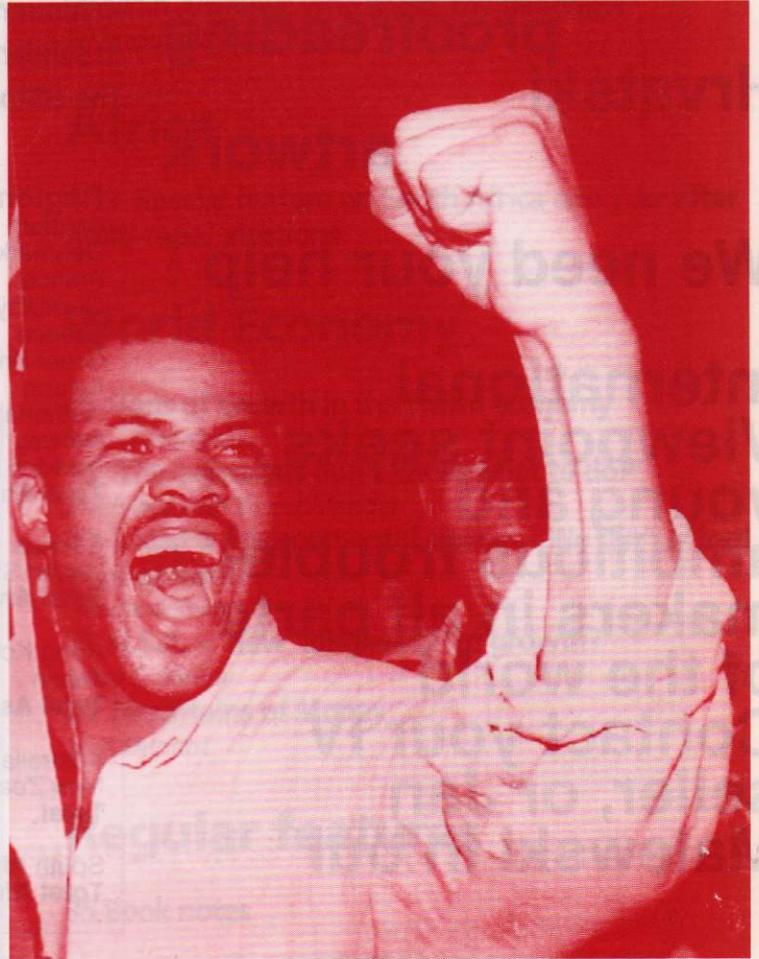


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Tony Smith is professor of philosophy at Iowa State University in the U.S.A. and an advisory editor of the magazine *Against the Current*

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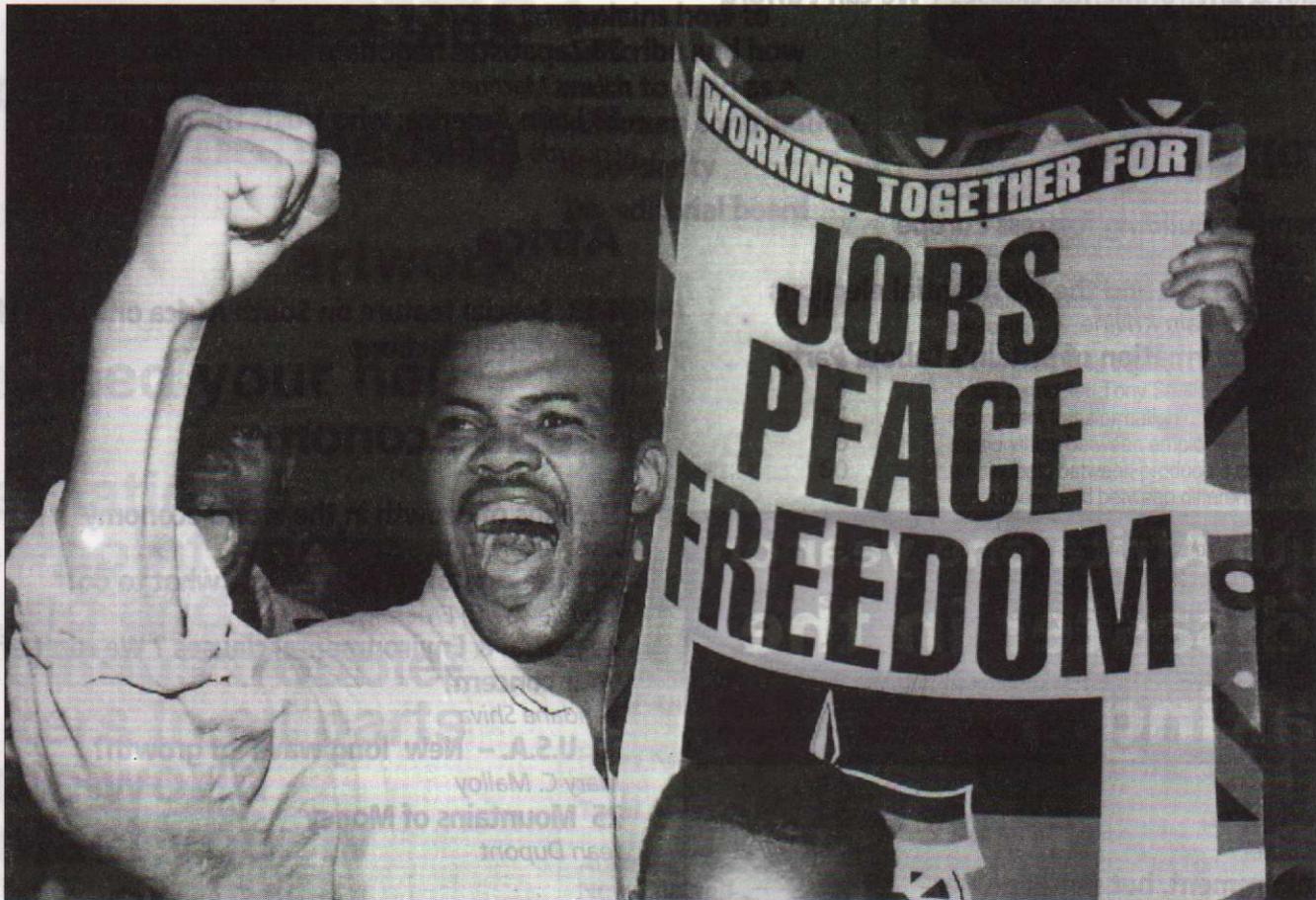
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# A catastrophe in the making



EPA

## South Africa – One year after apartheid

**This dossier discusses some of the questions being asked on the South African left one year after the country's first democratic elections.**

**Leaders of the African National Congress (ANC) have two kinds of discourse. On the one hand they subordinate the satisfaction of the demands of the majority to the economic performance of the country, measured in classic capitalist terms. And yet on the other hand they charge the masses with the central responsibility in the "reconstruction" of the country.**

**If this double discourse has any logic, the new South African state would have to be, in its essence, a state which represents, or belongs to the popular masses. It doesn't.**

**The only "link" between the masses and the state is the massive enthusiasm witnessed during the April 1994 elections. Not that the "April effect" can last indefinitely in such an oppressive and violent place as South Africa. ★**

**by Peter Blumer**

The last few months have seen strikers in various sectors refuse to place their "res-ponsibility" of solidarity with their leaders ahead of their own immediate demands. The gap between the way those in power try to legitimise their rule, and the way that rule is experienced by the black population is growing.

The leadership of many mass movements wants to quieten the social antagonisms inherited — unchanged — from apartheid. But they can't stamp out the effects of social pressure within the ruling layers of the political and trade union organisations. For three years now there has been a debate about the "double hat" accumulation of mandates by leaders. The new crisis is one of corruption pure and simple. Former left critic of the ANC, trade union leader John Copelyn, earned almost R1 million in royalties in 1994 on the basis of the legal business undertakings of "his" textile workers union. A 'regular' trade union full-timer would have earned

less than R50,000 in the same period.

The naive strategies of some militants are astounding. According to Karl Von Holdt, "clearly the relation of COSATU [Confederation of South African Trade Unions] to the new government is a complex and nuanced one. It has different relationships with different ministers and officials, and it can expect a different kind of interaction with different ministries, departments and issues. COSATU resolved to build its capacity to influence and lobby the ANC component of the Government of National Unity, and to resist government decisions that challenge its interests. For the majority of affiliates [affiliated trade unions] the Tripartite Alliance (ANC-COSATU-South African Communist Party) is the best vehicle for this complex process of shaping and engaging in struggle over government policy.<sup>1</sup>

History isn't going this way. Not in South Africa any more than in any of the other countries where a left leadership has tried to subordinate a progressive social project to a political alliance dominated by the opposite social dynamic. "Realistic" is turned on its head. The problem is not simply evaluating the balance of forces and the room for manoeuvre in order to set the rhythm of the possible. The problem is in the social dynamic at work and in the direction which the policies being implemented actually lead. Things are going 'too slowly.' They are going the wrong way.

Jeremy Cronin, General Secretary of the Communist Party (SACP) goes to great lengths to ignore this problem. He talks calmly of the propositions of comrades Alec Erwin and Ronnie Kasrils in terms of the debate on the rhythm, tactical choice and temporary compromise necessary for the movement. Except that the first man is a key advocate of privatisation as an instrument for macro-economic transformation and the second man wants to increase defence spending. The social content of these orientations is clearly contradictory with the whole traditional anti-apartheid project.

We don't share Jeremy Cronin's conviction of his party's rupture with the mistakes of the past. Stalinism wasn't just a habit of 'tail-ending' the Soviet "socialist motherland". It was also a mish-mash of contradictory doctrines which each Stalinist Party adapted to justify the twists and turns of Soviet policy. How should a Communist Party operate in a mass movement (is the Party a means, or an end in itself)? What should be the relationship between the masses and the state? Why do bureaucratic mechanisms

exist, and what interests do they represent?

Has the SACP really emerged from the Stalinist maze? Consider the following questions:

▶ "The 'mass-driven character' of the Reconstruction and Development Programme (RDP)<sup>2</sup> is, at this stage, a total myth," COSATU General Secretary Sam Shilowa wrote recently. "Involvement of the people in the process is spontaneous and, where it happens, it happens by accident rather than by design."<sup>3</sup>

How can Communist leaders be so 'discreet' about the need for mass campaigns, self-organisation, and propaganda aimed at re-launching the mass movement? How can you present yourselves as the principal (the only!?) working class political force, and yet be so modest about your role when it comes to defining a concrete policy for opposing neo-liberal measures? SACP militants say they must bear in mind the Party's responsibilities in the government, and that in any case we must wait and see. But the presence of Communist ministers in the Government of National Unity is a consequence of SACP policies more than an explanation of them!

▶ The SACP has never developed its position on the nature of the 'democratic state' which it placed at the centre of its strategy. This enabled militants and leaders to describe this goal in quite different ways, depending on the expectations and fears of the audience. But what is the nature of the South African state today? The average SACP militant does not have a clear answer. But he or she almost never describes the current state in the terms used until April 1994, as the 'democratic state' the Party struggled for.

▶ The SACP used to present the struggle as having two stages — first democratic, then socialist. What "stage" of the democratic revolution is this? Prominent Party members are telling everyone that the struggle is suddenly "more complex" — and slower. And the first stage sometimes sounds a lot like efficient management of South African capitalism!

▶ The South African state structure is clearly that of a bourgeois state, whatever the character of the ANC leadership at this time. The Party has not clarified the link between this state and the masses — Party leaders sometimes cast it as a democratic state forged by the victory of the mass movements, and sometimes present it as the forum for a transitional social struggle. There is massive confusion in the Party over these questions.

▶ "Reconstruction" as the SACP

presents is very close to the policies of the Italian and French Communist Parties after the second world war. The National Union of Miners of South Africa (NUMSA) has even proposed that COSATU lead a campaign for "a voluntary contribution by workers, with matching funds by employers" to finance the Reconstruction and Development Programme, and that "all production output on selected public holidays, including workers' earnings and employers' profits" be contributed to the RDP.

SACP leaders must know that all this is leading the Party towards a catastrophe. Sooner or later the function of the Party will be called into question by a section of the membership. The (sometimes realised) goal of being the pilot of the whole ANC will finally lose all credibility. There will be propositions for dissolving the Party or transforming it quite thoroughly. These won't be pure theoretical questions — many participants in the debate will have a social interest in the outcome. Some SACP members have "excellent" positions in government and "the business community."

Old theories about the nature of the state, the strategy for its transformation, and on class alliances — without being questioned — are contributing to a political and social integration of the Party into the 'system' — a transformation which the rank and file of the SACP is totally opposed to. How else can we explain that the so called "reconstruction of the country" and "construction of the nation" are accompanied by a real "deconstruction" of the ANC and an unprecedented identity crisis in all the organisations which shared and defended the ANC 'line.' This isn't a difficulty of the transitional period or a quirk of history we are talking about. This is a problem with rational, social causes.

Why are we so interested in these problems? Why are we so insistent on debating these questions with members of the SACP, COSATU and ANC? Because the "private" crisis of the SACP can develop into a much larger catastrophe for the mass movement. In South Africa, just like in many other countries recently, the crisis of the dominant left party does not automatically provoke the birth of a new organisation to take its place. The SACP, and the militant left of the ANC in general, are not simply a political current in that organisation. They are also a reference point for thousands of people who identify with their way of thinking, view on the world, and political references. The current identity crisis is demoralising all these

people too.

This is the main reason we are so interested in the debate on a Workers Party. Is it possible to develop unitary political action, and generate a new pole of resistance, a new revolutionary project? How can we begin to build a "post-apartheid" and "post-April '94" labour movement? We need a labour movement which will not sink into supposed co-responsibility in the enterprises, which will not naively try to reproduce a model developed in extremely productive capitalist Germany in a country with such marked racial oppression. We need a political movement which builds itself in opposition to the bureaucratic degeneration and business corruption of the current left leadership.

This long and difficult challenge cannot be done by avoiding the debates and contradiction within the SACP, COSATU and the ANC movement. Nor should we confine ourselves to sterile discussions. We must quickly find campaigns, activities and projects which interest women and men who want to do something, and which will give them back their confidence, even if their organisations are in crisis. The class interest of the majority can be stated, with regard to housing, unemployment, racism, poverty, land and health. The new political project must do so.

The Workers' Party cannot be a sectarian, reductionist project, like many SACP militants see their party. The struggle to come in South Africa will take the form of different struggles, different organisations, different social movements. So the debate "for a workers' party" must also be a debate about the trade union movement, about the women's movement and about all the social movements. The new left must be pluralist. We can reach a second stage of organisation, but only through the convergence of independent forces.

The challenge is enormous, but there is no reason why a core of militants convinced of the need for this new force shouldn't come together and start work. ★

# African National Congress: In Government But No

## Mark Harper

*"The course of the debate in South Africa on political economy has been extraordinary. Only 18 months ago the discussion focused on government intervention, on public works programmes and nationalisation. Now the discussion is centred on fiscal discipline on trade as the engine of growth and on privatisation"*

(IMF Annual Assessment, quoted in The Sunday Time 9 April 1995)

The much maligned Winnie Mandela cut to the core of the problem when at the funeral of a black policeman she asked the leadership of the African National Congress (ANC) "whether we are in power or just in Government?" She touched a raw nerve for the ANC — setting off a series of events that was to lead to her eventual sacking from the government. She was pointing to the obvious fact — which her erstwhile comrades in the ANC and its allies, the South African Communist Party (SACP) and the largest trade union confederation COSATU have been reluctant to come to grips with — that the mere occupation of government office although necessary is not a sufficient condition to ensure the transformation of SA society.

Implicit in Winnie Mandela's undisguised agitation against the government was another perhaps more important question, one which her estranged husband posed at the start of the ANC's last conference: "There can be no gainsaying the approach to use the negotiations process to capture beach-heads within the power-equation; and then proceed to strengthen our forces from a new vantage point. [But] The challenge we face... is whether we are utilising the new positions we occupy effectively to bring about fundamental transformation?"

One year into the GNU and the implementation of the RDP a balance sheet can be made.

## The Taming of the RDP

The Reconstruction and Development Programme (RDP) was initiated by the Congress of South African Trade Unions (COSATU), as a means of committing the ANC, once in government, to ensuring that the social needs of the oppressed masses are met. A watered-down version of the RDP was incorporated into the 1994

election manifesto of the ANC. (See IVP # 260 October 1994)

Nelson Mandela used his April 1994 election victory speech to make it clear to the other parties who would make up the Government of National Unity, that the ANC as the dominant party in government would not tolerate any opposition to the RDP. Instead of rejecting the RDP out of hand, its opponents in the ruling class have attempted to capitalise on the vagueness and ambiguity of the Plan and interpret it in a way that supports their political and economic endeavours. For example, last year the automobile bosses and some government officials accused striking NUMSA miners of threatening the implementation of the RDP, by causing a loss of production. The same argument is being used today to get township residents to stop boycotting the payment of their municipal services.

**"the Reconstruction and Development Programme is no longer the programme of the ANC, it is the programme of all of us"**

**F.W. de Klerk,  
Nationalist Party leader**

The conservative aspects of the RDP have been strengthened as it went through all the horse trading necessary for it to become the policy of the Government of National Unity. A COSATU spokesperson said at the time that the RDP White Paper was in danger of becoming "no more than a social net to cushion the impact of job losses and poverty". As it turns out, the effect of the White paper was to make the RDP the captive of conservative economic policy which emphasised fiscal discipline, cutting of government expenditure, promotion of export led growth, curbing of inflation, trade liberalisation and creating an investor-friendly climate.

This conservative approach is underscored by the Cabinet decision that the RDP would not be funded through increased government expenditure. The extent of this setback becomes evident when one considers that government plans to cut its expenditure within the next five years from 22% of GDP to 17% of GDP.

### Notes

1. Karl Von Holdt, South African Labour Bulletin, November 1994
2. International Viewpoint #260, October 1994
3. The African Communist, 1st Quarter 1995

# ...ot In Power

The direct financing of the RDP by the government budget, combined with the necessary control of the public deficit would have implied a vast redistribution of income in favour of the workers and the state.

Alec Erwin, long time trade unionist and left socialist, now Deputy Finance Minister in the Government of National Unity, proposes financing the RDP through the privatisation of state assets. Initially privatisation was raised in respect of state land, government buildings etc. Now however, key public utilities are being earmarked. This has provoked protest demonstrations by postal workers and railway workers who fear the worst. Erwin, a central figure in the struggle against the imposition of value added tax (VAT) a few years ago, now argues that privatisation of state enterprises represents a better means of achieving the goals of the RDP than zero rating basic food stuffs (exempting them from VAT). And when he suggests that the RDP will be funded through economic growth he confirms that business is regarded by the government as the engine for driving the RDP.

A feature of economic policy has been government's over-riding concern with creating an investor-friendly climate. This is the source of its anxiety over the continuing violence, high crime rate in the country and its threat to "get tough" with striking police who have implemented an over-time ban in demand of better wages, or students disrupting classes at various colleges and universities around the country.

As an incentive to prospective foreign investors SA has committed itself to a policy of trade liberalisation, open markets and the speedy lifting of trade and tariff duties. Trade and Industry Minister, Trevor Manuel has gone even further than the brutal liberalisation demanded by GATT officials, which has resulted in protest demonstrations by workers from the textile and automobile industries who see their jobs threatened. Manuel also rejects anti-trust legislation, which he says would cripple the capacity of South African business to compete on the world market.

Underlying government economic policy is the goal of attracting substantial foreign and local productive investment as

the means to fund development. The private sector must be encouraged to invest in housing and infrastructure — water, electricity, telecommunications and roads. But unless capitalists can expect a good return on such investments, the present concentration of investment in the 'safe' sectors like real estate will continue. Government can only guarantee high

meeting of basic needs has been the strict monetary policy applied by the independent Reserve Bank. In spite of projected economic growth of more than 3% this year, Reserve Bank Governor Stals has implemented two increases in interest rates and has hinted on a further two this year.

In March this year, Finance Minister,



**President Nelson Mandela with Thabo Mbeki (ANC) and Frederik de Klerk (Nationalist Party) — AP**

levels of profit if they "deal with" the cost of labour. Business also bemoans the low productivity levels of labour. According to them, SA cannot compete in the world market unless there is a simultaneous reduction in wages and increase in output.

Efforts to curtail wages increases were seen in the way employers approached the annual wage negotiations last year, holding out for below inflation settlements even at the expense of bleeding their industries. This was particularly true of last years two main strikes i.e. the automobile and Pick 'n Pay (leading supermarket chain) strikes.

Therefore, while one may have been surprised that President Mandela chose the COSATU congress as the occasion to tell workers to tighten their belts, the call itself by the highest and most popular representative of the Government of National Unity was not.

A further setback to ensuring the

Liebenberg tabled the first of the so-called RDP budgets. No cause for optimism! If one takes into account the increase in inflation and population growth there is virtually no increase in social spending in the areas of health, education, welfare etc. The approach of the budget is to encourage business to grow — hope that this will indirectly reduce unemployment, and poverty. The Minister's announcement of planned meetings with the World Bank in regard to financing projects of the RDP is further cause for alarm. It also contradicts the original RDP document, which specifically opposed the financing of the RDP through foreign loans.

The conservative Financial Mail recently reassured its readers. The greatest virtue of the RDP is apparently its "modesty". After all, "if the RDP had managed in 12 months to build 50 000 houses, a jobs boom and free schooling, alarm bells would be ringing." (Financial

Mail 7 April 1995.)

What of the social promises contained in the RDP? The school nutrition programme has been most successful — a peanut butter sandwich providing 25% of a child's daily nutritional requirements is now provided for an estimated 5.5 million children. The R485m programme of free health care for pregnant women and children under 6 is also generally seen as a success, although it has created a severe strain on the inadequate health services for the black majority. And, although very much in its planning and preparatory stage, the R200m project to provide 1.4m people in rural communities with clean water has started to get off the ground.

Most attention has been focused on the RDP's housing programme. By the end of February just 876 houses were completed and these were aimed at higher income buyers who qualify for bond finance and government subsidies. One of the reasons for the slowness in the provision of houses has been the delay in putting in place a builders' warranty mechanism, a guarantee against faulty construction, without which the banks will not lend to low-cost housing projects. Other reasons include delays in the approval of a bill intended to speed up land delivery, and the fact that the Housing White Paper itself is still bogged down in discussion, with amendments likely. Many other RDP projects are in a similar position.

The recent announcement by the new Commissioner of Police George Fivas that the RDP fund would be used to support the building of more police stations illustrates the way the implementation of the RDP is quickly losing its progressive content.

### ANC Conference

The challenge confronting the ANC's 49th conference in December last year was whether they could stop popular demands of the masses from falling off the end of government's agenda and come up with a strategy that would ensure that the interests of the oppressed majority predominate.

Prior to the conference, tension inside the ANC was beginning to emerge. There were complaints that the leadership, which now found itself in high office was losing touch with the masses, replacing their struggle clothes for smart suits as they jumped on the government gravy train. There was also dissatisfaction in the slow rate at which the RDP was being implemented.

However, the Conference was first and foremost a celebration of the organisation's electoral victory rather than



Waiting for reconstruction and development in a Johannesburg suburb — ÇTK

a forum where rank and file delegates could voice their concerns. The celebratory mood of the conference tended to push to the side the criticisms and concerns delegates might have had.

Having maintained that the compromises contained in the negotiated settlement and which had delayed the achievement of full democracy were a product of the balance of social forces which existed at the time it was incumbent on the ANC to spell out a strategy to change those unfavourable balance of forces. And key to such a strategy would be spelling out a role for the popular forces organised in the mass movement as well as its own grass-roots structures. Yet nowhere in the conference resolutions or documents is reference made to a strategy involving the popular forces in mass

campaigns and mass mobilisation. Almost all the resolutions relating to the tasks of taking forward democratic transformation spell out what the ANC must do in government and in parliament. Relating to, harnessing and broadening the continuing struggles in the work-places, in the townships and squatter settlements to strengthen the position of the ANC in government was not considered. In reality the reverse was the case: "our character as a broad based movement should facilitate the implementation of government programmes to transform our society", says the conference Declaration.

A recent struggle against racism illustrates the point. In February this year POPCRU, the police and prison wardens' trade union embarked on militant action to challenge the extreme racism practised by

**"... Without mechanically transposing other experiences, we need to look at mass programmes which have been implemented in other revolutionary transitions, such as Nicaragua and Cuba. The fact that we have had a 'negotiated revolution' doesn't mean that we can't mobilise national campaigns around literacy, inoculation, land reform, and housing, which involve the masses of our people. We need to mobilise all our sectors and local structures, just as we did in the UDF campaigns, and the campaign of rolling mass action, in a national campaign which everyone contributes to according to their local conditions. To be successful a Front for Reconstruction and Development has to have as its basic unit the locality, the village, the work-place, etc."**

*(The African Communist, First Quarter 1995)*

senior white police officers. As the struggle escalated and spread the union was pressured by the ANC leadership to call off its activities for fear of provoking a rebellion in the ranks of the security forces.

Transforming the economy now boils down to endorsing the approach formulated by government. Consider the following Conference contribution by the ANC Commission on the Transformation of the Economy:

"Given that the economy is relatively small we have limited bargaining power on our own. The reality of the global economy is that it is being shaped by a unipolar world with countries such as the USA and Japan and trading blocks like the European Union dominate. To effect the objective of transformation we must adhere to the course which we set, mindful of the power of international capital. If we ignore these realities, the people of South Africa will pay a clear price and transformation will be elusive. We are called upon to act in a responsible manner - we must observe the constraints in our expenditures."

In this the first ANC conference since the ANC entered government there was no reference to the Freedom Charter with its radical proposals of nationalisation, land reform etc. under which the ANC became hegemonic in the mass popular movements.

The political ascendancy in the ANC of a "realistic" leadership which has lost the political will to assert the interests of its mass working class bases has been confirmed by this Conference. In setting out to reform the state, the state is beginning to reform them.

### **NEDLAC and the new Labour Relations Bill**

As mooted during the ANC conference, government has now set up the National Development and Labour Council (NEDLAC) — a forum where government, labour and capital can agree on economic and industrial strategy. Behind the ANC's commitment to tripartite consensus lies the belief that through the politics of social consensus it is possible to channel all forces towards the reconstruction of the country. Class struggle has to give way to social contracts and negotiated accords.

Headed by former trade unionist Jayandra Naidoo, (not to be confused with Jay Naidoo the former general secretary of COSATU and now RDP minister), NEDLAC brings together the old National Manpower Commission and the National

Economic Forum. It is made up of four chambers: Public Finance and Monetary Policy, Trade and Industry, Labour Market and Development. Representative organisations of "civil society", including SANCO, the national civic organisation, will be included in the Development chamber. One of the criteria for membership is the extent to which an organisation can ensure its membership adheres to the decisions and agreements of NEDLAC.

The business press is speculating that one of the likely agreements to be made at NEDLAC will be a social pact "which would combine wage restraint in exchange for training programmes delivered by business and RDP benefits delivered by the government" (Cape Times 7 April 1994). COSATU has welcomed the formation of NEDLAC saying that it puts an end to unilateral action by the government.

COSATU is generally in favour of co-determination seeing in it an extension of trade union rights. However, a discussion is still proceeding as to whether workplace forums are the best form in which co-determination should take place.

Nevertheless the leadership of COSATU, in line with the ANC's Conference theme, "from resistance to reconstruction" is moving away from what British socialist Alex Callinicos calls 'militant abstentionism' in the hope of having an influence on government economic policy. "The promise of such control or influence may, however, be highly effective in containing proletarian insurgency." (Alex Callinicos, *Between Apartheid and Capitalism* p147.)

### **The Mass Movement and the Way Forward**

The mass movement which generally supported the ANC is key to any strategy to putting working class interests back on the agenda. Unfortunately, there has been a substantial weakening of the mass movement over the last few years<sup>1</sup>. The single most telling factor in the declining balance of forces has been the way the transition has left mass organisations without a strategic vision of how to defend the interests of their members. The absorption of a part of the movement into the state is no small factor in this. Thousands of leading trade union, civic and other community activists are either members of parliament, part of the government or located in one government department or another. Not only has their move left a vacuum in the popular movement but their current activity is

orientated to defending and implementing government policy.

The result has been a rapid slide by a large section of the leadership of many mass organisations to the politics of pragmatism, gradualism and realism where nothing beyond building the co-operation of conflicting class forces in the national interest is seen as important. Their commitment to any militant and radical paradigm has been in most cases shelved.

Crucial to renewing the militant traditions of the popular movement is winning back its political and organisational independence. The major part of this task revolves around developing mass campaigns in defence of members' interests. The social promises made in the RDP are a good starting point. The trade unions, civics, women, youth and student organisations need to take seriously the challenge to make the RDP people driven. The general secretary of COSATU, Sam Shilowa, in a recent bilateral meeting with the SACP made some useful remarks around this very task: "The RDP won't become mass driven through some magical process. We need appropriate structures and programmes to harness people's creativity. Most of all we need to recapture our revolutionary imagination which somehow seems to be lost..."

An RDP front undertaking mass campaigns...? This would be a very important step forward. But such an initiative would come up against the orientation of the ANC in government. The ANC-led GNU has either ignored or tried to render passive the mobilisations of the masses by explaining that things should be left to the government to do what it has to do.

The other part of the task in the struggle for the independence of the mass movement is the existence of a political leadership rooted in the mass organisations with the legitimacy to challenge those forces seeking controlled and carefully managed reform from above.

For the left, the challenge is to build a credible pole of analysis and intervention, capable of responding to the new struggles in South Africa, and responding to the discontent and partial ruptures which can be expected in the vast, disparate ANC-SACP-COSATU current ★

#### **Note**

1. There are a number of factors which account for the weakening of the popular movement. Here is not the place to give a full analysis of them, suffice as to identify the impact of repression during the state of emergencies, third force and communal violence, turning on and off of mass struggle during the negotiating period.]

# Interview with SACP representative Jeremy Cronin

## "Our alliance with the ANC is strong"

**The South African Communist Party has just held its ninth conference, the first since the government of national unity led by the ANC took power in April 1994. International Viewpoint asked leading SACP member Jeremy Cronin about the tasks ahead for South African Communists.**

**► What are the main achievements of the conference ?**

**Cronin:** This Congress aimed at uniting the Party around a strategic vision. The new Strategy and Tactics document, which incorporates the positive Congress amendments, has consolidated a much clearer strategic perspective in the Party. Another success of the conference was a commitment to cadre development so as to ensure greater coherence in the Party — crucial for party building.

We have a new, very strong Central Committee (CC) which is enormously encouraging for Party full-timers like myself. The CC brings together leaders of the trade union movement, Cabinet and deputy ministers, Provincial premiers, MPs and key personnel in other important institutions of our society — which makes for very interesting debates. It also shows that that unionists and Ministers are taking the Party seriously, as they see it providing an important political framework.

The rapid changes in the world since the collapse of the USSR and the communist regimes of eastern Europe confused and demoralised many socialists, here and abroad. What about the SACP ?

Joe Slovo helped open the discussion in the Party early on. The debate is not closed — it broadened at this Congress. Events in Eastern Europe since 1989 have had a profound strategic impact on progressive national liberation movements in the South. We (the ANC-led liberation movement) have not collectively thought through the implications of the new world situation for our national democratic revolution.

The existence of two blocks was central to our concept of national democratic

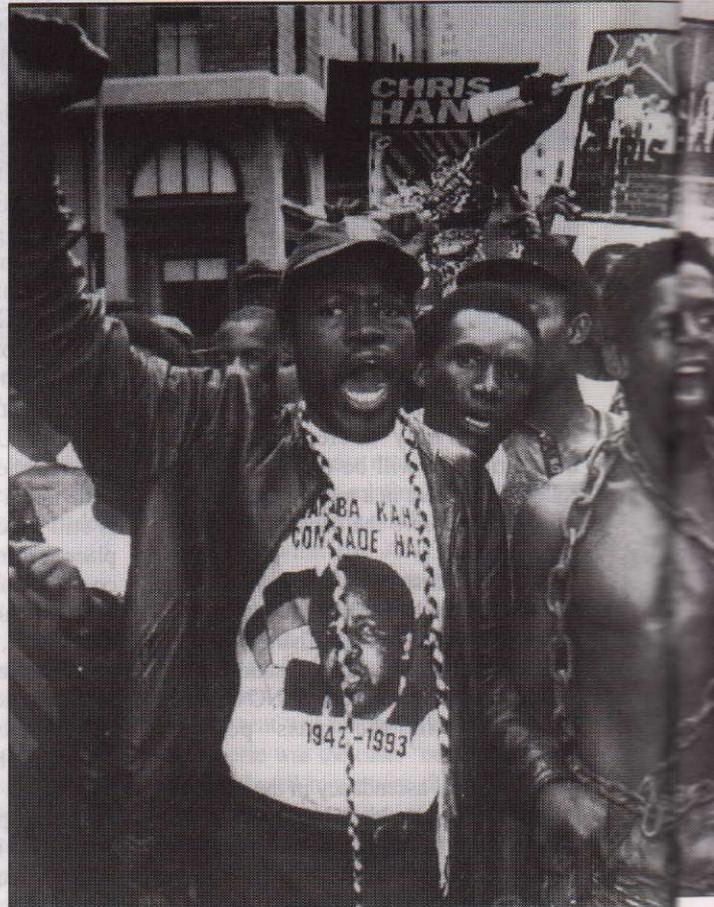
revolution. The disappearance of the Soviet block raises a lot of unresolved questions. While some countries remain socialist, there is no longer a fully fledged second block — an alternative in terms of trade, aid, and military and political assistance

**► What are your strategic priorities in the new S. Africa ?**

The national democratic revolution must be completed. The ANC victory in the April 1994 elections was a significant breakthrough, but the essential content remains — the emancipation of the Black and especially the African majority from the legacies of centuries of colonialism and decades of white minority oppression. This means the advance, deepening and defence of the April 1994 democratic breakthrough, as part of an overall reconstruction and development programme.

The national democratic revolution is likely to be a very long and ongoing project. Its essential features are: consolidating national self-determination, the relative ability to pursue our democratically chosen path in a complex global situation; deepening national unity; and thoroughly democratising all aspects of society. None of these is possible this side of a decisive breakthrough to socialism.

So the question is really 'at what point does a decisive breakthrough to socialism come on to the agenda?' I do not believe that it is useful to lay down quantitative or metaphysical criteria. Socialist forces should engage with the present situation, be in the midst of the democratic movement, and champion the advance, the deepening and defence of the democratic transformation. We should increase the momentum towards socialism, and even build some elements of socialism here and now.



**Demonstration after the death of leading SACP member Chris Hani**

**► How can we ensure fulfilment of the promises contained in the government's Reconstruction and Development Programme ?**

Mass involvement would be critical to securing the implementation of the Reconstruction and Development Programme (RDP) and the broader ongoing democratic transformation under any circumstances. It is particularly important when we understand that the ANC-led movement has secured some, but not all political and institutional power.

State power and mass power are the two key pillars for ongoing transformation. Clearly, we must shift gears — from a largely opposition mode towards a more developmental mode. But this should not be overstated. After all, developmental struggles (house building brigades, workplace transformation, land redistribution) will necessarily bring mass forces into

# Stronger than ever"



Member Chris Hani, 10 April 1993 – EPA

opposition with other class agendas. Mass mobilisation needs to be genuinely empowerment of working people. Some factions within the ANC movement mobilise on popular grievances in a demagogic way. This is really about securing a larger slice of the action for this or that faction, not about people-driven transformation. The masses should not be turned on and off according to the needs of the movement's elite.

We also need to draw a clear line between effective mass participation and lawlessness. However real the grievances of students, for instance, vandalism of public property or the taking of hostages are simply not acceptable. These kind of actions play straight into the hands of those forces who see transformation as a top-down, state-delivered business and who are increasingly tempted by a law and order approach.

Isn't there a contradiction between your

strong line against privatisation and increased military spending — policies for which SACP members of the government share the decision-making?

This is a difficult and awkward question. But the conference discussions on military spending and privatisation demonstrated our capacity for democratic debate. Comrade Kasrill (a Deputy Minister in the government) tried to persuade the delegates that we must use the window of opportunity to build a modern army and quoted the Vietnam experience. Normally, quoting Vietnam would have been enough to win the argument. But delegates were not convinced. I think the final resolution on this question<sup>2</sup> will recognise that we can not approach this question in too mechanical a way — saying we do not need to spend any money on defence. We need to address the military question in a more systematic way. At the same time the resolution will emphasise that the priority for government spending remains the social priorities of the RDP.

On privatisation, we agreed that some state assets such as military land can be privatised to aid the land restitution programme. But I think all agreed that key public utilities such as Telkom and Escom, should remain in public hands.

**How has your alliance with the ANC changed now they are in power?**

We still see the alliance as very important. Now we have SACP members in the ANC who are ministers, deputy ministers, and provincial premiers. More than 50 MPs are members of our Party. This brings new challenges. But the SACP has always had members in leading positions of the ANC, and we played a prominent role in the ANC during the negotiation period, so the problem is not entirely new.

We respect the same framework as before: we do not operate as a caucus, and

where we have specific positions we pursue those within the democratic parameters and constitutional structures of the ANC. And yet... Congress reasserted the vanguard nature of the Party. On issues which may require a more independent SACP position, like the transformation of the Reserve Bank Board, or the privatisation of key public utilities, we are still fumbling.

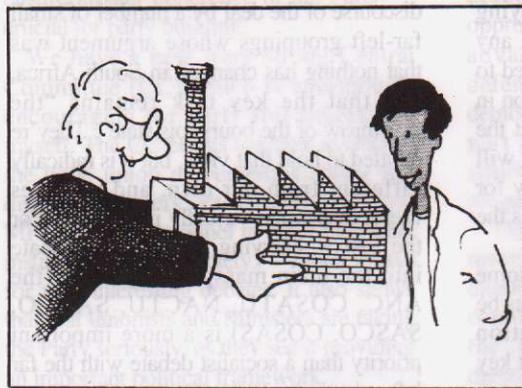
However, we see the alliance with the ANC stronger than ever. I think this is because of the very progressive, unifying and effective role that our cadres have played, ignoring factionalism.

The COSATU trade union federation and the SACP hosted a Socialist Conference in November 1994, as an attempt to begin a dialogue on the left. What were the results?

Our overall assessment is positive. We were able to enter into dialogue with a number of non-Party socialist intellectuals. We hope we can continue. But we felt that this positive dialogue was diverted into a discourse of the deaf by a number of small far-left groupings whose argument was that nothing has changed in South Africa, and that the key task remains "the overthrow of the bourgeois state". They're entitled to hold that view, but it is radically different from our own, and it makes useful discussion virtually impossible. For the SACP, carrying the socialist debate into the main mass organisations (the ANC, COSATU, NACTU, SANCO, SASCO, COSAS) is a more important priority than a socialist debate with the far left. ★

notes  
 1. The CC includes senior COSATU leaders like Enoch Godongwana, the General Secretary of the Mine Workers' Union NUMSA, the General and Assistant General Secretary of NUMSA, Ministers Jeff Radebe and Sidney Mulamadi, Deputy Ministers Ronnie Kasrils and Geraldene Fraser. Deputy Minister for Finance Alec Erwin chose not to stand again.  
 2. The resolution has been referred to regional organisations, and will be finalised at the next CC meeting.

# The decline of the black trade unions



by Cde Darcy

"For the last ten years and more growth has been at a standstill, investments have fallen back dramatically, and average real incomes have shrunk. The economy remains dependent on mineral exports, and the industrial sector is not capable of creating jobs, of providing the population's basic needs, or of competing on the world market... Industry is working at a low percentage of capacity. Speculative investments have taken the place of productive investments, leading to a decline in job opportunities..."

(Reconstruction and Development Programme 4.1.4)

The government's Reconstruction and Development Programme (RDP) is an ambitious document. Starting from the above bleak picture of South African reality, the document sets out ambitious goals, including a thorough-going social democratisation of the country, combined with rapid economic development, in order to supply badly needed jobs, housing, education and other social needs.

But how can these goals be reached? The dilemma is that productivity in South Africa is too low to compete with the industrialised countries in an increasingly integrated world market. And at the same time, South African production costs are too high to compete with countries like China and Indonesia, which are also characterised by low productivity but 'offer' still lower wages.

According to Labour Minister Tito Mboweni, South Africa has to choose "either to orient upwards and base its economy on quality, reliability and inventiveness, or to orient downwards and take on the Chinas and Indonesias of the world... We do not hesitate to recommend the road of high productivity." (Business Day, 9 Sept. 1994)

This is the kernel of the new transformation of labour relations, until now based entirely on collective bargaining. The RDP (it is said) can however only be carried out if the black trade-union movement is enlisted as a social partner of the government and employers in order to work together for economic reconstruction. But the hard struggle against apartheid sowed deep political divisions and suspicions between

**"You can't put Jabu Xulu, who is earning \$50 a week after 15 years and supporting a family of five, in the same room with John Smith, the managing director of a big company who is earning \$5000 a week, and expect that [reaching agreement] will be a peaceful, easy process. But we have to manage to bring them together, because otherwise we (the new democracy) will be shipwrecked on the rocks of continual conflict."**

**John Gomomo, COSATU President -- Financial Mail, 24 February 1995**

black workers and their employers.

To attain this goal of partnership, Minister Mboweni set up a working group last July, which in February published proposals for a new Labour Relations Act. This is now being examined by NEDLAC (the National Economic, Development and Labour Council: a national advisory body made up of officials, employers and trade unionists). A final draft will be presented to parliament and voted on before the end of the year.

One of the recommendations is to supplement contract negotiations (preferably industry-wide) with a "second channel" of co-determination at the work place level. The draft bill proposes a model of "work place forums", similar to German or Dutch works councils, that can be created in companies with more than 100 employees in order to involve the personnel in decision-making.

The draft bill breaks with the existing system in other ways as well. It foresees the creation of an extensive apparatus for mediation and arbitration in labour conflicts. Employers' existing obligation to negotiate with union bargaining agents over working conditions is to be abolished. Furthermore, the existing freedom to strike over any dispute is to be restricted, through a prohibition on strikes over issues that, according to the bill, should go to arbitration or the courts.

According to the memorandum accompanying the Draft Bill the intention of mechanisms that introduce worker participation is that they "should lead to increased productivity and profitability." (Government Gazette February 1995, #16259). Not surprisingly, these recommendations have been enthusiastically welcomed by politicians and academics.

Reaction from the social partners was by contrast more suspicious. "Work place forums" in particular have been harshly criticized by both employers and the trade-union movement.

For employers, work place forums mean extra costs for meetings, i.e. lost working time and other expenses, at precisely the moment when costs have to be pushed down in order to compete on the world market. They also limit managements' ability to run their companies as they see fit.

In a number of large companies management has already set up participatory management bodies on the Japanese model: with more restricted, advisory powers, put in place in order to inspire workers to increase productivity. For many in management, setting up a legally obligatory system, in which the

black unions would play an important role and - still worse - in which management would have to supply the work place forum with all necessary information over the company's business, is going too far.

In the unions as well, there are many concerns. The bill emphasizes that the country's British-inspired collective bargaining system and unions' interests as such are not in any way to be attacked, and provides that a work place forum can only be formed where a union representing a majority of employees requests it.

Nonetheless, COSATU considers the proposal "threatening". For example, there is no provision in the bill for eliminating a work place forum, even if a union loses its majority. Even worse is the fact that the bill requires consultation over production-related issues, but rejects COSATU's demand that employers be required to negotiate over these issues. From this standpoint, co-determination looks like a tricky way to restrict collective bargaining, in which the union always has the strike weapon at its disposal.

In short, there are fears that work place forums will compete with the trade unions, at a time when many unions are having a hard enough time maintaining their bargaining position.

Underlying this defensive attitude are the problems that COSATU is encountering in the new South Africa. Almost three million employees (37% of the total) are union members, of whom 1.3 million (16%) are in unions affiliated with COSATU (1). But, after rapid growth in the 1980s, membership has hardly increased since 1990.

Since the elections another problem has made its appearance: the unions' leading bodies have been substantially weakened by the diversion of many union leaders into the government and politics at the national, provincial and local levels. This has resulted in a substantial decline in the leadership's ability to lead. A certain level of doubt has also arisen in the rank and file at the sight of former leaders and activists who now occupy positions of power alongside the old white oppressors.

The differences are indeed great. The employers, and daily life in the companies, have scarcely changed since April 1994. Even The Management Brief, admits that an "archaic mentality" exists among South African employers. Even if many acknowledge that work place democratisation can lead to improved productivity, management's attitudes often remain "colonial" (The Sun, 10 Mar. 1995).

It is in these circumstances that the unions are expected to give up the strike

weapon over economic and social issues and to trust in dialogue with employers. This strikes many leading activists as irresponsible.

In practice, there is not much evidence of a new spirit of co-operation, in either the public or the private sector. One reason is undoubtedly that ordinary (black) workers expect more from a democratically elected government than from the old white regime. For example, 3.9 million work-days were lost last year to strike actions, compared with 6 m. at the high point of the struggle in 1986 (Finance Week, 30 Mar. 1995).

The first three months of this year were relatively peaceful (60,000 strike days, compared with 295,000 in the same period last year). But these actions were characterized by an exceptional bitterness, particularly in the public sector. Most striking was the police strike: the South African Police Union, established in 1993 as a counter-weight to the militant Prison Officers and Police Civil Rights Union, has suddenly taken the lead in a massive action for increases in meager police salaries.

At the same time the government is under pressure to decrease public sector expenditures, particularly the wage and salary costs of the oversized post-apartheid civil service. Cutbacks are leading to action by civil servants, which sometimes gets out of hand. In February President Mandela warned trade unions against "anarchists" in their ranks; COSATU President John Gomomo warned the government against starting a "witch-hunt" against the unions.

The economy is expected to grow 3% this year: the first meaningful growth since the 1980s. Investments also increased last year, and there is already talk of shortages of skilled labour. According to economist David Mohr, this means "the end of declining salaries and loans". In the private sector, wage demands account for half of all strikes. Soon the most important contract negotiations — for the mines, industry and the auto sector — will begin. Expect conflicts. ★

#### Notes

1. In 1979 the apartheid regime, under pressure from the rising black labour movement, was forced for the first time to grant legal recognition to black trade unions. Since then most of these trade unions have joined together under COSATU's banner, and they set the tone for the labour system.

Reprinted from the Dutch solidarity paper *Amandla* (fax +31 20/627 0441)

# The crisis in the Communist Party

**The Manila-Rizal Regional Committee leads an important opposition current in the Communist Party of the Philippines. Paul Petitjean interviewed Sony Melencio, a trade union**

**organiser and a leader of the BMP (Workers' Union for a Change"), a regroupment of trade unionists in the Manilla region.**

► **International Viewpoint: Can you outline your view of the current crisis of the Communist Party?**

► Melencio: From the late 1980s there was a trend of marginalisation in terms of the mobilisations the Party could command, and in terms of the guerilla war. For example, a number of New People's Army (NPA) commanders came down from the mountains to talk to the government. It was also reported that the number of arms that the NPA had was much more than the number of guerillas — something which had never happened before.

[Party leader] Sison came out with the proposition that the root cause was that we were not Maoist enough. He said that one had to reaffirm the so-called basic principles of the Party: the theory of the semi-colonial/semi-feudal Philippines; "protracted peoples war"; modern revisionism as the basis for the collapse of the so-called socialist countries in Eastern Europe. Disciplinary measures were taken against some of his opponents, and some units were dissolved. This impelled those who opposed Sison's views to look at the problems and what was wrong with the Party. All the opposition agreed that sectarianism was the basic problem and that this was rooted in the Stalinist character of the Party. I can confidently say now that the entire opposition is anti-Stalinist.

The Manila-Rizal group (M-R) has produced a more programmatic critique of the Maoist character of the CPP, the Party's "strategy," and the "protracted peoples war".

► **What are the differences within the opposition?**

One view is that instead of building another party, there should be a broader united front or a genuine national democratic front (NDF). Some go to the extreme of basically liquidating the party formation (this is the case among some activists based in Europe). This debate is

partly due to the bitterness of experience of many members of the CPP.

Some have also criticised Leninism saying that it was another form of Stalinism. They look back to Marx or to writers such as Gramsci. In my view these are all theoretical attempts to shift away from the Marxist-Leninist conception. What is confusing is that this criticism of Leninism has come from an understanding of Marxism-Leninism as described by Stalinism. There has been a debate about the dictatorship of the proletariat for some time now. There are those who say it is passé, and that better examples lie in the experience of Nicaragua and El Salvador.

The M-R current believes that the theoretical foundations of the revolutionary movement in the Philippines should still be Marxist and Leninist but not as distorted and defined by Stalinism. But some of the other groups are moving towards the ideas of the Popdems [Popular Democrats - ed]. This current came out earlier than the others from the NDF and developed earlier a critique of the CPP. The problem with this current — and some of the Popdems are very up-front about what they think — is that some say national democracy is comparable to social democracy, so what is wrong with social democracy? Some identify with left social democracy.

Manila is the central industrial region in the Philippines. The Manila-Rizal CPP region has been in existence for around twenty-five years. It is here that the CPP formation began, with the student upsurges in the 1970s and later on the focus on activity in the working class. So it was able through the years to build up a large working class base and membership. One newspaper columnist described M-R as the proletarian wing of the Party, in as much as the cadres of the local party came from this industrial centre, with a working class background. The membership of the Party in other regions was based in the NPA and would come predominantly from the peasant classes. It is difficult for M-R to convince the other regions because differences are rooted in the class character of the Party units.

M-R was naturally pressured from the very beginning to examine writings other than Maoist ones. They didn't get any guidance from Mao about our urban work, so early on they were studying Lenin. M-R was criticised by the central leadership, which held the Maoist idea that Leninism applies to an industrialist capitalist



**Government soldiers at Auguimido**

country and not what they characterised as a "semi-feudal" country such as the Philippines.

In 1978 M-R was instrumental in building the Laban electoral formation — together with Begnino Aquino and other anti-Marcos politicians. The 1978 policy of the Party that participation is unprincipled and the election merely a fight between the reactionary classes was reaffirmed for the 1986 elections. The result was a fiasco. Representatives of the CCP in the M-R region were on the electoral slate. But the official Party policy became boycott. Because of its participation, the M-R committee was dissolved and the M-R leadership charged with factionalism, revisionism and reformism. All its members were to be put through re-education — stripped of Party membership and made into ordinary regular NPA guerilla. The main leader of M-R was in a NPA camp for five years as an ordinary member, not even a Political Officer.

# ty of the Philippines

## ► Could you summarise the alternative theses presented by the M-R leadership?

With regard to the question of the semi-feudal/semi-colonial character of the Philippines, Sison has been saying — although not directly — that the mode of production in this country is semi-feudal/semi-colonial. There have been debates on this question for a long time. At a time, there was even the idea that M-R was living in a capitalist enclave, while the

Sison-led group was in a feudal enclave and there would be different types of struggle. M-R now says that the Philippine mode of production is basically capitalist, although backward with feudal vestiges.

With regard to “protracted peoples war”, the M-R rejects of the universal relevance of this strategy. What Sison does is to apply the Chinese experience not only in the Philippines but as an universal theory for revolution in the third world. M-R agrees with

Lenin that the form of a particular struggle cannot be immediately seen, it is a product of the class struggle. Lenin rejected the idea that the party should impose the concrete forms of the class struggle which will prove to be essential during a given period. And this is what Sison does with “protracted peoples war.”

The third M-R document is a critique of the programme of the party in the Philippines revolution, a critique of the national democratic programme. The CPP only talks about the national democratic character of the revolution, and presents the struggle for socialism as something far away in the future. The M-R view is that the struggle in this country is basically a struggle towards socialism but that we have to pass through and complete the stage of a national democratic revolution. It would be foolish not to clarify this. There is no reason to delay the education of the masses on the need for the socialist struggle until the national democratic revolution is won. This is a pressure for

M-R because it works among the working class, who will not be convinced of the need for revolution by a national democratic programme which has something to say about the peasants, about other sectors of society, even about local capitalists, but nothing to say about the workers. All it says about the workers is that it will improve their conditions — that there will be better wages and so on. But this is something that the workers could get under capitalism. They wouldn't need a revolution to get those kind of changes.

## ► M-R says Sison empties Mao's 'protracted peoples war' of its historical dynamism, reducing it to permanent guerillaism, unable to win...

Chinese communists participated in a war of national liberation against the occupying Japanese. As a result it was possible to develop guerilla bases even at that time. It was a real war. But to expand this experience into an universal one is to neglect the historical context. Guerilla warfare is not something you can just start. It should be the product of the class struggle itself. For Sison though, “protracted peoples war” is connected to the agrarian character of the revolution in general. This is surprising because “protracted peoples war” actually limited the ability to organise amongst the peasantry. With the creation of guerrilla groups, the situation becomes militarised to the extent that you cannot reach out to the masses. You are limited to the mountain strongholds, from where you cannot reach the majority of the population, who live in the plains and cities.

## ► What impact has the CPP crisis had on the legal political and social movements ?

I think the impact of the crisis is basically positive because the split was a rejection of the Stalinist conception of the Party and the sectarian attitude. The immediate impact has been for groups to come together in rejecting sectarianism and the Sison group. On the legal front there were a number of different coalitions formed with political blocks which, previously, were not able to work together:

groups linked to the CPP, Bisig, Pandayan, Pepdem, even the PKP (the old CP), democratic groups, and the left wing of the social-democratic PDSF.

As we see, a split within a party is not always negative. It is sometimes necessary in order for the party to breath and grow. This is the case in the Philippines.

M-R is now conscious of the need for the development towards autonomous social movements with their own dynamics, rather than Stalinist style Party controlled mass organisations. M-R has been saying for some time that there is no dynamism within the legal movements and that was because the Party was limiting their dynamism.

## ► What about the trade unions ?

The Stalinist organisational structure was replicated in the trade unions and so the trade union center Kilusang Mayo Uno (KMU) had the same problems as the Party. The two biggest federation (NFL and NAFLU) left the KMU precisely because of its undemocratic character, as did other unions in the Manila-Rizal capital region. An added factor of the crisis was that the lack of democracy developed to the extent that there was corruption in the leadership.

The BMP (Workers' Union for a Change) emerged from this split. Together with the other federations which left the KMU, and unions linked to left forces as Bisig and Pandayan, we have formed the the National Confederation of the Philippines, which regroups unions somehow connected with the left. We also have the “Caucus for Labour Unity” (soon probably Congress for Labour Unity) which is broader. This is composed of all the different trade unions, with the exception of the KMU and the FFWE<sup>1</sup>.

The BMP (and M-R) believe in unity with all the workers wherever they are, and trade union unity wherever it can be achieved. There are “yellow” leaders but not “yellow” unions. National leaders may be yellow but there are many genuine leaders at the local level in all unions, and we should try to reach out to them. ★

This interview took place in December 1994

1. The FWW is part of the Christian World Confederation of Labour, and doesn't want to get involved with ICFTU-connected unions. On the other hand, the bureaucrat-dominated TUCP is part of the Caucus.



do base (ČTK)

# Profits up – wages down. What use is an upturn in this crisis?

## Signs of growth in the 'advanced economies'

Introduced by Maxime Durand

The bourgeoisie has had some successes recently — but not enough to assure a new period of 60s-style expansion

Stagnant salary growth seems universal. So does the falling share of salaries in national income. In the United States real salaries have been blocked since the early 70s, even though productivity began to increase again in the 80s. In France the current crisis dates from the austerity programme of the 1983 Communist-Socialist government.

To understand why current growth is can't last, look at the behaviour of profits. The falling share of salaries in national income can be considered as an increase in the rate of exploitation — the share of profits in national income is rising. But they are still insufficient. Subject to the constant pressure of global competition, enterprises are pushed to introduce new methods of production and modify their products. Mechanisation is going strong. The composition of capital is increasing, overproduction is chronic, and new capacity is not being amortised — if we calculate an underlying rate of profit on this basis, profits are simply too low to pull the capitalists out of the recession.

Austerity in wages policy is good for the profitability of capital, but has the side-effect of suppressing the market demand. Growing public budget deficits are blocking the relaunch of the economy in many countries. By reducing the tax on capital in many different ways, neo-liberal regimes have cut off a source of revenue, without, in reality, being able to cut their expenditure.

Some radical economists see the problem as one of a powerful finance capital, which discourages capital accumulation, by constantly offering more lucrative home for funds. We disagree — the rate of profit in banking and productive sectors tends to equalise. Left economists should stop

imagining that there is an independent financial sector, where money is free to make money completely outside the productive cycle of capital.

Governments have adopted restrictive policies to keep wage costs low, to maximise exports. The result is an even stronger recession. This is what we saw in the early 1990s.

The rate of profit is an indicator of the double nature of capital — not just producing surplus value but realising it. The insufficient strengthening of profit rates (insufficient, at least, to feed a new period of growth) could be the result of a regressive contradiction — wage austerity and sharpening competition are reinforcing each other, inextricably mixing demand-side pressures and supply-side pressures.

As Ernest Mandel argues, we must think of extended periods of growth or recession as long waves — not long cycles. There is no automatic process of transition from a long wave of recession to a long wave of growth. The conditions which affect this transition are, for the most part, not strictly economic. They certainly cannot be reduced to a simple re-establishment of profit rates. The economic universe is an environment in which capitalism struggles to manage and make compatible its various dynamics — which are, in their essence, incompatible. Each crisis is an open question — will they be able to put things back together? How? And at what price?

The present situation shows the difficulties of the capitalist system quite clearly. We can say today that the current phenomenon of growth cannot become a stable, extended period. It will be weak, contradictory and uncertain. Such is the essence of the period we live in. The health of the capitalist system is improving, but that doesn't mean the system is any more capable of solving fundamental social problems like unemployment, and of meeting the needs of humanity. ★

**In 1994 the Western economies came out of the recession of the early 1990s. But the future is far from calm. On the one hand, the same fundamental problems plague the capitalist system — we are still not out of the 'long wave' of recession. On the other hand, the current upturn is still very weak — most of the elements which make up 'demand' are somehow hindered, and cannot yet become the motor of the economy which the capitalists hope for.**

by Jesus Albarracín

AFTER A CYCLICAL recession, you can expect a cyclical recovery. The industrialised economies started to grow again in 1994, but in a weaker, slower and more contradictory way than during their previous brief reprise in the 1980s. Productivity and capital accumulation have been increasing more slowly since the 1970s than in previous decades, despite the severe readjustment of the labour force, and the massive introduction of new technologies. This technology has made the capital accumulation and labour saving processes even more intense, which illustrates how hard it is to create the structural conditions for a new period of growth. The advanced capitalist economies seem cursed — they have massive unemployment, much worse working conditions than 20 years ago, they are replacing men and women by machines, and yet they can't increase productivity. The contradiction is quite simple. Capitalists are taking all these measures to increase productivity, to encourage growth. But it is clear that stable, constant growth would help increase productivity much more than all these limited 'starter' measures.

The exact strategy undertaken varies from one imperialist region to another. In the European Union, the obsessive search for competitiveness and relatively

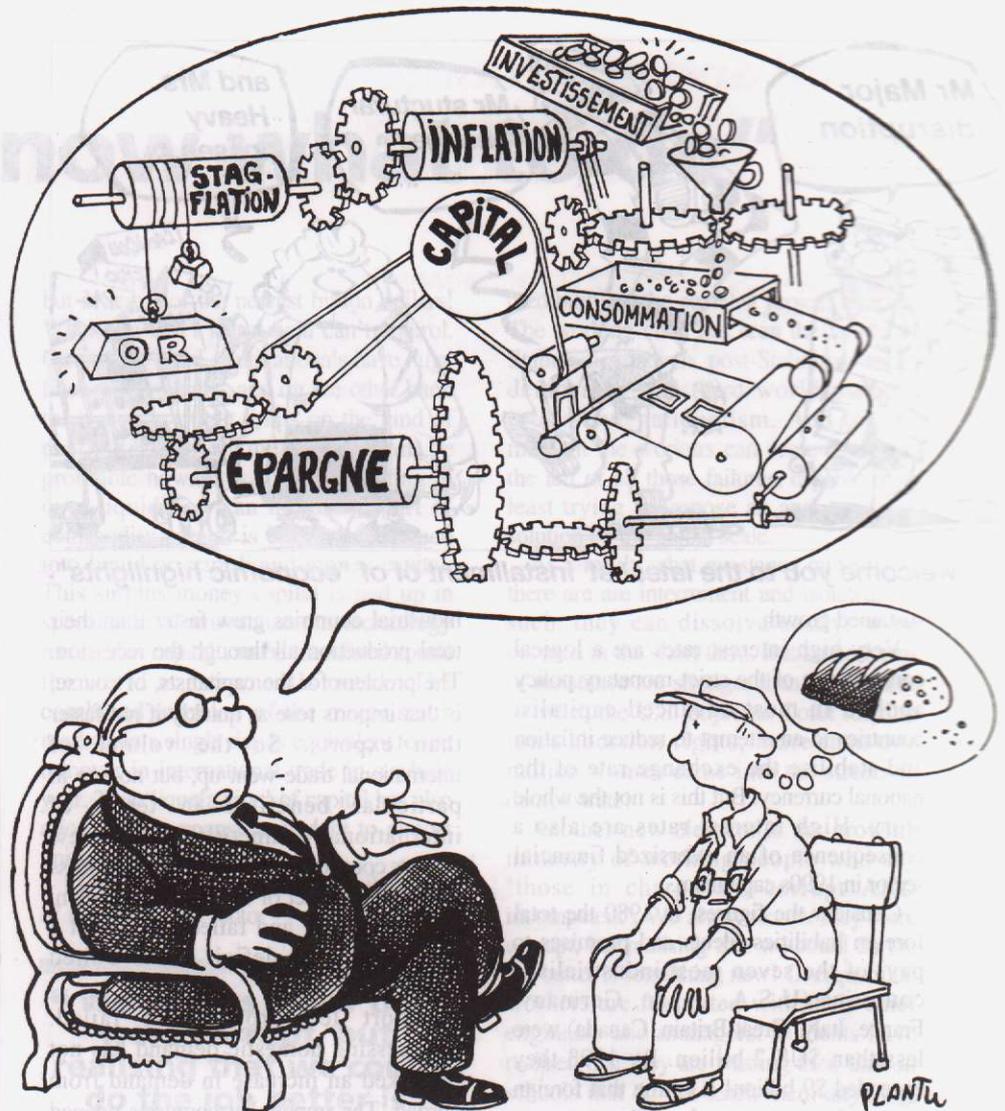
crazy system?  
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orthodox neo-liberal policies have provoked a virulent phenomenon — growth without job creation. EU capital is now stronger when it competes in international markets, but production in the EU is growing very slowly, and unemployment is higher than the other imperialist regions. In comparison, productivity is growing slightly faster in the export-oriented Japanese economy, alongside a modest but steady growth in production. As a result, some jobs are being created, and the country still has lower unemployment rates than the other blocs. Productivity in the United States is rising slowest of all, and U.S. companies face increasing competitive pressure from their EU and Japanese counterparts. Nowhere is productivity growing by more than 2% per year — a much lower rate than that achieved in the boom which followed the second world war.

### Salaries

In an economic crisis, salaries have to be reduced so that profits can be increased. It is no surprise that real salaries have risen more slowly since the early 1980s than productivity gains would have allowed. In recent years, wages even increased more slowly than the increase in production of goods and services. In the recession of the early 1990s, private consumption fell even further than during the 1981-82 recession. And the upturn in consumption over the last 18 months is much weaker than that experienced in the early 1980s. This weakening of the buying-power of the salaried classes represents a historical shift in the structure of "effective demand" — the total buying power in a capitalist economy. As a result, private consumption is no longer strong enough to pull the economy out of recession and act as the motor of growth.

This illustrates the fact that wages in capitalism have a contradictory role. If they go up too much, there will be less profit for the employer. And if they do not rise sufficiently, there will not be enough demand for the goods and services produced in the economy. Over the last



Clockwise: Inflation, investment, consumption, savings, gold & stag-flation

decade, neo-liberal governments have pursued supply-side policies (helping the capitalists push down wages, so as to reduce the cost of goods and services on offer) to the point that they have neglected the role of salaries as part of the demand for these same products. This weakness of private consumption would not be so important if the other elements of effective demand — state spending, exports and investment — were growing fast enough to compensate. But they are not.

### Public spending

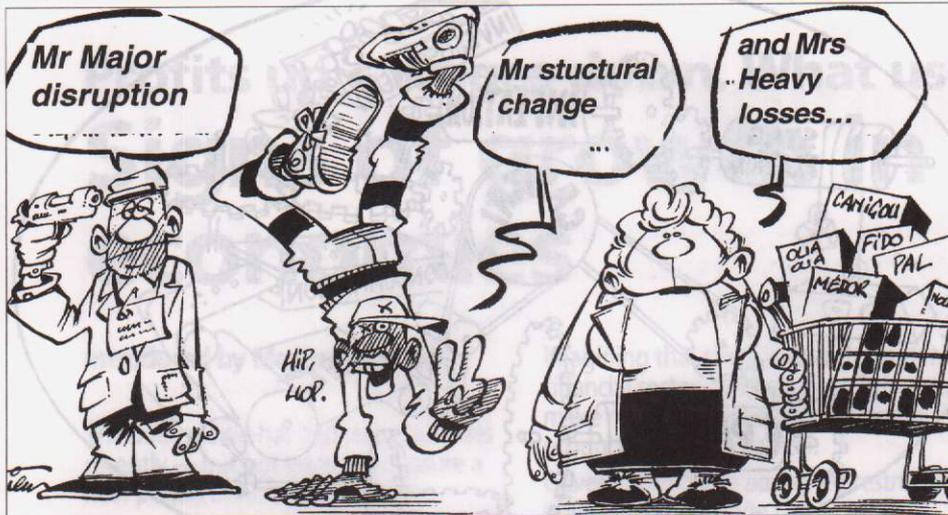
The rate of increase of state spending has been slower and slower throughout this last period of crisis. This was, after all, one of the main policies of every neo-liberal administration. Paradoxically, the state debt of the advanced capitalist countries has increased considerably during the same period. Taking the OECD countries as a whole, gross state debt grew from 20% of Gross Domestic Product in 1990 to over 42% in 1994. We can

identify the roots of this explosion in a range of changes in the process of production, and a series of state initiatives to reduce taxation of corporate profits and high personal salaries. All this is compounded by the generalised increase in interest rates.

Managing this debt has become one of the major problems of many capitalist states. So not only did they implement harsh fiscal policies during the recession of the early 1990, but they are determined to maintain these restrictions on credit and spending during the current upturn.

### Investment

During the 1980s capitalists worldwide faced not just declining rates of profit and growth, but a consistent long term increase in real interest rates. Interest rates have come down in the last few years, but in the European Union and the United States they are still around 4.5%, which is markedly higher than in the last period of



... welcome you to the latest st installment of of "economic highlights"

sustained growth.

Very high interest rates are a logical consequence of the strict monetary policy applied in most advanced capitalist countries in an attempt to reduce inflation and stabilise the exchange rate of the national currency. But this is not the whole story. High interest rates are also a consequence of an oversized financial sector in 1990s capitalism.

Consider the figures: in 1980 the total foreign liabilities (debts and promises to pay) of the seven most industrialised countries (U.S.A., Japan, Germany, France, Italy, Great Britain, Canada) were less than \$US 2 billion. By 1993 they exceeded \$9 billion! It is true that foreign assets (money owed to these seven countries by the rest of the world) rose just as fast, but the point is that the total volume of volatile financial capital increased dramatically.

With interest rates high, and capital increasingly free to switch from country to country in search of speculative gains, investment in production is unlikely to grow quickly and steadily, to the point where effective demand can pull the advanced economies up.

### Export

The last possibility, then, is for the advanced capitalist countries to increase their exports. The whole process of trade negotiations, new international regulations, measures to increase competitiveness, and keeping domestic wages low is geared towards one thing — opening foreign markets to the goods and services produced in the advanced capitalist countries. As exports rise, there is a reason to invest, an increase in profits, and the possibility of allowing wages to rise just enough to stimulate domestic consumption.

But exports from the advanced

industrial countries grew faster than their total production all through the recession. The problem for the capitalists, of course, is that imports rose as quickly if not faster than exports. So the volume of international trade went up, but no-one in particular benefited in terms of international competitiveness. The new exports contributed only 0.9% to the Gross Industrial Product of the European Union, 1.3% in Japan, and failed to prevent a current account deficit in the United States.<sup>1</sup>

Export led growth has failed. Suppressing domestic demand has not provoked an increase in demand from abroad. The imperialist countries opened up the "Global village" for their own benefit, but none of them proved consistently more competitive than the others, and as a result they all stayed more or less where they were.

We can see, then, that no component of effective demand could compensate for the new structural weakness of private consumption created by neo-liberalism. Capitalism now faces a demand-side crisis and a supply-side crisis. The only solution would be the discovery of a new foreign market, generating a significant, consistent demand for the goods and services of the advanced capitalist economies. In the short term, no such market seems to exist. ★

Note

1. The current account balance of payments of the European Union grew from an average 0.4% of Gross Industrial Product in the period 1961-73 to only 1.3% of Gross Industrial Product in 1994. In Japan it increased from 0.6% to 2.7%, and in the U.S.A. an average surplus of 0.5% in 1961-73 was transformed into a 1.7% deficit in 1994.

# Interview with Ernest "The capitalist"

Is the present upturn for real? Does it imply that we are entering a period of growth?

Ernest Mandel: There are two kinds of fluctuation in capitalist economies. As well as the obvious short cycle of boom and slump we can distinguish "long waves" of recession and growth. Despite short-term fluctuations, there was essentially one long wave of growth from 1949 until the beginning of the 1970. And when we consider that, boom or slump, core or structural unemployment has

## INTERNATIONAL INSTITUTE FOR RESEARCH AND EDUCATION



### Lean Production: A Capitalist Utopia?

by Tony Smith

◆ Innovative ways of organising production and marketing are eliminating antagonisms between capital and labour, producers and consumers, and between different companies. 'Lean production' unites companies, workers and consumers in the harmonious pursuit of common interests.

◆ Too good to be true? Of course it is! Tony Smith analyses the current transformation of relationships between employers and employees, between producers and consumers, and between different firms, and shows that, fundamentally they have not altered the nature of capitalism.

◆ He shows how a socialist economy based on grassroots participation and democratic coordination could match the dynamism of lean production, and keep lean production's broken promises of cooperation and harmony.

Tony Smith is an advisory editor of the magazine *Against the Current*

send payment to giro account CER/NSR 1757114, Amsterdam, Netherlands, or send a regular cheque (not an Eurocheque) in US\$ or sterling to P. Rousset, IIRE, Postbus 53290, 1007 Rg

st Mandel

# Capitalists don't know what to do"

increased steadily since 1973, we can say that the last 22 years represent a long wave of recession. Official statistics lie, we all know how they eliminate all kinds of groups from their calculations. But in my opinion — shared I think by many analysts in the international labour movement, is that underlying, core unemployment represents over 50 million workers in the imperialist countries alone. In the third world, we are talking about hundreds of millions of men and women.

There is also a steady underlying growth in the "new poor" — 10-30% of the population, and a phenomenon even Switzerland and Sweden will face in the near future. The imperialist countries have not known this level of marginalisation since the 1930s.

The evidence for a long wave of recession is even clearer in the third world. In Mexico the standard of living of the majority is now as low as before the second world war. In some other countries child labour is increasing, in conditions of semi-slavery.

The current upturn is a chance for the trades unions to follow the example of the German metalworkers and say "production is increasing, your profits are increasing — now we want our share!" This is a moment when we can win real advances. But we shouldn't forget that this is only a short cyclical upturn, and that the prognosis is still recession, certainly until the end of the century.

## ▶ **But profits have increased by 12-13% since 1991-93. Why doesn't this provoke a long-term shift in economic behaviour?**

Durable growth requires a significant increase in productive investments. And before capitalists will invest, they need two things — rising profits and a growing market. For the moment what we see is a concentration of capital in the main financial centres. Some of the multinationals are now so powerful that we should be talking about the 're-privatisation of money' — these companies are less and less controllable by any government or group of states. Imagine that no-one even knows how much 'free' capital there is in the world today — not just to the nearest % point,

but in terms of the nearest billion dollars! What you don't know, you can't control. On the one hand multinationals have huge financial resources, and on the other hand there are very tight limits on the kind of productive investment that can be profitable nowadays. This is resulting in over-liquidity — an important part of commodity capital is being transformed into liquid or semi-liquid money capital. This surplus money capital is tied up in speculation. Communications technology means this capital can be transferred round the world at a moment's notice. The combined turnover of the major stock markets in a single day is equivalent to the turnover in international trade in a whole year. This 'liquefaction' of capital has also allowed the expansion of debt to almost unimaginable proportions.

Marxists often speculate about the crisis of the subjective factor — the inability to

**" We always knew they were corrupt, but realising that we could do the job better is something new! "**

think as a class and act in the common interest — as far as the working class was concerned. But what we see now is a crisis of the capitalist class. They don't know what way to go, what to do. How far can they push their anti-worker and anti-union policies? How high is the risk of a revolt of the exploited and the oppressed? The bourgeoisie is divided and indecisive.

## ▶ **How likely is a revolt of the exploited and the oppressed?**

These groups are on the defensive. If they win a few defensive struggles, they might become more aggressive. But if there is another increase in unemployment, another capitulation to austerity policies by the leadership of the labour movements, then the capacity for resistance will weaken even further. Then we would run the risk of a far-right offensive — not necessarily fascist, but certainly a qualitative reinforcement of a repressive 'strong state'.

Secondly, there is of course a crisis of

credibility of the socialist project as such. The working class has seen the failure of Stalinism, Maoism, post-Stalinism, social democracy and third world pseudo-progressive nationalism. And for the moment the workers can see no force to the left of all those failures, capable of at least trying to impose an anti-capitalist solution on the global scale.

As a result, what resistance movements there are are intermittent and isolated. As such, they can dissolve easily, or be coopted in the short term. But some forms of resistance are stronger than ever before — when the U.S. Supreme Court ruled to limit abortion rights, more than one million women came into the streets to demonstrate!

Another new element is the growing minority of working people who say 'those in charge are corrupt AND incompetent', We always knew they were corrupt, but realising that we could do the job better is something new! Overqualified workers are frustrated with their chief engineers and managers. Students have realised that they are wasting their time in schools that do not teach them anything, and that they are heading for the unemployment line. We need to nurture this element, and help it develop.

Back to the German metalworkers — IG Metall is the largest, richest trade union in the world, but a six month strike of all 3 million members is more than they can afford. But by identifying and bringing out a few key workers — maybe 6-7% — in a small number of enterprises with a specific role in the industry, they paralysed the whole of production. Suddenly, the bosses are paying for the strike and the lost production.

We might be on the offensive, but that doesn't mean we are powerless! ★

Ernest Mandel was interviewed by Gabriel Maissin for the 8 April issue of the Belgian magazine *La Gauche*.

# Social and environmental protectionism

## We can't afford your concern

**Many Non-Governmental Organisations (NGOs) in the Northern Hemisphere support the idea of restricting imports from countries which do not respect the environment, permit child labour, or prevent the formation of free trade unions.**

**Indian feminist Vandana Shiva is against these restrictions on third world exports, and in favour of a new kind of protectionism — of third world markets against imperialism.**

The logic of free trade encourages ecological irresponsibility and social injustice. Jobs are destroyed in the millions, ecosystems are disrupted faster than ever before. And the creation of the World Trade Organisation to police free trade submits the governments of the world to the power of a new commercial oligarchy.

In India there is a massive development of the production of shrimps for export to Europe. It used to take 20 years for a new product to destroy the local ecosystem. But with shrimps and cur flowers bringing 5-600% profits for the producers, middlemen and sellers, two or three years is enough.

Indian women are lying in front of bulldozers, to prevent the digging of new shrimp beds. We know that the shrimp industry blocks off the coast for traditional fishermen, and causes the salt-level to rise. Shrimp production is destroying the most fertile agricultural land in India. Local people's reaction is based on their immediate concerns — stop this process, and let the local community decide over all future investments! The solution is democratic decentralisation of real decision-making power. We must recognise the right of the population to have their say over toxic processes, pollution, and decisions which will increase unemployment.

But do the ecological clauses help us? No. They don't stop attacks on the environment because they don't touch free enterprise or free trade. Instead of giving local people the power to decide what kind of production, and investment there will

be, the ecological clauses take all power away from them. Ecosystems will still be destroyed. Free trade will increase. And in those cases where competition becomes a threat to Northern producers, Northern capitalists will invite Northern ecologists to help invoke and apply ecological clauses.

Nothing will stop multinationals like Dupont from building highly polluting chemical plants in India. It will still be in the interest of the North to concentrate dirty industry in the South, provided of course that these factories do not start to compete with Northern ones. The former Vice-President of the World Bank, Lawrence Summer used to argue that the third world was 'relatively under-polluted', that the cost of a life was less — in terms of the compensation you might have to pay if your worker catches cancer, and in terms of the cost of training a new worker. The disaster at the Union Carbide plant in Bhopal is the proof — dead Indians are less expensive than dead Americans would have been.

Ecological clauses also help the North evade the rights of the people of the South. Our traditional and natural rights to our land, water, raw materials and our ecosystems are transformed into a system of norms, defined and evaluated by the very same Northern commercial interests that are responsible for most of the ecological damage. And there will be no norms for the total production process, only for the selected, isolated parts which bother those who make the rules.

Some friends in the North also invite us to support the imposition of social clauses as a way to fight against the deregulation of labour and the destruction of jobs. How? People in the South are struggling

for the right to work, and the right to participate in the productive process in an useful and dignified way. But the social clauses present the problem as a debate over whether the four percent of workers who have a job have the kind of trade union that someone in the North would like them to have. You won't save any jobs with these social clauses. You won't stop the destruction of trade union rights. How could you, since the main threat to trade union rights on a global scale is the deregulation of labour relations, an area the social clauses will never cover?

Social clauses are just another protectionist weapon for stopping the free trade of the South from penetrating Northern markets. They have the right to enter our markets, and the right to determine the conditions under which we will enter theirs!

This one-way free trade is a big problem for the third world. What we really need is a new kind of protectionism. Not GATT-style protectionism in the interest of companies in the North. Not the protectionism which assures that certain vested interests may enjoy total control of all international trade. What we need is a protectionism which protects people and their environment. A protectionism which lets us make laws and take decisions to protect ourselves against free trade, deregulation, and other mechanisms of destruction. ★



**This article is a shortened transcription of Vandana Shiva's intervention at the "Other Voices of the Planet" Summit organised by the Committee for Cancellation of Third World Debt (COCAD) on 18 March 1995.**

This and other contributions are available (price \$US10 or equivalent) in English, French or Dutch from COCAD/CADTM, 29 Plantinstraat, Brussels, Belgium.

# U.S.A. — A new “long wave” of expansion?

**The economy is in crisis. We've been told so a thousand times, and we feel the consequences in our daily lives. But what is the fundamental problem? They tell us that U.S. manufacturers are uncompetitive internationally, and that we must accept cuts in wages, benefits and job security, in our bosses' search for that**

**competitive edge.**

**Not only does Mary C. Malloy think we are being taken for a ride — but she challenges the standard left response - “America needs an industrial policy to stop deindustrialization”**

The most common explanation of US economic problems is the inability of US manufacturing capitalists to compete internationally. We read that US manufacturers have not been able to meet the falling unit costs of either their “low wage” (“third world”) or “high wage” (European and Japanese) competitors since the early 1970s. In response, US capital has pursued a “low wage” competitive strategy.

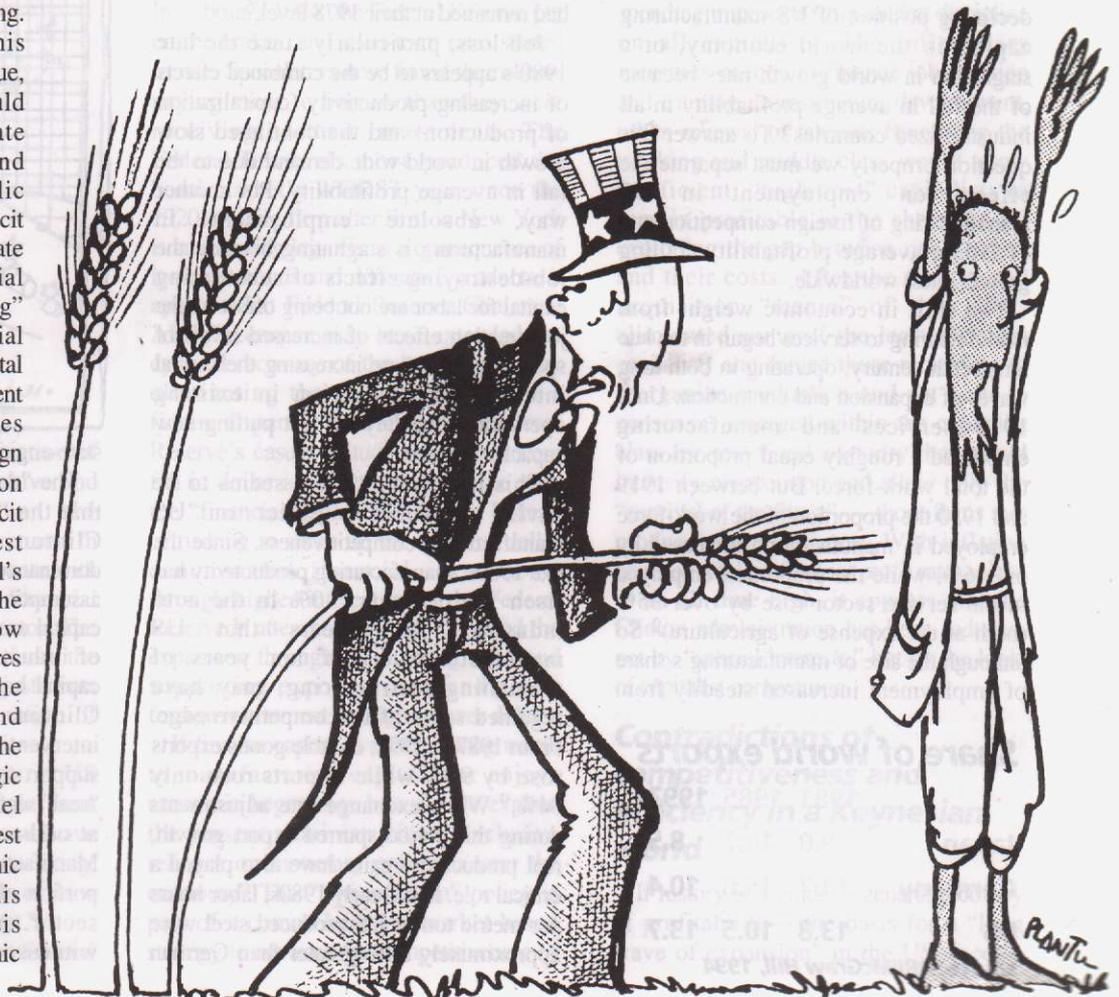
Most radical economists say this has led to increased unemployment in manufacturing. Rather than this “deindustrialization,” they argue, any decent government would invest in public and private training, research and development and new public infrastructure investment. Implicit is the notion that capitalist state economic policies (“industrial policy” or “indicative planning” could rebuild the US industrial base to the benefit of both capital and labor. Clinton's abandonment of the “pro-growth” policies promised in his election campaign in favor of a singular focus on tight monetary policy and deficit reduction is merely the latest manifestation of finance capital's domination of US politics, the ‘deindustrialists’ argue. How come US state policy only ensures profitability for the “unproductive” financial and military sectors?. Why don't the democrats follow the “strategic interventionist” model purportedly responsible for West German and Japanese economic success? This “deindustrialization” thesis appears to capture US economic

reality in the last twenty years, while offering a path to economic recovery that would simultaneously raise capital's profitability and labor's living standards. Suspicious? You should be.

## ***The “deindustrialization” thesis has three fundamental flaws.***

Long-term economic stagnation in the

US is not primarily a problem of global competitiveness, but is the result of a crisis of falling average profitability across all economic sectors in all capitalist countries arising from the tendency of all capitalists to mechanize production.<sup>1</sup> Economic growth is slow across the capitalist world: structural unemployment is growing and real wages falling for most working people continues and deepens. And yet, there is growing evidence that US manufacturing



competitiveness is improving.

U.S. refusal of "industrial policy" is not the result of the dominance of finance capital. The emerging consensus in bourgeois circles around the world sees the US model of "free market" industrial revival as a road to enhanced profitability — one which other countries can apply too.

The current economic crisis is far more serious than is implied in the "deindustrialization" thesis. What is required to raise the average rate of profit to expansionary levels is the wholesale destruction of large segments of the capital stock globally and a temporary cessation of competition and investment.

The root of the crisis

Some segments of US manufacturing have experienced profound competitive pressures since the 1970s. The living and working conditions of US workers have declined sharply in the same period. In the 1980s alone, US manufacturing employment declined by over one million workers. Manufacturing workers have also seen their real hourly compensation fall steadily since 1979. Working class communities have been destroyed and families uprooted and weakened.

The critical question is what is the root cause of these developments — the declining position of US manufacturing capital in the world economy, or a stagnation in world growth rates because of the fall in average profitability in all industrialized countries? To answer this question properly we must separate the effects on employment in US manufacturing of foreign competition and of falling average profitability (falling growth rates) worldwide.

The shift in economic weight from manufacturing to services began in the late nineteenth century, operating in both long waves of expansion and contraction. Until 1919 services and manufacturing employed a roughly equal proportion of the total work-force. But between 1919 and 1950 the proportion of the work-force employed in manufacturing increased by only 6%, while the proportion employed in the service sector rose by over 35% (both at the expense of agriculture)<sup>2</sup> So although the size of manufacturing's share of employment increased steadily from

1879 to 1950, the size of its share compared to services has fallen. And since 1950, manufacturing's absolute share of employment has fallen. During the long wave of expansion from 1950 to 1970, manufacturing's share of the work-force fell from 34% to 27.4%. Once the crisis and long wave of contraction began in the early 1970s, this decline accelerated. By 1990, only 17.4% of the work-force was employed in the manufacturing sector.<sup>3</sup>

The long term decline in the relative share of manufacturing employment does not by itself imply a loss in the absolute number of manufacturing jobs<sup>4</sup>. The number of jobs could continue to grow despite a loss of market share to foreign firms, if overall growth of demand is strong. Economists from the liberal Brookings Institution claim stagnant domestic growth caused a 1.5% decrease in manufacturing employment during the 1970s, while foreign trade effects led to a 2.1% INCREASE in employment. The same study maintains that only 20% of the fall in U.S. auto output during this period can be attributed to the negative net trade balance, the remaining 80% stemming from the overall decline in sales.<sup>5</sup>

Radical economist Arthur MacEwan argues the US could have sold 700,000 more cars in 1984 if total automobile sales had remained at their 1978 level.<sup>6</sup>

Job loss, particularly since the late 1980's appears to be the combined effects of increasing productivity (capitalization of production) and the continued slow growth in world-wide demand due to the fall in average profitability. Put another way, absolute employment in manufacturing is stagnating because the job-destroying effects of substituting capital for labor are not being offset by the job-creation effects of increased levels of spending. Firms are increasing the capital intensity of production in existing operations, but they are not putting new capacity in place.<sup>7</sup>

This investment boom seems to be having a positive effect on US manufacturing competitiveness. Since the late 1980s, manufacturing productivity has risen 5% per year, 10% in the auto industry.<sup>8</sup> It appears that US manufacturing, after ten years of wrenching restructuring, may have regained some of its competitive edge. From 1987 to 1992, durable goods exports rose by 97% while imports rose only 34%.<sup>9</sup> While exchange rate adjustments during this period spurred export growth, real productivity gains have also played a critical role. In the early 1980s, labor hours per metric ton of US produced steel were approximately 30% greater than German

and Japanese steel. By 1993, US labor hours were 10% lower.<sup>10</sup>

This restructuring of production, combined with the slow, painful, but real cyclical economic recovery in the US, has caught the attention of Washington policy makers. Certain aspects of the Japanese and Germany model of "industrial planning" which Clinton and his policy circle — Reich and Tyson — found so appealing just five years ago now appear bulky and bureaucratic. The current period demands increased flexibility and painful adjustments to shifting market dictates.

Is finance capital the primary barrier to a



state-engineered revival of manufacturing?

The "deindustrialization" thesis' claim that the "free market" policies of the Clinton administration represent dominance of finance capital rests on two assumptions. First, the interests of finance capital are completely at odds with those of industrial capital. Second, finance capital has the economic weight to force Clinton to abandon his promised interventionist policies. It is difficult to support the notion that the financial and "real" sector (manufacturing) are so clearly at odds economically and politically. Manufacturing firms still make up a large portion of the customers of the financial sector. And the last thirty years has witnessed an increased integration of

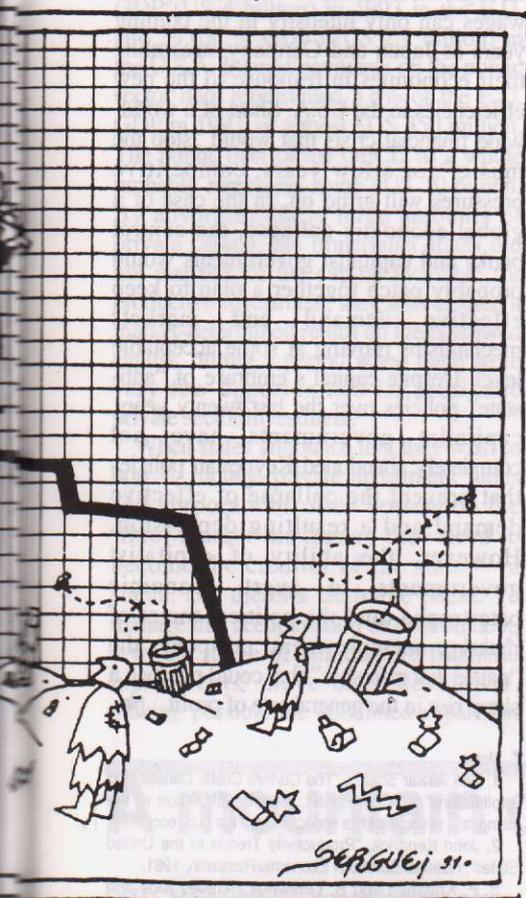
### Share of world exports

	1981	1985	1993
Japan	9.0	10.7	8.5
Germany	13.7	15.0	10.4
US	13.8	10.5	13.7

source: DRII/McGraw Hill, 1994

financial and manufacturing concerns through interlocking directorates. It is true that resources directed to the financial sector have grown considerably. However, this trend began in the mid nineteenth century.

The impression that large profits made on sophisticated financial instruments and the huge salaries of financial executives are proof of "monopoly super-profits" in finance is not backed up by evidence that financial earning are *consistently* superior to those in production. It is reasonable to assume that over a period in which capacity can adjust to above average returns (entry of new firms and new



investment), there is an equalization of profit rates between the productive and financial sectors rather than the maintenance of higher financial returns. In other words, years of losses alternate with years of healthy profits in the financial sector as they do in the "real" sector. The financial sector should then experience the same cyclical and structural adjustments — concentration and centralization of capital, mechanization — as manufacturing. Developments in US financial services over the last eight years conform to these expectations, as a wave of mergers and acquisitions, down-sizing, and cost-cutting in response to low profitability has swept "Wall Street."

Finally, it is not clear that the Federal

Reserve's monetary policy over the last four years merely advances the narrow interests of financial capital. The Federal Reserve engineered a fall in short-term interest rates from 1991 to early 1994, unquestionably aiding the banking system to minimize the impact of bad loans made in the 1980s. Substantial profits were earned on the difference between the bank's cost of funds and the higher yields on long-term government bonds. But lower short-term rates helped manufacturing capital too. Long-term interest rates fell along with short-term rates, reducing manufacturing capital's financing costs and contributing, in part, to the cyclical "boomlet" in capital spending.

Similarly, the Federal Reserve's repeated tightening of credit in 1994 was nor primarily an attempt to reduce productive investment and impede economic growth — although this may be an unintended result. Instead it was a successful attempt to stop the speculative frenzy in the bond market set off by the "steep yield curve." Financial and non-financial firms, and local governments (Orange County, California being the most spectacular example), were pocketing the difference between borrowing at low short-term interest rates and investing in long-term, higher yield government bonds. In February 1994, the Federal Reserve put on the brakes, and short-term rates started to rise. Speculators now found themselves paying more to borrow than they were receiving on their investments. The Federal Reserve's move produced the bond market's WORST year since the 1920s. While firm after firm in New York is announcing lay-offs as a consequence of losses in bonds and derivative products, it appears that Federal Reserve Chairman Alan Greenspan may have extended the cyclical recovery of the "real" sector by eliminating the real possibility of a financial panic. Similarly, the Federal Reserve's casual attitude about the recent fall in dollar is difficult to reconcile with the "financial hegemony" thesis. Instead of rushing to shore up the value of dollar denominated financial investments through higher interest rates, the Federal Reserve is attempting, again, to extend the expansion through maintaining rates and supporting export growth and direct foreign investment through a lower dollar.

If finance capital is neither antagonistic to manufacturing capital, nor enjoys economic hegemony, how do we explain the present administration's exclusive reliance on monetary policy to steer the economy? The "anti-inflation" policy is part of a comprehensive, market-based strategy to advance the competitiveness of

U.S. capital both domestically and internationally. This strategy of fiscal constraint, particularly deficit reduction, seeks to eliminate any economic space for firms to survive without cutting costs and increasing productivity. This strategy is being pursued in a number of ways. First, public spending like welfare and other income supports are being reduced in the hope that resources will, over time, flow to "productive" hands via business and middle class tax cuts. As deficits shrink so will interest payments, further relieving the tax burden *and redistributing income from government bondholders to "productive" capitalist taxpayers.*

Second, reducing direct fiscal stimulation helps dampen US domestic demand for imports during a cyclical recovery (if aggregate demand is rising overseas) helping to correct the trade deficit. From 1987 to 1991, the combination of a weakened dollar and slack total demand in the US helped reduce the trade deficit by 86%. Since 1993, as the cyclical economic recovery has picked up steam in the US, the trade deficit has grown sharply because the recovery in Japan and Europe remains sluggish.

Finally, and perhaps most importantly, curtailing the growth of government spending imposes a strict market discipline on all capitalists. The inflationary measures needed to finance job creation and training, infrastructure development, urban renewal or tax cuts benefitting the working and middle class would allow inefficient, "high-cost" capitalists to remain profitable in the short-run by exploiting the gap between rising prices and their costs. After the merger and acquisition "mania" of the 1980s eliminated some of the least efficient capitalists and forced those remaining to reorganize production and cut costs, a consensus emerged within the capitalist class for real fiscal austerity that would intensify competition and allow only the "survival of the fittest" — those firms that produce at the least cost. With inflation adjusted total profits (not profit rates) close to an all time high, it appears that the Clinton administration has been seduced, not by "special interests," but by the logic of capitalist competition.

### **Contradictions of competitiveness and efficiency in a Keynesian world**

If history is a guide, a general recovery of profitability -- the basis for a "long wave of expansion" in the US, faces a

number of primarily economic obstacles. Remember that there were two crucial conditions for the rise in profit rates that ended the last two "long waves" of stagnation in the 1890s and 1930s. The first was a sharp rise in total profits through a shift in income from labor to capital. The second was relief from the intense competitive pressure that drives firms to mechanize the production process and raise their capital costs. This "pause that refreshes" allowed capitalists to raise sharply their returns on investment.

Today, the first condition for recovery is slowly being put in place, and surely will accelerate in the coming years in the absence of substantial working class and popular resistance. Firms have lowered real wages and benefits and increased the use of contingent workers, while simultaneously increasing productivity through intensifying the work day and automating production. State policies restricting unemployment and welfare benefits have aided firms in keeping real wages depressed by increasing competition among workers. Capital has reduced health care costs without If plans had continued to build Asia's largest nylon factory in Goa later this year,

government "managed competition". The restructuring of the health care industry (in particular the increased number of Health Maintenance Organizations which ration health care) is delivering the savings capitalists require, without raising popular expectations with costly universal access and coverage.

The employers' offensive and state austerity are having their desired effect—productivity is rising, real wages are stagnant or falling, and total profits are soaring. In the current cyclical recovery, capital is doing very well.

However, the second condition, a cessation of capitalist competition that would reduce the need to invest in cost-efficient equipment, is not on the agenda. Firms are retro-fitting existing capacity at very high levels of capital intensity. Efforts to save on capital investment (replacing assembly lines with cell formations) are not generalizable throughout production. Even as total profits rise sharply due to productivity gains and depressed wages, the aggregate rate of profit adjusted for short, medium and long-term fluctuations in capacity utilization is not rising. Adjusting the rate villagers burned it down in October 1994.

## DuPont and Goan villagers avoid Bhopal-style disaster

foreign owner DuPont intended to evade liability for deaths or injury caused by accidents at the plant. Local people decided to protect their interests in the traditional way, and burned the site to the ground earlier this year.

DuPont had signed a contract with the Thapars group of India placing sole responsibility for the plant with the local joint venture Thapar-Dupont Ltd. (TDL).

Green activists said this was an attempt to clear America's largest transnational chemical corporation of any liability in case of a Bhopal-type disaster. The contract allowed DuPont to dump all its shares in TDL within 30 days if the company decides that "Indian legislative or judicial developments do not justify its continued participation".

"It's like getting married and stating beforehand that you will have nothing to do with any kids who come along as a result" says Norma Alvares, an environmental lawyer in Goa. "These kind of clauses should be made known whenever a chemical plant of this type is planned anywhere in the Third World".

Local villagers burned down the site in Keri, Goa on 25 January during the funeral of Miles Naik, a villager shot by police two days earlier in a protest against the restart of work at the plant (closed since 2,000

Demonstrators also burned a clinic built by DuPont as a public relations measure and the local TDL office, where they discovered illegal weapons and twelve suitcases stacked with 500 rupee notes. The crowd wanted to lynch the TDL employees, but local activists were able to safely deposit them at the city limits.

According to Indian social scientist Claude Alvares, "the militant and successful rejection of this multinational's factory is the first of its kind since the country began the process of liberalisation, and it presages more to come as multinationals attempt to grab more and more Indian resources with the help of agencies of the Indian state". ★

▶ Activists still lobbying for fair compensation for Bhopal victims report that trans-nationals like Union Carbide and DuPont are still trying to prevent the parent company from being sued in the United States, where compensation payments would be much higher than in India. ★

Adapted from articles by C. Alvares and Ashwini Desai (IPS) in Third World Resurgence no.55

of profit for fluctuations in demand is critical for sorting out the causes of the current economic crisis. If the lack of demand was the underlying cause of the fall in profitability, then the adjusted measure would not display a downward trend, which it does. This strongly suggests that the fall of domestic demand is an effect, not the cause of the fall in the average rate of profit. While cost-cutting has not raised the basic rate of profit sufficiently above the interest rate to spur a "long wave" of expansion, it has prevented it from falling further.

The drive to continually lower costs through mechanization and slashing real wages can only intensify in the coming years as Japan and Germany streamline their economies in response to the new efficiencies in the U.S.A. Short of a worldwide financial crisis that would "stop the music" for a few years, competitive pressures will grind on. In the case of a global economic collapse, the central banks and capitalist governments would probably patch together a plan to keep effective demand and markets mechanisms moving at some acceptable level. Despite capital's embrace of "anti-state" policies over the last twenty years, capitalist governments have not completely abandoned Keynesian policies that prevent the collapse of effective demand and a resulting depression. However, the ability of capitalist governments to avert economic catastrophe (and the political threat of massive unemployment) postpones the "pause that refreshes" that could produce a sharp rise in the general rate of profit. ★

### Notes

1. See Anwar Shaikh, "The Current Crisis: Causes and Implications", ATC pamphlet, for an explanation of the falling rate of profit and its applicability to the U.S. economy
2. John Kendrick, "Productivity Trends in the United States", National Bureau of Economic Research, 1961.
3. P. Krugman and R. Lawrence, "Trade, Jobs and Wages", SCIENTIFIC AMERICAN, April, 1994.
4. From 1950 to 1970 the share fell, but the number of jobs in manufacturing rose by 27%. Historical Statistics of the United States, Part I, p. 137, U.S. Dept. of Commerce, Bureau of the Census 1975.
5. Robert Lawrence, "Can America Compete?", Brookings, 1984.
6. Even though imports rose from 18% of sales in 1978 to 23% in 1984! Arther MacEwan, "Protection Without Protectionism", Dollars and Sense, 1986]
7. While the share of nonresidential gross (total) fixed investment as a percentage of GDP in 1994 was as high as it had been since World War II, projected net investment (the expansion of manufacturing capacity) was only 2.5% of GDP, a post war low. [U.S. Commerce Department, Bureau of Economic Analysis, 1994] The fall is partly explained by businesses investing more in equipment with short usable lives, and investing less in structures with long usable lives. More importantly, capitalists are upgrading existing capacity, rather than building new capacity and expanding employment.
8. Merrill Lynch, 1994
9. U.S. Commerce Department, Survey of Current Business, December, 1993
10. WEFA Group, 1994

# A mountain of paper money

The massive growth in the state debt of the advanced industrial countries, the growth in enterprise and personal debt, and a persistent imbalance in the foreign trade accounts of a number of countries has transformed the global financial sector into a bloated monster of unprecedented size.

The history of capitalism has no examples of higher public debt — 66% of GDP (US 4 billion) in 1993 in the E.U. and 39.6% of GDP (\$US 2.7 billion) in the U.S.A. Interest payments on the public sector debt represented 5.6% of the E.U. GDP in 1993, or almost \$US 350 million. The public debt of the OECD as a whole probably represents some \$US 10 billion. By absorbing these huge amounts of private capital, the imperialist states did not just reduce the capital available for productive investment, they also assured a market-determined return on the borrowed capital, during a period when there were very few opportunities for profitable private sector investment.

When states announce that they wish to borrow money, private investment funds and corporations often borrow on the 'free' market the money they need to become the creditor of the state — a stable, and therefore desirable client. To manage this accumulation of debt on debt, a whole range of "innovative financial instruments" have been developed, making possible the continued expansion

of public, private and personal debt financing, and creating an unprecedented space for speculation. The result is an enormous mountain of paper money, made up of what Karl Marx called "fictive capital", resting on a base of directly productive capital.

The link between these two spheres of capital is the stock exchange. More and more companies offer shares for sale, and financial capital invests more and more money in these shares. Since the 'crash' of 1987, the amount of money invested in shares in companies has risen by over 25% in Italy and Canada, more than 50% in the U.S.A., Germany and Great Britain, and over 100% in France. Only Japan is resisting this trend. Obviously, the higher the price of a company's shares are, the lower the relative value of the dividend — the share of profits from production distributed to each shareholder — can be. In reality, few investors nowadays buy shares in order to share in the profits a company produced through its activities in the real world. The point of dealing on the stock market is speculation, buying and selling shares in companies — any companies — in the hope of making a quick profit by predicting the way everybody else will be buying and selling tomorrow, or in five minutes.

The deregulation of stock markets in most countries has allowed this bloated and speculative system to grow to the

point where it is no longer supported by the appropriate level of real activities in the companies whose shares are being traded. Sooner or later, the price of shares will have to be realigned to reflect reality. No-one knows what will spark the crisis, or when.

As well as shares, speculators also bet on future movements in the relative price of different national currencies. The size of these speculative currency deals is now so large that speculation itself causes the price of the various currencies to fluctuate much more than would be made necessary by the evolution of their countries' balance of payments. Since greater fluctuation means greater possibilities for speculative profits, more and more speculative capital is being attracted to the currency markets. The result is that countries are now too poor to prevent shifts in the value of their own currency. Between December 1993 and February 1995, the value of the German Mark rose 12.2% against the U.S. Dollar. The Swiss Franc rose 13.1% and the Japanese Yen 10.7% in the same period. The British Pound depreciated (fell in value) by 6.8% against the German Mark, and the Italian lira 7.8%.

As for the third world, foreign debt almost doubled between 1986 and 1994, reaching a terrible 1,489,000,000,000 U.S. dollars. This doesn't include the \$US 215,000,000,000 debt of the former 'socialist' countries. Payments and service charges on third world debt reached 203,000,000,000 in 1994, which represented 4.3% of the total value of goods and services produced in the countries concerned. Since the growth rate of the third world is nowhere near 4.3%, it seems impossible that the debt will ever be paid. Since half the debtor countries have difficulties with their repayment plans, total debt is more likely to grow. The Mexican crisis is a clear illustration of the time bomb third world debt represents for the international financial system.

The current upturn in the advanced capitalist economies cannot prevent a severe crisis in one or more of the major stock exchanges or currency markets sooner or later. There may not be a collapse, but there will not be stability. ★

[JA/JD]

## A mountain of bullshit

DUTCH FARMERS import tapioca,soya beans, groundnuts and cotton from Brazil, Thailand and India. This they feed to cows, pigs and chickens kept in small boxes, in order to produce huge surpluses of meat and milk, for which they are rewarded with EU subsidies. Dutch animal breeders buy fodder from as much as seven acres of land in the third world to support every acre of animal breeding in the Netherlands.

One of the results of this process is Holland's 20 million tonne dung surplus, riddled with harmful copper, antibiotics and seeds.

Dutch company Seaswan plans to buy this dung at 20 NLG per 1,000 kg., and export it to the western Indian state of Gujarat for resale as fertilizer.

Dutch dung is too expensive for most Gujaratis, and the main customers will be richer farmers, producing cash crops for export to countries like Holland. ★

Adapted from *Third World Resurgence* no. 55.

Dutch and Indian activists and volunteer groups are digging deeper into Project Bullshit. To get involved contact K. Mathen, D/1 Aurobindo Society, Vastrapur Talavadi, Ahmedabad 380015, India

# Liberation Theology and the Zapatista uprising

by Michael Löwy

The press calls Bishop Samuel Ruiz of Chiapas "God's guerrillero." The government claims

priests like Ruiz have manipulated simple Indians with their 'liberation theology.' What is really going on?

Samuel Ruiz arrived in Chiapas in 1965, after studies at the Gregorian University in Rome. After participating in the Conference of Latin-American Bishops (CELAM) at Medellin in 1968, he spent several years as Director of the CELAM Missions Department. These were the years when CELAM was under the influence of the progressive current within the Latin American catholic church. In 1975, Ruiz published a book hailing Jesus Christ as a revolutionary prophet<sup>1</sup> In the San Cristóbal de las Casas diocese of Chiapas, Ruiz built up a vast network of 7,800

Indian catechists (lay activists giving a basic religious and moral education), grouped into 2,600 base communities. He was helped by several female religious orders, as well as Jesuit and Dominican Priests. This community work helped provoke an increase in the Indians' consciousness of their political and social situation. It also helped them begin to organize themselves to struggle for their rights, particularly to reclaim their ancestral lands. Ruiz supported the Maya Indian communities in their confrontations with local landowners, particularly the big cattle ranchers. He also helped protect the numerous Guatemalan refugees who fled to southern Mexico in the 1980s to escape the brutal repression in their country.

This clear, practical defence of the poor led Ruiz deeper into conflict with the Mexican authorities, and with the Cattlefarmers' Association of Chiapas, who accused him of "agitating the Indians." A virulent campaign was organized during the Pope's 1993 visit to Mexico to have the 'troublemaker' dismissed.

Ruiz wrote to the Pope explaining the complaints and demands of his 'flock.' Several months later, the Pope's ambassador to Mexico ordered Ruiz to resign. Presumably the Mexican authorities had also intervened with the



I said "No politics!"

Catholic hierarchy. Ruiz was in the middle of appealing to Rome against this decision when the Zapatista rebellion broke out on 1 January 1994. When the Mexican government realized that they could not crush the movement by force, they were obliged to invite Ruiz to mediate in the negotiations between the state and the EZLN.

All the evidence available suggests that neither Ruiz, nor the Jesuits, nor any of the other religious associations "promoted" the insurrection. Ruiz has only ever claimed that certain catechists, nuns, or priests were involved in a personal capacity. Asked why the revolt had occurred, Ruiz explained that "the Indians were tired of the government's promises. They felt that they had no choice but to take up arms. They had been pushed to the limits of their patience..."<sup>2</sup>

But what is clear is that, like in El Salvador in the 1970s, the work of the progressive clergy, particularly the Jesuits, has promoted mass education, awareness of the possibilities of community organisation, and awareness among the poor of their human and social rights. All this has contributed to a new politico-religious culture among an important part of the Indian population. And like in El Salvador, the organisation of thousands of

Indians into an armed force, supported by the local communities, was the result of the intervention of organized Marxist revolutionaries, building on the political and social awareness nurtured by the religious activists.

The ideology of the EZLN is not religious. It is more directly inspired by the first Mexican revolution, by the combat of Emiliano Zapata and his comrades. Most of the symbolic references of the organisation are drawn from Maya culture. But the

patient educational work, the promotion of community consciousness, and the defence of the indigenous communities by Bishop Ruiz and his catechists was essential in creating a favorable environment for the Zapatista movement.

★  
1) Teología Bíblica de la Liberación (Editorial Jus, Mexico, 1975.)  
2) Proceso, Mexico, 10/1/94, p. 24)

INTERNATIONAL INSTITUTE FOR RESEARCH AND EDUCATION

**Marxism and Liberation Theology**

by Michael Lowy

- ◆ "The bourgeoisie has turned religion into an opium of the people by preaching a God who is lord of the heavens only, while taking possession of the earth for itself" (Frei Betto)
- ◆ An introduction to liberation theology for revolutionary Marxists with open minds.

\$3.50/£2: see address on page two

# Indian Women in the Zapatista rebellion

by **Marcela Lagarde**

One third of the EZLN ('Zapatistas') are women. An impressive proportion considering that Mexican society and institutions overwhelmingly patriarchal and masculine, and that in indigenous communities, patriarchy is reinforced by other types of domination.

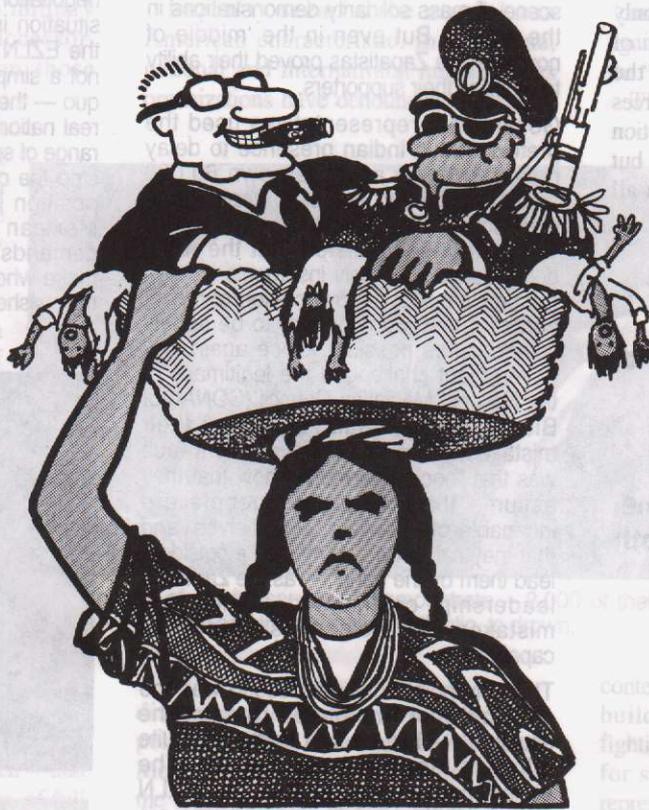
Indigenous women suffer several combined forms of oppression: gender, ethnic, class, age, religion and political. The gender division of the indigenous world is very rigid, and women are subjected to different levels of domination by their fathers, mothers, brothers, sons, the village authorities, community leaders, and sometimes local "mestizos" (the mixed race elite). In this society, the marital relationship is a family and community commitment. Women are married by their fathers while they are still virtually children. They have no say in the choice of their husband. They are immediately taken from their homes and live in quasi-servitude in their new family, under the domination of their husband and mother in law, for whom they work. They are excluded from the circles of community and national power and control. Men are the bosses — they give orders according to strict norms of behavior and inflict punishments including social exclusion, divorce and public disgrace. In the hills of Chiapas state and in the forest, as in almost the whole country, marital and family violence against women is a serious, daily problem. The women of the different ethnic groups cannot participate in public life, let alone intervene in politics. The community leadership is for men.

## Death and health

One of the moral arguments used by the indigenous [Indian] population to justify their military uprising is the daily presence of death due to unsatisfactory hygienic conditions. One EZLN press release states

that "in the past year, more than 15,000 people died of easily curable diseases. Death is already among us: why not struggle and die for our dignity if we must die anyway of cholera, of infections, of breathing disorders and malnutrition?" And in childbirth, one should add.

The under-development of health affects the majority of the Mexican



population. Mexico comes 53rd out of 173 countries assessed for their Human Development Index (HDI). Sweden comes fifth. If one adds a rating for the status of women to the HDI, Sweden moves up to first place, and Mexico drops to 82nd. For the indigenous population, health is the most basic, the first of human rights: the right to life.

## A feminist perspective

Captain Silvia told how, in the guerrilla, she learnt Castillian ["Spanish"], to read and write, how she married another captain, and that she uses birth control. (La Jornada, 18-1-94). In her Indian community, any of these life-choices

would place Silvia, and other Zapatista women like her, at the limit of unforgivable transgression. So the armed uprising, despite its traditional macho character, its militarism, its hierarchical functioning, and its —totally 'undemocratic' — right to kill, has introduced between men and women some measures of equality that would not have existed otherwise.

Unlike other guerrilla struggles, Zapatista indigenous women have made all their communities vote on a "women's law", which sets out their demands. With unprecedented strength, the women of the communities have proposed and obtained that the EZLN fight for the demands of women: including "the right to marry whom we want, the right to have the children that we want and that we can take care of, the right to be what we want to be, including drivers, and the right to have responsibilities in the community." (*La Jornada*, 1994).

Because of the exceptional circumstances of the war, each of these women represents two worlds and two faces of the same identity, as a traditional native woman and as a modern native guerrilla. They complete their home-made huipil (traditional bodice of Guatemala and Chiapas) and multiple belts by army boots, a rifle, and the infamous Zapatista balaklava helmet that protects their personal identity. Their mentality is complex, it includes elements of traditional culture and world-view, and knowledge and ways of thinking that come from military discipline, from the use of weapons, and from politics.

The native women in arms want child-bearing and maternity to be a choice, not a fate. They also want to have their pregnancies and give birth in good conditions. They don't want to die so often, nor to see die those they take care of. Traditionally, they are the midwives of the communities, and the healers of those curable yet deadly diseases — linked to poverty. They know that it is not sufficient to turn to curative medicine, nor even to

prevention. They know they must deal with the structural causes rooted in their conditions and modes of life. They know that this implies remaking daily life on a new basis.

To obtain the rights that they demand, it is not enough to change their little communities, their families, their husbands, and the daily life of each woman. To change the meaning of life of women as such, it is the whole of Mexico that must be changed. For this, peace is necessary. It is not sufficient for there to be a few women officers or women politicians. The war continues and it is the women who are affected: some are chased away from their homes, some become refugees, many remain alone to care for their families.

The resolution of the conflict can only be achieved through the construction of democracy, the transformation of the conditions of life and the way resources are utilized. This requires a redistribution of power, not only between classes, but also between genders, and between all social categories. ★

**The author is a sociologist at Mexico's National School of History and Anthropology and the author of "Mothers, Whores, and Witches", a key Mexican feminist work. This article is a translation of some excerpts of her recent in-depth study into the roots of the struggle of the Chiapas Indians, and the role that women play in it.**

# Zapatistas negotiate with Mexican state

by **Ulyses Martínez**

On 20 April some 5-15,000 indigenous people assembled in San Andres, carrying the red and black banners of the EZLN (Zapatista National Liberation Force). They announced themselves as a "security cordon". This massive presence showed the depth of the Zapatista presence — which the Government still claims to be limited to four or five districts of Chiapas state. The government had refused to hold the negotiations in Mexico city to avoid the scene of mass solidarity demonstrations in the capital. But even in the 'middle of nowhere' the Zapatistas proved their ability to mobilize their supporters.

Government representatives used the pretext of this Indian presence to delay negotiations — as if their own 60,000 soldiers deployed across Chiapas state were some kind of guarantee of neutrality! The authorities insisted that the rebel delegation include only insurgents — as if the problem was the 'restoration of order', and as if they wanted there to be as few witnesses as possible. Once again, the government challenged the legitimacy of the National Mediation Council (CONAL) of Bishop Samuel Ruiz. But of all their mistakes, the greatest government fault was that "once again they show that they assume that indigenous people are incapable of organising themselves, and that they can only start moving if outsiders lead them by the hand" — as the Zapatista leadership commented. "They are mistaken. We indigenous people are capable".

The only point finally discussed was the possibility of "measures to calm the situation" — but the two sides had quite different ideas of how to do so. The government suggested that "the EZLN shall group those of its members who are in a state of insurrection in three assembly points to be agreed by both parties. In exchange, the government will assure the physical security of these contingents, and provide the necessary housing, food, health and hygiene services". The EZLN proposal was a list of ten points — including the withdrawal of government troops to the positions they held on 8 February (ie accepting the loss of rebel territory in the initial government offensive), the maintenance of EZLN forces in their current positions, a cease-fire for the period of negotiation, and a commitment by both sides not to station any troops in any village within their territory.

Negotiations began on April 22, but broke up the next day, without any agreement. According to an EZLN spokesperson the government "cannot even be bothered to

consider our concerns about health and the economy. They have said nothing about the agrarian question, and they think that the negotiations are over. It is completely absurd!"

The EZLN proposition is different. It recognizes the existence of two armed forces, which should be kept apart, and should remain static until a negotiation is reached which will make the presence of any armed bodies of men in Chiapas state unnecessary. It recognizes that negotiations which do not cover the general situation in the country are useless. And the EZLN insist that the negotiations are not a simple matter of restoring the status quo — they must be the starting point for a real national dialogue, concerning a whole range of social forces. Rather than a way to stop the conflict in Chiapas, the Zapatista position is a new initiative directed at Mexican society. All those who have demands to put to the government, all those who have no other way to express their wishes, should come together. ★



**" I appeal to you to support the campaign of aid to the indigenous Zapatista communities" -- Rosario Ibarra de Piedra, National Democratic Convention (CND)**

**Send contributions to account 5016464-9, M, del Rosario Ibarra, Bancomer Bank, Mexico DF, Mexico. Please notify all transfers by letter to Rosario Ibarra, Medellín 366, Col. Roma Sur, 06760, Mexico DF, Mexico**

# Who trusts the generals?

by Ernesto Herrera

DESPITE ATROCIOUS AND CONTINUOUS violations of human rights, there has never been a Latin American equivalent to the Nuremberg trials, or the condemnation of the Greek colonels. The closest we came was the trial of members of the Argentinean military junta at the beginning of the Alfonsín government. But the "Punto final" (full stop) and "Obediencia debida" (duty to obedience) laws that Alfonsín introduced after the "carapintadas" mutiny of the military made it possible for his successor, President Menem, to pardon those responsible a few years later.

In Uruguay, a referendum during Sanguinetti's first presidential term imposed a statute of limitations on the atrocious crimes committed by the previous dictatorial regime. In Chile, Pinochet's military wrote and approved their own amnesty legislation at the end of the 1970s, and, except for those involved in the murder of Orlando Letelier at the United States, none of the Chilean state terrorists have been taken to court.

In fact, apart from the Bolivian ex-dictator García Meza and a few Paraguayan police chiefs, none of the criminals that wreaked terror on South America from the 1970s to the 1990s is currently imprisoned. What democracy are we talking about, when state terrorism continues to threaten — and the terrorists act in the expectation of full impunity?

In Honduras, the death squads are being revived. As well as former agents of the secret police, the para-military 3-16 Death Battalion, the group responsible for most of the "historic" disappearances is back in action. According to senior human rights worker Leo Valladares, the total stoppage of court trials (one of the main accused parties being the current head of the army, General Luis Alonso Discubá) is due to the fact that "the structures of impunity are intact".

In El Salvador, the story is similar. Some eight far-right groups, counting about 25 members each, (according to the civilian police) are particularly active in the Morazan province (one of the regions

most severely devastated by the 12 year civil war). Their victims are mainly former guerilla members and leaders of social movements. And the criminals go unpunished: "as the power structures used by the governments that committed massive violations of human rights are still in place, former soldiers who form new armed groups can find new work, and be a useful barrier against any possible upsurge of the popular movement," as one FMLN leader complains.

Impunity seems to be a real Latin American characteristic. In Colombia, national and international human rights organizations have denounced over 2,000



The mothers of the 'disappeared' demonstrate -- 2,000 of their sons were sedated and thrown into the Atlantic to drown.

disappearances and more than 3,000 political killings over the last five years. Most of these crimes were perpetrated by the army and para-military groups linked with the drug trade. In Peru, President Fujimori's "dirty war" has cost over 20,000 lives. In Mexico, more than 500 people have 'disappeared' in recent years, and, over 200 political crimes were committed under Salinas de Gortari's government alone. In Paraguay and Brazil, hundreds of peasants have been murdered by the army and armed thugs in the pay of large land-owners. Something similar is happening in Ecuador. Even "democratic" and "peaceful" Uruguay belongs on this gruesome list. For example, on 24 August 1994, the Republican Guard savagely repressed a demonstration in solidarity with three Basque prisoners — later extradited. One young worker was killed and over 40 wounded by gunfire, and one

radio station permanently shut down. A few low-level officers have been convicted, without prison term, for "not stopping the excesses of subordinates". Meanwhile, the managers of the radio and some of the demonstrators (i.e. the victims of the shooting) have been sentenced for a series of crimes, all involving prison terms, such as slander, insult, encouragement to disparagement of the nation, the State, or its representatives, and incitement to delinquency. In other words, the "cause of the state" is still being protected against the destabilising "subversion" of the "democratic" system.

This is happening all over Latin America. But most left-wing forces don't want to see. They place their bets on institutional channels, as though the rules of the game were the same for all of us. Or, more dangerously, they assume that state terrorism is a thing of the past, or something specific to dictatorial regimes. Reality is different. Today, it is no longer sufficient to denounce the concentration of economic power, the media monopoly, and electoral fraud. The neo-liberal project, even in a more-or-less credible parliamentary democracy, requires more and more heavily armed "institutions" to keep down those forces which contest those in power. The possibilities of building a democracy are minimal if fighting the impunity of those responsible for state violence and dismantling the repressive mechanisms are not among the focuses of the political and social struggle. Otherwise, as one Guatemalan historian predicts, the rot will emerge again sooner of later. ★

# Fortress Europe

The Schengen accords which entered into force on 26 March 1995 are portrayed as a liberalisation of border crossings between the countries of the European Union. In reality they are a series of repressive police measures to

increase control of 'aliens' and 'Europeans' alike — at the external frontier and everywhere inside the bosses' Europe.  
by Albert Rochal

*"The initial object of Schengen, the free movement of persons across the space formed by the nine countries signature to the accord, has shifted to the other aspect — an air-tight [common] external frontier and stricter controls on immigration."*<sup>1</sup>

Rather than a betrayal of an initial lofty goal, this 'shift' is the logical consequence of the agreements. From the very beginning Schengen has been about building a powerful European police force, and an electronic barrier around Western Europe. This, of course, is the reason it has taken so long to put the accords into operation.

Nothing was left unprepared when German, French, Belgian Dutch and Luxemburg representatives met in the Luxembourgish town of Schengen on 14 June 1985. The accord they signed was the fruit of years of secret cooperation between police and "anti-terrorist" experts of the "Schengen Committee" and (since 1975) the TREVI group (Terrorism, Radicalism, Extremism, Violence International). Recognising that the development of the European Union required some opening of internal borders, they resolved to make sure that, unlike capital and goods, labour — you and I — would not start freely circulating around the continent. Immigrants and asylum seekers in particular were defined as targets, reduced to delinquents and smugglers. "Terrorists" and "extremists" were also recognised as cause for common concern.

The concrete goals of the 1985 accords were

- ▶ Generalising the criteria for accepting and rejecting visa application, and fixing a common list of countries from which a visa will be required.

- ▶ Each state to refuse admission to any person considered "undesirable" by any other member state. In other words, someone who was once refused entry into Germany will not be allowed into France. If found in France, s/he must be deported from the Schengen space.

- ▶ A common computerised system to be set up to record the identity and other

precise information about all persons subject to control and all "undesirables".

- ▶ Fining airlines and ferryboat operators if they carry a passenger without the necessary documents into the Schengen space. As a result, transport operators now carry out their own passport and visa checks outside the Schengen space, and refuse passage to anyone they suspect does not meet the entry criteria.

## 10 years of restrictions

Since 1985 the Schengen Committee pilot group has been working in three directions

- ▶ Enlarging the number of countries who's governments are signature to the accords, and ensuring that national parliaments then quickly approve these agreements.

- ▶ Standardising police legislation in each country. Each country which wants to join the Schengen space must demonstrate that it is capable of strict controls of identity, and that anti-immigration legislation is strong enough to join the club,

- ▶ Organising the Schengen Information System (SIS), an immense computerised surveillance system which already contains files on five million of us — mainly so called "undesirable aliens."

Italy adhered to the Schengen Convention in 1990, followed by Spain and Portugal (1991), and then Greece (1992). Meanwhile all the countries of the European Community (the Schengen countries plus Great Britain, Ireland, and Denmark) standardised and tightened their visa requirements.<sup>2</sup> This system is now being extended to the EU's new members, Austria, Sweden and Finland.<sup>3</sup>

## Welcome to fortress Europe

If you don't have one of the new European passports, entry into the Schengen area has just become even more difficult. If you are refused entry, residence or asylum in one of the member countries, you will be rejected



automatically by all the others. The land borders between the Czech Republic and Germany are more strictly controlled than before 26 March, while there are still considerable checks on internal European Union borders where one of the partners is still considered to be too lax — such as Italy. And foreigners of all kinds — including long-term residents in one of the Schengen countries, remain second class Europeans since, every time they cross an internal frontier. Even if there is no visible control point, they must seek out the local police and make a written Declaration of Entry on the Territory (DET) of each state they visit.

Each 'non-community' passport holder, each refugee is now an international suspect. The Schengen Information System (SIS) super-computer in Strasbourg is capable of managing 10 million personal files. The police force of every member state, and the visa-issuing consular offices outside the Schengen space have a permanent link to this 'electronic fence.' And of course, this super-national data-base is not subject to

the data-protection legislation of any of the member states.

Schengen countries have standardised their non-resident (short-stay) visa regulations on the basis of the lowest common denominator. Citizens of 129 countries are part of the new common list. The response to the Algerian crisis has been to follow the French example — delivering 90% less visas than before the current crisis, closing consulates in the country, and accepting only postal visa applications, on a form which only those with connections or money can get their hands on.

The 'struggle against illegal immigration' has justified the extension of police powers across the entire Schengen area. In France, spot checks may now be carried out within 20 Km. of a border (any border, any coast, any airport). And because these are 'border' controls, they are not subject to the restrictions on regular police searches. The cops can stop anyone, anytime, without giving, or having, any particular reason. Schengen also gives national police forces the 'right of pursuit' into the territory of a neighbouring country. The German police can chase you in Holland, and the French police can spy on you in

Belgium.

### Racism and resistance

In Holland the Labour Party (PVDA) successfully resisted legislation which would have transferred the right to define new regulations on immigrants and asylum-seekers away from national parliaments to new Schengen bodies. Despite the opposition of the Communist Party, the French Parliament ratified Schengen in June 1991 — thanks to the votes of the Socialist Party Deputies.

In all the countries which have approved the accords, the results are clear — legislation on the rights of immigrants and asylum-seekers is more restrictive, or soon will be. The police are getting new powers. Foreigners have less and less protection in the judicial system. Our governments condemn racism, xenophobia and the extreme right on the "moral" level, but their actions confirm the far-right thesis that foreigners are the problem.

In most countries, social democratic parties — mandated and elected by a left,

anti-racist base, have consistently sought a compromise with the right, and have abandoned the cause of immigrants and asylum-seekers in the process. In France it was the Socialist Laurent Fabius who signed the Schengen Accords. Socialist Ministers of the Interior Tobback (Belgium) Marchand (France) and Martelli (Italy) all prepared and implemented anti-immigrant laws. The leadership of the Social Democratic Party of Germany (SPD) argued for years inside the party before winning authorisation for their "rotten compromise" with the Christian Democratic Party (CDP/CDU) to restrict the right to asylum.

The common principle behind all this legislation is simple: Western Europe is menaced with the 'invasion' of wave upon wave of immigrants and refugees from the rest of the world, particularly from North Africa, Sub-Saharan Africa, Asia and Eastern Europe. The West must defend itself by any means necessary against those who flee hunger, repression and war.

On the one hand undocumented immigrants form an under-paid and powerless section of the labour force, and on the other hand they can be held up as the cause of all our social problems. Far-right parties like the Flanders Bloc (Vlaams Blok) in Belgium are a motor of this strategy (the French National Front of Jean-Marie Le Pen voted against ratification of the Schengen Accords, which they claim are too lax!). But Danish and French conservatives have not hesitated to use the same arguments in a watered-down form. In "a sick, cynical manoeuvre of a collapsing reactionary party" the ruling British Tories (Conservatives) are praying that their increased agitation against "illegal immigrants" and the "European" (ie. continental, untrustworthy, foreign) system — even Schengen — will help them regain their traditional supporters.<sup>4</sup>

### Emotion and Mobilisation

This wave of repressive measures has provoked a divergence of opinion among the working classes and society in general. Most regions of Europe suffer from mass unemployment, and for some time now

the traditional leadership of the labour movement in most countries has been helping to spread the poison of xenophobia. But at the same time, the anti-racist movement has been growing since the mid 1980s. There have been many demonstrations against discriminatory legislation, and against specific attacks by the far right. Over 100,000 people demonstrated in Rome and Paris on 25 January 1995. Swedish Trade Unions called a one day strike against racism on 20 February, and on 21 March more than 100,000 people demonstrated in all-European demonstrations in Brussels and Amsterdam. This is the proof of another Europe, opposed to Schengen and ready to fight for the values of solidarity and for democratic rights.

New associations and networks have been created, to support asylum-seekers, for whom it is now almost impossible to exercise their right to find refuge, and to support refugees and immigrants against racist attacks from the far right or the authorities. Some French, Belgian, German and British organisations are willing to hide refugees rather than see them expelled. Nevertheless, the left has not been able to prevent the generalised tightening of reactionary legislation on foreigners and asylum-seekers. Western Europe is being transformed into a real fortress, with laws and regulations replacing the ditches and walls of the Middle Ages. ★

#### Notes

1. *Le Monde*, 26 March 1995.
2. Dublin Convention, June 1990, Maastricht Treaty, February 1992.
3. Members of the EU since 1 January 1995.
4. *Socialist Outlook*, 8 April 1995 — re-translated from the French.

### Fighting Euroracism

The European Anti-Racist Network is organising a range of activities in the run-up to the EU Intergovernmental Conference in 1996. Our aim is amendment of Article K of the Maastricht Treaty, which deals with asylum, supervision of the external frontier of the EU, immigration policy, prevention of narcotics smuggling, and police and customs cooperation.

Contact usmk98 c/o MRAX, 37 rue de la Poste, B-1210 Brussels, Belgium

The Network includes Anti-Racist Alliance (UK), National Union of Refugee Organisations (UK), Harmony (IRL), SOS Racism (P), SOS Racism (I), SOS Racisme (F), Nero e non solo (I), SOS Racism (E), MRAX (B), Ras l'Front (F), Action Courage (D), Schools without Racism (NL), Nederland Bekent Kleur(NL)



# The left after the Election

**Alain Krivine, a former leader of the student movement in May 1968, is today at the head of the Revolutionary Communist League (LCR).**

● **Jean-Marie Le Pen (National Front) won 15% of votes — his best score ever. Why?**

**Krivine:** He managed to protect his “respectable” image<sup>1</sup> This let the Front ride on the fall-out of unemployment and marginalisation, deeply felt by a range of layers of society. They also profited from the corruption scandals plaguing the main parties.

The National Front is clearly putting down roots in the “basement” of French society. Le Pen’s best scores were in regions with relatively large immigrant populations. Most worrying is the evidence that Le Pen was the most popular candidate among voters representing the “classic” sociological working class..

In short, Le Pen is the result of a crisis to which the left has not provided the answers.

● **Communist Party Secretary Robert Hue claims the 1.9 point increase in his party’s score compared to 1988 is a “major event”...**

## One in five vote far right

The National Front of Jean-Marie Le Pen and a smaller Catholic fundamentalist movement won over six million votes in the first round, writes *Arnaldo Castellera*. And a full 46% those who voted Le Pen say they did so on the basis of his programme. This is a higher proportion than among voters for the Communist (34%) Green (26%) or Workers’ Struggle candidates (23%). More manual workers’ voted for the National Front (FN) than for any other candidate. And for the first time, a significant number of white unemployed voters were attracted to .

It is time to stop characterising the Le Pen phenomenon as a ‘protest’ vote. It is more. Of course, the roots of Le Pen’s popularity are the absence of solutions by the parties which have held power over the last 20 years, by the atmosphere of economic and social crisis, and the wave of political and financial scandals. The

The halt in their long term decline is certainly something they are happy about, but one shouldn’t exaggerate the importance of the extra votes — mainly protests against the Socialist Party. And the problem is that CP conservatives will now say there is no need for further modernisation, while the ‘reformers’ will be encouraged to push for more. One real success was the reemergence of a milieu of intellectuals who were again willing to support the Communist Party<sup>2</sup>.

● **“Workers’ Struggle” candidate Arlette Laguiller got over 5 % — and announced her plan to create a “large left party”**

She started her campaign with her usual abstract critique of capitalism. Then, when she realised she was having an effect, particularly among former CP voters, she began to propose transitional demands — an Emergency Plan. This is a historic first for Lutte Ouvriere (Workers; Struggle). Some of her proposals were good, some were ‘ultra-left’, and some of what she said about the state rather vague. But still,

increase in the National Front score (since the 1988 election) is most marked in those regions most affected by the economic crisis — Alsace, Lorraine, and the North East. There are no electoral districts where their score is declining significantly.

Municipal elections are coming, and the FN may win control of many of the larger cities. In many more, they will be the strongest right wing party in the new council. And as Le Pen promised on the eve of the Presidential election, “we be there to block the left wing deviations in the Chirac programme”.

The author is a member of the broad left anti-fascist movement Ras l’front, which combines anti-fascist activities with pressure on the main left parties to prevent them adopting the right’s demagogic stance on immigration and crime.

**Sonia Leith asked him about the implications of the presidential election for the revolutionary left**



she no longer proposes a “Mass Revolutionary Party”, but a broad party to fight for the exploited.

What does this new proposition mean? Maybe nothing — the last issue of their paper didn’t repeat Arlette’s propositions. Maybe it’s a classic Lambertist proposition — ignoring the really-existing political forces, especially the non-revolutionary parts of the alternative left and the ecological movement, and simply proclaiming a broad initiative, which would be nothing more than a sectarian operation based on a Lutte Ouvriere core — a project doomed to failure. But maybe Lutte Ouvriere is really thinking about building a workers’ party — which would be very interesting indeed.

● **Red-Green candidate Michelle Voynet only polled 3.,35 % —surely a failure for the red-green recomposition you have been working for ?**

Any recomposition was doomed from the moment Voynet was only proposed

by the Greens. She tried to catch up later, by stressing the elements in her programme which imply a rupture with the existing liberal consensus — the 35 hour week, solidarity, internationalism and so on — and by accepting the support of a range of alternative left groups. But Green she remained for the public and the media. And in the end she scored less votes than the Green candidate A. Waechter in 1988.

A part of the (very small) French green movement deserted her, and she picked up new support on the alternative left. But not much. She says she was seen as "too green for the Reds, and too red for the Greens"

### ● What now ?

The Revolutionary Communist League (LCR) calls for a vote against Chirac in the second round. But we have no illusions in Jospin, especially after 14 years of Socialist Party management of the country.

The growth in social struggles during the election period shows that more and more workers are fed up with passivity. Over five million voters supported left-wing candidates who criticised the Socialist Party's management of the bourgeoisie's austerity plans. This is a period of remobilisation. We need to find the political keys, to avoid the mobilisation falling flat.

That's why we originally called for a left unity candidate to the left of the Socialist Party. We were unsuccessful, but the current situation is still crying out for such a realignment. If we miss this moment, a whole new generation of militants will be disillusioned, confused, or sucked up by the Socialist Party and the Communists. This is the time to start opening spaces for common action, and building spaces for common reflection.

interviewed in Paris on 25 April by  
Sonia Leith

1. At least two people died during the campaign — a young Comorian was shot by National Front fly-posters in Marseille, and a Moroccan drowned after being thrown in the Seine during the fascist May Day ("Joan of Arc Day") demonstration in Paris.

2. Including the writers Gilles Péralut and Didier Deaeninckx, the cartoonist Siné, the professor Vovelle, and the architect Chémétov

## Socialist Party

No-one expected Leonel Jospin, the last minute choice of candidate, to do as well as he did. His first round score is a clear improvement on the 4.5% Socialist Party vote in the June 1994 European elections. But second round support for the Socialists is still an incredible 600,000 votes less than in the 1981 election which swept François Mitterand to power. And in the meantime, 750,000 new voters have registered.

Support among teachers and university educated civil servants is still solid, but only 23% of other white collar workers, and 20% of blue collar workers voted for Jospin this time round. The Socialists are paying the heavy invoice of their years in power.

Jospin's personal reputation as honest, uncorruptable, and a critic of the excesses of Mitterandism and of the party apparatus enabled him to unite the party — though many had to grit their teeth as they voted.

The Party is now sure to replace its 'business as usual' programme with a more ambitious set of promises. There are votes to be won on a left-leaning programme attacking the 'social fracture' everyone is concerned about, but Party bosses seem more concerned about the growing popularity of the National Front, and will doubtless fight for a pro-European Union, moderate programme.

In any case, as long as public opinion is split 50-50 between Chirac and the left, Jospin will probably be able to assure total control in the Socialist Party, and marginalise his hard left critics. Trouble is brewing. ★

by André Terroux

## Communist Party

The 8.7% score (2,631,173 votes) for Robert Hue, General Secretary of the Communist Party represents a halt in the declining support for the party. Otherwise, there is nothing to encourage the faithful. Hue is in third place among manual working class voters (National Front 27%, Socialist Party 20%, Communists 17%), and came second to the far right or the socialists in most of the municipalities with a Communist-led local government.

For the first time, the Party can boast a General Secretary who is more popular with the electorate than with the Communist hierarchy. His fresh, combative style marked out a position to the left of the Socialist Party, while his statements on democratic reform and

modernisation reassured the various 'renovation' trends in the Party. But neither conservatives nor reformers know which way Hue will try to take the Party now. Towards the end of the campaign the Party daily l'Humanité regurgitated the old slanders (anti-Communist, absent from day-to-day struggles, petty-bourgeois, frivolous) against the Trotskyist candidate Arlette Laguiller. Hardly an sign of the Communist Party's recognition of the new reality — 18% of the electorate voting for anti-capitalist candidates, but only half of them identifying with the Communist Party. ★

by Georges Villetin

## Workers' Struggle (LO)

The 1,649,000 votes (5.32%) cast for Lutte Ouvriere (Workers' Struggle) candidate Arlette Laguiller is the highest score yet achieved by a Trotskyist candidate — Laguiller won only 1.99% of votes in the last presidential election. Her highest scores this time were registered in the urban strongholds of the Socialist and Communist Parties. She won over 6% of votes in the depressed Parisian suburbs.

As a consequence, we can expect to see militant revolutionaries speaking on television more often. But more importantly, Laguiller raised the possibility of forming a wider, 'party of the exploited and excluded'. The Revolutionary Communist

League has been proposing such a party for years now, and, if serious, this new step by Workers' Struggle is a very important development. But there is no point in proclaiming a Mass Workers' Party from a position of splendid isolation. Instead we need to test our cooperation in practice, based on an action programme which responds to the immediate needs of the workers. And although tens of thousands of workers would support such a party, no-one will come forward until there are real guarantees of pluralism and democracy. ★

by Jean-Louis Michel

# Labour prepares for office

**After 16 years, Britain's Conservative government could fall at any time. It seems irreparably divided by the question of European integration, implicated in a growing number of corruption cases, and was recently reduced to**

**control of just 13 of Britain's 402 local councils. The response of the opposition Labour Party has been to move further to the right. Duncan Chapple explains why**

Labour is now the preferred party of government for a large section of the capitalist class. Unlike the ruling Conservative Party, Labour's leadership wholeheartedly backs the project of European integration. At its April 29 special conference, the Labour Party dropped its constitutional commitment to common ownership of the means of production<sup>1</sup> This reflects the pressure of capital on the party's leadership.

It marks the first step of a three phase plan of the new rightist leadership team around party leader Tony Blair. Phase one was the elimination of Clause 4, in a trial of strength with the left in the party and the trade unions, backed to the hilt by the right wing mass media. Phase two will be further moves to cut the unions' voice in policy making and dampen down their demands. Phase three is likely to include proposals for the state funding of political parties that would end Labour's financial dependency, and enable Blair to sever the remaining links between the party and the trade union movement that founded it.

While Labour remains clearly a party of the worker's movement, Blair's goal is to break trade union control over the party. His model is the U.S. Democrats, leaving the trade unions only as an uncritical force delivering votes to Labour.

Blair knows that, unlike previous Labour governments, once in power his administration will run into conflict with the rank and file of the trade union movement if he sticks to a programme of minimal change. The campaign to remove Clause 4 aimed to destroy the ability of Labour's trade union base to control the leadership, leaving Labour free to meet the needs of big business.

While a third of the vote at the special conference went in defence of Clause 4, Labour's 'soft left' collapsed to the right and the 'hard left' caucus in Parliament was quiet. From their narrow parliamentary framework, they were unable to challenge the pro-capitalist programme of Blair and resist the logic of 'party unity'.

While the defeatist ideas of 'new

realism' remain dominant in the unions, support for Clause 4 was strongest in the trades unions — gaining the block vote of two of the largest unions. Its most vocal partisan was Arthur Scargill, the left-wing leader of the miners' union.

The defeat of Clause 4 has made many people see Labour as less of a force for change. Now the Labour right will move onto the offensive. Already they are opposing the re-election of Bill Morris, the leader of the massive Transport and General Workers' Union (T&GWU) and turning increasingly against Rodney Bickerstaffe, the 'soft left' leader of the public sector union UNISON.

At the same time, millions of workers who are at present indifferent to the explicitly pro-capitalist wording of Blair's new clause will vote Labour not to uphold the rigours of competition and the market, but in the expectation that new policies will be implemented, and that they themselves will benefit.

They want an end to the Tory (Conservative) war on the public sector, to low wages and cut-throat market mechanisms introduced into the management of local state services and the National Health Service. They want extra funds for health, education and pensions, and schemes to create real jobs, new houses, and restore a viable public transport system. They may not realise yet that none of these are on offer from Blair's 'New Labour'.

Workers will vote Labour because it remains the traditional party of the working class, and the only serious alternative government to the Tories. This is not France, where you can safely vote for a far-left candidate in the first round of the presidential election, and still vote for the Socialist Party candidate in the decisive second round.

Blair's policies can only be tested, fought and defeated in practice. And as long as the dominant factor in workers' minds is getting rid of the Tories, debate on the finer points of policy for the future appears abstract and irrelevant to many.

The Clause 4 debate placed a great

pressure on those far left currents which abstain from work in the Labour Party. The Socialist Workers' Party (in some countries known as the International Socialists) supported the Campaign to Defend Clause Four, and at the same time called on those people in the campaign to resign from the Labour Party. Militant Labour stepped up its anti-Labour profile — aiming to stand 40 candidates against Labour in May's local election. Their only 'victory' was in Scotland, where one popular local councillor retained his seat. The Militant Labour vote fell from 8% to under 6% in Scotland, their strongest area.

The growing isolation of the left outside the Labour Party reflects the massive increase in support for Labour. Forty-eight percent of voters in this month's local elections chose Labour, with the ruling Conservatives winning a mere 25%.

The central task of the left is now to hold together, and rebuild itself, starting from the campaign to defend Clause 4. Blair has only accomplished Phase One of his master-plan to reshape the Labour Party. The left must fight tooth and nail to stop the completion of his plan. It must fight for specific policy commitments that would be demanded of a Labour government, and for opposition to any attempt to weaken the trade union control over the Labour Party.

Working people will take on Blair only once the main enemy has been swept away, and the timid role of Labour in office runs into conflict with the mood and aspirations of ordinary working people. That is why the fight in the unions and in the Labour Party remains crucial in setting out the ground for the fight to come. ★

The author is deputy editor of Socialist Outlook, the fortnightly newspaper which reflects the views of British supporters of the Fourth International

<sup>1</sup> See Roland Wood's article in the December 1994 issue of International Viewpoint.

# Book notes

**The following publications are not available in most commercial bookstores, because what the authors have to say makes the rich and powerful uncomfortable.**

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by John G. Taylor, Zed Books

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150 BEF (\$US 5) plus postage from Jean-Claude Lazarus, 35/7 rue Delacroix, 1070 Brussels.

## **Max Shachtman and his left: A Socialist's Odyssey through the American Century"**

Peter Drucker, Humanities Press, 1994

Max Shachtman was expelled from the CPUSA in 1928 for circulating Trotskyist materials smuggled out of Russia by Jim Cannon. Over the next 15 years, Shachtman helped affiliate some 25 national sections to the Fourth International, translated Trotsky into English, and was an important contributor to the Fourth International's theoretical journal, *The New Internationalist*. Shachtman and his followers later developed the position that the Soviet Union was not merely a corrupt outgrowth of a "workers' state," but represented a new counter-revolutionary social system —

"bureaucratic collectivism." Shachtman's Workers' Party agitated against both war camps during WWII, coming increasingly into conflict with the Communist Party, which opposed all workers' demands which might hinder the war effort.

Whereas most U.S. Trotskyists continued to see Stalinism — like social democracy — as conservative and fundamentally flawed parts of the labour movement, Shachtman's anti-Stalinism led the Workers' Party to ally itself with progressives and conservatives against the "reactionary, totalitarian and anti-proletarian" Communist current in the trade unions. While they opposed the McCarthyist witch hunts of the 1950s, their current — renamed the International Socialist League, degenerated into a 'pro-democracy' sect, giving conditional support to imperialist forces in their cold war confrontations with the Stalinist states.

How could such a collapse take place ? Drucker shows how Shachtman's obsession with the dangers of Stalinism in the West, his cold-war pessimism, the belief that fascism and Stalinism had destroyed the conscious cadre of socialism, and the lack of a politically organised North American working class allowed him to cling to a succession of bureaucratic substitutes which could create an appearance of a socialist dynamic. *"He convinced himself that the AFL-CIO [trade union federation] was almost a mass socialist movement, that the Democratic Party was almost a labor party, that [President] Johnson's Great Society had almost made African Americans equal, that the United States had almost saved Vietnam for democracy."*

As well as filling in an important gap in the history of the U.S. revolutionary left, this book is an honest attempt to understand and evaluate the trajectory of a traitor to the movement. Worth reading.

[Reviewed by Ann Henderson]

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