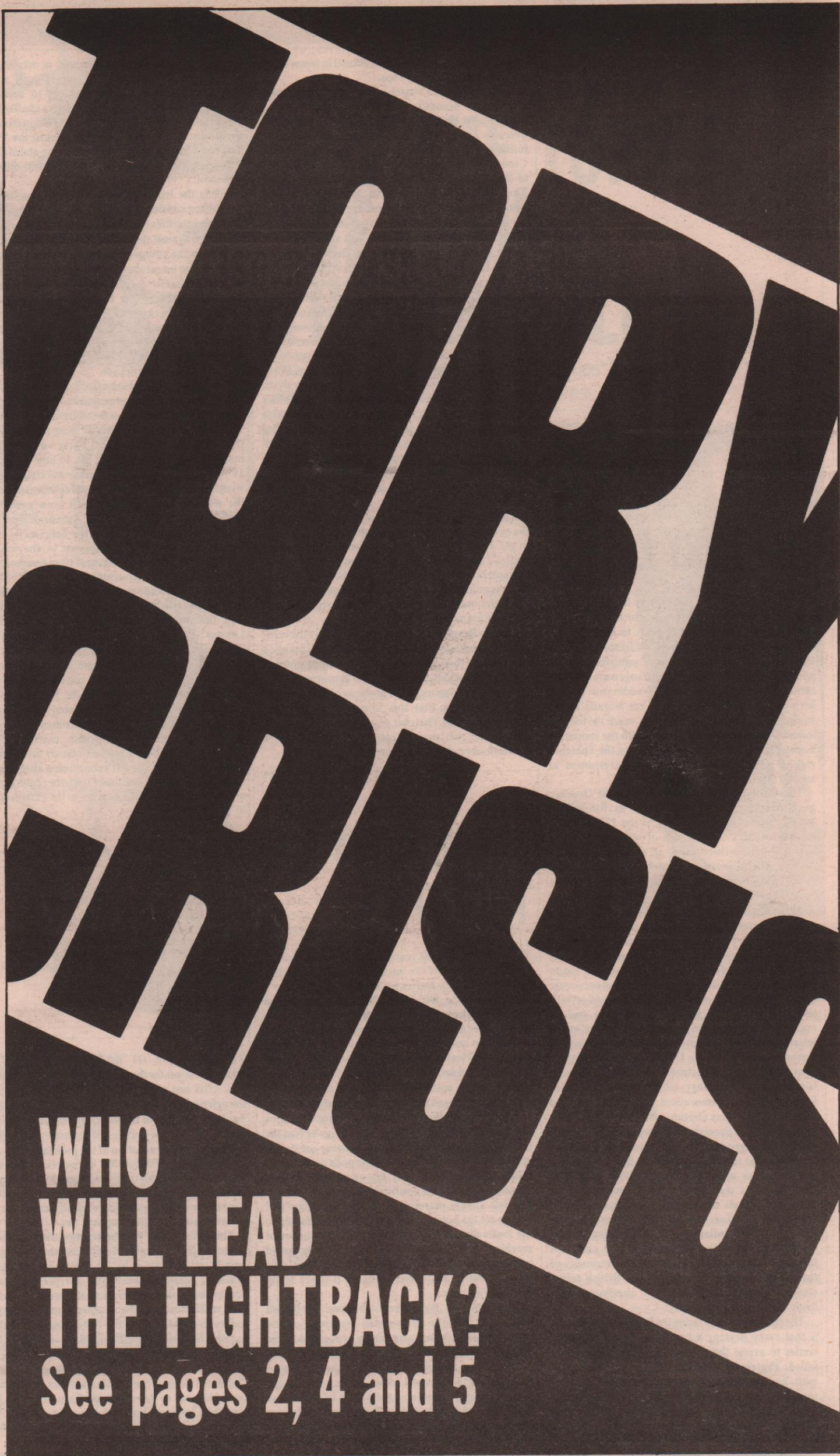


the next step

Revolutionary Communist Party Weekly • 4 May 1990 • No 14 • 40p



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THE TORY CRISIS

AS THE CONSERVATIVE Party lurches towards a major humiliation in this week's local government elections, the government appears to stagger from one crisis to another. The poll tax fiasco has led to open feuding among government ministers and the possibility of a U-turn. The Strangeways debacle turned home secretary David Waddington from a hero of the hang 'em and flog 'em brigade into a wimp. The Iraqi gun affair has made a fool of industry minister Nicholas Ridley. On the economy, Europe and wider international affairs, the Thatcher regime gives the impression of a government in serious disarray.

The divisions and dissensions afflicting the Thatcher government reflect a wider crisis in the British establishment. At the opening of the 1990s British capitalism faces the prospect of intensifying international competition and accelerating national decline. After a decade of Thatcher government, the ruling class is gripped by a profound fear of the future. The contrast with the early eighties is striking.

At the beginning of the Thatcher decade the newly elected Conservative government set about implementing a policy agenda that enjoyed the confidence of the major institutions of British capitalism. It was generally accepted that the only way forward was to smash the unions, curb public spending, and encourage enterprise through tax cuts, deregulation and privatisation. It was also agreed that Britain had to maintain its position in relation to its three major international spheres of interest—the Commonwealth, Europe and the USA. Despite some misgivings about the impact of Thatcher's policies, the seeming success of the strategy silenced the critics. A fragmented and demoralised opposition ensured three successive easy election victories.

By the close of the eighties Thatcher had completed much of the agenda with which she came to power. Yet it became increasingly evident that her policies had failed to arrest the long decline of British capitalism. As the hype of the Thatcher/Lawson 'economic miracle' disappeared in a welter of adverse economic indicators—rising trade deficits, interest rates and now inflation—the squabbling began. Though much of the discussion of the problems facing the government focuses on the personality of the prime minister, the crisis of the British ruling class runs much deeper than the question of who leads the Conservative Party.

The central problem facing the British establishment is that every strategy it has pursued since the early sixties to arrest the process of imperial decay has failed. Thatcher is celebrated for having succeeded with her particularly aggressive approach where earlier more moderate modernising strategies failed—at least in taming the unions and humbling the old labour movement. Yet, damaging though this has been for the TUC and the Labour Party, it has not restored the fortunes of British capital on an international scale. Now that this has been exposed in the harsher world economic climate of the early nineties, the options facing the establishment are limited indeed.

Thatcher's response to this crisis since her 1987 election victory has been to pursue further the policies that seemed to succeed in the early eighties—such as privatisation and curtailing local government—as well as carrying forward the entrepreneurial crusade into education, health and social services. Yet whereas the more limited anti-union and pro-capitalist policies of the early Thatcher years made sense to British capitalists, the latest round appears

largely ideological and often irrational in terms of the real needs of the ruling class.

At the same time Thatcher has sought to compensate for her domestic difficulties by strutting as a major leader on the world stage, a posture Britain's overseas competitors are less and less inclined to indulge. Whether it's the issue of South Africa in the Commonwealth, East-West relations in the context of Britain's 'special relationship' with the USA, or Thatcher's defence of British sovereignty against Europe, Britain appears increasingly marginalised in the new alignments of superpower diplomacy. Even in Beirut, British hostages must wait at the end of the queue, so small is the leverage the once mighty British Empire can now exert in the Middle East.

At home and abroad, the British establishment has no clear idea of the way out of its current difficulties. This is the real explanation for the loss of momentum of the Tory government and the questioning of Thatcher's leadership. The fact that the government lacks cohesion and direction inevitably results in internal conflicts that erupt into open feuding. When the whole establishment is in the grip of a paralysis, the sort of indecisiveness revealed by the home office in response to the Strangeways riot is the inevitable result. In the disputes over the poll tax and the Iraqi gun affair rival ministers slug it out in public; in both cases the underlying problem is that the British establishment has so little room to manoeuvre, either in raising taxes at home or in enforcing its interests abroad.

The dimensions of the crisis of the ruling class raise the question that is going to dominate British politics in the 1990s—what is going to replace the existing order? This is not merely a question of who is going to replace Thatcher as prime minister or of what party is going to replace the Tories in government. It is a wider question about the sort of system we need and how we are going to get it.

For the Revolutionary Communist Party the crisis of British capitalism confirms the urgency of building a movement that can overthrow the existing order of society and establish a system that is more efficient, more equal and more just. The decay of the capitalist system confirms that this is necessary. The disintegration of the Thatcher government shows that it is possible, and demonstrates the potential for a revolutionary challenge in the 1990s.

THE VACUUM ON THE LEFT

FOR THE PAST 30 years it has been an article of faith for sections of the far left in Britain that when the Labour Party moves to the right, it opens up a 'vacuum on the left'. This thesis was popular in response to the betrayals of the Wilson governments in the late sixties and it re-emerged in the late seventies in response to the austerity policies of the Callaghan/Healey government. The drift of Labour to the right under Neil Kinnock today has led to the revival of the notion that there is a new space in which the far left can mobilise its particular alternative.

It is worth recalling that, despite its proclamations that Labour was a spent force, the left never had the courage of its own convictions. It never set out to challenge Labour directly—at the polls as well as in other spheres of political life—and build a new movement outside and against the labour bureaucracy. The left always marched in Labour's shadow and always set the horizons of its ambitions according to the limits dictated by the official labour movement machine. The result was that it never discovered whether there was any scope to build a movement independent of Labourism because it never really made the attempt.

The irony of the current situation in British politics is that the deep-seated weakness of the establishment is being increasingly exposed at a time when the traditional left is no longer in any position to take advantage of it. The demise of Stalinism in the Soviet Union and Eastern Europe has profoundly disoriented the British left which has long identified with the nationalised property relations of the Stalinist system and the modified form in which similar state socialist policies were implemented by the post-war Labour government in Britain. The only vacuum that has opened up on the left of Labour is the one created by the implosion of Stalinism and the fragmentation of the official labour movement. This is more likely to suck in the remnants of the old left than it is to encourage their revival.

The continuing decline of industrial militancy and the absence of any political response from workers to the current crisis indicates the lack of any broader radicalisation in British society at a time when the Tories are in deep trouble and Labour is riding high in the polls. There is no 'vacuum' beyond the Labour Party, but simply the strengthening grip of reaction

over the working class—a grip that is occasionally threatened by explosions of anger, such as the Trafalgar Square riot, but has yet to receive a systematic challenge. Mobilising such a challenge, at every level from that of theory to practical activity, is the business of revolutionary politics in the 1990s. The old left, however, while fantasising about filling a non-existent vacuum, is moving in a quite different direction.

While the left talks about the opportunities for organising outside the Labour Party, in practice it limits its activities to mobilising for Labour's narrow campaign against the poll tax and rallying a vote for Labour in the council elections. At a time when the potential for a real challenge to the system is greater than at any time for decades and there is unprecedented scope for building for the future, the left looks nostalgically backwards to its golden age in the sixties and seventies. Instead of striking out anew, the left clings to Labour and even indulges hopes in Michael Heseltine and Peter Walker as progressive alternatives to Thatcherism.

In retrospect Thatcherism is likely to be remembered best as the force that succeeded in transforming the Labour Party. Labour has certainly been changed by the Thatcher decade in a much more profound way than has the Conservative Party or any other institution of British political life. In little more than 10 years it has lost both its traditional right and left wings, its old links both to the establishment and to the working class, and has been born again as a middle class centre party along American lines. The result is a party that, despite the deficiencies of its leader, has emerged in response to the malaise afflicting the Tories in their third term as a potential alternative party of government.

In the sixties and seventies, the left maintained its posture of critical support for Labour in the hope that this would enable the left to benefit from Labour's subsequent betrayals of the working class. The results were damaging enough—workers became demoralised and often interpreted the failures of Labourism as the inevitable consequence of any collective attempt to confront the system. Today, when Labour has explicitly repudiated any allegiance to the working class, openly proclaimed its commitment to the welfare of British capitalism and reorganised its whole machine to satisfy the demands of the ruling class, the left's continuing allegiance to Labour is a pathetic evasion of both the requirements and the possibilities of a new era in the class struggle in Britain.

THE WINCHESTER THREE

THE RELEASE OF the Winchester Three has raised new hopes for the early release of the Birmingham Six. After last week's ruling at the court of appeal, the defence lawyer acclaimed the judges' decision as a 'brilliant example of the judiciary standing up to the executive'. Yet the decision of the appeal court may indicate the determination of the judiciary to protect its autonomy from political pressures of any sort. This may include not only statements by government ministers but, more importantly, the sort of political pressure resulting from a major media campaign like the one behind the Birmingham Six.

The success of the Winchester appeal has distracted attention from a highly significant statement made only three days earlier by the lord chancellor, Lord Mackay: 'Perhaps those who are presently most vociferous in their criticism of the judiciary should look more closely at the dangers inherent in urging judges to decide not on the facts presented to them but on a reflection of public opinion—no matter how strongly that public opinion is expressed.' Mackay made no specific reference to the cases of the Guildford Four or the Birmingham Six. But he went out of his way to defend the position of Lord Lane, lord chief justice of England, the senior appeal court judge most directly implicated in the top-level cover-ups in these cases.

The most logical conclusion to be drawn from the week's events is that Britain's top lawyers intend to stand together against attempts to influence their judgements. This applies whether the interference comes from ministers like Tom King, or from backbench MPs like Chris Mullin, who has taken up the case of the Birmingham Six. Given that government ministers have more discreet channels through which to make their opinions clear to the judges, the real focus of the judiciary's concern is to prevent popular campaigns, supported by press and television, from influencing the outcome of controversial trials. If the judges stick to this line over the Birmingham Six, and unite to uphold the reputation of Lord

Lane, then the prospects of an early release seem to have declined.

The immediate rearrest and deportation of the Winchester Three under the Prevention of Terrorism Act should have dispelled any illusions in the quality of British justice for Irish people. After keeping the three in prison for nearly three years, British justice was forced to acknowledge that it could not justify their convictions. But under the PTA the demands of justice do not even arise: being Irish is enough to justify exclusion.

The case of the Winchester Three confirms that there can be no justice for Irish people in Britain for as long as Irish resistance continues against Britain's forcible occupation of Ireland. The only guarantee of freedom for all Irish people from arbitrary arrest and imprisonment is the success of the national liberation struggle. This is why it is vital that those in Britain who support the cause of Irish freedom do not allow their campaigns to be restricted to the courts. The fight for freedom will have to be fought and won on the streets and in the workplaces; it will never prevail in the courtrooms.

ABANDONING LITHUANIA

THE REFUSAL OF the Western powers to support Lithuania's unilateral declaration of independence from Moscow in the face of punitive Soviet economic sanctions reveals the emerging alignment of forces in the wake of the crisis of the Stalinist system.

The cautious US response to Lithuania is a dramatic illustration of the decline of American power in relation to events in Europe. Despite considerable domestic pressures to impose retaliatory sanctions against the Soviet Union, and the inclination of some within his own administration to play the Cold War card over Lithuania, president George Bush backed away from anything more than the mildest admonishments to Moscow. For Bush the most important consideration is to preserve Gorbachev's position and the stability of the Soviet Union. Gorbachev has made it clear that Lithuania's refusal to negotiate its way to autonomy through the procedures of the Soviet state is an intolerable threat to the integrity of the whole system. Bush is no more enthusiastic than Gorbachev to see the uncontrolled break-up of the Soviet state—a process that would further destabilise the post-war order and probably strengthen European powers at the USA's expense.

The joint statement on Lithuania by French president Mitterrand and West German chancellor Helmut Kohl was in its bluntness even more dramatic than Bush's hesitancy. It revealed that even though some of Bush's advisers might have wanted to promote a Cold War response to Moscow over Lithuania, the USA's European allies would have refused to go along with it. Mitterrand and Kohl simply told Vytautas Landsbergis and his colleagues in Vilnius to forget about independence for the time being. The joint Franco-German statement revealed the new confidence of Germany as a major political force in European affairs—and the determination of the French to keep up with the action. Sources in Washington later claimed to have orchestrated the Franco-German initiative, but it was clear that Mitterrand and Kohl made Bush an offer he was in no position to refuse.

The inability of the USA to unite the Western allies in solidarity with Lithuania against 'Soviet expansionism' reveals the disintegration of the central mechanism which has held the Nato alliance together throughout the post-war period. Since the demise of the Stalinist system and the internal crisis of the Soviet bloc, the Cold War myth of Soviet expansionism can no longer maintain the cohesion of the Western Alliance. The dispute over Lithuania is the latest illustration of how events in the Eastern bloc act as a catalyst for exposing latent conflicts among the Western powers. As the disintegration continues, these conflicts are likely to intensify and the difficulties of containing them within the framework of diplomacy are likely to increase.

Publisher Revolutionary Communist Party, BM RCP, London WC1N 3XX • c copyright
Printer Press Link International (UK) Ltd (TU)
Annual subscription rates (individuals) ★ Britain and Northern Ireland £26 ★ Europe and Irish Republic £34 ★ North Africa and Middle East (airmail) £34 ★ Americas, Asia, Central and Southern Africa (airmail) £37 ★ Australasia and Japan (airmail) £40 ★ Outside Europe—All destinations (surface mail) £44
Circulation (071) 375 1485. Newsdesk (071) 375 1485. Fax (071) 377 0346. Correspondence to The Editor, the next step, BM RCP, London WC1N 3XX
ISSN 014 350 X 4 May 1990. Registered as a newspaper at the Post Office.

TEBBIT'S MOTIVES

I DON'T doubt that most of the Tories in the house of commons are racists. Neither do I doubt that Norman Tebbit articulated what many really feel over the issue of Hongkong, the Chinese or Asians in Britain. I disagree however on the role ascribed to Tebbit in the article on racism in last week's *next step* (Tebbit prepares the pitch, 27 April).

The Thatcher phenomenon represented a section in the Tory Party, the new monetarists, who gained dominance after the failure of traditional Toryism to deal with the growing crisis of the seventies. This new monetarist group was cohered in 1978 and given a national focus by the use of racism. Twelve years later the new monetarists have been discredited by their failure to stop the decline of British capitalism. As a result they themselves are being marginalised by other groups in the party. Though Thatcher is not at risk at the moment, the policies she represents are.

Those policies were developed as much by Tebbit as by any other Tory, and it is Tebbit who is defending the

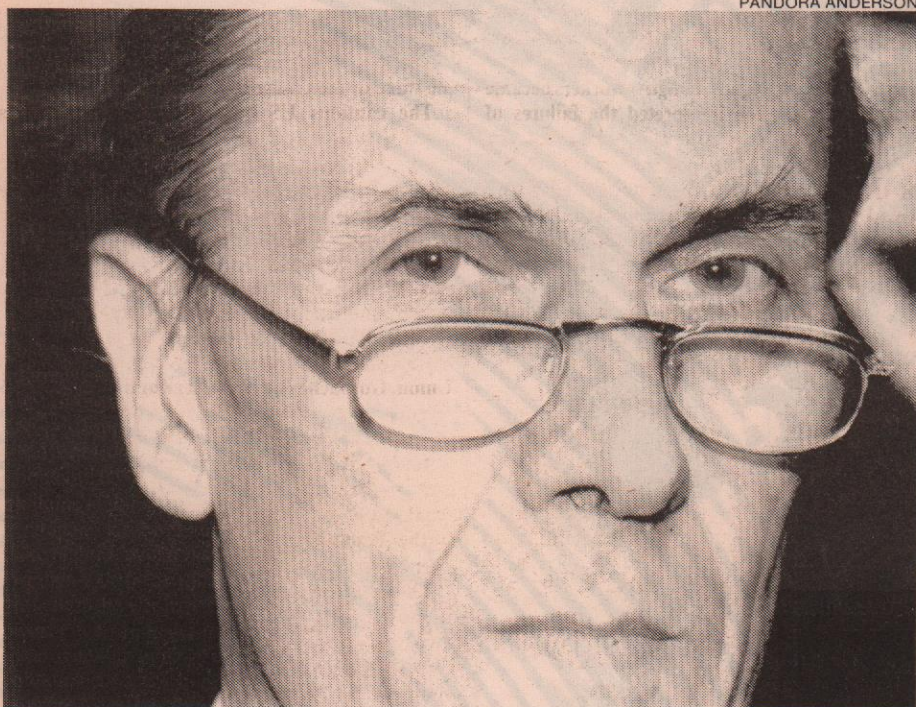
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position of the new monetarists in a way not available to Thatcher. His recent speeches on racism differ from his speeches on the BBC, the Royal family, or the Church of England, because by attacking these groups he defended the Tory Party; by attacking black people at the moment he is cohering a specific group within the Tories.

Tebbit and the new monetarists are marginalised, but not to the same extent as

Enoch Powell was in the fifties and sixties. That is why they are more dangerous than he was. The greatest problem is the lack of any real opposition to racism in the country. The desperation of Labour to outmanoeuvre the Tories on the right rather than taking on their racism means that Tebbit may have a greater influence beyond the Tory Party.
Liam Harris
Tower Hamlets

PANDORA ANDERSON



IRELAND: SHOULD WE STILL GIVE UNCONDITIONAL SUPPORT?

EDDIE VEALE'S article on the IRA and the ANC finishes with 'a timely reminder to republicans of the high price which imperialism tries to demand for a seat at the negotiating table' (*the next step*, 9 March). With the IRA's Easter statement that 'it will talk to anyone at any time without preconditions on how to achieve democracy, justice and lasting peace in Ireland', I think it is worth commenting on the present situation in Ireland and on the republican movement's discussion about a ceasefire.

In October 1989, Tory Northern Ireland secretary Peter Brooke said he would

be willing to negotiate with Sinn Fein if the IRA abandoned the armed struggle. This, as Linda Ryan has rightly pointed out, 'is a cynical ploy designed to trick the Irish liberation struggle' (*the next step*, 10 November 1989). However events have moved quickly over the last couple of months. After an internal conference in March, Sinn Fein president Gerry Adams dismissed speculation about a possible ceasefire as media mischief-making, but then repeated his call to Brooke to state what the government response would be if the IRA's campaign ceased. He

also said everyone in the republican movement had to be involved in the task of thinking politically and building a political party.

With liberation movements around the world tending towards negotiation and compromise, I pose two questions. First, why is this change in the republican thinking happening now? Second, should the RCP and the Irish Freedom Movement be changing their attitude to the Irish liberation struggle in the light of these developments?

Jon Bryan
Newcastle

LITHUANIAN NATIONALISM

ROB KNIGHT goes too far in his argument that Lithuanian nationalism is 'largely artificial' (*the next step*, 27 April). It is undoubtedly true that Lithuanian nationalism has been cynically manipulated by local bureaucrats, but this was only possible because popular reaction to Soviet

rule had already taken a nationalistic form. However it is apparent from recent events in Lithuania that it is the aspiration to achieve the living standards of neighbouring Scandinavia, rather than any sentimental commitment to nationalism, that really motivates the Lithuanian drive towards

independence.

The map on page six suggests that the historic ports of Riga and Tallinn have moved some distance inland. Is this a consequence of Stalinist rule, or of global warming?

Mike Freeman
London

News focus

GOVERNMENT POLICY IN TATTERS

WHY THE TORIES ARE LOSING THEIR BOTTLE

The Tories' loss of political nerve, argues Tony Kennedy, is underpinned by their economic failures

SIMON NORFOLK

Record trade deficits. Inflation set to reach double figures. Riots in prisons and on the streets. Poll tax policy in tatters. Hardly a day passes now without a new crisis for the Tories.

The most remarkable aspect of the Tory malaise is the political indecisiveness which now seems to characterise their every action. From the handling of the Strangeways riot to a possible U-turn over the poll tax, the government seems to have lost its nerve. Even confirmed Thatcherites are questioning the prime minister's authority. 'The party's loyalty is to the party, not to the leader', right-wing MP Tony Marlow warned darkly.

All this stands in stark contrast to the reputation the Tories established for decisive and determined government. The slogan coined by the Thatcherite revolution 'There is no alternative' does not suit today. Throughout the Thatcher decade doubts over the social costs of her policies were muted by the widespread belief that only she was to be trusted with the running of the economy. Today that no longer holds. The Tories' political indecisiveness stems from the failures of their economic policies.

Confidence knocked

With the eleventh anniversary of Tory rule approaching, the economic figures provide testimony to the hollowness of the government's claim to have righted the wrongs of British capitalism. The Tories came into power with inflation at 10 per cent and unemployment at 1.2m. Today the economy is moving into another recession and inflation is again approaching 10 per cent. The March trade deficit of £2.2 billion is the second worst on record. Official unemployment even leaving aside the two dozen or so reductions that have taken place simply by altering the way the figures are calculated stands at 1.6m and looks set to rise.

The chaotic state of the economy has rebounded on the Tories with particular force because it has undermined the very developments that the government embraced as the successes of Thatcherite philosophy.

High interest rates are turning the home-owning ethos inside out. The new generation of mortgage owners has seen its property turn from a dream into a nightmare. Tory appeals to hang on until the economy takes a turn for the better have only generated further resentment. Now poll tax bills are turning the first-time buyers against the Tories altogether.

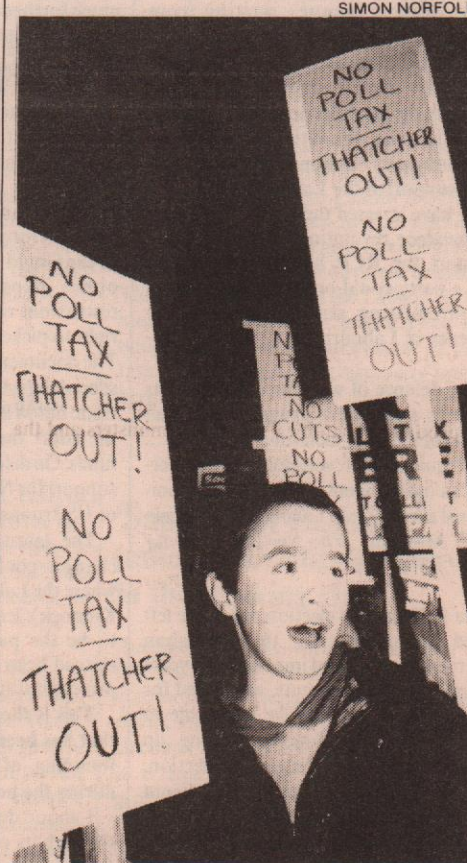
The Tories' credibility has also been damaged by the misfortunes of those companies which supposedly epitomised the Thatcher revolution. Companies such as Saatchi & Saatchi, Next, Laura Ashley and Sock Shop have turned into loss-makers and exposed the hype of the enterprise culture.

Chorus of critics

The number of bankruptcies in the first three months of 1990 is higher than in any equivalent period of 1980 when British industry collapsed into recession. Right-wing commentators have tried to dismiss the figures, arguing that there are more businesses than there were a decade ago, and that most of the bankruptcies are confined to small-scale concerns. But this is even more of a political problem for the Tories. Small business has played a special role in the Thatcherite revolution. The Tories championed the small businessman to prove that anyone could make it if they tried hard enough. As more small concerns go to the wall the Tories' political standing will be damaged further.

Even more ominous for the government is the growing criticism from big business.

Recently Kit McMahon, chairman of the Midland Bank and a former deputy governor of the Bank of England, joined the fray, warning of a major depression in the property market and the build-up of bad debt in both the consumer and company sectors. The lords of British finance are traditionally the Tories' most loyal supporters within the ruling class. The growing criticism from within the upper echelons



Poll tax blues add to Tory woes

of British capitalism means that the government will also be more exposed to the pressures emanating from other quarters.

The prospects for the economy are set to become bleaker still. The recession that has hit sectors such as retailing, construction and property is starting to spill over into manufacturing as order books stagnate. Output of capital goods has already started falling due to the rapid reversal in investment plans throughout the economy.

No revival

With no prospect of an upturn on the horizon, the banks are becoming less willing to forward credit to companies simply to tide them over with cash flow problems. As these sources of distress borrowing dry up there will be bigger names on the list of corporate deaths.

The continuing surge of inflation, coupled with the latest monthly trade deficit of £2.2 billion and downward pressure on the pound, reveals the dimensions of the economic problems facing the Tories. It confirms the fear that there will be no quick relief from the high interest rate policies that are squeezing the British economy. In fact the pressure for interest rate increases in America, Germany and Japan means that the Tories will be hard-pressed to hold interest rates at their present level.

The Tories hope to orchestrate a revival in the economy early in 1991—in time to bolster their chances at the next general election. These schemes assume that the economic problems are the result of a few policy mistakes rather than a reflection of the more profound weaknesses at the heart of British capitalism. The Tories like to present their predicament this way, blaming the former chancellor Nigel Lawson for the mess. Now they are in danger of believing their own myths.

In fact the government's attempts to play down the scale of the economic crisis have merely exposed the limits of the Thatcherite strategy. In 1979 the Tories came to power bent on removing the barriers to a vibrant capitalism in Britain. They were prepared to take risks in seeing through their goals. Today that strategy is in tatters leaving little more than a government with no perspective other than survival.

The conventional wisdom in political circles', noted an editorial in the *Sunday Times* last week, 'is that we must now take the prospect of a Labour government seriously' (29 April). Ever since Labour's historic win in the Mid-Staffordshire by-election, the Labour Party bandwagon has gathered momentum. In the opinion polls, Labour's lead over the Tories doubled from 11 per cent in January to 24 per cent in March. Sixteen million people now say they would vote for Labour; that's six million more than voted Labour in 1987. The courteous reception that Labour's shadow chancellor John Smith received in Washington last week showed that even the Bush administration is taking seriously the possibility of a Kinnock government.

Support

The left is exultant at the revival in Labour's fortunes. 'Labour is back in business as the natural alternative to the Conservatives', enthused *Marxism Today* editor Martin Jacques, writing from Wapping. Every left-wing publication from the Communist Party's *Seven Days* to *Socialist Worker* urged people to vote Labour in the local elections on Thursday.

Unlike the traditional left, the Revolutionary Communist Party has never supported the Labour Party.

We have stressed the need to create an independent revolutionary party. From the start the RCP has recognised that such a party could only be built through an unremitting struggle against the influence of Labourism.

'The defence of working class interests demands a relentless struggle against all aspects of the state socialist programme.... This requires that revolutionaries counterpose an independent political and organisational alternative to Labour.' (M Freeman and K Marshall, *Who Needs the Labour Party?* 1978, p3)

In the 1979 general election, while the left called for support for the Callaghan government which had imposed four years of austerity and wage cuts, we argued for an abstention. In 1983 we were able to challenge Labour directly, putting up several candidates in the general election. In 1987, the RCP set up the Red Front campaign in an attempt to forge an alternative political focus to Labour. Throughout, our aim has been to build an anti-capitalist alternative to the Labour Party.

For the RCP, the recent changes in the Labour Party have fully confirmed our perspective and clarified the urgency of building a new movement. The traditional left, however, cannot imagine a future without the Labour Party.

No matter how far the Labour Party goes in rejecting socialism and in repudiating the working class, the left feels it still has to hang in there.

In the eyes of both right and left, Labour's 'electability' was dramatically enhanced last week after the national executive committee agreed a new policy paper which would entail the most sweeping changes to the party's structure in its 84-year history. At the heart of the changes are plans to curtail the powers of the Labour Party conference and cut further the party's links with the trade unions.

Conference

Under the plans, much of the annual power to make decisions which now resides with conference would be devolved to a 170-member national policy forum. The forum would meet every three months and be responsible for initiating debate through seven standing commissions, based on the lines of the current policy review groups. Resolutions proposed by local parties and trade unions would first be vetted by the policy forum before they are considered by conference.

The national executive also proposed to start dismantling the trade union block vote, by reducing the union share of conference votes, in the first instance from 90 to 70 per cent; the voting power of the constituency parties would concurrently increase from 10 to 30 per cent. This is, however, just the first step. As constituencies recruit more members they will win more voting power at conference. A doubling of individual membership would cut the block vote to 50 per cent.

Previous organisational changes initiated

by Kinnock—such as rewriting the leadership election rules, imposing central control over the selection of by-election candidates and the plans for one-member-one-vote in constituency party elections—have radically altered the structure of the Labour Party. The new changes, however, touch the very citadels of Labour Party power—the national executive committee, the conference and the union block vote. Kinnock is effectively tearing up the historic 1918 constitution drawn up by Arthur Henderson and Sidney Webb. As one political commentator put it, 'Earlier modernisers—Gaitskells and Wilsons—never dared as much' (Patrick Wintour, *Guardian*, 26 April 1990).

Hand in hand with the organisational changes come equally historic policy changes.

Next month, the national executive will unveil Labour's new policy document, on the basis of which the party will run its general election campaign. The document draws on reports of the policy review groups published last year, but it goes much further than even the review groups in dumping traditional Labour policies.

Pro-capitalist

On the economy, the document stresses the need for free market policies and what shadow chancellor John Smith has called 'supply-side socialism'. Even the mild interventionist policies favoured by Labour's former shadow industry minister Bryan Gould have now been dumped. The policy paper argues for strict legal restrictions on union rights, including the right to picket and take secondary action. The document advocates the creation of a special industrial relations court to oversee trade union legislation and intends to give the court the power to sequester union funds. On defence, the document advocates support for Nato and for the maintenance of US troops in Europe.

The latest organisational and policy changes confirm the RCP's analysis of where the Labour Party is heading. Under Kinnock's leadership, Labour has ceased to be the party of Labourism and has instead been transformed into an openly pro-capitalist organisation.

This is the consummation of a process that has been taking place ever since the founding of the party, and especially during the post-war period.

Labour developed its distinct identity through its role as intermediary between the British establishment and the working class. The party based itself on the layer of professional trade union officials and labour bureaucrats who acted as negotiators between workers and employers in the workplace, and more broadly in the relations between the state and the labour movement.

Mediator

As the Labour Party developed its role as mediator in class conflict, it was drawn closer and closer to the establishment and further and further away from the working class. At a time of intense class conflict around the First World War, and in a period in which the establishment had not yet created a framework within which to institutionalise class relations, the Labour Party was relatively restricted in how far it could move away from its working class constituency.

The defeats suffered by the labour movement in the inter-war years, and particularly as a result of the Second World War, opened up a new era in class relations. In the post-war years the capitalist class exercised its domination over society indirectly through the labour bureaucracy; Labour's shift away from the working class became particularly pronounced.

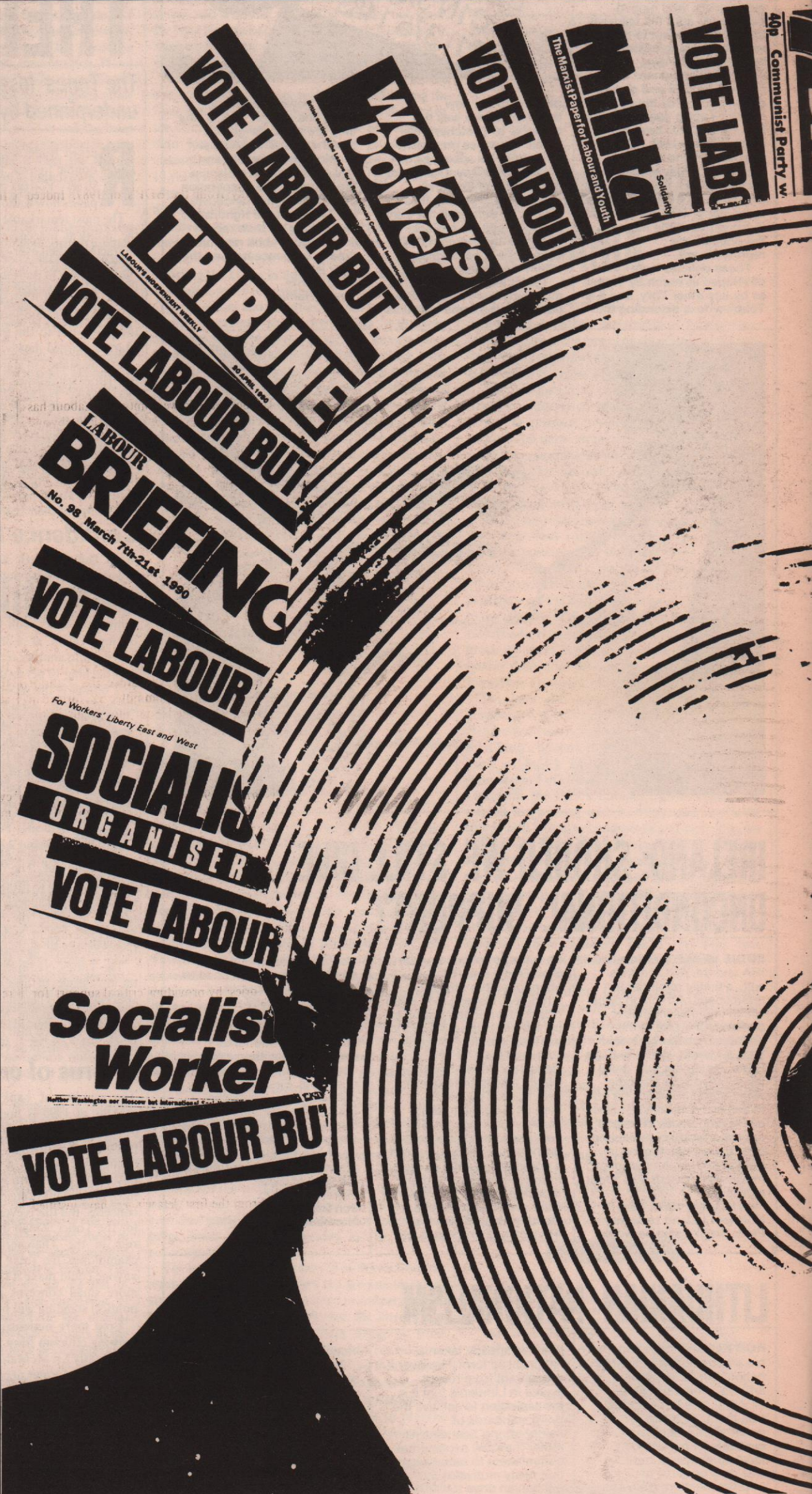
The final act in this drama came under the impetus of the changing pattern of class relations in the seventies which made the old-style party irrelevant both to the needs of the capitalist class and the aspirations of the working class. The experience of the 1974-79 Labour government, and particularly its austerity programme, led to widespread disenchantment with Labour inside the working class. At the same time the onset of the capitalist crisis forced the ruling class to exercise a more direct form of class domination. Thatcher dispensed with the mediating role played by the labour bureaucracy and destroyed the power of the trade unions.

By the eighties, therefore, Labourism

LABOUR, THE LEFT AND THE RCP

THE PARTY WE NEED

As Neil Kinnock's efforts to make Labour electable again Kenan Malik argues the case for building a revolutionary



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4 May • the next step 5

JAPAN

WHY TOKYO TUMBLED

Daniel Nassim explains Japan's current economic malaise

Amid all the upheavals and uncertainties generated by the demise of Stalinism and the collapse of the post-war world order, one thing seemed certain—that Germany and Japan were economic 'superpowers' set on a path of expansion. This year's tumble on the Tokyo stock exchange throws even that into doubt. Japan may not be as decrepit as Britain or the USA; but, contrary to the popular image of a vibrant, dynamic economy, Japan's growth too is as much based on parasitic speculation as on productive investment.

The problems of the Japanese economy have been revealed through the crash on the stock market and the pressure on the yen. Since the beginning of the year the Nikkei index, a measure of the overall performance of the stock exchange, has lost over a quarter of its value. The crash has allowed Wall Street to regain its position as the world's premier stock market. The yen has fallen by more than 10 per cent against the US dollar this year and reached a three-year low. On a trade-weighted basis the yen has dropped by about a quarter from its peak at the end of 1988.

The impact of these falls should not be exaggerated. Japan's annual economic growth rate of about four per cent is higher than that of most of its competitors. The fall in the stock market is the first concerted downturn after years of steady growth. Nevertheless, Japan's economic problems are a significant signal that its economy has become over-extended. The cost of bailing out the less dynamic powers in recent years is now taking its toll.

Japan's problems are the product on the one hand of the more prominent role it has been forced to play in propping up the world economy; and on the other of weaknesses in the Japanese economy which have limited its ability to play such a role.

The changing balance of economic power in the world has pushed Japan into accepting a more prominent role in international economic coordination. As US economic power has waned, so Washington has found it increasingly difficult to play its traditional role of keeping the world economy afloat. From the mid-eighties onwards, Japan and West Germany agreed to take up the slack and in particular to help fund the twin US trade and budget deficits.

New role

Tokyo recognised that it had little choice but to take on its new role. Japanese leaders realised that if the world went into recession this would deal a heavy blow to the Japanese economy. By the mid-eighties Japan was extending a huge amount of credit to the rest of the world. In 1986 Japan pumped £65 billion of portfolio investment into the world economy. Most of this consisted of purchases of US treasury bonds. The USA was in effect writing IOUs for billions of dollars and Japan was picking up the tab.

Japan's largesse extended beyond the USA. By the late eighties Japan had become the largest donor of foreign aid to the third world. Japan also financed much of the US-led 'Brady plan' for reducing third world debt. In his visit to Europe at the start of the year, the Japanese prime minister, Toshiki Kaifu, announced a \$2 billion aid package to Eastern Europe.

Japan's huge current account surplus with the rest of the world—\$57 billion in 1989—has provoked much criticism; the USA in particular has pressurised Tokyo into curbing exports to the US market and into opening up its own economy to US goods. But



Panic at the Nikkei: Japanese investors have found that their economic miracle was built on paper money

Japan's trade surplus has been dwarfed by the much larger volume of capital leaving the country as a consequence of Tokyo's attempt to stop the world, and the USA in particular, sliding into recession.

The strains of playing a greater world role have been made worse by the relative economic slowdown in Japan.

Its average annual growth rate in the eighties was

about four per cent, less than half the sixties' growth rate of 10 per cent. These figures indicate that the Japanese economic miracle has come to an end. Japan may be more dynamic than other Western powers, but given the senility of its competitors this is not saying much.

The weaknesses in the Japanese economy meant that, despite its dynamism relative to the other

powers, Japan was not strong enough to keep the world economy afloat indefinitely. As a consequence of Japan's attempt to undertake a global role, problems have manifested themselves in its own economy in all sorts of unexpected ways.

To encourage capital to flow abroad, for example, Japan kept its interest rates artificially low. These low interest rates in turn made it cheap to borrow money inside Japan. Given the relatively low rate of return on productive investments, the result was a surge of speculation in shares and land.

A combination of rising international interest rates and domestic asset price inflation as a consequence of this credit-based speculation forced the Japanese authorities to raise interest rates four times in just over a year. The result was a restriction in the flow of credit—which in turn helped trigger the stock market crash. It may not be long before land prices also start to tumble. The combination of underlying economic weaknesses and the strain of Japan's global role helps to account for the fall of the yen too.

The recent train of events exposes the fragility of the Japanese economy. Japan's manufacturing base may be impressive compared to Britain's; but Japan's recent growth has been as reliant on paper money and property speculation as on the production of Toyotas or Sony Walkmans. The recent Japanese penchant for buying up Van Goghs and Picassos at exorbitant prices on the international art market shows the limits to productive investments at home.

Japan's economic weakness helps explain its reticence about becoming a more active international political player.

Even in the Far East, Japan's own backyard, Tokyo has proved remarkably reluctant to take any initiatives. The experience of playing a more global economic role has made it wary of extending itself still further.

Paradoxically, Japan's inability to play a more global role is likely to lead to events in Tokyo having even greater impact on the world than before. Now that Japan has become a full member of the global casino economy, the fragility of its own economy will have worldwide consequences too.

GERMANY

KOHL FLEXES HIS MUSCLES

The joint Franco-German initiative last week over Lithuania was symbolic of the changing balance of power in Europe, and internationally.

The letter to Lithuanian president Vytautas Landsbergis, advising him to compromise in the campaign for independence, was signed jointly by Helmut Kohl and François Mitterrand, and demonstrated their determination to seize the initiative in international diplomacy. The fact that London was not consulted showed that Britain has become a peripheral player on the international stage.

The Franco-German alliance asserted itself again at the Dublin summit of EC heads of state. Bonn and Paris had already set the terms of debate for the meeting; their joint call for European political union dominated all discussion. Again, British sensibilities were largely brushed aside. Despite her stout defence of Queen and country, Margaret Thatcher was forced to go along with the Franco-German plans.

The leading force in the new Euro-diplomacy is Bonn. With German unity getting closer by the day, Helmut Kohl has been flexing his new-found political muscles with renewed confidence and brashness. Kohl knows that a united Germany will dominate both the EC and Eastern Europe. East Germany already dominates the Eastern bloc economically,

giving Bonn a headstart in the race to carve up the region. Nato's shortly-to-be-announced concession to Bonn's demand not to site the upgraded Lance missile on German soil shows Germany's increasing power within the Western Alliance too.

The legacy of Germany's Nazi past, however, makes it politically impossible for Bonn at the moment to establish its own international institutions through which to pursue its aims. Instead Bonn has to work through existing institutions, such as Nato and the EC, in order to extend its influence. Hence the increasingly warm relationship between Bonn and Paris that resulted in last week's joint initiatives over Lithuania and European unity.

The assertion of German political leadership has begun to unnerve British commentators. Right-wing historian Norman Stone has raised the spectre of the Kaiser riding once more. Bonn could withdraw from Nato and ally with the East, warned Stone, so as to hold the West 'even more in thrall' (*Sunday Times*, 29 April). Like many others in the British establishment, Stone stresses the need for Germany to be 'pinned down' by the rest of Europe before it is 'too late'. The fear of German resurgence has persuaded many that previously despised institutions like the EC could play a useful role in holding Bonn in check.

Others are looking to Nato and the military power of the USA to do the same job.

Ironically, Kohl's support for a more integrated EC and for the inclusion of East Germany in Nato has found favour with those who most fear the power of the new Germany. However, the evidence of the Dublin summit suggests that it will be Germany who will be using the EC and Nato to 'pin down' recalcitrant countries like Britain.

Thatcher has responded to the new assertion of German power by trying to whip up anti-German chauvinism. She has tried to mobilise popular resentment against Germany—particularly in countries like Spain and Denmark—to box Bonn in. This explains the recent priority given by the government to the hunt to bring to justice Nazi war criminals living in Britain.

By stirring up fears about Germany's Nazi past, and making it a focus for anti-German sentiment internationally, Thatcher hopes to compensate for the decline in Britain's prestige as a world power. Britain may not be able to compete with Germany economically, but it does not intend to give in gracefully either.

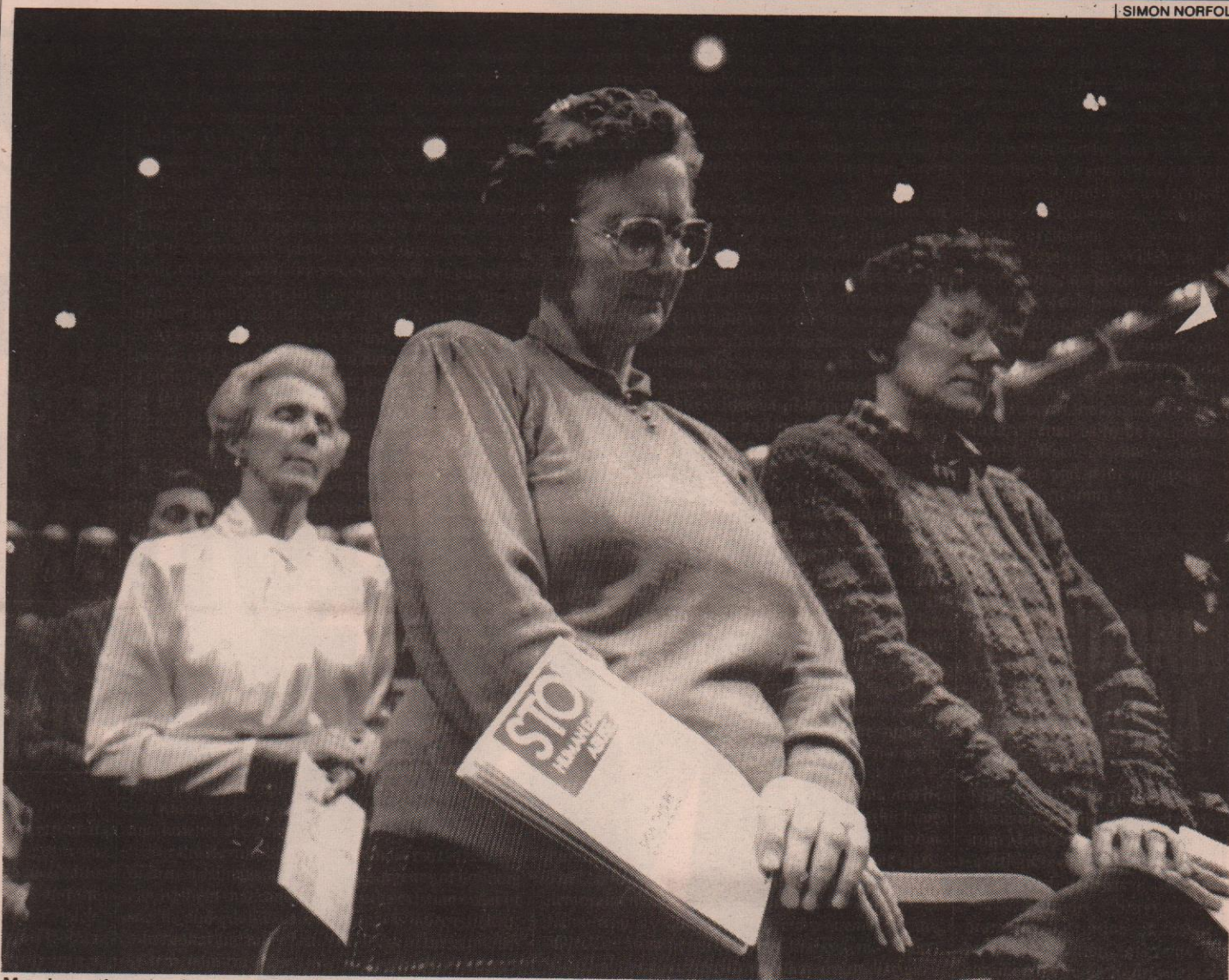
Andy Clarkson

Women's rights

ABORTION AND THE EMBRYO BILL

A DOCTOR'S RIGHT TO CHOOSE

The changes to abortion rights agreed by parliament last week are a victory for the medical establishment not for women, argues Sara Hardy



Moral reactionaries lost to the medical profession—but it was no victory for women

Many campaigners for abortion rights greeted last week's vote in parliament on the Embryo Bill as a positive step for women and for scientific progress. Parliament voted to legalise embryo experimentation for up to 14 days. MPs also decided, in a series of amendments to the bill, to reduce the legal time-limit to abortion from 28 to 24 weeks, but to exempt from the time-limit altogether abortions carried out to prevent 'grave permanent injury to the physical or mental health' of women and those pregnancies carrying a 'substantial risk of serious handicap of the fetus'. The 1929 Infant Life Preservation Act, which set the 28-week time-limit of the 1967 Abortion Act, will no longer apply to legal abortion.

Many campaigners had feared that the abortion time-limit might be reduced to 22, 20 or even 18 weeks. Some were even worried that MPs would ban embryo research altogether. After the debate many echoed the feelings of Jo Richardson, the Labour speaker on women, who declared herself 'staggered and delighted' with the vote. There is a widespread view on the left that the changes amount to a victory for women.

In fact the changes represent a victory, not for women, but for the medical establishment. The medical lobby got virtually everything it wanted in the debate.

Medical debate

The medical profession has strenuously opposed the campaign by the moral right to ban embryo research and further restrict abortion. Doctors are not opposed in principle to state regulation of research or to restrictions on abortion rights. The Royal College of Obstetricians and Gynaecologists and the British Medical Association have long campaigned for a reduction in the abortion time-limit to 24 weeks in line with technological advances in fetal viability. Pioneering fertility specialist, professor Robert Winston, has argued for 'heavy regulation' of experiments (*Sunday Times*, 22 April).

However, the medical profession has insisted that any restrictions should be on its own terms and that doctors should police any legislation. The vote on the Embryo Bill shows that parliament agrees.

In practice, the decisions mean that the status quo will be maintained. The new laws on abortion and embryology will serve to formalise existing medical practice, which is to grant abortions to women in severe difficulties, but to deny women the right to one.

In 1988 only 23 women had abortions over 24 weeks. Such abortions are already subject to stringent regulation—they are forbidden in the private sphere and National Health Service hospitals are required to provide resuscitation equipment before they undertake the operation. As health minister Virginia Bottomley pointed out in the parliamentary debate, a 24-week time-limit is 'in line with current medical opinion and practice'.

The votes represent a setback for the anti-abortion lobby which was very vocal in the run-up to last week's parliamentary debate. The decision of MPs to reject the arguments of the reactionaries shows that, after 10 years of Thatcher, a relatively liberal consensus still holds on issues like abortion.

This is a phenomenon that can be seen internationally. In the USA, for example, despite a decade of moral reaction under Reagan and Bush, the anti-abortion lobby is on the defensive. Abortion played a major part in many congressional and mayoral elections last year: candidates with liberal views on the issue won decisively, even in otherwise conservative areas like Virginia. Many politicians, especially in the Republican Party, have been forced to adopt a more liberal stance on abortion under pressure from voters.

The embryo vote also shows that the state is reluctant to interfere too much in a sensitive area like abortion.

The Tories are concerned not to ban abortion, or even slash drastically the time-limit, but to treat abortion as a *medical* issue and to bring the process under the control of the medical establishment, which has shown itself reliable in policing government legislation. By and large, the Tory establishment backed the maintenance of the status quo. After the debate ministers announced that they would not consider any further attempts to reduce the abortion time-limit during the lifetime of this parliament.

The votes represent a blow to anti-abortionists. But they do not represent a victory for women. While we welcome the fact that there have been no further restrictions on abortion rights, current legislation itself restricts the right of women to abortions.

Women ignored

The law does not grant women abortion as a *right*. Abortion remains illegal unless two doctors agree that a woman meets specific conditions—such as the length of her pregnancy and whether the pregnancy might cause mental or physical damage to the woman, or result in a seriously handicapped fetus.

The law gives no defence against health authorities which refuse to carry out abortions after 12 weeks, or which make women wait up to eight weeks for appointments. It gives women no defence against doctors who refuse to refer women for abortion because it is 'against their conscience'. It does not protect women against cuts in abortion facilities. Before last week's debate, for example, West Lambeth council announced that the budget to three Brook abortion and contraception advice clinics was to be cut by £45 000, leaving the whole area with no clinic on a Saturday.

The problem with the campaign against the Embryo Bill was that it largely took the form of a debate between the medical profession and the moral reactionaries.

The rights of women were largely ignored. This was strikingly illustrated in the parliamentary debate

on the bill.

Pro-abortionists were either concerned, like Dawn Primarolo, to defend doctors or, like Clare Short, to insist that fetal viability should be set at 28 weeks. One nominally pro-abortion Labour MP, Frank Doran, even took it upon himself to suggest that the government could find more effective ways of restricting access to abortion than through having the debate in parliament. Doran cited Aberdeen as a shining example of abortion provision being reduced without the necessity for legal changes—in the city,

he noted, no abortions take place on the NHS after 20 weeks due to medical restrictions. It was left to right-wing Tory MP Teresa Gorman to mention the issue of women's rights.

If women are to play an equal role in society they need the right to end unwanted pregnancies. We should oppose all restrictions on abortions, whether from the state or the medical profession. That means campaigning for free abortion on demand, as early as possible, as late as necessary.

With the world changing at a dizzying pace, it has never been more important to get to grips with trends and events. The place to do it is at **Preparing for Power 1990**, our annual seven-day summer school.

This year's discussion at **Preparing for Power** will cover everything from the struggles in Eastern Europe to the crackdown on acid house parties, from Chaos theory to embryo experimentation. **As we enter the 'Nervous 90s', don't panic - prepare.**

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Revolutionary Communist Party Weekly • 4 May 1990 • No 14 • 40p

TEBBIT UNLEASHES RACIST BACKLASH

THE TORY SCHOOL OF RACISM

The Tories have opened the door to a new wave of attacks on the black community. Two weeks ago former Tory Party chairman Norman Tebbit told Britain's black community that they did not belong in this country because they didn't pass his cricket test. Then he told the people of Hongkong that they were not welcome here because they did not 'share our culture, our language and our ways of social conduct'.

Many Tories condemned Tebbit's remarks. They did not object to Tebbit's prejudices, merely that his outrageous comments had let the cat out of the bag about the Tories' racist intentions.

The decision by education secretary John MacGregor to allow white parent Jenny Carney to remove her daughter from a largely Asian school showed that other senior Tories shared Tebbit's prejudices. Carney objected to her daughter mixing with Asian children and singing 'Pakistani' songs. MacGregor agreed with her: he told Cleveland local authority that parents had every right to select schools on racial grounds. His action amounts to support for a segregated school system.

Tebbit's comments and MacGregor's actions have unleashed a new wave of racism in schools:

- In Wakefield, West Yorkshire, Luci and Chris Norton have removed their daughter from the Sandal Magna First School because they object to staff 'reading stories and poems in Punjabi, greeting children in Punjabi and teaching them the Islamic equivalent of the Lord's prayer'. They intend to seek a high court judicial review.
- In Ealing, an evangelical Christian parent-governor is asking the education secretary to rule against the borough's religious education syllabus because it does not emphasise



SIMON NORFOLK

Black people are under attack: it's time to take sides

enough 'the Bible, Jesus and the church'.

- White parents in Norman Tebbit's Chingford constituency are threatening to take court action against Waltham Forest council which has decided to grant holidays for Hindu, Sikh and Muslim festivals.

- The right-wing pressure group Parental Alliance for Choice in Education is backing other similar cases in Manchester, Bradford and London.

In this new climate of racism, black

people are being increasingly targeted for attack:

- In Cardiff last week a racist gunman shot two black men, one in the back, another in the face and arms.
- In Liverpool 8, armed police smashed their way into the house of Edward Attah, under the pretext of looking for an armed gang. One held a gun against the head of Edward's three-year old son, Shaun.
- In east London, police attacked a peaceful

protest by Turkish workers on Tuesday and arrested dozens.

The unleashing of a new wave of racism shows the urgency of building a new anti-racist movement. Workers Against Racism is showing the way forward. From Tower Hamlets to Bradford we are organising to win working class support for the struggle for black rights. It is not a moment too soon to get involved. If you want to stop Tebbit, and his friends, in their tracks, phone WAR on (071) 375 1702.