

international

VIEWPOINT

• december 1994 • issue 262 • price: £2 / \$4.50 / 35FF •

Palestine:

Gaza's black friday

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Feature :

World economy:

Globalisation and blocs



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International Viewpoint is a monthly analytical review published under the auspices of the United Secretariat of the Fourth International.

Published by Presse-Edition-Communication Internationale (PECI) BP 85, 75522 Paris, CEDEX 11, France. Directeur de publication: Jean Malewski. Commission paritaire n° 64324. ISSN: 1294-2925. Printed by Rotographie.

All correspondence to: *International Viewpoint*, BP 85, 75522 Paris, CEDEX 11, France

Signed articles do not necessarily represent the views of the editors.

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Another fluctuation...

THE LEADERS of the major industrial countries are celebrating the end of the recession. If they looked at the United States, they would think again. In economic terms, the recession ended in 1992, but while there has been real economic growth since then, most Americans still feel that the country is in recession. **MAXIME DURAND** and **NICOLAS MAHEU** explain why the current economic upturn is yet another cyclical fluctuation in a long period of crisis, and how the neo-liberal strategies adopted to sustain this new growth will only increase insecurity, marginalisation and exclusion throughout the richest societies of the world.

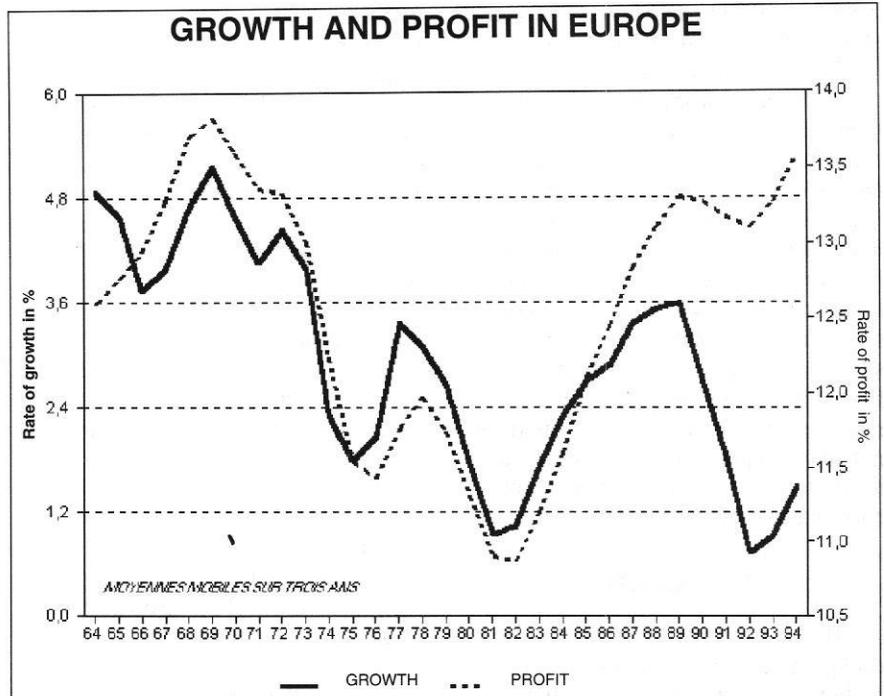


fig. 1

FOR A NUMBER of years there has been an increasing de-synchronisation in the world economy. The trend towards globalisation is real. Yet alongside it runs another trend: The formation of large economic blocs, each with its own dynamic.

In this framework, **Maxime Durand** and **Nicolas Maheu** analyse the limits of the current economic upturn, concluding that while the recession maybe over for the employers, mere mortals such as ourselves will hardly notice.

Henri Wilno explains why the restoration of capitalism is at a different stage in each of the countries of the former Eastern Bloc. Yesterday's bureaucrats, and today's capitalists, have chosen to speculate rather than manufacture.

Jacques Cherbourg tells us why Third World Debt still exists, despite the fact that it was repaid long ago. The demand for the cancellation of the Debt will remain a central part of internationalist solidarity.

Finally, **Sophie Joanny** examines the World Bank's and IMF's extraordinary claim that Chile and Mexico are on the same path to prosperity as South Korea, Taiwan and other "Newly Industrialised Countries".

GROWTH rates in the last twenty years have been consistently lower than between 1950 and 1970, when annual growth rates averaged 4-5%. The whole period since 1970 has been characterised by cyclical recessions — the low points of the ebb and flow of capitalism. Each of the three major recessions — 1974-75, 1980-82 and 1991-3 — (see fig. 1) was overcome before it developed into a major crisis for the system.

After the 1974-75 recession, all seemed to return to normal for the capitalists, with growth rates regaining their traditional post-war levels in 1978 and 1979. But the 1980-82 recession proved more serious than its predecessor. This second recession opened a new period in economic policy: the full application of neo-liberal economic strategy, based on deflating the economy; reducing the buying power of the work force; reducing the employers' contributions to the social security system; and the deregulation of the economy.

This change in State management of the economy was, and still is, inaccurately and even falsely described as "rolling back the State". In fact, it represented only a new attempt to reduce the cost

of labour for employers and to increase the share of the surplus produced by the economy which the capitalists could take as profit. In these terms, the new policies were successful: profits began to rise in 1984, and have not dropped significantly since. From 1988 to 1990 the world economy reached an all-time high, thanks to accumulated investments in productive technology, and the demand created by the consumption of the richest groups in society. The upturn in the United States was more pronounced than in the rest of the world.

The ideologists of capitalism praised the structural adjustment programmes described above, not just because they brought the recession to an end, but also for bringing an end to the structural crisis of the last twenty years. This complacency turned into euphoria after the fall of the Berlin Wall in November 1989. Newspaper columnists proclaimed the final victory of capitalism over all challengers.

In fact, this was just a longer and more pronounced cyclical upturn than the one before. The recession soon returned to drown most illusions that the crisis itself was over. Growth rates fell more than in either of the previous

recessions, and unemployment spread once more. Now, the cycle has come round again and everyone is talking about the revival of the economy.

The recession of 1974-75 marked the passage from the post-war long wave of growth to a long wave of recession, which has now lasted over 20 years. What makes the current long wave different from the last is: i) the reduced capacity of capitalism to assure continued growth; ii) small increases in the buying power of the work force and; iii) relatively low unemployment. All three of these characteristics seemed to be stable advantages of the capitalist system in the sixties. Nowadays, economists and politicians are asking themselves if we can live without them. Government policies are essentially crisis management: while the crisis does not mean capitalism cannot reproduce itself, it makes the system more reactionary and unstable than before.

Pronounced

This is not to say that capitalism is declining inevitably and steadily to final collapse. Instead, we believe that the cycles of the system are becoming more and more pronounced. Thus, having exhausted all the means which helped contain fluctuations in the post war period, contemporary capitalism can only be managed by classic capitalist methods.

Times like the present show simply that cycles have ups as well as downs. In the medium term none of the capitalist powers are capable of sustaining the annual rates of growth common before 1974, neither can they assure the workers a slowly but consistently rising standard of living. Even less can they absorb the unemployed back into the work force (which only happens when there is a social struggle to put pressure on them). Changes in the economy have made financial and monetary crises central components of the system. Again we can see the difference between temporary improvement in and exit from the crisis.

As *Fig. 1* shows, there is a clear relationship between the rate of profit and rate of growth. Years of high growth are also years of high profit. However, since 1988-89 the relationship seems to be weakening. The last five years have seen regular increases in rates of profit, which are now at their pre-crisis levels, despite the cyclical recessions we have already discussed. At the same time, growth

rates since 1988 have fluctuated wildly around a very mediocre average.

To understand this recent trend we should remember that, despite the relationship between rate of profit and rate of growth, growth in itself is not the end goal of capitalism. Profitability is. Growth, full employment and unemployment are only means to realise that goal.

In Europe, 1993 was the year of the Single Market. We were promised the earth, and millions of new jobs. In fact, 1993 saw the worse recession in over 20 years. Five million workers saw their jobs disappear in the European Union (EU) alone.¹ The southern European countries were particularly hard hit, Spain, Portugal and Italy losing 5-8% of their workplaces in 24 months! Unemployment in the EU is now over 11.3%, which means 17.4 million unemployed. And despite expected growth in 1994-95, unemployment in the EU will rise above 12% (that is, higher than during the previous recession).

The OECD admits that their (optimistic) prediction of 2.8% growth in 1995 would do no more than stabilise unemployment at this new higher level. They have noted that, with the exception of Germany, fewer and fewer new jobs are being created in the service sector in all twenty-five industrialised countries which make up the organisation. This is particularly serious since, according to the report, "in previous recessions, employment in the service sector increased to compensate for the reduction in employment in the other sectors."

Growth

New growth in individual countries is not general throughout the advanced capitalist world. The Anglo-saxon countries went into recession first and came out first. Growth in the USA is already slowing. Japan experienced a decline in the rate of growth of demand from 6% in 1990 to 0% in 1992 and only 1% in 1993. State programmes to stimulate demand made up 2% of the Japanese GDP. Despite continued large trade surpluses, the causes of Japanese growth seem to have weakened.

It might seem strange that countries are more and more out of step at a time when bourgeois leaders cannot stop talking about globalisation and international integration. In fact, what has actually emerged is a trend towards globalisation, alongside a contradictory trend towards the formation of large economic blocs, each with its own dynamic. The

differences between the major countries show that their economies have different dynamics, and that at the same time there is a lack of economic policy co-ordination between the major powers.

This lack of co-ordination in an increasingly international economy is a major contradiction of the economic system of the 1990s. For example, most major industrialists now think that financial liberalisation has gone too far. Capital flows are now so volatile that they are a constant source of instability and uncertainty. Financial markets have reflected this through repeated currency devaluations which have impeded the new neo-liberal measures introduced by the Maastricht Agreement.

But, at a more fundamental level, the end of the recession has established a lack of symmetry which cannot be properly managed. Today for example, growth in the US automatically provokes a chain reaction of budget deficit, fall in the value of the dollar, and an increase in interest rates, even though the latter will tend to block growth in the long term, since all the capitalist countries are still more or less obliged to follow the shift in US interest rates.

Today, each State needs to borrow money from abroad to finance its budget deficit.² The result is a chain reaction of dips in financial markets, and monetary crisis. A 'soft' stock-market crash could actually help stimulate growth by orienting capital towards the productive sphere, at a time when profits are relatively high, which would make it possible for companies to finance their investment projects without having to borrow money. Nevertheless, we will probably see the end of the Japan-US double act of the 1980s, when the constant Japanese surplus financed the indestructible US budget deficit.

In Europe, the alignment of national currencies to the German D-Mark no longer has its former stabilising effect, because the position of the D-Mark on currency markets is now heavily influenced by questions over the soaring cost of German re-unification. As a result, the European Monetary System (where national currencies fluctuate within a narrow band of exchange rates) exploded when Britain, Italy, Spain (and Sweden, which was not part of the European Monetary System) devalued their currency by more than the EMS could allow,

1. Out of 140 million who are currently in employment.

2. see 'La folie rationnelle des marchés financières' in *l'Inprecor*, no. 383, September 1994.

thus encouraging their exports. on the other side of the coin, these countries have now had to reduce the cost of labour, and cut State spending, which has meant a sharp reduction in internal demand. Those European countries whose currency rose in value (Germany, Austria, Holland, Belgium, Denmark and France) found that demand for their exports dropped considerably. These distortions in the European economy make the European Commission's pleas for co-ordination of economic policies and co-ordinated and simultaneous stimulated growth into little more than wishful thinking. The whole project of European growth stimulation policies carries round its neck the weight of budget deficits in all the member states.

Deficit

The recession has increased public sector budget deficits everywhere. In Europe, most state budget deficits now exceed the 3% limit fixed by the Maastricht Agreement. And the budgetary stability of Japan is more and more under threat. The reason deficits have grown is because of strong social resistance to cuts in State spending and the "rolling back the State" called for by neo-liberal ideologists. At the same time, the recession itself cuts into all the sources of income for public budgets. The percentage of GDP made up by these resources has increased by six points since 1978, and will not stop growing before 1996 at the earliest.

At Maastricht, the member states of the European Union defined the reduction of State budget deficits as a key medium term goal. The Belgian government wants to reduce its deficit from 7.2% of GDP in 1993 to 3% in 1996. Difficult, unless social struggles somehow fail to materialise. The gap between the statistical "reality" of the end of the recession and economic life as it is experienced by most people should, logically, increase social conflicts over wages and social security, and over cuts in state education and health budgets. Living conditions will rise only when workers exploit the slightly increased room for bargaining which the upturn brings. But with over a million Italians demonstrating against reductions in the pension system on 12 November, the ruling classes of other countries can expect similar reactions to their own projects. Current initiatives in France are particularly promising, because they combine the demand for wage increases with the demand for job creation.

"Deficits have grown because of strong social resistance to cuts in State spending and to 'rolling back the State'"

If they succeed in blocking budget cuts, the current wave of protests will contribute to a boost in effective demand, and thus encourage economic growth.

In effect, the "need to maintain budget austerity" is itself a major threat to the present period of modest growth. The OECD talks of reducing the average budget deficit in Europe from 6.3% (1993) to 2% by the year 2000. This scenario presumes growth of 3% per year until the end of the century. Even if it succeeds, the scenario predicts that EU unemployment will fall only from 10.7% (1993) to 10.4% in the year 2000.

Explicit

However the OECD believes that high unemployment is not such a bad thing since "wage increases in the OECD zone remain modest, partially as a result of the persistence of high rates of unemployment". Another study is even more explicit: "Increases in profitability should be achieved above all by keeping rises in remuneration lower than rises in the productivity of labour".³ The European Commission's policy document, "White Book on Employment", even proposes to make this strategy into an "acceptable empirical rule". The reduced share of the surplus taken as salaries is to finance investment, and thus growth. The problem is that this sober and praiseworthy sacrifice has been tried for ten years now, and has still not worked. Profitability increased by one third between 1981 and 1992, without any noticeable effect on the rate of investment expressed as a percentage of GDP.

What we see at the moment is a "technical boom" as the statisticians say. Having exhausted their stocks, companies are spending a little bit more money on buying in, and investment is timidly rising, after declining to the point where production capacity was under pressure.

In other words, the growth in investment will only continue if the capitalists see signs of an increase in consumption.

Unfortunately, shop takings in France declined 2.3% during October, according to a survey commissioned by the Paris Chamber of Commerce. A recently-published report sponsored by French business claims France cannot hope to attain its 1988 level of performance next year, "since consumption in Europe in 1995 will suffer the effect of sharp spending cuts decided as part of plans to reduce the public deficit". As a result, European capitalists are pinning their hopes on the export market. Their success or failure is a key factor for the future of the current upturn.

With budget austerity and low wage increases, where is the increase in demand going to come from? The bourgeoisie has an answer. By making the division of wealth even more unequal, the rich will have more cash to buy the "right sort" of goods. And in a more divided and insecure society, part of the army of unemployed will be thankful for the low-paid, part-time work and odd jobs which come up.

In Europe, this grim scenario signals the end of the German model of social consensus. German employers and politicians now propose cuts in real wages and deregulation in the same way as their counterparts abroad. And both Germany and Japan will bite the bullet of liberalisation of the banking and financial sphere, as did the Anglo-saxon countries some time ago.

For the great majority of the population, the end of the recession will have a bitter taste as exclusion and marginalisation increase, and jobs become less secure. For the employers the recession is over — but few of us will notice. ★

3. *Economie européenne*, no. 54.

Collapsing production

THE RESTORATION of capitalism is at a different stage in each of the countries of the former Eastern Bloc, and has not been completed in any of them. Since 1989 production has collapsed. "Successful" economies such as Hungary and the Czech Republic have contracted by around 15%. The average decline in production in the states of the former USSR is closer to 50%. While new capitalist structures are being put in place in the Visegrad countries (Poland, Slovakia, Hungary and the Czech Republic), the Russian and Ukrainian elites are still divided in their strategy. **HENRI WILNO** argues that across the entire region, yesterday's bureaucrats, and today's capitalists, are more interested in speculation than in industrial growth.

WHILE production in Russia will fall a further 15% this year, and Ukrainian production by even more, the former satellite countries of central and eastern Europe seem to have reached the bottom. The Polish economy "took off" in 1992 and has estimated growth rates of 4% per year since 1993. The Hungarian, Czech and Slovak economies grew by 2-3% in 1994.

However, this new growth is not stable. The Hungarian economy grew in 1993 but stagnated in 1994 after the Socialist Party (the former ruling party) and its liberal coalition partners introduced austerity measures after returning to power in the May 1994 elections.

The decline in production is most marked in industry. Even where production as a whole is beginning to increase, the new growth is almost exclusively service-generated. The decline is qualitative as well as quantitative. Among the sectors most hard-hit are the Bulgarian software and Hungarian electronic industries. In the old days, the CMEA (the Soviet bloc common market, or COMECON) allowed a certain division of labour and specialisation between the countries, yet rather than encouraging these industries to catch up with Western technology, the transformation since 1989 has virtually wiped them out.

Governments from Prague to Tblisi share the view of international organisations such as the World Bank, International Monetary Fund and the OECD, that foreign investment is the only way to increase the technological level of industry in the region.

In some cases, foreign investment is modernising industry and export-earning capacity. One example is the automobile industry in Poland, Hungary and the Czech Republic — although Volkswagen broke most of their investment promises to the Czech government when the mother company announced heavy losses in 1993.

In general though, real development cannot be left to foreign investment. As in other regions of the world, the main goals of foreign investors in Central and Eastern Europe are to capture local markets, and to exploit low labour costs (there are examples of Western investors buying a competitor in order to eliminate him). Even in sectors such as food-processing, where foreign investors supposedly give access to new products and technologies, research and development is invariably concentrated in the metropolitan countries, especially because the austerity policies implemented by all the governments in the region have meant cuts in research and education budgets.

All this means that East European industry is becoming increasingly dependent on western-owned or designed technology.

Service sector

The service sector, on the other hand, has developed in all the countries of Central and Eastern Europe. This has satisfied more of the needs of the population, or at least that part of the population who can afford it. In addition, competition from the private sector has forced public sector services to become more dynamic, and to begin to interest themselves in the consumer.

The services which have developed most however, are those which do well in a capitalist society: Advertising, banking and financial services, and so on.

At the same time, public sector services have suffered under the austerity programmes imposed by governments. The health system, for example, has suffered severe cuts in all countries, and male life expectancy has dropped four years in Russia since 1989, while infant mortality has risen from 17/1000 in 1990 to 19/1000 in 1993.

The Russian pharmaceuticals industry contracted 60% between 1989 and 1991, and a further 12% in 1992. The demand for medicines is so great that over half the country's needs are now imported. Less and less of these imports are paid for by the State health service. This leaves the responsibility to private importers, motivated mainly by profit. These companies can make more money from non-prescription medications for minor ailments than by importing medicines not available locally, but which help control and cure serious ailments such as diabetes, asthma, cancer and tuberculosis.

Physical means

While the collapse in production may be over, at least in central Europe, the fundamental restructuring of the physical means of production is still under way, and the future shape of these economies is difficult to predict. Apart from the Czech lands of Bohemia and Moravia, pre-1939 capitalism in central and eastern Europe was dependent on Western Europe, dominated by the export of raw materials or materials with only a small part of value added.

In the capitalist system, these countries have two comparative advantages: a qualified labour force, and low labour costs (wages and social security). Optimistic economists say that careful exploitation of these two factors will enable these countries to insert themselves in the world division of labour at a relatively high level. Pessimists believe that the region will find a similar place in the world economy to that which it occupied before 1939.

Their rulers, and to a large extent the populations of central and eastern Europe, see their long term salvation in adhesion to the European Union. But they will find the conditions for joining the club different from those applied to Spain and Portugal. The generous subsidies of the Common Agricultural Policy have been largely abolished, and new

members will receive only limited support from the structural funds for regional development. Nor does "post-Maastricht" Europe offer any guarantees for improving the standard of living of the masses or reducing unemployment.

The ex-Soviet Republics face an even less certain future. Russia is in the strongest position, with its oil and gas reserves, and the major part of the soviet State apparatus. Most of the other states still depend on decisions taken in Moscow on rouble reform, price liberalisation and increases in the price of energy. With the exception of Turkmenistan, all the ex-soviet republics depend on Russian oil for their energy needs. Although a Ukrainian State is being put in place (and is not yet sure of existence) it will be some time before there is a distinct Ukrainian economic space. The (partially Russian-encouraged) political conflicts of many of the republics do not inspire the confidence of foreign investors, and, given its strategic importance, Russia has attracted most of the limited aid allocated by the imperialist countries to the former USSR.

In many respects, the economic relations between the republics are even less fair than at the time of the USSR. Theoretically federal institutions have collapsed, and the gap has been filled by openly Russian bodies. Several of the other republics are increasingly mere protectorates of Russia's "near abroad".

Elements

The restoration of capitalism has two interdependent elements: the destruction of the old system and the construction of new structures and systems.

The destructive phase, according to the Belgian economist Jacques Nagels,¹ makes the means of production "available" by removing them from State control, cancelling planning, liberalising prices and foreign trade, and beginning the transfer of State property to the private sector. The work force too is "made available" by abandoning full-employment policies once and for all, giving managers the right to sack workers, and abolishing or replacing the parts of the social security system which tied workers to one employer.

With variations from country to country, the old system has been essentially destroyed in central and eastern Europe, especially in the Visegrad group (Poland, Slovakia, Hungary and the Czech Republic) where the private sector produces at least 40% of the Gross National Product (the total value of

goods and services produced in a country). Market relations have penetrated into all areas of economic life. This means the radical dismantling of the old system. While the political elite accepts the "rules of the game" imposed by the World Bank and the IMF, the bureaucracy as such has lost its homogeneity. Most bureaucrats are busy building an individual place in the capitalist future as bankers, entrepreneurs and bourgeois politicians. Some have recycled themselves as "workers' bureaucrats" at the heads of ex-Communist parties and trade unions (nowadays often more "left-wing" in their statements and actions than the ex-CPs, especially in Hungary and Poland, where these parties recently formed governments).

Political power, which takes the form of parliamentary bureaucracies in all the countries of central and eastern Europe, is a key force working clearly and exclusively for the restoration of capitalism.² Leaving aside the mass of day-to-day problems these governments face, there are two major obstacles: the difficulty of privatising the largest State companies and the banks, and the absence of a stable bourgeoisie.

Privatisation is indeed difficult in countries where there are not enough savings to buy State industries. So privatisation means accepting that foreign capitalists will play an essential role in the economy, and even in countries such as Hungary, which have made this choice, the process is a long one.

The alternative is some kind of free or subsidised distribution of property, typified in the Visegrad group by the Czech Republic. While 70% of industry has been formally transferred to the holders of various citizens' investment coupons, the new system of ownership is far from clear. Two out of three citizens invested their coupons through an investment fund, most of which are owned by banks (themselves privatised by coupons). The head of the coupon stock exchange was recently arrested for manipulating the computerised system to allow certain coupon funds to "buy"

1. Jacques Nagels, 'Du socialisme pervers au capitalisme sauvage', Editions de l'Université de Bruxelles, 1991.

2. Even in central Europe, it is not clear whether the neo-liberal strategy will, sooner or later, require that limits be put on parliamentary democracy. In Poland at least, Karol Modzelewski from the Union of Labour (a re-groupment of the left wing of the Solidarnosc movement) predicts that the neo-liberal strategy has already provoked the refusal of a majority of the population, and that such a strategy can only now be enforced by anti-democratic means. See K. Modzelewski, 'Ce qui est arrivé à Solidarité', in *Le Monde diplomatique*, November 1994.

"For Russia, the transition process is still ahead. The new bourgeoisie live from day to day: rather than manufacturing they prefer to invest in commerce, or a hundred and one forms of speculation..."

shares at a rock-bottom price, in order to sell them immediately — for real money — to managers of state enterprises and other investors.³ So the 6.5 million citizen-investors are far from being owners of the economy!

The bourgeoisie in these countries is too weak to present a common strategy beyond allowing each of its members to amass as much money as possible as quickly as possible. This means that medium and long term political strategies are either developed by the politicians autonomously of their economic backers (as in the Czech Republic) or by IMF and World Bank officials who have imposed themselves as supervisors of economic policy in countries such as Hungary and Poland.

Things are less clear in Bulgaria and Rumania, both largely agricultural economies before World War II. Bulgaria's partial industrialisation was intimately linked to integration with the USSR, with which it carried out 80% of its foreign trade. The collapse of the soviet economic bloc, the war in Yugoslavia, the blockade of neighbouring Serbia, and a high foreign debt have made Bulgaria the most unstable country in the region. In neighbouring Romania, not only did much of the bureaucracy remain in place after the execution of Ceaucescu, but the pauperisation of the population under that dictatorial regime has made it reluctant to make any further sacrifices in the supposed "national economic interest". Nevertheless, the dynamic in both countries is the same as in the richer Visegrad group, with two or three years delay.

The republics of the Commonwealth of Independent States (CIS) are at quite a different stage. The constructive phase has not really started, and the economic situation can still be characterised as "neither plan nor market". For example, Russian leaders claim that they have privatised 70% of industry, a record mat-

ched only by the Czech coupon privatisation. In fact, this privatisation is based on a compromise with the managers of large factories, who exploited an option in the privatisation law to distribute 51% of shares to their employees at a very low price. They also convinced many workers to invest their coupons in the company where they work (in the Czech Republic most coupon holders preferred to invest in well-known companies, or banks).⁴ Many of these managers are now buying up these shares for themselves or on behalf of foreign capital or new Russian millionaires. Privatisation maybe, but we are still a long way from capitalist property relations.

Speculation

For Russia, the transition process is still ahead. The new bourgeoisie live from day to day: rather than manufacturing they prefer to invest in commerce, or a hundred and one forms of speculation, in the search for short-term profits. Managers of State-owned oil and gas industries have the same attitude, in that they have placed thousands of millions of US dollars abroad, rather than repatriating "their" export earnings. One of the consequences of this is that, while Russia has had to negotiate the re-scheduling of its foreign debts, Russian companies and individuals place over US\$1,000 million abroad every month. New Russian millionaires are acquiring sizeable holdings abroad: in Britain they are part of the property and antiques markets, while their children attend the most prestigious of Britain's private schools.

The Russian Mafiosi collect their own taxes: one recent study suggests that 80% of private enterprises and banks pay protection money, sometimes as much as 20% of their turnover.⁵ The mafia does not hesitate to use force to ensure payment: more than twelve ban-

kers have been killed over the last two years, without anyone convicted of their murder.⁶ Not surprising considering that, according to Moscow's chief of police, 95% of his officers are "more or less" corruptible.⁷ The gangrene of corruption has infiltrated the judicial system, the political elite, and even the highest ranks of the armed forces. An official inquiry into corruption launched in 1992 (supported by the World Bank and the G7 leading capitalist powers) has had to be abandoned due to a lack of co-operation from the Russian authorities.⁸

The political system in Russia can be characterised as semi-authoritarian. The legitimacy of the latest constitution is more than dubious: the results of the referendum on its adoption were clearly "arranged" to ensure a majority of positive votes.⁹ For the moment the bourgeoisie profits from this disorder to enrich itself, in a state which the former dissident Vladimir Bukovski calls "kleptocracy" — the rule of thieves.¹⁰

Sooner or later, however, the bourgeoisie and the political elite will decide that the market economy requires more order in society. The introduction of capitalism will require more authoritarianism, and more barbarity. ★

3. *Mladá fronta dnes*, 19 November 1994.

4. Interview with Grigori Yavlinski in 'Les Echos de Russie et de l'Est', March 1994. See also 'Russian Privatisation', *The Economist*, 1 March 1994.

5. 'Russian reforms: too late to stop?', *Business Week*, 14 February 1994.

6. *Financial Times* supplement on Russia, 27 June 1994.

7. 'Russia's mafia: more crime than punishment', *The Economist*, 9 July 1994.

8. 'Probe into capital flight from Soviet Union shelved', *Financial Times*, 7 February 1994.

9. 'Les mystères d'un dépouillement peu orthodoxe', *Le Monde*, 15 November 1993.

10. 'The dissident who reckons there's nothing to be done', *Financial Times*, 4/5 September 1993.

Cancel the debt

THE PROBLEM of the Debt still exists, and, as **JACQUES CHERBOURG** tells us, the official ceremonies organised at the beginning of October in Madrid to mark the fifty years of the "Bretton Woods Institutions" — the IMF and the World Bank — were marred by a number of significant events.

including CADTM (Committee for the Cancellation of Third World Debt). For the occasion, our Belgian colleagues in CADTM have published in their thrice yearly bulletin (no. 3, 1994) a full overview of the Debt and its history, part of which we use below.

Debt today

Is there still any point in struggling for the cancellation of the Third World Debt? The mainstream media says no, firstly, they say, because the problem no longer exists (after all, they no longer mention it) and secondly, because the Third World no longer exists (with the fall of the Berlin Wall — in other words, since the end of the Second World — re-united humanity is marching towards a glorious future of peace and prosperity). These arguments are so obviously false, in the light of the world situation that they would be funny, were the very existence of millions of human beings not at stake.

The main figures on the Debt are easy to remember. If you take into account the former Eastern Bloc countries, the total at the end of 1992 was US\$1700 million (*fig. 1*). Servicing this cost US\$170 million, comprising principal of US\$100 million and interest of US\$70 million (*fig. 2*).

The total remained more or less the same between 1987 and 1990, but began to rise in 1991. It was mainly short-term credit which began to increase, for two reasons. On the one hand, a number of Asian countries, and China in particular, were developing exceptionally swiftly, the dynamism of their export economy being accompanied by a surge in commercial credit. On the other, overdue payments of principal and interest from countries in difficulty are recorded as an increase in their short-term credit. However, apart from this, the Debt has stabilised and to a certain extent is autonomous.

Bank credit is directed, naturally, towards those few countries which have successfully entered the capitalist world market. Black Africa and Southern Asia now receive only public capital. This is unlikely to prove enough. Further, France has recently provided a negative example by deciding that its proteges in

Total of gross debt
(in thousand million US\$)

| Regions | 1970 | 1982 | 1985 | 1990 | 1991 | 1992 | 1993 |
|--------------------------|------|------|------|------|------|------|------|
| Eastern Europe/ex-USSR | 5 | 110 | 130 | 171 | 179 | 187 | 187 |
| Eastern Europe | | 75 | 97 | 108 | 111 | 107 | 108 |
| ex-USSR | | 35 | 33 | 63 | 68 | 80 | 79 |
| North Africa/Middle East | 6 | 180 | 222 | 304 | 304 | 309 | 312 |
| Gulf countries | | 50 | 55 | 78 | 76 | 84 | 86 |
| Others | | 130 | 167 | 226 | 228 | 225 | 226 |
| Black Africa | 10 | 99 | 122 | 189 | 191 | 175 | 166 |
| South Africa | | 21 | 22 | 19 | 17 | 16 | 15 |
| Sub-Saharan Africa | | 78 | 100 | 170 | 174 | 159 | 151 |
| Latin America/Caribbean | 38 | 361 | 413 | 443 | 445 | 476 | 494 |
| Asia/Oceania | 23 | 228 | 304 | 447 | 496 | 552 | 612 |
| China | | 9 | 21 | 56 | 65 | 74 | 89 |
| India | | 29 | 40 | 66 | 70 | 79 | 81 |
| Four Dragons | | 59 | 78 | 82 | 93 | 99 | 114 |
| Others | | 131 | 165 | 243 | 268 | 300 | 328 |
| Total | 82 | 977 | 1190 | 1554 | 1615 | 1699 | 1771 |

fig. 1

AT THE IMF CONFERENCE we heard the secretary-general of the ICFTU (International Confederation of Free Trade Unions, which is not exactly on the revolutionary left!) declare that: "The IMF and the World Bank have strayed considerably from their original objectives. Even their best programmes have widened the gap between rich and poor, while their worst have imposed intolerable conditions upon most of the population in a number of developing countries."

Several days later, at the same conference, a majority of the developing countries rebelled against the dominance of the G7 (the seven richest countries, which usually make the decisions) and proposed the creation of a more accessible international finance system, which the Third World needs urgently, but which the rich countries wish to limit severely.

Finally, of course, there were the representatives from the many organisations which campaign against Third World Debt,

black Africa should submit to the dictates of the IMF, brutally devaluing the Central African Franc by 50%. The first result of this has been rioting and repression in Senegal.

Lessons from the Debt crisis

The bankers have drawn the following conclusions from the Debt crisis:

- Now that they have built up huge reserves of capital through tax exemptions they are ready to partially cancel the Debt, as this will cost them nothing.

- The mistakes of the 1970s need not be repeated. Now, as then, they control huge sums of capital. However, this time they will be more cautious and will choose their investments carefully. The former Eastern Bloc countries, which were expecting the capitalists to fall upon them, have been particularly disappointed, but must realise that they do not represent certain returns.

- Returns are better guaranteed by entering into ownership, whether as part of the frenzy of privatisation (mainly of the large public services, such as transport and telecommunications) in Latin America or of the few enterprises which will enjoy short-term profit in Eastern Europe.

- The dominant role of the IMF, as the guardian of the world capitalist order, must be maintained. It is necessary to establish central banks and institutions which are free of political control and which are not subject to social pressures, strikes or elections.

- The Debt crisis which threatened the world financial system could perhaps now be used as a political weapon against the Third World. Poland and Egypt have recently benefitted from cancellation of almost 50% of their Debt for services rendered to imperialism, for their roles as a spearhead against the former Eastern Bloc, and support in the Gulf War respectively.

fig. 2

**Servicing the debt in 1992
(in thousand million US\$)**

| Regions | Payments | Interest | | Total |
|--------------------------|-----------|-----------|------------|-----------|
| | | long term | short term | |
| Eastern Europe/ex-USSR | 14 | 6 | 2 | 22 |
| Eastern Europe | 8 | 3 | 1 | 12 |
| ex-USSR | 6 | 3 | 1 | 10 |
| North Africa/Middle East | 25 | 8 | 6 | 39 |
| Gulf countries | 4 | 2 | 3 | 9 |
| Others | 21 | 6 | 3 | 30 |
| Black Africa | 6 | 5 | 2 | 13 |
| South Africa | 0 | 1 | 1 | 2 |
| Sub-Saharan Africa | 6 | 4 | 1 | 11 |
| Latin American/Caribbean | 28 | 15 | 4 | 47 |
| Asia/ Oceania | 26 | 16 | 7 | 49 |
| China | 5 | 3 | 1 | 9 |
| India | 3 | 3 | 1 | 7 |
| Four Dragons | 6 | 3 | 2 | 11 |
| Others | 12 | 7 | 3 | 22 |
| Grand total | 99 | 50 | 21 | 17 |

Those who are campaigning for the cancellation of the Debt must realise that it is today an essentially political problem. It is no longer a financial problem—the bankers have already decided this. It is no longer an economic problem—on the contrary, in 1988 a study by CNUCED (the UN organisation for commerce and development which GATT is attempting to replace) showed that even a partial cancellation of 30% of the Debt would lead, by the end of five years, to an increase of 34% in investment and 24% in average income per person. If the conclusions of this study have not been taken up then it is because, for imperialism, development is secondary to domination. As shown by the Gulf War, now that the Berlin Wall has fallen, the enemy is to the South.

Yet in the Eastern countries the brutal application of the IMF programme has led, even more quickly than in Latin America, to unforeseeable results: Economic collapse, unemployment, inflation, inequality. And, as in Latin America in the 1970s, the thought of “strong regimes” to “assure development” is probably not far from the thoughts of the IMF, which is extremely active in the region.

The Debt must be cancelled!

The slogan “Cancel the Debt” is a realistic one. Above all, it is quite simply humanitarian. In a number of black African and Southern Asian countries we are speaking of people in danger, whether in the short-term (from famine or epide-

“The slogan ‘Cancel the debt’ is a realistic one. Above all, it is quite simply humanitarian.”

mics) or the long term (from illiteracy, the fall in productive investment and so on). Now is the time to apply the new slogan "The right of humanitarian interference", not the kind of interference as in Somalia, where sacks of rice were swiftly replaced by boxes of ammunition, so as to repress the population. Somalia is also a perfect example of the perverse chains of events which have arisen as a result of the Debt crisis: Traditional economic circuits are disrupted, which in turn leads to political disintegration, "justifying" imperialist intervention (see the article by Michel Chossudovsky in *Le Monde Diplomatique*, July 1993).

The Third World has largely repaid the Debt. It has done so by: The total repaid in principal and interest (between 1984 and 1991, it repaid US\$200 million more than it received in loans, which means that over this period it was the Third World which "aided" the rich countries. This net transfer still continues, to the detriment of Sub-Saharan Africa and Latin America); the flight of capital; the tendency towards decrease in the price of exported primary materials (taking a base of 100 in 1985, the figure today is around 60); and the exodus of a large part of their active populations, who have been forced to seek work in the "rich" countries (where they face growing racism as a result of the crisis which is happening in these countries). The example of the only country which entirely repaid its Debt is not exactly encouraging. It was the Romania of Ceausescu, which, to curry favour with imperialism, starved and repressed its population, with no resulting benefit even in terms of economic development.

What cancellation?

What exactly does the slogan "Cancel the Debt" mean today for anti-debt activists? Clearly it does not mean a supporting Hassan II of Morocco, President Mobutu of Zaire or the new Chinese capitalists against their bankers, but of taking part in the struggles of those on whom the burden of Debt really falls.

The following proposals have been advanced within the cancellation movement. These should be examined by each country.

- Immediate and unconditional cancellation of the whole of the public Debt. Those loans made by our governments with money from our taxes would then be transformed into gifts. This measure would be aimed particularly at the poorest countries, principally in Africa

and Asia, which have not interested private bankers for a long time.

- Immediate and unconditional cancellation of that part of the Debt (around one third) which is private debt. This has been lent by the bankers, and would be covered by reserves. This would especially affect those countries with an average income.

- Partial repayment of the Debt from deposits from countries indebted to the Western banks. Nearly all of the deposits are due to flights of capital and/or embezzlement by local bourgeoisies. This would affect every country. There is a considerable sum in such deposits in Western banks (*fig. 3*) — more than 45% of the gross Debt. Even the poorest countries (such as Sub-Saharan Africa, with 24% of its Debt) make deposits. Clearly, for the bankers, it is utter heresy to suggest that the Debt should be calculated without taking deposits into account. So far as they are concerned, it is a gross Debt which "belongs" to them and which must be repaid by the different countries, while the deposits are from private "clients". In the same spirit of refunding those populations which have borne the burden of the Debt, we must also take into account the "personal" property in western countries held by corrupt leaders. For example, the Moroccan Debt would be repaid by the sale of the dozen French chateaux belonging to Hassan II.

The above three measures together would considerably reduce the Debt. Those who cry that it would lead to the ruin of the world financial system have apparently forgotten that during the stock market crash of October 1987, US\$2000 million disappeared overnight, without any catastrophe. On the contrary there was something of an economic upturn.

Of course, cancellation of the Debt would not miraculously solve the problems of under-development in the South and East, but it would at least halt the collapse of recent years. For there to be real development, we need new political conditions. This is another reason to struggle for the cancellation of the Debt. We must respond to media bombardment on the "defeat of socialism and the definitive victory of capitalism". While capitalism may be profitable, this is true only for a minority. Three quarters of the world population receive no benefit from it, the gap between rich and poor countries is widening and in every country inequality is increasing.

Capitalism functions due to inequalities and amplifies them. It will never permit humankind to develop harmoniously, with a just sharing of resources. The peoples of the South, East and North must find another way. ★

**Gross and net debt at the end of 1993
(in thousand million US\$)**

| Regions | Gross | Deposits | Net |
|---------------------------------|-------|----------|-----|
| Eastern Europe/ex-USSR | 187 | 39 | 148 |
| Eastern Europe | 108 | 23 | 85 |
| ex-USSR | 79 | 16 | 63 |
| North Africa/Middle East | 312 | 233 | 79 |
| Gulf countries | 86 | 143 | 57 |
| Others | 226 | 90 | 136 |
| Black Africa | 166 | 40 | 126 |
| South Africa | 15 | 4 | 11 |
| Sub-Saharan Africa | 151 | 36 | 115 |
| Latin America/Caribbean | 494 | 253 | 241 |
| Asia/Oceania | 612 | 245 | 367 |
| China | 89 | 50 | 39 |
| India | 81 | 8 | 73 |
| Four Dragons | 114 | 97 | 17 |
| Others | 328 | 90 | 238 |
| Total | 1771 | 810 | 961 |

fig. 3

Prosperity for a few

IF YOU BELIEVE the latest publications of the World Bank and the International Monetary Fund, then Chile and Mexico are success stories, on the same path to prosperity as South Korea, Taiwan and the other "Newly Industrialised Countries." **SOPHIE JOANNY** examines this claim.

THERE are signs of an upturn in the Latin American economy: the value of goods and services produced in each country (Gross Domestic Product, GDP) increased by an average of 3.5% per year between 1991 and 1993. Free market economists compare this to the 1.8% annual growth recorded between 1982 and 1990, and proclaim that the "lost decade" is over.

In fact, the low average growth rate of the 1980s includes several years (1984-87) when growth was as fast as it is now. The average is lowered by the years 1988-90, when year on year growth was less than 1%. And if we measure growth on a per capita basis, then growth across the region in 1993 was also less than 1%. Further, although industrial investments have increased since 1990, they represent a smaller part of GDP than in 1982, a year when the continent was in severe recession. Private investment is still not large enough to compensate for the destructive effects of privatisation and the collapse of public sector investments.

Other optimistic analysts point to the reduction in the proportion of GDP sucked up by banks in the developed world as interest and service charges on the region's foreign debts. Remittances to the first world for these debts, contracted long ago, now make up "only" 43% of export earnings, compared to 53.6% in 1982, the first year of the debt crisis.¹

The current upturn is hardly the light at the end of the tunnel for Latin American capitalists. What growth there is is confined to countries such as Mexico, Chile, Colombia and, most recently, Argentina. International financial institutions still have Brazil and Peru on their list of high inflation, low growth countries.

A high price

As in Africa and Asia, the cost of austerity measures, or "structural adjustment plans" has been borne by employees, peasants and other workers, rather than by owners, investors and managers. Salaries have fallen in real terms compared to the early 1980s, and the fall in living conditions has been accelerated by cuts in health, education and social security. Cholera and other "conquered" diseases have reappeared. "Economic reforms" have increased inequality and poverty everywhere they have been applied. The peasants of Chiapas in southern Mexico, now in their twelfth month of armed insurrection, are among the victims of structural adjustment. Their revolt on 1 January 1994 was the real voice of Mexico on the first day of operation of the North American Free Trade Agreement (NAFTA) between the US, Mexico and Canada.

When you strip away all the fancy language used about the agreement, Mexico has only one single comparative advantage in the new common market: Cheap labour. Yet Mexican labour was already cheap: The proportion of wages to Mexican GDP had already shrunk from 36% in 1980 to 28.6% in 1986. And the minimum wage was halved between 1980 and 1990.²

Those economists who admit this explain it by the destructive effects of the "lost decade". They assure Mexican workers that, after a few initial sacrifices, the living standard of the majority

fig. 1

GNP (average yearly rate of growth as a %)

| | 1988-89 | 1990-91 | 1992-93 |
|-----------|---------|---------|---------|
| Argentina | -4.1 | 4.4 | 7.1 |
| Brazil | 1.6 | 1.6 | 1.5 |
| Chile | 8.7 | 4.0 | 8.1 |
| Colombia | 3.7 | 3.2 | 3.9 |
| Mexico | 1.8 | 4.0 | 1.7 |
| Peru | -10.0 | -1.4 | 1.7 |

Source : IDB (1993), ECLA (1993), World Bank. (2)

1. IMF, *World Economic Outlook*, various years.
2. Cited by D. Félix, 'Industrial Development in East Asia', *Revue de la CNUCED*.

of the population will begin to rise steadily. Similar illusions, reinforced by the short term results of the "Plan Real," were a major factor in the election of F.H. Cardoso as President of Brazil.

In fact, outside Brazil, Mexico, Chile and Colombia, salaries in industry continue to fall in real terms. In any case, increases in wages and production represent only a weak upturn after the severe decline experienced in recent years. Nor should we forget that the statistics only cover a minority of the economically active population — those with official employment in the industrial sector.

The governments of Latin America know that growing poverty increases the risk of a social explosion. The 1989 hunger riots in Venezuela, and the more recent looting of shops in Argentina are still fresh in their memory. Most governments have centralised their anti-poverty and social control policies in the last few years to improve their control of the situation. By 1991, ten countries in the region had introduced programmes similar to the Mexican government's "Pronasol" policy, which aims to moderate pockets of "extreme poverty".³ In Mexico, this policy was complemented by the PECE ("Pact for Stability and Economic Growth") introduced in 1987-88, and which is in effect an alliance with the largest capitalists to weaken the pillars of corporate trade unionism.

Few jobs

What growth there has been in recent years has created very few jobs. In Mexico tens of thousands of jobs have been created in "maquiladora" factories along the northern border with the US, but total industrial employment is 26% lower than in 1980, and still falling.⁴ Everywhere it has been applied, liberalisation has led to the weakening of the social fabric in the countryside and a rural exodus. This means that even those countries which are "succeeding", in World Bank terms, are not really changing their position in the international division of labour. In fact, deindustrialisation is progressing faster than in the 1970s.

Most of the rise in the region's industrial exports is confined to assembly of electronic components, or highly labour-intensive production of standardised consumer goods such as sports shoes, often on the basis of imported pieces. The only comparative advantage the Latin American countries can offer in these areas is the low salary of the factory workers involved. This is parti-

fig. 2

Average yearly rate of inflation (as a %)

| | 1988-89 | 1990-91 | 1992-93 |
|-----------|---------|---------|---------|
| Argentina | 1711.0 | 1243.4 | 17.8 |
| Brazil | 984.6 | 1689.4 | 1404.4 |
| Chile | 15.9 | 23.9 | 14.1 |
| Colombia | 18.7 | 23.9 | 25.0 |
| Mexico | 67.1 | 24.7 | 12.5 |
| Peru | 2032.9 | 3956.1 | 60.8 |

Source : IBD (1993) (2)

"The governments of Latin America know that growing poverty increases the risk of a social explosion."

cularly the case in Central America and the Caribbean.

Another area of growth is "non-traditional exports" — either the processing of raw material exports to add value (for example exporting wood pulp rather than logs, or fish flour rather than fish) and the development of export-oriented agribusiness at the expense of food production for local consumption. This was the strategy behind the Chilean "success story" of the 1980s. Now Colombia, Peru, Ecuador and Costa Rica are attempting to export their grapes, kiwi fruits and cut flowers, all produced during the northern "off season". These countries face two difficulties. First of all, non-traditional sectors require heavy investments in infrastructure. Secondly, the demand for the goods prioritised is not infinite, and competition is developing fast. There is every probability that, in the long term, the farmers will face the same problems as coffee and cocoa producers.

In Mexico, there is also a growth in the export of machinery, chemical products and automobile motors.⁵ These "modern" sectors are, of course, where foreign capital is most present. Mexican capital is limited to intermediate industries (cement) and goods for local consumption (beer). Most of the recent wage increases have been in these sectors. The potential for their modernisation and the development of new technologies is extremely limited.

Far from the "Korean" model which the World Bank wishes to see be applied in the Latin American countries, the economic systems are still dual models. There is limited industrialisation in specific sectors, which are divorced from the economic fabric of the country, and which do not lead to substantial importations of technology, significant increases in productivity, real increases in the purchasing power of the population, nor an extension of the internal market, which would stimulate demand for other local products. There is no dynamic link between transnational capital, exports and the internal market.⁶

This does not mean that this "regime of disarticulated accumulation" cannot enjoy a certain viability. But the important question for revolutionaries is whether the capitalist system is moving into a new period of expansion in Latin America, or whether we are simply witnessing a survival strategy, which is being implemented in the hope of better days to come. Can the region's capita-

3. See V. Soria, 'Nouvelles politiques d'ajustement et relégitimation de l'Etat au Mexique. Le rôle du PRONASOL et de la privatisation des entreprises publiques', *Revue Tiers-Monde*, volume XXXIV, no. 135, July-September 1993.

4. 'Examen de la situación económica de México', *Banamex*, volume LXX no. 826, September 1994.

5. M. Husson, 'La modernisation libérale de l'économie mexicaine', *Problèmes d'Amérique latine*, no. 2, July-September 1991.

6. *ibid.*, p. 138.

Industrial wages in real terms

fig. 3

| | 1980 | 1988-89 | 1990-91 | 1992-93 |
|-----------|-------|---------|---------|---------|
| Argentina | 100.0 | 90.1 | 79.9 | 77.5 |
| Brazil | 100.0 | 78.7 | 88.0 | 97.3 |
| Chile | 100.0 | 101.3 | 106.7 | 114.2 |
| Colombia | 100.0 | 122.3 | 130.9 | 134.5 |
| Mexico | 100.0 | 61.1 | 65.8 | 71.0 |
| Peru | 100.0 | 60.2 | 37.9 | 39.6 |
| Venezuela | 100.0 | 48.0 | 40.2 | 40.6 |

Source: IDB (1993), ECLA (1993), World Bank (2)

lists and politicians develop a new strategy based on the experience of planning and import substitution in the 1950s and 1960s? Can the growth in inequalities boost profits sufficiently to overcome the difficulties which the capitalists face?

More capital

For the first time since the beginning of the Debt crisis in 1982, more capital now arrives in Latin America than is sucked out by investors and banks in the most developed countries. The countries which have seen the largest net capital influx are Mexico and particularly Bolivia, where capital inflow increased from an average of 6% of GDP between 1983-89 to 11-12% in 1990-91 and 22% in 1992-93.⁷

While welcomed by local elites, this capital brings with it certain problems. Short term and speculative in their nature, these investments risk fuelling hyperinflation, encouraging local speculation, and the over-valuing of the currencies of more than one country.

Latin American governments now face the following dilemmas:

- increasing interest rates to attract investment and deposit capital normally discourages productive investment, depresses economic activity and increases the risk of a return to recession. The financial austerity programmes which some governments in the region employ to "sterilise" capital flows of their inflationary aspect only reinforce the tendency towards recession.

- The increase in monetary reserves which results from the influx of new capital can push up the rate of exchange, making a country's products more expensive for foreign buyers, even though a whole growth strategy might be based on increasing exports.

Revaluation of the Mexican peso in an attempt to reduce inflation contributed to the country's trade deficit from 1987 onwards. At the same time foreign investors chose to import much of the equipment and intermediate products

which they used in their Mexican operations. This kind of vicious circle is unavoidable so long as foreign capital maintains its speculative aspect. Foreign bank loans in 1974-82 financed an increase in consumption by the local elites, capital flight towards the most developed countries and the development of speculative capital markets in many countries of the region. This situation contributed substantially to the debt crisis of the following years.

The model for growth in most Latin American countries is capable of creating the conditions for a new form of capitalist accumulation. But this accumulation will be not only extremely vulnerable, but technologically and financially dependent on the multinationals and first world bankers providing the capital. The creation of pockets of export-oriented industry will reinforce polarisation and exclusion within Latin American societies, with only minimal transfer of technology and skills. In other words, any growth now will increase the factors which will cause instability later. ★

"...accumulation will be not only extremely vulnerable, but technologically and financially dependent..."

7. R. French-Davis, D. Titelman and A. Uthoff, 'International competitiveness and the macro-economics of capital account opening', *Revue de la CNUCED*, 1994.

Productive debates

COULD you update us on the crisis in the Philippines Communist Party (CPP)?

PEDRO: The current crisis is not yet over — it's still in flux. For example, our comrades in what we call the "RA" faction still have to contend with the documents which Sison presented — the "Reaffirm" document and the "Stand Against Modern Revisionism".² They are now facing a totally different situation — very different to what is [set out] in these documents. They still believe that the revolutionary situation is raging in the country. For them, the revolutionary situation is a permanent feature of the Philippines which, they say, is due to the crisis of imperialism. They still want to behave — even now when there is no revolutionary situation — as a warring party. That entails the armed struggle being the principle form of struggle. So I would expect future polemics, arguments, debates even among our comrades in the RA.

As for the other opposition groups — which became independent and autonomous either because they were disenfranchised, expelled or resigned — they now face the challenge of a changed world, and a changed political climate in the Philippines too. So the situation is not very easy for all those who regard themselves as autonomous or independent. They have to answer those nagging questions which the CP of 1968 failed to answer.³ I think that characterises the parameters of the situation which we are all in now. We are still in flux — while at the same time there are pressing political issues which need to be addressed.

How are the main currents which have emerged from the crisis of the CPP answering the present theoretical and political issues?

PEDRO: In my view, the main problem with the leadership, and I mean here only the leadership of the RA faction, is that they did not return to

Maoism but became "ultra-Maoist", in a very dogmatic way. The leadership sunk itself deeper into the 1962-63 Chinese positions in the Sino-Soviet debate and into the themes of the GPCR ["Great Proletarian Cultural Revolution" from 1966 on]. It will lead to many problems for the RA faction, because the membership in the former Party was not adept with these issues. There was a basic problem in theorising these conceptions and with political education in the Party. For example, at most, the widespread education programme we had was this course called Ang Kurso ng Partido, which was a mixture of excerpts, paraphrasing things from PSR [Philippine Society and Revolution],⁴ Stalin's DHM ["Dialectical and Historical Materialism"] political economy, and so forth. This was the most widespread course we had. But there was no discussion of the concepts which, from the late 1970s, had been developed in the regional school, the "Revolutionary School of Marxist Thought". So there is a great disparity on the theoretical level.

Now, our comrades in other opposition groups, for example the leadership of the Manila-Rizal (MR) Committee, had apparently fought it "toe-to-toe" with the RA faction. So what happened is that our comrades in the Manila-Rizal leadership sought to dig deeper into the Russian tradition in order to make polemics with Sison. So they have already produced at least three documents which explain their views, whereas we have yet to have formal discussions in our

FOR A NUMBER of years now, the Philippines Communist Party has been in the throes of a major crisis, which *International Viewpoint* has covered in a number of articles.¹ In October 1994 **PAUL PETITJEAN** spoke with **PEDRO** and **ANA**, members of the Multi-lateral Co-ordinating Body (MLCB). This organisation is only one of the independent currents which has emerged from the crisis in the CPP, and in future issues we will be providing space for others from the democratic opposition to explain their views.

1. Paul Petitjean, 'New chapter in CPP crisis', *International Viewpoint*, no. 254, March 1994; Paul Petitjean, 'Crisis in Philippine Communist Party', *IV*, no. 241, 21 December 1992; Paul Petitjean, 'New debate on Philippine left', *IV*, no. 211, 8 July 1991.

2. Jose Maria Sison, who now lives in exile in Holland, circulated two documents while president of the CPP, under the pseudonym Armando Liwanag: 'Reaffirm our basic principles and rectify errors' and 'Stand for socialism against modern revisionism'. Those party members who accept the orientation introduced in these documents are known as the "reaffirmists" (or RA), and those who reject them are called "rejectionists" (or RJ).

3. The "new" CPP (maoist) was founded in 1968 by a small number of militants who in the main came from the "old" party, which had become pro-soviet.

4. 'Philippine society and revolution', published in 1970 by Sison under the pseudonym of the first president of the CPP, Amado Guerrero, has become the principal reference for the party on the history of the Philippines and its analysis of Philippine society and the Philippine revolution.

own current on these papers. Basically it is about what the "ism" should be in the Philippines; Leninism, Marxism-Leninism, as counterposed to what they accuse the RA faction of being — Stalinists. That would represent the second current.

Digging deeper

The third current, which I belong to, is still in the process of digging deeper into the lessons of history and developing a better grasp of the current realities and perspectives in the situation in the Philippines and the world over. As much as possible, we would like the organic process and theory building to be more democratic and for many comrades to participate in this effort. We have already had initial workshops, although we have yet to "formalise unities".

The strong points in our theoretical workshops were as follows: 1. On the philosophical sphere we tried to go back to the question of humanism, as many comrades would say, because I believe that there has been an absence of theory building in this area. There was a brief moment after the 20th CPSU congress of philosophical revival, but there was nothing after that. 2. On the debate about the mode of production, we have had animated exchanges on this and we don't want to rush into choosing among categories such as capitalist or semi-capitalist, feudal or semi-feudal. We have yet to undertake major research on the current political economy in the Philippines. In my view, there are vestiges of feudalism, but I don't believe that the country is "semi-feudal", in the way Sison explains it. I'm more into proposing that our economy is somewhat a backward commodity economy, where

domestic local capitalism is stunted. We are to have more debates on this in the coming weeks. 3. On strategy and tactics, unlike other opposition comrades who believe that strategy should not be used as a concept, we believe that both strategy and tactics should be employed. We are open to utilising all forms (and a combination of forms) of struggle, including armed struggle. It depends on the situation as to what combination we should utilise.

On imperialism — It was such a long time since we had any deep discussions on imperialism, so we attempted to have one. This is an area of which we have to learn more. The current character now — there is much talk about globalisation and so forth.

In my view, the world today will be largely enveloped by the current re-organisation of world capital and this will have dramatic effects on the Philippines — changing GATT to WTO, the French proposals to change the IMF and World Bank into something else. This points to re-organisation to adjust to the new situation.

There is much talk about the market — these "three blocs" in the world today — and we are very keen to understand the direct effects on the Philippines. But definitely, we are questioning the traditional definitions of the neo-colonial relationship of the Philippines State with US imperialism. We believe that the relationship has changed. The neo-colonial relationship of the Philippines State has developed the capacity to have its own dynamic, as shown in recent history, for example the 1983-86 upheavals. It's not always the case that US imperialism dictates what the Philippines does. This represents our second major theoretical problem on the question of the State. Many comrades have been theorising

on the applicability of the civil society concept in the Philippines.

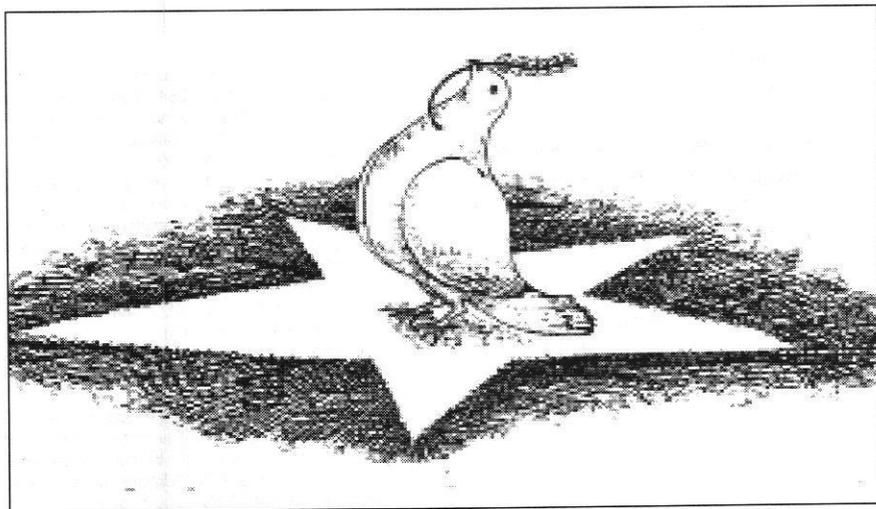
The most challenging issue for us is the question of our organisation — how we should conduct ourselves in the current situation, with due consideration to all developments. We have had debates about the vanguard, democratic centralism, all these issues... We expect that this will be the area where there will be productive debates.

Demarcates

I am stressing these issues which others will find too theoretical because it is what demarcates us now and there will remain differences among the factions in the months and years to come. We have the question of organisational strength, but then it is a question of how to maintain our organisations, how to expand our organisations based on the most reasonable political life at certain junctures in the country. That is why I'm stressing these theoretical points, which have, sadly, been the source of crisis in the leadership of RA.

We have differences too — on our mode of conduct. We would like a change on the question of ethics. In the organisation we had what I would call a "padrino" [patronage] system, which reflects the "PO" [political officers] system — represented in particular by the suspension of elected bodies which was always justified by the war situation of the party. I feel this question of "realpolitik" in the party has been underestimated. It paved way for the "anti-infiltration campaigns" which you already know of, which cost us a great deal in terms of membership and mass base.⁵

Many of us are happy that the theoretical positions, questions of line, questions of organisation and ideology have



5. During the 1980s, in different parts of the country, there were campaigns aimed at exposing agents who had infiltrated the CPP. Resorting to torture in a climate of paranoia, they ended in the execution of hundreds of militants, the overwhelming majority of whom were completely innocent. In particular see the report from Walden Bello, a Filipino solidarity activist living in the US, 'The Philippine Communist Party at the crossroads', *International Viewpoint*, no. 240, 7 December 1992.

Productive debates

been for the first time debated. That is a good thing. The bad thing is that there wasn't enough of a review of the organisational weaknesses of the Party: a kind of degeneration that plagued our Party.

Could you elaborate on the question of ethics?

ANA: Revolutionary ethics — new ethics. In the past there was no concept of ethics. We did not discuss ethics in the Party at all. As a consequence of this almost anything could be justified for political ends. Short of certain basic principles. Even if the words were not used, there were certain ethics and values which the Party lived by, but this was not discussed as ethics. They were just simply principles and handed down as if by order or instruction. They were not closely examined in terms of their basis, their assumptions or premises. Because they were laws and instructions, they were not imbibed or absorbed as part of the ideological make-up of the people. They could be set aside, if enough political reasons were justified.

Universality

I refer, for example, to the notion of human rights in general. We never discussed in the Party what our concept of rights was. There were discussions at the level of political activity, but in terms of ideological concepts, it was never discussed in the Party. Such that it was never clear if the Party accepted the universality of certain basic human rights for all people, or whether it was just simply whether the Party was acknowledging rights as class rights. This was part of the problem with the anti-infiltration campaign. When the Party summoned this up at its so-called tenth plenum, there was a lot of talk about the lack of mechanisms — the lack of a developed concept of due process.

What it also failed to do was look at our very basic ideological assumptions. What is our notion of the basic rights of humanity? Was it ever discussed why torture was not allowed? That was supposed to have been the policy: torture is not allowed — unless it is sanctioned by the Central Committee! So, that notion

simply became an organisational and political one that could be waived by an organisational authority such as the Central Committee. Or, for example, ethics as far as relationships among people are concerned, between the leadership and Party members. Ethics covers a lot of ground, like democracy.

It seemed that anything could be subsumed for political expediency, as long as there was proper organisational authority.

Could you go back to the question of "vanguardism" and unity with other political organisations?

PEDRO: I believe that there have been mistakes — not dogmatic interpretations — regarding vanguardism. It has always been said that there will only be one party mandated to be the vanguard, which carries out the only correct line, demarcating reformists from revolutionaries, revolutionaries from counter-revolutionaries. In my view the question of "vanguard" is not basically an organisational concept. It is an ideological, social and political concept applied in the realm of organisation, and it has everything to do with the relationship of revolutionary marxists to the working class, with the people, with other sectors of the population which have revolutionary potential. This is the main thing about the question of vanguard.

Various parties

This does not at all preclude the existence of various parties claiming to be revolutionaries. Collectively, they can be taken as vanguards. So it depends on the situation, on the balance of forces vis-a-vis capitalism, imperialism and all reaction. These forces can co-operate, unite to various degrees, or even merge, depending on the situation.

I don't believe in the dogmatic notion of the vanguard — that it should be mandated and so forth. Others would assert that it should be earned in practice, but that is still short of the relationship of revolutionaries vis a vis the class and other sectors of the population. It is also the same with democratic centralism, in that is not simply an organisational principle but an ideological, social and political concept that should be applied at the level of the organisation. It is not a static set of principles which should be followed. It should be something organic — a dialectical fusion — because there is always change in the balance of forces, always this dynamic in the behaviour of the class formations, in the struggle within classes, changes in the character of the State, and so I think there needs to be some adjustments in the practice of democratic centralism, depending on the concrete conditions prevailing at any given point in time.

Self-clarification

Concerning unity with other forces, with the current conditions where I think there is no revolutionary situation in the country, I have been proposing that it is not only a question of establishing a coalition for a coalition's sake, in order to fight a common enemy, but encouraging ourselves in continuing self-clarification, continuous education and encouraging other parties to do the same. There is still a lot of clarification to do within each party!

I can only hope and pray that other comrades, in other "rejectionist" groups, will shun certain concepts. We could engage in a more constructive dialogue if we shun ideological hegemony, treating other groups as competitors — instead we should create a better environment to exchange ideas in a more productive way, co-operate more on politi-

Productive debates

cal issues, while at the same time developing ideological unity step by step. We are trying our best to open avenues for the exchange of ideas, at least minimising the maximum errors which still plague us.

Unlike other "Rejectionist" groups, those belonging to the MLCB cluster are independent from the parent party — already "out". We do not recognise the Constitution of the CPP any more. Inside the MLCB, we prefer to begin to cooperate on joint political projects and at the same time be rigorous in theoretical exchanges. I am optimistic that we could form a pre-party formation provided that we can unite around the major theoretical issues. It would be wrong to unite on all the issues — only on the main issues, because otherwise there would be no struggle of ideas once we form a party.

Secondly, I believe it will come to a point where the blocs comprising the MLCB will have to dissolve in order to make a fusion firmer and stronger. There will have to be a categorical declaration about the dissolution of the blocs prior to the fusion.

What are your projects?

PEDRO: Co-operation on campaigns such as value added tax, and GATT. We will be sharing resources and skills, cooperating on training and education, the temporary or permanent transfer of cadres depending on necessity. We are also working in a legal political movement which has its own set of rules — rules which must be respected if it is to develop its own integrity.

We are very open to a united front with other oppositionist or "Rejectionist" groups if a fusion does not occur. This is a safety net which will include other forces, such as Bisig, or certain wings of the popular movement.

*Can you assess the impact of the crisis of the CPP and the new situation on the dynamic of coalition politics and the mass movements, especially those that the National Democratic current was involved in?*⁶

ANA: The splits in the CPP spilled over into splits in the legal mass formations and alliances which were associated with the National Democratic movement. Because for a long time the Nat Dem movement constituted the biggest bloc on the Philippines left, the split and divisions changed the political terrain and arena as far as coalition politics are concerned. While the other political forces outside the Nat Dem movement did not interfere in the internal workings of the debate, whether in the Party or the different mass formations, they could not help but be more sympathetic to certain positions in the light of their own positions on certain questions.

The [Sison] "Reafirm" bloc did not react to this very well — and that is an under-statement. In fact the "Reafirm" bloc, as expressed through the political formations which they either controlled or were heavily present, adopted a policy of lumping together the other political blocs with the opposition [Party] groups and the legal mass formations associated with them.

For example, they would characterise the other political forces as counter-revolutionary, or assisting counter-revolutionary elements. Prior to this, in general, the Nat Dem movement maintained a sectarian attitude which was reflected in our work with these other groups. However, over the last few years there had already been changes in outlook, and consequently in relations with other groups — for the better.

Now this has been reversed. The effect of this is that they refuse to work with groups who are working with the [Party] opposition. This has led to a situation of self-isolation. They refuse to work in coalitions and have withdrawn from, for example, the Freedom from Debt coalition.

The positive side of this was that the close relations which had developed between opposition groups in the Nat Dem movement and other political forces, became closer. We are shedding the remains of sectarianism which we had been carrying for so long.

If we look at the effect on the movement as a whole, the CPP split has led to temporary weakening of the progressive movement, because instead of having a strong united movement, you have a situation where the various elements of the movement are not united in responding to, or acting on, the challenges of the situation.

Divided

So, concretely, you have big campaigns but two or three separate mobilisations with variances in the demands and slogans; you have a situation where, instead of acting together effectively against the policies of the government, you have a divided left, a divided progressive movement. This is the negative effect of the CPP split in relation to the strength of the government.

My own view is that this is only negative in the short-term. In the long-term, if the split was necessary so that those elements and groups in the progressive movement, and the revolutionary movement, can be more relevant, and can redefine themselves in the light of changes both nationally and internationally, then we can be positive. We have to go through this initially painful, weakening process. I think there is a basis for my optimism because, while there is a lot of rethinking and some confusion, on the whole all the progressive groups are exhibiting a greater determination to pursue basic changes in our society.

6. The National Democratic movement (Nat Dem or ND) has both a legal and an underground element. It comprises organisations led by, or which support, the orientation of the CPP.

"...you have big campaigns but two or three separate mobilisations with variances in the demands and slogans... you have a divided left, a divided progressive movement."

Sure, it is a little disorientating at the moment, but I am optimistic that all of these groups will get their act together. I am pessimistic about the "Reafirm" bloc and their ability to change. Indeed, they have not only refused to change, but they are going back to ideas from an earlier era, many of which have already been proven to be ineffective and wrong.

So in general, the split in the Nat Dem movement has led to a re-alignment of the left.

Could you elaborate on the challenges of the new national and international situation?

ANA: I see a new situation, created by the regime and by the development in the ruling elite as a whole. What we are facing is a more consolidated elite, compared to the years of transition in the Aquino period when the ruling class was characterised not only by many factions but also immense conflict between the factions. This leads to a more difficult situation as far as the left and the progressive movement is concerned. Of course the regime is also in deep crisis, but it still in better position than the Aquino government. What is more interesting is that the division of the left, largely due to its own weaknesses, gives Ramos even greater space to deal with the problems, political as well as economic.

Sophisticated

There is not just a consolidation of a new ruling elite, but also a consolidation of the new form of rule which is more sophisticated, more difficult to deal with than the dictatorial rule which we faced for many years under Marcos. It requires a lot more sophistication on our part, flexibility in terms of tactics, skill in maximising all the possibilities which are presented to the left in various arenas, and we have not adjusted yet in spite of the fact that the Marcos dictatorship collapsed more than eight years ago. We lost a lot of time in the beginning, telling ourselves that changes in the political situation were not very important, that fundamentally nothing had changed.

As far as the international situation is concerned, we used to have this tendency to be inward looking. For example, we would only analyse economic changes within the framework of the Philippines, and the relationship of the US to the Philippines — only looking at imperialism as US imperialism. We are

now trying to move away from this fixed way of seeing the world. It is very important for us to understand what happened to the Soviet Union and the Eastern bloc. We rejected the cut and dry analysis of the "Reafirm" bloc, presented through their document 'Stand Against Modern Revisionism' — we rejected the premisses on which it was based.

However, I can't as yet speak of any clear framework or conclusions on the international situation. I would say that we are in a very important period of learning, simply trying to grapple with the problems and trying to understand. For many of us, this is not something we used to do before. In the past, in the Party, there were some people trying to do that but it would just be fed to the general membership of the Party, if it became relevant to their work, otherwise it was only those who were specifically involved in international work who talked about these things. The rest of us simply focused on national and domestic questions. In the opposition there is now a lot of enthusiasm for opening up to the many ideas in the international left, and to study the many complex changes which have occurred.

Balance

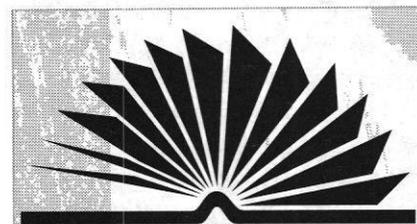
PEDRO: What we failed to see in the past is this dialectical balance between the struggles in the third world, the capitalist countries, and the socialist countries; if one is weak the other two could be weak and vice versa.

Because we are in a third world setting I am very glad that many progressive and revolutionary groups in capitalist countries have taken up struggles. The effects of clashes in the realm of the market and zones of influence, of drastic changes in the productive forces, are felt in the capitalist countries too, such that there can be a closer solidarity not only between the third world and the former socialist countries, but also involving the capitalist countries. It has to be a two-way street, not only from the capitalist countries to the Philippines. I hope we will find new mechanisms to develop such relationships, in order to strike a very good balance between these various revolutionary sectors in the world.

There has been this persistent danger of dogmatism — this question of "ism". From our point of view we want to learn as much as possible from the Russian revolution, the Chinese revolution, the Nicaraguan revolution — even from the

failures, the degeneration of parties in many socialist countries. It is not a question of finding certain principles and making them into "isms". There is a lot of self-clarification needed. But then the danger of being transformed into a debating club is very real. Our attitude is that we try to combine theoretical work with political practice.

What we would like at the moment is to develop and sustain co-operative relations with as many anti-capitalist and anti-imperialist forces the world over. That is all we can afford at the present time. ★



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Kohl continues

MANUEL KELLNER explains the situation facing the left following Kohl's narrow re-election, and **FRANÇOIS VERCAMMEN** talks with **WINFREID WOLF**, a leader of the United Socialist Party (VSP) and a supporter of the Fourth International, who was elected to the Bundestag (German parliament) at the head of a local Party of Democratic Socialism (PDS) list.

|| YOU HAVE to go to bed late and get up early to beat socialism", the leader of the Christian Democratic Union (CDU, main party of the German bourgeoisie), Helmut Kohl, declared in 1976. Since 1982 he has been Chancellor, first of the former Federal Republic of Germany (FRG, or West Germany) and, since unification, of the whole of Germany.

For Kohl, socialism was not only the so-called "Real Socialism" of the former German Democratic Republic (GDR, or East Germany) but also all politics to the left of those of his own party, including social democracy.

Defensive

Since 1990 the "Real Socialist" non-capitalist bureaucratic regimes have collapsed. The GDR is no more. Socialist ideas, whether moderate or not, are on the defensive in Germany as throughout the world. And while in 1976 Kohl led the opposition to a social democrat dominated government, today he has been re-elected — although only just — by a parliamentary majority after having led the government for twelve years.

In the years following the Second World War, for the majority of Germans the political and moral consequences of Nazism were clear. There should never again be fascism, and so there should never again be capitalism. Nor should there ever again be militarism. The connection between "industry" — large-scale capitalists — the

army hierarchy and the Nazis was still fresh in people's minds. In the first few years after the War even the newly created CDU believed in the "socialisation of the major means of production" and rejected re-armament (the Ahlen programme). However, the decision of the Western Allies to support the construction of a West German anti-communist and anti-East German rampart, combined with the prolonged world-wide capitalist boom, led to a period of restoration which lasted from 1948/9 until the mid-1960s.

The FRG, under the CDU Chancellor Konrad Adenauer, became the authoritarian bridgehead of the Cold War, with anti-communism as State doctrine — the German Communist Party was outlawed and dissolved in 1956. Many former Nazis were given high-ranking positions in the State and in the large corporations which still controlled the economy. For its part, the working-class began to believe that there could be capitalism without crisis.

The recession of 1966/7 signalled the end of the above period. For the times it was a huge crisis for hundreds of thousands to be unemployed. As the first signs of the economic crisis began to appear, so did a new wave of workers' struggles, which partly escaped the control of the union bureaucracies. At the same time youth and students became radicalised, protesting against authoritarianism, the war in Vietnam, and the refusal of their parents' generation to accept responsibility for Nazism. Part of this protest movement began to rebel against the capitalist system.

However, the system was still too strong to be challenged in any real way, and the image of "socialism" in the GDR, the regime forced to imprison its "subjects" behind walls and barbed wire, was too close to home.

Yet the late 1960s did see liberalisation of the political climate and a cause for optimism for reformists. It was in the interests of capital to channel all this into what it viewed as a "constructive" direction. From the point of view of the system this was an innovative position. In 1969 a Social-Democrat/Liberal (SPD/FDP) coalition came to power, led by Willy Brandt. Its main slogans were: "Dare more democracy! Social reforms!

A policy of peace with the East!". In effect Brandt became the architect of Ostvertrage, the treaties with Poland and the former Soviet Union, and the dialogue for peace with the GDR. Social reforms, however, were thin on the ground and, so far as democracy was concerned, it is the banning of "leftwing extremists" which springs to mind.

From 1974, under Chancellor Helmut Schmidt, pro-capitalist management took the place of "reformist" rhetoric, while support for over-arming by the West and anti-terrorist hysteria were pretexts for still further erosion of democratic gains. Schmidt's slogan was "A model Germany" — the model of an arrogant rich country, combined with a model of social dialogue which prevented "class struggles" from escaping State control. In a way the Schmidt government prepared the way for that of Kohl.

Counter-reforms

During the recession of 1981/2 the government began a policy of social counter-reforms, leading to a wave of protests. In 1982, for the first time, (Social-Democratic!) trade union leaders organised protests against the policy of a majority Social-Democrat government. However, in October 1982 the FDP changed sides — and Kohl became Chancellor without an election, by a "vote of constructive confidence" in the Bundestag (parliament). He proclaimed a "political and moral turning". What did that mean?

It meant the forming of a programme aimed at rolling back the gains made since 1968/9: Re-establishment of authoritarianism at every level; simplistic anti-communism; confrontation with the East; rejection of women's aspirations and those of working-class children for higher education; and re-establishment of Germany as a great and unrestricted power, with Nazi crimes erased from collective consciousness. Economically, it meant combatting the recession by promoting German competitiveness, taking on the "excessive social State" and increasing wage differentials.

Events even before the 1983 elections showed how things would go: The budget for 1983 cut social spending by 5.65 thousand million marks; the first

financial scandals emerged, for example, the Schwarz-Schilling affair, where the Minister for Post profited directly as an entrepreneur from his ministry; and the Turkish dictatorship enjoyed increased material support.

The end of the 1981/2 recession, which was unconnected with government policy, helped Kohl and his Christian/Liberal coalition to win the elections. The government pursued an austerity programme — but unemployment continued to rise, even during a period of economic upturn, from 1.8 million to 2.2 million in its first two years.

At the end of 1989 the main caring organisations published figures which showed that under the Kohl government the number of poor, according to the official criteria, had risen to 6.2 million — or 10% of the population in one of the richest countries in the world. Between 1982 and 1988, while profits had increased by 74%, salaries had risen by only 18.2%.

Privatisations, flexibilisations, the dismantling of laws protecting women's rights and young people at work, severe restrictions on the right to strike, increasingly harsh treatment of asylum seekers and immigrants, increasingly nationalistic official rhetoric, and the growing relativisation of Nazi crimes — all these characterised both Kohl government policy and the social climate which it created.

By the beginning of 1989 the government, which had become extremely unpopular, appeared to have run out of steam. It was the collapse of the GDR which gave Kohl & Co. a second chance.

While millions in the GDR were still aspiring to an alternative to the bureaucratic regime which could also be a united and democratic alternative to Western capitalism, no-one could believe that the conservatives would gain from the situation. But the democratic socialist alternative was too weak and too vague. German re-unification occurred in the style of a conquest, and in the almost exclusive interests of the bourgeoisie.

In the first few months after re-unification West German capital delivered consumer goods, cars and electronic bric-a-brac to the former GDR — and so escaped the world capitalist recession of 1990. There was, however, a terrible price to pay in structural, social, political and moral terms.

By 1992 industrial production in the former GDR had fallen to a third of its 1989 level. Unemployment was 1.2 mil-

lion, adding to the 2.5 million in the former West Germany. While the "colonisation" of the former GDR created some winners, the general impression of its inhabitants was that they had become disinherited second-class citizens.

The government continued to pursue its policy of dismantling social rights, privatisation and flexibilisation in the period up until the October 1994 elections. This period has also seen a disturbing echo of our Nazi past in the blossoming of extreme right-wing groups and explosion in racist attacks. It is clear that official policy has served to encourage this tragic development.

How can such a government have won once more?

The government is of course weaker than before. The Christian conservatives and their FDP partner now have only a tiny majority in the Bundestag.

All the opposition parties increased their vote. The Social Democrats (SPD) obtained 36.5% of the vote, compared to 33.5% in 1990. This does not mean much, as the party has a policy of de facto coalition with the government parties, has supported the dismantling of the right to asylum, and privatisation of the post and railways and so on. It could not even demark itself politically in its own election campaign.

Interesting

The Greens achieved 7.3% of the vote, up from less than 5% in 1990. This is an especially interesting result given that their vote fell in the east, where their profile is less left-wing (and more anti-communist) than in the west. The Greens have become integrated within parliament and the capitalist system. Nevertheless they are still a force with a policy of real opposition and a series of progressive demands.

The PDS returned to the Bundestag with 4.4% of the vote (2,067,000), an increase from 2.4% (1,129,000) in 1990. Votes in the former GDR are still counted separately, and it did so thanks to these. It was unaffected by the 5% threshold for entry into the Bundestag due to a peculiarity in German electoral law: 5% need not be achieved if a party wins at least three constituencies. The PDS won four constituencies in East Berlin.

Is the PDS the party of the former rulers of East Germany? This would not explain its gains in the east, nor the beginning of its establishment in the west. On the one hand, the PDS appears committed to defending the interests and dignity of the eastern victims of unifica-

tion. On the other, it also appears committed to the reclamation of democratic socialism, defending those below against those above, aspiring to a united and less unequal society. The PDS is also "public enemy number one" so far as the established political forces are concerned.

While technically the PDS is the continuation of the SED (the former ruling party in the former GDR) and 90% of its 130,000 members belonged to it, the SED had 2.7 million members. The vast majority of these have joined the bourgeois parties or the SPD, taken up a career as a capitalist manager or fled politics altogether. Nearly all those who are now in the PDS are non-bureaucrats, non-careerists, idealists — because these days there are more disadvantages than advantages to being a member of the PDS. For example, they are the first to lose their jobs in the private sector.

The east-west split in the PDS vote is extremely striking. It obtained eighteen times more votes in the former GDR than in the west. Yet its vote was still considerably less than in 1990. In the west, although its vote remained modest, it increased over three-fold, from 109,294 votes in 1990 to 369,038 in 1994.

In the east the PDS obtained between 16.5% (Thuringen) and 24% (Mecklenburg-Vorpommern) of the vote. In East Berlin, where lives the oppositionist and reformist intelligentsia of the former GDR, the PDS won the highest vote, with 34%. The highest constituency (as opposed to party list) vote was for Gregor Gysi in Berlin Hellersdorf-Marzahn, who took 48.5% of first preferences. The percentage of the vote for the PDS in the west ranged between 0.6% (Bavaria) to 7.5% (Kreuzberg, in West Berlin).

The PDS has only 1500 members in the west and so its organisational force and prospects for establishment are still extremely limited. Accordingly its electoral prospects rest upon its force in the east.

The VSP (United Socialist Party), founded in 1986 from the fusion of the German section of the Fourth International with an ex-Maoist organisation, is a small radical left party.

In autumn 1993 the VSP agreed a policy of critical support for the PDS in the elections to the Bundestag. At the same time, it decided that its members could stand as candidates on the open PDS lists. The opening up of the PDS to representatives of the revolutionary-

socialist currents is admirable when it is remembered that it was under strong pressure from the established forces to disassociate itself from anything which could be said to be communist, radical or anti-system.

Two women comrades from the VSP, Lilo Lottermoser in Hamburg, and Anna Schulte in Rhineland-Westphalia, were elected from the PDS lists. However, only Winfried Wolf, a leading member of the VSP, editor-in-chief of *SoZ* (the VSP journal), economist and high-profile critic of the "car society" was elected at the head of a list, in Baden-Württemberg. The winning of the four eastern constituencies meant that the western votes "counted" and Winfried Wolf was elected to the Bundestag with 0.8% (42,976) of the vote.

Voice

The VSP and its candidates have not "disappeared in the scrum", as have other elements from the radical left which support the PDS. It has published its own material to ensure that its voice is heard. For example, back in 1993 it published a leaflet with a detailed critique of the PDS programme, which it characterised as interesting, but reformist, and neither having clearly broken with post-Stalinism nor having a proper vision for society. During the elections, four-page pull-outs in *SoZ* gave a run-down of the Kohl government, re-unification and the policies of the opposition parties, and set out its own revolutionary proposals. The fact that PDS practice is at times more right-wing than its programme, the dangers of integration within bourgeois democracy and so on were all analysed. At the same time the VSP published discussion documents aimed at renewing their revolutionary-socialist identity and that of the left as it recomposed itself. Winfried Wolf himself led an extremely active campaign, and ran into some conflict with the regional leadership of the PDS. Both he and the VSP ended the campaign with a large number of new contacts, including young members of the western PDS.

The perspective which is beginning to emerge is that dialogue and co-operation must be sought both inside and outside the PDS. This has been adopted by the general assembly of the PDS Young Comrades and will be the object of discussions within the VSP.

With the success of the campaign and the election of Winfried Wolf we are in a stronger position than ever before, all the more so because there is

increasing discussion within the union movement. More and more, people are feeling the need to come off the defensive, and to revive three main themes: Firstly, the need to regain a vision of alternative society; secondly, the need to attack all huge fortunes, not just industrial profits; and thirdly, the need to internationalise our action. The ideal would be a new and combative current within both the trade union and new progressive social movements, and the relaunching of a vigorous recomposed left wing, the most important component of which would be the PDS

It is true that the system still seems very strong. But more and more people, and in particular the young, know that it will lead to ruin. To quote Karl Marx: "Better a horrible end than horror without end!" ★



Winfried Wolf

M ANY people on the left were surprised when you headed the PDS list in the federal state of Baden-Württemberg, given that the party is still considered Stalinist by some.

The PDS has only a short history — five years. Although the PDS emerged from the SED, the former ruling party in East Germany, the SED had some 2.5 million members while the PDS has only 130,000. This means that the PDS is a totally different party. I would never have been a member of the SED, except perhaps in its last few months, from October to December 1989. I could imagine becoming a member of the present PDS due to its democratic internal life, with its open debates, and possibilities for currents, tendencies and factions. However, I was an independent candidate and remain so.

But don't you think it remarkable that the PDS leadership raised no objection to you, a known revolutionary marxist, member of the VSP and editor-in-chief of its paper "SoZ" (Sozialistische Zeitung) heading one of its lists?

One third of the PDS parliamentary group are not Party members. There are, for example, radical feminists and well-known trade unionists, although I am the only person who belongs to another political organisation, the VSP. In the main I

was approached as a specialist in ecology and transport. My VSP membership was apparently not an obstacle to my participation.

Why did your candidacy attract such harsh criticism from others on the left?

The PDS has changed. It is not a Stalinist party. It's a socialist party to the left of the SPD and Greens. It is a party with different currents. It is no secret that there is a tendency within it which accepts capitalism and the market economy. For part of the left, the so-called "Radikale Linke" (ultra-left) around the paper *Konkret*, and some intellectuals, the PDS has already become a party of national consensus. They have taken an almost cynical position of refusing any political position, and so would not give any concrete support during the elections. Their view is that of a very small minority. A large part of the left take the view that the PDS is still a bureaucratic, semi-Stalinist party, because it has been incapable of debating its own history thoroughly. Accordingly I did not find it very easy to be an independent candidate on the PDS list.

What were the main themes of your campaign, and of the PDS as a whole?

The central themes were elaborated by the PDS leadership: these were anti-capitalist, anti-militarist, anti-racist, and feminist. I ran an active campaign, holding forty meetings in Baden-Württemberg, where I was a candidate. The most important subject was the local economy, which is dominated almost solely by the car and armaments industries. The car manufacturers Mercedes Benz (whose headquarters are in Stuttgart, the federal capital) have an advertisement here with the slogan "Für ein Leben unter anderen Sternen" (For a life under other stars). We produced posters with red, green, black, and purple stars, symbolising socialism, ecology, self-organisation, and feminism. Our slogan was: "The star of Mercedes must be broken."

Did you put forward a plan for combating unemployment?

The PDS already has correct demands: firstly, for a radical reduction in working time; secondly, for initiatives which will create new and useful jobs in social and ecological areas of the public sector; thirdly, for direct democracy in the economic field, particularly for shop stewards inside the factories. Naturally I supported these demands. What we then tried to do was concretise them in terms of Baden-Württemberg. I published a special pamphlet which analysed the socio-economic structure of the "Land" (federal state) and put forward some alternative proposals to combat unemployment.

How was your campaign organised?

It was basically a PDS campaign around an independent candidate. The way it worked depended a great deal on the local situation in the different towns

of Baden-Württemberg. The best example is that of Karlsruhe, where there was an alliance between the PDS and a local radical left alliance, Sozialistische Linke (Socialist left), of which the VSP is a part. It was in Karlsruhe that I spoke alongside Gregor Gysi, the leading spokesperson for the PDS, at a public meeting which attracted 1500 people. We also obtained one of our best results in Karlsruhe, 1.6% of the vote.

How do you feel your election campaign went?

It was very positive. I was able to speak to more than a thousand of people, including many youth, and we doubled the number of PDS members in Baden-Württemberg. Although I was not a member I was integrated into the local PDS during the campaign. Of course, the result was very good for me personally, as I was elected to parliament. But the PDS result was good generally, and not just in former East Germany. The PDS ran a very active campaign, and in a lot of towns throughout Germany there was close collaboration between the PDS and the VSP.

Now that you are an MP, what will be your main activity?

I intend to be active on transport although not specifically responsible for it. The PDS already has a very good spokesperson, a woman comrade, Dagmar Enkelmann, with whom I have worked for three or four years. My special responsibility will be the struggle against railway privatisation. I refused to take responsibility for the environment, which has a parliamentary committee separate from transport, because I didn't want to become simply the "green man" of the PDS parliamentary group. Instead, I will be responsible for international solidarity and international work. I have previously been active around unemployment and will continue to be

so. I intend to start publishing a special bulletin on this and to provide a kind of national information service to trade unionists and social activists.

How will you combine your work as an MP with extra-parliamentary work?

I think that being an MP with broader possibilities and resources will in fact help such a combination — and of course, when different movements and struggles emerge I will be a part of them. I will continue to edit and write for *SoZ*, the paper of the VSP.

Have you drawn any broader political conclusions from this successful collaboration with the PDS?

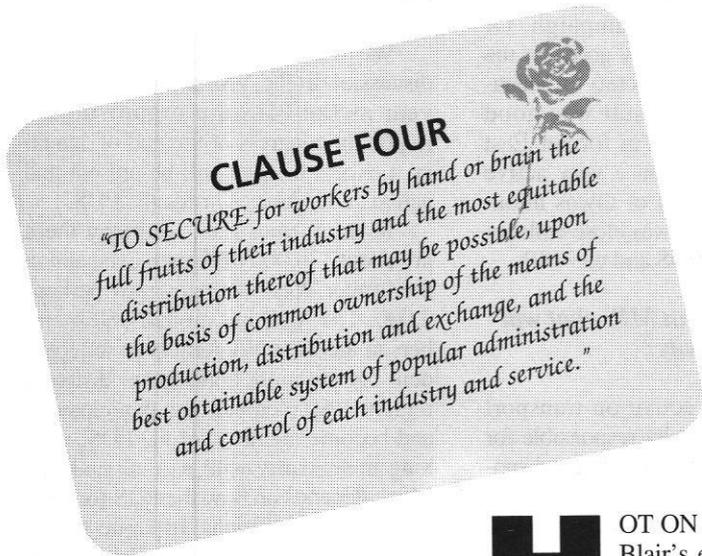
We will be having a broadly based discussion in the VSP at the end of this year as the PDS are organising an important congress at the end of January. I expect that we will be present and active in the debates inside the PDS.

In the former East Germany there are about 130,000 PDS members, and in the former West Germany now perhaps 2,000. The VSP has around 180 members in the west. We remain an independent organisation, although in different regions VSP members can participate in and become members of the PDS, working in solidarity with its rank-and-file. Much depends on how the PDS foresees its own development. In some towns there is "inside-outside" collaboration. For example, in Munich there is a formal structure called "in und um die PDS" (in and around the PDS), which organises in this way. We don't want to disrupt the good work achieved with the PDS by manoeuvring. ★

Kohl continues

New leader found wanting

IN JULY of this year, Tony Blair was elected as the new leader of the British Labour Party. His victory — following the sudden death of the previous incumbent John Smith — was heralded by the mainstream media as the culmination of a struggle between so-called “modernisers” and mis-named “traditionalists”. While the truth is, as ever, a little more complicated, there can be little doubt that Blair is the most right-wing leader yet. **ROLAND WOOD** explains the significance of his victory and the reasons for the attack on “Clause Four” of the Party’s constitution.



HOT ON THE heels of Tony Blair’s election as the new Labour Party leader came the publication in the aristocratic *Harpers & Queen* of several proclamations of faith from “Blair-loving Labour voters...”

Another indication that the “modernisers’” strategic aim — to make Labour electable, after fifteen years in opposition, by struggling with the governing Conservative party for the centre-ground of British politics — had, at least in their own terms, made some immediate impact. Moreover, by 5 August Labour had a 33.5 percent lead over the Conservatives, which, according to pollsters, is the biggest lead either party has ever had over the other.

However, Labour has had large leads in the opinion polls before (in the run-up to the 1992 election it lead consistently — but still lost). What has become clearer over the last few years is that Labour’s opinion poll leads are based primarily on the ups and downs of Conservative fortunes, rather than any

ability to identify and champion the major issues which, for the foreseeable future, should dominate the thinking of the broader labour movement, such as:

- the Party’s trade union link;
- democratic rights and reform (both collective, for example repealing anti-trade union laws, and individual);
- defence of the welfare state and health service.

1945

It should be of no great surprise that on all three Blair is found wanting. This is because the logical implication of his project — a move to the centre — is that Labour will not only have to repudiate any last vestiges of socialist policy, but also say goodbye to the post-1945 settlement.

The break with this should not be underestimated. 1945 was the high-point of British social democracy and, while Labour’s post-war programme has often been ridiculed, the fact is it worked. For twenty five years after the war, so far as millions of working people were concerned, their daily experience confirmed what moderate Labour politicians claimed: They had jobs, schools, hospitals, social security — and they were convinced that the Labour Party was responsible.

A powerful myth was thus created — “Labour’s tradition” — an integral part of which was the idea that the ruling class opposed the policies set out in Labour’s 1945 programme.

Why did this myth become so strong? One reason is that Britain was the only major European country to suffer neither occupation nor fascism. The British working class never had their organisations smashed by a desperate ruling class (indeed, trade union strength doubled during the war), and indeed Britain was the only European country in which the rate of exploitation *fell* after the war. It was therefore easy to mistake the Conservative party’s superficial parliamentary opposition for real opposition.

Further, the ruling class understood that despite short-term losses a post-war settlement was not only *politically* necessary but economically possible. The shock of the 1930s Depression, and

fear of a social explosion after the war, had convinced them of the need for a fundamental shift in capitalist strategy.

Above all, however, Britain was virtually the only industrialised country where the new policies — which were being applied throughout the West — were introduced by a workers' party governing alone. In Italy and France the Communist parties formed only a part of coalition governments. In Germany it took several years to rebuild the social-democratic party. In the US there was no such party. In consequence, whilst in other European countries it was often understood that modern social democracy was an achievement of the welfare state, in Britain the welfare state was seen as the achievement of modern social democracy.

Divided

Today however, Labour is faced with a ruling class which is divided over the next shift in strategy.

On the one hand there are those who, in general, defend and pursue the interests of international finance capital and the arms industry, seek a qualitative break with the post 1945 settlement, and are anti-European (but invariably pro-US). This "faction" (which has always been influential, principally due to the historic role of finance capital and the arms industry), began to set the agenda for a new type of Conservative government following Margaret Thatcher's election as party leader in the mid-1970s. Following the party's 1979 election victory their ideological hegemony remained virtually unchallenged for ten years.

At the end of the 1980s, as the pace towards European (capitalist) unity began to accelerate, Thatcher's ruling class adversaries, who were associated with manufacturing capital (all but decimated domestically by the policies of their erstwhile friends), and who were relatively pro-European, began tentatively to re-assert themselves. They saw their last chance not only to defend what remained of their capital base, but also to rebuild it.

As old wounds re-opened over Europe, signs also began to emerge of a significant weakening of Britain's overstretched role within finance capital. However, the catalyst for Thatcher's fall from grace in 1990 was the mass movement against the poll tax.¹ For the first time in many years the ruling class, already divided over Europe, was faced with a united working class. The remo-

"Blair has accommodated ideologically..."

val of Thatcher, figurehead for the crusade of the previous ten years, was the act of a newly resurgent ruling class faction with an innate instinct both for survival and vengeance.

It is to this faction that Blair (and with him the John Monks leadership of the only trade union federation, the TUC) has accommodated ideologically, in so far as they share a common belief that what is required today is more thorough integration within the project of European unity and the establishment of what could be described as a post-cold war settlement to replace the post-1945 consensus — this time based far more explicitly on the interests of capital.

Where differences occur it is, for example, over support for the "Social Chapter of the Maastricht Treaty" (ostensibly defending worker rights) which even the Conservative's "left" have problems embracing, despite the fact that its bourgeois continental partners are not nearly so reticent, understanding only too well that its paper commitments are in fact toothless.

Blair's aim, while the Conservatives remain divided² (Prime Minister John Major has largely failed to close their increasing divisions, and it is not yet certain which faction will win outright), is to exploit the situation in order to establish Labour as the new governmental representative of pro-European capital for the next century. Little wonder then that the debate about the "Clintonisation" of the British Labour Party remains very much alive. What more could the ruling class (or at least one faction) want, other than Labour's self-transformation into a British-style Democratic Party?

The very nature of the Labour Party is at stake. Will it retain its constitutional link with the trade unions? Champion policies such as full employment? Defend the welfare state and collectivist values in general which, in the public perception, and not in a negative way, characterised the Party in the immediate post-War period? Or will it totally "modernise" — breaking its link with the unions, accepting much of the damage which has been done to public services, and becoming the new "centre party"?

Blair's thinly veiled attack on "Clause Four" of the Party's constitution at October's national conference has quickly become the leitmotif for the direction in which he wants Labour to move. Indeed, he laid some of the ground for this attack even prior to the conference.

"Marxist socialism"

In his inaugural speech as leader, Blair declared that Labour had to move away from "Marxist socialism based on social ownership" and fully embrace the free market. While the idea that Labour's leadership has at any time this century had anything whatsoever to do with Marxism is of course laughable, what was significant was his use of the term "social ownership". Clause Four itself actually uses the expression "common ownership" (see p. 24) but its meaning and implications are not dissimilar.

Moreover, both before, and for some years following, the close defeat in 1981 of the Labour left's standard bearer, Tony Benn, in the election for deputy leader, much of the left was identified with the inefficient and bureaucratic nationalisations of the past. Following the election of Neil Kinnock as Party leader in 1983, the leadership began to use the term "social ownership", often in (embarrassingly astute) criticism of "old fashioned nationalisation", but only as a cover for its rapid move to the right on

1. The "poll tax" (introduced in Scotland in 1987, and in England and Wales in 1988) replaced the existing form of local taxation, the "rates", which contributed towards local government services. Whereas the rates were generally progressive in scale, based on the value of property, the poll tax took no account of that or anyone's ability to pay. At the height of the anti-poll tax campaign well over 10 million were refusing to pay and the tax was, in effect, unenforceable.

2. As we go to press eight Conservative MPs have had the "whip" (a peculiarly English expression) withdrawn, that is to say they have been suspended from the Conservative parliamentary group following their abstention in a vote to agree an increase in Britain's financial contribution to the EU. Major made the vote one of confidence in his government. The suspension of the eight means that technically the government no longer has a parliamentary majority. While the number of Conservative MPs willing to abstain in order to defeat the proposal may appear quite small it is thought to be a very real expression of deep-seated scepticism towards the EU within the Conservative Party as a whole. Add the "sleaz" factor to these problems over Europe and you have a government which is literally reeling from one blunder to another.

economic and later, social policy, stripping the concepts of social or common ownership of any radical or indeed class content.

It is ironic, perhaps, that Clause Four is as much a part of the mythical "Labour tradition" as anything else, given that it has always been hated by Labour's leaders. There is a simple reason for this: On the one hand, its adoption in 1918 was an act of tactical expediency on the part of the leadership, and nothing more; on the other, the commitment to common ownership was proposed by the constitution's principal author, Fabian gradualist Sidney Webb, in order to avoid a more radical variant. That the final Clause was a moderate option gives some indication of how militant the working class was at the time. So while the impact of the Russian revolution provided the motivation for a radical statement of aims, its authors conception was deliberately *non-revolutionary*.

Definitive

The aim was to definitively tie the Labour Party to parliamentary politics (and as the Clause says the Party will "secure for workers..." — perish the thought that they might secure the "fruits of their industry" through their own activity and struggle). The late Ralph Milliband in his 'Parliamentary Socialism' concluded that "the new programme was much less the manifesto of a new social order, altogether different, economically and socially, from the old one, than an explicit affirmation by the Labour Party of its belief that piecemeal collectivism, within a predominantly capitalist society, was the key to more welfare, higher efficiency, and greater social justice."

However, this Fabian gradualism was combined with an unambiguous anti-capitalist spirit. Today, both elements must be expunged if Labour is to take yet another step towards proving its loyalty (and subservience) to free market capitalism. Today, the social philanthropy of the early part of this century, which played no small part in shaping the Labour policies of 1945, is as dangerous a reminder of what Labour once stood for as strikes for better wages or improved working conditions are a reminder of whom the Party was created to represent.

Despite opinion-poll after opinion-poll indicating continuing identification with "social-democratic values" (epitomised by the policies of

1945, imperfect and limited as they were) the Blair leadership has instead chosen to accept the so-called logic of current economic orthodoxy — that a welfare state is no longer affordable and probably not really necessary — and move forward accordingly. Clause Four is an obstacle. Whatever its weaknesses its importance lies in its symbolism, because as Mineworkers leader Arthur Scargill says, it "marks the party out from the Conservatives and Liberal Democrats. It establishes a clear identity."

Without Clause Four, and with a continued weakening of the historic trade union link, the character of the British Labour Party will have been qualitatively transformed. ★

MINeworkers leader, ARTHUR SCARGILL, WHO HAS BEEN A CENTRAL LEADER OF THE LEFT OUTSIDE PARLIAMENT FOR MORE THAN A DECADE, SPOKE AT A RALLY TO LAUNCH THE CAMPAIGN IN DEFENCE OF CLAUSE FOUR.

■ TONY Blair and Gordon Brown, the Clinton clones, want an American-style Democratic Party. Any one naive enough to think that they will be satisfied with just the removal of Clause Four is living in cloud cuckoo land.

The next step would be 'we want a new name; one that is more acceptable; one that doesn't jar; one that is acceptable to the City.'

History is littered with leaders and leaderships who ignored at their peril ordinary men and women who sought only common justice and a better way of life.

We've got in real terms 5 million without a job and at least 10 million below the poverty line. There are hundreds of thousands homeless. What an obscenity to witness on television Labour's leaders greeting the captains of industry, wining and dining them at £300 a head at Labour Party conference.

The wordsmiths are working overtime to sell something which they believe will be acceptable to Tony Blair.

There is no alternative, nor should there be any alternative. It's the very soul of our party which is being attacked.

No fancy words. No dressing up of the arguments. Straight down the line defend Clause Four — defend socialism.

I say to all those inside and outside Parliament, inside the party and the trade union movement 'remember the struggle ever since the party was born'. It has been on the basis that we are different from parties who support capitalism.

It is Clause Four which marks this party out from the Tories and Liberal Democrats. It establishes a clear identity and one which has seen victory in at least five different general elections.

We should fight to retain Clause Four in its entirety and demand that there are no changes. Not a dot. Not a comma. Not a word.

We should say to Tony Blair and to the leadership that we not only want to retain Clause Four but that we want you at the next election to show our class the same loyalty and dedication that the Tories show to their class. You should help implement the kind of policies which will create an equal society. One where helplessness, unemployment and indignity will be consigned to the dustbin of history." ☺

Right surrounds Clinton

A SLIGHTLY "left-of-centre" President remains in office, but he has been left stranded by a right-wing landslide in the legislature. Bill Clinton and his Democratic Party are facing crisis and a real danger of decay. DAVID FINKEL tells us why.

THE MOST alarming result of the recent mid-term elections was the 3-2 vote by Californians in favour of a measure called Proposition 187. Its aim is to deny health and education services to illegal (mostly Mexican and Central American) immigrants and their children, and to compel workers in education, health care and social services to act as enforcers and informers.

However, at the same time the most hopeful sign was the defiant movement of resistance that erupted among California youth during the campaign. In the weeks before the vote, high school "blowouts" (mass student walk-outs) pledged defiance of any attempt by the state to victimise their immigrant classmates or themselves.

Pressure

Groups of teachers, some of whom are activist veterans of the Central America solidarity struggles of the 1980s, have openly proclaimed their intention of non-compliance. Under the pressure of these mobilisations, California courts have halted implementation of Proposition 187 until its compatibility with Constitutional rights is "legally" tested. Nonetheless, the threat to basic democratic freedoms represented by the passage of this proposition is a serious warning of the battles which lie ahead.

The most important national electoral result, of course, is that the Republicans now take control not only of the Senate (an unsurprising result), but also of the larger House of Representatives, which the Democratic Party has continuously dominated since the middle of the Eisenhower administration of the

1950s. This means that the Republican leadership now has the initiative on legislation. What this leadership, itself already divided, will do with this newly won power is now the leading subject of considerable speculation and internal struggle.

For its part, the Democratic Party may be irreparably damaged at a national level. It is of course too soon to draw such a conclusion as a matter of sober analysis. For one thing, bourgeois parties in many countries (and in Eastern Europe, even Communist ones!) have been destroyed in one election only to revive in the next. For another, the Democratic Party's bad fortunes could be reversed with the support of the 62% of the electorate — five in every eight potential voters! — who simply did not vote at all in this election. Nonetheless, the Democrats face an intractable obstacle to winning back majority support — in short, their own politics. Clinton and the Democrats, controlling the White House and both legislative chambers, promised significant reforms in health care, economic restructuring and "fairness". In two years they produced almost nothing, and in some cases — notably health care — worse than nothing.

Clinton has presided over one of the strangest economic "recoveries" on record, one in which the central bank (called the Federal Reserve) has continually raised interest rates in a deliberate policy to prevent official unemployment from falling below six percent. A populist president could have gained considerable sympathy by publicly attacking this fantastically reactionary monetary policy, but Clinton (true to his corporate loyalties above all else) has bowed to the discipline of the bond markets.

Since two structural constants on the U.S. economy are that i) real unemployment is about twice the official figure and; ii) Black unemployment is almost exactly twice the national average; this policy means that African-Americans are trapped in real unemployment well over 20 percent. Clinton's response to this catastrophe has consisted mainly in calling for "stronger families" and for "welfare reform" which is intended mainly to deprive single mothers of minimal support. He has also declared

an "open mind" on re-introducing prayer into State-funded schools, and taken credit for the passage of a hideous "anti-crime" bill which will vastly increase the prison population.

Clinton's original proposals for economic stimulus and "job creation", dubious enough to begin with, were whittled down to almost nothing by the manipulation of Republicans and right-wing members of Clinton's own formal Democratic majority. Practically all semblance of party discipline (which is in any case uniquely weak in the US political system) collapsed long ago. The North American Free Trade Agreement — roundly opposed by organised labour and indeed by most of the Democrats' electoral supporters — was ratified only with the support of many Republican congressmen, reflecting the overriding reality that the corporate ruling class categorically demanded its passage.

Bleak

The Democratic Party faces extraordinarily bleak perspectives in the face of the 1996 presidential election. Clinton appears, at this moment, absolutely unelectable unless the Republicans commit the highly unlikely blunder of nominating a candidate from the extreme religious right-wing of their party. He could, of course, be persuaded not to run for re-election. But in the US, unlike European parliamentary democracies where getting rid of an unviable party leader (as was the case with Margaret Thatcher in Britain) is relatively easy, an open struggle to replace Clinton as presidential candidate for a second term would produce massive convulsions in an already weakened party.

So long as the Democrats seemed to enjoy a permanent Congressional majority, corporate campaign contributions rolled into their coffers more than to the Republicans. In the past half-year, however, as Democratic fortunes sank, this trend has reversed. Corporate capital now appears to look to the Republican Party as its governing party of choice at both the executive and legislative levels.

How then will the Republicans use their Congressional power against a nearly crippled President? Some of its

leaders, most prominently the new Speaker of the House of Representatives, Newt Gingrich, are committed ideologically to a hard-right political and cultural offensive, including sweeping elimination of welfare, cutting off billions of dollars in federal aid to big cities, and tax cuts for the affluent, a measure that can only increase the severe fiscal crisis of the State. These measures (and much other nonsense) are embedded in the so-called "Contract With America" which the Republicans promoted in the final weeks of the campaign.

The religious right, deeply implanted in a growing number of city and town local administrations, will press for large-scale assaults on abortion and gay rights. That kind of campaign, however, could severely backfire — it does not correspond to what the majority of people who voted Republican thought they were voting for in this election. In Oregon, for example, where right-wing forces are well organised and heavily financed, anti-gay ballot proposals failed.

Explosive

Republican centre-right leaders, like Senate Republican leader Robert Dole, will seek as much as possible to avoid confrontations on such explosive issues, pursuing instead an agenda of tax cutting and so-called government "downsizing", except of course for increasing government subsidies of corporations and particularly military spending (another move which can only make the deficit worse). Most of the downsizing will be done with mirrors; few Republican politicians have any serious intention of undertaking politically disastrous assaults on old-age pensions (social security), for example.

"Making government smaller", according to established wisdom, was the mandate handed to the Republicans by an angry electorate. Closer inspection reveals instead an overriding political alienation. White working class voters who in 1992 backed the billionaire political maverick Ross Perot as their presidential candidate, while sticking with the Democrats for Congress, tended this time to simply stay home. The election

was, by US standards, highly ideological — not in itself a bad thing, of course — yet at the same time amazingly devoid of substance and filled with vicious personal attacks, largely because the entire left side of the debate was missing.

With the Democrats in collapse, and with Democratic Party liberals in particular having long ago abandoned even that label, official political debate in the United States — even within the bourgeois political spectrum — is largely reduced to a dialogue of the right wing with itself, broadcast to the intellectual elites via the "quality" press and to the white male "mainstream" by way of the ubiquitous talk-shows on radio.

Where does the left stand in all this?

We face a period in which the right wing will officially set the political and social agenda. American politics will take on a very nasty quality. The trade union movement is weaker than at any point since the rise of the CIO trade union federation almost sixty years ago. The main Black civil rights organizations are in internal crisis and, in the case of the National Association for the Advancement of Coloured People, extreme financial difficulty. Social resistance is fragmented and not well organised, although the California student mobilisations show that it can be explosive.

Dissipated

The momentum which existed inside the Democratic Party in the 1984 and 1988 elections for Jesse Jackson's "Rainbow" campaigns has dissipated. Those on the left who pinned their hopes on changing the Party through those campaigns have been bitterly disappointed. It is extremely unlikely that the Democrats' defeat will strengthen any leftward impulse within it now.

It would also be absurd and self-deceiving to pretend that the Democrats' stunning defeat will bring in its wake a massive working class response for an independent labour party. Any such claims may be safely discounted.

There is, however, a profound political vacuum which the left could begin to fill, beginning at the local level. A small but significant initiative within the

labour movement called Labor Party Advocates, organised by Tony Mazzocchi, an official of the Oil Chemical and Atomic Workers (OCAW), is officially backed by OCAW and has recently won the support of one railway workers' union.

Green party candidates did reasonably well in several states, including New Mexico, hardly a left stronghold. The New Progressive Party in Wisconsin successfully retained its ballot status. The only independent socialist congressman, Bernie Sanders from Vermont, won re-election. Under conditions of a right-wing sweep, this must be considered a significant victory for the left, although Sanders has been justifiably criticised in left papers for his decision to vote for Clinton's hideous crime bill as a "lesser evil".

Whatever potential exists for a left revival can be realised only by making a decisive break from the Democratic Party — now. ★

Right surrounds Clinton

US satisfied

PRESIDENT Jean-Bertrand Aristide views his return as part of the process of Haitian reconciliation. Reconciliation with the army, with the oligarchy, with the political forces which supported the coup d'etat and with the Catholic hierarchy. With each passing week he speaks less and less of justice and more and more of reconciliation. **ARTHUR MAHON** argues that with the collusion of the US army, the forces of repression are again holding their heads high.

FOUR days after his return, Aristide announced that he had ordered the commander-in-chief of the Haitian army to "make order from disorder". Following the US intervention the army had found itself increasingly weakened by popular protests, to the extent that some journalists had written that it was at an end. However, since his return, Aristide has again given it legitimacy, calling upon the population to "walk hand in hand with both the Haitian and foreign military authorities". Nevertheless, he is not completely naive. He has moved certain high-ranking officers and has profited from the exposure of a piece of corruption to replace General Duperval, the head of the army. The US has refused to make the clean sweep which Aristide wanted, but he appears to have obtained their agreement to a reduction in the size of the army to 1500 men. Prior to the US intervention, and the desertions which followed, its official size was 7500 (although in reality only 3000, according to a number of US experts). Some will be dismissed and will receive an income and retraining from USAID. Most of the others will become members of the new police force. A training-school set up by the US will open its doors in January and

will train around 5000 officers, mostly former soldiers.

In the meantime the US is training a provisional police force. At the end of December 3000 soldiers, with a week's training, will be ready to rule over the new order. There are many in Haiti who are worried by the recycling of Haitian soldiers into the new police force. The only soldiers to have been refused are the notorious torturers.

Confidence

The policy of reconciliation has given fresh confidence to the Haitian soldiers. Certain that they would get away with it, in two towns at least, they have fired on protesters - although in one of the towns the crowd then killed two soldiers. US soldiers stay passive in

the face of abuses committed by the Haitian forces of repression. Even more than before the return of Aristide, they are showing solidarity with the FRAPH (Front for the Advancement and Progress of Haiti) paramilitaries and the officers challenged by the people. US soldiers have even been seen threatening protesters with their weapons. In the north of the country, they have had a local radio station closed down for making proposals deemed "anti-Americans" and denouncing a Haitian officer wellknown for his abuses. At Cap Haitien, they threw tear gas canisters at protesters after Aristide visited the town. Before several thousand people he had embraced Bishop Gayot, who, like his colleagues, had colluded with the putschists. A number of those present protested at this and, after he had left, around 2000 people had continued to protest against Gayot. At Haitian Electricity, a worker handcuffed and beaten by US soldiers, after he had occupied, with his colleagues, the office of the new director, whose appointment they found unacceptable. In a number of other businesses and faculties there were calls for the dismissal of senior staff accused of corruption.

Many paramilitaries had to beat a retreat during the first few weeks following the arrival of the US troops. They

are now again holding their heads high. Even in the region surrounding Cap Haitien, which was deserted by soldiers, there is insecurity once more. Aristide recalled that the system of "area chiefs" who made the law in the country, was abolished in 1991. Nevertheless, in many areas of Haiti, and probably most of it, things have continued almost exactly as before. Here, an area chief and his lieutenants lay an ambush for some peasants. There, a deputy mayor is killed and decapitated. In the north-west, US soldiers have been accused by a parliamentary deputy of having supplied new weapons to an area chief. And according to a senator, more than 200 thousand people who left their homes during the coup to escape repression are still afraid to return.

Censured

The new government is meant to be a symbol of "national reconciliation". It is led by Smarck Michel, a businessman close to Aristide. He has already censured "destabilising" protests by workers and students. The President would have preferred Claudette Werleigh, who was Foreign Minister for a year, but was opposed by the US and the Haitian oligarchy. Wilthan Lherisson, a retired general, who held high office under Jean-Claude Duvalier and Namphy is Minister for Defence. The former President of the Chamber of Commerce and Industry, Maurice Lafortune, was given the same job. Marc Henri Rousseau became Minister for Public works, Transport and Communications, making him the largest employer in Haiti. When his nomination was announced to the deputies, one of them exclaimed that it was an unacceptable provocation. In fact, the putschists had made Rousseau their Minister of Public Works after the coup d'etat. He was accused of having stolen money from the State coffers during the 1980s and was dismissed for this reason in 1991. As for the US, it has declared itself very satisfied. There now have thirty advisers to the Ministries. ★

Gaza's black Friday

Requiem for a massacre foretold

IT WAS NOT THE FIRST time that the Palestinian Police have displayed their more inglorious side when they carried out the shocking killings of 18 November 1994 in Gaza. In fact, from the first days of their swinging into action, the Palestinian supplicatives of the Israeli occupying army have set about demonstrating their talents as repressive and heartless (this goes for a large number among them, at least) brutes; talents developed by those specialists in repression — the Jordanian and Egyptian regimes which had trained them. It had already been possible to observe that a Palestinian death by Palestinian bullet, a Palestine tortured by Palestinian torturers, or several dozen, even hundreds of arrests of Palestinians by representatives of the "Palestinian Authorities" make far less international news than the same acts carried out by the occupying army itself.

Rabin is therefore currently winning his bet. As we affirmed from the date of signature of the Washington Accord, for him it was just a question of putting his Zionist/Labour Party ground-plan for the 1967 Israeli occupation of the territories into action: the Allon Plan. Drawn up the day after the "six-day" war, this Plan, approved by the Israeli government, planned the designation of Palestinian enclaves caught in the stranglehold of an Israeli army maintaining control of the West Bank and the Gaza Strip, and notably of the British mandate Palestinian borders the length of the River Jordan and to the south of Gaza.

If the Palestinian section of this plan had to wait twenty-seven years before beginning to be put into action, it was because it was missing a vital element: a credible Palestinian partner prepared to repress its own people in favour of an occupation maintained in different forms. What we referred to as "The long march... backwards"¹ of Yasser Arafat's PLO has finally ended up at this point of extreme degeneration for a movement which not long ago advocated the armed struggle for the liberation of its country: it's as if the Algerian FLN had transformed itself, in 1962, into an army of harkis!²

In so doing, Arafat has jeopardised any chance of true Palestinian self-determination, even partial, coming about under present conditions. Similarly too, in breaking long ago the Arab boycott of Egypt, a signatory of the first Israeli-Arab peace treaty, he had cleared the way for a recommencement of regional American politics formerly seized up by this boycott. This time — following the example set by Sadat, under incomparably more ignominious conditions — he has permitted the Arab regimes to co-operate openly with the Zionist State, thus casting the Palestinian people into the worst isolation they have ever known. King Hussein of Jordan was therefore able to draw up his own treaty with Israel which represents a real partnership between the two states, of whom it would be difficult to say which has more Palestinian blood on its hands. And all that Arafat can find to do about it has been to stir up anti-Jordan feelings amongst Palestinians in the occupied territories on the subject of the "holy places" of Jerusalem — rather difficult to stomach, by the way, when you know that he is doing his utmost to prevent any action being taken by the Palestinians against the Israeli occupation of that same town.³

All this confirms too well the opinion which we expressed in these same columns at the very beginning of the proceedings.⁴ The issue was, however, far from being obvious at that point; it provoked a debate in our ranks and in our press. **Michel Warshawsky** was naturally very much involved in this debate.⁵ Opposite, he presents his own re-assessment in a sharp-edged article which was originally published in the 24 November 1994 edition of *Rouge* (paper of the French section of the Fourth International). **Salah Jaber** ☉

1. See Salah Jaber, "Where is the PLO going? • Part 1: The long march... backwards", *International Viewpoint*, no. 156, 6 Feb 1989.

2. "Harkis" was the name given to those Algerians who were members of the French army.

3. Our comrades in the Revolutionary Communist League (section of the Fourth International in the Israeli State) have told us how Arafat's PLO supported moves to prevent the demonstration for the liberation of East Jerusalem from taking place. The demonstration, which was expected to be big, was to involve an important number of Israeli pacifists. This is the same Arafat which organised demonstrations against the Israeli pledge to give Jordan a say in the management of the Moslem "holy places".

4. See *International Viewpoint*, no. 249, October 1993, & no. 252, January 1994.

5. See *IV*, no. 252.

THE NEW PALESTINIAN policeforce has fired upon an Islamic crowd, resulting in a number of deaths. It is the most pessimistic hypothesis for the future of the occupied territories which has occurred. Yasser Arafat appears to be a prisoner of the policy imposed by Yitzhak Rabin, incapable of influencing the course of events. The maintenance of the Israeli colonies in Gaza was a trap which is now closing.

The images of Black Friday in Gaza were unacceptable. Not only because nothing similar had ever been seen before but, on the contrary, because they recalled the darkest moments of the Intifada, when the Israeli army would fire into the crowd causing dozens of victims amongst the believers who would demonstrate at the end of Friday prayers. This time it was Palestinian police who shot at Palestinians — and this is unbearable.

We will never know how the bloody incident occurred. The Palestinian police has claimed that they were not the first to fire shots. This is somewhat unbelievable, given that the forces of order were not harmed, while hundreds of protesters were hit. However it started, the fact is that the Palestinian police received an order to use automatic weapons upon their compatriots and did not hesitate to do so. It is a major turning point, and it is still difficult to gauge all its likely consequences.

Moral autism

"Arabs killing Arabs: What do you want of the Jews?" demanded the former Israeli Prime Minister, Menachem Begin, after the massacres of Sabra and Chatila in 1982, and you know the outcome: Even the commission of enquiry led by Begin recognised Israeli responsibility for the massacres carried out by the Lebanese forces, obliged the Minister for Defence, Ariel Sharon, to resign and stated that the Israeli army could not shirk its responsibility for the massacre. Begin never recovered from what happened and eventually succumbed to a serious mental breakdown which some have described as resulting from deep guilt.

There is no chance that Rabin or Yossef Sarid, the main left leader in the government, will come to such a tragic end, because nothing will dent the moral autism of the first, and the congenital clear conscience of the second. Nevertheless, there is still a comparison to be made with Sabra and Chatila. The Israeli army remains, in reality as well as in the Accords, the ultimate sovereign authority; nothing is done without its agreement and police officers' salaries, like the daily bread of the million inhabitants of Gaza, depends upon the goodwill of the Palestinian authority in applying the directives which come from Tel Aviv. Jurisdiction of international law lies outside in this sense: although the Israeli army remains present in the West Bank and Gaza, it controls their frontiers and can do what it pleases there, as it remains the sovereign authority and therefore responsible for the security and well-being of their inhabitants.

Legally and practically, it is the occupying force which remains responsible.

It takes all the hypocrisy of a Sarid to state that "We're sorry about the victims, but we have no reason to involve ourselves in the internal struggles of the Palestinians", even though for weeks this same Sarid has not stopped threatening the Palestinians with reprisals if they did not show more firmness. As for Rabin, he is not embarrassed by moral considerations, and with his own direct style, declared on the radio the day after the massacre: "Here is the proof that Arafat respects the Accords which he signed with us".

The Accords of which the Prime Minister spoke boiled down to what we could all see, the day after the massacre, on television, near to the refugee camp at Nusseirat, at the centre of the Gaza strip. There, in the very heart of the territory run by the Palestinian administration, surrounded by a concentrated Palestinian population, is the Israeli settlers' colony of Netzarim, where thirty families live. It is guarded by several hundred Israeli soldiers, a number of whom are placed on the most important road in the Gaza Strip. Since last May Netzarim has been the object of a number of attacks, one of which, a week earlier, left three parachute officers dead. On a number of occasions Israeli ministers have said that "It is a thorn in our side". Whilst thousands of angry Palestinians were converging last Saturday on Netzarim, the soldiers there decided to withdraw several hundred metres, and to leave the Palestinian police to disperse

the demonstration. To those which found it scandalous that Tshal backed away from angry young people, a senior Israeli officer responded: "This is the procedure adopted in the Cairo Accords. If it is a question of a Palestinian demonstration, it is up to the Palestinian police to do the hard work, not us."

Allegiance

It could not be any clearer: Israel has imposed its settlements in the heart of autonomous Palestinian territory, a complete provocation which will invite attacks and other demonstrations of anger, but will make Palestinians repress resistance. How can we not remember the declaration by Rabin, after the signing of the Oslo Accords, that: "Everything will go on as before, save that we will no longer have a police force in Gaza; this is now the job of the Palestinians, without being hampered by the Supreme Court and the human rights organisations."

A year ago many of us refused to believe that this dream of Rabin and the Israeli leadership would become reality, banking instead on an opposed dynamic, capable of resolving the dilemma between Israeli settlements and real Palestinian self-government, through at least the partial dismantlement of those settlements; Friday's massacre shows that such a dynamic has not born fruit and that, on the contrary, it is Rabin's project which has been imposed. As predicted by the Palestinian intellectual Edward Said, the Palestinian police has become a native militia, which does the dirty work that the Israeli army is not capable of doing, and the Palestinian Authority is an appendage of the Israeli forces of occupation. Said has compared the situation with the Vichy regime in France under the Nazis; the US intellectual Noam Chomsky has referred to Chief Buthelezi in South Africa; and others prefer the analogy of the Jewish councils in the Ghettos during the time of the Nazis; whatever the analogy, it falls outside the transition towards national sovereignty and independence.

Even if the combined Palestinian political forces try to escape the escalation of violence, while a truce is in the

process of being negotiated by mediators, including Dr Haider Abdel Shafi, a respected left-wing leader who led the Palestinian delegation at the Madrid Conference and who today disagrees from Arafat, this truce can only be temporary. The role assigned to President Arafat and his police by the Cairo Accords, alongside permanent pressure from the Israeli government, will oblige them to continue repression against a resistance which the desperate economic situation and on-going humiliation can only make worse.

Resistance

President Arafat no longer has room to manoeuvre. The framework imposed upon him by the Israeli government forces him to be the chief of a mercenary force in the service of an Israeli army of occupation. It has now been shown that these mercenaries will not hesitate to fire upon their compatriots. For services rendered in the struggle against "Islamic extremism", Shimon Peres will negotiate some dollars more from donor states, and in particular Europe. The elections which must legitimise Arafat's position, the date of which keeps being postponed by the Israelis, no longer have any meaning, at least in convincing Hamas to take part, to which Rabin and his team are completely opposed. However, without popular legitimacy the Palestine Authority will greatly lose its effectiveness from an Israeli point of view. Without doubt it is for this reason, even in the heart of the Israeli government, and particularly around Shimon Peres, that one hears a new tune: To apply the Oslo Accords more rapidly and, in particular, the partial dismantlement of the settlements.

It will again be the actions of the Palestinian armies which will be decisive in the debate which opposes the hard line of Rabin and the moderate line of Peres, an upsurge in violence being the only way to convince the Israeli leaders that they cannot continue their occupation, their confiscation of land, the humiliations — and at the same time save money. This shows the extent to which Arafat and his team no longer have any influence over the course of events. ★

**"...it is Rabin's project
which has been imposed."**

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HELP /V SURVIVE IN '95!

International Viewpoint is unique. Never “neutral”, we find our news wherever there is a struggle for liberation and progress. We take the side of the oppressed, but we don't confuse our dreams with the often hard reality.

Our correspondents are activists in the social struggles in their country. As such, they have a particular point of view not reflected in the mass media, which are increasingly servile towards the rich and powerful.

International Viewpoint like our German, French and Spanish publications, links socialists in 50 countries on all five continents. With no ties to any one country or party, *International Viewpoint* is an unique and essential means of communication and dialogue for those who want to change the world. *International Viewpoint* helps understand the contradictions of the capitalist political and economic system, as well as the challenges of building democratic and revolutionary left wing parties.

For all these reasons, *International Viewpoint* gets no state support, no private advertising, and has no financial backers. Everything is financed by our readers. In a world where ideas are reduced to commodities to be bought and sold, the existence of a magazine like ours is a constant struggle.

Twelve months ago we announced, in a letter like this, that unless we attracted new subscribers in 1994, the future of *International Viewpoint* would be threatened.

Over the last twelve months we have reduced production costs to the absolute minimum, and cut our staff. Over the past twelve months our paid up circulation has increased by just over 25%. Yet, encouraging as this is, it is not enough to secure a stable future for the magazine.

We have therefore, reluctantly, decided that the current cover and subscription prices, last increased in 1992, will have to increase if we are to maintain contacts with our global network of (unpaid) correspondents.

IV will only continue to exist if, in the coming twelve months, we can attract 300 new subscriptions. For our reduced editorial team in Paris, this is an impossible task. But if each of you finds one friend or comrade to subscribe, the job will be done. Those comrades who can afford it can also pay the subscription of a third world militant or a political prisoner.

Beginning in January, we will publish the monthly results of the subscription drive. The rest is up to you.

In solidarity

International Viewpoint editorial board

SOLIDARITY SUBSCRIPTION

This magazine is too expensive for readers in many countries. For many political prisoners, *International Viewpoint* is the only link to the socialist movement outside the prison walls. Until recently, we have been able to distribute one third of our print run to these activists and prisoners. Our current financial difficulties have forced us to reduce the number of magazines we distribute free to the bare minimum.

You can help! As soon as we receive contributions marked “solidarity sub” equal to a six month or one year subscription, we add another solidarity reader to our mailing list. And if you wish, we will inform him or her of your solidarity.

OBITUARY

RAYMOND MOLINIER, who has died in Barcelona at the age of 90, was born in Paris to a poor family, joining the Young Communists in 1922. In May 1924 he was suspended from the French Communist Party (PCF) but was re-admitted in 1928. In 1929 he was one of the first militants to go to Turkey to establish links with Leon Trotsky, who had just been expelled from the Soviet Union. Later that year he signed, with other French Communists, including Pierre Frank and Alfred Rosmer, the call for the publication of an oppositional newspaper, *la Verite*. In 1930 he was finally expelled from the PCF and was one of the founders of the Communist League, becoming secretary for the Paris region.

At the same time he began to help build the international Trotskyist movement, visiting Greece, Hungary, Belgium, Spain and Austria. In 1934 he supported Trotsky's position of entry into the socialist parties. When this was adopted he became the spokesperson of the Bolshevik-Leninist Group, the Trotskyist tendency within the pre-Second World War French Socialist Party (SFIO).

In 1935 the Trotskyists were expelled from SFIO. During the crisis which followed Molinier and Frank founded the weekly *la Commune*, aimed at regrouping revolutionary militants from different currents. It was actually a serious organisational rupture, supported at the beginning by the majority of adult militants within SFIO.

In 1936 the organisation founded by Molinier and Frank became the International Communist Party (PCI), but would disappear two years later, following the entry of its members, save for its two main leaders, into the Socialist Workers' and Peasants' Party (PSOP) of Marceau Pivert.

In 1939 Molinier left France for Belgium. In October 1940 he went to Portugal, where for a year he helped European Trotskyist militants to find refuge in the United States.

In 1941 he left for Brazil. He went on to Argentina, living there for many years before returning to France in 1977. Not long before his death he had visited Argentina once more in the hope of again being able to carry out useful tasks for the movement, despite the increasing deterioration in his health.

To gain some idea of the role played by Molinier in the history of the interna-

tional Trotskyist movement, one need only look at the number of times his name is mentioned in Trotsky's works or in the post-war writings of different Latin American revolutionary organisations, not all members of the Fourth International.

Molinier was a controversial figure both in our own and the wider workers' movement, capable of attracting friendship and hatred in equal measure. No-one can deny, however, that whatever he did was always in what he believed to be the interests of the organisations of which he was a member.

Molinier's essential qualities were the doggedness of his convictions, maintained in the face of much adversity; his inextinguishable militant spirit; his generosity; and his selflessness. **Livio Maitan** ★

EAST TIMOR

LATEST reports from East Timor have exposed the Indonesian security — organising a plebiscite by gunpoint on the integration of East Timor into Indonesia.

No-one would believe that this vicious campaign would have any international credibility, yet exactly the same procedure was used in "polls" to assess support for integration in West Papua in 1969 and East Timor in 1976 — later accepted by the Australian government as satisfactory.

The situation in East Timor is tense. Indonesian authorities have expelled all foreign journalists and are attempting to crush the civil resistance which developed under the glare of media publicity during the Asia-Pacific Economic Co-operation Conference in the Indonesian capital Djakarta.

Reports from the leadership of the CNRM (National Council of Maubere Resistance) have given fresh evidence of the use of Hawk aircraft against civilians in East Timor.

In the British parliament Labour MPs Jeremy Corbyn and Chris Mullin have challenged the responsible Defence Minister, Roger Freeman, over the use of the British-made planes. While Freeman promised to investigate the matter he then went on to declare that he had no knowledge of a big arms deal with Indonesia under negotiation. This is either a lie or wilful ignorance. It is common knowledge that the Indonesian government have a shopping list which runs into billions of pounds.

Sukmaji Indro Thayhono, a leading human rights activist, recently explained why British weapons are being used to terrorise the population into submission. In the face of an emergent independent trade union movement, the SBSI, and a rapidly growing democratic movement, the Indonesian authorities are clearly unable to maintain stability through consent. They have cracked down on supporters of East Timorese independence, banned the SBSI, and closed down several critical newspapers. Internationalists must not let the attention focused on the regime fade away. **Will McMahon** ★

BHOPAL: TEN YEARS ON

ON 2 DECEMBER 1984, as the people of the Indian city of Bhopal were asleep, a leak in a Union Carbide pesticide plant spread lethal methyl isocyanate gas — poisoning close to half a million people.

That night alone, 2 thousand people died. Since then, the total deaths resulting has risen to 10 thousand. Thousands more have been blinded or developed kidney and liver diseases and many women's reproductive systems have been permanently damaged.

Local plant managers and specialist teams pointed out that necessary safety precautions had not been taken. And yet Union Carbide, one of the biggest chemical companies in the world, refused to spend any extra money in order to protect workers lives and the surrounding community. They continue to reject any responsibility for their callous disregard for Indian lives in the pursuit of fat profits.

The sum on offer in compensation to survivors is paltry and criminal charges have been filed against the chief executives of the parent company and its Indian subsidiary.

Commemorative activities are being held around the world to mark one of the world's worst industrial disasters and to highlight the on-going struggle of the people of Bhopal for justice. **Bala Kumar** ★

**In January's IV...
reports and analysis
from Sri Lanka,
following the recent
elections**