

A Change of SUBSTANCE

When Phil Cleary acknowledged victory in Wills on election night he said it was a victory for the working class in the northern suburbs of Melbourne. He was right but a little modest, his victory was undoubtedly a victory for the working class of the whole of Australia.

The election showed that the people of Wills wanted to fight. They made it clear that they were unhappy with the options presented by the two major parties and were prepared to take the almost unprecedented action of voting for a left independent to make their point.

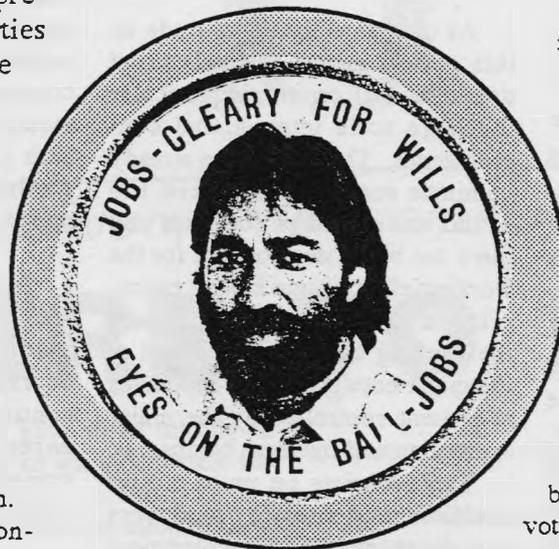
The preparedness to break away from the two party stranglehold on politics has reflected a developing international trend.

Commentators have tried to belittle the importance of this victory by seeing it only as a protest vote in a by-election. The size of vote surely demonstrates seriousness of voters in a largely working class electorate about having a new kind of political representation. There were nineteen independents in this election and only Cleary made any real gains. None of the others polled more than about 1500 votes - a meagre show compared to Cleary's 20,000 first preferences. If we had merely a protest vote it would have been more evenly distributed among all nineteen independents. Instead it was the one independent who put forward a clear left position who won massive support.

Much was made of the fact that

Phil Cleary was a football coach. This is an outright insult to the people of Wills. Faced with the depth of the problems of unemployment and lack of education for their children etc the voters came out in force to support a candidate who articulated concerns and understanding of the problems in the electorate.

Another significance of the election was the extent that it showed that voters



will support a left independent - they do not feel confined to the political spectrum bookended by the Labour Party on the one extreme and the Liberal/National Alliance on the other even if the media do.

That Cleary is only the third independent elected to Canberra since 1945 is a further sign that big changes are happening in Australia and workers are looking for a new political expression.

Neither is it co-incidental that the seat was that of the ex-Prime Minister. What better seat to show

disgust and lack of believe in the Labour Government than in the seat its ex-leader.

The other important aspect of this victory was the support Cleary received in his campaign. Such was the support for his candidature that a left alliance developed and worked harmoniously. For so long it had been claimed that this couldn't be done and that it was is further evidence of the strength of left opposition to the Labour Government.

Spontaneity has always been an important element in the road to social change and there was certainly a strong grassroots movement which arose to meet this occasion.

The campaign drew around it many tireless workers. Their enthusiasm and commitment was able to defeat the giant party machines with their technology and dollars. This must be an inspiration. For years we have been bombarded by propoganda which tells us that voters are influenced only by glitzy marketing and not by policies.

Regardless of the outcome of the pitiful challenge to Phil Cleary's right to take up his seat these facts are accomplished and have changed the political experience of all Australians.

The challenge to his constitutional right to stand as a representative is indicative of a thorough going petty-mindedness and a disregard for democratic processes. The people have unambiguously expressed their will and made a change on the Australian political landscape.

The Delicate Question of Tariffs

One of the immediate outcomes of Phil Cleary's victory in Wills is that it has given confidence to the protectionists in the Liberal/National party coalition. This has exposed the fragility of their agreement.

Here ReD introduces a discussion about tariffs and protection.

One of the main platforms Phil Cleary stood on in his recent campaign for Wills was to maintain tariffs for Australian manufacturing industries to keep them afloat.

The Hawke/Keating ALP government has done more to remove tariff barriers and open the Australian economy to the world market than any government since the War. By 1985 half of all exports and imports were already controlled by overseas capital. The government is now in effect a minor player in determining the course of the Australian economy, which is completely at the mercy of the vagaries of the international financial and commodity markets.

In doing this the ALP leadership has placed itself at the service of the more powerful sections of the Australian bourgeoisie that stand to benefit from 'free trade' policies and financial deregulation. In the meantime manufacturing particularly is going to the wall. Along with this policy comes growing unemployment and rapid erosion of the public sector.

This does not mean that the problems of facing the working class can be resolved or even mitigated by the erection of tariff barriers. There is no future for

Australian manufacturing sealed off within the relatively tiny domestic Australian market. Workers and industry alike would also suffer from the higher cost of living and costs of production resulting from the imposition of tariffs.

At the same time free-trade in this period means the unfettered domination of capital, in particular the large scale international conglomerates. These monsters already dominate economic and social life in this and all other countries and there can be no step forward for the working class except by the expropriation of these monopolies and the working class taking control of the major enterprises and industries at present controlled by the major Australian and overseas companies.

Tariff barriers set up to protect inefficient domestic producers cannot solve the unemployment crisis, and at very best can only export unemployment to other countries at the cost of economic stagnation and a rising cost of living. Nevertheless, the cynicism with which the ALP government is prepared to 'sacrifice' sections of small business and the working class employed in manufacturing must be entirely rejected. The government must restore the protection, the removal of which is wreaking havoc to local manufacture, and instead develop a policy which can provide a genuine, progressive solution to the problem of manufacturing.

Rather than either bankrupting

these industries by de-regulation or protecting outmoded and uncompetitive businesses, a socialist policy is required. Threatened industries should be placed under the control of the workers employed there, through the trade union structure. The government should provide capital for modernising the plant and set up a nationalised marketing concern elected by workers in the whole industry, which will market both imported products and locally produced products at reasonable prices.

At the same time the trade unions must make contact with the unions representing workers in overseas producers, and use their control over the local industry to ensure that these workers enjoy comparable wages and conditions with those enjoyed in Australia.

All such solutions can be only temporary. The collapse of Stalinism has proved that there can be no solution through 'socialism in one country'. While dealing as best as possible with the pressures of unemployment and financial chaos by taking control of industries themselves, workers must strengthen their ties with workers in Japan, the US, the Asia-Pacific Region, Russia, Europe and so on, in order to overthrow the power of capital on the world arena. Only in this way can the world economy be reorganised on a rational basis in the interests of working people.



ECONOMIC RATIONALISM?

WHERE TO NOW?

The election of Phil Cleary gave us an inkling of the possibilities for developing an alliance of left political forces.

The campaign for Cleary was such an alliance even though there were no formal structures and no-one set out to construct it. We are in a position which enables us to build on the success of this campaign.

To build on the organization which sprang up and worked so successfully together requires some serious consideration. The spontaneity of this movement was strong and enabled the task at hand to be undertaken. Although there was agreement about the election of Cleary and support for his platform there was little discussion about it.

The campaign developed its own momentum and carried us all along. But this shows that there is a basis of agreement for which we are all prepared to work.

Future electoral victories cannot rely on this momentum, or on the spontaneity of that campaign. There is a role for some preparation to take place and for some joint decisions about standing left candidates in

a number of seats in the next Federal or even State elections.

At the same time we need a forum for discussion of policy development. Such a forum must enable political differences to be expressed. We need to learn not to fear political disagreement. As long as the basis of our agreement is clearly defined then the discussion of differences and the development of policies should not threaten the alliance itself.

To begin the discussion of this proposal we suggest three fundamental objectives as a basis for initial agreement for any possible alliance.

1. Defence of the union movement from the attacks initiated both by Labour and threatened by the Liberal/National Party.

2. Defence of the public sector which should include a proper development of policy positions in relation to public housing, health, education and public transport.

3. Fight against unemployment.

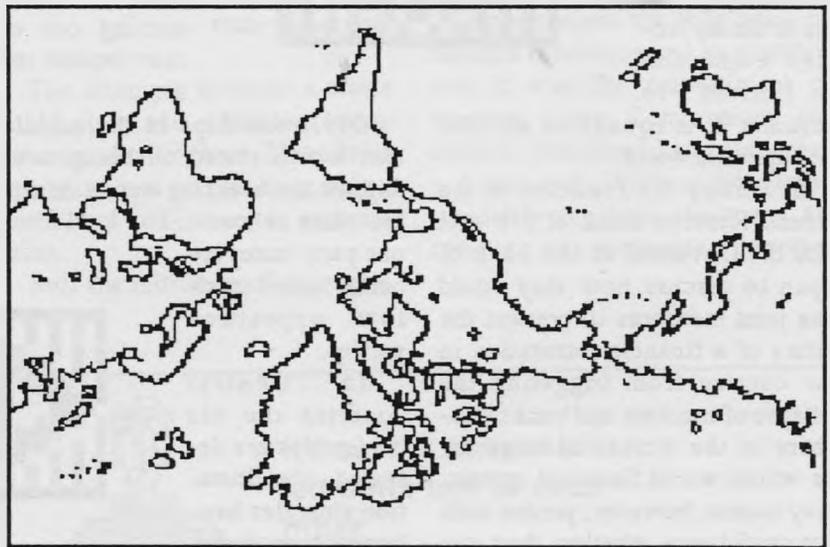
A MAY DAY MANIFESTO

The World Turned Upside Down?

It is probably an understatement to say that we are living through a period of enormous upheavals and great changes. Stalinism in the ex-USSR and Eastern Europe has collapsed and left chaos in its wake. On the other hand world Imperialism, which would have us believe that the end of the evil empire would bring a new world order and universal peace on earth, cannot hide the depth of its own crisis. Instead of being able to instil a new world order Imperialism is fast plunging into its own economic, social and political chaos.

That these two monsters which controlled the world as we have known it all our lives are both in crisis in at the same time is not surprising. It is a necessary result of the fact that despite the politics of the cold war, despite protestations of enmity the two relied on each other for their continued survival.

At the end of the second world war Stalin Churchill and Roosevelt divided up the world between them at Yalta and at Potsdam. This division created a world stability and ensured the continued domination of Imperialism. Through the period of the 30s, before the second world war, revolutionary upsurges characterised major Imperialist countries. In Spain, Italy and Germany these were cut off by fascism - with



the aid of Stalinism. In the rest of the world they were hedged off by the advent of the war.

After the war the revolutionary movements were controlled by the division of the world. Stalinism took control - the results are most clear in the Eastern European states - Stalinist repression and terror was the only way the revolutionary movements in these states could be controlled. Imperialism watched its work being done for it and took the luxury of condemning its methods. Stalinism also took the leadership of revolutionary upsurges in Africa and Asia - most notably in China, Indonesia and Vietnam - All around the world the masses were controlled and Imperialism could go about its business.

The overthrow of the Stalinist

regimes and the political exposure of Stalinism in the rest of the world has removed that vital element of the world order on which Imperialism rested. The period we are now witnessing is a period of change in the balance of world forces.

It is necessarily a period of gigantic contradictions.

US Imperialism is in deep recession - the like of which hasn't been seen since the 1930s and already many American economists are predicting that this crisis may be deeper in its impact than that of the 1930s. Last month news was released that General Motors which has always been seen as the giant of American Imperialism, and the measure of its success, had recorded a massive loss - its greatest ever. US Imperialism is fast loosing its

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dominance of the world - Japan is biting at its heels creating a nervous trade war.

The fictitious capital on which the post-war boom was built is bursting. This is very clear to us in Australia with the collapse of the finance cowboys. The State Bank of Victoria - seen by all Victorians as the solid rock of banking - collapsed in a heap at a moments notice, reminiscent of the house of sticks built by the first little pig. But this is not an isolated event and not limited to Australia. It is equally so all over the capitalist world.

In January the President of the Federal Reserve Bank of NY met with the Governor of the Bank of Japan to discuss how they could take joint measures to prevent the failure of a financial institution in one country from triggering the collapse of markets and banks elsewhere in the world, endangering the whole world financial system. They cannot, however, predict with any confidence whether they can prevent such a crash. And the fall of the Nikkei in the last few weeks has increased this nervousness.

All of the major capitalist production around the world is slowing down. We have seen the collapse of some of worlds biggest airlines - one of the industries which, only a few years ago, was hailed as greatly expanding and seen as the industry of the future.

Alongside this crisis, working classes in all the capitalist world are being attacked in an attempt to stave off the crisis. The trends of rising unemployment, reduction of wages, deregulation of hard-won working conditions with which we

are all familiar are repeated in one country after another. Trade unions with the old leaderships are unable to offer protection and as a result workers are deserting them - only to be left unorganised and vulnerable to ongoing attacks.

In Australia politicians and political commentators are like the parents of a dying child, everytime the economy flickers they repeat endlessly - it's going to be alright..... we're coming out of the worst of it.....

Old leaderships in the middle east which rested on being non-aligned are breaking up. In Africa the same is true - one party states are being forced to allow opposition parties.

In Central America the old leaderships are defeated - the liberation struggles have largely been abated with the peace plan and the defeat of the Sandinistas.

In Brazil the economic crisis has caused services in over-populated cities to crumble - strikes are daily, there have been massive cuts to education, and a deregulation of the rights of tenants in a country where almost everybody rents housing. But there is a great deal of resistance. In the last

months there have been enormous strikes of metal workers, transport workers, bank workers and health workers. Schools are without basic equipment and teachers are obliged to provide their classes with paper and pencils.

The conflicts and their lack of resolution in this period are demonstrated by the Gulf War. The US war machine was able to militarily decimate in a few short days an enemy it had convinced us threatened the world order - but its victory was no victory at all. The crisis in the middle east continues - and at home great anti-war protests showed an unexpected level of opposition to the US role in the world and the victorious President has been unable to ride on his military victories to increase popularity in an election year.

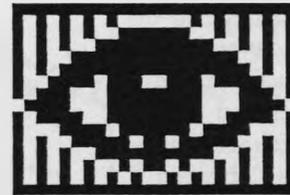
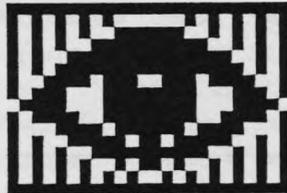
The extent to which Imperialism was dependent on the Stalinist regimes for world stability was evident from the extent to which they tried for so long to bolster Gorbachev.

In all the confusion which is the wake of Stalinism one thing is clear. It was the masses in these countries who debunked their oppressors. They did so in spontaneous and unorganised

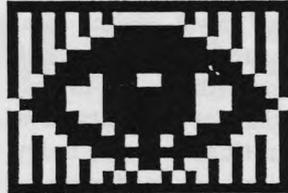
uprisings and because of this have been unable to make a bid for the new leadership of these countries. Imperialism has tried to boycott their movements with slogans for democracy. The old bureaucracy in new clothes and a layer of bourgeois democrats have emerged so far as the only leaderships.

They promote nationalism to shift the focus from their inability to deliver stability and quality of life. They holler about democracy in thin imitation of imperialism which spotlights its supposed democracy leaving the realities of capitalism in the shaded corners.

In these countries the contradictions are the sharpest. The new leaderships run up against the resistance of the masses, they are faced with the task of smashing the workers before they can restore



capitalism. So far most of the privatisation has been of small firms - the old bureaucracy and the mafia are vying to accumulate capital to enshrine themselves as the new masters. The introduction of foreign capital has largely been very limited the great nationalised combines of manufacturing and transport industries are practically untouched. There is enormous resistance to the privatisation of housing, health and education.



In Russia when workers were invited to buy their houses, the invitation was largely ignored, as a result workers are having their wages taxed for buying houses. The crisis over housing led to the collective resignation by the Moscow city administration in January. This struggle was with the mayor - He is a good example of the rising class of capitalists - recognised as the fifth richest man in Russia he has interests in real estate, commerce, and banking and is one of the major building sub-contractors in the country. All of this has been acquired through the corruption of the bureaucracy.

The shortages in the ex-USSR are not so much due to lack of production as to the work of would-be capitalist entrepreneurs plundering the goods and selling them at inflated prices on the black market. We see the accumulation of capital in all its raw brutality. In Poland there are more Russians than ever before - selling their wares on the streets. They plunder the storehouses and sell the produce in other Eastern European countries - then make a double killing on the exchange rate as they bring the capital back into Russia.

The break-up of the USSR into independent states has only exacerbated the shortages - the planned economy operated by centralising production of different materials in

different areas. Now coal mines in Ukraine cannot be fixed because they depend on wood for support structures from outside.

The aid which is being sent in is expropriated by the capitalist accumulators and used to build their own personal fortunes. All produce is distributed through distribution centres. The centres are regularly plundered by the officials who work there - or with their consent at a price.

The attempts to build a stable ruling class and a stable government are short-sighted. There is no vision, there is no planning, only a scramble of self-interested accumulation.

Still the militancy of the work-

ing class has refused to die. Strikes abound and force higher and higher wages. Miners in one area demanded and won a 300% pay rise - So volatile is the situation and so weak is the political leadership that Yeltsin was forced to pass a decree in January making it an offence to disobey his orders.

The break-up of the states and the nationalism which emerging leaders use to assert their rule is challenged. Miners in the Ukraine in a recent strike passed a resolution that they had more in common with Russian miners than they did with Ukrainian rulers.

Nevertheless, the long years of Stalinist repression and its pretence that it was the embodiment of workers states, Communism, socialism, Marxism, Leninism takes a drastic toll. Workers are understandably skeptical about any attempts to organise Marxist



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opposition to the onslaught of capitalist restoration.

Crisis of Leadership

When Trotsky wrote the Transitional Program his opening sentence; 'The world political situation as a whole is chiefly characterized by a historical crisis of the leadership of the proletariat.' is more true today than ever before - both in the ex-Stalinist block and in the bourgeois democracies. There is no doubt and it shouldn't be overlooked that there will be greater and greater attacks on the international working class.

At the same time these attacks will lead to struggles the like of which I don't believe any of us have seen in our lifetimes. And I don't expect these struggles will be confined to far off places, but here in Australia we will have our share.

One of the greatest contradictions of this period is that while the crisis of imperialism deepens the leadership of the international working class is very weak. Stalinism, where it still exists is weak and discredited. Old labour bureaucracies are unable to offer any support and are crumbling in their impotence.

The changing of the world order which has controlled struggle since the second world war opens up great opportunities for Trotskyists. There

are a number of ways we can approach the situation we face today.

1. We can see only the gloom and doom and let it dominate and paralyse us.

2. We can pretend that everything is wonderful, that world revolution is just around the corner.

3. Or we can see the massive contradictions as they are and struggle to understand what they mean. Remembering that the main factor in influencing them rests with the ability to build organizations of real opposition - organisations which can change the course of world history in the way we would want it changed.

Marxism is not about observing the world but about intervening in it and changing it.

One of the problems about Trotskyism in the past has been that it has been forced to the margins - it has been forced to observe the world and to know that it can have no influence except on a tiny group. The dominant force has been Stalinism which has taken the leadership of all the major struggles in the world since the second world war.

But now Stalinism is dying - it has been exposed. The collapse of the Stalinist regimes in the ex-USSR and Eastern Europe are confirmation of the theory of Permanent Revolution - proof that socialism in

one country cannot survive, let alone bring world communism - proof that Trotsky's analysis that the Stalinist bureaucratic castes were a transitory phenomena developed historically to misappropriate the gains of the Russian revolution and to hold world revolution at bay.

The Imperialist domination of the world depended on the existence of the Stalinist bureaucracies - where are they now.

It is only in understanding the totality of what is happening in the world today that we will begin to understand the role we can play in it.

One of the features of the recent past has been the inability of the left to work together. It has been dogged by sectarianism on the one hand and opportunism on the other. That is, on the one hand groups who were too pure to be able to work with anyone else, and too fragile to be able to hold any real discussions with other tendencies.

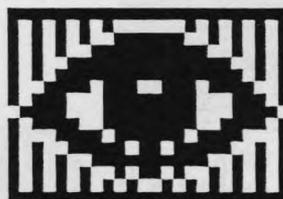
At the same time huge numbers of good militants, in reaction to this sectarianism, became opportunist in their analysis and bailed out from class politics. They looked for agreement and accepted compromise in the vain hope that they might hold the left together or move the ALP slightly to the left.

We don't make these points to criticise uselessly. We make them because we believe adamantly that now is the time to overcome these inadequacies. Now it is possible to work together without compromising our differences, after all we managed to do this in the campaign for Wills.

As long as we base our positions on our analysis of the world situation. And as long as that analysis is based on an examination of the world around us we have nothing to fear from open discussion with all tendencies.

In fact such discussion can only help to develop the political progress of us all.

We urge all genuine tendencies of the left to support our call for the formation of a left alliance.



There will be a meeting to discuss the benefits of a left political alliance

Tuesday 12th May 1992 at 7.30pm

Marquis of Lorne

411 George Street Fitzroy

For more details Phone Lynn 481 1785

NIKKEI CRASH - THE IMPLICATIONS

by Lynn Beaton & Rodney Diggins

Last month whilst our leaders were busily assuring us that the recession in Australia was over the Nikkei started to fall. It not only fell, it dived, by March 17 it had reached a five year low, has continued to fall and is still falling from that time.

It has tumbled from 32000 points to a nervous 17000, breaking several euphemistically called 'confidence barriers'. This index and the TOPIX, a more broadly based index of the Tokyo share market, both have the potential to plummet even further. One analyst has predicted on the basis of price/earnings ratios that the Nikkei could even plunge a further 3000 points. The impact of such a further decline in the share capitalisation of the major Japanese finance institutions, particularly the banking sector together with the vastly inflated property prices securing their loan portfolios, presages a substantial decline in credit and investment, both domestically and abroad. Indeed, Japanese corporations are now withdrawing capital from overseas subsidiaries to meet domestic operating requirements.

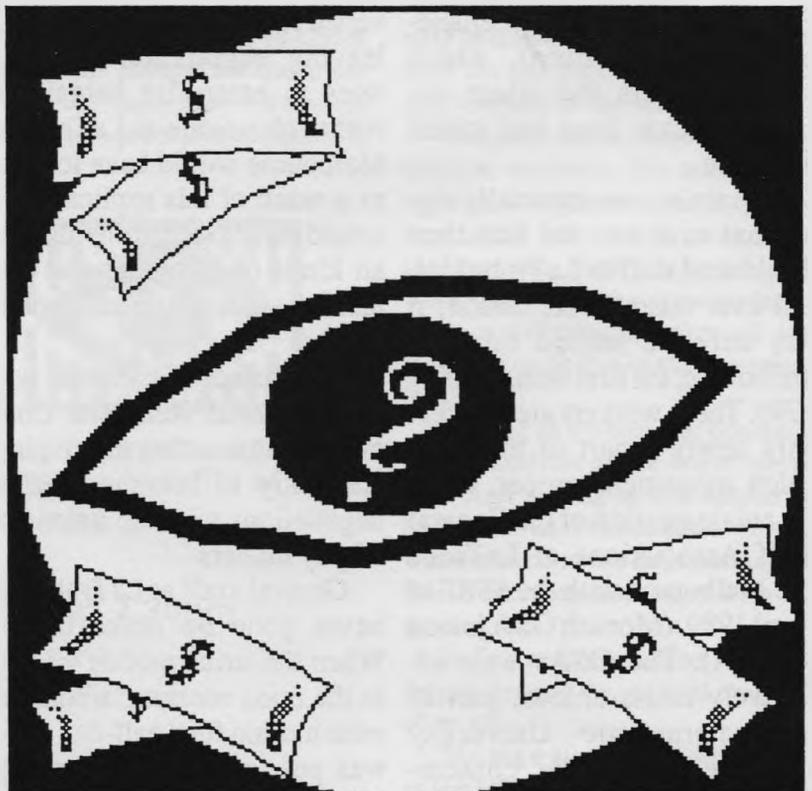
That governments and commentators in Australia could speculate on the ending of the Australian

recession when the worlds second greatest imperialist power had plunging stocks is a sorry reminder of the extent to which the whole question of the recession in Australia is presented as a national phenomena. This fostered most heavily by Paul Keating who took credit for the 'recession we had to have' and John Hewson who continually talks about Keating's recession.

The insistence that this recession is 'Australian made' and 'Australian

confined is of course nothing but political rhetoric designed to sow the illusion that politicians can do something about it. They want us to believe that it is merely a question of picking the right policy or set of policies to take us out of the recession - much like hitting the right button in the escalator to get to the roof garden.

The main problem, we're told is that so far the Labor Government have not been able to find the right button - but it is just a matter of time.

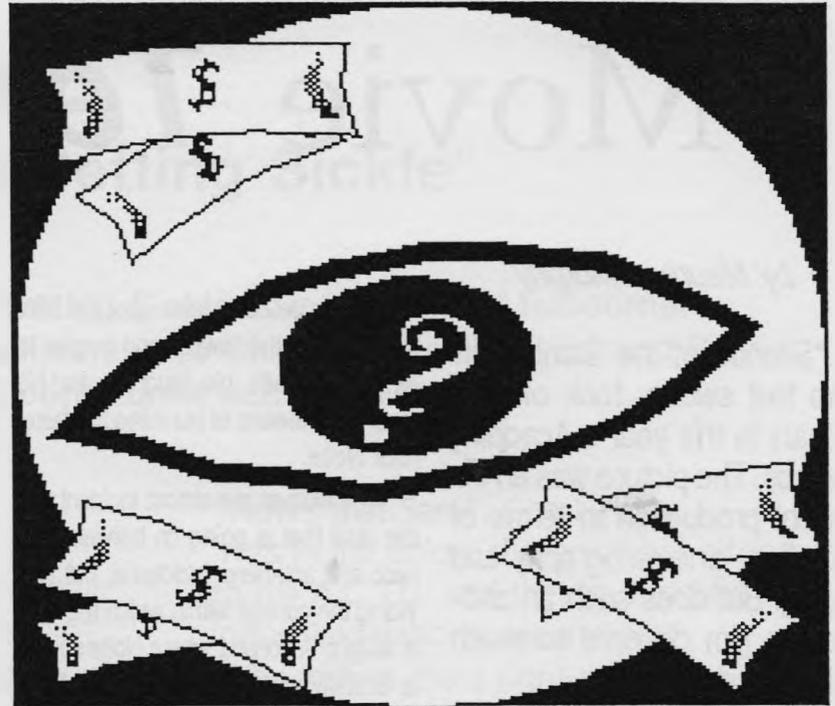


Of course this is all nonsense. The Australian economy is at the mercy of ebbs and flows of international capital. Policy decisions made here can only determine how the crisis of international capital will manifest itself in Australia - we cannot change its advent.

Until the fall in the Japanese stock exchange, the recession of imperialism was strongest in the English speaking world. And we have seen the effects of this on Australia. Wouldn't it be naive to think that the fall on the Japanese stock exchange must deepen the recession as we feel it here?

The influence of Japanese capital on the international economy can be gauged when we remember that in the past nine years, the value of the Japanese banks' total assets overseas rose from \$90 billion to \$890 billion.

Because of falling prices on the stock exchange, Japanese banks are having to sell domestic blue-chip shares. Japanese banks are able to include 45% of unrealised capital gains earned on their investment portfolios as capital. During the period of rising share and property markets the capital of the banks expanded. This extra capital was used to expand their share of the world market, and a great deal of it was used to back highly speculative Japanese entrepreneurs. These are the very ones who will now collapse. In an effort to stave off further declines in profitability suppliers including Australia's iron ore and coal producers have agreed to price reductions. These cost containment measures reflect Japanese industries view that its



economy will sharply contract over the coming year. The effect of this on Australia will be to further imbalance our current account. We could expect this to lead to even more predatory marketing practices by corporations attempting to prop-up the sales volumes. Domestically the contraction in the economy has been evidenced during the Shunto, the annual wage offensive in Japan. The coming years wage policy was recently concluded with only a minimal increase in wages and, even by Japanese standards, there was only a perfunctorial push for better conditions. An immediate on Australian industry will be a reduction in the number of tourists - and this one of the only areas of expected expansion in the Australian economy.

This crisis in Japan will have two further major effects on Australia. Exports can be expected to contract as Japanese industry reduces its forward orders in expectation of

a contracting international economy.

Second, the slow down in the international economy will be exacerbated by the contraction of the Japanese domestic economy and its inability to mobilise capital for global investment. The significance of this is heightened in light of the need for capital in the ex-USSR and Eastern Europe, also in Japan's commitment to finance an increasing array of obligations to international imperialism. None of these prospects can bring anything but a deepening of the economic crisis we are already facing.

The question which must be faced by the working class is how to force policies which will defend it. We cannot afford to join the pretence that either the crisis does not exist or can be remedied by the tinkering of 'one (weakened) nation'.