

International VIEWPOINT

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Yeltsin versus the people



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The scapegoat

ON MARCH 31, 1992, seventy days after its first intimidating resolution against Libya¹, the United Nations Security Council voted through an ultimatum to the government in Tripoli with ten votes for and five abstentions.

The resolution states that if that government has not handed over by April 15 the two Libyan citizens accused of being responsible for the bombing of the Pan Am flight over the Scottish village of Lockerbie in December 1988, Libya will be subjected to sanctions, that is, to an attempt to strangle it by means of a blockade.

SALAH JABER — April 2, 1992

THE main weight of the sanctions is to fall on air links between Libya and the rest of the world; all incoming and outgoing flights to Libya will be forbidden. Furthermore, an embargo will be imposed on arms deliveries to Tripoli, any military cooperation with Libya must cease, diplomatic relations will be cut down to the minimum and police blacklists of Libyan citizens provided for all the UN's member states.

Already quite a big programme, and there will be an escalation up to direct military attack if it does not yield the intended result in the medium term. In the case of Iraq sanctions gave way to military action after five months, while the Libyan resolution talks of revising the sanctions every four months.

Qadhafi vacillates

It seems that Qadhafi has little room for manoeuvre. At first he gave in to Western directives and "fraternal" pressure from the Arab states headed by Egypt, declaring that he would hand over the two Libyan suspects to the Arab League. Then he withdrew this offer.

Two explanations have been offered for this: the imperialist version is that Qadhafi feared that his regime's "complicity with terrorism" would be revealed; according to more credible sources, Tripoli-based diplomats², the tribal³ and political impact of handing over the two men, which would have

been seen in Libya as a surrender, would be such as to threaten the stability of the regime.

The temptation to resort to military action will be all the greater for the imperialist powers insofar as they would find it difficult to afford the luxury of a total blockade on Iraqi lines against Libya. The reason for this is not compassion for the country's people, but the same as that for which they have refrained from using the only reliable means at their disposal for the economic strangulation of Libya: an oil embargo. The present state of the oil market and

of the world economy, haunted by the spectre of general recession, would make this a double-edged sword.

The consequences of the blockade of Iraq in 1990-91 were fairly easily absorbed, given the adaptation of the market to the hazards of oil exports from the Gulf due to the war underway there throughout the previous decade. The interruption of oil supplies from Iraq and Kuwait could be compensated for by increased Iranian and Saudi exports.

In fact, oil prices only maintained high levels for a period because of speculation, fed by fears of the consequences of a vast conflagration spreading to the oil fields of Saudi Arabia, as Saddam Hussein had promised. As soon as the imperialist military offensive was unleashed and as it became clear within hours of the outbreak of the conflict that the United States had total control of airspace, oil prices fell.

Libyan oil; an embargo too far

On the other hand a halt to Libyan oil exports would come on top of the embargo on Iraqi oil and the low level of Kuwaiti production and at a time when the reserves of Saudi production capacity are already being heavily drawn upon.

Furthermore, Saudi Arabia would find it hard to get involved in an action against Libya, which, unlike the anti-Iraqi campaign, has been criticized by the Arab League. In these

conditions, the effects on world oil prices of an embargo on Libyan oil, a precious Mediterranean source for Europe, would be far harder to control and would prevent an additional obstacle to international efforts to boost the world economy.

This explains why Qadhafi even feels able to threaten the states who apply the air blockade against Libya with a boycott. And this is also why the temptation to undertake a military attack will be strong in coming months, all the more so in that it may fall at a convenient time in the presidential re-election campaign of George Bush, who is short of electoral arguments and no doubt feels nostalgic about the surge of popularity he attained during the anti-Iraq war.

Despotism under the UN flag

The aggressive intentions of the US, Britain and France, the promoters of the anti-Libya resolution, are also shown by the fact that they have not restricted themselves to demanding the handing over of the two suspects, but have also required of Tripoli that it "cease all forms of terrorist action" and demonstrate this "promptly, by concrete actions". One can only fantasize about such a resolution being applied to the United States or the State of Israel.

According to the *New York Times*⁴, this latter directive means that the three great powers are intending to demand that Libya provide them with the names of all the "terrorists" it has trained and armed, along with information on the operations it has been involved in. In any case, it can only be interpreted as an instruction to inform for and cooperate with the international "anti-terrorist" police network.

Both in its letter and its spirit, this summons is as "innovative" in terms of international law and the traditions of the United Nations as the one that instructed Tripoli to hand over two of its citizens to two states with which Libya has no extradition treaty.

The New World Order is once again shown to be that of the total despotism of chiefs of the imperialist gangs, led by Washington and wrapped in the blue flag of the United Nations. ★

1. See *International Viewpoint*, no. 222, February 17, 1992.

2. *International Herald Tribune*, March 26, 1992.

3. One of the accused is from the same tribe as the Libyan no.2, Abdel-Salam Jallud.

4. *IHT*, April 1, 1992.

A "line for a hundred years"?

IN RECENT months the international press has been highlighting China's economic success and the revival of the orientation launched at the end of the 1970s, which had been modified after the Tiananmen Square massacre of 1989.

According to some newspapers, the dominant group supports the development of capitalism on a wide scale, with a big increase in the role of the private sector, both domestic and international. Paradoxically, it seems that foreign investors are more inclined to get involved in China than in Eastern Europe and the former USSR.

Last November, the Central Committee of the Chinese Communist Party (CCP) took some important decisions, including the partial rehabilitation of Zhao Ziyang, the "liberal" former party secretary who was sacked after the crisis of May-June 1989, and announced the convening of the 14th party congress for the end of this year.

LIVIO MAITAN

THE CC not only confirmed the policy of economic reforms but also announced a new push forward on this front. As a publication reflecting official views put it: "Important decisions were taken to pursue the reforms of state enterprises and step up agriculture growth."¹

More precisely, there is to be investment and modernization within the context of a family-based agricultural system. At the same time the CC called for "a socialization of services and a gradual reinforcement of the collective sector of the rural economy"² as well as "a strengthening of party direction of rural work".³ The prices of some 52% of agricultural products will from now on be regulated by the market.⁴

The partial rehabilitation of Zhang Ziyang is only known about through unofficial sources which the international press believes reliable. The most serious charges against Zhao — that he had "divided the party" and "supported the disorders" — have not been retained; now he is only held to have shown a "lack of vigilance in the face of bourgeois ideology".

The decision on Zhao indicates that reformist currents are making political advances. This does not, however, mean that the Chinese leadership is considering fundamental changes in its options.

At the very moment when it gave a new push to economic reform the November central committee reaffirmed the principle of the single party and no concession on this was made even verbally by Li Peng during his

recent foreign tour. Furthermore, while some political prisoners were released at the end of last year, most of those arrested after Tiananmen remain in jail. This line was confirmed and even hardened at an important meeting of the party politburo and at the recent session of the National People's Assembly.

The political bureau passed a resolution published in the party daily which stressed the need to avoid "leftist deviations" while maintaining vigilance with regard to "rightist deviations". According to the Beijing leaders, it is necessary to speed up the reforms and the opening to the outside world with the aim of stimulating the economy and advancing along the Chinese road to "socialism".

Learning from other countries

To this end the resolution explains that it is necessary to "choose and adopt the modern methods of economic management used in other countries, including in Western countries", adding that "a development is socialist or capitalist according to whether it makes possible the development of the productive forces under socialism, the reinforcement of the country's power and the improvement of the people's standard of living". To underline the solemn character of these decisions the Chinese leadership used an emphatic formula that recurs in Chinese texts: "The fundamental line of the party must stay unchanged for 100 years!"

The ancient Deng and the party paper had not hesitated in previous weeks from giving theoretical justifications for the reformist

course. On February 23, 1992, the *People's Daily* wrote that: "Recent world history teaches us that under-developed countries, in particular those with a long feudal history, must correctly use capitalism rather than simply rejecting it. We can only become prosperous and develop if we assimilate in a critical fashion those elements of Western culture that are useful and not by despising them".

The session of the People's Assembly took place on the same wavelength after a keynote report from Prime Minister Li Peng. Basically, the reformist orientation combined with political control by the bureaucratic centre was restated.

According to Li Peng: "We must... dare to introduce innovations and have a more audacious approach as concerns reforms and opening up". In this optic, stock markets are to be developed and public and private enterprises must compete on equal terms. But, at the same time, Li Peng insisted that it was necessary to "crush all kinds of criminal activity" and retain loyalty to Marxism, Leninism and Mao Zedong thought.

Divisions in leading circles

Not all these decisions are the common property of the main Chinese leaders. While agreement probably exists on some economic measures and even more on the need to maintain control of the political situation, there is no such unanimity on the issue of how far to go in making concessions to attract foreign investment, on how to deal with loss-making state enterprises or on the special economic zones — according to *Le Monde* (March 22, 1992) some at the CC called for their abolition.

A tough struggle took place before the politburo meeting of March 1992. On this occasion Deng Xiao-ping reappeared in the forefront, travelling to the south and to the special economic zones and making spectacular statements. The various leaders or currents have exploited the support of regional and provincial notables in this clash, in which survivors of the old guard have apparently played a major role.

For the moment it is the supporters of Deng's line who seem to have the upper hand, but there will be further rounds before the forthcoming party congress. New changes of emphasis, and perhaps real changes of line, may take place, especially in the light of grave and persistent economic problems.

While complete official figures for 1991 are not available, overall economic growth was around 7-8% (14% for industry). Grain production was maintained, despite devastating flooding. In 1991 it was 425 million tonnes as against 435 million in 1990, the latter a historical record.⁵ However these apparently rosy figures cannot conceal some disturbing facts:

- 1991 saw a record budget deficit of 2,111 billion yuan (8-9% more than predicted);

- a significant number of state enterprises — between 30 to 40% according to some estimates — remain loss-making⁶;

- by the end of 1991 the value of unsold stocks amounted to a third of Gross National Product (GDP);

- a significant proportion of products are of poor quality;

- productivity is still low and technological backwardness is far from overcome;

- inflation reached 10% in 1991;

- the imbalances between the economically dynamic coastal provinces and the rest continue to grow.

Chinese foreign policy is aimed at getting new investment and achieving large-scale

1992). Furthermore, according to a study of the Chinese economy in 1990-91: "Public enterprises represent 56% of industrial production".¹⁰

Private industry and still more joint ventures and foreign companies have seen and are seeing rates of growth that are far higher than those in the state sector. Nonetheless, the quoted estimates, which do not agree with those provided by official sources, seem to be significantly over-stated. The inconsistencies may be related to the characterization given of the "collective enterprises" of which the so-called township industries are a part. These enterprises are not strictly part of the state sector, but this does not mean that they are necessarily in the hands of the private sector — publications reflecting official views allow this double interpretation.



trade agreements. These efforts have not been fruitless: capitalists, bankers and other financiers looking for new outlets for profits are hardly worried by the lack of democracy in China.

At the start of 1991 foreigners were allowed to take part in stock market operations by buying shares with the same rights as Chinese citizens. The stock market fever continues in Shanghai as well as Shenzhen, while the opening of a new market in Guangzhou has been announced. The next free trade zone is planned for the island of Hainan with significant Japanese involvement.⁷ Furthermore, to facilitate international trade, China is planning to lift protectionist trade barriers.⁸

Finally, some rather dubious figures have recently been appearing in the international press on the weight of the private sector. A *New York Times* correspondent has written: "This year or the next will be a milestone: for the first time in the decades of the Communist Party's reign, less than a half of industrial output will come from state enterprises."⁹

Two articles in the *Financial Times* go further: "[in 1991] less than a half of industrial production, 46.6%, came from the nationalized sector" (January 7, 1992). "The state sector now produces around 55% of the country's industrial output" (January 27,

Limited weight of private sector

After recalling that under Chinese law a private firm is a capitalist private enterprise if it has more than eight employees, *China Economic News* (February 3, 1992), estimates that the total value of such enterprises amounts to 1% of national income. But the journal adds that, if unregistered private enterprise were taken into account, the percentage would be far larger.

Whatever the exact figure, the continuing development of the private sector must, in the short or medium term, lead to increasing acute tensions: the remaining planning mechanisms will be upset and the imbalances in the Chinese economy aggravated. And this will certainly have political consequences. Shocks and crises of all kinds are inevitable. ★

1. *China Economic News*, January 6, 1992.

2. *L'Unita*, November 29, 1991.

3. *China Economic News*, December 9, 1991.

4. *Financial Times*, January 7, 1992.

5. "Bilan économique et social 1991", published by the editors of *Le Monde*.

6. In 1990, state industry experienced a negative rate of growth (-2.9%) whereas private industry had progressed by 21.6% and the joint ventures by 56%.

7. *International Herald Tribune* (IHT), March 18, 1992.

8. *Ibid.*

9. *Le Courrier des pays de l'Est*, La Documentation française, November 1991.

10. *IHT*, December 19, 1991.

South Africa after the "yes" vote

IN A referendum held on March 17, 1992, white South Africans voted by a large majority to support the "reform process" initiated by the de Klerk regime in 1990 and the negotiations currently underway aimed at drawing up a new constitution for the country. In the following interview, members of the secretariat of the Workers' Organization for Socialist Action, a South African revolutionary organization, give their view on the result of the referendum and their assessment of the current stage of the negotiations process.

THE De Klerk government won a significant victory in the recent referendum. How do you explain this clear change in white sentiment, which has occurred without any change of government or in the nature of the state?

A big majority voted "yes" in the racist referendum: 68% against 32%. Most political analysts had predicted a closer result, with the right wing expected to get over 40%, which is what the pre-referendum by-elections had seemed to indicate.

The white electorate had two choices: either the old apartheid policies, which are now seen as impractical; or a power-sharing negotiated settlement, which business and most of the white middle class now see as offering the

greatest safeguard for their interests and privileges.

The rapid return of South Africa into the world community, with the lifting of trade, sporting and cultural boycotts, helped convince many whites who remained suspicious of the negotiations that a power sharing settlement really represented the best option.

Even a large section of the Afrikaans-speaking white workers, from traditionally very conservative areas of the country, voted yes, although they are the section of the white population worst hit by the current economic recession and also the social layer which has the most to lose under a deracialized system.

Three factors lie behind the strong endorsement of the negotiations by the white electorate:

- The lack of an alternative to negotiations. It was clear that the policies put forward by the right wing would lead to great political and social instability.

They would mean a state of emergency, political unrest, further international isolation, and so on. The experience of the 1985 uprising was fresh in everyone's memory.

- It was clear, in spite of the far right's propaganda, that the negotiations were not about handing over power to the Black masses.

The way in which legal apartheid had been scrapped without any substantial change in the social and economic position of whites showed that De Klerk's enterprise was not going to jeopardize the privileged position of the majority of whites.

- The actual course of the negotiations had made whites confident that they were being entered into from a position of strength, with the ANC (African National Congress) being forced to make the majority of compromises.

In the last few months particularly, the ANC has appeared as a very respectable political movement rather than a liberation organization with an armed wing.

It was also clear from the Namibian settlement and the performance of SWAPO (the South West African People's Organization) that the fundamental way of life of whites was hardly affected.

The fact that racism has become an autonomous factor and that many whites now have to compete with Black workers for jobs explains why almost one million voters still remain opposed to negotiations. If the negotiations do not lead to an economic upturn, and violence and crime continue to spiral, many of those who "reluctantly" voted "yes" will turn

6 Those who interpret the result as

meaning that the white electorate is now prepared to hand over power to Black majority rule are making a grave mistake.

The government campaign made it clear that the mandate they were seeking was for power sharing and if that was not accepted at the negotiations the government would go back to the whites to seek a new mandate.

This is why a large number of whites who would normally support the right wing in elections supported the "yes" vote.

Since the referendum the government has taken a very hard line in the Convention for a Democratic South Africa (CODESA) negotiations, as seen in their proposals on the interim government.

They have proposed a two chamber parliament with a chamber representing minority groups that would have a veto on decisions reached in the other chamber. Also they propose the creation of advisory councils, like the advisory councils with no power for Blacks under grand apartheid.

They are insisting that the ANC completely abandon the armed struggle and disband MK (Umkhonto we Sizwe — the ANC's armed wing) before any agreement on an Interim government.

Of course with MK posing no security threat this demand has more to do with trying to divide the radicals from the moderates in the ANC and ensure that when the government shares power with them they will act to respect law and order and will not tolerate the existence of private armies.

■ How would you characterize the current feeling amongst the Black population?

Is there a widespread feeling that society is changing and that Mandela has won the first round?

There was widespread relief amongst many Blacks that the "no" vote lost. The immediate prospect of a Conservative Party government, of harsh repression and civil war was averted — at least for the moment.

Yet at the same time there is not much optimism amongst Blacks that major change is at hand. The scale of the violence on the Reef, in Natal and even in Cape Town is tempering any hopes Blacks might have in the "New South Africa".

For millions of Black workers and rural people poverty is deepening as a result of the recession.

Illusions that negotiations, scrapping of apartheid, the right to vote will bring about major changes to people's lives is steadily being eroded by the violence, falling living standards, the sharp rise in unemployment and violent crime.

At the moment, in the absence of a credible alternative many Black people are still prepared to place their hopes in negotiations.

Many working class activists are confused by the contradictory situation where the deracializing of the system is taking place but at the same time the working class is suffering major attacks.

For many the situation is one where they have one foot in the negotiations and another remains in the mass movement favoring mass action.

The ANC leadership's response to the "yes" vote has been muted. Clearly, by supporting the "yes" vote, the ANC recognized that the negotiations were not being undertaken from a position of equal strength but that power was still chiefly held by whites.

Many in the leadership of the ANC and the South African Communist Party (SACP) are aware that De Klerk will use the "strong mandate" to force even more concessions in the negotiations and were therefore not over-enthusiastic about the referendum result.

■ Could you briefly describe what socio-economic changes could occur in the coming years and what the legacy of apartheid will be?

While the CODESA negotiations proceed not much is being done at the socio-economic level. Although there is much talk about a social contract and the need for an economic forum involving government, the bosses and the unions, not much progress has been made.

Meanwhile, the bosses continue with their rationalization program which involves large scale retrenchments, closure of inefficient plants, imposing of wage freezes, and so on.

For its part, the ANC/SACP/COSATU alliance is demanding that they be consulted on the economic restructuring and the government should not proceed unilaterally. In this regard, the government has suspended its program of privatization.

The government intends, on a limited scale, to redirect state expenditure to address some of the most pressing social problems affecting the urban and rural poor. However, this represents a mere drop in the ocean and at any rate is constrained by the regime not wanting to alienate further sections of the white electorate.

Under current conditions economic revival depends very much on attracting new foreign investment. This in turn depends on the negotiations leading to stable social and political conditions that would encourage inflows of foreign capital.

Here the international situation is

also crucial, that is the state of the world economy and the ability of the major industrialized countries to offset the effects of the current recession.

This does not mean that the political reforms and the ending of sanctions will not have a stimulating effect on the economy. It will also accelerate the growth of the Black middle class as access to management training and the professions will increase.

What we are saying however is that it will not be of the scale required to address the huge inequality between Black and white. For example, four conglomerates own 75% of the shares on the Johannesburg Stock exchange.

More than 90% of industrial property and 87% of the land is owned by whites. This is not even to mention the huge backlog in hospitals, clinics, schools, housing and so on.

Unemployment is estimated to be approaching 50% of the entire Black work force!

■ What has been the attitude of the main trade union federations toward the referendum and the negotiations? The international press has mentioned some tensions between COSATU (Congress of South African Trade Unions) and the ANC.

There has been a debate as to whether COSATU should participate in CODESA. The COSATU Central Executive Committee resolved to seek membership in CODESA — a position strongly rejected by COSATU's second strongest union, the National Union of Mineworkers (NUM), who argued that the interests of their members would be adequately represented by the ANC and SACP.

NACTU (National Congress of Trade Unions) has come out in support of those organizations rejecting CODESA but has not lent its weight to advance any mass campaign for an alternative.

Tensions also emerged between COSATU and its allies over the referendum. While COSATU rejected the referendum as racist the ANC and the SACP called on their white supporters to vote "yes." Amongst the rank and file there was substantial rejection of this position.

For many worker activists who had joined the SACP looking for a radical anti-capitalist organization this was one of the first indications of a contradiction between the rhetoric and the practice of the SACP leadership.

■ Is the demand for a constituent assembly still on the agenda? How can an alternative to the short-term likelihood of a coalition National Party-ANC government be

presented?

The demand for a constituent assembly represents the expression of the demand for full and equal democratic rights which has been central to our national liberation struggle.

Since we believe that the negotiations at CODESA will compromise this, the demand for a constituent assembly remains relevant.

It also helps us to expose the regime's actual commitment to democracy. It is very clear now that the government is doing everything possible to circumvent this demand and is placing great pressure on the ANC to move away from it.

This is the thrust of its proposal around the Interim government. Initially, the government wanted CODESA to be the constitution-making body but are now proposing that the Interim Government be the constitution-making body.

However, in the unions there is growing support for a general strike for a constituent assembly if the government resists this demand. Our real problem is translating the demand for a constituent assembly into a mass campaign.

So long as the demand remains at the level of propaganda it remains very abstract as it is possible for the government to give any agreement they reach at CODESA the tag of constituent assembly and thus confuse the masses on the content of the demand.

The mainstream of ANC, SACP, and COSATU are content to promote this demand at CODESA through negotiations and shy away from a mass campaign.

At the same time inter-organizational rivalry between the Pan-Africanist Congress (PAC) and the Azanian People's Organization (AZAPO) has prevented the forces outside of CODESA from initiating any serious campaign around the demand for a constituent assembly.

In WOSA we are attempting to link the call for a constitutional alternative to a programme of fundamental social reforms around which the working class can be mobilized — demands for a living wage, against retrenchments, for mass electrification and housing.

■ A new period has now opened up. An organization like WOSA has a long term project of struggling for national liberation and socialism. What will now be the central axis of your work?

In WOSA we are aware that with the major changes that have taken place internationally, the collapse of Stalinism, the increased belligerence of imperialism, and the South African government's opening up of negotiations from a very

strong position, the struggle for national liberation and socialism has been put on the defensive.

The mass movement is in a much weaker position than it was, say, in 1985-86. This has been compounded by the confusion created by the ANC's turn to negotiations.

Our strategic approach in WOSA is to promote campaigns around radical social reforms.

We believe that as the struggle against legal apartheid ends, the more fundamental aspect of that struggle continues — the struggle for fundamental social reforms aimed at overcoming the impoverishment of our people.

This approach requires fighting for the political leadership of the mass movement. At this moment we see that it is terribly urgent to build a broad-based pro-class struggle current inside the trade unions, civic organizations, and so on, on a united front basis.

It is possible in a few years, on the basis of initiatives of this type and with a new wave of struggles, after it becomes clear that the political settlement has not resolved the social questions, that the building of a mass working class party will be on the agenda again.

■ Is there still a threat of violence from the far right? What role is Inkatha playing now?

The far right will be under two contradictory pressures.

The more moderate section will now be pulled more to entering negotiations and advancing their demand for white self-determination at CODESA.

The more radical neo-fascist element may consider a kind of urban terrorism aimed at destabilizing negotiations.

The right wing base remains potentially very big, with close to a million voting "no" and with a large section of those that voted "yes" still very sympathetic to their cause. These people have a ready access to arms and very good contacts in the security establishment.

Although Inkatha has denied signing a non-aggression pact with the AWB (a far right group) there is clear evidence of growing contact between the right and thosebantustan leaders opposed to the ANC line.

Inkatha is finding itself in a weaker position as the ANC and the government move closer together in the negotiations and is moving towards a separatist position for the so-called Zulu nation.

This is drawing them closer to the far right, and helps explain the sudden upsurge of terror attacks in the townships, on trains, and so on. ★

Yeltsin versus the people

IN a previous article we examined the goals behind the neo-liberal reforms that began in Russia on January 2 with the partial freeing of prices. That analysis concluded that the declared aim of "Western-style prosperity" is unattainable within any politically reasonable time and is merely a screen for a rather different, political, objective: the accelerated formation and political consolidation of a capitalist class, a crucial condition of the "revolution from above".

In this article we will look at the economic impact of the reform on the population and the reactions to it. Throughout, the limited nature of the information available should be kept in mind.

DAVID MANDEL

THE price liberalization, which, according to independent estimates, led to retail price rises of up to 500-700% in January¹ dealt a severe blow to already declining living standards. Moreover, people in the former Soviet Union could not even enjoy the psychological consolation available two years before to the Poles, who could see their shops fill up with goods, even if at largely unaffordable prices. In Russia, on the contrary, there has been no appreciable overall increase in the assortment or quantity of goods for sale (milk, previously available in Moscow, has become very hard to find, and in many cities there are long lines even for bread).

This has led miners and other groups of workers to demand that part of their wages be paid directly in food products. Moreover, the price rise has been accompanied by a decline in the quality of services and goods. For example, complaints about railway services rose markedly² while there has been a serious increase in the quantity of spoiled or contaminated food offered for sale.³

At the same time, the impact of the blow to living standards has been uneven. By far the hardest hit are the millions of people on fixed incomes (pensions, stipends, social allocations) as well as state employees paid directly from government budgets such as teachers, health personnel, workers in communal services and so on. Though Yeltsin had promised during his election campaign that no one would suffer, the government made clear before

the reform that it would support only the "least defended" strata of the population. In fact, it is now widely recognized that even this minimal social protection was not in place at the time prices were freed.⁴

Nor was this an oversight on the part of a harassed government. The policy is clearly for incomes to fall behind the rise in the cost of living as much as is politically feasible; to concede only what is absolutely necessary to maintain political stability. Wages of state employees were raised 90% on the eve of the reform, but even official figures put the price rise in January at up to 350%. Similarly, the minimum wage and pension were doubled to 42 roubles, student stipends to 270, again well below the rise in prices.⁵ One third of the minimum monthly wage will buy a kilogramme of low quality meat.

Displaying its "courage" to its International Monetary Fund (IMF) patrons, the government is not daunted even by the threat this poses to the very physical survival of whole sections of the population. The daily caloric intake of 75 million people in Russia is 25% below the medical norm, to say nothing of the nutritive quality of the other 75%. According to the Centre for Gerontology of the Russian Medical University, a balanced daily diet of 2000 grams for an elderly, non-working person costs 500-600 roubles a month, that is, about 50% more than the minimum pension, and this does not include other basic living expenses.⁶

Meanwhile, enterprises that used to

offer their retired workers extra benefits can no longer afford to do so. Once they start closing and shedding their workforce, it will also become very difficult for pensioners to supplement their income by continuing to work, a widespread practise in the past. There is also evidence that even the legal minimum wage is not being respected.⁷

Wages in state enterprises, which employ the overwhelming majority of the workforce, are no longer regulated by the state. Though the government obviously wants to keep these down also, it would be too dangerous politically to do this by decree. The idea is to achieve this indirectly, through "economic" means, by cutting subsidies and easy credits, thus exposing enterprises to "strict budget constraints", or, more precisely, to the threat of bankruptcy.

A basic goal of the price liberalization is to depoliticize wage demands, deflecting them from the state to the enterprise administrations. The latter have been responding by raising prices, but there are limits to this if the goods are to find buyers. And the government has declared that it is prepared "if necessary" to introduce a tax on "excessive" growth of enterprise wage bills.⁸ Whether it will be able to impose such a measure is another matter.

Uneven impact of price rises

Thus, although the overall situation of the workers in the state enterprises has deteriorated, the impact of the price liberalization has been quite uneven, a factor that has muted the political protest. The degree to which different groups of workers have been able to defend their living standards depends on many factors, in particular their level of organization, their militancy, the economic importance of their sector, and the ability of the enterprise administration to raise prices and to barter its output for consumer goods.

The coal miners, the most organized and militant sector of the working class, have been best able to more or less maintain their living standards through strikes and the threat of strikes. Doctors and teachers (among the lowest paid workers to start with), pilots, air dispatchers, oilworkers, metro construction workers, bus drivers and many others have resorted to

1. *Trud*, March 6, 1992.

2. *Ibid.*, January 9, 1992.

3. *Ibid.*, February 26, 1992.

4. *Ibid.*, February 26, 1992; *Nezavisimaya gazeta* (NG), March 13, 1992.

5. *NG*, January 16, 1992; *Financial Times* (FT), January 3, 1992.

6. *Trud*, March 3 and 6, 1992.

7. *La presse* (Montreal), March 3, 1992.

8. *Interfax*, March 1, 1992 cited in *Foreign Broadcast Information Service, Daily Report on Eurasia* (FBIS), March 3, 1992, p. 49.

strikes or threats of strikes that have met with varying degrees of success. Many of these have been local actions, but others have occurred on a city (for example, the Petersburg teachers) regional (miners) and even republican level (medical personnel). In March, threats of general regional strikes have arisen in the Murmansk and Kemerovo regions.

Spontaneous protests in different towns forced local authorities to take measures such as increasing price subsidies and maintaining or introducing rationing. In Kazakhstan, for example, the government was forced to lower prices in January after the miners' struck.⁹ In the Ukraine, measures of "social protection" — minimum wage and pensions, price controls and subsidies on basic goods — are considerably higher than in Russia, by far the most zealous IMF disciple in the former Soviet Union.

It is, therefore, impossible to give an overall picture of living standards today. The head of the Moscow Federation of Trade Unions stated in mid-March that the average wage in Moscow had risen three times since January 2, but prices had risen up to ten times.¹⁰ Besides wage rises, a number of other factors have cushioned the impact of the price rises.

Subsidized sale of consumer goods

Most important among these is the widespread practice in enterprises of the subsidized sale of consumer goods, a practise that has developed in proportion to the rise in prices.¹¹

But though virtually all kinds of enterprises and institutions engage in this practice, its extent depends on the enterprise's connections and especially on what it produces. Particularly privileged are enterprises that can earn foreign currency. Oil and coal workers, for example, have demanded and won the right to freely trade a percentage of their output. Many enterprises are also subsidizing their cafeterias to compensate for price rises there.

It should also be noted that in the months before the price liberalization it had become increasingly difficult to buy even many of the most basic goods in the state stores at controlled prices (which were steadily rising). To the extent that their budgets allowed it, people were already being forced more and more to turn to the "free" market. In addition, some households had stored up considerable amounts of food.

These are some of the reasons why the much feared "social explosion" has not occurred. However, as we shall see, a much more serious political test for the neo-liberal reformers is fast approaching as prices of energy resources are about to



from *Izvestiya*, 11/12/91

be freed and the vast arms industry runs out of money to pay its workers. Nevertheless, the population has not been passive in its response to the "shock therapy".

This reform has been introduced basically by executive decree, without any democratic discussion or decision. None of the election campaigns, neither to the Russian Supreme Soviet nor to the presidency, were conducted around the government's present programme. Indeed, the promises made in relation to the market during those campaigns were quite the opposite of what today is occurring. Electoral programmes made no reference to mass impoverishment and to the accelerated accumulation by a small minority of vast wealth and power through speculation and corruption, including the massive direct theft of the nation's property.

Majority against market reform

For all their bias and lack of rigour, opinion polls in the press, which overwhelmingly supports Yeltsin, confirm that the majority of the population do not support the reform. Thus a St. Petersburg survey in the first half of January found that 50% disagreed with the claim that freeing prices would help end the crisis, while only 28% felt the measure was positive and necessary (22% had no opinion).¹² A poll at the end of January in all of Russia found that 45% believed that only state control of prices and of distribution of goods and resources can save the economy, while 36% felt that free enterprise was the only way out (20% gave no answer).¹³

A poll conducted at the same time in Moscow found a similar division of opinion as to whether the present government could resolve the present crisis.¹⁴ In a mid-February survey in Moscow, Petersburg and Samara, 53, 35 and 40% respectively did not believe that this government could resolve the crisis while 26, 22 and 16% did. These figures were remarkably stable across socio-economic groups.¹⁸ In Kazakhstan, opinion was even firmer: in the fourth week of January, 60% strongly opposed the freeing of prices.¹⁶ The percentage of those who oppose the reform can only grow in the coming weeks and months as the situation, by the government's own predictions, continues to deteriorate.

The freeing of prices gave rise to a large number of spontaneous, local protests across the former Soviet Union. These ranged from strikes, demonstrations and boycotts to smashing shop windows, sacking stores and blocking traffic. They were able to force minor concessions from local authorities, but the only major retreat in central policy was the cut in VAT on some foods, from 38 to 15%.¹⁷

Organized political protests have so far mainly been led by what can be called the conservative ("communist") opposition,

9. *NG*, January 14, 1992.

10. *Trud*, March 16, 1992.

11. *NG*, January 22, 1992.

12. *NG*, January 22, 1992.

13. *Interfax*, January 29, 1992 in *FBIS*, January 29, 1992, p. 35.

14. *Rossiskaya gazeta*, January 1, 1992.

15. *NG*, February 14, 1992.

16. See *IV* no. 215.

17. *FT*, January 14, 1992.

who are usually joined by the nationalists. These have attracted quite large crowds in Moscow (over 50,000 on February 9, and around 70,000 on March 17 — the largest so far). A good part of these crowds are neither conservatives nor nationalists but people seeking to protest against the government's anti-popular policies who have no other outlet, given the activity of the (official) trade unions and the left. However, the social base of the conservatives and nationalists themselves is limited and with no immediate perspective of significant growth, though this could change in the future as the overall situation declines.

Conjuring up the "red-brown menace"

The government and the liberal press have consistently exaggerated the strength of the so-called "red-brown" menace, probably to prepare the ground for more authoritarian measures against future popular protests. Moscow's mayor Gavril Popov has repeatedly made clear that the basic threat to "democracy" is its tolerance of "extremism" and that he personally would have had no trouble dispersing the February 23 conservative demonstration, though parliament balked at this.

As for the pensioned general who died of a heart attack in a verbal scuffle with police during that demonstration, according to Popov he was no war veteran but a KGB general. Presumably he deserved what he got.¹⁸ The Moscow government initially forbade the March 17 demonstration, claiming that it planned to call for the overthrow of the government. Indeed, Moscow authorities decided to ban all demonstrations during the transitional reform period, but were ultimately forced to retreat.¹⁹ Not long ago, before he beca-

me one of the most powerful and richest men in Moscow, Popov himself had led demonstrations in defiance of official bans.

Student protests in Tashkent

The most significant political actions not organized by the conservative forces were the demonstrations by university students in Tashkent, the capital of Uzbekistan, which began on January 16 as a protest against the price rises and the absence of bread. Demonstrators called for the resignation of President Karimov, whose regime is probably the most authoritarian and least reformed of all the former Soviet republics.

Some ten thousand students were marching to the city centre when government forces opened fire on them, killing seven and wounding many others. The government described the demonstrators as "destructive conservative forces" but, in fact, the students had links with the democratic movement in Uzbekistan. Government forces cordoned off the students' village, broke into dormitories and permanently deported to their home towns some 3,000 students who were non-natives of the capital.²⁰

The left, at least in Moscow and St. Petersburg, has not organized any visible public protests against the shock therapy. A conference in early February in Moscow of supporters of the creation of a Party of Labour²¹ decided to call on people not to demonstrate on February 9, the day of simultaneous pro and anti-Yeltsin rallies. In its declaration, the meeting recognized the legitimacy of the people's desire to protest against the government's policies but warned that the demonstrators would be pawns in "someone's dirty game". A newspaper

report stated that the Moscow activists were in a state of indecision, caught between the need to protest and the fact that their potential social base is still silent.²² As noted, however, a large part of those who demonstrate in the conservative rallies are ordinary citizens who support democracy.

Roy Medvedev's Socialist Workers Party, created last fall by members of the banned Communist Party, and, by Medvedev's own admission, with few workers among its claimed 50,000 membership, has its own economic programme which is in conflict with the government's, yet it has not called for the government's resignation.²³

Union pact with government

According to newspaper reports, the Moscow Federation of Trade Unions, which has been supporting the initiative for a Party of Labour, concluded an agreement with the Moscow government at the end of January on measures for the "social defence" of the capital's citizens. Details were sketchy, but the agreement is said to provide, among other things, for maintenance of living standards and labour and environmental protection norms.

The city government is to publish figures on the minimum consumer budget every three months and index incomes from the city budgets. It will also take other measures to provide basic goods. In return, the trade unions are to refrain from striking.²⁴ The promises on the government side seem quite unrealistic and so far, at least, are not being respected. The Federation's commitment not to strike, on the other hand, may explain why it has done nothing to mobilize protest, but it hardly has the means to prevent Moscow's work collectives from striking.

Other regional unions and union federations, however, appeared to be mobilizing their members to press demands on the central government. In the Kemerovo region of the Kuzbass, a coordinating committee of strike committees and the head of the (official) trade unions had set a general regional strike for March 10, in view of the central government's refusal to send a delegation to the region for talks. The basic demands concerned the supply of goods and currency to the region, as well as wages. A strike threat



18. NG, March 14, 1992.

19. TASS, February 4, 1992, in FBIS, February 4, 1992, p. 55.

20. Interfax, January 18, 1992, in FBIS, January 21, 1992, p. 86; New York Times, January 20, 1992.

21. (See earlier issues of IV).

22. NG, February 4, 1992.

23. TASS, January 23, 1992, in FBIS, January 27, 1992, p. 27; Sovetskaya Rossiya, January 28, 1992.

24. TASS, January 24, 1992, in FBIS, January 28, 1992, p. 37.

had earlier won the miners a tripling of their wages and other groups, particularly railroad, post and telecommunications workers, teachers, bus drivers and trade workers, wanted the same.

It should be noted that the chairman of the regional soviet, A. Tuleev, who ran against Yeltsin in the presidential elections in 1990 and received an absolute majority in the region, had earlier tendered his resignation, saying that he could not "accept the programme, forms and methods of economic policy of the Russian leadership that lead to the immiseration of the people of the Kuzbass."²⁵ The soviet refused to accept the resignation.

On the other hand, the Kuzbass Workers Committee, which traces its origins to the July 1989 strike, has called the strike threat a "revanchist" action by the old nomenklatura. It is not clear what the position of the Independent Miners Union (IMU) is, though in its statement the Kuzbass Workers Committee indirectly criticized it for demanding too high wages that threaten the reform.

The strike call was suspended on March 7, when the government announced it was sending a commission to resolve the conflict.²⁶ At the end of January, the Petersburg Federation of Trade Unions was also calling for a warning strike to demand the government lower the VAT and fine traders who exceed the official price limits, but the strike does not seem to have occurred.²⁷

A similar threat of a regional general strike, discussed at a special session of the regional soviet on March 3 with representatives of the trade unions, enterprise managers and various political parties, arose in the northerly Murmansk region after the government refused requests by representatives of the regional government for allocations and other economic aid.

The solidarity displayed between enterprise directors, political authorities and trade unions prompted the liberal paper, *Nezavisimaya gazeta*, to term the proposed action a "directors' strike."²⁸ But although the movement's demands are limited to the region and, in that sense are corporatist, there is nothing in principle corrupt about such a coalition as long as the unions maintain their independence. Indeed, this is probably the dominant form conflicts related to the "shock therapy" take today throughout the former Soviet Union.



Union subservience to management

The problem is that it is far from clear that the unions involved are really independent. At the enterprise level, most (former official) unions are still "pocket unions" subservient to management. But there is evidence of strong local dissatisfaction with the passivity and often blatantly conciliatory policy of the higher trade union apparatuses towards the state.

For example, a letter signed by the captain, his first mate and the chairman of the trade union committee of a fishing trawler in Murmansk harshly attacked the government's policy which has impoverished the owners and pays only lip service to social protection, while in fact it is "defence of the money bags". The trade unions are inactive, "playing some sort of irresponsible game."²⁹ In the Ukraine, the Metallurgical Workers Union is pressing for new elections to the council of the republican union federation. It claims that its passivity has created a situation where the politicians treat the trade unions on the same footing as a "philatelic society of rabbit breeders' association".³⁰

The head of the Federation of Independent (former official) Trade Unions of Russia (FNPR), Klochkov, announced a four month moratorium on strikes on the eve of the "shock therapy".³¹ He stated that this was part of a three-way agreement being worked out by government, business circles and the trade unions. This was rather strange for several reasons. In the first place, the agreement had not yet

been concluded — and three weeks later the FNPR complained in a letter to Yeltsin that the government was ignoring calls for social partnership. Yet it maintains its moratorium.³²

Moreover, the FNPR had absolutely no mandate to negotiate such an accord nor the power to enforce it. Finally, the presence of "business circles" adds a particularly bizarre touch, since virtually all of the FNPR's members work in state industries. It seems odd that the leader of a multi-million member union movement would be so eager to elevate to equal social partnership the admittedly fast growing, but still fledgling speculative and profoundly corrupt "business circles".

Klochkov's answer to the letter from the Murmansk trawler is instructive. He told the local union members that they would have to fight for their own well-being. He noted that the FNPR supports the reforms as "necessary and inevitable" and that workers have to accept the "tragic necessity" that all will be hurt and that they should not think they can protect their own sector. He did say that if the government did not carry out its promises (as it has already failed to do in the area of social protection), the FNPR would organize mass action, up to and including "depriving the government of our confidence".³³ But somehow one feels that Yeltsin has not been losing much sleep over this threat.

Referring to the passivity of the FNPR apparatus, *Moscow News* has joked that "it is holiday time in the school of communism" ("school of communism" was one of the functions Lenin attributed to the Soviet trade unions) and suggested that these people do not need the workers since the FNPR has a lot of real estate, including five-star hotels.³⁴

It is not immediately clear what role the official unions played in the strike committees that have been organized in

25. *NG*, February 7, 1992.

26. *Trud*, March 6 and 7, 1992; *NG*, March 7 and 11, 1992; *FT*, March 11, 1992.

27. *Interfax*, January 26, 1992, in *FBIS*, January 27, 1992, p. 50.

28. *Trud*, January 30, 1992.

29. *Trud*, January 9, 1992.

30. *Ibid*, February 16, 1992.

31. *Radio Rossii*, February 26, 1992, in *FBIS*, February 27, 1992, p. 19.

32. *NG*, January 22, 1992.

33. *Trud*, January 30, 1992.

34. *Moskovskie novosti*, March 1, 1992, p. 9.

35. *Moscow Radio*, January 29, 1992, in *FBIS*, January 29, 1992, p. 24.

36. *FT*, March 6, 1992.

numerous economic mobilizations. Among the most important of these was the threatened republic-wide strike of health workers called for January 29 but suspended after Yeltsin promised major concessions.³⁵ A threatened strike in Tiumen, Russia's main oil-producing region, resulted in the government allowing the oil enterprises to sell 40% of their output on the free market.³⁶

The most militant and successful in pressing economic demands since the "shock therapy" has been the IMU. In mid January, despite the absence of any planned united front, it seemed that miners' strikes would occur simultaneously in the three coal mining republics, Russia, Ukraine and Kazakhstan. Demands were for higher wages, for a share of the coal to be sold at free prices by the enterprises, for improvements in the supply of consumer goods and currency to pay wages, as well as the opening of negotiations with the state for a general collective agreement.

Strikes, however, occurred only in the Vorkuta and Karaganda regions. But everywhere the governments made major concessions to the miners, fearing that their strikes might act to spark off action by other workers.³⁷

The miners have thus been forced to fight for wage increases (as well as for a direct share of production to be sold freely) despite the IMU's official position that the wage struggle is no longer the answer and that, in market conditions, the "time to ask the government for justice has passed". As A. Utkin, chairman of the inter-republican IMU stated at the union's first congress in December, the miners should fight for radical reforms that would allow them to independently dispose of the fruits of their labour. Meanwhile, the sale of coal abroad (more profitable than its sale within the ex-USSR) is causing a decline in the production in engineering industries.

Miners union denounced as egotistical

The miners' wage demands have led some liberals to denounce the IMU as egotistical and undermining the market reform.³⁸ However, the programme adopted at the IMU congress, while affirming the need for the transition to the market, declared that "none of the governments has a programme that corresponds to the workers interests".

Despite talk about the need to concentrate on reforming the economy, it is not really clear that the IMU leadership has a genuine political strategy for imposing a reform that would be in the workers' interests. Indeed this would require that it break out of the confines of the mining

sector.

Conversations with miners' leaders in the fall seemed to indicate that they were indeed thinking in this direction, but apparently the congress did little to advance this goal. It is significant that the congress itself, which, despite delegates' protests, took place outside Moscow (with Utkin claiming that the situation there was too tense and the congress might be prevented) was virtually ignored by media and political authorities alike.³⁹

In St. Petersburg, an independent union of teachers has been formed which has won the adherence of a significant part of the school and pre-school teaching staff. It has put forward demands for higher wages, against the closure of pre-school institutions, for increased subsidies, free meals for pupils and teachers and physical maintenance of schools. Against the categorical opposition of the official trade union, it was preparing for a strike in the second week of March.⁴⁰ Organization of independent trade unions is proceeding among taxi drivers, pilots, air controllers, railway, postal, textile and other workers, but their success has so far been limited and especially weak among industrial workers.

There does not seem to have been any significant upsurge in conflicts around privatization since the beginning of the year, although "spontaneous" privatization by economic and government administrators has by no means stopped. The government's immediate plans are for a "small privatization", that is, of the service sector, small light industry enterprises and housing. It has clearly stopped its flirting with the Union of Work Collective Councils, whose leadership as late as its second congress last October still nurtured the illusion that the government would support its goal of transferring the enterprises to the work collectives. At best, the collectives will receive a minority of shares (in the hope of keeping them quiet) and these will not be held collectively but individually by employees.

But relatively few large collectives have so far had to directly confront the issue. There is no news of the Union's activities.

On the other hand, in Lithuania, a republic-wide strike in February by employees of communal services against the "plunderous" character of the privatization of their enterprises ended in victory. 51% of the shares remain with the work collective.⁴¹ There have also been a growing number of cases reported in the press of conflicts between apartment dwellers and new or prospective owners who want to evict them. In a typical case in the centre of Moscow, the inhabitants set up barricades against private police sent by the new "cooperative" owners to evict them.

The defenders, who call themselves "the communards", have set up a defence fund. The vice-prefect of Moscow's central district has become famous for his statement that "the centre is not for poor people".⁴²

Liberal movement in deep crisis

Shock therapy has left the liberal movement in profound crisis. Its fundamental problem is that its social base, limited to start with, has melted away, as shown by the thin attendance at its February 9 counter-rally in support of Yeltsin. Now that the "communist enemy" is gone, the liberals cannot bring out the crowds, all the more so as they themselves have, to a very large degree, assumed the vacant places left by the displaced Communists. On the other hand, now that the main leaders of the liberal movement are in power, they no longer feel they need that movement and have been ignoring it.

The main liberal organization, Democratic Russia, split at the plenum of its council of representatives in January. According to a leader of the majority faction, the minority consists of "extreme radicals" who are detached from reality. As opposed to the "moderate pragmatists" the "extreme radicals" wanted to keep a certain distance from the government. They also opposed the practice of government officials combining government and business activities and the widespread corruption that this makes possible.⁴³

An indicator of the depths to which the movement has sunk was the absence of seven of the nine founders of the Movement for Democratic Reforms, another key liberal organization, from the February 29 session of its political council — the seven occupy high government positions. As for the two that came, Nikolai Petrakov and Arkadii Volsky, they left during the recess.⁴⁴ However, before leaving, Petrakov, who heads the Institute of the Market, posed the question of demanding the government's resignation and subjected the government's economic programme to wholesale, scathing criticism.

The past few weeks have seen the emergence of what might be termed a left

37. *NG*, January 18, 1992; *Komsomolskaya pravda*, January 14, 1992; *Interfax*, January 14, 1992, in *FBIS*, January 15, 1992, p. 72; *RFE/RL Research Report*, January 24, 1992, 26.

38. *NG*, March 4, 1992.

39. *Informatsionnyi Byulleten*, KAS-KOR, December 20, 1991, p. 1.

40. *Nezavisimyi rabochii vestnik* (Petersburg), nos. 3 and 4, 1992.

41. *Ibid*, no. 3.

42. *Trud*, February 22, 1992 and March 6, 1992.

43. *NG*, January 21, 1992.

44. *Ibid*, February 3, 1992.

45. V. Perlamutrov in *Nedelya*, no. 5, 1992 and Petrakov et al. in *NG*, March 6, 1992.

liberal or social democratic opposition to the shock therapy among a part of the "leading" intellectuals, most notably from Petrakov's institute.⁴⁵ In a collective article published in *Nezavisimaya gazeta* on March 6, top researchers at that institute attacked the government's policies as "incompetent and dead end", as destroying the productive resources of the country, "unprecedented in their cruelty and irresponsibility", oriented to middle man capital and scorning the creative potential and interests of the majority of the population, involving "expropriation of the toilers" and as turning the country into "a supplier of cheap resources and fuel and exporter of capital".

Among other things they call for a fixed course for the rouble, strict control over exports, including the prohibition of private trade in fuel and resources, and, more generally, for the protection of the economy from the world market, strong state regulation of the economy, including of all prices, and the free transfer of the enterprise to the collectives (though the capital would be divided among the individual members).

This was followed a few days later by an article by academician Georgyi Arbatov, who argued that the much acclaimed successes of the neo-liberal policies of the IMF and Chicago School were largely a myth. He accused the government of being secretive and undemocratic, cruel and subservient to the IMF.

According to Arbatov, the "pseudo-reforms" threatened to reduce Russian society "to an animal state in the Brave New World prepared by the economic reform of this cabinet... I do not believe that to radically correct our affairs we must first absolutely impoverish and debase ourselves. I am certain there are other ways. But they must be stubbornly sought out, without putting excessive faith even in the most sympathetic of young people" (a reference to Yeltsin's cabinet).⁴⁶

Of course, much more radical and systematic criticism has long been voiced by socialists, as well as by Tatyana Koryagina, a deputy in the defunct Supreme Soviet, who until recently was the only economist with critical views who has had any press exposure. But this is the first time that prominent intellectuals, previously closely associated with the liberal movement, have come out publicly and forcefully with so blanket a rejection of the government's course.

Moreover, they have done so almost immediately after the start of the shock therapy. Of course, none of them calls for Yeltsin's resignation or even for new par-

liamentary elections. Nevertheless, this marks a major split in the liberal movement that opens up an ideological space for socialists that did not exist before.

Further price rises planned

If the government continues on its IMF-prescribed course, and there is no indication at present that it intends to do otherwise, much harsher blows to the population lie immediately ahead, as prices on energy resources and on all consumer goods, including bread and milk (excluding only rent, communal services and public transport) are freed in April. The freeing of the prices of so basic a resource as energy — some economists predict that oil prices will rise by at least 500 to 600% (the IMF recommended 1000-1,500%) — will entail price rises of nearly the same magnitude for almost all other products.⁴⁷

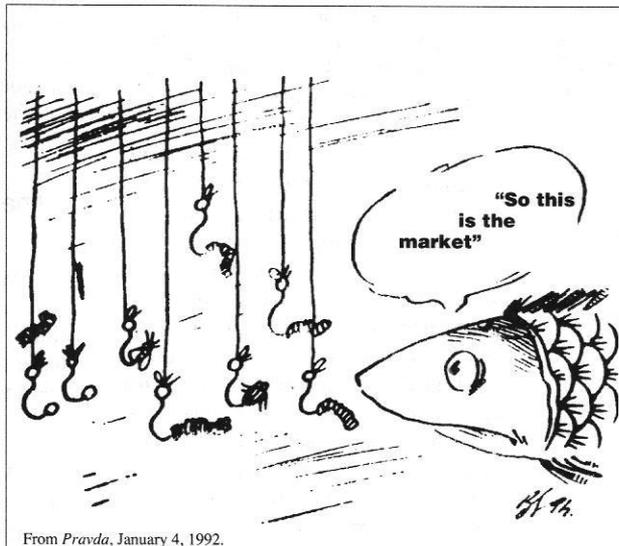
Major worker protest thus lies ahead. And the situation is very different from what it was in January, when people still had some supplies of food and when the

will shut down at least 100 mines in the region, which can expect to fare much better than the Donbass and Vorkuta. In a declaration they state that free coal prices will be "a catastrophe not only for the Kuzbass but for Russia" where a 60 million tonne shortfall is already expected this year.⁵⁰ Some economists predict that the cost of oil production will rise so much that output will decline unless industry receives new subsidies.⁵¹ Cries of alarm are coming out of the metallurgical industry whose production has been declining because of the shortage of raw materials, especially coal and metal, a good part of which is being shipped abroad.⁵²

The vast military industry, which dominates such areas as the Urals, the Moscow region and Petersburg is on the verge of a disastrous cut in its work force. The government has reduced military procurements to 13% of last year's total, but conversion is proceeding with great difficulty. It seems that military enterprises have been able to pay wages so far this year largely thanks to bank loans. In Petersburg managers are warning of a major explosion of worker discontent unless the government gives them 2 billion roubles in March to pay wages. They were already heavily in debt to the banks for February's wages.⁵³

Another issue which is bound to grow in importance as a source of conflict is privatization and corruption (the two go hand in hand). There is already a widespread perception that the "new" government structures are scarcely more democratic and certainly more corrupt than the old, that the "democrats" in power are getting rich at the people's expense. Major scandals involving billions of roubles have come to light over the past weeks. Curiously, this corruption is cited by one of Yeltsin's foreign advisors as a reason why radical deregulation is necessary.⁵⁴

Shock therapy and the Yeltsin regime stand before their most critical political test. In the coming months the Yeltsin regime will either abandon its neo-liberal course or it will go. ★



From *Pravda*, January 4, 1992.

very fact of a radical break with the past and the expectations it raised helped to mute the pain. Many more workers have also acquired experience of organization and struggle since then.

But besides the new blow to real incomes, the freeing of oil and coal prices will lead to a further sharp decline in production and open the period of mass industrial unemployment. According to the Ministry of Labour, 70% of the unemployed will be women. There is even a saying now that "unemployment has a woman's face".⁴⁸ Normal unemployment benefits are not to exceed 75% of the minimum wage, itself well below subsistence level.⁴⁹

Nor will the energy extractive industries be spared. Coal industry directors in the Kuzbass and official trade union leaders predict that inevitable competition

46. *Ibid.*, March 13, 1992.

47. *Trud*, March 6, 1992.

48. *NG*, January 25, 1992.

49. *Interfax*, March 1, 1992, in *FBIS*, March 1, 1992, p. 48.

50. *Ibid.*, March 3, 1992.

51. *Ibid.*, March 6, 1992.

52. *Ibid.*

53. *FT*, March 11, 1992.

54. *Ibid.*, March 6, 1992.

The end of social partnership

WHEN West Germany's "social-liberal" coalition government fell more than ten years ago, it seemed that a turn in policy similar to that seen under Reagan in the US and Thatcher in Britain was on the cards. The unions were in fact driven onto the defensive, and anti-union laws introduced. But these have not been used and the workers have not suffered a frontal attack. Now however a change of tack is becoming apparent; over the past year the real average income fell by at least one and a half percent.

HANS-JÜRGEN SCHULTZ

THE restraint of the conservative government headed by Chancellor Helmut Kohl was not the result of some sudden change of heart, but of favourable conditions, including a continuous boom, in which the real national income rose by more than a third (nominally between 1982 and 1990 from 1,224bn to 1,896bn DM). This was a golden decade for capital. Tax and interest rate policies led to an explosion of profits, which more than doubled (from 232 to 514bn DM). At the same time the share of wages fell to its level of the 1950s (from 69.6% to 62.1%).

Massive rise in investment abroad

These profits were not put to socially beneficial use, for example to tackle unemployment. Capital was placed in securities (670bn DM — all figures henceforth for 1990) or exported (910bn DM). Investments abroad rose threefold in this brief timespan.

In these conditions, capital could pacify its social backyard. Real wages grew by about a tenth and the number of those in work increased. While unemployment hardly declined in absolute terms, the rate did drop somewhat (from 9.7 to 7.6%). The unemployed are more than ever concentrated in certain groups: the elderly, women (8.2%) and immigrants (10.9%).

The number of union members remained more or less unchanged in this period at 7.9 million, although the rate of membership compared to the increased number of workers fell from 33.2 to 31.8%.

This latter figure is mainly due to the decline in the well-organized traditional industries, while white-collar workers are insufficiently unionized (some 2 million). Two thirds of the membership increase over the past twenty years is due to women, whose participation has risen from one to

1.9 million (in percentage terms from 15 to 24% of the total). While women have made considerable gains in terms of membership of union leaderships their participation at that level remains insufficient. There are, for example, only 17 women among the 118 members of the DGB (German trade union confederation) council and its 17 individual unions.¹

Even where women make up a majority of members, such as in teaching, the textile industry and the commerce, banking and insurance sector, there are only six women among the 25 executive members. At the middle level their participation is even lower (eight out of 215 district executive members). Even more seriously under-represented are immigrant workers. There are none at the highest levels, almost none at the middle levels and even at the lower levels they remain very poorly represented.

The strength of the German unions lies in their apparatus rather than in rank-and-file activism. They ask from their members some one and a half percent of their wages. This means they have a yearly income of over two billion marks, to which should be added income from property.

Army of full-time officials

This pays for an apparatus of more than 12,000 officials, who in fact control everything. In the enterprises the apparatus is based on the enterprise councils ("personnel councils" in the public sector) and on representatives. The enterprise councils are elected by the employees to represent their interests and the costs are borne by the employers. They are legally irremovable. Some three quarters of council members are union members and — remarkably — over 30,000 have been released from their jobs for council duties.

These are almost exclusively union

members who organize and represent the union in the enterprise. The representatives (some 300,000 of them) are supposed to be elected by the membership but are often appointed. They are meant to work for the union and activate the membership when required. Some activity is thus possible, but it is hardly encouraged.

Nonetheless, the unions are a strong, almost institutionalized power in the enterprises. Furthermore, in the big enterprises they are also represented on the board of directors (Mitbestimmung — "co-decision making"). In the steel industry and the mines they effectively occupy the post of labour director; that is, the person on the board responsible for personnel matters is a union representative.

These enterprise officials work to strengthen the basic orientation of the unions towards social partnership. As far as possible they avoid strikes which would require them to pay out strike money. The annual average of days lost through strikes between 1985 and 1990 was under 100,000. When serious defensive action is required, demonstrations are the preferred option with perhaps warning strikes of a few hours duration. In this way the unions seek to dispel doubts in the minds of the capitalists as to whether they are capable of mounting strikes.

The obstacle course to strike action

Before a strike can take place, it is first necessary to declare the "failure of negotiations", engage in a week of arbitration under a neutral arbiter agreed by both parties and hold a ballot in which three quarters of the membership must vote for strike action. An official strike can even then only be called with the agreement of the national union leadership.

Since in good times social peace is in the interests of capital, such rituals and long negotiations have usually resulted in a compromise.

The situation, however, has been complicated by the unification of Germany. The union confederation in what was once the German Democratic Republic (East Germany), the Free Association of German Unions (FDGB), had 8.6 million members when the end came. However, it had no real authority in the enterprises and within a month its apparatus disintegrated. The PDS, the new incarnation of the former ruling Communist party, turned out to be wholly

1. These figures are for the DGB to which 17 unions are affiliated. There are also the DAG (German Employees Union) which has some 500,000 members, the CGB (the Christian Association of Unions) with around 300,000 and the Deutschen Beamtentband with 800,000. This last is a caste organization which can hardly be called a trade union, while the CGB is completely unimportant.

powerless. The workforce awaited the West German unions.

Between October and December 1990 the FDGB's constituent unions formally dissolved. Their members entered individually into the DGB unions, with some exceptions where a collective transfer took place (rail, the food industry and the media). Overall a level of organization of about 50% has been achieved, involving between three and four million members — precise figures are not available.

The East German apparatus is overwhelmingly staffed by West German officials. Since they are the only ones who can advise and train still inexperienced enterprise councils, they have gained influence in the enterprises. Gradually, representatives are being elected. There is thus just as little rank-and-file union activity in East as in West Germany, leading to widespread disappointment that everything is to be controlled from above, as before. On the other hand there is no doubt that the unions have won respect through their negotiating successes.

Mass unemployment and lower wages in East Germany obviously represent a threat to wage levels in West Germany. The unions have therefore attempted to sharply increase wages there and limit unemployment.

Average wages in the East are only half those in the West (1,104 DM month compared to 2,277 DM), and the working week is six hours longer (43.5 hours compared to 37.7). These differences are an index of the catastrophic results of the Stalinist policies and have their effect on workers' thinking. Wages and working time are meant to reach Western levels by 1995, but will in fact take longer if special payments (holiday pay and so on) are taken into account.

There was only weak resistance from the capitalist side to this policy and this was easily swept aside by strikes and demonstrations in some important sectors, such as banking, rail, and some public sector workers. Wages were raised disproportionately and the working week shortened from 42 to 40 hours.

The union leaderships assumed that the enterprises would soon be taken over by West German capital and that the need was for temporary measures. They struck agreements that layoffs should be postponed in many enterprises until the middle or end of 1991 and afterwards employees' societies set up for those

who were professionally qualified. In some cases enterprises were occupied to oppose threatened closures. In others big demonstrations were organized, which in some cases took on a radical edge — perhaps 500,000 people took part in such demonstrations in 1991.

Avoiding uncontrolled radicalization

In order to avoid uncontrolled radicalization, the government compromised. The unemployed were to be paid "short-time money" out of public funds — 90% of wages even when in fact there was often no real job at all.

Thanks to this policy real incomes in East Germany have risen by between 20 and 45% depending on the type of household since the fall of the neo-Stalinist regime. The only losers have been the privileged layers of that regime and more recently the unemployed. This explains why until now East Germany has remained calm and the expected radicalization has not emerged.

The "transition crisis" towards capitalism has meanwhile got worse. The number of those employed has fallen by some three million, from 9.7 to 6.7 million, a million being unemployed and migrants to the West and the rest having taken early retirement. It is to be feared that this figure will soon rise to five million since 700,000 retrainees and many on short time working will soon become fully unemployed.

The number of full time industrial workers has collapsed from 3.2 to 0.8 million. The victims suffer a decline in living standards — around 15% for the unemployed in the past year. The forthcoming rent rises will strengthen this trend.

Industrial production has fallen to a third

of its 1989 level. Even repairs are no longer being paid for in most enterprises. The gross national product is only 193bn DM, of which 130bn are subsidies from West Germany. This is a burden almost twice as high as arms spending (70.6bn DM).

Even so, there is no sign of an economic recovery. The East Germans have simply been turned into inhabitants of a huge hostel for down and outs. A comprehensive process of de-industrialization has taken place in the two and a half years since the fall of the Berlin Wall. The destruction is more extensive and will be less easy to repair than during the great economic crisis of the 1930s or the Second World War.

This is the result of the policies of the "Treuhand" agency, responsible for restructuring the East German economy, which has pushed for mass layoffs and even closures where enterprises cannot be privatized. This latter process was usually accompanied by the sacking of the majority of the workforce. On the whole West German capital has hardly invested in the East. In 1991 such investments were less than 15bn DM, mostly going into trade and the infrastructure, rather than industry, since there was already sufficient productive capacity in the West.

Alternative scheme for privatization

The unions' alternative is to demand reform of the enterprises rather than their privatization. The existing enterprises, they say, should be made competitive using public money. This should be organized by private firms sharing costs with the "Treuhand" and the state. In steel and the shipyards pressure was applied through occupations and demonstrations and in such cases limited assurances were won. However, it should be recognized that unions and workforce have been fighting for a specific form of privatization rather than to defend public ownership of the enterprises.

But this is already a rear-guard action. The East German working class has surrendered first its "own" (at least in a formal sense) property and now its jobs almost without a fight, with the apparently unaffected West German workers looking on indifferently. Bitterness and directionless expressions of radicalism are to be found, but demoralization much more so. The consequences of this defeat will return to haunt the





whole German working class in the coming years.

The balance of forces has thus already changed and the spokespersons of capital are openly pushing ahead with their plans. So far, German unity has been wholly to their advantage. They have a new market of 16 million people and have been able to take over the lucrative parts of the East German economy, putting out of action possible competition in the process. The costs have been transferred to the state and the working class.

Pensions and unemployment in the East are being mainly covered by West German contributions (in 1992 some 50bn DM, that is 2,000 DM for each wage earner or nearly a month's income), taxes borne exclusively by the wage-earners (with the share of taxes and social insurance payments rising from 41.4 to almost 45% of wages) and public borrowing. This explains the fall in real incomes in the past year.

At the same time a debt crisis is ripening for the first time. Tax relief for capital in past years has been paid for by borrowing. This tendency has been strengthened by unification. The state debt has been snowballing, doubling in a decade — between 1985 and 1991 from 675 to 1,458bn DM with a projected 2,225bn DM in 1995. Meanwhile interest rates have remained high. Public payment of interest has gone out of control, from 67.6bn DM in 1986 to 101.5bn in 1991 with a projection of 172.5bn DM for 1995.

Capital's spokespersons have thus been calling for the state budget to be "tackled", by which they mean less welfare and more taxes (except for themselves). In this res-

pect, the Reagan/Thatcher programme has finally arrived in Germany with its "international competition in tax reductions". In Britain profits are taxed at 22%, in Germany at 50%.

This difference is in fact exaggerated since there are a multitude of exceptions and abundant opportunities for tax avoidance which are pursued as feebly as are tax arrears. This is estimated to account for some 50bn DM of lost income for the state.

Worries about international competitiveness

German capital is also worried about its international competitiveness. This has depended on a high technical level, good organization of sales, and reliable delivery and servicing. But elsewhere working conditions have deteriorated and real wages fallen. Thus working time in Germany is the lowest (1,1506 hours, compared to 1,625 in Britain, 1,847 in the USA and 2,165 in Japan) and wage costs the highest (14% higher than in the USA and 23% higher than in Japan).

Such figures are certainly one sided but they reflect a real trend and reveal the real goal of West German capital: to push down wages and social benefits while increasing working time.

Capital's change of policy has been activated by the international recession. "The barometer points to stormy" says the German daily *Die Zeit*. Since the middle of last year productive capacity has grown while production has stagnated and orders fallen.

The employers' associations have been putting pressure on the government for a

long time and have even been giving it public warnings. "The economy is in a lasting depression and the political feeling about the bourgeois government is worse", declared Murmann, the president of the BDA (Federal Union of German Employers). Real wages must fall.

And truly it is the case as Matthias Kleinert, previously government spokesperson in Baden-Württemberg now doing the same job for carmakers Daimler-Benz, has put it, that "politics is about rhetoric, the economy is the reality". The federal chancellor is calling for the lengthening of the working day and later retirement (70 instead of 65 years) and the opposition social democrats of the SPD have been signalling their willingness to enter a coalition government.

The offensive has opened first on the wages front. The benchmark was set by the banks who offered their employees practically nothing. The employers broke off negotiations and unilaterally raised wages by 5% — a loss in real terms.

The unions are weak in this sector and could not reply with an all-out strike.

They had to be content with occasional short strikes of from a few hours to three days duration. Even so these actions were more successful than the unions were expecting. Towards the end of March over 70,000 bank employees, about a fifth of the workforce, the majority unorganized and with little experience of struggle, took part in such actions, mostly accompanied by demonstrations.

This shows a readiness to fight that could be increased if the East German bank workers, who have a higher level of organization (50%) decide to join in.

The next round will take place in the public services. With the support of the SPD, who are in control of most of the Länder and many communes, a wage offer of a mere 3.5% rise was made.

The negotiations were broken off and the arbitration procedure opened. This will postpone further developments until the end of April. Similar events are taking place in the engineering industry, the stronghold of the union movement.

Four decisive months

The next few months will show if the German capitalist class is already in a position to introduce fundamental changes. The unions' negotiating position is still strong. In the public sector and in engineering the rank-and-file are preparing for a strike.

It remains, however, to be seen whether the unions are really determined to fight. And there is room for doubt. The slogan for the First of May is "bind the parts together" ["Teilen verbindet"]. In this way "sacrifices" for East Germany are being popularized. ★

Seeking a niche in the New World Order

THE International Monetary Fund (IMF) has just granted a new stand-by credit of \$2.1 billion to Brazil, despite the resistance of Japan and the United Kingdom. The latter criticized Brazil for not having paid the arrears it owes to its creditors in the Club of Paris — but the IMF accepted the demands of a country which has just passed two “tests” deemed crucial by this organization.

Firstly, it has successfully reduced its budget deficit, and secondly, it had brought inflation down by 2% at the end of the year — this latter, however, is now rising again, from 22.1% in December 1991 to 26.8% in January 1992.

EDUARDO ALBUQUERQUE*

THE manipulated victory of Fernando Collor in the 1989 presidential elections marked the beginning of a new period in Brazilian political and economic life, with the adoption of a neo-liberal project by the ruling classes.

Shaken by the deep crisis engulfing the country (see box opposite) responsible for what has been called the “lost decade” of the 1980s, after its experiments with military rule and the Nova Republica, the Brazilian ruling class went into the elections divided, without a national project to seal their political unity.

It was only in the second round of the presidential elections, on December 17, 1989, that the bourgeoisie got its act together, more through fear of an electoral victory for a left-wing candidate, Lula, at the head of the Workers’ Party (PT), than around a clear project.

This anti-Lula unity is today focussed around Collor and his neo-liberal plan, which was put forward in a confused and demagogic fashion during the campaign. Once Collor became head of the federal executive — he assumed his functions on March 15, 1990 — this neo-liberal alternative began to change the shape of the class struggle in Brazil.

This neo-liberal project expressed in the first place a global response from the point of view of the ruling classes to the crisis of the model of accumulation. Beyond this, it has forced the popular and democratic movement to respond on two fronts: that of the old economic model — magisterially criticized by Lula during the campaign — and the neo-liberal alternative.

This confrontation demanded programmatic rearmament, so as to define a third alternative for Brazilian society. With the Collor government, the ruling classes have tried to retake the offensive against the popular movement, which in the course of the past ten years has developed so far as to appear as a possible governmental alternative.

In Brazil, neo-liberal hegemony has the following features:

- An authoritarian central government, acting as a sort of “imperial executive”.
- The intervention of the state apparatus, reoriented in the direction of a docile insertion in an international order in recomposition.
- The pillage of the profitable and productive parts of the nationalized sector.
- Attacks on the meagre existing social gains.
- A mandate to the government to inflict a defeat on the workers’ movement — the recession provoked by state intervention since the coming to power of Collor is not only an economic measure.

Two years of neo-liberalism

On March 15, 1992, Collor celebrated two years as president of Brazil. It is necessary to analyze these two years and the success registered by his government in applying the prioritized points of his neo-liberal project. The unity which he has been capable of realizing has assured him

* Eduardo Albuquerque is vice-president of the PT in Minas Gerais and the author of *A foice e a robo: Asinovações tecnológicas e a luta operária*.

The Brazilian crisis

THE Brazilian economic crisis expresses the end of the road for the model of capitalist accumulation that has been in force in broad outline since 1930.

Its first aspect is the exhaustion of the mechanisms of financing of accumulation: the end of the capacities of the agricultural sector to transfer revenues to the other sectors of the economy; wage austerity which has reached its limits; and the privileges given to the financial sector starting from the 1970s.

The Brazilian economy has thus become a machine for exporting resources — in 1989, when Brazil was not able to pay the interest on its debt, more than \$15 billion were transferred abroad. This dynamic feeds certain tensions: an exacerbated public debt, aggravation of the flight of capital and acceleration of inflation.

The second aspect of this crisis is state insolvency: the fiscal crisis and the foreign debt; the destruction of the fiscal system by big capital; the impact of the export effort; the encouragement of the flight of capital — Brazilian deposits abroad are estimated at \$50 billion; and finally, the extension of the informal sector, which represents nearly 13% of GDP (see *Diagnóstico da Economia brasileira*, PT economist’s group of Minas Gerais, October 1991).

— E.A. ★

the parliamentary, legal and political support essential for the implementation of his plan — political agitation, the difficulties encountered on the parliamentary terrain and the clashes with the employers have not tainted this success.

The effects of these “reforms” are already visible throughout the country and should not be under-estimated.

1. See *Em Tempo*, no. 240, April 1990.
2. See *Em Tempo*, no. 249, February 1990.
3. See *Gazeta Mercantil*, February 13, 1992.

Table I
GDP, industrial growth and per capita income

Year	GDP	INDUSTRY	AGRICULTURE	SERVICES
1988	-0.1	-3.6	-12.4	-0.1
1989	3.2	5.7	1.8	1.5
1990	-4.6	-8.9	-4.1	-0.6
1991 (1)	1.1	-0.4	2.4	2.1

* Source : IBGE (16).
1) The figures are from January to September 1991.

The principal weapon of the neo-liberal policy is recession. It has been unleashed through violent state intervention — by a “monetary reform” which represented an attack on popular savings — and a rigorous control of monetary policy, following an orthodox model in heterodox fashion.¹ The creation of a recession was the prime objective of Collor Plan 1 which was visibly inspired by the Chilean experience.

However, the fight against inflation has not been so successful — to do this, Collor Plan 2 was necessary²: despite everything inflation today remains close to 30%. This monetarist policy of inducing recession continues: it has been confirmed in a recent agreement passed with the IMF.³

In March 1990, the government introduced the so-called industrial and foreign trade policy, essentially seeking the elimination of restrictions on the latter — through cut-backs in administrative regulations, the reduction of import taxes, and the setting up of joint working groups of industry and the government.⁴

This “industrial policy” has been followed by a plan of support for technological training in industry, on September 12, 1990: by the Brazilian quality and productivity plan of November 7, 1990; and by the industrial competitiveness plan of February 27, 1991. These documents define an overall policy and imply changes in the other sectors — for example, the plan of support for technological training in industry and the new offensive aimed at creating links between the universities and the big industrial groups.

These documents constitute the background to other initiatives like legislation on the computers sector and privatizations. All is aimed at establishing a “model of industry” in harmony with a type of “Chilean” adjustment.

The government offensive in the field of computer patents, which involves bringing pressure on the Congress to adopt new laws in the framework of the IMF/GATT (General Agreement on Trade and Tariffs)

model, shows the type of insertion in the world economy that it desires.⁵

The recognition of the rights of the big companies in relation to innovations in the key sectors of the world economy is one of the conditions for the economic “integration” envisaged by US president George Bush’s Initiative for the Americas.⁶

The policy of privatization (following the National Programme of “destatization”, issued by decree on April 12, 1990), began with Usiminas (a modern and profitable enterprise in the state metalwork sector). This policy resembles more that developed in Chile than that followed in Mexico.⁷

The government’s victory in the case of Usiminas opened the road to further privatizations. Around ten state enterprises, mostly in the iron and steel sector, are to be sold off and are currently in different transitional phases of preparation for privatization.

These initial successes have given the government the audacity to go still further. It now talks of the privatization of the telecommunications enterprise Telebras, and even of the petrol company, Petrobras. In the political field, the government is preparing the ground with proposals for constitutional change — “amendments” — envisaging the end of the state monopoly on telecommunications, transport and oil

4. It is interesting to note the criticisms made by certain sectors which in general have been supportive of the government. On the one side, there are the still more radical neo-liberals who think that the state still controls too many things, because of the maintenance of aid, incentives and so on. See M. Ronci’s article, “A case of timid liberalism”, in *Conjuntura Econômica*, vol. 44, no. 9, September 1990.

But there are also those, like the former minister João Paulo dos Reis Veloso, who believe that the opening is necessary, but after the modernization of the country and not before. See *Folha de São Paulo*, July 22, 1990.

5. Limits to this freedom of manoeuvre are envisaged by the new law proposed by the PT’s federal parliamentarians.

6. *Gazeta Mercantil*, August 5, 1991.

7. As in Chile, the public enterprises are exchanged

refinement, as well as the production and distribution of electrical energy.⁸

Less spectacular, but quite as important, have been the “piecemeal privatizations” in which the private sector takes over the most lucrative parts of a public enterprise that require the least investment, while the least profitable branches are left in the hands of the state.

As to “the integration of Brazil in the international circuit of capital”, numerous measures have been taken to make transfers of capital and the repatriation of profits easier. Brazil is thus preparing to be one of the financial turntables of international speculation, widening the field for a rapid valorization of idle capital⁹. The opening to foreign capital is seen as a magic solution which will allow a resumption of growth. But, according to all the evidence, foreign capital is more interested in speculation and obtaining repayments of Brazil’s old foreign debt.

The government has opened a credit line for the multinationals. On January 22, 1992, President Collor signed a decree authorizing the National Bank of Economic and Social Development (BNDES) to make such financings.

This act, unprecedented in the 40 year history of this institution, has already encouraged 28 demands from 22 multinationals (among them Shell, Bayer, Rhodia, Coca-Cola, and so on) which thus have access to more than \$330 million from this bank.

The government is also preparing the privatization of the social security system, whose enormous resources are coveted by the national financial sector.

This process will lead to a deterioration of the quality of services to which the working class and the poor have access, but increase profits for the banks. The tactic of the government consists in attempting to prove that the social security system is no longer viable, and that its privatization is some kind of magic solution.¹⁰

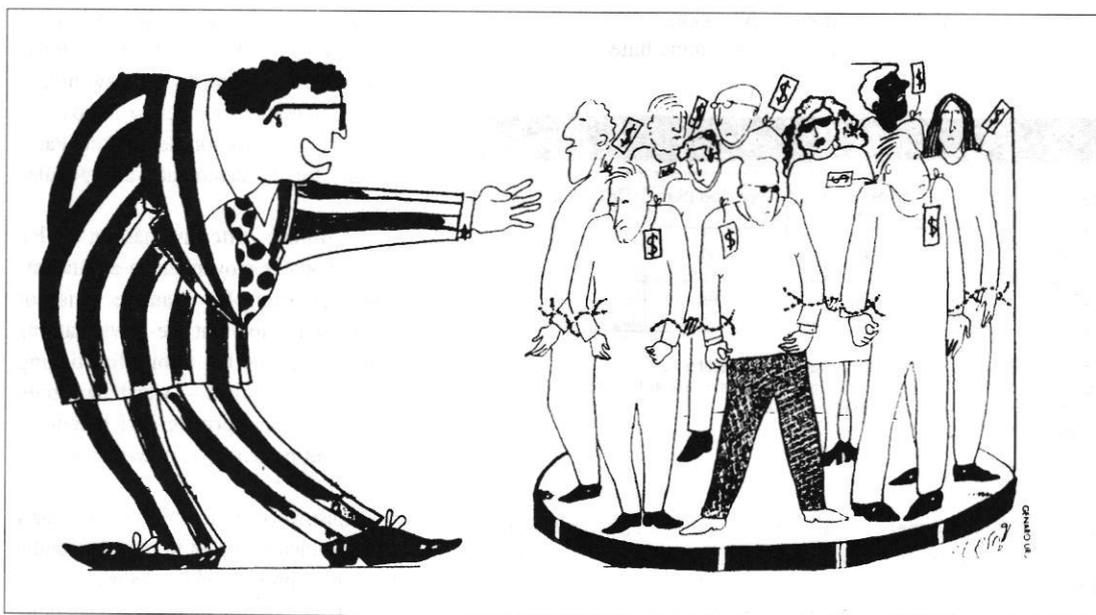
Finally, it is necessary to underline also the official policy of organized decay of the public services — like health and edu-

against public debt securities. In Mexico, the nationalized enterprises are exchanged against dollars.

8. Faced with the resistance of Congress, the government has drawn back and dropped some of its amendments, while keeping the points concerning economic restructuring.

9. According to an article in the *Financial Times* on the “return to fashion” of investments in Latin America, “investors will be attracted by the high returns which can be obtained on the Latin American financial markets”. But later another estimate is quoted: “60% of the money entering Mexico amounts to short term resources. The money on the other Latin American markets is still more volatile”. Article translated in the *Gazeta Mercantil*, October 16, 1991.

10. See the *Jornal da FENASP* (National Federation of Trade Unions of Workers in Health, Employment and Social Security), October 1991.



directly: the factories of yesterday thus become the simple trading units of tomorrow".¹⁹

In the computer sector, Itautec has abandoned plans to produce optic readers in Brazil, deciding instead to resell in Brazil what has been produced abroad. Villares has closed its robotics department,²⁰ while in the field of bank automation, Digirede has announced a commercial agreement with IBM.²¹

ation — as well as the diversion of funds destined for the social sector.

Collor's recent letter of intent, approved by the IMF, reaffirms this policy and envisages the continuation of the recession — growth of 0% is predicted for 1992.

The social cost of such a policy is enormous. Currently, in the region of São Paulo — the principal industrial centre of the country — there are already a million unemployed, 11.3% of the active population.¹¹ An official study in 1991 had already noted a reduction of 10.2% in employment in Brazilian industries — 1991 was, on this level, the worst year since 1972.¹²

The deterioration of wages is equally significant. In November 1991, the minimum wage reached its lowest level since it was established in 1940.¹³

Attacks on public sector

The combination of the recessionist policy and the attacks undertaken on the public services, as well as the contraction of social investments, aggravates the dramatic current situation. There is a real deterioration of the social tissue of the country. The neo-liberal policy does not even envisage a revival of investment in the Brazilian economy, the precondition to any revival of economic growth. The most recent figures concerning the contraction of investments are eloquent.

It suffices to compare the figures in table 2 with the 1974 figures: in 1974, total investment in the Brazilian economy was 25% of the gross domestic product — the current decline in investment is thus enormous. For 1991, the first estimates indicate a still larger reduction: according to the official sources, investment will be still lower, 15.3% of GDP.¹⁴ There is a still more marked reduction of investment in capital goods, production of which fell to its lowest level since 1980 in 1990.¹⁵

Given the importance of capital goods in

the economy — this is the sector which propagates technical progress — these figures show that Brazil is facing a particularly strong recession, which does not seem to be simply cyclical, and which combines with other manifestations of the "industrial policy" of the Collor government, and particularly his policy of "opening to imports".¹⁶

The first repercussions of the "industrial policy" are already being felt in the other sectors. The multinationals are exploiting the opening to close down certain units of production in Brazil, saying that it is more economical to import these products from technologically more advanced units. This is the case with Parker, Philips — who have closed their integrated circuits factory at Recife¹⁷ — with Man Roland — a German manufacturer of graphic machines¹⁸ — and with Ford.

The president of the metalworkers trade union in São Bernardo do Campo, Vicentinho, denounced the Ford closure and pointed out that, "other multinational enterprises have already announced the closure of certain sectors, with the argument that, because of the new economic policy, it is more profitable to import the European or North American matrices

These facts are significant: in the strategic sectors of the Brazilian economy — the capital goods industry, computer science, and even cars (which impelled, up until now, the dynamism of the economy) — the recession is already making itself felt.²² That will have repercussions in other areas, like education, science or technology.

The government is not tackling the real roots of the crisis which relate to the "underground" economic activities practised by the big export groups (involving goods of a value of around 13% of GDP, exempt from any tax)²³ — the informal economy and the flight of capital.²⁴

On the contrary, the government is encouraging these sectors still more: in the framework of its "new" policy of encouragement of foreign trade, these groups are receiving yet more new resources and thus more profits.²⁵

One of the central aspects of the neo-liberal project is the role attributed to the private sector (national and foreign) as agent for financing any possible new expansion. In a study by the Institute of Research and Economic Assistance (IPEA), which is linked to the government, different scenarios are predicted for the

11. Research carried out by SEADE-DIESSE, *Gazeta Mercantil*, February 20, 1992.

12. *Gazeta Mercantil*, February 12, 1992.

13. *Ibid.*, December 31, 1991 and January 2, 1992.

14. *Gazeta Mercantil*, October 29, 1991.

15. *Folha de São Paulo*, December 5, 1990.

16. These figures show how the neo-liberal policy accentuates the "deformation of the economic cycle" in a country like Brazil.

17. *Folha de São Paulo*, September 9, 1991.

18. *Gazeta Mercantil*, January 17, 1992.

19. *Folha de São Paulo*, February 18, 1992. See also the declarations made by the new president of the National Association of Automobile Manufacturers (ANFAVEA) (*Folha de São Paulo*, February 24, 1992).

20. *Gazeta Mercantil*, December 14 and 16, 1991.

21. *Ibid.*, January 22, 1992.

22. The debate on the rhythms of the opening is sharpening, centering on the reduction of import duties and the kind of transitional measures needed to safeguard certain branches.

This does not represent a questioning of the overall neo-liberal project, but only a discussion of certain aspects of it.

The employers' sectors who have been hardest hit by the opening have not shown any capacity to develop an alternative to neo-liberalism.

23. Document of the PT economists group of Minas Gerais, October 1991.

24. In a document, the powerful Federation of Industries of São Paulo (FIESP) says bluntly and cynically that "thanks to the informal market, hunger has not grown with the recession". See *Gazeta Mercantil*, January 17, 1992.

25. See *Gazeta Mercantil*, February 19, 1992.

future; in all cases, the participation of the public sector is small: 5.7% of GDP in the

serious mobilization. Beyond the immediate effects of this

Table II

Year	Investments / GDP	Investment in plant / GDP	Imported plant	Domestic plant
1980	22.9	8.5	100	100
1990	16.0	4.9	98	57

— Gross fixed capital formation / GDP (percentage of values at 1980 constant prices).
 — Total of investment in plant (national and imported) / GDP (percentage of values at 1980 constant prices).
 — Index of investment in domestic and foreign produced plant (1980 = 100).
 In millions of cruzeiros based on prices 1980.

* Source : IBGE (20).

best of cases, 3.2% in the worst, while the projected share of the private sector varies from 15.7 to 21.4% of GDP.²⁶

This constitutes an enormous change in relation to the classic model of financing of the Brazilian economy: between 1975 and 1979 (the last cycle of expansion) public investment represented on average 43% of total investment.²⁷

Trade union struggle more difficult

The recession has made the trade union struggle more difficult. First and foremost, in the big units of production where the combative trade union movement has accumulated its greatest capacities of mobilization and organization; in the 500 biggest private enterprises, the number of employees has fallen by 16.5% since the coming to power of Collor.²⁸

In addition, the development of the informal market and the number of non-declared workers, even at the very heart of Brazilian industry, poses new problems for the trade unions.

Moreover, in some industrial sectors there is a tendency for the services of a big enterprise to be split up among smaller sub-contractor firms. This leads to new conditions of struggle in several sectors. In the big state enterprises, the privatization offensive has not been challenged by any

policy of recession, a structural change is underway: the passage to a policy of passive insertion of the Brazilian economy into the international order — which replaces the dependent and active insertion preponderant from the 1930s to the 1970s. It is characterized by three essential traits:

- A general restructuring of the national economy aimed at facilitating the free circulation of capital.

- The dislocation of the core of the big public enterprises which, up until now, have played a motor role in the phases of growth of the country.

- An absence of policies seeking to restore the financing capacity of the public sector.

All this takes place in the context of a very profound reorganization of the international economy which condemns the countries of the third world to a growing marginalization.²⁹

Islands of efficiency on a bleak horizon

The horizon is bleak. The hypothesis of a limited modernization, which would create "islands of efficiency"³⁰ is socially perverse³¹, and can only deepen the social crisis and poverty. It is obviously necessary to combat this neo-liberal project in all its forms.³²

What is needed is an overall project, an alternative both to the old model of capitalist accumulation and to the new model that neo-liberalism wishes to impose — this is an urgent task for the Workers Party (PT) and for the democratic and popular forces.

The neo-liberal offensive has put the PT and the popular movement in an uncomfortable position: for example, it is not possible today to fight the privatizations without criticizing the former functioning of the state enterprises — which have only served to finance private enrichment — and without presenting another overall project.

We must work out a project of structural reforms which is linked to our democratic and popular project, which deepens democracy, while constructing a new economic model.

The structural reforms that we propose should explain what "reform of the state" we propose — involving "deprivatization", democratization and forms of management open to society — what mode of development — combining the development of the internal market and the diffusion of new technologies — what social reforms are necessary and how the PT envisages the insertion of Brazil into the world economy.

The PT has already made its position clear: "Even if they are essential for public investment and central for the resumption of economic growth structural reforms are inconceivable without democratic advances, without popular participation and without intervention by the social movements".³³

The PT's alternative project will be the basis of the programme of Lula in the next presidential elections. The PT must raise itself up to face the challenges which await it, and propose what only the socialists can provide — a democratic alternative for the country. ★



26. "Socio-economic scenarios for Brazil", IPEA, published in *Gazeta Mercantil*, May 16, 1991.

27. L. Coutinho and H. Reichstul, "State investment 1974-1980: cycle and crisis" in *Desenvolvimento Capitaliste no Brasil*, vol. 2, São Paulo, Brasiliense, 1983.

28. See *Exame*, February 5, 1992.

29. See "Notes on the peripheral dynamic", chapter of the document of the PT economists group of Minas Gerais, October 1991.

30. This model can be deduced from some of the speeches of people linked to the government. One of the coordinators of PBQP told *Gazeta Mercantil* that one of the objectives of the programme was that the government "define the segments in which Brazil is already or tends to be more competitive, to encourage research and create lines of credit". He adds that "we are good, for example, in the field of shoes, of

paper, of cellulose and we could be good in that of food.

"We are good at this and that is why we should not make electronic "chips" nor nuclear fabrics. The government then will mobilize the institutions so that we manage our resources, technology and growing production in the areas where we have the real chance of being competitive on the world market" (September 14, 1991).

31. It introduces technological innovations in this sector which is still dynamic (exporter) leading to redundancies which are not compensated for by the creation of jobs in other sectors.

32. See the resolution on the conjuncture adopted by the 1st Congress of the PT in December 1991.

33. "The urgency of a project for Brazil", document adopted by the national meeting of the economists of the PT, Belo Horizonte, August 1991.

Towards a South African women's movement

MERCIA ANDREWS is a member of the secretariat of the Workers' Organization for Socialist Action (WOSA), a South African revolutionary organization. In the following interview, which first appeared in the French feminist magazine *Cahiers du Feminisme*, she speaks about the situation of South African women today. The interview was carried out by Catherine Rosehill.

WHAT are the main features of Black women's lives in South Africa, both in the families and in work places?

I think that the idea of the liberation of women from oppression in the home as well as exploitation in the workplace is at different stages in different circles. Debates are occurring but mainly within certain political organizations. It certainly hasn't reached townships or rural villages, where it is in its infancy.

In this country there has never been an autonomous women's movement amongst the oppressed women. Women's organizations have been mainly linked to political organizations.

Because of this, they were never free to follow their own agenda. Women's organizations have neglected the whole issue of gender and of the position of women in our society. Mainly, they were the support mechanisms for political organizations.

So, I should say, as in the rest of Africa, there is no real grassroots movement of women.

Over the last ten years women have become unionized but even here they have had to battle for positions of union leadership.

A classic example is of the South African Catering and Commercial Union (SACCU) — one of the unions which has won the most gains for women in the workplace — but where very few of these women are represented in the leadership.

Another example is the teacher's union where 70% of the membership is women but very few are represented in the leadership.

The legacy of these organizations was the idea that first we must build the

organization before gender issues could be taken up.

Within the home I think the traditional role of women is the same. Even for young women it hasn't really changed. Women still play the role they have always played, providing services for their husbands or for their children.

The church has played an important role in tying a rope around the necks of women. Things like wearing jeans in many Black communities is taboo.

Most women, even those who are in the trade union movement or who are in leading bodies, still object to women wearing jeans.

If you look at a simple thing like abortion rights everybody is afraid to put it on the agenda — political organizations as well as the women's' movement. In fact, it is quite ironic that women in the [ruling white] National Party have taken this up before the liberation movement has done so.

To sum up, as in the rest of Africa, very little progress has been made in liberating women from the home and giving them leadership positions within political organizations. In the workplace, some gains have been won such as paternity rights and so on, but only for a very small percentage of women.

■ What is the proportion of women involved in wage labor?

By 1989 (before these last two years of recession and lay-offs) it was up to 48% of urban women.

But these figures are not accurate because they exclude women in the so-called Bantustans and it does not include under-employment. There are hundreds of thousands of women in the informal sector.

■ What are the biggest sectors of

women's employment?

Commercial and catering food industry work, domestic work and garment work — in the traditional female sectors. In the metal and electrical industries there are very few women. In mining there are no Black women.

So women are concentrated in the traditional health and service sectors.

■ What has been the role of women in the most recent major struggles?

This question needs to be approached at a number of levels.

If I take community struggles, economic issues, housing issues and so on: in the neighborhood organizations and in civic associations, ordinary women have played an important role.

They have fought battles with the municipalities, with the authorities and with the police and against the state. Often they have to take the lead because they have been driven to do so by the economic situation.

So, the struggle for improved housing, for electricity or for education has been predominantly fought by women. Within the trade union movement both men and women have been involved in struggles. Here, women have often been a little more reluctant to lead these struggles.

I think it is because of the maternal instinct that asks: if I lose my job who will provide for the family? But in many cases, as in the SACCU strike, as well as the nurses strike last year, they have played a leading role.

So, I should say that over the last ten years the role of women in fighting for liberation in this country has been very significant. It is unfortunate that none of this has been consolidated into women leading organizations.

Mostly, they fight the battles and then return back home to the oppressions within the family, of their husbands not allowing them to attend meetings.

During the day when the husband is at work the women are in the battle field, and at night the men go to meetings and the women stay home.

Also, I think in many organizations like the civic movement and the neighborhood movement, the majority of members are women, as is the case in the unemployed and cooperative movements.

In the church the women are also the bulk of the membership. Overall, women in this country have played an important and major role in building organizations and in the struggle for a new South Africa.

■ There are in this country two different types of division: the apartheid division into racial groups and the division between social

groups.

How have these two lines of division affected the possibility of building a genuine grassroots feminist movement, feminist consciousness, and women's mobilizations?

Firstly, because of the legacy of apartheid and of tradition, you find that many Black working class women from the townships have very few of the skills or education of their white and middle class women counterparts.

Therefore in many of the organizations the debates around gender issues do not take place at the grassroots level, because people have not been exposed to these questions. The idea of a discussion around sexism is difficult.

I find this in my own work. It will take a long time to be able to say to women that they have a different role in society. We need to find a mechanism to take these debates to ordinary women.

An example is the big gender conference that was organized in mid-1991. Invited were feminist academics, and activists in political and other organizations, some grassroots women as well as some international guests.

At this conference 80% of the women were either white intellectuals or middle class coloreds or Indians. Ten percent were women from political organizations, and there was a small percentage of women from grassroots organizations.

All these academics had papers to present. By the second day, the 20% of activists who were Black women and rural women stopped the conference. They said "we are sick and tired of you academics and white feminists coming to give papers on us, Black women. You do research on Black women in rural areas, Black women in the factories, but you never taught us the skills to do this.

"You never taught us the skills to talk about our own lives, to control our own lives. You want to write on our backs and often it is not even to make a contribution to our liberation but to make a contribution to your academic qualifications and we object to that". So they stopped the conference.

That was the start of a revolt against the circles that make decisions and carry out the debates around working women. So the point I am making is that unless our politicians find a new vehicle to take some of these issues to rural and working class women we will not have a real feminist movement in this country or a movement that is going to be able to speak about the interests of working class women.

We will have a petty bourgeois feminist movement that will highlight irrelevant issues.

So we will have to grapple with this.

We don't yet know how to do it. Many of us political activists have neglected these issues and have instead built political organizations at the expense of building a women's movement in this country.

■ What are the specific concerns of young Black women involved in social struggles?

There are a number of issues that are coming to the fore.

One of them is the concern that women often make up the bulk of the membership of organizations but that they are not in the leadership.

There is also a desire to understand politics. Women have often been pushed to sing songs and shout slogans without really understanding the political issues. In our own organization there is the desire to set up study groups and debate the political issues raised by the feminist movement internationally.

There is also a demand for a different approach to education. People want to go to school, to educate themselves.

So, people want all the things in the new South Africa that have been previously denied to them. They want the fruits of their struggle, to go to school, to have work.

There isn't a specific issue of what women want as women except the question of violence against women. In 1991, there were many protests against this violence and women are saying that this is a political issue and that they want greater safety.

There is also a very strong anti-labola feeling. Labola is the traditional way of buying a bride — an arranged marriage between two families.

Women are saying that they do not want to be bought and sold like cattle. Working women in the trade unions have taken up this question.

■ In a country where people are supposed to fight against their oppressor, what is the level of violence against women?

Its extremely high. Even some men who are members of political organizations beat up their wives.

There isn't the consciousness that we are equals, that there shouldn't be an abuse of power against someone who is physically weaker.

Women are used within political organizations, and are victims of sexual abuse in trade unions. Some trade union tops will try to sleep with all the women. There is a lot of that type of sexual abuse.

Rape has become a major problem. Statistics show that there is a rape in our communities and in our cities every twenty minutes. Women cannot think of taking trains at night alone. We cannot

walk in our cities or streets by ourselves.

The level of violence and incest is very high. I think that the sociological explanation probably has something to do with rapid urbanization and the breakup of rural communities and the inability to cope with society.

Incest is on the rise, which is an unusual phenomenon for so-called African families where the family, children and the extended family are very important, which is disintegrating. We will have to deal with these problems but I am not sure exactly how.

■ Concerning this violence, are there any state structures or proposals in the political or mass organizations to set up centers where battered women can go to?

Slowly, such centers are being formed. They include groups like "rape crisis", "lifeline" and "childline" as well as centers for battered women. But very few women actually go to such centers. I know of a comrade whose husband is also an activist. Every weekend she is beaten. She has a broken nose, a broken arm.

It is difficult to intervene even though we treat it as a political issue. It is difficult to know what to do because the next week they are together again. Very few working class women actually go to these centers. It is mostly students or petty bourgeois women who go.

The working women see it as part of their lives and even if they fight back there isn't a political consciousness about it. Another example is that in many of our communities it is still the case that, if a woman marries the chief, he is allowed to have three or four more wives and she must accept that.

This is part of the tradition and culture not only amongst Muslims but amongst Zulus as well.

Over the last two years a gay and lesbian movement has emerged. In 1990, there was a march in Johannesburg but most of those marching wore a bag over their head because it is against the law in this society to be gay. And to be gay in an African township is even worse because it is seen as being sick.

Many of the women in the ANC women's league used to say that gays and lesbians are the result of capitalism and apartheid and once apartheid is destroyed there will be no more gays or lesbians. So there is a real conservatism concerning these issues.

■ What is the situation as far as maternity and contraception are concerned?

There are two problems with contraception in this country. The biggest pro-

blem emerged at the beginning of the 1980s when the National Party government tried to enforce the use of contraception because they claimed that there was a population explosion.

But the communities saw this as an attempt by the white apartheid government to suppress the number of Black people in this country.

It was seen like this partly as a result of how it was done. They were encouraging whites to have three or four children but they were saying that Blacks must use contraception and this marred the whole political conception of what contraception can actually mean for a woman — the freedom that she can have, all of that.

So there are many problems and I don't think that political organizations or feminists have done enough to politicize the whole issue of contraception.

What we have done is to highlight some of the ways in which contraception has been used in this country. A woman would go into a hospital to have a baby and without any consultation or permission they would give her injections and a hysterectomy. This was done in many hospitals and people would only discover afterwards what had happened.

So we have tried to highlight these wrongs of the system and to educate people about this and explain their rights to them.

But we have not done enough to raise the importance of what contraception can do for women in terms of economic independence, social independence, and so on. I think we have to do a lot more of that kind of work.

In many rural communities contraception is taboo. So I think that women have not woken up to the fact that their lives can be dramatically changed if they consider the available options. Also, the kinds of contraception that are given to women, particularly working class women, has always been the cheapest.

These women have always been used as guinea pigs, and they have never been given education or options to choose this or that method.

Maternity benefits are still a big problem in this country. Legally, the situation is that a woman can take three months maternity leave and the state will pay forty percent and the employer a small amount. So there isn't full pay compensation when women go on maternity. There is therefore no proper maternity law.

Some unions have won certain benefits, including SACCU which has won good maternity benefits. They have six months of maternity benefits fully paid by the employer and guaranteed jobs from the employers when they can return to work.

They have also won the right to take

their children to health clinics once a month. So some unions have very good benefits and others have not.

A large section of the workforce, such as domestic workers, who make up a large section of the workforce in this country, and farm workers, have none of these rights.

■ **What can women expect from the radical changes underway in South Africa?**

Like the rest of the population they can expect nothing. An alliance has been set up in this country between the ANC women and women from the National Party, and they have invited other sectors of organized women to participate in this alliance.

But it is a mixed bag going from the woman editor of *Cosmopolitan* magazine to executive forum business women, to women from some political organizations. I cannot see that any gains for working people will come out of such an alliance. And this alliance is allegedly to discuss constitutional changes.

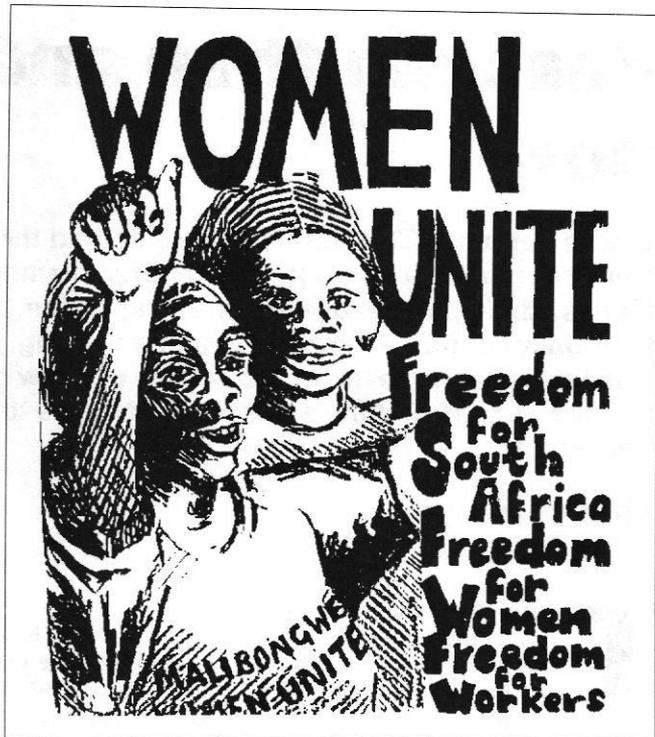
The bulk of working class women are not really concerned about this because it is never discussed in their communities adequately. So I doubt there will be any major changes for women. One new thing is that they have changed legislation for women. Women are no longer seen as minors.

Previously, women could not open accounts or sign checks without the consent of their husbands. Women can now act economically independently.

But I think that this is more because they needed to extend their market than because they believe that women are capable. So I can't see any major changes coming for women.

■ **What kind of international solidarity is needed between the feminist movement in South Africa and the feminist movement in Europe?**

I think that we should establish links but that they should be links based on equality where we can learn from each



other. The European feminist movement mustn't believe that we must import their brand of feminism into this country or into any other Third World country.

Here we have a completely different social and cultural setting with different traditions. So they have got to learn from us and we from them.

I think they have gone through many years of struggling to build a feminist movement in their countries and perhaps they should begin to draw a balance sheet of their movement before coming to tell us what to do.

We realize that the feminist movement in our country is very young. At the same time many of the women activists are clear that they do not want to import bourgeois feminism into our struggle.

Insofar as we can learn from the international and European community, I think it will be good. Maybe it will take a long time but we are going to build an indigenous brand of working women's politics in this country. I think that is our task.

There are lots of skills that we may need but I think that it must be on an equal basis and not an unequal big sister-little sister relationship.

I also think that the women in this country have a rich history of mobilization and struggle that surpasses any experiences in the "first world". So I think that when we do get our act together it will be a powerful feminist movement.

I also think that there are lots of things we can learn from similar communities in Asia as well as women in the Latin American countries. ★

Fascism then and now

IT was February 27, 1933. The news spread throughout Germany; the Reichstag [the German parliament] was in flames. Many people, uninterested in politics, went about their daily round as if nothing was happening. But politics was interested in them. In the course of a few hours, the political regime and the social situation was to change profoundly.

ERNEST MANDEL*

THE morphine-addict Goering, a man corrupt to the core who was to accumulate an immense personal fortune under the Third Reich through robbery, was chief of police as well as prime minister and interior minister of Prussia. As Hitler's right-hand man he immediately gave his police the signal for action.

But not only the police. Alongside it were the Nazi paramilitary formations, the SA and SS, which gained official status as auxiliary police forces.

Thousands of militants from workers organizations, anti-militarists, anti-fascists or simply humanists, including many parliamentary deputies, were arrested, held in concentration camps, tortured and murdered. Democratic freedoms were suspended.

Reign of terror against workers

Political parties and trade unions were outlawed, their premises occupied and their property seized. The Nazis launched a reign of terror in the working class neighbourhoods.

Millions of workers tried to respond. Despite the terror, a series of cities saw the biggest worker mobilizations of their history, bigger even than during the revolution of 1918-19.

A succession of delegations went to the offices of the Social Democracy and unions on the morning after the coup to demand a general strike.

The Social Democratic leaders refused, saying that they did not want to see workers' blood flow.

The political dictatorship of the Nazi murderers however did not mean their economic dominance. It served to consolidate the power of big capital. From now on the latter would be the sole power in the factories.

This is proved by incontestable facts: between 1928 (the year before the economic crisis) and 1938 (the last year before the war) the mass of wages remained the same, but capitalist profits had gone up three-fold. Thus the rate of exploitation had risen by 300%.

Such facts reveal the historic function of the fascist dictatorship, that of atomizing the working class, destroying the workers' movement, preventing any organized defence by workers and getting rid of collective bargaining over wages.

This does not mean that all worker resistance became impossible, but it was reduced to punctual and fragmented actions.

It was neither through political blindness nor fear of revolution that big capital accepted the exercise of power by the fascists. It was forced into it by the very deep economic crisis it confronted.

Initial suspicion of Hitler

At the start, most of the big industrial and financial magnates were suspicious of Hitler, an all-or-nothing adventurer and nihilist demagogue.

Only a few, among them foreigners such as Henry Ford, gave him financial support at the end of the 1920s. Generally speaking, the bourgeoisie prefers a slowly decomposing bourgeois parliamentary state, with strengthening repressive powers, to the totalitarian rule of a fascist party that it cannot wholly control.

But the maintenance of a parliamentary regime, however empty of substance, exacts an economic and social price.

In such a situation the workers' movement retains institutions for the collective defence of its interests and can even do deals within the framework of a class collaborationist policy.

When there is a catastrophic fall in profits, then the bourgeoisie's room for

manoeuvre shrinks and finally vanishes. The restoration of profits then implies the destruction of the organized workers' movement.

However the latter is too strong, too well organized and too deeply implanted in society to be finally destroyed by the apparatus of the bourgeois state. The mass fascist party and its paramilitary terrorist formations are called on to perform this function.

The fascist dictatorship thus means the employment of a broad and well organized mass movement to destroy the workers movement, and terrorize and smash up the working class and other potentially anti-fascist layers.

This definition of the fascist dictatorship highlights a fundamental difference between a political regime in which the working class preserves its organizations and capacity for collective resistance and a regime under which all that disappears.

Such a definition thus rules out any belittling or denial of this difference. Even the most moderate workers' organizations are suppressed under fascism.

To this end it uses the frustration and despair of the impoverished middle classes and other declassed layers of society.

Fascism implies the transformation of this previously rather weak social mass into a strike force against the workers' movement.

A catastrophe for civilization

The seizure and then consolidation of power by the Nazis was a catastrophe for the German and European working class, for the Soviet Union, for all of Europe's peoples and for human civilization. The world's second greatest industrial power fell under the control of a semi-barbarian regime.

The people which had once given the world Bach and Beethoven, Hegel and Kant, Goethe and Schiller, Marx and Engels, now brought forth the Gestapo torturers, the racist legislation of Nuremberg, the concentration and extermination camps and the *Generalplan Ost* which envisaged the murder of a hundred million human beings in central and eastern Europe.

The fascist mass movement, and the fascist seizure of power, were the product of an extremely deep social crisis. The petty bourgeoisie is by nature profoundly conservative. But in post-1914 Germany, it was pauperized by inflation and the ruin of small businesses. It had nowhere to turn. Its basic nationalism was ideologically inflamed by the military defeat and the draconian clauses of the Versailles Treaty.

From 1930 onwards, the economic crisis made all this worse. The decomposing Weimar republic offered no perspective to

these layers.

They thus gave themselves over body and soul to an unscrupulous adventurer, who was ready to promise to fulfil all their desires, however contradictory.

Big capital and then the army, at first reticent, were won over when Hitler promised the former that he would make them the sole power in the enterprises and the latter that he would carry through a crash programme of rearmament.

At the same time the scourge of unemployment was to be eliminated, even if this meant bankrupting the state. This was to be overcome by the pillaging of Europe and the Soviet Union. War for world domination was the final goal of the Nazi enterprise.

In this respect it represented a continuation of the policy of the conservative nationalist German elite since the end of the 19th century.

This latter thus bears full responsibility for the whole enterprise and for the fascist crimes, which they fully accepted until it became clear that the war was lost.

However, for the fascist dictatorship to be set up and consolidated it was necessary that the working class, more numerous than the petty bourgeoisie and bourgeoisie together, should not be able to mount successful resistance.

Resistance was possible

Such resistance was perfectly possible. Millions of workers wanted it.

The absence of any such resistance was mainly due to the lack of understanding and incompetence of the leaderships of the Communist party and the Social Democracy.

Under orders from Stalin, the CP leaders claimed that there was a revolutionary situation in Germany, that in these conditions the main obstacle to be overcome was the Social Democracy and that it was thus necessary to put the fight against the Social Democrats before that with the Nazis.

They called the Social Democrats "social fascists". They criminally downplayed the disaster that the coming to power of the Nazis would mean for the CP and the entire workers' movement.

They insisted that Hitler would not remain in power long and that a Communist victory would rapidly succeed him.

This blind sectarian dogmatism made it all the more difficult to build a united front against the Nazis from top to bottom. The Stalinists furthermore refused even to call for this for a long time, counterposing an unrealizable "united front from below".

The legalist and electoralist idiocy of the Social Democrats was no less criminal than the sectarianism of the Stalinists.



The Social Democrat leaders continued to insist that "legality" must be respected at the very moment when the Nazis were brushing it aside. They continued to put all their faith in elections that the fascists had decided to do away with altogether.

They refused unity in action with the CP with the excuse that they were "opposed to violence from wherever it came". They stifled efforts by workers to mount an insurrectional general strike against the Nazi coup.

They did not in this way succeed in avoiding civil war, a permanent state of emergency with the most unjust and inhumane conditions: simply, they ensured that only one side in the civil war was armed and able to strike, while the other camp was disarmed, politically, militarily and morally.

Given the rise of the far right throughout Europe it is legitimate to ask the question: is there a parallel between the danger then and now?

A double confusion

The answer to this must be yes. We should not be deceived by the double confusion that exists as to the nature of formations such as the French Front National or the Belgian Vlaams Blok.

First of all there is a confusion between the political mask they wear in public and their fundamental objectives, which they are still keeping under wraps. To win votes, to get the traditional right to accept them as partners, and win a pseudo-democratic credibility they play the card of "traditional Christian values": fatherland, family, security, law and order and all the rest.

However when you look at the ideas of

their ideological outriders you find unashamed nostalgics for fascism, racists, anti-semites, xenophobes, anti-feminists, fierce opponents of unionism and the workers movement and apologists for the worst crimes against humanity.

The second trick: the Vlaams Blok puts itself forward as a defender of the "small man". They claim that they are against immigrants so that Flemish workers can get a job.

They put the stress on anti-immigration because they feel that this argument strikes a chord in the widespread prejudices of the popular masses.

But this is another mask. In fact, the programme of the Vlaams Blok hardly mentions the issue of immigration, which is dealt with in a single paragraph.

Their so-called "popular nationalism" is in reality a nationalism of the rich, aimed at rendering the poor powerless. Le Pen is a multi-millionaire, while the Vlaams Blok leader Dillen has connections among Flanders' best known banking and industrial circles.

The Vlaams Blok wants to ban strike pickets as "private armed militias". It is in favour of dismantling the unions. It wants a Mussolini-style corporatist regime which makes the boss the sole power in the workplace.

Of course, a distinction must be made between the ideology of the hard core of these parties and that of the mass of their voters. The latter are motivated by frustration and the sense of being left behind.

But the more they have the feeling that

*This article first appeared in the March 18, 1992 issue of *La Gauche*, bi-monthly journal of the POS/SAP, the Belgian section of the Fourth International.

“centre right” and “centre left” are six of one and half a dozen of the other, that they feel that the alternation of the traditional parties offers no real change, that parliamentary democracy is blocked, powerless and corrupted, the more they are tempted to look elsewhere for a solution.

In this sense there is a real threat that the far right, becoming increasingly open about its objectives, can reach for power. This is, of course, not an immediate danger, but if the economic depression leads to a big increase in unemployment and the number of those marginalized increases, then it becomes a realistic prospect.

Differences in situation

There are, however, substantial differences between the present situation and that of the 1930s. First of all, this is the second time that the danger of fascist dictatorship has presented itself. To be forewarned is to be forearmed.

Secondly, in no country of Europe has unemployment and marginalization reached anything like the 40 to 50% of the population affected in Germany at that time. Thus the social base of a fascist movement remains relatively restricted.

This is all the more true in that at present unemployment and marginalization are mainly striking the working class, which can be more easily won over by the workers' movement and the anti-fascist united front than petty bourgeois layers — provided that there is a correct and adequate orientation.

In this respect we should not forget a fundamental truth; no anti-fascist struggle can be effective without the long-term elimination of unemployment. This is why the acceptance of austerity policies by the European Social Democracies and by the union leaderships has such serious implications, preparing the ground for the far right. The anti-fascist struggle requires a firm criticism of this policy, as well as concrete proposals for an alternative economic policy.

Finally, human beings do not live by bread alone. Behind the attraction of racism and xenophobia for some people lies the fall-out from the crisis of the credibility of socialism as a project for an alternative to capitalism. The fascist plague can only be fought if no concession is made to narrow egoism or to racism.

It can only be fought in a context of a clear defence of the socialist and humanist values of solidarity, and through the practical demonstration that these serve the real interests of the wage earners better than prejudices, and that they give a meaning to life that is infinitely more valuable than that provided by barbaric myths. Fascism can only be fought if the aspiration for happiness for all is reborn. ★

A tidal wave against the far right

UNDER the slogans “With You” (Wallonia) and “Hand in Hand” (Flanders) some 120,000 people filled the streets of the Belgium capital Brussels on Sunday March 22. This tidal wave of people had arrived for the most part by special trains from every corner of the country. They stood for “tolerance, against social exclusion and democracy” in reaction to the gains made by the extreme right in the November 24, 1991 elections.

VINCENT SCHELTIENS

THE initiative for the march came from the Flemish pacifist movement which, in the 1980s, was the moving force behind the massive anti-nuclear demonstrations.

On the basis of a broad appeal, the initiators succeeded in gaining support from all the social movements.

Hugo Ongena, spokesperson for the Flemish Coordination for Peace, the VAKA-OCV, and one of the demonstration's organizers, declared: “It is as if an old dream has come true: the traditional social movements and the new social movements have come together on the same programme of action”.

The organizers want to continue on these lines, to get ready for 1994 when there will be a number of electoral tests and when the far right may find itself holding the balance of power in many local authorities, particularly in Antwerp, which is, from a socio-economic point of view, the country's most important city.

The start of a new movement

According to Ongena: “March 22 was a turning point and the start of a new movement”.

This show of strength was the biggest so far of the current series of anti-racist demonstrations in Europe, putting Brussels in the “100,000+ Club” alongside Paris, Milan and Amsterdam (see box on opposite page).

The goal of the organizers was to get 100,000 out, an aim that seemed possible from December 1991 onwards after discussions between the different social movements led to broad unity of the unions, the pacifist movement, ecological, women's and youth movements and

immigrant organizations.

Following the recipe devised for the anti-missiles movement of the 80s, a multitude of local initiatives were formed. The first reactions to the November 24 ballot came from students, who organized demonstrations several thousand strong in Louvain, Gand and Brussels.

Other activities followed, from neighbourhood or town committees to the setting up of a citizens movement (Charter 91) which was then replicated in the French-speaking part of the country.¹

Criticisms made of demonstration

Some long-standing anti-racist and anti-fascist forces were critical of two aspects of the March 22 demonstration.

First of all they were unhappy with the way in which the “hand in hand” initiative had been decided on, from the top with no involvement of significant parts of the anti-racist movement and the far left, and secondly with the platform, which was felt to be too superficial and which omitted some crucial demands.

Despite this however, the broad unity was the main factor and the necessary condition to reply to the racists and open up new perspectives, in particular owing to the participation of the two unions.

Despite what was (or what was not) in the platform, the demonstration was clearly aimed against racism, for equal rights and against the fascist parties, above all the

1. The founding meeting of Charter 91, which took place on February 8, 1991 in Antwerp, brought together 1,000 people including well-known figures from the political, social and cultural worlds. Charter 91 considers the rise of the far right as being due to the overall crisis of society, and consequently will try to involve citizens on the basis of alternatives concerning the various social problems.

Vlaams Blok.

It was a real popular festival, reminiscent of the anti-missile demonstrations; there were many young people and immigrants, and much music and dancing.

Since the success of the demonstration rested on the implantation and strong mobilization of unions and new social movements, Flemings were more strongly represented than Walloons, such movements being stronger in Flanders, where the score for the Vlaams Blok went over the 10% limit in the recent elections.

The largest, most colourful and most radical group on the march were young people.

The Catholic youth movements were massively present, as well as rap music groups made up of second and third generation children of immigrant families and the far left youth organizations.

All were on the same wavelength of solidarity and shared aspirations to far-reaching equality. The struggle for the youth is crucial, since it is from there also that the Vlaams Blok draws its militants.

The workers' movement awakens

This demonstrations showed clearly that the organized workers' movement is re-awakening.

The leaderships of the two main union confederations, the General Federation of Belgian Workers (FTGB — Social Democrat) and the Social Christian Confederation (CSC — Christian Democratic, with about 2.5 million adherents) played a full part in the organizing committee of the demonstration and seriously mobilized for it.

On the one hand, they were certainly concerned to keep the platform within certain limits, excluding calls for the right of immigrants to vote, and making no explicit criticism of the new coalition government of Social Democrats and Christian Democrats, who keep close links with "their" union federation leaderships.

But it is also true that the reformists know that they have to act; racism has made considerable inroads into the working class and the rank-and-file of the unions.

Job insecurity, worsening working conditions and the absence of consistent and militant union opposition — not to speak of a lack of an credible overall perspective — have left many workers open to the demagogy of the far right.

On November 24, 1991 the union leaderships got the message: after the humiliation of the traditional political parties and the enormous loss of confidence in the institutions of parliamentary democracy, they saw that they could be the next in the fascists' firing line.

Massive anti-racist march in Holland

SOME 350 organizations came together to call for a massive anti-racist demonstration in the Dutch city of Amsterdam on Saturday March 21, 1991. The police claimed that 50,000 attended, the organizers estimate being 100,000. Some fascist groups had called for a counter-demonstration, but nothing in fact happened.

There were many young people and immigrants on the march, which was in some respects reminiscent of the big peace demos of the early 1980s.

The organizing committee invited Dutch prime minister Lubbers to receive a petition against racism and the chairman of the national employers' organization was invited to give a speech. At the same time several immigrant organizations, local and national anti-fascist committees and left wing groups, including the SAP, the Dutch section of the Fourth International and the youth group Rebel, called for the building of a contingent critical of the government's racist policy towards refugees and immigrant workers (the government wants to put refugees in camps, while continuing its austerity policies which are the real root of racism — unemployment among immigrant workers is constantly rising).

This — small — contingent wanted to draw attention to the racist policies of the government and employers because this is the most direct danger for immigrants. When Lubbers received the petition he was also pelted with rotten eggs and tomatoes thrown by discontented demonstrators.

Racist street violence as seen in Germany or France is still exceptional here, but that may change. Several weeks before the demonstrations there were attacks on mosques and the premises of immigrant organizations. While the size of the demonstration was a big success, efforts must be stepped up to build local anti-racist and anti-fascist committees that are democratic and that are prepared to criticize government policies. — Ron Blom. ★

The workplace union delegations present on the march will feel more confident now about combatting discrimination and division in their factories.

In order to go forward, the movement brought into being by this demonstration must be structured from top to bottom. For this new perspectives for mobilization are needed.

Discussion on platform must continue

At the same time the discussion on the platform has to continue. It has proved that it could act as a lever for this first mass demonstration.

Now it should be used as a basis for discussion. Room should be made for all those who want to get involved.

Only in this way can one raise the discussion on the need for a challenge to present government policy and that of the existing leadership of the organized movement without threatening the unity in action achieved.

The government will have taken note of this demonstration, which has increased pressure on it.

This government, formed with much difficulty, sees as its main concern the appli-

cation of a new austerity policy to put Belgium at the head of the march towards European political and monetary union. This means further attacks on working class living standards.

And as ever the money will not be found to meet the real needs of the inhabitants, whether immigrants or Belgian, of the crumbling urban areas where the far rights get big votes.

A few token measures and much rhetoric will not be enough to hold back the fascist tide. ★



Free José Ramon!

SINCE then 40 months have passed, and more than 6,000 protest cards and telegrams from many countries have been received by the republic's officials. London-based Amnesty International took up the case a year ago and has made a film about the crime, while America Watch and the United States PEN club have used the case on several occasions as proof of systematic human rights violations in Mexico.

There have been meetings and protests in many cities to demand that José Ramon be released alive. Despite all this, the first "disappeared" person of the Salinista era remains deprived of his freedom.

A political case

From the very first day, the PRT has insisted that this is a political case. José Ramon was the main leader of the popular movement amongst the people of Cuautla in Morelos which opposed the government-orchestrated electoral fraud.

Meanwhile, the state and federal authorities have tried to muddy the waters by floating the "hypothesis" that the disappearance was orchestrated by the PRT leadership to gain publicity, then saying that José Ramon had gone to Spain and become a member of the Basque armed nationalist organization ETA, and a whole series of other absurdities. Three years on, what the PRT has been saying has been amply confirmed by events.

Towards the end of last year the National Commission on Human Rights (CNDH) issued two consecutive reports indicating that the investigations carried out by the special public prosecutor appointed to look into the case were in fact used to distract attention from the real reasons for the abduction of José Ramon.

The commission demanded the arrest of a number of former and present officials involved in the affair, notably Antonio Nogueza Carvajal, the police chief in the state at the time of the abduction, who the PRT has accused of being responsible for diverting the investigation by circulating false theories.

Because of this and because the international solidarity movement had gained a second wind, the Mexican government decided to

JOSE RAMON GARCIA GOMEZ, a leader of the Revolutionary Workers Party (PRT — Mexican section of the Fourth International) in the state of Morelos, disappeared on December 16, 1988, some 15 days after Carlos Salinas de Gortari took office as president after the worst electoral fraud in the Mexico's history.

ALFONSO MORO

party's national leadership, as the new special prosecutor.

They insisted on two conditions being met before he accepted this sensitive position: firstly, that he should have at his disposal all the material and technical means to carry out a proper investigation and that the prosecutor and his aides should be allowed to work in full independence.

Subsequently a series of things have become clearer, in particular the fact that the state authorities in Morelos were involved in the abduction from the outset, as has been stated by a number of police officers involved in the affair who are now imprisoned.

Investigators' helicopter crashes

As a part of this inquiry, on March 20, Daniel Estrella and Edgar Sanchez, a member of the PRT's political committee, as well as two legal officials and a member of the CNDH, set off by helicopter towards Corral de Piedra to meet Antonio Nogueza Cavajal, who is in hiding. As it was coming in to land, the helicopter broke up, killing three passengers and seriously injuring Estrella and Sanchez. Initial information gathered in the village points to the conclusion that the helicopter was struck by bullets.

The PRT has demanded the immediate establishment of a commission of inquiry into the causes of the accident, while continuing to insist on the arrest of Nogueza Carvajal and the freeing of José Ramon.

These latest events underline the need for stepped up international solidarity to demand from the Mexican government:

- an investigation into the reasons for the accident of March 20;
- the swiftest possible arrest of Antonio Nogueza Carvajal;
- the freeing of José Ramon Garcia Gomez alive.

Telegrams containing these three demands should be sent to:

**President Salinas de Gortari,
Palacio Nacional,
Mexico DF,
Mexico;
with copies to
PRT,
Avenida Xola 181,
Colonia Alamos,
CP 03400, Mexico DF,
Mexico. ★**

