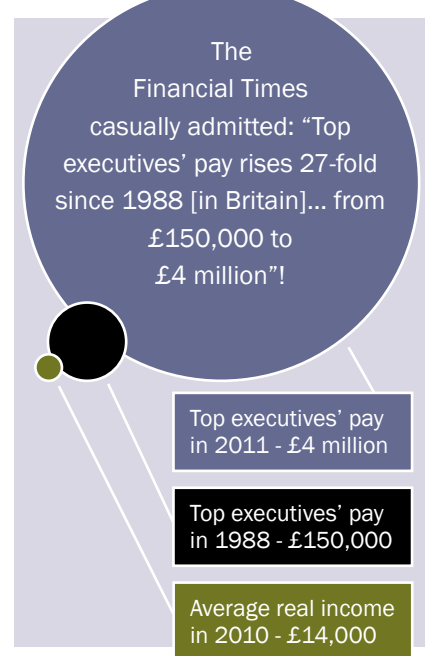


A world in turmoil

China cannot provide the lifeline for rescuing ailing world capitalism. In 2008 when China faced a serious crisis, factories were closed and unemployment climbed exponentially. Consequently, the Chinese elite feared massive 'social unrest', code for revolution. So they 'primed the pump' through a massive injection of credit, facilitated by the state banks that dominate the economy. This resulted in annualised credit growth of 170%, probably the biggest 'economic stimulus' in world history.

The 'Occupy' movements

The ideological cement underpinning capitalism has also been severely undermined. Not only does capitalism confront its biggest economic crisis 'ever' (according to Mervyn King, Governor of the Bank of England), in its wake it has also faced a profound crisis of legitimacy. This is reflected in the mass strikes of the working class but also in the worldwide 'Occupy' movement which spread to about 1,000 cities and all continents.



Despite its weaknesses – the Occupy move is not firmly based either ideologically or with deep roots and a presence in the organisations of the working class – it has nevertheless evoked widespread public sympathy including from working people. This movement, unlike the anti-globalisation movement at the turn of the century, takes place against the background of a deep recession.

The 'Occupy' movement is the widest global movement since the collapse of Stalinism. It encompasses more of the world and is deeper than the previous anti-globalisation movement. The

highlighting of searing inequality against the background of mass impoverishment synonymous with 'modern' capitalism has evoked a powerful echo among broad sections of the population in Europe and the US.

An additional factor is that in this crisis it is not just the working class but also big sections of the middle class that have been affected – some of them quite severely. In the US, for instance, average wages of manual workers – still referred to as 'middle class' by the capitalist media as a means of blunting growing class consciousness – are at the level of the 1950s in real terms; the religion of everlasting capitalist progress has been shattered. The unrestrained piling up of wealth by the '1%' – perhaps the greatest concentration and centralisation of capital in history, foreseen by Marx – has fuelled the protests.

The most striking example is that of Bloomberg, the present mayor of New York, the 30th richest individual in the world – literally one in 2 3 0 million. Yet on behalf of the '1%', through his police he has sought to repress the 'Occupy' movement in 'his' city.

The Financial Times (FT) casually admitted: "Top executives' pay rises 27-fold since 1988 [in Britain]... from £150,000 to £4 million!"

The panic in capitalist circles at this spectacle was summed up by the right-wing founder of the Independent newspaper in Britain, Andreas Whittam-Smith, who wrote recently: "Western nations are now ripe for revolution." He did not suggest a real social revolution but rather a 'political revolution' aimed at renovating the system.

Yet the 'Occupy' movement does not seriously challenge capitalism; many of its leaders do not propose 'system change' but seek to 'mend a broken system'. It has nevertheless assumed mass proportions in some countries – Spain, Greece and, to some extent, in the US.

Occupy represents a confused but necessary stage of political

reawakening for a new generation. These movements hold out the hope, for those participating and those observing them, for seeking social and revolutionary conclusions.

The precondition for this, however, is the intervention of the labour movement and in particular Marxism, which, while being sympathetic and sensitive, argues against the 'non-political', anti-party stance of many who have been drawn into this movement.

Dilemma of the eurozone

The capitalists are completely at sea as to the fate of the euro and the eurozone, incapable of coming up with workable solutions. Mervyn King summed up their dilemma: "I could not tell you what is likely to happen tomorrow never mind in a few months time."

The Socialist has argued that the euro and the eurozone, rather than leading to a more unified Europe will result in the opposite: splits, nationalism and all the 'evils' which the euro project, we were told, would banish forever.

The euro itself could collapse with either a voluntary or forced exit of a number of countries, beginning with Greece. The price of remaining within the euro is a permanent savage austerity package and, at the end of this, national debt will still be 120% of gross domestic product (GDP). Yet this is already the 'unacceptable' current level of Italian national debt, which forced big cuts and prompted the downfall of Berlusconi. However, 'in' or 'out' of the EU, the same problems will be posed and the same attacks on living standards will be unleashed against the Greek people.

The reintroduction of the drachma could lead to the wholesale collapse of the banks and with this the destruction of savings – à la Argentina – as well as a devaluation of the new currency, which

would be accompanied by a big rise in inflation.

The possibility of referenda for and against the euro and the eurozone could be posed both in the 17 countries within the eurozone and the additional ten countries 'outside'. Even the revised treaty pushed by Sarkozy and German chancellor Angela Merkel – 'Merkozy' – began to unravel within days of its 'acceptance' by 26 of the 27 EU countries, excluding Britain.

There is a growing realisation that the new 'Stability Pact', with fines to be levied against transgressors, is a device for imposing a neoliberal corset on public spending, aiming to cut living standards further. Moreover, it has not been sufficient to 'satisfy' the 'market', the bond vigilante crooks. Therefore the crisis continues with still the possibility of a complete collapse of the euro.

Continued membership of the EU is increasingly identified in the minds of the people with further ruthless cuts in living standards so, in some instances, the working class could be faced with voting to leave the EU.

In this situation, it is vital that a class and internationalist position is advanced, with clear opposition to capitalist nationalism, which is aimed at dividing working people on national, racial and ethnic lines.

However, in view of the bureaucratic centralist diktats of the EU, a legitimate feeling of national indignation can rise, as has been seen in Greece, and this can also develop in other countries. Trotsky pointed out that it is the working class and its organisations who are the real champions of the 'nation', of which the majority is the working class and its allies.

Anti-worker

The idea that the EU was 'progressive' and would lead ineluctably towards a 'unified Europe' has been shattered with the onset of the economic crisis. This was entertained not just by 'liberal' capitalists and pro-capitalist trade union leaders but even by some of a Marxist or even a Trotskyist persuasion.

But it has been severely undermined as the neoliberal character of the EU – with the imposition of anti-worker measures such as the Posted Workers Directive, the opening of the door for the acceptance of wages and conditions

of the neo-colonial world – has become clear. This view has been reinforced by what has been perceived, particularly in those countries at the receiving end, as a virtual colonial power inflicting misery and diktats on its 'subjects'.

In Greece, EU officials are installed – or are attempting to act – in the offices of the different ministries, thus ensuring the carrying out of the austerity programmes. The same applies to the virtual 'coup' of the so-called 'non-political' Monti government in Italy following the eviction of Berlusconi from power.

This represents a new phase in Europe, reflecting as it does the depth and seriousness of the economic crisis, the severity of the attacks on the working class, its resistance to this and, consequently, the intensification of the class struggle.

Even in 'normal' periods of 'social peace', a veiled civil war takes place between the contending classes. This, however, has taken a more direct and open form in the past period as the bosses have, in some instances, resorted to brutal measures against the rights and conditions of the working class, as is clearly the case in Greece.

The Greek workers are still ferociously resisting, reflected in the power workers' refusal to implement government-imposed measures which would have seen householders' electricity supply cut off if they had not paid the new property tax. This is accompanied by a tremendous 'don't pay' campaign similar to the movement which defeated the poll tax and brought down Thatcher in the process.

In Britain, 300,000 public sector jobs have been lost since the Con-Dem government came to power and another 400,000 are planned to go. Some of the anger has been deflected away from the government as councils make the cuts. Chris Giles of the FT wrote: "Although public sector job losses have far exceeded expectations so far, it has been local authorities doing ministers' dirty work." [FT, 15 December 2011.]

The promise of Osborne and Cameron that private-sector jobs would replace them, like the phoenix from the ashes, has been shown to be completely illusory; there are plenty of 'ashes' in the empty factories and a massive rise in unemployment, but no sign of the phoenix which has flown away to China and other 'growth areas', never to return!

Spain and Portugal on the brink

Also, with the advent of rightwing governments in Portugal and Spain, the working class can expect a huge worsening of their position through a deepening and extension of the austerity measures promised by the new rightwing Popular Party (PP) government of Rajoy in Spain and by the Portuguese centre-right coalition government, elected in June.

The Portuguese economy contracted from July to September 2011 for the fourth consecutive quarter, the worst performance of any of the 27 nations in the EU. Significantly, soldiers and police, wearing civilian clothes, joined in the massive demonstrations and the general strike in November which brought the country to a complete standstill.

The new government in Spain, under ferocious pressure from the EU for even more cuts, will act quickly to introduce 'reforms', in reality massive counter-reforms. The electoral victory of the PP led to a precipitous drop in shares the day after it was elected! This is tacit recognition that the Spanish workers and their organisations – despite the existence of mass unemployment – remain a formidable force to reckon with.

The PSOE government of Zapatero acted to restrain, to an extent, a full confrontation with the working class, because of its alleged 'socialist' pedigree, although in reality – as the indignados movement showed – it has moved so far

to the right, it was seen as just another capitalist party. Political abstentionism of the youth cannot be maintained in the teeth of the serious crisis confronting Spain and the urgency of seeking a viable solution.

Berlusconi goes

In Italy, a 'soft coup' by the right has replaced the discredited Berlusconi without a peep of protest from the 'left' political leaders. They now display a fear of taking power as do the ex-social democrats in the rest of Europe. The devastating crisis – partially hidden by Berlusconi's long period in power – is now clearly visible.

Italy has also experienced a 'lost decade' of economic stagnation which has left it at the bottom of the world league table of growth. According to the IMF, "only Zimbabwe, Haiti and Eritrea have done worse!"

The general strike called by all the major unions on 12 December, a matter of days after the announcement of the new austerity package, is an indication of the anger that has exploded from below. It presages a new period of class struggle.

The initiative of well-known metalworkers' leader, Giorgio Cremaschi has gathered together hundreds of lefts under the title 'Cancel the Debt'. Italy will therefore see the rekindling of its best revolutionary traditions in the coming period.

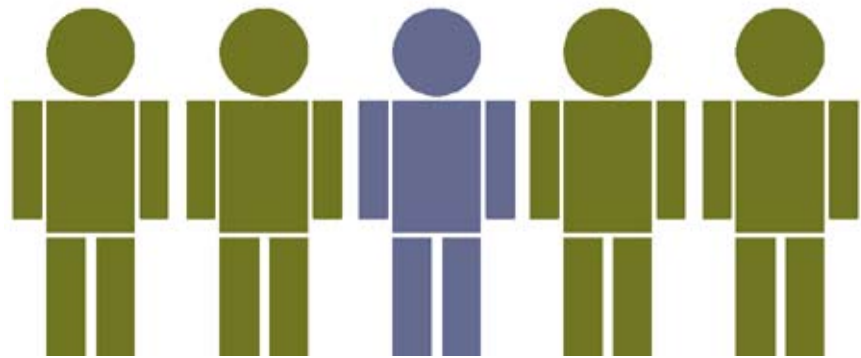
'Bonapartism'

At the same time, the danger to the workers' organisations in this period of class tensions – from the direction of the capitalist state – and the far right cannot be underestimated. In the present crisis, forms of Bonapartism (dictatorship) – parliamentary Bonapartism in particular – can be resorted to by the capitalists when there is political deadlock, as there is to some extent in Greece and Italy.

Moreover, such measures can be threatened on a European scale as well as in nation states. The unelected EU commission – with the connivance of Merkel and Sarkozy – have resorted to Bonapartist diktats against 'miscreant' countries that are reluctant to swallow the austerity medicine. At this stage this is a very weak form of parliamentary Bonapartism.

However, it can be blown away once the situation that gave rise to it changes, particularly with an upswing in the class struggle, which is likely in a number of countries. Also, in Greece, given the new bitter mood which has developed, the resistance of the working class will be resumed once the full impact of the austerity measures on top of the agonies that the Greek people have suffered in the past period are felt.

The far-right parties and organisations in Europe continue to occupy an important part of the political vacuum which has existed for some time now.



In fact, in some countries – France, the Netherlands and even in Greece – they have strengthened the position on the electoral field in particular.

The damage and mayhem they can inflict on the completely innocent was revealed in the Norwegian massacres in the summer by the racist right-wing madman Anders Breivik. This was followed by the revelations in Germany of a cell of neo-Nazis which had carried out a series of murders over seven years and yet had never been detected by the police.

In Hungary, the neo-fascist Jobbik, in collusion with the ruling party Fidesz, parades in Nazi-like paramilitary uniforms. The government has virtually outlawed effective opposition to them. And Cameron's Tories sit in a bloc with some of these creatures in the European parliament! These parties and organisations have to be countered whenever they raise their heads, but they do not yet represent, on a European level, a firm basis for rightwing reaction.

The Middle East and North Africa

The revolutions in the Middle East and North Africa and the 'Occupy' movement are highly symptomatic of the overall

mood worldwide which is developing under the whip of this crisis.

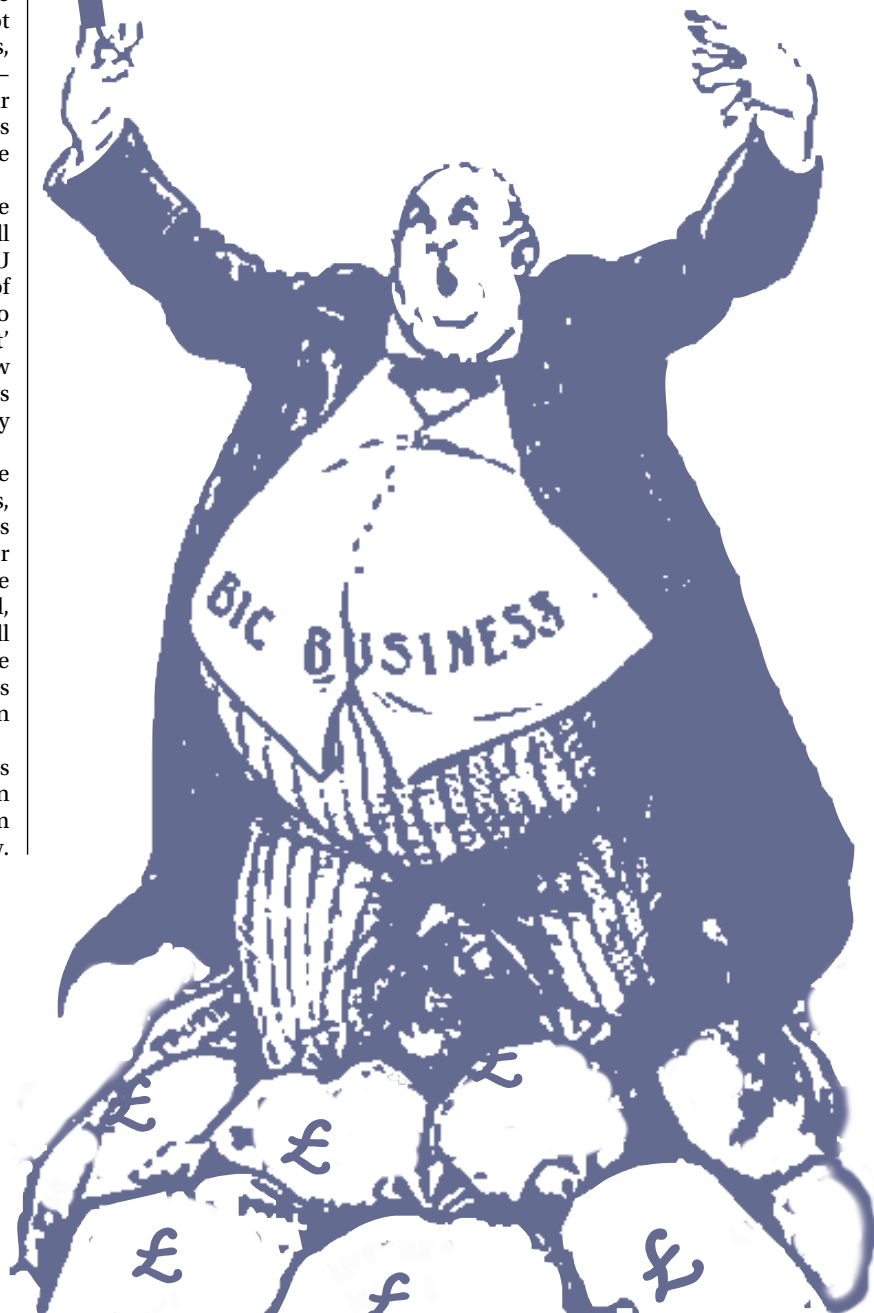
They also presage coming mass movements in many countries not yet seriously affected politically, not just in Europe but throughout the world. Tunisia and particularly Egypt have exercised a magnetic effect on the masses throughout the region and the world.

In the USA, they helped inspire the Wisconsin protests and the Egyptian flag flew over the 'Occupy' movement in Oakland and elsewhere.

However, as in all revolutions, particularly in the period after the overthrow of a dictatorship, illusions are generated in the masses that the main job has been completed. Moreover, the liberal capitalists and the Islamists have tried to contain the revolution, together with the remnants of the old regime.

In the vacuum that existed under Mubarak and Ben Ali, as with other cases in history – Poland under Stalinism, in Iran under the Shah – religious forces, with roots among the masses, initially provided a pole of attraction around which the opposition to dictatorial regimes could mobilise. Consequently, the Islamists were well placed to exploit the current elections in which they have received an estimated 36.6% of the votes counted in the first round.

Continued over



The capitalists are refusing to invest; they are, in effect, on a 'strike of capital'. Creditors refuse to lend and borrowers – weighed down with leaden boots of debt – refuse to borrow more. At the moment, the system is jammed and, given government and private indebtedness, that is unlikely to change in the foreseeable future