy had only a limited dynamising effect in and of itself, but more important than this was the ideological legitimacy it gave to an aggressive general expansion in the hegemony and power of US capitalism and its neo-liberal economic policy in the semi-colonial world.

In the 1990s this, added to a) the development of a world finance market in which US and UK had key structural advantages and b) the increasing geographical mobility of capital (that increased competition between monopolies and states) created the conditions for globalisation. From 1996 to 2004 FDI inflow to China averaged at \$47 billion a year¹³. For the past two years (2004 and 2005) it has been at the \$60 billion mark, making it third behind the US and UK for destinations of FDI. Because of the huge fluctuations in FDI inflows in the past decade - from \$1.4 trillion in 2000 to \$632 billion in 2003 - in percentage terms FDI inflows into China have varied from 2 per cent to 10 per cent of the world total. Furthermore, the whole of south, south east and east Asia (including China) still receives about 20 per cent or less of world FDI inflows (similar to the 1990s percentage).

The Chinese Communist Party's model of capitalist restoration based upon a strong state 'developmental' strategy has been much more successful economically than the 'shock therapy' of the other major former degenerate workers' state, Russia. In Russia we saw more than a decade of savage destruction of productive forces accompanied only by the growth of corporations selling the former USSR's rich supplies of natural resources, creating a parasitic rentier ruling class.

In contrast to this, alongside restructuring, trustification and privatisation of the old heavy industries of the degenerated workers state, there has been a massive expansion of the productive forces in China. This on the one hand creates explosive internal class contradictions¹⁴ but, on the other hand, provides a real challenge to world imperialism that at once both needs and fears China. The economic importance of China coupled with its reviving military power, its nuclear weapons and its seat on the UN Security Council, place it in a unique position amongst the world's semi-colonies in terms of its potential power. Despite its unprecedented boom China has enormous inner contradictions - economic, political and social. It has become massively dependent on the world market: foreign trade accounts for an increasing share of its economy as defined in terms of GDP. Export share in GDP grew from 18% (1990) to 32% (2003). In other words, the greater part of its economic development and growth has been externally oriented. Moreover, most of this trade is itself dominated by multinational corporations who, generally, import components into China for assembly and re-export.

The scale of this trade is now so great that it is recognised as a fundamental factor in maintaining the stability of the world's most powerful economy: the USA. Thus the first serious crisis in the USA will be a major crisis for China. As its major market shrinks workers will be laid off and enterprises will collapse. But there are also major inner contradictions of Chinese capitalism. First there is the classical over-accumulation of capital. Fixed capital formation now accounts for some 26% of annual GDP- up from 21% in 2002. This has led to speculation in real estate and overcapacity in specific industries. It is clear that at some point this will lead to a crisis of the profit rate expressed in overproduction and bankruptcy. Second, the reform programme has massively increased class contradictions and antagonisms within Chinese society. Massive rural to urban migration and capitalist expansion has increased the overall size of the working class (estimates put it at around 350 million). However, alongside this has been the destruction of some 30% of jobs in the state owned industries and the ensuing unemployment of millions of members of the 'old' working class.

Flexibilisation, insecurity, super exploitation and précarité are the motors of Chinese expansion. Urban workers face abolition of guaranteed social and welfare rights, privatization of housing and medical services and only very limited state provision of welfare. In little more than a decade, China's development has already restructured global patterns of production and trade. Although often described as a vast potential market, China's role within the global economy to date, and for the foreseeable future, has been as a supplier of cheap labour within a generally stable and supportive political environment. This development necessarily has a contradictory character in that, for example, while boosting profit rates for multinational corporations, lowering the costs of reproduction of labour power in imperialist countries and keeping interest rates low through massive buying of US bonds, it has also attracted capital investment away from other parts of the globe, undermined manufacturing industry in a host of countries and raised commodity prices particularly for energy and industrial raw materials.

THE USA AND THE GLOBAL ECONOMY

Globalisation and neoliberalism have failed to overcome the post 1970s structural problems of world imperialism - despite its historic successes in the 1980s and 1990s (its role in the restoration of capitalism in the workers states, strategic defeats for key sections of the working class in USA, UK, Bolivia etc.) and despite its 'opening up' of China and India. The strong cyclical growth of the 1990s has not heralded a return to either the economics or politics of the 'golden age' after the Second World War. Unemployment in the G7 countries, lower now than 15 years ago, is still much higher than in the post-war decades. The fruits of today's growth accrue to the shareholders and banks above all. In contrast to the 1945- 1970 period there is a remorseless attack on the industrial, social and regulatory role of the state with capital trying to force open ever greater sections (media, welfare, education, utilities, housing) to the Process of capital accumulation, at the same time denying resources to those sections where popular resistance prevents privatisation or where a profitable return cannot be realised.

Furthermore, the role of debt and deficit financing is essential in the absence of a major expansion of production in the imperialist heartlands. The US treasury is forced to suck in capital from the rest of the world to finance its Keynesian programmes of military spending and tax breaks for the rich, both essential for its economic stability. In the domestic US economy, in the context of stagnating real wages, debt has to be used to fuel the consumer boom- a task vital to the general stability of the global economy. This cannot last indefinitely.

The US ruling class is split on how to respond to the rise of China. So far there has been a remarkable synergy - the win-win situation dreamed of by the neoliberal ideologists.

But the prophecies of China's rise to the status of an economic superpower have divided US policy makers. Some advocate protectionism and military alliances to check China, plus the stimulation of a

bourgeois 'democracy movement'• there which can, via a 'people power revolution,'• replace the Chinese Communist Party with an overtly bourgeois political regime. However, so far the main forces of US capital are too struck by the golden opportunities for investment to risk destabilising China. The Bush regime will try to straddle these trends, pragmatically aware that any move to protectionism could trigger a tit-for-tat response that would lead to de-globalisation and therefore massively destabilise the world economy and US dominance of it.

Generally speaking after 2002 the US economy again proved to be the locomotive to pull the world economy out of recession (as it did in the last three cycles since the mid- 1970s). The EU and Japan in particular suffered longer from their recession and came out of it considerably later. The cyclical upswing in the USA after 2001 was based on a combination of massive state-capitalist stimulus in particular re- armament (military Keynesianism) and tax cuts. The USA sees a ballooning of household debt which is not backed up by domestic saving (in fact the US saving rate is at a historic low standing at only 13.7% of GDP), and a historically unprecedented high current-account deficit (nearly 8% of GDP). In other words the US upswing has been massively financed with rising private and public debts and by an influx of foreign capital. The US economy in the global upswing is building up huge contradictions and imbalances.

The fate of the USA today is completely inter-connected with the global economy as a result of 30 years of economic integration. Whatever remained of its 'splendid isolation'• has long ago evaporated. This makes the USA a highly parasitic capitalism. Without the daily inflow of more than 2 billion dollars a day it could not finance its production and debt servicing. Half of US corporate profits result either directly from foreign investment or from the financial sector, which is highly dependent from the global financial market. This is why the US ruling class has to wage a permanent war to force the rest of the world to fund this dependency. The US economic position compared to its imperialist rivals is stronger than in past decades but at the same time more and more stretched and therefore open to harp and 'unexpected' ruptures.

If the economic position of the USA continues to weaken in this way and its rivals continue their economic upswing, this will undermine the US role as the world hegemon and lead to a sharpening of the conflicts between the big powers. In addition, the combination of the rising demand for natural resources - particularly oil and gas - and the political instability in core areas of world politics like the Middle East and Venezuela could lead to a further rise of the oil price with serious consequences for the world economy.

It is possible that Europe and Japan - having behind them a longer and deeper recessionary phase - are still heading towards the high points of their cycles in the next 1-2 years. While this can help in delaying another world recession in the shorter term it will also deepen world capitalism's contradictions in several ways. At the present however it is the European Union that is the sick man of the imperialist blocks. Its major productive motor is Germany and here the tendency to stagnation can clearly be seen, despite the present cyclical upswing phase and rising profits for key corporations.

This expresses itself above all in the stagnation of the rate of growth in manufacturing, which is the core area of surplus value production. After 2001, there was a big drop in this in all the triad countries. Taking figures for the year 2000 as 100, Germany only regained that level in 2004 with an index of 103.5. 2005 is only very slightly higher. At the same time, it should be noted that in comparable countries, such as the USA and Britain, this drop was even more marked. Trade in manufactured goods continues to be characterised by overcapacity and overproduction for world market demand. As a result, international competition is becoming sharper.

The slackening of investment, that is the slowing in the rate of accumulation, is even clearer. Here, Germany is at the level of an index of 90 as compared to the year 2000, in other words, there has been a clear decline in investment activity. In addition, most investment is now replacement with only 10% of really

new investment. The parasitic character of the present form of accumulation, dominated by finance capital, can be seen from the fact that, alongside a sinking tax burden for companies, an ever greater part of profit is taken by finance capital. In the meantime, approximately one third of available cash flow for the biggest firms is spent on interest payments, paper purchase, options etc, while investment is orientated ever more toward short-term profits. Along this path there is no way out from the vicious circle of over-accumulation and stagnation.

In summation, by the end of the 1990s, globalization had proved that it could not overcome the tendencies to stagnation of capitalism. Its real successes- raising the rate of exploitation of the working class, penetrating and squeezing the semi-colonial world - were unable to fundamentally solve the over-accumulation of capital. In short, its successes were in certain countries only and for a limited time span. In fact the general tendencies to stagnation have actually accelerated. The stagnation trend of the productive forces also leads to their increasing transformation into forces of destruction as the increasing scale of the ecological crisis demonstrates record levels of global warming, an increasing number of catastrophes with hundreds of thousands dead in 2005 alone, the threat of global pandemics etc. These destructive aspects of capitalism will grow in importance in the years ahead and contribute more and more to its social and political crisis.

Since capitalism is by its essence not only an economic but also a social and political system, the deepening of its crisis is also expressed in increasing competition between states, both imperialist and semi-colonial, an increase in wars, terrorism, impoverishment and destruction. We now find ourselves- even during the cyclical upswing- in a deepening period of social crisis in which the imperialist bourgeoisie is forced to attack the working class and the oppressed on a global scale in order to bolster their system. And if this is what happens in an upswing, imagine what an economic downturn let alone a global recession would bring. As the Christian bible asks: ?If these things are done when the tree is green, what shall be done when the tree is dry??•

EUROPE - MORE HUGE CLASS BATTLES ON THE WAY

We have repeatedly said that the alternative for European capitalism is ?Americanise or bust?•. The background for this is increasing global competition between capital blocks. Europe is certainly now the sick man of imperialism - due to working class action and the political contradictions of trying to create a single superstate in a period of stagnation and social regression. In addition, the entry of Eastern and Central European states - a policy promoted by Britain and the USA with the express object of blocking the superstate development - has created a series of major obstacles (budgetary, fiscal and political).

For all its present paralysis the European Union remains the strongest and most dangerous rival to the United States and thus plays a vital role in the latter?s strategy. The USA seeks to slow down its development as a rival through cooperation and also in order to shift some of the burdens of world market regulation onto its European rivals. For its part, the EU, in particular its most important continental powers, Germany and France, seek to avoid any open confrontation with the USA, partly because the USA still acts as world policemen for the imperialist interests of these powers and partly because the EU is still far too weak to appear as a political and military rival. With their adoption of the Lisbon agenda in 2000, the ruling classes in Europe gave themselves a programme which has the objective to establish the EU as the strongest and most dynamic economic region under Franco-German leadership and thus make it, in the longer term, a political-military power which can take on the USA. There are however massive internal contradictions standing in the way of this.

The ruling class has to attack a working class with the strongest and most militant tradition of political/trade union organisation in the imperialist world. The EU has to overcome its national divisions to become a

strong rival against the US (and Japan), yet as the debacle of the constitution shows it has not been able to generate any enthusiasm for a capitalist EU. This is not surprising when it has combined this attempt with the Lisbon agenda and assaults on the workers and small farmers? social gains and incomes.

Therefore there have been several successive waves of resistance. The current wave alone has seen: in Belgium two one day general strikes, dock workers attacking the European parliament and forcing the repeal of the dock work directive, huge upsurges in France and Greece, important sectional struggles and a political break of important sections of the workers from social democracy in Germany.

In France 2005 saw a major revival in the class struggle. France?s jobless rate had exceeded 10 percent in January - its highest level for five years. In the private sector the employers were imposing job flexibility and demanding the slashing of the 35 hour week to 40 hours. Between February and March a series of days of action, called by all the major union federations saw large and widespread demonstrations and strikes. On March 8 between 150,000 to 200,000 school and university students held nationwide demonstrations to protest the Fillon ?reforms?• to the curriculum in universities and lycées, forcing their withdrawal.

The referendum on the European Constitution and the campaign for a no vote by the left represented a continuation of the mobilisations of the Spring. Huge rallies took place in every town and city district; workers attended them and identified the neoliberal ?reforms?• as the main enemy. The result was that despite the main parties? overwhelming support for the constitution, a coalition headed by the Communist Party and the Ligue Communiste Revolutionnaire brought about its crushing defeat. Then in the autumn, the accumulated rage, frustration and indignation of migrant mainly unemployed youth from the banlieues exploded in an insurrectionary movement Against police repression. Within the space of a few days, fuelled by the racist statements of reactionary government minister Nicolas Sarkozy, the protests had spread to 250 cities. They were only put down after more than two weeks by a huge police deployment and the imposition of a state of emergency - the first since the 1950s. This was a sign that France was entering into a pre-revolutionary situation.

The great movement of March-April 2006 saw full blown development into a pre-revolutionary situation¹⁶. Two days of action of around 3 million workers, hundreds of occupations of universities and schools, nearly daily mass demonstrations ended in the government withdrawing the CPE. The step by step introduction of neoliberal reforms has effectively been halted. The only real hope of the right is to get the hard neoliberal Sarkozy elected as president in 2007. To do this will in all probability require him to make a direct appeal to racist sentiment as he did in the autumn of 2005.

Italy also saw a new wave of struggle in the autumn of 2005, when student and working class youth demonstrated against neoliberal ?education reform?•, leading to riots outside parliament. On 25 October the three largest trade union confederations in Italy (CGIL, CISL, UIL) staged a half-day general strike against the Berlusconi government?s new cuts, outlined in the budget for 2006- the sixth halfday or one-day general strike since Silvio Berlusconi came to power.

The Italian elections have now thrown out Berlusconi and brought in a ?popular front?-style coalition led by the neoliberal Romano Prodi. His support for the Lisbon Agenda, Bolkestein and delays in withdrawing Italian troops from Afghanistan are already causing fractures in RC. As well as RC gaining ministers its leader Fausto Bertinotti has become speaker of the louse of the Italian parliament. As the Italian government carries out its pro-capitalist and pro-imperialist policies the country?s powerful left wing and anticapitalist forces will be faced with the task of fighting Bertinotti. They will be forced to question whether RC either is, or can be transformed into, the party the working class needs to fight the neoliberal offensive.

In Germany, Chancellor Gerhard Schröder won an unexpected election victory in 2003 on the back of his purely rhetorical opposition to the Iraq war, (behind the scenes he helped the US war effort). He then immediately adopted a full-scale series of neoliberal reforms - Agenda 2010. This, especially the Hartz IV law, was the largest cut into the German system of social security since World War II. In the next year or two as many as 100,000 members of the SPD left the party.

The Bundestag elections revealed a sharper polarisation. Capital wanted to replace the Red-Green coalition of the SPD and Die Grünen with a CDU/FDP government. During the campaign, the openly bourgeois parties used aggressively neoliberal rhetoric, which paid off well for the FDP, but which cost the CDU/CSU massively in votes. In addition, Schröder and his SPD positioned themselves as if they were in opposition. In this way, the SPD was able to limit its losses. The 'Great Coalition' was born - a government of the SPD and the CDU under Chancellor Angela Merkel. For the first few months this government was unsure of itself, but on the economic level the capitalists immediately went on the offensive (threatened mass redundancies, etc). The trade union leadership sold out important struggles and thus prevented the development of a political movement against the government in autumn 2005. At the end of that year the government went onto the offensive with the announcement of massive tax increases. This offensive is becoming sharper - through harsh attacks on the unemployed, on the health and education sectors (universities), through further sell-offs of public facilities and the simultaneous drive to militarisation.

The German Trade Union Federation (DGB) called no strikes against Agenda 2010 with the excuse that political strikes are forbidden by the constitution. Some demonstrations were organised by the unions, and the largest in Cologne, Berlin and Stuttgart on April 3rd, 2004 attracted 500,000 people. Over the summer of 2004 many thousands of people protested every week in the streets of Berlin, Leipzig and other big cities particularly in eastern, but also western Germany (the Monday demonstrations).

This movement stimulated a split from the SPD and the formation of the Wahlalternativ (WASG)¹⁷ by long-term SPD regional level officials and union activists. The WASG rapidly grew to 11,000 members. It is solidly reformist though opposed to Agenda 2010. It ran in the 2005 North Rhine- Westphalia state election gaining just 2.2% of the votes. In the 2004 elections to the European parliament, the SPD slumped to an all-time postwar low of only 21% of the votes. Then on 10 June 2005, the WASG, Oscar Lafontaine and the PDS formed an electoral alliance for the federal elections in September 2005. In this election it gained 54 seats in the Bundestag and 8.7 per cent of the vote. Contradictions between the WASG and the PDS remain, centred on the presence of the latter in coalitions with the SPD in Berlin and Mecklenburg carrying out neoliberal reforms.

Greece too has been in the forefront of EU workers militancy over the past year. In 2005 there were two one day general strikes. On 15 March another shut down the public sector and much of the private sector too. The seafarers' Strike from 16-23 February was a serious all out action. Unfortunately it was defeated through the treachery of the whole bureaucracy right and left and the parties (PASOK, Synaspismos and the KKE)¹⁸ all of whom refused to call a general strike when the government legally ordered the strikers back to work.

But major struggles lie ahead. New Democracy premier Costas Karamanlis aims to privatise the railways, the post office, the electricity company, and to pour state money into private education and health. He aims to smash the power of public sector unions by ending job security. One day general strikes are totally inadequate faced with these sorts of attacks. Only an indefinite general strike, initiated by public sector workers and the youth perhaps, but drawing in the private sector too, can force Karamanlis to abort his programme or drive him from power. A pre-revolutionary crisis on the French and Italian models is a real

possibility in the coming year or two.

In Britain a record period of economic growth and huge profits for the oil majors and banks have not led to significant improvements for the bulk of the working class and the poorer sections of workers have even seen their living standards fall. While significant sections of the labour aristocracy and the petit bourgeoisie have benefited from Labour's neoliberal policies, the GINI coefficient shows that the wealth gap is also at record levels. The attacks on social housing, local services, health care and education have hit average-income and poor workers hardest. Labour deregulation and the replacement of unionized manufacturing jobs with precarite, non-unionised and low paid work has had a similar effect. Women workers now suffer relatively lower pay than in 1997.

The antiwar movement launched the largest demonstration in British history on the eve of the Iraq war. It failed to stop the war because the leadership - the trade union general secretaries and Labour MPs as well as the Stalinists and centrists, who refused to challenge them - did not call for strike action and mass civil disobedience. The movement, like the anticapitalist movement, declined and the state pressed home its advantage, launching a 'war on terror', in which they shot two immigrants (one dead), savaged democratic rights with house arrests, detention without trial, and restrictions on protest and free speech. The state is attempting to weaken anti-imperialist sentiment by campaigning against Asian youth and trying to polarise the Asian and Muslim community. The youth are being targeted repressive laws; a witch-hunt against radical Muslims is in full swing.

In many unions, workers have voted in new leaders, who have distanced themselves from the Labour government and promised militant resistance. Despite a dip in strike activity in the election year 2005, the level of workers action has risen steadily since 2000. In March 2006 over one million workers stopped work in defence of public sector pensions; however the strike was subsequently sold out by the union bureaucracy with startling ease, indicative of the poor level of rank and file organisation.

The leadership of the major trade unions - slavishly tied to Labour - have acted to depress class struggle despite rising anger with Labour and popular anti-neoliberal and anti-war sentiment. A large vanguard of workers - hundreds of thousands strong - have broken from Labour, as testified by the dramatic fall in Labour's vote and mounting opposition to the unions funding the party. Two of the most militant unions, the FBU and RMT, have left the Labour fold and the latter started a debate on the crisis of working class political representation. Now the task is to aid this vanguard to found a new workers party.

In summary, despite the No in France, despite Chirac and de Villepin's defeat over the CPE, despite the uncertainties arising from the grand coalition in Germany and the Prodi 'left' coalition in Italy, the European bourgeoisie is obliged push on with trying to implement the Lisbon agenda. Competition from the USA and the Far East means the European corporations too must push ahead with their attacks on wage levels and working conditions and even intensify it. In 2006 and 2007 further massive attacks on core sections of the working class and the organised labour movement are to be expected. At the same time, the Europe-wide offensive will above all affect the education and health sectors and public care services. Therefore there will be intensification of defensive struggles and of tensions between the unions and the Socialist Social Democratic and Labour Parties, where these are in government. The European Left Party in continental Europe groups together critics of mainstream social democracy such as the French Communist Party, Rifondazione Comunista, the German PDS and the Greek Synaspismos. They are active within the European Social Forum and present themselves as strong opponents of neoliberalism, yet they are determined to win or hold on to office. Yet the electoral arithmetic means that they can do so only in coalition with the big right wing reformists parties, like the Democratic Left in Italy, the SPD in Germany or the French Socialist Party. These latter will demand as their price support for a completely 'social

liberal? programme one that is neoliberal in deeds and social reformist in words only. Thus the left reformist forces Europe will also face crises in the coming years as will the European Social Forum, which they dominate.

RISING TENSIONS IN THE USA

The Bush-Cheney neocon presidency will continue to pursue its 'war on terror' to the end of its electoral term. But it will do so against a rising tide of resistance at home as well as in the regions where it is waging war. The aim is to intimidate and plunder economically valuable countries and plant bases in militarily strategic ones. But also of critical importance is the pretext it provides for a 'strategy of tension' at home, including attacks on democratic liberties, trade union rights, and the stimulation of racist and reactionary movements, pogroms and so on. The Delphi dispute is one of the biggest of these attacks and has been compared to the Patco strike of 1981 in terms of its importance for the American bosses. However, it is not the only dispute that has recently taken place in US manufacturing, nor have all these strikes ended in defeat. Under pressure of the employers' offensive and ferment within the unions as to how to mount a fightback, in 2005 the US labour movement split: a historic event in itself. The two groups of unions - Change to Win and the AFL-CIO - in an important sense is an unprincipled bureaucratic split, on one level, debilitating since it has led to scabbing on each others struggles (from both sides). But, on another, it represents the struggle of part of the US working class to find more effective instruments for its self-defence, even self-preservation.

The organising wing (Change to Win, led by Andy Stern of the SEIU) seeks to unionise the service sector and raise wages. It will continue to wage militant, focused campaigns in these areas, using methods of 'community unionism'. However, it is fiercely bureaucratic in its mode of operation, i.e. hostile to rank and file organisation, compensating for this by its use of community and student organisers. Allied to this, but separate in many areas, is the selforganisation of migrant Latino workers. A new movement has emerged which has the potential to dynamise the US working class movement. It coincides with the Bush administration's decision to build a fence/wall along the Mexican border. From this small beginning, the call went out for 'A day without Latinos' for 10th March, essentially a strike of migrant workers to demonstrate their centrality of migrant workers to the US economy. Half a million responded, including Koreans, Poles, Irish, not just Latin Americans. Also, shop keepers, school students, pensioners started to join in.

This mass movement has gone on to mount the biggest demonstration in the history of Los Angeles (1,000,000 on 25th March, a Saturday), to bring two million onto the streets, across the US, on 10th April (a weekday, and therefore a partial general - i.e. political - strike) and called for a 'Great American Boycott of 2006: No Shopping, No School, No Work' for May Day.

This movement is therefore at its core a working class movement, based in working class communities, using class methods of struggle, and making class demands. It has the massive support of the youth. 40,000 school students walked out in solidarity with their parents and the parents of their friends in Los Angeles on Monday 27th, despite severe police repression. Union leaders - particularly Andy Stern and the SEIU - are heavily involved. However the Latino community is, like all communities, multi-class.

It has other, partially oppressed classes: small farmers (who came out in solidarity with the LA demo on Sunday 26th), shopkeepers, and so on. The Democratic Party and the Catholic Church are also involved trying to divert it into bourgeois politics, i.e. into votes for the Democratic Party.

The core AFL-CIO unions such as the carworkers' union, the UAW, has been in chronic decline, and a rank and file opposition has formed within it. The vicious anti-Labor character of American democracy can be seen in the treatment meted out to the New York transport workers' strike in December 2005. TWU

100 Local (New York subway) fined \$2.5 million for a three day strike on 21-23rd December 2005, whose leader Roger Toussaint has been fined \$1,000 and handed a 10 day prison sentence for leading the strike (all public sector strikes are illegal in New York). There is a real possibility that there could be further splits and fracturing of the AFL-CIO and these could be given a militant impetus by the stirring of the migrant workers.

To avert the derailing of the labor movement into support for the bourgeois Democrats, fighting workers and socialist organisations need to campaign for the formation of a Labor party, not as a reformist party but as a mass working class party based on the unions and working class communities, among the racially oppressed and migrant workers, which democratically debates its programme. In this process revolutionaries should do all in their power to win it to a revolutionary programme and to a key role in the formation of a new International. And any significant step towards real class independence of the US workers will make the rulers of the world tremble.

MIDDLE EAST IN FLAMES

The situation in the Middle East is marked by the continuation of the US/UK led invasion and occupation of Iraq and the attempts by the Zionists to remove any last resistance to their Greater Israel project. This situation will lead to an increase in struggles, especially anti-imperialist struggles; these resistance movements will see different class forces competing for control of the struggle against oppression and Imperialism, a struggle in which the working class must come to the head of the movement. The central contradiction in the region is: the increasing anti-imperialist radicalisation of the masses and the dictatorial Arab regimes? desire to appease and reach an accommodation or compromise with US imperialism. Leaders will face the stark choice of supporting the USA or being promoted to the ?axis of evil? and placed on the Pentagons wanted list. However, even Iran and Syria, that are increasingly members of this wanted list, have demonstrated their willingness to negotiate and manoeuvre between the European Union and US while maintaining their anti-imperialist rhetoric.

It is likely that in the short term the US will attempt to strengthen its occupation of Iraq and Afghanistan rather than attacking Iran. An attack is not excluded however, and the retreat is in the long term only temporary as it is politically impossible for the US ruling class at the current conjuncture to make deals with explicitly Islamist and rhetorically anti-western regimes.

In Iraq the resistance to the occupation shows no sign of abating. April 2006 was one of the bloodiest months for the occupation forces, including the British troops in Basra who had to put down a militant mass demonstration which turned into a riot against the occupation. The US see the election of the government as a step on the road towards ?stabilisation? of the conflict but the inability of the combined allied forces to completely liquidate the resistance movement means that this political transition will be dogged with instability and problems. However, the resistance movement itself has failed to capitalise on its support and effectively defeat the occupation forces, the increasing sectarian attacks by a minority of the movement and the beginnings of a deep and material division between the Sunnis and the Shia could in the medium term lead to a state of civil war.

In this instance the US led coalition will maintain a presence in the oil fields of the south and leave the rest of the country to deal with the aftermath of the invasion. This will lead to an increasing reliance on other Gulf states to pump out the oil, because the pipe lines through the north of the country will be impossible to defend properly. Only the eviction of the imperialist forces by the resistance and the working class coming to the head of the resistance can lead to a progressive solution. In Israel, the militaristic essence of the Zionist settler state has been laid bare again in its actions in Gaza and Lebanon in June 2006. The alleged provocation of Hezbollah and Hamas is a sham, in reality designed to shield the real aggressors in the

region from criticism. The actions of the guerrilla movements almost always lead to swift and overwhelming retaliation by the superior military force of the Israeli army; the scale of the destruction in Lebanon and the continued occupation of Gaza reveals that it is the Israeli state that is the real threat to stability in the region.

The Imperialists cannot rein in their Israeli allies¹⁹, even though their actions threaten to bring down a Pro Western Anti-Syrian government in Beirut, showing that there is pressure from within Israel to re-establish its military might in order to offset any loss of face? they may have suffered from the Gaza pull out in 2005. The actions by the Israelis were premeditated and planned. As the PNAC rulers in Washington need a permanent war around the world to establish their global domination, so Israel needs a permanent war in the Middle East to retain its regional domination. The end game of the Intifada is also being played out. Bereft of coherent leadership, the once radical Islamist movement Hamas will become increasingly torn between its base in the urban poor of Gaza and the desires and aspirations of its political parliamentarian leaders. The classical trap of the petty bourgeois movements that ensnared both Sein Fein and the PLO has been laid and Hamas could well be forced by the consequence of its position to retreat on its more radical demands (e.g. non-recognition of Israel) and play policy with the Imperialists. This could cause a radical split in its social base.²⁰

The creation of the Apartheid wall and the end of the dream of a strong viable Palestinian state will see increased poverty and misery for the majority of Palestinians living in the West Bank. This nightmare existence as Palestinian farmlands and infrastructure are carved out by the Israelis will reveal the complete inadequacy of the 'two state solution' for Palestine.

Iran is now the spotlight for the next stage in US Imperialism's agenda. The removal of the regime and its replacement with a pliant pro western government is important for the continued stability of the region for the USA and its allies. Iran is a highly unstable regime, which serves as an organising force for political Islam. At the same time it is seeing the growth of working class opposition to the regime.

It has a young population, a very entrenched reactionary regime and growing social problems. Over 12 million people live in poverty, massive police repression against even the most basic workers demands increasingly exposes political Islam as an enemy of the working class in one of its core countries. May Day rallies in the country attracted many workers engaged in struggle, and recent mass arrests of striking bus drivers and trade unionists has led to international campaigns which have secured the release of most of them.

A protest petition calling for a higher minimum wage has been circulated in many cities in the country. The bus workers strike was so brutally repressed by the police that it received international attention and widespread condemnation. In short, the working class in Iran is being noticed again for the first time in many years. However, because of the failure of Stalinism to propose an alternative working class leadership to the Muslims in the late 70's and early 80's - most of the working class vanguard in Iran was destroyed by the reactionary regime after the revolution.

The danger is that the new workers' movement fails to oppose not only the employers and the regime but also US imperialism's plans for the region. This would leave Ahmadinejad's anti-imperialist rhetoric unchallenged and allow him to posture as the head of the anti-imperialist movement in the Middle East. Instead of adopting the passive policy of the 'third camp' and abstaining from anti-imperialist struggle, the working class movement in Iran - and indeed across the Middle East - must seek to come to the head of the struggle against imperialism, linking it to the struggle against capital and reaction at home.

The dictatorship in Egypt continues to show its capacity to enforce its pro-imperialist line through state

repression. It is compromised over its de facto support for the Iraq invasion and treaties with Israel. This has led to a resurgence of working class and civil rights activists protest movements against the regime. The continued importance of the regular Cairo conferences in the region has proven to be a poll of attraction to anti imperialist forces internationally.

The continued existence of the pro-democracy movement, 'Kifaya', in the face of massive repression, its base of support in sections of the intelligentsia and the beginnings of further developments into the workers movement, shows that there is potential in Egypt for a huge movement which could overthrow the government in the medium term. However, at present the movement does not have a mass character, and is dominated by Nasserites, the Muslim Brotherhood and a scattering of subjectively socialist militants.

LATIN AMERICA: A CONTINENT IN MOBILISATION

There is now a 'united front' of bourgeois populist regimes in Latin America. But it is far from a united radical alliance. Many of them, Kirchner in Argentina, Lula in Brazil, Tabare Vasquez of Uruguay, even Morales in Bolivia, are pursuing a 'social liberal policy'. They have set out to pay back debts to the IMF, under the pretext that this will prevent the IMF interfering to block their promised (but scarcely delivered) social programmes aimed at relieving poverty.

In Argentina, the IMF still broadly trusts Kirchner both because his Peronist ideology remains a form of conservative bourgeois populism and because the IMF made serious concessions to get Argentina out of its revolutionary situation in 2001-2002. Kirchner's 'social reforms' are thus a product partly of the powerful bounce back of the Argentine economy after its near-death experience and partly of the fact that the IMF is not looking to stoke another crisis. Nevertheless, because of the economic recovery sections of Argentine workers are now resorting to strike action to recover wage levels lost in the 2000-2003 period. In Brazil and Uruguay Lula and Tabare Vasquez head administrations that are much closer to a classical popular front than 'populist'. They contain the majority of the organisations of the workers movement, thus tying down working class resistance, but 'bourgeois ministers' are left in full charge of the financial and industrial policies. This explains the neoliberal policies of these and the pathetic resources allocated to meeting the needs of the poor. Foreign policy is a much easier sphere in which these regimes can appear to stand up to imperialism.

The summer 2005 meetings of the Organisation of American States (OAS) refused point blank to 'isolate' Venezuela or give any pretext to the US for intervention 'when democracy was threatened' in Latin America. The Free Trade Area of the Americas was supposed to be signed on January 1 2005. In Mar del Plata, at the Summit of the Americas, surrounded by a huge mobilisation of hostile demonstrators, it was obvious even to George Bush that it was a dead duck. Venezuela under Hugo Chavez continues to act as an enormous radicalising element in central and south America and indeed beyond it. Across the continent populist leaders want to be seen as local versions of Chavez and if possible receive his blessing. Chavez's radicalism is a product of a deep and ongoing revolutionary period in Venezuela, not an individual characteristic. Several times he had to mobilise the masses, in his elections in 1998 and 2000 and most spectacularly to defeat the 2002 coup. He did so again, as he faced the 're-call election' in 2004 staving off attempts by the right to depose him.

Immediately after his election a bitter conflict with the elite institutions, the congress and the management of the oil industry ensued. This required a constituent assembly and the breaking of a 'strike' by the managerial and labour aristocratic 'unions' and the creation of new ones. The alliance with Castro has been mutually beneficial: doctors and military advisers from Cuba, oil (and therefore an open breach of the US embargo) from Venezuela. The rage of the USA at this alliance has given Chavez enormous extra kudos as a 'revolutionary' too, despite the quite social democratic policy at the core of his 'Bolivarian'.

programme.

These repeated mobilisations and the manifest socio-economic gains that they have made, thanks to the country's oil revenue, means the working class and peasantry are exerting pressure on Chavez. At the same time this gives Chavez an immense authority as a bonapartist caudillo. So called 'Bolivarian Missions' are a mass mobilisation too, under radical Chavista control. They effectively replace the 'official' departments of the state machine in implementing major reforms in healthcare, education and literacy, indigenous rights, land reform and rural development. Chavez is moving left under this pressure-talking of socialism-scornfully defying the offensive noises of US imperialism.

In early 2005 there was a rash of land occupations in Venezuela, most notably the occupation of the 32,000-acre latifundia belonging to the British Vestey Group and Chavez announced a decree to speed up land reform in the country. A number of factory occupations and recognitions of workers' managements by the government have also taken place. The Chavista unions have grown rapidly and developed into real unions not simply Chavez puppets. In 2005, he created the 1.5 million-strong 'military reserve Mission'.

At the 2005 World Social Forum and at the Caracas WSF Americas in 2006, Chavez made a bid for the ideological leadership of the global anti-capitalist movement, declaring it needed to develop 'a strategy for power' and that it was 'necessary to transcend capitalism'. Certainly his 'socialism of the twenty first century' and 'internationalism' have a reformist/populist character but they also act as a focus for forces that wish to break from the social liberal Lula and the Brazilian PT. His visit to Europe further spread his influence. The preoccupation of the USA with Afghanistan/Iraq/Iran and the 'war against terror' makes any serious intervention against Chavez unlikely in the next period and as the cyclical upswing continues and oil prices remain high there is unlikely to be an internal crisis for Chavez coming from the bourgeoisie. However, a world economic crisis could change all this.

The most sharply expressed revolutionary situation on the continent was witnessed in Bolivia in mid-2005. Bolivia's president Carlos Mesa was forced to resign on 6 June after a month of general strikes, mass demonstrations and road blockades. The movement originated in El Alto and was organised by the popular assemblies centred in a soviet-type organ of workers and poor people's delegates: the Federation of Neighbourhood Committees (Fejuve). It demanded the total nationalisation of the gas and petroleum reserves of the country, privatised at the end of the nineties. In May the Fejuve, backed by the Bolivian union federation COB, called an indefinite general strike around this demand.

By early June, La Paz and most other major cities were paralysed by the strike and road blockades and the President handed in his resignation. The congress named a successor, Eduardo Rodriguez, who they hoped could defuse the situation. The latifundist big landowners from the rich province of Santa Cruz and the business elite considered declaring autonomy for their province which contains nearly all the oil and gas reserves and doing a deal with the imperialist oil companies, but they backed off. The stop-gap president whose job it was to organise new presidential elections has done so.

For all their revolutionary rhetoric the leadership of the unions, the Fejuve, the various assemblies, could offer no alternative because they had no programme (nor a political instrument, no party) for seizing power. Evo Morales of the MAS was thus the only 'popular' candidate, despite widespread criticism of his reformism, his betrayal of the struggle in 2003, his equivocation on nationalisations of the hydrocarbons. Thus he won the presidency despite distrust of him by the main organisations leading the general strike, the COB and the Fejuve. These bodies failed to create a working class party for the workers, shanty-town poor, the peasants and indigenous communities, which can alone continue or renew the revolutionary struggle.

Morales appears to be making concessions to US imperialism, which is courting him assiduously, and to the Cruceño landowners, to whom he has promised a referendum on autonomy before the Constituent Assembly meets - a treacherous betrayal of the demands of the masses. A crucial issue is the summoning of a sovereign Constituent Assembly, i.e. one that can decide on the ownership of the oil, gas and many other natural resources of the country, but on the land and the factories too. To be sovereign, i.e. under the control of the masses not the High Court, the Army or 'autonomous' bourgeois controlled regions, the mass organisation which launched the general strike must take control of the elections. Nevertheless, Bolivia remains in a revolutionary period, and Morales may soon face mass actions of workers, peasants and urban poor.

A string of populists could be on the verge of election victories most notably Ollanta Humala in Peru and Lopez Obrador in Mexico²¹, both likely to be closer to Morales or even Lula than Chavez. The Latin American far left is far from a negligible force. Centrist 'Trotskyist' groups originating in the Fourth International have played a real role in the vanguard of the working class in a number of major countries (Argentina, Bolivia, and Mexico). In Brazil and Venezuela events are leading to a growth of centrist parties uniting militants from various Trotskyist currents. Sectarian condemnation of and abstention from populist struggles against US imperialism and its agents in the national elites is equally disastrous as adaptation to the likes of Chavez. It is essential to advance at all times a strategy of permanent revolution, to utilise transitional demands and to fight for independent working class parties on a revolutionary programme.

ASIA - RISING TIDE OF STRUGGLE

In India the unexpected election of the Congress led UPA coalition government of prime minister Manmohan Singh in 2004 did not lead to a reduction in the bourgeoisie and government's intention to pursue a swingeing programme of neoliberal reforms. India's accelerating economic development, with high annual growth rates and burgeoning exports, has massively improved the country's trade deficit, though it remains a net importer. Foreign Direct Investment has risen but 'liberalisation' must still be pursued by the bourgeoisie because of the remaining high levels of labour protection, state ownership and state controls of labour markets, planning restrictions, tariffs and high taxation.

The new government immediately sought to reassure investors that it would pursue the neoliberal 'reform' programme vigorously. The Communist Party of India (Marxist) has not offered, and has never attempted to offer, systematic resistance to privatisation and other neoliberal policies. Indeed, where it rules in regional government in West Bengal and Kerala - it has carried through the attacks itself. Singh is now pursuing a major neoliberal reform offering over \$11 billion in 'investment' to municipalities in return for a classic 'Structural Adjustment Programme' style set of conditions. These include removing caps on rents, privatising services, charging for services including water, abolishing restrictions on large scale land ownership, reducing taxes on business and so on. In a country of appalling poverty with 10% officially unemployed and hundreds of millions living in absolute poverty, in which every major city is surrounded by vast and growing shanty towns lacking even basic amenities, these measures will significantly increase the suffering of the masses and will continue to provoke widespread resistance.

The USA clearly has plans to form a strong alliance with India, which is militarily and economically the most dynamic force in the region. The US imperialists see India as potentially their most effective and reliable gendarme. With its massive army and £19 billion annual military expenditure it is vital for the US to keep them on side. Washington sees it as an economic and military counterweight to China and as a guard against the potentially destabilising radicalisation in Pakistan, Nepal and Sri Lanka.

However, the forces mobilised against neoliberal globalisation in India are vast too. Bush's visit provoked huge demonstrations in every state except the extreme north eastern regions. From Kashmir to Tamil

Nadu the workers' movement, peasant organisations and Muslims demonstrated under slogans including 'Devil Bush Go Home'. Attacks on the railway workers, and the government's continued attempts to breathe new life into its privatisation programme, provoked a general strike (hartal) in September 2005. The peasants continue to engage in major struggles for land against both the zamindari landowners (such as recent uprisings in Bihar, see below) and against global agribusinesses such as Monsanto (the 'cremate Monsanto' campaign).

The crisis of leadership of the Indian proletariat is acute. The CPI (M) - the largest party of the Indian workers - won over 22 million votes in 2004, even though it contested just 69 of the 543 seats. Its 43 members of the lower house (Lok Sabha) are supporting the UPA government, though the CPI (M) is not formally participating in the coalition.

The Maoists are capitalising on peasant anger and the impact of the peasant war in Nepal. In 2004 the People's War Group merged with the Marxist Coordinating Centre to form a new party - the Communist Party of India (Maoist). Boycotting elections and unable to organise a significant proletariat following the Maoists have launched a series of guerrilla attacks against the private armies of the landlords and against the army and police. They aim to create a contiguous zone for military operation in the North, especially in Bihar - adjacent to the Nepalese border - and Andhra Pradesh.

The risk of communalist violence remains high. Though the Kashmir crisis has now abated tensions remain. The main Hindu chauvinist party BJP's provocative support for the Bush visit, the bombings of Hindu holy places in Varanasi in Uttar Pradesh, and the Hindu communalist Shiv Sena's control of the Mumbai municipal government are all extremely threatening developments.

The key task for Marxists in addressing the crippling crisis of leadership is to expose the CPI (M). Given a) its huge electoral performance, b) its visibility in even the smallest villages across whole swathes of India, c) its mass membership of over 800,000, d) its control of the main CITU trade union federation, e) its mass women's and youth organisations, this bourgeois workers party remains both the principal organisation of the Indian workers and the main barrier to the development of a revolutionary party. The array of smaller but still comparatively very large alternative communist parties such as the RSP and its youth movement RYF complicates the task. Any revival of Leninism- Trotskyism in India would have to subject such parties' programmes to a rigorous and persuasive critique. In Pakistan, six years after the military coup, the dictatorship of General Pervez Musharraf is rapidly losing popular support. Since the coup he has attempted to secure support on a 'strongman', anti-corruption basis. But then came the war on terror and the long US/British occupation of Afghanistan. The overwhelming majority of the population being Muslim, the proximity of Afghanistan, Musharraf's slavish backing for Bush and the US bombing raids on the Pakistani side of the Afghan border, all have provoked widespread hatred for the Americans and for the Musharraf regime.

The key challenge facing the Pakistani working class movement is how to intersect with the anti-imperialist mood and demands of the masses and link them to the progressive programme of working class emancipation rather than the reactionary programme of Islamism. The Labour Party of Pakistan's approach is useless. Its imperialist- economist third-campism in the battle between national- Islamic forces and imperialist occupiers (which it argued in the Afghan war) can only strengthen the Islamists' hegemony over the anti-imperialist youth. The LPP's wretched bloc with the National Party and other non-proletarian forces in its new AJT - the 'People's Democratic Movement' is an appalling piece of pseudo-populist electoral cretinism which can only set back the struggle for working class independence in Pakistan.

The way forward for the revolutionary workers is to link anti-imperialist with economic, domestic political and environmental struggles, in order to contest with the reactionary

Islamists for leadership of the masses. Despite the low level of trade union organisation in Pakistan, important points of departure exist for revolutionary agitation and propaganda in the growing proletariat. Last year 65,000 postal workers fought privatisation.

Demonstrations of hundreds of thousands in December 2005-January 2006 forced Musharraf to cancel his plans to build a giant dam on the River Indus. In February, 15,000 teachers fought the police in Lahore, demanding permanent jobs and higher pay. Also this year an all-Pakistan Stop the War movement has been launched. An Islamist rebellion is the most likely next development in the months and years ahead. If the workers are to succeed in creating an alternative revolutionary socialist leadership of the popular masses, a revolutionary Marxist cadre organisation is urgently required. The revolution in Nepal can continue to provide a significant impetus to mass peasant and working class movements in the region. Already before the revolutionary crisis of 2006, the Nepali Maoists had encouraged the Indian Maoists to unite and launch a renewed war in the countryside. But the uprising in Kathmandu of April 2006 provides dramatic confirmation of the fact that even in countries with a small proletariat, urban classes come to the fore in the revolution, and that the cowardly bourgeoisie will never see through the struggle against absolutism. The Nepalese events can thus provide a crucial frame of reference for popularising the fundamental strategic and tactical lessons of Leninism and Trotskyism among the vanguard of the South Asian working class. The radicalisation of youth, the existence of numerous small communist groups and currents, the new generation's rejection of tradition and Hindu idolatry of the sovereign are powerful revolutionary developments.

The adoption by just one of these small groups of Leninist-Trotskyist perspectives and programme could have powerful impact in the mass movement. In China social contradictions continue to sharpen. The most important is that between the political superstructure and economic base. The Stalinist party dictatorship, which more than ever resembles its political twin - a fascist dictatorship will become ever more irksome to the decisive classes in Chinese capitalism. Although unique in both scale and social content, because it combines social, political and economic remnants of the degenerate workers' state with the dynamising and transformatory effects of domestic capital accumulation and the importation of imperialist capital, this example of combined and uneven development has all the explosive potential of the classic cases of the 20th century.

Twenty years after the dismantling of the communes, the initial boost to rural incomes provided by the return to family farming has long gone. Discontent, reaching the scale of armed clashes with police and paramilitary units, has been reported from virtually all regions of the country. Over 80,000 instances of urban and rural popular unrest were recorded in 2005 alone.

Resistance to clearances of peasants from the land and the destruction of rural communities has been one major spur; abuses of workers have been another, including non-payment of wages to migrant workers and attacks on pension rights. The further evolution of capitalist agriculture through concentration of holdings and mechanisation is blocked not only by continued state ownership of the land itself but also by the continued traditions of local redistribution of land and the formal 30 year leases held by families. Nonetheless, although still the majority of the population, the peasantry will be unable to generate an independent political force; no longer the principal social base of the party dictatorship, it will have to throw its weight behind either the bourgeoisie or the proletariat.

Restoration of capitalism has undoubtedly created a new bourgeois class within China but it has not yet raised itself to the level of a class for itself. Its maturation as a class is obstructed by its own fragmentation both within the country and as regards the 'overseas Chinese' of Taiwan, Hong Kong, Southeast Asia and further a-field in the United States and Europe. To this must be added its collective reliance on the

dictatorship to preserve social order alongside its continued resentment of bureaucratic privilege and support for state capitalist trusts. Like any semi-colonial bourgeoisie, its development is also limited by the penetration of imperialist capital more than able to compete with it for labour and increasingly insistent on also stealing its domestic markets. Although elements within this class, especially its ideologues, will identify with and champion the cause of democratic reform, its well-grounded fear of social disorder will always ensure that it is an unreliable ally of the majority oppressed classes.

In terms of size and centrality to social and economic development, the Chinese proletariat has also been augmented by capitalist development. The pace of change has led to considerable unevenness within the class. The dismantling of planning and trustification of state owned industry led to enormous waves of redundancy and impoverishment among the long-established sections of the working class, especially in heavy industry. At the same time, the development of mainly small-scale industry in rural areas and of increasingly large-scale production in the coastal provinces has created wholly new sections of the class numbering tens of millions. This urban working class, now numbering some 350 million, is continually swelled by the arrival of new migrants from the countryside where an estimated 200 million form a huge reservoir of cheap labour power. The necessary development of capital itself, although it differs between the foreign and locally owned enterprises, also produces a differentiation within the working class.

Nonetheless, the conditions of their lives drive the workers towards collectivist solutions. Whether in the highly profitable oil industry, in the restructured iron and steel plants, the criminally dangerous coal mines or the regimented sweatshops of the coastal provinces, reports of collective and trade unionist action increase yearly. The existence of effective forms of coordination and solidarity has been proved both by coordinated strike action, as in the oil industry, and by the constant flow of information reporting strikes and demonstrations across the country. At every turn, however, such developments come up against the repression of the party-state dictatorship which, at any given point, can be strong enough to suppress direct action and remove leaders. In the long run, as all working class history shows, such repression only fuels hostility and forces workers to refine their policies, generalise their actions and generate new leaders.

The powerful contradictions within Chinese society will continue to mature. Because of the decades of repression under a 'communist' regime, the forces that will combine to launch a democratic revolution will be at least as varied and politically incoherent as any that have been seen in Eastern Europe or Central Asia. It can be guaranteed that imperialism, when it judges it appropriate, will provide support not only for reactionary neo-Confucian movements such as the Falun Gong and the 'qigong' underground societies but also for pro-capitalist 'labour' leaders and parties.

Taken together the huge increases in the size and breadth of the working class, the rising levels of social inequality and working class and popular resistance, suggest that class contradictions are rising sharply in China. This opens the prospect that the 21st century will host one of history's mightiest battles yet: a third Chinese revolution- one that this time can become fully and consciously a permanent revolution and in which the proletariat seizes power for itself.

The key to the re-establishment of a revolutionary communist movement in China will be the fight for politically independent working class leadership of what will initially be democratic revolution against the party state as well as the depredations of restoration and rampant foreign owned capitalism. It must be based on the creation of organs of the struggle for working class power and a programme for the expropriation of large-scale capital and the subordination of production, both urban and rural, to planning. Central is the need for a revolutionary party to fight for this programme. Given China's newfound role within the regional and global economy, the outbreak of revolution in China will have the most profound impact on the politics and economics of the whole world. It will point to the necessity of an international

solution, a globally planned economy, as the only progressive way out of a truly global crisis.

SUB-SAHARAN AFRICA

The 2000s has seen Sub Saharan Africa emerge out of a period of bloody conflicts. There has been a fragile peace to end the war in the Democratic Republic of the Congo, which saw nine countries invade, millions dead and millions more fleeing to the jungle or neighbouring countries. Civil wars in West Africa; Liberia, Sierra Leone and Guinea have occasionally sparked up again although not on the bloody scale of the 1990s.

There has been some increase in GDP growth rates but at the level lower than average world growth the disparity between Africa and the rest of the world is becoming greater. Some economies such as Kenya, South Africa and Ghana seemed to have found themselves niches in the international market and are growing, but other countries cannot match the prices of cheap goods which are dumped on them. Ecological disasters also threaten in the form of famines and water shortages such as the drying up of Lake Chad, and the continuing Aids crisis.

The fair trade, anti-debt campaigns of the past few years, culminating in Make Poverty History last year, has focused world attention on the continent and radicalised a new layer of activists around the world. But in the hands of the IMF, world bank, G8 etc this movement has become about telling African countries how to run their states, or 'good governance'; a relabelling of structural adjustment programmes with very little change to their content i.e. more privatisation and opening up markets to trade from imperialist countries; even more strings to the very little aid given such as Brown's G8 deal and the UK government's Nigerian write-off; and a sidelining of any remotely reformist African solution.

The past few years has also seen some Chinese investment usually for raw materials such as oil. China now imports about a quarter of the oil industry of Angola and bought up half of Sudan's oil in 2004 and also imports oil from Gabon and Nigeria. Chinese trade with Africa, usually oil and raw materials for cheap goods and arms, has grown to about \$30 billion in 2005. However a measure of its inability to transform these economies can be seen from its role in Zimbabwe, which continues to slide into disaster, and in the DRC where the world's largest copper mine in Kinshasha province is reduced to a few thousand self employed teenagers scrapping for ore with hand tools and selling it to Chinese smelters. Ten or more years ago the mine employed up to 20,000 workers with free healthcare and education for them and their families. However, growing Chinese influence may lead to conflict with imperialist powers such as the US, UK and France.

There is more to the continent than disease, debt and death. It has combative working classes such as in South Africa and in Nigeria where the workers movement took the lead in organising civil society in social forums to organise and lead the general strikes. It has held successful legs of the World Social Forum, which shows that the continent is alive to anti-globalisation, anti-capitalist ideas. It has a history of campaigns and movements to challenge dictatorial and corrupt leaders (who are usually supported by the west) such as the recent events in Ethiopia and Uganda. The problem is that these campaigns and labour movements (such as the MDC and trade unions in Zimbabwe) are often dominated by bourgeois democrats, influenced by liberal or social democratic NGOs or coerced by western governments. Undoubtedly the potential is there for serious social crises and upheavals and intervention around the revolutionary Marxist programme.

THE CRISIS OF WORKING CLASS LEADERSHIP

Arising out of globalisation and the re-composition of capital, there is a re-composition of the working class

on a scale not seen since the beginning of the post war period. The most important features of this are the creation of new layers of the working class from the rural population particularly in China and India, and from the proletarianisation of the salaried middle strata, and from migrant workers from Latin America, Africa, Asia and eastern Europe taking low paid work in the metropolises. In contradiction to these tendencies we see - in the imperialist metropolises and most semi-colonies - the shrinkage of the industrial proletariat and, in general, of the productive sectors of the class and the expansion of unproductive sectors. Simultaneously, globalisation has created sections of the class who work in the international manufacturing corporations, which have enormous potential to bring to a halt globally integrated chains of production.

We also see shrinkage of important sections of the 'traditional' labour aristocracy. We see greater differentiation within the working class and the massive erosion of their 'established gains'. New Orleans, the growth of the migrant movement in the USA and the riots in France have served to reveal a large and rapidly growing section of the population, the lower layers of the working class and the impoverished petty bourgeois layers, who are forced permanently to the margins of society. Obviously, the racially oppressed suffer this fate the most. Thus we can expect to see more 'uprisings' such as have taken place in Britain in the early 2000s and in France in 2006.

Also dramatic is the development in large parts of Asia, Africa and Latin America where ever greater sections of the population are forced out of social production altogether. Here, integration into the imperialist world system has led to the devastation of entire societies. Environmental degradation, the spread of diseases like Aids, the threat of deadly pandemics, draught and desertification caused by climate change, the wars fought over internationally sought-after natural resources by rival local élites, has led entire states to collapse. We have seen them 'retreat' to obsolete structures inherited from pre-capitalist societies.

Heightened imperialist exploitation, direct military intervention and the ever greater world market-oriented activity of capital also lead to a massive increase in migration of labour and of refugees, both between countries and within existing states. At the same time, the imperialist metropolitan countries seal themselves off with more and more racist immigration controls. The 2006 movement of migrant workers in the United States shows that this too is generating mass resistance. More than ever before in history the world market determines living and working conditions. This 'commodification of everything' arises in particular as a result of the central role of financial markets in the contemporary capitalist economy and the drive to open ever more sectors and countries to the market and its accumulation process. This means that the international unity of the working class and of the impoverished peasants as their allies has become a precondition for really effective defensive struggles against attacks from capital and imperialism. This is the fertile soil out of which can grow national and international structures for defensive struggles and ultimately the creation of a new workers' International.

The World Social Forum, the European Social Forum and other continental forums came into existence as an expression of this resistance to neoliberalism and war. However, their development is taking place against the background of important political-ideological movements within the working class and the oppressed: a further decline and development towards the right of the traditional reformist Workers' organisations, the trade unions and bourgeois workers' parties, and simultaneously a period of regroupment and re-formation of the vanguard of the class.

The parties of the Second International, that is, the traditional Social Democratic and Labour parties, undertook a political and ideological turn to the right during the 1990s. The ideology of the 'New Centre' or the 'Third Way' also expresses the attempt by a section of the labour bureaucracy to base itself on a

new alliance of sections of the salaried middle strata, certain sectors of the 'old' labour aristocracy and newly formed layers of the labour aristocracy. This strategy is also pursued by a section of the trade union bureaucracy and apparatus.

This political strategy is based on the recognition of change in the balance of forces between labour and capital. Its aim is to save the skins of a declining and restructured labour aristocracy and middle strata at the cost of the mass of the class and the increased exploitation of the population of the so-called Third World.

There is little scope for the social and political integration of the working class or the development of a new form of Keynesian reformism based on this. If there is any at all it is only for a declining section of the labour aristocracy and middle strata, and it is precisely towards this that the policies of most Social Democratic and Labour parties are oriented.

Where the reformists are in government, or have been in government, these politics have led to splits, losses, the formation of new parties, splits in the trade unions, the creation of oppositional currents and an orientation of these sectors of the reformist labour movement towards the anticapitalist or anti-globalisation movement. This development is however uneven and has not reached the same levels in all countries; there are some important exceptions. Especially in some countries, where there has been a relative economic stability and growth (which gives social democracy certain room for retaining important gains of the workers) combined with strong support for the idea of a welfare state, social democracy still has a relatively strong and stable position in the working class movement.

In the Nordic countries of Europe for example, illusions in social democracy are the predominant trend in the working class as a whole as well as in its vanguard. In other countries the strong tradition of support for these parties has also led to a rejuvenation of support in elections, even after big drops in previous ones, as a way to beat openly bourgeois governments and put the positions of the working class forward. This has been the case in Spain in the last elections and we are likely to see this happen (again) in France in 2007.

The electoral rejuvenation in support for bourgeois workers parties of the Second International in different countries has of course been possible not only due to political tradition, but likewise as a result of a lack of consistent radical alternatives. This shows that the break with reformism and its organisations is not an automatic process, but one which demands revolutionary intervention. Where oppositional currents have developed or gained in strength as a result of the neoliberal policies of the parties of the second international, the doctrine of this wing has been a return to a Keynesian economic programme. This policy is shared by splits from the Social Democrats as well as by trade unions and the former Stalinist parties. The chosen means for the implementation of the fundamentally reformist programme is participation in bourgeois governments with the 'anti-neoliberal' wing of the bourgeoisie. In reality, that means participation or support for popular front governments (Brazil) or their preparation (Italy).

In recent years, the international social forums have been taken over more and more by these reformists and turned into a political forum under their control. To varying degrees this also applies to national movements and alliances (the No campaign in France, the antiwar movement, the movement against social cuts). The basis of this 'takeover' is partly the greater involvement of the reformist dominated labour movement in the anti-globalisation movement and, therefore, the greater political influence of reformism. That certainly has a progressive side, namely that the movement now has a stronger social link to the working class. On the other hand, the reformist bureaucracy in the trade unions and the former Stalinist parties also has its own objective for these movements and forums and is consciously imposing it on them.

The task for revolutionaries is to build a powerful leftwing within this movement advocating coordinated militant class struggle against the neoliberal offensive, the attacks on democratic and trade union rights, state racist policies and fascist movement, not just antiwar protests policies but action in open solidarity with all those fighting the forces of occupation or invasion. This left wing must also address the burning need for new revolutionary parties and a new international. Today centrists like the Fourth International and the IST constitute the main forces on the left of the anti-globalisation movement. But they adopt a method which believes that the 'objective process' will radicalise the masses involved in the antiwar movement, in the social forums and movements like the 'no campaign' in France. They regard the dominant 'antineoliberal' reformism as a necessary transitional stage in the development of class consciousness. The Fourth International even goes so far as to promote these ideologies in its own propaganda. The IST defends the reformist leaders against 'premature' criticism and demands for decisive action and builds joint parties on a common platform acceptable to the reformists. Other left wing currents stand aside from these new movements altogether, criticizing them for the petit-bourgeois policies and conducting a purely literary struggle against them without intervening in the new movement.

In reality, both those who abstain from confrontation with the leaders of the social movement and those who adapt to the politics of these leaders are actually blocking the transformation of the movement and holding back political struggle against the dominant reformist forces. Instinctively, the bureaucrats and populists are quick to present their own left reformism and Keynesianism as the 'expression' of the will of the masses and the only 'realistic' way forward in order to immunise the movement against revolutionary criticism. The real class struggle unfolding in the militant centres, e.g. Bolivia and Iraq, demonstrate the hopelessness, indeed the counterrevolutionary character, of the search for an 'acceptable' new social compromise. On the contrary, the question of social revolution and armed liberation struggles return to the centre stage.

Whereas the reformist bureaucracy seeks to secure its future through a conservative alliance of the old and the new aristocracies of labour, of the declining skilled layers and the new risk averse white collar salariat which arises from the proletarianisation of professional work, communists must strive for the opposite: the political unification of those workers fighting neoliberal attacks with the most exploited and oppressed sections of the working class, the migrant workers, the youth, the precarious, low paid, poor workers, those, those with the most to gain and the least to lose from militant struggle against the employers, the government, the warmongers, the police. A political vanguard drawing on these strata can organise and radicalise the great mass of the working class, whose conditions of life and security are not improving and who in the next economic crisis will face severe attacks on their living standards. No union, network or forum can achieve this - for this task, a revolutionary political party remains an indispensable instrument.

THE CHARACTER OF THE PRESENT PERIOD AND OUR POLITICAL TASKS

We find ourselves at the beginning of an entire period of massive class struggles, a pre-revolutionary period, at the end of which there will probably be either the outbreak of an openly revolutionary period or a counterrevolutionary Stabilisation of world capitalism on the basis of a series of major defeats of the oppressed and a massive destruction of surplus capital.

The duration of this transitional period essentially depends on the class struggle itself and in this respect on two related factors: first the extent to which it is possible to disrupt and even halt the offensive of the imperialist bourgeoisie, above all those of the United States and the European Union. Second, the extent to which the working class movement is able to take advantage of the re-composition of the class, the radicalisation of youth and the destabilization of traditional reformism to create an internationally coordinated political organisation- a world party of socialist revolution.

In the period ahead this requires bold but flexible tactics: addressing the call for the building of new workers' parties on a revolutionary programme in countries such as Germany and Britain, or building revolutionary fractions, prepared to stand up to and defy the betrayals of the leadership within parties such as Rifondazione Comunista in countries like Italy. In other countries, like Brazil or France, where substantial centrist and left reformist or Stalinist forces form parties or alliances, it may be necessary for revolutionaries to enter such bodies and fight for a revolutionary programme and the Leninist party model. Such tactics must be determined concretely in a given situation in different countries. They must however always be related to the struggle for a new Fifth International.

Globalisation and neoliberalism has not only provoked mass resistance but, amongst a mass vanguard of militants in both the imperialist and a semi-colonial countries, an awareness of the mutual importance of each other's struggle and a powerful desire to link them together. The 'free trade' agenda of the USA, the European Union and Japan via the WTO, regional free trade areas, multilateral agreements and programmes of 'reform' imposed by the IMF/WB will continue to provoke a movement of resistance whether this calls itself anti-capitalist or anti-neoliberal. The struggle for a new Fifth International must be taken into international assemblies such as the continental and world social forums. This will have to be done despite the preponderance within them of the forces of class collaboration: reformist and populist parties, trade union bureaucrats, and liberal NGOs. Centrist forces - the Fourth International, the IST - will be of little assistance and even a serious hindrance to this task since they see the aforementioned leaderships as the legitimate expression of the present consciousness of the masses.

In the semi-colonial world, including China and India, the need to establish or defend democratic rights - as well as to fight super-exploitation - creates the prospect of a rising tempo of class struggles there as well as in those semicolonies denuded of capital by foreign debt and diversion of investment to a few large countries. Thus despite far more adverse political and economic conditions than in the imperialist heartlands, the signs of resistance by workers and peasants are widespread and increasing.

In semi-colonial countries the struggle against imperialism, the existence of bourgeois nationalism in populist disguise, the scale of the democratic tasks in a country like China, the continued influence of various strands of Stalinism, Castroism and Maoism means that the problem of the two-stages programme is re-presenting itself, limiting the goal of the contemporary struggle to the establishment of a democratic capitalist regime. The struggle for class independence for the working class, for its hegemony within the anti-imperialist and democratic struggle, must be consciously based on the theory of permanent revolution, which insists on the workers coming to the head of the democratic struggle, which fights for the working class to take power rather than to govern with the bourgeoisie, and which understands the need for the workers to proceed directly from the conquest of power to the socialisation of economic life. Freed from centrist misrepresentation and distortion, this theory of permanent revolution must be understood not as an automatic process in which the workers need only fight for democratic goals which will then 'spontaneously grow over' into socialism, but as a strategy to be fought for consciously, against the attempts of populists and Stalinists to restrict the workers struggle to bourgeois democratic goals.

A spontaneous and semi-conscious recognition of the need for new and more militant tactics and organization has given rise to major changes, developments, splits and fusions in the workers' organisations, political and trade union, in the 'community' organisations of the peasants and the urban poor, the racially oppressed, women and youth. But these developments do not happen on a blank slate but with all the heritage of the twentieth century, good and bad.

In the workplaces the more militant layer comprised of young workers, those who suffer low wages, insecurity and racial oppression form the basis for militant rank and file movements, mass recruitment or

even new fighting unions. Across the world, in North America and Europe to India, Indonesia and China we are seeing or will see these young militants taking action. It is the task of revolutionaries to advance a bold programme of transitional demands re-elaborated for the conditions of globalization and the struggle within and against multinational corporations aiming at workers control and expropriation/socialisation.

The anti-neoliberal movement has created a degree of transnational organisation capable of combating the globalization offensive expressed in a variety of international forums, assemblies and encounters. These provide a major priority for intervention by revolutionaries not only as national sections but also as an international organisation. The existing leaderships - from Chavez or Morales in Latin America to Bertinotti of Rifondazione Comunista and the European Left Parties, from the Communist Party of India (Marxist) through to the leaderships of more militant Trade unions and the anti-globalisation movement - will mislead and ultimately betray the struggle. Our central task - stemming from the global capitalist offensive, the growing defensive struggles of workers and their allies and the crisis of leadership - is to rally forces within the vanguard of the working class which have begun to recognise the necessity of international organization and new workers parties and win them to the creation of a new world party of social revolution, a Fifth International united on a communist programme.

Seventh Congress of the League for the Fifth International, July 2006

Notes

1 This resolution was adopted at the Seventh Congress of the League for the Fifth International in July 2006. It has been edited for publication. The original, unedited, version as amended and adopted by the Congress can be downloaded - complete with typographical errors (!) -

2 The Israeli assault on Lebanon had just begun as the LFI's Congress met. This resolution does not attempt a detailed analysis of that event. The League's statements on the Israel-Hezbollah war are printed at pages 10 to 18 of this journal.

3 In particular the 20 million strong global mobilisation against the war on Iraq in February 2003

4 The mass mobilisations in Italy following the repression of the anti- G8 March in Genoa in 2001 which brought local social forums into existence across the country; the multi-millioned mobilisations in France against the CPE attack on young workers' rights saw mass walkouts from schools and working class actions including strikes and blockades, defeating a major plank of the bourgeoisie's neoliberal offensive

5 In Argentina, Bolivia, Venezuela and Nepal.

6 Such as the Communist Party of India (Marxist)

7 Examples of such new parties include the P-Sol in Brazil and the Linkspartei/WASG in Germany.

8 The propaganda campaign against Islam in Europe is a particularly virulent expression of this trend.

9 Since the Congress we can add to this the defeat of the Zionist invasion of Lebanon.

10 See the first three issues of Fifth International journal, 2003-2005, Anti-Capitalism: A Rough Guide to the Anticapitalist Movement [2004], and [anti]capitalism: from resistance to revolution [2000].

11 Capital, Volume Three, chapter 14, pp232-240, [London, 1977]

12 (source: UNCTAD)

13 ibid

14 With over 80,000 reported instances of unrest in China in 2005 alone.

15 Luke chap. 23, verse 31

16 A pre-revolutionary situation is a political crisis in which the ruling class attacks the interests of the people in such a way as to shock millions, polarising society and provoking a mass response; large-scale mobilisations of the masses take place; the survival of the government is threatened; in order to advance

the mass movement confronts tasks that if pursued would pose the question of power in society. Thus in pre-revolutionary situations revolutionaries are obliged to raise slogans for immediate action such as the general strike, the organisation of councils of workers' delegates and so on. If taken up by the masses such steps would transform the crisis into a revolutionary situation. The crisis of working class leadership is critical in determining whether the pre-revolutionary situation subsides or is transformed into a revolutionary situation. It is important, in the context of recent misrepresentations of the League for the Fifth International's analysis, to note that the LFI does not maintain that the world is currently in a pre-revolutionary situation. We speak of a longer, pre-revolutionary period opening in 1999, in which the incidence of pre-Revolutionary situations is more frequent than in the preceding reactionary global period of 1991-1999. It would take seismic events such as the victory of social revolution in one country, a global economic slump and/or a new world imperialist war to open a new world revolutionary period such as 1914-21.

17 Electoral Alternative for Social Justice

18 PASOK (Pan-Hellenic Socialist Movement), a populist nationalist party with a social democratic tinge; Synaspismos (a Eurocommunist split from the Greek Communist Party which has evolved in a social democratic and environmentalist direction); KKE (Greek Communist Party).

19 Yet the Israelis were quickly reined in once they suffered a defeat at the hands of Hezbollah; something not anticipated in this document, but analysed in our subsequent statements.

20 Again, Hezbollah's subsequent victory introduces an important change in the situation confronting Hamas.

21 Ollanta Humala lost the Peruvian elections on June 4th to Alan Garcia by 44,5 percent to 55.5 percent. Obrador's narrow 'defeat' in the elections has since been widely challenged by the working class as rigged, giving rise to a deep pre-revolutionary political crisis witnessing mass popular mobilisations, street blockades and repression.

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