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THE REAGAN FUTURE WORLD ECONOMIC CRISIS by ERNEST MANDEL

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Thatcher goes for blood on the Malvinas

by Penny DUGGAN

The conflict that arose suddenly over the Malvinas erupted into full-scale armed conflict in a matter of weeks. British imperialism, aware of its declining world role, frustrated by its inability to impose its will, and facing increasing problems at home has chosen to go to war over two small islands the other side of the Atlantic.

This was done at tremendous cost. By the time major ground-fighting broke out Mrs Thatcher and her war cabinet had wasted 600 lives and spent £500 million on this attempt to win back a few of the ill-gotten gains of the British empire.

Despite the hopes of the British Foreign Secretary, Pym, that after this is all over Britain and Argentina 'can shake hands and be friends' there will be far-reaching effects. It is proof that declining imperialism is more dangerous as it is more unstable. It shows how small conflicts can escalate into major brushfires, in a world that has become a nuclear powderkeg.

In this reckless military adventure Britain has the support of her imperialist allies. But she has been made to pay a price. The European Economic Community have renewed trade sanctions against Argentina for an indefinite period. But, in return, Britain has had to accept a less favourable deal on agricultural prices than it has argued for. The long-term effects of that in Britain on the continuing debate on British membership of the EEC, and higher food prices in Britain may in the end outweigh the benefits of support against Argentina.

The US has eventually sided with Britain, and is also giving material support. But it has had to pay a price for backing up its chief ally in the imperialist war drive. Argentina was a key element in US strategy in Central America. Argentinian military advisors were indeed present in El Salvador. Now these have been withdrawn as Argentina has won support from other Latin American states who are opposed to complicity in US plans for intervention. Argentina is rebuffing any US attempts to restore

friendly relations between the two countries.

MALVINAS YES! JUNTA NO!

The Argentine junta is not benefiting as it expected from the recapture of the Malvinas.

The junta had three aims in its original action, Firstly; to distract attention away from the growing internal problems in Argentina and to unite the country around the national demand for return of the Malvinas to Argentine sovereignty. Secondly; to regain prestige throughout Latin America and the Third World as a country prepared to stand up to and defeat a major imperialist power, and lastly to unite the ruling military around the project of regaining the Malvinas.

These aims have not been fulfilled. Although the masses in Argentina took to the streets in support of the claim to the Malvinas, from the first these slogans were coupled with opposition to the junta.

Opposition to imperialist war drive and support for workers in struggle throughout the world (DR)



Indeed reports suggest that the opposition in Argentina is taking advantage of the present openings to reorganise. It is reported that local branches of the Argentine trade union federation, the CGT, are springing up in the localities.

Local groups of the *Multipartidaria*, the national opposition bloc including the five main bourgeois political parties, from the Peronists to the Christian Democrats, are also being set up. However, it seems that this may be an initiative of the left who are not formally in the *Multipartidaria* but are using the fact that the regime, having had to meet opposition leaders in its efforts to win national unity, has given this bloc a certain legitimacy, which can be used to organise the opposition.

The lack of military success for the Argentines, despite the good showing of the airforce, has not helped either. Although the Latin American countries have stood firm on support for Argentina this has been diplomatic support only. Cuba and Nicaragua have offered military help, but made it clear they give no support to the junta, and demanded the withdrawal of military advisors from El Salvador.

Whatever the outcome of the military engagement the position of the junta will be precarious. Faced with a more organised opposition than at any time since it came to power, the effect of success, which would increase the self confidence of the masses, or defeat, which would increase their hatred of the junta as it proves itself incapable of even fulfilling this aspiration of the masses, the Argentine ruling class will be forced to move to install a government which will allow the junta to retire gracefully and avoid a confrontation while retaining the bourgeois project intact.

The best hope for the Argentine junta would be a dragging out of the war which would increase the pressures towards national unity and allow them further time to manoeuvre.

SUPPORT FOR THATCHER BUT OPPOSITION HARDENS

By contrast the Thatcher government is presently doing quite well. Recent opinion polls, since the landing on the East Falkland on May 17, show that support for the government has leapt to around 80 per cent.

The drop in support shown at the time the *Sheffield* sank has not been repeated after successive British losses. However if the war drags on 'war-weariness' and the effects of British losses will undoubtedly begin to influence public opinion against the war. Indeed support is not so deep as the polls suggest. In a recent bye-election in the Tory stronghold of Beaconsfield the number of those voting dropped sharply from 76.2 per cent to under 54 per cent. Although the Tory share of the vote slightly increased, there did not seem to be unbounded enthusiasm to rush out and vote for Thatcher's war.

Opposition to the war is hardening up in the Labour Party. At the end of the most recent Commons debate on the war left Labour members forced a vote for the first time on support for the government.

Thirty three Labour members voted against, including three Front Bench spokespeople. In a disgusting show of support for Thatcher, Labour leader, Michael Foot, promptly sacked the three.

Their stand would get a different reaction within the ranks of the Labour Party. Many local branches, some estimates put it as high as 50 per cent, are sending in resolutions of opposition to the war and to the Labour leadership's sickening support for the Tories.

The recent conference of the National Union of Seamen, who have members on the ships that have been requisitioned for the task force, discussed the war.

Initially a motion supporting the war was passed. However, when the press claimed it as support for Thatcher, delegates were so appalled that three quarters of them signed a petition calling for a ceasefire and negotiations.

But the anti-war movement, although growing, is still small. Ten thousand demonstrated in opposition to the war on May 23, less than are prepared to come out in opposition to US military adventures in El Salvador.

The anti-war movement in Britain and throughout the world has to set the record straight on what this war is about. It is over the imperialist claims of Britain to possess a couple of small islands 8,000 away, against a country which for years it has economically exploited.

It is of no help whatsoever to the Argentine working class to refuse to take a stand against this imperialist aggression because of the nature of their government. The best service that the international labour movement can give to the Argentine workers is to stop this war and allow them to turn their attention to settling accounts with the regime in Argentina. ■

Iranians victories open way for new mass upsurge in Near East

by Gerry FOLEY

The decisive defeat of the Iraqi army by Iranian forces in the second battle of Khorramshahr (May 23-24) has opened the way for explosive upsurges throughout the region. It was an effect of the momentum of the mass mobilization unleashed by the Iranian revolution.

The Iranian victory would not have been possible without the unity of the entire population of Iran in defense of the hopes represented by the revolution and their readiness to make heroic sacrifices to defend it.

Even sections of the population at war with the Khomeini regime, such as

the Kurds, refused to cooperate with the Iraqi invaders.

For the imperialists, it is now essential to stop the conflict as quickly as possible and try to slow down the political processes inevitably generated by the Iraqi defeat. That explains the combination of threats and blandishments directed at the Iranian government by U.S. imperialism and its allies. It also means that direct imperialist intervention has now become a danger once again in the Persian Gulf area.

In an editorial May 28, the *New York Times* tried to cover up the defeat suffered by U.S. policy and present an argument that all the forces in the area

interested in preserving the social status quo should now get together.

"Much as Margaret Thatcher's Britain is slowly reversing the land grab by Argentina, Ayatollah Khomeini's Iran has been heaving back an invasion by Iraq at vastly greater cost. You don't have to like the ayatollah to welcome his military good fortune or the rebuff to the effort of Iraq's Saddam Hussein to shatter Iran.

"Like the war in the Falklands, the Iraq-Iran conflict left the United States with no happy choices. Its interest in preserving Iran as a buffer between the Soviet Union and the Gulf justified rooting for Iran. But the United States should be just as intent that Iran not



Popular support for Iranian army against Iraq invasion (DR)

mount a revolutionary crusade against the surrounding Arab monarchies.

"Stability is a tough hand to play in an unstable region, but so far so good. The first requirement was that Iran, beastly government and all, survive the Iraqi onslaught. Its once-Americanized armed forces rose to the challenge; the Russians supplied weapons through Syria and North Korea, and the United States quietly sent its share, with the help of Israel and other unlikely allies....

"For all the resentments that Americans and Iranians bear toward each other, they were thrown to the same side by overlapping interests. But their joint interests stop at the Iraqi border, which is where diplomacy should now make sure that the war ends."

The claim that the U.S. was "rooting for Iran" during the war was really laying it on thick. Washington clearly hoped that Iraq would deal the Iranian revolution crippling blows, and did everything in its power to assure that.

However, it is also true that Washington also gave clear notice to the Iraqi regime that it would not tolerate any major annexations that would undermine the stability of the area or of Iran as a national state.

The detachment of the Arab-inhabited area along the Persian Gulf, where nearly all Iran's oil is located, would obviously have made the country as it is now constituted unviable.

The U.S. imperialists did not want that; it clearly did not accord with their basic interests or what they could hope to gain from the Iran-Iraq war.

The principal historic strategy followed by Washington in dealing with revolutions, especially in countries the size of Iran, is to isolate them, wear them out, and promote the tendencies within them that are heading in a conservative direction. Such a strategy is particularly recommended when the leadership of a national revolution is socially conservative, which the Khomeini regime clearly is.

This strategy requires a double game, such as the one the *New York Times* cheerfully admits.

There have been a number of examples of two-faced operations by the

U.S. in the Near East in particular. One example is the Kurdish rebellion in Iraq in the 1970s, in which the CIA and the shah encouraged the insurgent leader, Mullah Barzani to believe he had their support.

Statements of officials that have come to light since then make it clear that Washington's interest was that "neither side win a clear victory." Barzani was eventually sold for a deal with the Iraqi regime.

In the Iran-Iraq war also, a decisive victory for either side was not in the U.S. interest. The breakup of the Iranian state would have released processes whose development could not be predicted. Now Washington faces such a prospect in Iraq and the Gulf emirates. The momentum of the Iranian revolution produced a decisive defeat of the Iraqi army, which is a disaster for Washington's policy in the area.

The Iranian government's claims that the Iraqis counted on the support of the Kurds and a broad spectrum of opposition forces in Iran to overthrow the Islamic republic are clearly designed to serve their needs of maintaining control over the Iranian masses. Neither U.S. imperialism, nor much less the Iraqis, are capable of such revolutionary adventures. The Iraqis, for example, face a bigger Kurdish problem than the Iranian rulers.

The imperialists and their allies may make maneuvers with such forces, but they remain limited by their nature. And sometimes, it's mostly hot air.

For example, *New York Times* columnist William Safire, close to powerful right-wing circles, wrote on March 16: "Logic also suggests that America should encourage support of the valiant Kurds, as well as the leftist but non-Communist Mujahadin on the ramparts of the counterrevolution."

The fact of the matter is that the left Kurdish nationalist forces formed the first stumbling block to the Khomeini leadership's attempt to restabilize the neocolonial capitalist state in Iran. They defeated the military forces of the Islamic republic in a three-month combined mass struggle and guerrilla war that culminated in August-September 1979 with uprisings in the major Kurdish towns.

At that time, U.S. officials and authoritative commentators in the U.S. capitalist press made it quite clear that Washington was far from favorable to a victory of the "valiant Kurds," but rather regarded the success of the Kurdish struggle as a major destabilizing factor in the region.

And they were right, the victory of the Kurds defeated the Khomeini regime's first attempt to restabilize the state in the face of the Iranian masses of all nationalities set in motion by the revolution. After that, the Khomeini regime was forced to step up its anti-imperialist demagoguery in order to retain control of the masses, and that brought it into sharper confrontation in fact with imperialism.

Moreover, it was the Mujahadin and Fedayan, the revolutionary guerrilla groups, that played a leading role in the mass uprising in Teheran that resulted in a clear victory of the people over the dictatorship, severely damaging the state repressive apparatus.

What the Khomeini leadership wanted, and what U.S. policy at the time was designed to achieve, was a cold transfer of authority from the old regime to the bourgeois group around the ayatollah.

Moreover, in the decisive battle in the first stage of the Iran-Iraq war, the heroic defense of Khorramshahr that broke the momentum of the Iraqi victories, activists in and around the Mujahadin and Fedayan were in the forefront.

Now that the neocolonial Iraqi state is faltering under the impact of its defeats, the first forces that have launched attempts to bring it down are the left Kurdish nationalists led by Jela Talabani, who made a significant contribution to the struggle of the Iranian Kurds fighting the Khomeini forces. Agence France-Press reported May 15:

"Conflicts have been growing in Iraqi Kurdistan for three weeks. On April 24 in Qala-Diza the forces of order opened fire on a march of several thousand persons who wanted to commemorate the massacre perpetrated here in 1974....



Iranian masses destroy all symbols of Shah's regime (DR)

"After the attack on this march, strikes and demonstrations have spread to several towns in Kurdistan....

"The Voice of the Iraqi Revolution, the radio run by Jelal Talabani's Patriotic Union of Kurdistan, is continuing to call on both the Arab and Kurdish population to stage a general uprising....

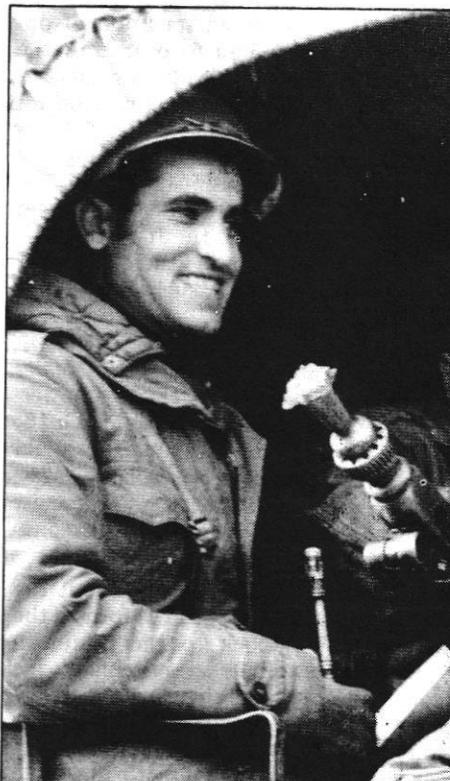
"Since the recent Iraqi defeats, a two-sided phenomenon has appeared. The security forces, thinking about their future, have appeared to make tacit compromises with the Kurdish resistance. On the other hand, there has been growing activity by the population, which seems no longer to fear the wrath of the Baathist government."

At the same time, signs are appearing that another Near Eastern neocolonial regime is moving in to keep things from getting out of hand and maybe grab some advantages for itself in the bargain. In the May 28 *International Herald Tribune*, Claudia Wright reported:

"...crack Turkish forces are moving steadily into bases within range of northern Iraq and there is a strong view among nationalist Turkish commanders that for the first time since World War I they have a chance to recover the 'lost' provinces—Iraq's oil rich governorates of D'hok, Arbil and Sulaimaniya—taken from the defeated Ottoman empire by the British and the League of Nations.

"As surprising as a Turkish move into northern Iraq might seem to Iraq's current Arab allies...this might be preferred to the possibility of a realignment of political forces in Baghdad." Ankara also has reasons to fear the victory of a Kurdish revolt near its borders.

In its report on the Iraqi defeats, *Hemmat*, a fortnightly magazine published in Tehran that reflects the views of the Hezbe Vehdete Kargare (HVK—Workers Unity Party), stressed the uprising of the Iraqi Kurds against the Saddam Hussein government. This was in the context of the Khomeini government's constant attempt to portray the Kurds as allies of the Iraqis.



Iranian soldiers joyful after victory (DR)

There are two sides to the Iranian victory. One is the encouragement it gives to the masses. The other will be attempts to reinforce the Iranian bourgeois state and leadership.

The Khomeini regime made a certain progress in reconsolidating the capitalist state during the twenty-month war, and is now moving to make sure that this is not endangered after the end of the hostilities.

For example, the mid-May issue of *Hemmat* refers to a circular from the Ministry of Labor banning the organization or reorganization of workers councils (shoras) in factories.

The fact is that over the past two years, repression has grown steadily more extensive in Iran. It spread from the Fedayan, who were involved in the struggles against the new regime in Kurdistan and Turkmenistan; to the Mujahadin, who were connected to liberal and left elements in the clergy, represented by Ayatollah Telegani; to include even those groups on the left that support the regime, such as the Tudeh Party and the "Central Committee Majority" faction of the Fedayan.

Attacks by the right-wing Khomeini forces on the Mujahadin began as early as May 1979, with the kidnapping of Telegani's children. They intensified until the middle of 1981, when the Mujahadin became involved in a guerrilla campaign against the regime, with apparently the usual disastrous results of such private wars by left groups against the parapolice forces of neocolonial regimes.

That is, the effect was the strengthening of the state repressive forces, and the isolation and slaughter of large numbers of revolutionary activists.

The Khomeini regime moved against the democratic gains of the revolution almost immediately after the insurrection. The Shiite clergy dismantled and broke the factory and neighborhood committees. The newly freed mass circulation press became the target of mob attacks directed by the clergy.

Massive censorship was imposed when the first Kurdish war was launched by the new regime in June 1979. But even then the left papers that did not criticize the regime were not closed down and their street sellers were not attacked. That is no longer the case, as shown by the attacks on the Tudeh party and its publications.

In mid-March, *Kargar*, the weekly paper of the Hezbe Kargarane Enqelabi (HKE, Revolutionary Workers Party), was shut down after it published an interview with Bahram Atai, one of its leaders released not long before from Evin prison. Atai told of witnessing mass executions and torture of anti-imperialist militants. He was rearrested and jailed along with the printer of *Kargar* on charges of slandering the regime.

According to the mid-May *Hemmat*, both Atai and the printer were still in jail.

Now, the fact that the Iraqi invasion is obviously no longer a threat creates a new political situation in Iran. The defeat of Iraq weakens the regime's pretext for repression and it encourages the masses to press forward.

It will now be tested how politically cohesive a force the new army is that was forged in the heat of war.

Le Monde's correspondent Jean Gueyras described the situation in the military forces in the May 3 issue of the Paris daily:

"The quite recent introduction of *bassijs* (members of the Mobilization of the Disinherited) onto the battlefield has enabled the Teheran leaders, who have tight control over them, to play another card to ease the rivalry of the army and the revolutionary guards....

"Another element favoring better cooperation among the elements of the armed forces is the thoroughgoing purge of the officer corps....

"Paradoxically, the clergy in Teheran seem more mistrustful of the revolutionary guards than the officers....A half dozen representatives of the clergy have recently been nominated to the supreme council of the guards....

"Colonel Shirazi, commander in

chief of the land forces, a captain before the revolution and—rumor has it—the real victor at Dezful (which opened the Iraqi rout), is the prototype of the young officer loyal to the Islamic regime. He waged a pitiless war against the Kurdish guerrillas and is a strong partisan of a new homogeneous army, whose backbone would be the revolutionary guards. This idea seems to have been rejected by both the military hierarchy and the clergy who fear that a united army might succumb to the temptation of bonapartism."

Gueyras' report indicates that while progress has been made in rebuilding an effective bourgeois army, it is not enough to assure success in restabilizing the neo-colonial state.

What happens in Iran now will depend on the emergence of a new leadership. Past experience has shown that it is not automatic that the regime will lose control of the masses in an upsurge or period of renewed confidence. After the Teheran insurrection itself, the conservative Khomeini forces quickly housebroke the mass organizations, except among the minority nationalities, which had, to one degree or another, independent leaderships. The best conditions for the emergence of such a leadership are a minimum of imperialist pressure and a strong fight for democratic rights.

The Iranian victory was clearly as a result of the revolutionary enthusiasm of the masses, and in turn will reinforce that. The test of the political effectiveness of this pressure will be whether Teheran makes a settlement of the war designed to stabilize the region.

But this does not depend only on the relationship of forces in Iran. The most immediate question is what the Iraqi masses will do now that their neo-colonial state and demagogic leadership have been weakened. If there is an explosion, the Kurdish revolutionary organizations will likely play a major role. This would have important effects in Iran.

By the victory that they have won by their courage and sacrifice, the Iranian masses have deepened the crisis of neo-colonial rule in the Near East. As a result, they have improved their chances to gain control of their own struggle and achieve the hopes for a better life that have inspired their sacrifices. It is the task now of all forces throughout the world that support such a fight against imperialism, and for democracy and an end to exploitation, to provide aid for that struggle. The only way to do that is to oppose all attempts of U.S. imperialism and its Turkish ally to intervene against the Iranian revolution. ■

The new situation in Central America — and the solidarity movement

Sergio Rodriguez, a leader of the Partido Revolucionario de los Trabajadores (PRT—Revolutionary Workers Party, Mexican section of the Fourth International), gave the following interview to Gerry Foley in Paris in mid-May. The text has been translated and edited by IV.

Question. In Mexico, what is your estimate of the situation in El Salvador following the March 7 elections?

Answer. The situation facing the Salvadoran people and the other peoples in the region is in many ways more dangerous after the election. However, we do not think that direct U.S. intervention is as immediate a threat as it was before. The elections and developments following them have shown that the U.S. still has cards in the zone that it can play.

A direct intervention is its last card, and it would be an extremely costly one to play, not only because of the impact in Latin America but in the U.S. itself.

The vote in the elections was higher than expected, in particular in the regions along the border with Honduras. That seems to reflect a certain beginning of de-

moralization among sections of the population in the face of the violence of the conflict.

Of course, there was a high level of intimidation. In the cities, for example, workers had to show proof that they had voted or lose their jobs.

At the same time, the elections showed both a disillusion with the government among sectors that still do not support the revolutionists and a sharper class polarization.

The Christian Democrats were in fact defeated, and this meant the failure of the whole project to restabilize bourgeois rule in El Salvador by means of reforms. The rightist parties linked to the traditional oligarchy now have a majority in the national assembly, and the reversal of the Christian Democrats' reforms, especially the Agrarian Reform—which did hurt the interests of the oligarchy to some extent—is now posed.

We now have an undisguised civil war regime.

Q. What sort of base does the regime have for stepping up the counter-revolutionary war?

A. The rightist parties are linked to terrorist gangs. These formations are now more tightly intertwined with the government. For example, many of the military officers who were sent to Miami for training are known to be linked to Orden or to ARENA. That is, they are not simply military men but rightist activists.

So, the regime has a base, although still a small one for confrontation with the revolutionists.

Q. How has the turn to a more violent civil war been shown since the elections?

A. There has been a very brutal offensive by the army against precisely those areas where the revolutionists are strongest, such as Morazan and San Vicente. The new government needs quick successes; it needs to crush some revolutionary centers. This is an all-out offensive, which means decisive battles in the coming months in El Salvador.

The first groups of rightists that were sent to the U.S. for military training have just returned. The government is pinning its hopes to a large extent on

them. In the offensive against Morazan last January, such elite troops carried out large-scale atrocities and massacres. The expansion of the rightist elite units threatens still more massive outrages.

Q. What about the situation in the cities?

A. Starting before the elections, the Salvadoran revolutionary groups started to make a correction with respect to work in the urban areas. They decided to relaunch the mass revolutionary fronts, to reestablish their links with the unions, to try to regain the influence that they had lost over sectors of the masses.

But the turn toward more repressive government is a blow to this process. Almost the same day Mejia was put into the presidency, it was decided to extend the process of the militarization to the unions, and they jailed a number of the trade unionists, including leaders of a union as important as the electricians.

There will be much more repression. The government is one of the rightist murder gangs. That is what the "counterinsurgency" policy of the U.S. has led to. The Christian Democrats are only a cover that the imperialists use for international purposes.

Q. The World Forum of Solidarity with El Salvador was held in Mexico City about the same time as the Salvadoran elections. What has happened to the solidarity movement since?

A. Immediately after the forum, work was begun building The World Solidarity Front and setting up the publication of the front, which will appear in at least three languages—English, French, and Spanish. The idea is to prepare worldwide days of action against U.S. imperialism. A first demonstration was held in Mexico City in April outside the U.S. embassy.

The main problem at the moment is the lack of active trade-union involvement. We had hoped for a big representation from the trade-union movement at the forum. But the front is laying the bases for extensive solidarity work in a whole series of countries.

The solidarity with El Salvador in Mexico is very broad, so much so that it has a qualitatively different character than solidarity with previous Latin American revolutions. In the case of the Cuban and Nicaraguan revolutions, support in Mexico came from the left parties, the students, and the teachers. In the case of El Salvador, it comes mainly from the unions. Even sections of the union bureaucracy linked to PRI, the official government party, have been forced to declare their solidarity with the struggle in El Salvador. But this has not yet involved the main body of the unions.

Without exaggerating, we can see the beginnings of radicalization in layers of the Mexican working class and peasantry, and the Central American revolutions play a very important role in their consciousness.

Q. What impact has the Malvinas conflict had?

A. In the beginning, there was a very sharp discussion over this. The first reaction of the Salvadoran FMLN was to take its distance both from British imperialism and the Argentine dictatorship, without making any distinction between them. However, it later shifted to a position of clear opposition to Britain.

The conflict had some important effects. One is that the Argentine junta took its military advisors out of Salvador. Another was to discredit the Inter-American Reciprocal Aid Treaty. This is the mechanism that makes possible a U.S. intervention in any country in Latin America.

So, the British intervention has led indirectly to the majority of the Latin American States denouncing the Inter-American Reciprocal Aid Treaty, which is a very positive development.

However, for the moment, the Malvinas has, to some extent, diverted attention from the question of building solidarity with El Salvador.

There is another problem that is much bigger and more fundamental. We are afraid that the Malvinas case has helped the U.S. government gain more support among the American people for the idea of intervention. This is because it is hard to get people to understand why they should defend Argentina when it has the kind of government it does.

That is why a discussion is necessary on the Malvinas. It is important to clarify people's minds about imperialism, about the meaning of national liberation struggles, resistance to imperialism.

It is not a matter of democracy versus dictatorship. We have explained in our solidarity work that the democracy that exists in the imperialist countries is largely based on the leeway that the capitalists in those countries get because of the profits of colonial domination.

Q. What impact has the coup in Guatemala had on the revolutionary process there and solidarity with the Central American revolution?

A. The coup took the Guatemalan revolutionists by surprise. In fact, it was the logical outcome of the divisions in the oligarchy shown by the elections. While the revolutionists were advancing in unity, the ruling classes were fighting among themselves. The army did not want to take any chances.

So, the coup was preventative in character. It was designed to forestall a greater crisis in the bourgeois ranks.

The revolutionists are still discussing what attitude to take to this government. It has launched a hard repression. But at the same time, it has been making offers—offers of a partial amnesty, of discussions with some sectors of the revolutionists.

Immediately, the Guatemalan Communist Party came out in support of the solution offered by the military. And this party has an important weight in the trade unions in Guatemala City.

This creates certain problems for the solidarity movement in Mexico because there is unclarity about the government and there was no mass response to such a violent coup.

Moreover, this has a broader impact on the region. For example, at the time of the Salvador elections, 2,000 Guatemalan troops were stationed on that country's border.

The military coup revives the possibility of a regionwide counterrevolutionary project based on the Guatemalan army, which is a force not just for internal repression but for intervention in the zone.

Q. How did the Mexican government respond to the coup?

A. It brought out the contradictions in political maneuvers of our ruling class.

Right after the coup, Mexican President Lopez Portillo condemned it as disrupting a process of developing democracy. Then, Mexican generals issued a statement supporting the putschists, saying that the coup was the last resort because communism was on the advance and that Mexico should be happy about it because it kept Communism from our frontiers.

It is rare for the government and the army in Mexico to differ publicly. It looks like the beginning of a polemic between the bourgeois politicians and the military, because the military are not in favor of the sort of positions the government has taken toward Nicaragua and El Salvador. The Mexican army has also staged joint maneuvers with the Guatemalan army on the border, supposedly practicing how to deal with an external intervention.

Q. What role is the Central American revolution playing in the PRT's campaign for the Mexican elections?

A. We talk a lot about Central America in our campaign. We show a film about the Salvadoran revolution at our rallies, and organize round table discussions afterward to discuss the lessons of the Central American revolution, the relationship between mass organization and armed action, the question of the mass revolutionary fronts.

Our campaign helps give a political sharpness to the sympathy that exists in vanguard layers of the masses with El Salvador, as I said. It is an important concrete example of a mass movement for socialism.

Q. An example that is easy for Mexicans to identify with because there is mass organization and a certain democracy?

A. Yes, in Mexico that is very important. ■

US dirty tricks against Nicaragua

Philip Agee became a CIA agent at the age of 23. Between 1957 and 1969, he worked as a secret agent in Ecuador, Uruguay, Washington, and Mexico.

He has published three books drawing on his experience as a CIA agent: Inside the Company—CIA Diary, Dirty Work—The CIA in Western Europe, and CIA Against El Salvador. This last, published in 1981, exposed the lies and falsifications which form the basis for the White Book on the Communist Interference in El Salvador of the U.S. State Department.

Pressure from the U.S. administration resulted in his being denied permission to stay in Britain, France, the Netherlands, and initially also in West Germany. He has, however, been living in Hamburg since 1978.

The interview from which we publish extracts below was made for International Viewpoint on April 9, 1982.

Question: The Reagan administration gave 19 million dollars for a destabilization program against Nicaragua. How do you think that this money will be used?

Answer: The press reports on the 19 million dollar CIA program said that the money would be used for the training of Latin American mercenaries, who would be used to attack objectives in Nicaragua, including the Cuban presence there. This means that they would probably attack economic objectives in Nicaragua, and possibly Cuban security and military advisors wherever they happen to be located in Nicaragua.

But from what I saw in Nicaragua in four weeks in October and November 1981, all the appearances suggest that the CIA has already been involved for quite some time in efforts to destabilize the Sandinista government.

In August 1979, I wrote an article which I called "The CIA's Plan For Nicaragua." In this article, I tried to point out all the areas that I could think of in which the CIA would begin to intervene, to make it as difficult as possible for the Sandinistas to consolidate power and to transform the country according to their plan.

When I arrived in Managua in October 1981, and began to discuss the situation there, I was shocked by how much of what I had anticipated had actually begun to happen, and had been happening for some time. These activities involved propaganda, political action, terrorism, and attempts to isolate Nicaragua diplomatically.

The propaganda in Nicaragua for the period mid-1980 to now has principally been through the newspaper *La Prensa* which is playing a role in Nicaragua that the newspapers *El Mercurio* and the *Daily Gleaner* played in Chile and Jamaica respectively during the 1970s. It is part of the public record that *El Mercurio* received millions of dollars from the CIA for its programs to undermine the Allende government.

I don't have any doubt that the *Daily Gleaner* in Kingston was also receiving guidance and support in their campaign against the Michael Manley social-democratic government of the 1970s. The parallels are very clear between the current roles of *La Prensa* and those other two newspapers.

Another area of propaganda has been targeted on the Atlantic coast and the Miskito Indians. After the fall of Somoza, the Sandinistas made some very serious mistakes which they themselves recognize. They tried to incorporate the Miskitos too fast into the revolutionary process, and thereby alienated many of them and their leaders. That remote area was never integrated into the mainstream of Nicaraguan politics or the economy.

Steadman Fagoth, who had been a Somozista agent before the Sandinista victory, set up a radio station in Honduras, broadcasting in the Miskito language. The contents of these broadcasts were designed to create fear of the revolution among the Miskitos. This was done by a crude anti-communist campaign to try to make the Miskitos appear as if they were going to lose their lands and their cultural identity through integration with the Sandinista revolution.

As a result, up to 5,000 Miskito Indians, of a total of 130,000, went across the border between Nicaragua and Honduras. They settled in camps on the Honduran side.

When I was in Nicaragua, I learned that the camps that were set up by Fagoth were used for military training, and that those Miskitos who wanted to return to Nicaragua were then transferred to concentration camps where they were held practically as prisoners. Some escaped and returned to Nicaragua to tell the story, which, of course, appeared in the press in Nicaragua.

As a result of the cross-border raids which have been going on for months—these are commando raids from bases in Honduras into Nicaragua—the Sandinistas decided to fortify the border and to move around 10,000 of the Miskitos inland to several other areas, also on the Atlantic coast, and not very distant.

When I was in Nicaragua, two Cuban teachers in northern rural areas were murdered in the hut of a peasant where they were living. Another Cuban teacher was murdered in December.

As a result of these raids, since November over one hundred Nicaraguan army and militia people have been killed. So, it is easy to see that they had to fortify the border and try to stop these commando raids of mercenaries, mostly ex-Somoza guardsmen, before they got across the border. The Nicaraguans have offered to establish joint patrols with the Hondurans all along the border to prevent these incursions and to prevent as well the flow of arms into El Salvador, if such exists, from Panama, Costa Rica, and Nicaragua.

Fagoth has no visible means of support for his station or for the camps in Honduras. But he was injured in a crash of a Honduran military transport in December 1981. On board was the Honduran regional commander from Puerto Lempira, which is just above the Coco River border. This was proof of a close working relationship between the Honduran military and the counterrevolutionary movement among the Miskito Indians.

Fagoth also travels frequently to Miami, and I do not have any doubt that he is meeting with the CIA both in Tegucigalpa and in Miami. Neither do I doubt that the CIA is funding his camps, his activities, and his radio station, if they follow the patterns of the last 30 years.

Going back to the question itself: this 19 million dollar program is, at least according to the press, for a new program for training commandos. However, I think that the CIA has been doing this for some time in Nicaragua. If the truth were known, there would be tens of millions of other dollars in programs which are designed to do the very same thing these commandos are doing. In other words, these commandos may be a new group, but there have been others already.

The CIA is trying to make propaganda on the move of the Miskitos, and so is the U.S. government. Jeanne Kirkpatrick in the United Nations has made the most outrageous statements accusing the Sandinistas of violating the human rights of the Miskito Indians by moving them away from their traditional area along the River Coco, without recognizing that there were very good reasons.

So, there is a way of creating problems and then criticizing the solution of the problems in order to create propaganda. The situation with the Miskito Indians is one of those. ■

Tensions within the bureaucracy

Since February/March the underground writings circulating in Poland have been increasingly dedicated to analysing the political situation. The vast majority of them are unsigned, or signed with pseudonyms. Some have been published in trade union bulletins. Others, like the one we publish below, have been published separately in small pamphlets.

We have chosen to publish this text because it enables us to understand the difficulties that the junta's attempts at 'normalisation' are running into.

The titles, footnotes, and translation are by IV.

Three months after the introduction of the state of war it is possible to begin an analysis of the political situation which has been imposed on us. We can characterise it as an authoritarian bureaucratic system supported by the army. This is a well-known political system, particularly in Latin America. In that context it has been the object of many precise analyses. It is interesting to note the difference between the dynamic of such a system in the context of private property, and where, as is the case here, there is state ownership of the means of production.

THE CONFLICT BETWEEN THE STATE AND THE PARTY APPARATUS

The disintegration of the machinery of terror is visible to the naked eye. It appears in several ways. The coalition of forces which took the initiative to carry out the coup is in the process of disintegrating. The conflict between the group in the party apparatus and the army group, headed by Jaruzelski is sharpening. (...) The primary difference between Jaruzelski and the party apparatus is on what role will be given to the party in the future political system. Within the Jaruzelski group we can see more and more clearly a tendency towards developing an authoritarian bureaucratic system within which the State, and not the Party, will be the decision-making centre. It will be a State based on the army. This will entail a severe limitation of the power of the party apparatus. This is already the case at the local and regional level, where the party committees are no longer the decision-making bodies.

This is less true on the national level where the two groups exist within the same structure. We can therefore sum up the root of the conflict in stating that what is at stake is whether the party will

simply be a facade, or a living organisation able to exercise power.

The conflict between the two groups is equally concerned with the question of what repressive policies to follow. The Jaruzelski group believes that it is possible to have a 'Hungarian solution' in Poland. That is, severe repression to start with to thoroughly intimidate the society, followed by reforms. Thus this group wants to institute overall repression, regardless of who are the victims, contrary to what is proposed by the Party apparatus group.

The Jaruzelski variant entails widespread use of economic as well as political repression, as this is considered to be the most effective means of repressing the population. This policy has been much criticised by the Party apparatus which has undertaken the publication of a supposedly clandestine journal, *Workers Platform*.

This journal presents itself as wanting to renew the tradition of the Workers Opposition in the Soviet Union in the 1920s. It has made violent attacks on the Military Council for National Salvation (WRON) in its latest issues. Jaruzelski in particular has been heavily criticised for the whole of the last period. He is accused of reverting to the methods of Edward Gierak. That is, dividing the working class by creating different conditions for different professional sectors and allowing certain islands of tolerance. For example, permitting the publication of several books blocked by the censor. As further evidence they cite his contact with the Catholic Church(...)

The party apparatus would like to see a trade union stripped of all contact with the opposition. They think it would be sufficient to separate the intelligentsia from the workers, and then the apparatus of a party like the PUWP could step into the vacant spot. It is indicative that this party faction, which regards Kociol (1) as its leader is looking to ideological arguments. Its standpoint recalls the Stalinism of 1948-51: anti-bureaucratic rhetoric, putting the interests of the working class first, egalitarianism, anticlericalism, creating a new culture. To use the same comparison, the Jaruzelski group could be compared to the second, bureaucratic, phase of Stalinism of 1951-55.

The unclarity in the present situation stems from the fact that we do not know which of these groups is dominant. Both have support from different power bases in the USSR. Jaruzelski seems to have more support, witness the welcome that Leonid Brezhnev gave him in Mos-

cow. But we must not forget that the struggle over succession to Brezhnev has now opened. It is a worrying thought that the position of the Party apparatus here will be strengthened if that group takes power over there.

The other important factor in our internal situation is that although the Party apparatus cannot impose its own views it can block Jaruzelski's initiatives, and will not refrain from doing so.

TENSIONS WITHIN THE REPRESSIVE FORCES

The second aspect of the fragmentation and disintegration of the machinery of repression is linked to the political role that the army plays, and the effect of that in its ranks. We can see this at all levels of the hierarchy. At the top the politicisation and factional differences are glaring. In the middle echelons where the military commissars are recruited, the entry of the army into the arena of power has had a strong impact. This recalls the situation of certain military regimes in Africa where the army has penetrated directly into the factories when the indigenous bourgeoisie was too weak to stand in the way.

We can see that the officers have been thoroughly traumatised face to face with stark reality; the corruption of the administration, its incapacity, poverty, etc. Our career officers, cut off from real life for years, living in stable conditions in barracks, have received the same shock. Steeped in the soothing propaganda of the regime, they had no idea of the depth of the crisis. We have the least information about the ordinary soldiers. But we can at least imagine that their morale is low, considering how quickly the discipline of the guards and patrols has broken down, with them looking for informal links with the population and expressing their psychological weariness with the role that has been forced upon them. All this is detrimental to the functioning of the army, as a military force, and is stimulating discussions within it. This could lead the regime to shorten the duration of the state of war as far as possible, if only they can find another institutional solution capable of substituting for the present militarisation of the enterprises.

1. Kociol is the secretary of the PUWP in Warsaw. He was one of those directly responsible for the suppression of the Gdansk strikes in December 1970.

But the authorities do not really want to give up on this as the economic crisis is deepening and we can expect spontaneous explosions.

The third factor of disintegration lies in the tensions that exist between the army and the Ministry of the Interior. These were manifested in the first few weeks after the introduction of the state of war. For example, the publication of lists of internees containing the names of people who have long been abroad was an obvious attempt to make the military look ridiculous. The Ministry of the Interior could have corrected these lists, but did not do so. As we are now seeing increasing replacement of the army by ZOMO (2), which already comprises more than 80,000 men, such tensions could lessen.

THE ECONOMIC CHOICES OF JUNTA

The search for a balance between the necessity of keeping the population beaten into submission, the rigours of martial law, the military commissars on the one hand; and on the other the search for rationalisation of the economy constitute another problem.(...)

The solution the authorities have chosen is a very bad one for Poland, and will make final resolution of the crisis much more difficult. But for them it seems to be the only possible one.

The economy has been divided into two sectors. The first is to work on the basis of raw materials provided by COM-ECON to restore production. This particularly applies to those enterprises and sectors where the production capacity is not fully utilised, but also to certain enterprises which previously produced for the needs of the country. This sector comprises almost 60 per cent of light industry, 40 per cent of the chemical industry, naval construction, a part of the engineering and steel industries.

These enterprises are to use raw materials from the Soviet Union and export all their goods to the USSR. For our country, they will only produce inflation because the wages of the workers will be spent in the internal market. A substantial part of the transport service and energy production will be put to the service of this sector.(...)

The principal effect of these measures will be to create a growing dependence of the Polish economy on the Soviet Union. This sector will not simply export its goods there but will be increasingly integrated into the Soviet system of planning, answerable to the central Soviet management, and co-ordinated by it. Thus, one can talk of increasing assimilation of the Polish economy into the economic system of the USSR. This will also have disastrous consequences on the 'operation programmes'. (3) Not only has the USSR reduced its deliveries of raw materials by 20 per cent in relation to 1981, but it also reserves the right to decide on their use. This sector, integrated into Soviet management, will have priority for supplies, and the Polish authorities must content themselves with managing what remains.

The second feature of the present economic policy is linked to the need to resolve the problem of Western credits. Western sanctions have removed any possibility of obtaining even limited credits. Given the dependence of the Polish economy on imports from capitalist countries (almost 60 per cent of imports come from those countries; that is why so much productive capacity is presently blocked), the only solution is to achieve a positive balance of trade. In that situation, banking practice would allow short-term credit, six weeks to two months. Since it is impossible in the existing conditions to increase exports, it has been decided once again to reduce imports by 30 per cent. That would allow the regime to obtain credit but would create an im-

possible situation; limiting exports would reduce the national revenue by 20 per cent.(...)

The differences show up in agricultural policy. The Party apparatus group puts forward the perspective of fixing import/export quotas and collectivising agriculture. The Jaruzelski group claims to stand for aid to individual peasants, although martial law has opened the door to the possibility of requisitions.

To satisfy the present needs of the country about 3.5 million tons of grain are necessary. Some 1.5 million tons have been bought up to now. The official figures only cover the grain bought from individual peasants; we know nothing of the deliveries of the state and collectivised sectors. The possibilities of food supplies from the outside are limited. The introduction of administrative sanctions against the free sale of grain and halt to imports of cattlefood are forcing the peasants to stockpile.

It is possible that the USA will lift its sanctions on deliveries of cattlefood to individual peasants. This would lessen the strain. But next year the situation will be as grave, if not worse, because the peasants will not be able to obtain goods for production and consumption. This would certainly force them not to sell their produce. That could lead to bread rationing and a more repressive policy towards the peasantry.(...)

Warsaw, March 1982.

2. The ZOMO are motorised police reserves. They are responsible to the Minister of the Interior, not of Defence.

3. These are the priorities for production established by the junta in December 1981. The multiplication of these priorities, as a result of pressure on different sections of the bureaucracy, has already led the government to institute kinds of 'super-priorities'.

4. Although it is a minority sector, the collectivised agriculture sector covers 20 per cent of cultivated land. The harvests are inferior to those in the individual sector, and grain production is reserved for the enterprises' use (in stock rearing).



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Independent black unions lead struggle against apartheid

In the last few years, the black workers movement in Southern Africa has, despite repression, become an active and powerful force on the political scene. This has been shown by numerous strikes; and some first precious gains in the field of organisation, with the appearance of independent trade unions organising tens of thousands of black workers.

This is a tremendously important development for the future of the revolutionary process in Southern Africa. The article we publish below shows this through a detailed analysis of the present situation of the black trade union movement in the Republic of South Africa.

This poses new and fundamental tasks for international solidarity with the struggle of the oppressed masses under the Pretoria regime. There are many imperialist multi-nationals which extract profits from the masses exploited by the apartheid regime, which denies the most basic democratic rights to the non-white population and workers. Despite all the 'Codes of Conduct' which they have pretended to adopt these imperialist companies refuse to allow the same basic trade union rights to Southern African workers that they have been forced to concede to workers in the same companies and industries in the imperialist countries.

The Western workers movement has a particular responsibility to fulfil in its efforts to force the bosses and the imperialist countries to recognise the trade-union rights of

the black workers in Southern Africa. Many actions can be taken to help the Southern African trade-union militants. Contact can be made between workers in the same companies and industries. The Western workers movement must also defend trade-union militants attacked by the racist state. For example, the 'suicide' of Neil Aggett organised by the repressive forces must be widely denounced.

The trade unions of factories and companies which invest in Southern Africa must inform Western workers of the real situation of black workers there, popularising their struggle and denouncing the repression which is visited upon them. Militant solidarity actions should be taken when a strike breaks out in the Southern African subsidiary of an international company.

Militants of the Fourth International employed by companies which have investments or subsidiaries in Southern Africa will participate actively in this struggle which goes alongside the general mobilisations against all the different forms of aid that the advanced capitalist countries give the racist regime of Southern Africa. This is the best contribution that revolutionary marxists can make to the struggle of the black working class in Southern Africa. ■

Vincent KERMEL



(DR)

by Nathan PALMER and Peter BLUMER

An unprecedented strike wave swept Southern Africa at the beginning of the 1980s. To understand the importance of this it should be set against a background of twenty years of retreat.

At the beginning of the 1960s, the mass movement, in which the industrial working class had not yet appeared as the vanguard, suffered a clear defeat. A fifteen-year period of popular agitation and resistance to apartheid was ended by the massacres at Sharpeville (March 21, 1960) and at Langa and the banning of the African National Council (ANC), and the Pan-Africanist Congress (formed from a split in the ANC in 1958 led by Robert Sobukwe). These mobilisations had been directed against the 'Pass Laws' and police surveillance of Africans which made blacks foreigners in their own country.

The mass movement did not begin to reemerge until the 1970s. The high point of the slow rebirth of combativity came in 1973 when there was a big strike wave in Natal, particularly in Durban.

The importance of this event escaped many observers. For the first time since World War II the industrial working class had moved to the front line of the social struggle. This was a result of the development of the Southern African economy. There was significant industrial growth which led to the emergence of big concentrations of workers.

This strike wave was the crucible that forged the first experiences that prepared the way for independent black unionism. The rise of black unionism got its initial impetus from the struggle in Natal and the national effects of these actions.

The Durban strikes involved about 100,000 workers during the first quarter of 1973, principally in construction, textiles, and municipal services. The strikes started on wages but led on to confrontations with the Southern African and imperialist capitalists, with the state and its racist institutions. This was inevitable, given the extent to which racial discrimination is a logical consequence of the capitalist drive for maximum profits. The

Minister of Labour announced on February 2, 1973: 'The course of the Natal strikes showed that they were not simply over wages....Everything indicates that these actions were organised, and strikers used for some other objective than simply gaining a wage rise.' (1)

These strikes were to constitute a point of reference for the nuclei who would build independent unionism. The history of the Federation of South African Trade Unions (FOSATU) is an example. The Trade Union Advisory and Coordinating Committee (TUACC) was formed in 1973. It brought together five trade unions that were not registered by the Natal authorities. Among them were two unions in significant sectors of local industry: the Metal and Allied Workers Union and the National Union of Textile Workers. Later, on the basis of the growth of such efforts throughout the country, this initial organisation formed FOSATU.

Thus, 1973 was a turning point in the development of the struggle in Southern Africa. This was confirmed by the Soweto youth uprising and the youth uprisings in other townships which took place after June 16, 1976. These were followed by the new workers offensive starting in 1980. According to the National Manpower Commission the number of strikes in 1981 rose by 65% over the previous year, reaching the 1973 level with 342 strikes and work stoppages. Some 92,842 workers took part in these actions, and 206,255 workdays were lost, 40% more than in 1980. Not even in 1973 had workers struggles cost the capitalists so dear. But the *Cape Times* of February 15, 1982, commenting on these figures pointed out that they only referred to strikes officially recorded.

These strikes were touched off by such issues as wages, work conditions, and attempts to repress union activities as well as the demand that employers recognise trade unions.

THE ORGANISATION OF TRADE UNIONS TODAY

It is estimated that some 200,000 workers are members of the various independent trade unions. (2) Their members are those who have refused to join the official trade unions, organised on a racist basis, most notably the Trade Union Council of South Africa (TUCSA). In this organisation, the 'African' workers are not allowed to be in the same union as their 'Coloured' and 'Asian' comrades, let alone with whites. The TUCSA collaborates totally with the regime. Thus, and this is the least we can say about it, it is nothing more than the trade union of the white labour aristocracy.

But during these strike mobilisations, many more than 200,000 workers identified with the independent union movement. A lot of workers in small workplaces, or who feared repression, were not members of any trade union, but this did not mean that they supported the struggle any the less.

At the moment, among the more significant trade-union organisations, there are two federations and several sectoral unions. The federations are the FOSATU, which has already been mentioned, and the Council of Unions of South Africa, CUSA. The first defines itself as 'non-racial'; but the second still bases itself on the ideology of 'black consciousness'. That is, it wants to only organise the 'African' workers, considering them to be the vanguard. (3)

The FOSATU comprises 11 sectoral unions which had 95,000 members at the end of 1981, representing a 60% growth in one year. This federation is estimated to have 1,500 shop stewards and to be in a majority position in 387 factories. Its strongest member unions are the MAWU in metalworking with 24,300 members, and the PWAWU in the wood and paper industry with 8,300 members. The FOSATU claimed victory in 53 out of the 90 strikes called in 1981.

The CUSA was formed in September 1980 in Johannesburg, but some of the unions which formed it date from the first half of the 1970s. At its formation, it claimed 30,000 members in seven sectoral unions. These included the laundry workers and food and confectionery workers, both of which have been involved in recent struggles.

Apart from these two federations, there is a large number of unaffiliated unions, some of which are growing into big organisations.

The South African Allied Workers Union, for example, also came from the 'black consciousness' movement. It was formed in 1977, and today claims 80,000 members, principally in the Eastern Cape and Durban. It has been in the centre of a strike and solidarity boycott with the workers of the Wilson-Rowntree confectionery factory.

Smaller, but just as active, the General Workers Union (GWU) was created in 1978 as the Western Province GWU, as it was originally based in the Cape Province. Its active membership is about 20,000.

The food and canning workers union also claims some 20,000 members. It is divided into two branches—the Food and Canning Workers Union and the African Food and Canning Workers Union. The first is registered by the authorities; the second is not.

There is another important union, the Motor Assemblers and Components Workers Union—MACWUSA. This is a split from FOSATU and is principally based in certain car plants.

1. *The Durban Strikes, 1973*, IEE, Durban, 1974.

2. These figures are generally taken from the press of the trade unions. The trade unions themselves distinguish between subscription payers and active militants. As the rise in membership is so rapid, these figures can be out of date as soon as they are published.

3. The law, and thus the official terminology, distinguishes between 'Africans', 'Coloureds', and 'Asians'. In order to combat this racist policy of division of the oppressed masses, the unifying term 'black' is sometimes used.

THE ATTITUDE OF THE WHITE AUTHORITIES

It would be a big mistake to think that the regime has willingly let these independent unions develop. At every stage of their recent growth, they have been threatened. It is only a complex balance of forces between the masses, the racist regime, the heads of the multi-nationals, and the liberal opposition that has protected them thus far.

At the beginning of the 1960s, the government banned the South African Congress of Trade Unions, which was linked to the ANC, and at that time had around 50,000 members. Today SACTU is only a set of initials and an apparatus which the ANC can use to intervene in certain international conferences.

The main labour laws in force during the 1973 strikes were the Wages Act and the Industrial Conciliation Act. These laws are combined with a system of Industrial Councils in which Africans are represented by whites. Thus, in accordance with them, collective agreements were 'negotiated' outside the workplaces, and outside the control of the workers.

After 1973, new legislation was put into practice. The main innovation was to allow African workers to participate in the Industrial Councils, without a vote, as long as none of the other members objected. Also proposed was the constitution of Liaison Committees, in which half the members would be elected by black workers and the other half appointed by the company management.

But these new arrangements still did not grant African workers the right to strike. The work stoppages they supposedly permitted in a few cases could always be outlawed by the Minister of Labour under the pretext that they amounted to 'sabotage', 'subversive assembly', 'terrorism', or 'communism'.

Following the riots in the period June 16, 1976, to February 28, 1977, the government formed two commissions to discuss amendments to the laws. Indeed, the workers struggles of the last few years had forced the regime to modify its employment legislation. But then, industry in Southern Africa, which is dominated by multi-nationals and 'joint ventures', could not continue without some minimum safety-valve (4).

The government under pressure from both the demands of the white labour aristocracy, and the capitalists, was obliged to make moves to favour the latter. But this might entail some manoeuvring later with its ultra-racist electorate.

The industrial development of the country, with the recent concentration of young and combative proletariat that could explode at any time was beginning to pose a thorny set of problems for the employers. This was especially so since they lacked any structure for integrating it. The new proposals which were to be brought forward some months later were an expression of this contradiction. They involved both concessions to the workers

combativity and an accommodation to the pressures generated by the needs of modern capitalism.

THE RIEKERT AND WIEHAHN COMMISSIONS

The first commission, which was in fact simply Dr. Riekert, was to produce proposals on the 'African' living zones. These were to exclude 'Africans' definitively from the 'white zones', as if this was not already the case, and confirm the relationship between the townships, which are a sort of urban native reservation, and the Bantustans. The last are also quite simply native reservations, but are supposed to be 'independent states'. Thus, in the white zones, employment of 'Africans' is strictly on a temporary-contract basis. That is, South Africa is a foreign country for workers 'coming from the "independent" Bantustan states'.

The Wiehahn commission was to consider the rights, particularly trade-union rights, of black workers. Confronted with the development of independent unionism, it had first of all to address itself to the contradiction that the recognised, collaborationist trade unions had become less effective than the independent unions, which had been born in militant struggle and owed nothing to the previous system.

The second contradiction for the Wiehahn commission was the fact that the bosses were more and more negotiating with the trade unions outside the framework of the Industrial Councils.

The Commission proposed a complex system which claimed to solve the problems. It was forced to accept the reality of independent unions, but tried to bring them within the framework of new legislation. Thus, it proposed to extend the right to register, but refused newly registered unions the right to be 'non-racial'. This would mean, on the one hand, that the unions would have to choose to be 'African', or 'Coloured', or 'Asian' or white. Also they would submit themselves to State scrutiny of their finances, income, number of members, etc. Also the new rules excluded agricultural workers, house servants, migrants, and—until recently—miners. The law forbade all collection of strike support funds and, still more strictly, help from abroad.

Of course, also banned were all links with political or similar type organi-

sations, such as the community associations whose growth and increasing combativity were an important factor in the general movement of which the trade unions were a part.

It is not at all surprising that the question of registration has become one of the most debated and controversial within the independent trade union movement.

The FOSATU, for example, includes a number of registered unions. It explains that this is a tactical choice; that it does not want to engage in premature tests of strength with the government. It considers that such an approach could be detrimental to the first stage of implantation and stabilisation of unions in the workplaces.

When the government is looking to attack the union movement, it is more easily able to find openings for doing so with the nonregistered unions, which are in a more precarious situation in relation to the regulations. The SAAWU and the GWU, for example, have been recent targets. The CUSA federation is, like the FOSATU, partly composed of registered unions. But FOSATU has also declared itself to be a 'non-racial' union, which is another form of 'nonconformity'. (5)

In general, observers in the anti-apartheid camp consider that the question of registration is decisive in separating the radical unions from the others. However, it does not seem that things are that simple. Of course, no one should have any doubt that this regulation, and all others that attempt to control the independent unions, should be vigorously opposed. But the emergence of the independent unions is still very recent; the history of each union, and sometimes of each factory, is very specific. Thus, the unionisation process has sometimes involved the formation of registered unions, without this meaning that the leadership has compromised itself. (6) The same has been true with respect to participation in Industrial Councils.

It is sufficient to see that both registered and non-registered unions extend support and solidarity to struggles to realise that, at the moment, the question of registration is a tactical one. That does not mean that this will always be the case. But, when the real test of strength arrives, there will be more at stake than the question of registration or participation in Industrial Councils. (7)

4. The principal industrial group in Southern Africa, Barlow Rand, summarised its policy as follows: 'The group must act in the framework of the law and the professional agreements which have the force of law. Nevertheless, it is necessary to change attitudes and laws which lead to discrimination against employees, or which would prevent the realisation of the objectives listed below [that is in an internal social code which is strongly paternalistic].' *Code of Honour of Barlow Rand*, 3rd edition, February 1981.

5. The objective of the apartheid system is not simply to separate whites from the rest. It also divides the different groups of the oppressed to impede their unity. This is why the declaration of trade unions as 'non-racial', FOSATU, GWU, SAAWU, etc., takes on a class character. This runs counter to the attempts of some privileged layers of Coloureds or Asians to appropriate the struggles and the movements of 'their own' racial group.

6. 'The position as far as registration is concerned is that FOSATU has never seen registration as being a principle. We do not believe that trade unions should be made to register—they should just be allowed to operate.

'But where we see we could use it to reach our objectives, then we will use it. For example, before our union amalgamated with the national union, (Numarwosa), we were registered.' Joe Foster, general secretary of FOSATU, interviewed in *SASPU National*, September 1981.

7. In the interview cited in Note 6, Joe Foster was asked what would be the attitudes of FOSATU if the Supreme Court upheld the racial clause in relation to union registration. He replied:

'Ja, look if it is necessary to deregister, I don't think there will be any hesitation by FOSATU on deregistering. I mean we've said we are not going to accept racial registration.'

Unity remains, without a doubt, the central question. The counterattack against repression aimed at union members in the Bantustans was organised on a united basis. (The most significant example of such repression was at Ciskei, where 205 militants, including members of SAAWU, were imprisoned.)

More recently, in February 1982, a new unity was forged after the murder of Neil Aggett in prison. Aggett was the secretary of the African Foods and Canning Union in the Transvaal. The regime tried to claim that his death was 'suicide'. His death aroused deep feelings in the country. He was the first white to be killed in these conditions, among 43 political prisoners who have died in prison since 1963.

has been formed by the industrialisation of the last twenty years. The divisions among the trade unions are often an expression of the difference in experience. Some unions are discovering the importance of organisation in the workplaces. But on the question of internal democracy, it is important to distinguish between the actual capacity to organise trade union life among a mass base and very democratic professions of faith that may just be a cover for inadequate thought about organisational questions. The South African racists are not a band of angels and the unions need to organisationally prepare themselves for some very bitter confrontations.

It is precisely because the divisions today are the product of a chequered his-

slation, registration, Industrial Councils, etc. (See Box). The unity achieved for the Aggett funeral partly derived from this conference.

Although everyone has a responsibility to work towards unity, the particular responsibility of the political vanguard should not be forgotten. This vanguard is still dramatically weak in Southern Africa, and it is not likely that in the short term a current will emerge which could, through the different unions and federations, fight for a policy of unification.

Each of the leaderships has a certain responsibility in working for unity. But the federations could play a decisive role. They are already a framework for broad regroupment. Also, the ability to organise the working-class in the workplaces (as FOSATU have already done), as well as the possibility of federating and coordinating activity on a national scale, are important elements in a policy of unification of the workers movement. The fact that some leaderships have such capacities increases their responsibilities to provide direction.

No one can fail to recognise that this question is fundamentally a political one. Building a political vanguard is to a considerable extent bound up with it. At the root of trade-union unity is the whole problem of mass demands directed against the system in its entirety. The mass movement has to establish its class independence not only from the government but also from the bosses, the liberals, and all the imperialist operations.

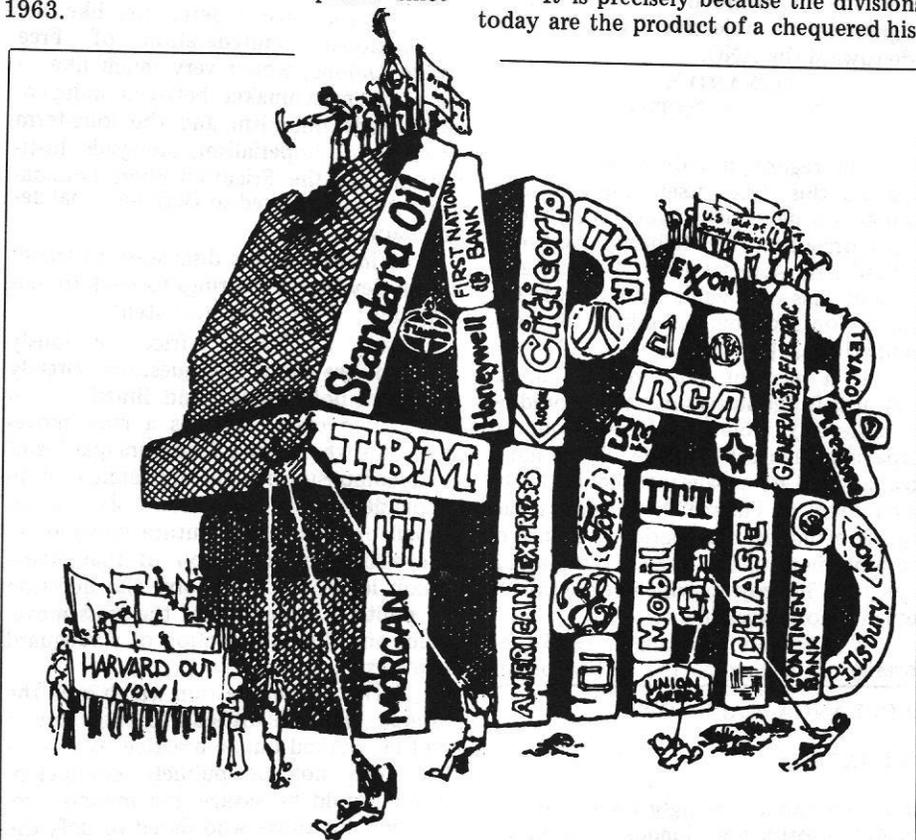
A TURN BY THE ANC AND SACTU?

What the ANC programme precisely fails to do is to base itself on class independence for the mass movement in Southern Africa. Perpetually flirting with the white liberals, the leadership of the ANC, controlled by the nationalists and the Stalinists of the South African Communist Party (SACP), has until now acted in a sectarian manner. As the ANC has been presented as the only natural vanguard of the South African people, it goes without saying that the SACTU, its trade-union satellite, 'must' be the only representative workers organisation.

However, reading the press of SACTU, one finds a recent evolution on the trade-union question. The SACTU bulletin mentioned the Langa conference, and interviewed members of SAAWU and GWU, which would have been unthinkable previously. (8)

This evolution can be explained by the pressure of developments. The SACTU, as an exterior organisation, can-

8. See *Workers Unity*, SACTU journal, January 1982. In this issue a major importance was given to the Langa conference, to SAAWU, and much was said about trade-union unity.... all of which would have been unthinkable even a year ago. This opening up was accompanied by a reiteration of the vanguard role of SACTU, the ANC, and its armed wing—Umkhonto we Sizwe (Spearhead of the Nation)—giving to understand that this unity would be achieved under the aegis of this bloc.



(DR)

On February 11, 1982, all the independent unions called for a one-hour work stoppage. This appeal was followed by around 100,000 workers. Although this figure may seem modest, it is very significant. It is of the order of the strikes of 1973 or 1981. Also, it was the first united call for action. In addition, at the funeral on February 13, the general secretary of the GWU spoke on behalf of all the independent unions. It seemed symbolic that Neil Aggett himself was one of the organisers of the second united conference of trade unions which is to take place in the first half of 1982.

THE QUESTION OF UNITY

Nothing is more important than the question of unity, though, of course, unity is not something that is needed for its own sake but to advance the class struggle.

The Southern African proletariat is in general young and inexperienced. It

tory that the fight for unity is so important. It is not really correct to talk of political differences between the unions. Differences on the questions of registration, demands, and organisation do not justify a long-lasting division. In fact, these differences are the product of different experiences that have not been centralised and discussed out in one union.

One day, the Southern African proletariat must have one, non-racial, independent union. Therefore, it is necessary today to pay attention to forming relations between the different components of the movement.

The First Conference, held at Langa, in the Cape, in August 1981, was an important initiative from this point of view. It brought together about one hundred delegates from different unions. Although there was undoubtedly a certain fragility in the unity, they agreed on several resolutions which outlined a common strategy towards government legi-

not just dismiss the existence of tens of thousands of workers who are members of independent unions. But this explanation alone is insufficient. It is also necessary to recognise an evolution of the ANC, and within that, of the SACP.

The South African CP and SACTU seem to have made a political turn to adapt themselves to a trade union movement which has developed outside them, and try to capitalise from it. To carry off such an operation, the ANC has the advantage of an incontestable standing among the masses. This is not based on either its programme or on any mass underground activity. But the ANC has become a sort of symbol. Its prestige is increasing inasmuch as it seems the only political organisation widely talked of in the press. (9)

It would be wrong to reduce the politics of the ANC and SACTU to urban guerrilla warfare. Although, for propaganda reasons, the leaderships insist on saying that this is the only possible central strategy for Southern Africa, they do not do in practice what they say. Urban guerrilla warfare is only a secondary aspect of a political line that is based first of all on relations with the bourgeois liberal opposition. In this context, there is no doubt that the ANC policy can include claiming to stand for trade union unity.

But if unity were to be achieved tomorrow in the framework of the *Freedom Charter* (10), and the class-collaborationist practice of this current, its potential could be wasted.

So, it's a race, even though in a country like Southern Africa it is more dangerous than elsewhere to mistake pushing into things for quick action. The mass movement would have everything

to gain from unity that avoided the pitfall of class-collaboration recommended by the ANC.

At the funeral ceremony of Neil Aggett, which was attended by several thousand people, the ANC flag was draped on the coffin and the crowd sang the ANC hymn. These symbols undoubtedly appear as a spontaneous reaction of the masses who see them as a way of linking the past to the present. They do not necessarily signify agreement with the programme and practice of the ANC leadership. But on the other hand, these same symbols can be interpreted differently at the level of the trade-union leaderships and cover real political differences on the future of the struggle, its programme, its objectives, and the attitude toward the ANC.

TOWARD NEW CONFRONTATIONS

The regime, despite all its attempts to avoid this, finds itself confronting a trade-union movement which is gathering forces, organising, and fighting. Everyone in Southern Africa knows that the government has its sights trained on the trade-union movement, looking for weak points to attack.

If it has not yet mounted an assault, it is for good reason. This would be an extremely violent confrontation, far surpassing the clashes of the 1960s, and is now beyond its capacity to handle. The government of Pieter Willem Botha is facing big economic fluctuations because of the movement of the price of gold, and it is engaged in projects which continuously demand more investment.

The Soweto uprising in 1976 temporarily slowed down the inflow of im-

perialist capital. A confrontation with the trade unions would carry the fight directly into the enterprises, compromising relations with the employers and blocking some foreign investment.

But no one could imagine that the trade unions can continue to grow at the present rate without the white ruling class hitting back. Unity will be important as a weapon for meeting this attack.

Another danger exists for the unions and the whole mass movement. There are liberals and certain groups of employers who offer to 'aid' and 'train' union members. (11) Some bosses are so helpful, you could forget that they have cheerfully exploited this same black workforce for years.

International federations, like the International Confederation of Free Trade Unions, would very much like to play the matchmaker between independent trade unionism and the long-term interests of imperialism, alongside institutions like the Friedrich Ebert Foundation, which is linked to German social democracy.

Finally, all this discussion of trade-union development brings us back to one question: What is the next step?

In Southern Africa, curiously enough, we find the questions already posed in both Poland and Brazil. As in those two cases, there is a mass movement, of which one of the principal forms of recomposition is the appearance of independent mass unionism. Just as in Brazil or Poland, the future depends on the ability of a section of that trade-union leadership to resolve the question of political leadership of the mass movement and the construction of a vanguard *workers party*.

This is the question which is on the agenda. But it is difficult to know how it will be worked out in practice, as this debate can not be publicly conducted. There would be savage and merciless repression for those who dared to defy the racist regime like this. Therefore, at first, it will be an atomised and underground movement.

No choice but to advance or accept defeat. That is the situation for the Southern African trade-union movement. The question that is now open is whether this mass movement will throw up a revolutionary vanguard capable of leading all the oppressed against the barbarity of apartheid and against capitalist exploitation. ■

9. The authority of the ANC comes largely from its military operations to which should be added the imprisonment, since 1963, of Nelson Mandela, their former leader who is himself a symbol of the struggle.

10. *Freedom Charter*—a general democratic programme, the realisation of which the ANC considers a necessary stage in the struggle of the African people.

11. Although the leadership of the white racist union, TUCSA, pretended to ignore the funeral of Neil Aggett, groups of employers made known their disapproval of police repression. The Federal Chamber of Industry advised employers to ignore the one-hour strike on the day of the burial. (*Cape Times*, February 10, 1982).

CONFERENCE OF TRADE UNIONS HELD IN LANGA, CAPE TOWN AUGUST 8, 1981 STATEMENT AGREED ON BY UNION DELEGATES

We accept that trade unions are public bodies and accordingly we do not object to providing information with respect to our constitution, finances, and representativity. However, we refuse to subject ourselves to control by anybody other than our own members. We, therefore, resist and reject the present system of registration insofar as it is designed to control and interfere in the internal affairs of the union.

The meeting specifically agreed to support each other in defiance of any abuse in the powers of investigation given to the authorities by the Industrial Conciliation Act.

The meeting also agreed that unions would support each other in defying the restrictions on supporting striking workers. It is an internationally recognised right of workers to withhold their labour. Moreover, under present conditions and legislation, strikes happen so frequently because of low wages, inadequate bargaining procedures, and completely unworkable official dispute procedures. Workers, therefore, have no alternative to strike action outside of the law. It is, in any event, the duty and function of unions to stand by its members in any circumstances, including the payment of strike pay. The prohibition on financial support for strikers will not be obeyed.

The General Workers' Union (GWU)
The Food & Canning Workers Union (FCWU)
African Food and Canning Workers Union (AFCWU)
The Federation of South African Trade Unions (FOSATU)
Council of Unions of South Africa (CUSA)
South African Allied Workers Union (SAAWU)
Motor Assemblers & Component Workers Union of South Africa (MACWUSA)
The General Workers Union of South Africa (GWUSA)
The Black Municipal Workers Union (BMWU)
Commercial, Catering & Allied Workers Union of South Africa (CCAWUSA)
The Orange Vaal General Workers Union (OVGWU)
General and Allied Workers Union (GAWU)
Cape Town Municipal Workers Association (CTMWA)

SAP congress says "Jobs not bombs"

by Steve POTTER

As the symbol of the Fourth International flashed up on the television screen, the news announcer told millions of Danish viewers the results of the conference of the Socialist Workers Party (Socialistisk Arbejdersparti—SAP).

Despite its small size (150 members) the SAP has won increasing prominence and a widening audience for its views through the collection of the 25,000 signatures necessary to secure the party electoral rights.

The chief message that the SAP members will be promoting both in their electoral campaign and in industry (30 per cent of the organisation are in basic industry) is that there should be unity in action with the left workers parties against the anti-working class policies of the minority social democratic government.

The goal of this fight should be for a workers government of all the workers parties represented in parliament through a break with the bourgeois parties and the adoption of an anti-capitalist action programme.

The SAP conference took place at the same time as the conferences of the two major left workers parties, the Socialist Peoples Party (SF) and the Left Socialists (VS).

The SF, which won 12 per cent of the vote in the recent general election, decided to give conditional support to the

ruling Social Democratic Party (SDP) despite the link up between the SDP and the bourgeois Left Radical Party. The SF, a left social democratic party, has started to develop a growing left wing which spoke against the policies of the party leadership.

One important step towards the unity of the left parties in action took place on May Day when a joint mobilization by the SAP, VS, and SF brought out 50,000 marchers in Copenhagen and 20,000 in Aarhus.

The SAP also decided to step up its participation in the peace movement. The Conference approved the general line of a recent United Secretariat resolution on peace and socialism as the basis of their work. (The text of this resolution can be found in *Intercontinental Press*, February 8, 1982.)

Building the youth organization in solidarity with the SAP, the Young Socialist Groups (Socialistisk Ungdoms Forening—SUF) will be a central aspect of the party's peace work. Already the SUF has played a leading role in the organization of 'rock against Reagan' events timed to coincide with the American President's visit in June.

Peace work in the work places will also be a central theme of the SAP's work in fighting to link the struggle against austerity with the struggle for peace. For this reason, a key slogan for the SAP in the next period will be: 'Jobs and Education, not Bombs and Missiles!'

SAP CALLS FOR UNITY IN ACTION AGAINST AUSTERITY AND THE WAR THREAT

Following the massive united May Day marches, the SAP called on the SF and VS to join in forming a united front that could mobilize Danish working people against the government's austerity program and the offensive of the capitalists in the workplaces.

This proposal was the focus of Soren Sondergaard's speech opening the SAP congress.

"The SF and VS should join in such a front not for the sake of the SAP but for the workers, who otherwise are going to have to pay the bill....

"The workers parties should break with the bourgeois parties and work out a policy for the workers.

"The SAP thinks that with such a policy something could be done here and now against the drop in real wages, joblessness, and increased armament....

"We need full and automatic cost-of-living adjustments. We need a real tax reform, which would impose sharply progressive levies on all incomes above the level of the average worker's wage.

"We need workers control over the companies' accounts. We need a stop to overwork, a 35-hour work week with no cut in wages and a policy of creating jobs through public production and increasing services.

"We need a stop to layoffs and speculation. We need to nationalize all key sectors of the economy.

"We need to stop the arms race, stop the siting of 572 new nuclear missiles, and get rid of the NATO bases and arms depots in Denmark.

"That is what a socialist policy means. For us it is no dream. For us, socialism is only our daily work. For us, socialism is the inevitable result of the struggle to keep the workers from bearing the burden of the economic crisis and being exposed to the threat of nuclear war."

Sorenson concluded: "We know that we are not about to see the end of the crisis that started ten years ago. It has only begun.

"The drop in the workers' real wages and Thatcher's war are only omens of greater threats ahead.

"For the student rebels of the 1960s, the boom offered the policy of good jobs, rising living standards, and individual solutions.

"Such possibilities no longer exist. The youth, the jobless, and the workers have everything to win and nothing to lose."

* * *

In the May 13 issue of the SAP weekly paper, *Klassekampen*, Kurt Sorenson outlined the program and activities projected by the congress.

The center of a united campaign for the upcoming national contract negotiations should be the demand for a 35-hour week without any cut in wages or speed-up and the demand for full compensation

of increases in the cost of living.

A way to advance this struggle now is to set up open contract committees in the workplaces, in which everyone can participate, in order to assure that the union leaderships will maintain the demands....

SAP members will concentrate on getting the workers organizations to join in the campaign against increased armament. The rapidly growing peace movement can be reinforced by peace committees in the workplaces and unions.

The peace movement was a central question in the three-month-long discussion that preceded the congress....

An immediate task is to mobilize for the demonstrations that will be held throughout Europe when President Reagan comes here in June.

Demonstrations will be held in Denmark. Contingents are also being organized to go to Bonn to take part in the demonstration there.

A powerful upswing in the struggles of youth have been seen in the last year. In that period also, on the basis of experience of these struggles, Young Socialist groups were stabilized in a number of areas. Young members of the SAP took the initiative to set up the Young Socialist groups. And the Third Congress of the SAP voted to give increased support to building a socialist youth organization on the national level.

The SAP will also continue its work in the antinuclear power committees and the Committees for Solidarity with Solidarnosc.

The second postwar world recession What prospects for a solution to the economic crisis

by Ernest MANDEL

Like the 1974-75 recession, the present one began in the United States, where there was a net decline in industrial production and in employment over the first half of 1980.

After some fluctuations, which were wrongly called "recovery" by most experts, this decline accelerated again, beginning in the third quarter of 1981. It will doubtless continue for most, if not all, of 1982.

Between July 1981 and February 1982, industrial production decreased by more than 10%. The extent of the 1980-82 recession in the United States becomes clear above all in the light of the evolution of the rates of utilization of installed productive capacity, that is, the growth in the rates of excess capacity (see Table 1).

At the beginning of 1982, orders for durable goods received by manufacturers in the imperialist countries were 7% lower than they were in January 1981, which represents a drop of 15% in real terms.

In West Germany, the decline in industrial production began in early 1980, almost at the same time as it did in the United States. This drop continued throughout 1980 and 1981, and stopped only at the beginning of 1982.

In France, industrial production declined throughout almost all 1980 and during the first half of 1981. A slight upturn occurred during the second half of 1981 and at the beginning of 1982. But it is not clear, given the effects of the American recession, if it will continue through 1982.

While Japan has been less hard hit by the recession than its major competitors, it nonetheless experienced a decline in industrial production in the second quarter of 1981. Production dropped again in the first quarter of 1982.

TABLE 1

Rate of Utilization of Productive Capacity in Manufacturing Industry in the United States.

August 1980	72.2%
December 1980	78.1%
August 1981	76.0%
September 1981	75.3%
October 1981	74.1%
November 1981	71.1%
December 1981	68.9%
January 1982	66.4%

(Sources: Successive issues of *Business Week* up to March 8, 1982.)

In Italy, industrial production began to decline in the second quarter of 1980; this decline continued throughout 1980 and into 1982.

In Canada, industrial production went into decline in the second half of 1979. This recession continued throughout 1980. While industrial production showed an upturn during the first half of 1981, it went into a decline again in the second half of 1981, which continued into the first half of 1982.

The synchronization of this recession throughout the capitalist world is highlighted by the fact that nearly all the smaller imperialist powers were caught up in the decline of industrial production.

Industrial production dropped for the first time in Austria (in 1981, production declined by 2%; at the start of 1982, there were 150,000 unemployed). Likewise, declines occurred in Belgium (in 1980 and in 1981), in Denmark and Norway (1981), in the Netherlands (in 1980 and in 1981), in Sweden (1981), and in Switzerland (1982).

The only imperialist power that seems to have escaped the recession this time is Australia, where the economy was buoyed up by a "raw materials boom." But in view of the drop in the prices of these raw materials that sharpened in 1981 and the beginning of 1982, it is possible that Australia also will be hit by the recession sometime in 1982.

The experts were wrong again in predicting a general upturn in 1982. In view of the worsening of the recession in the United States, there is no question of this. The question that is posed is the opposite. Will the American recession deepen the downturn in most imperialist countries, thereby provoking a worsening of the economic situation internationally? Will its effects be limited to "spoiling" or delaying upturns in other imperialist countries? In any case, a general upturn is unlikely before the fourth quarter of 1982 or the beginning of 1983.

Like the recession of 1974-75, the 1980-82 recession has hit hardest the automobile industry, the building industry, steel, and petrochemicals. It has revealed the existence of excess capacities in these sectors, which have been increased by the appearance of new centers of production and exporting to the world market.

The engineering sector has suffered less from the crisis. Many subbranches have continued to prosper. It should be noted, however, that even a pace-setting

branch, such as the semiconductors and microprocessors industry has been affected by the recession. In the United States, its turnover dropped during 1981 (*Sunday Times*, February 28, 1982).

In a general way, the onset and continuation of the recession reflect a decline in the average rate of profit, combined with a fall in productive investment. The monetary (deflationist) policy practiced by most imperialist governments has aggravated the downturn but did not cause it.

The shrinking of the internal market that has accompanied the decline in production, employment, and incomes of "final consumers" (adjusted or not for slight fluctuations in the rate of savings) in almost all the imperialist countries has not necessarily gone hand in hand everywhere with a shrinking of foreign outlets, although there was a 1% drop in the volume of world trade in 1981.

Some imperialist powers, in the first place Japan and in the second West Germany (starting in the third quarter of 1981), have increased their share of world exports at the expense of their competitors, thereby compensating for the stagnation or downturn of internal demand. Others, in particular France, are trying to regain a part of the internal market that they lost to competitors in recent years. But it is not yet certain that they will succeed.

Like the 1974-75 recession, the present one has stimulated the search for substitute markets. Over the last business cycle, this function was mainly filled by the OPEC countries and the so-called socialist ones, as well as a series of semi-colonial countries. These markets were largely financed by loans, except in the case of the OPEC countries.

In this recession, the crisis of the capitalist world economy is coinciding with the emergence of the inherent crisis of the economies of the postcapitalist countries, as well as with a sensational turnabout in the evolution of oil prices and in the balances of payments of the OPEC countries.

Under the combined impact of the recession and long-term effects of the search for alternative energy sources (oil outside the OPEC countries, natural gas, coal, nuclear energy, the beginnings of solar energy, etc.), the excessive increases in the price of oil had an easily predictable result.

A drop in OPEC's share of total world exports (to less than 50%) has

been accompanied by a general oil glut, leading to a drop in prices and production (to 50% lower than the historical maximum). The total demand for oil will undoubtedly drop by 7% more in 1982. The per barrel price in Rotterdam dropped from 42 dollars at the start of 1981 to 28 dollars at the end of February 1981.

So, the balance-of-payments surpluses of the OPEC countries began to fall headlong. They went from 100 billion dollars in 1980 to 60 billion in 1981, and may disappear altogether in 1982. (The surplus enjoyed by Saudi Arabia and the Gulf emirates is counterbalanced by the deficits of other states, now including Kuwait.)

So, now this "substitute market" threatens to shrink severely. There still remains East Asia and South East Asia, and above all the classical "substitute market" of rearmament.

INTERIMPERIALIST RIVALRY

While over 1978, 1979, and the first half of 1980, the decline of the dollar enabled U.S. industry to improve its performance somewhat on the world market, the later rise of the dollar stimulated by the high interest rates in the United States has caused a sharp deterioration of the U.S. balance of trade. It has been mainly Japan and West Germany that have profited from this, increasing their share of world trade at the expense of the U.S.

Underlying these fluctuations engendered by monetary instability, is a more fundamental economic fact. Industrial productivity in the United States is continuing to decline relative to that of the United States' principal competitors.

Attention has been focused on Japan's economic performance, which many advocates of the capitalist system have seen as heralding a new expansion. The important point here is not so much that the higher rate of growth in Japan in recent years is essentially the effect of a higher rate of profit, which is the result primarily of the fact that for equally productive work, wages in Japan remain lower than in West Europe and the United States. This is to say nothing of the fact that employer and public expenditures for social security are thirty years behind those in Japan's competitors.

What is essential is to understand that, contrary to appearance, Japan is no exception. It was hit by the present recession in the third quarter of 1980 and in the second quarter of 1981. And it is in danger of being hit again in the second quarter of 1982, as a result of a decline in its exports to the United States, owing to the American recession.

In fact, the boom in Japanese exports is beginning to run out of steam. The automotive industry cannot increase its foreign sales any further. The protectionism stimulated by the recession is beginning to be felt, as well as the difficulty of finding new products for mass consumption, like color TV sets. Japan has

gained a large lead in video cassettes, but the market for this product remains limited and cannot play the same role in stimulating an upturn as the products that brought the brightest days of the export boom.

The Japanese economy depends more and more on public spending and a considerable budget deficit, as is indicated by the following comments:

"The Bank of Japan report accords a special attention to the stagnation of exports that has become apparent over recent months. It also points to the stagnation of industrial production...of private consumption, and construction." (*The Japan Economic Journal*, February 23, 1982).

The Common Market has been severely tested by the current recession. The European Monetary System has been subjected to two shocks—the first in October 1981, with the devaluation of the French franc; and the second in February 1982, with the devaluation of the Belgian franc (the Danish krona on both occasions was tied to the currency devalued).

The retreat to "national" solutions has been marked in the steel industry. In the event of a Labour victory in Great Britain, there would be a danger that the country could leave the EEC, which obviously would be much more important than Greece joining the Community.

However, the ability of the Common Market to resist centrifugal tendencies remains strong, owing to the importance that exports to member countries now have for all the component states. What is more, integration in the realm of arms production, both military aircraft and tanks, indicates that on the political level, it is hard to envisage a breakup of the Common Market.

While calling for "a reconquest of the internal market" by French industry, Mitterrand is trying to substitute a "triumvirate"—West Germany, France, Italy—for the "duumvirate." If this attempt were successful, it would mean a definite consolidation and more cohesiveness against the U.S. and Japan.

The special situation of the U.S. is expressed above all in the contradictions of the Reagan administration's economic and monetary policy. The Reagan government is in the forefront of the international drive of capital to restore a high rate of profit by means of an austerity policy, that is, by an assault on direct and indirect wages (social expenditures). But it is also in the forefront of the imperialist drive to expand the supreme "substitute market" that arms expenditures

represents for a capitalist economy in crisis.

The austerity policy is being reinforced by the shift from social to military spending. On the other hand, tax breaks for the middle and big bourgeoisie are going hand in hand with a very big boost in military expenditures. This results in a colossal budget deficit, unprecedented in peace time, a hundred billion dollars for the current year, and doubtless still more in the two years ahead.

This is the reason for raising the interest rate by restricting the money supply in the face of strong demand for credit on the part of both private and public sectors. It is also the reason for throttling any chance of an upturn, at least in the short term.

A NEW "COPROSPERITY ZONE" IN EAST ASIA?

Japanese imperialism waged its campaign of conquest in the second world war under the slogan of creating a "coprosperity zone" in East Asia. This slogan was only a cynical cover for the superexploitation to which it subjected the peoples of the occupied countries. It implied that Japanese colonialism—an Asian power—would be more beneficial for the peoples of East Asia than the colonialism of the old European imperialist powers or the United States.

Over the last twenty years, Japanese imperialism seems to have gained by peaceful means, that is, by financial and commercial penetration, most of the objectives that it sought to attain previously by military conquest, and which it lost when it went down in military defeat in 1945.

It has become the leading exporter to almost the whole Pacific area, including Australia. Its operations extend from Mexico to Chile, and have even made a perceptible impact on the west coasts of Canada and the United States. After two decades of such imperialist expansion, something resembling a "coprosperity zone" seems to be emerging in East Asia.

While the average growth rates are declining for the world capitalist economy as a whole, they are increasing for a series of East Asian and Southeast Asian countries. In 1980-82, at a time when almost all the industrialized or semi-industrialized capitalist countries were going through a recession, the East Asian countries and some of those in Southeast Asia have been undergoing a rapid expansion, as is shown by the figures in Table 2.

TABLE 2

	GNP Growth in Percent		
	1981	1982	1982
Hong Kong	9.0	8.0	7.0
Singapore	10.2	9.7	10.0
South Korea	-5.7	7.1	7.0
Taiwan	6.7	7.5	7.3
Malaysia	7.6	6.9	7.2
Indonesia	9.6	6.5	6.5
Philippines	5.4	6.5	6.5
Thailand	6.4	6.9	6.9

(*Far Eastern Economic Review*, January 1 and 8; February 19 and 26, 1982)

On closer examination, the picture becomes more variegated. South Korea experienced a grave recession in 1980, and it is, of course, the most industrialized of the eight countries mentioned.

In 1981, the textile industry along with other manufacturing industries in Hong Kong were hit by recession, followed by a stock market collapse (*Far Eastern Economic Review*, July 29 and October 2, 1981).

The underdeveloped and still essentially agricultural character of countries such as Indonesia and Thailand or the Philippines makes their figures for gross national product and growth scarcely comparable with those for industrialized or semi-industrialized countries.



Carworkers strike at British Leyland (DR)

Moreover, in the Philippines, economic growth has slowed down sharply. The balance-of-payments deficit nearly doubled between 1979 and 1981. The foreign debt rose from 5.5 billion dollars in 1976 to 15.5 billion in 1981, and will doubtless reach 19 billion in 1982. There have been a series of spectacular business failures in the mining and banking sectors (*Far Eastern Economic Review*, December 11, 1981; September 4, 1981; *The Economist*, December 12, 1981; the *Financial Times*, January 21, 1982).

In the case of Taiwan, there has been a full-fledged recession in a series of industries, which has led to massive layoffs (*Far Eastern Economic Review*, February 26, 1982).

However, with all these reservations, it is no less true that in East Asia, economic growth has far exceeded the average elsewhere. This is so notable that it has led authors such as Jacques Attali to see this rise as one of the key factors in a worldwide restructuring of capital (1).

This recalls an old prediction by Friedrich Engels about a century ago that envisaged a shift in the center of gravity of the world economy away from the

Atlantic and toward the Pacific after the penetration of capital into China.

Will the expansion of the capitalist economy in East Asia really become a moving force in the entire international capitalist economy? What is the explanation for such growth in the face of the general recessions of 1974-75 and 1980-82 and in the context of "the long-wave tendency to depression" of the international capitalist economy over the 1970s and 1980s?

The weight of the eight countries mentioned in the world capitalist economy is much too limited for them to be able to alter the overall dynamic. In 1981, their total imports added up to 135 billion dollars, or 6.1% of total world

imports, less than those of Great Britain and Canada combined. Their total gross national products barely exceed that of Italy alone. And it is obvious that neither Italy nor Great Britain could by itself cause a turn in the international conjuncture.

As for the causes of the East Asian boom, there is nothing mysterious about them. They involve the following: the absence of the land question in Hong Kong and Singapore, or its partial resolution in Taiwan and South Korea. The superexploitation of industrial labor power, made possible by an abundance of labor (exodus from the land, Chinese refugees) and despotic control (the lack of free trade unions, the existence of authoritarian political regimes, bloody repression). And finally, there is the contribution of foreign capital, mainly in the form of *bank credits* (more than direct investment), which has made possible industrialization in direct competition with the imperialist countries that supply these funds (2). This is linked to the important role that the state plays in the process of industrialization, which has been the case, moreover, in Mexico, Argentina, and Brazil.

The solution of the agrarian question, however, is only very partial. The

result is that the internal market remains very limited, and economic growth is essentially based on exports. Thus, paradoxically, it is not the special spurt of economic growth in East Asia that will impel the world capitalist economy toward a restructuring and a new phase of sustained rapid growth. It is, to the contrary, the long-term growth rate of the world capitalist economy that will decide the fate of the boom in East Asia.

So far, appearances to the contrary, this boom has bolstered production and employment in Western Europe and in the imperialist countries in general, rather than having a harmful effect. At most, there has been a *shift* of investments and employment from the textile industry, the shoe industry, electronics assembly, watch making, and toys toward the engineering and electrical construction industries and the industry that provides ready-made factories.

But now a turning point has been reached. It is illustrated by the second "multifibers accord" which restricted the outlets for the Asian textile industry in Europe (*Far Eastern Economic Review*, January 1, 1982; *The Economist*, December 12, 1981). The chances for filling special niches in the world market are narrowing. It is unlikely that any of the eight countries in question, including South Korea, which for the moment is in the best position, will be able to follow the "Japanese route" to the end. (That is, the path of textiles, assembly industries, steel and shipbuilding, automobiles, machines, and electrical construction; the technologically advanced sectors.)

The cases of the shipbuilding and automotive industries are significant in this respect. South Korea made a big effort to create a powerful shipbuilding industry (its current production is the second largest in the capitalist world). Taiwan is following on its heels.

But in 1981, the whole shipbuilding industry experienced a decline in activity relative to 1980. Total world orders, according to *Lloyds Register of Shipping*, did not add up to 17 million tons in 1981, as against 19 million in 1980.

At the end of December 1981, the order books contained orders for no more than 35 million tons, as against 37.5 million tons for the end of June 1981.

Thus, the possibilities for new advances by the South Korean and Taiwanese shipbuilding industries are quite limited. (See Table 3.)

As for the automotive industry, the situation is still clearer. The capacity exists in South Korea to build 280,000 private cars. The government projects the building of a giant factory capable of producing 300,000 more cars. But in 1980, only 58,000 cars came off the assembly lines and this level was scarcely exceeded in 1981. Moreover, the export possibilities are very limited (*Neue Zürcher Zeitung*, February 9, 1982).

1. Attali, Jacques. *Les trois mondes*. Paris, Fayard, 1981.

2. See the studies of Patrick Tissier published in *Critique de économie politique* (New Series, No. 14, January-March 1981).

TABLE 3
Ship Building in Thousands of Tons

Japan	13,070	12,650
South Korea	2,488	2,977
Spain	2,172	2,247
Brazil	1,799	1,662
Poland	1,554	1,428
U.S.	1,631	1,304
Britain	858	1,140
West Germany	863	938
Denmark	829	896
Yugoslavia	954	870
France	1,013	847
Sweden	844	764
Finland	624	706
Rumania	438	640
Belgium	602	520
Norway	561	487
India	443	483
Italy	640	454

(La Libre Belgique, March 2, 1982)

THE UNDERDEVELOPED COUNTRIES IN THE CRISIS

The second general recession of the world capitalist economy hit the semicolonial and dependent semi-industrialized countries primarily through the decline in raw materials prices. This fall-off was especially marked in mid-1981, as is shown by the drop in the Moody Index (United States) from 1,140 in February 1981 to 992 at the end of February 1982, and in the Reuter Index (Great Britain) from 1,742 at the end of February 1981 to 1,606 at the end of February 1982 (*Neue Zürcher Zeitung*, March 5, 1982).

Since the price of gasoline for non-exporting countries has continued to go up as a result of the rise of the dollar, the deficit in the balance of payments of most semicolonial countries has further worsened. And this trend has not been compensated for by an increase in these countries' exports of manufactured products (and the income from them).

Latin America has been hit much harder by the present recession than by the one in 1974-75. In fact, industrial production has declined in all the major countries, with the exception of Mexico. In Brazil, it dropped by 10% in 1980 and by another 5% in the first half of 1981. Despite a strong increase in exports, the official unemployment rate reached 9% in the Rio region and 8% in the Sao Paulo region, to say nothing of the extent of unofficial and hidden unemployment, which is considerably higher.

The situation is worse in Argentina, where the 1981 figures are expected to show a 15% decline in industrial production. The official unemployment rate reached 13%, which again is far less than the truth. According to the magazine *Realidad Economica*, internal consumption has dropped by more than 20% since 1975.

In Chile, the output of the manufacturing industry is estimated to have dropped by 3 to 4% in 1981, while the rate of registered unemployment in Greater Santiago is estimated to have reached 13.5% (*Neue Zürcher Zeitung*, February 12, 1982).

The situation in Mexico, which had benefitted from an exceptional oil boom, has been better. Industrial growth con-

tinued in 1980 and 1982, although at a slower rate in the second year. Nonetheless, the acceleration of inflation, combined with a very high exchange rate for the peso, produced both an enormous deficit in the balance of payments (which went from 1.6 billion dollars in 1977 to 4.9 billion dollars in 1979 to 11 billion dollars in 1981) and a jump in the foreign debt of the public sector, which increased by 16 billion dollars in 1981 alone. The government has been forced to react by devaluing the peso (which will increase inflation) and slowing down investment (which will increase unemployment), since with the world oil glut and the drop in prices, Mexico oil revenues are on the way down.

India was hit by the recession in 1980. The situation improved somewhat in 1981, especially as regards production of food and energy (coal and electricity). But the economic difficulties have forced Mrs. Indira Gandhi's government to make a 180 degree turn with respect to its strategy for long-term growth. India applied to the Asian Development Bank for a very high loan (on the order of two billion dollars).

For those Black African countries that do not export oil, the economic situation is continuing to develop in a disastrous way. This goes not only for the countries of the sub-Sahara belt, as well as Zaire, Tanzania, and Zambia, but also for the former Portuguese colonies (where Portuguese advisors and investors are increasingly in evidence) and Ghana.

The economy of Ghana is in ruins. Raw materials production is being diverted toward the black market. The country can no longer pay for essential imports. Mining and industrial production is coming to a standstill because of the lack of spare parts. On the black market, the national currency, the cedi, has dropped to 80 per pound sterling, whereas the legal rate is 5 cedi to the pound sterling.

THE EFFECT OF THE POST-CAPITALIST ECONOMIES ON THE WORLD CAPITALIST CONJUNCTURE

In previous studies (3), we have examined primarily the effect of the world economic conjuncture on the economy of the workers states. Now, it is interesting to look at this question from the opposite point of view—the effect of the economic evolution in the USSR, in Eastern Europe, and in the People's Republic of China on the international capitalist economy.

The 1980-82 recession confirmed in general the structural difference between the capitalist and the postcapitalist sectors of the world economy, as well as the different dynamics that flow from them.

With the exception of Poland, which in any case has been hit by a crisis of underproduction and not overproduction, all the workers states have continued to experience growth in their indus-

trial production, while the industrialized and semi-industrialized capitalist countries have suffered declines in their production.

At the same time, most workers states have shown a long-term tendency to declining growth rates, accompanied by a severe crisis of agriculture and food supply to the population. This slowdown is a result of intrinsic weaknesses in the economy of these countries, that is, the more and more ineffective functioning of the bureaucratic system of management, aggravated by the indirect effects of the capitalist crisis (4).

In the 1970s, East-West trade played the role of an additional safety valve for the world capitalist economy, with the expansion of exports to the workers states attenuating somewhat the tendency to stagnation or even decline in exports among capitalist countries. Like "aid to the third world," the bank credits financing East-West trade represent more a subsidy to the export industries of the imperialist countries than economic aid to Moscow, Peking, or the "people's democracies."

However, because of the interaction between the capitalist economic crisis and the slowdown in growth for specific reasons in the workers states, the expansion of East-West trade has run up against a more and more insurmountable barrier—the growing indebtedness of the East European countries, their great difficulty even in keeping up payments, and the threat of default that is beginning to hang over them. As a result of this, the rate of expansion of East-West trade is going to slow down. Even a reversal in the trend toward expansion cannot be excluded.

In the case of the postcapitalist economy most "integrated" into the world market, that of Yugoslavia, such a reversal seems to have already begun. For several years, trade with COMECON has been playing a larger and larger part in the Yugoslav economy.

For the moment, however, at the beginning of the present recession, the outlets in the East have still played the role of a "substitute market" for the economy of the imperialist countries, as is indicated by Table 4.

TABLE 4
Exports to the USSR in 1980
(in billions of dollars)

	Absolute Figures in billions of dollars	Percent of 1979 figures
U.S.A.	1.5	- 58.0%
West Germany	4.4	+20.8%
France	2.5	+22.9%
Britain	1.1	+19.2%
Italy	1.3	+ 4.7%
Holland	0.51	+67.3%
Belgium	0.62	+32.3%

(Financial Times, December 31, 1981)

3. See the special economic issues of *Inprecor* (French), January 17, 1980, and February 16, 1981 (respectively double issues No. 67-68 and 94-95).

4. See my articles on the situation in Rumania in *Inprecor* (French), December 7, 1981, and February 22, 1982.

The very different reactions by the imperialist countries to General Jaruzelski's crackdown can be easily understood in the light of these figures. This is especially true if you also take into consideration of the expansion of Japanese exports to the People's Republic of China, which are expected to total 10 billion dollars in 1982 (5).

However, the risks of unmanageable indebtedness are growing. With the exception of the USSR, all the countries concerned are already beyond the danger point where servicing on the debt absorbs more than 20% of their normal income in Western currencies. If the present tendency were to continue, the total indebtedness of these countries, which has already grown from 7 billion dollars in 1975 to 70 billion in 1980, will reach 123-140 billion in 1985, according to the Wharton Econometric Forecasting Associates (*Neue Zürcher Zeitung*, February 10, 1982). So there will be slowing in the expansion of East-West trade, despite the Siberian natural gas agreement.

It is in the realm of agriculture that the interlocking between the international capitalist economy (with its two "sub-sectors"!)) and the economies of the post-capitalist countries is most marked, and where the effects are most complex. The East European countries, especially the USSR, are suffering from disastrous forms of underproduction. While in 1970-74, the USSR produced an annual average of 190 million tons of cereals, this year production will not reach 165 million, almost 60 million less than planned for! Livestock herds (and therefore meat production) have remained practically stagnant since 1977, at around 155 million head. This is primarily the result of the lack of livestock feeds.

In the United States, on the other hand, there is overproduction, and the threat of price collapses if exports to the East European countries were to stop,

which has not happened. Even with these grain deliveries, the Reagan administration has decided on a drastic reduction of acres sown in order to "maintain prices."

Now, the threat of scarcities is looming for the poorest countries of the Third World, and this is being accompanied by the threat of Washington that it will cut off food aid to governments that do not submit to its diktats. "The grain weapon" is being used cynically (like that of gold) to counterbalance the political weight of the semicolonial countries.

Immired in its so-called peaceful coexistence policy, and dependent itself on capitalist food shipments, the Soviet bureaucracy have essentially let the imperialists get away with this, resting content with a few verbal protests.

INFLATION IS FAR FROM BEING OVERCOME

Since before the 1980-82 recession, almost all capitalist governments have been applying a deflationary policy. While this did not cause the downturn, it certainly has aggravated it. The excuse was that priority had to be given to fighting inflation. This choice—"better massive unemployment than inflation"—is a class choice, despite all the preaching of experts that increased inflation will result in the long run in more unemployment than that presently registered. But the results are there to be seen. *Deflation has aggravated the recession; and it has by no means overcome inflation.*

The failure of the monetarist policy is particularly glaring everywhere that governments have striven to put all their weight to bear to reduce the much-talked-about "volume of money" (which becomes more and more difficult to define, if it has not become something incomprehensible altogether).

The truculent preachers of such policies waste their breath in proclaim-

ing that you have to give them time to work. Nothing is happening. Despite the recession, despite the slowdown in the growth of the money supply, the prices continue to rise. And if the phenomena of overproduction are unquestionably slowing down inflation, it remains at a higher level than before the recession of 1974-75 (see Table 5).

The general tendency is clear. Except for Japan, in the second half of 1981 (after three half-years of recession) inflation was higher than it was in the second half of 1975.

There is, moreover, a very clear threat of a new acceleration of inflation in the second half of 1982. Such an acceleration will be fueled, on the one hand, by the policies of moderate stimulation to which the Schmidt cabinet in West Germany and the Mitterrand regime in France have resigned themselves. And the Thatcher government, and even the Reagan administration may soon follow in their footsteps for electoral reasons. Such an acceleration will be fueled also by the enormous budget deficit in the U.S.

It is not surprising that in such conditions experts and politicians seeking a new miracle cure for recession, are raising the possibility of a return to the gold standard. What a blessing it would be to go back to an "automatic mechanism" that would assure monetary stability for and against everyone! But what price would have to be paid for this in terms of the disorganization of international trade, or even in an aggravation of the depressive economic trend? No one would real-

5. The press (*Neue Zürcher Zeitung* of September 11, 1981 and *Le Monde* of February 21, 1982) have reported the sale by American businessmen of microcomputers for Soviet war planes, as well as the fabrication in the USSR—with U.S. technology—of the miniaturized ball bearings essential for the guidance system in U.S. MIRV missiles! This is how private special interests can be pursued at the expense of general class interests within the American bourgeoisie.

TABLE 5
Consumer Price Increases by Half Years
(percent by comparison with the preceding period in annual rates,
adjusted for seasonal variations.)

	1970		1974		1975		1980		1981		1981 (whole year)
	I	II	I	II	I	II	I	II	I	II	
U.S.A.	6.1	5.3	11.2	12.4	8.3	7.6	15.1	10.4	10.6	8.6	10.3
Japan	9.3	4.4	32.2	17.6	11.5	7.3	9.5	6.8	4.8	3.0	4.9
West Germany	5.4	2.2	8.6	4.9	7.2	4.4	6.6	4.1	7.1	4.8	5.9
Britain	7.7	6.9	19.0	16.5	28.7	23.2	19.4	12.4	12.0	9.9	12.0
Italy	5.5	4.5	19.9	25.5	16.8	9.8	24.3	19.0	21.7	15.0	19.6
Canada	3.4	1.7	10.3	12.6	9.6	11.5	9.9	11.8	13.0	—	11.5
Holland	3.8	5.2	10.6	10.2	10.7	9.3	7.2	6.6	6.6	7.2	6.9
Belgium	4.5	2.8	13.6	16.7	12.1	10.5	7.1	6.8	7.7	9.4	7.6
Sweden	9.2	6.2	9.4	9.3	11.1	11.0	17.0	11.3	14.6	—	9.0
Australia	4.2	4.5	13.1	19.3	15.2	11.0	10.6	8.9	9.4	—	11.5
All EEC	6.2	4.9	14.8	13.7	11.4	9.1	14.3	10.6	11.0	—	10.6

(Sources: *Perspectives Economiques de l'OCDE*, No. 30, December 1981, p. 156 for all figures except those for the second half of 1981, which come from *Economie Européenne*, No. 2, February 1982, and from *The Economist* of February 27, 1982.)

ly dare take this road, despite the fact that a committee has been set up to study it in the American administration and the fact that Reagan himself is supposed to have agreed to this scheme, supported by the advocates of "supply-side economics," Laffer and Company (6).

THE DANGERS OF A COLLAPSE OF THE CREDIT SYSTEM

Despite the application of a deflationary policy by practically all the governments of the imperialist countries, with the exception of France, the merry-go-round of indebtedness continues to spin at a more and more dizzying rate. As we have often noted, this avalanche of debt has its origin in the debts of firms and households much more than in public debt. This is shown graphically by the following table published in the December 1981 issue of the American magazine *Monthly Review*, which is edited by Paul Sweezy (Table 6).

debts of 200 million dollars.

But there are a whole series of other giant firms that have accumulated enormous debts and are now on the brink of bankruptcy (7).

When the dangers are evoked of a bank crash setting up a chain reaction leading to the collapse of the international credit system, what people generally think of is the default of the big borrowers in the "Third World" or the so-called socialist countries. In fact, Zaire is presently in default. If Poland is not in the same situation, this is not only because of advances from COMECON but also and primarily because of the intervention of the U.S. treasury, which has paid the interest coming due for a series of bank loans that the bureaucracy did not honor. This was an attempt to prevent a declaration of bankruptcy, which would have forced banks—above all, West German and Austrian ones—to write off enormous losses, with unpredictable results.

The paradox is that in a period of economic crisis, the power of finance capital, often exercised directly by banks, is growing inordinately. This is because many firms are operating at a loss and can only survive if the banks grant them credit. But, the least that can be said, is that those making these decisions—often on the basis of inadequate or arbitrary criteria—have not shown great discernment in recent years!

The ease with which the big banks have granted loans to dubious debtors is owing entirely to a profit squeeze. That is, the banks want to take advantage of the high interest rates by loaning the abundant funds that they are getting from the OPEC countries, the central banks, the pension funds, and other investment institutions. But the result of the slowdown in productive investments is an insufficiency of solvent demand for investment capital.

So, it is this combination of the potential insolvency of big foreign deb-

TABLE 6

Cumulative Debt of the Non-Financial Sector in the United States
(in billions of dollars)

	1950	1960	1970	1980	1980 by comparison with 1950
Public authorities	241.4	308.3	450.0	1,063.3	+ 340%
Private sector	164.8	416.1	975.3	2,841.9	+1,624%
Total	406.2	724.4	1,425.3	3,905.2	+ 861%

(Source: various *Flow of Funds Accounts* bulletins published by the Federal Reserve Board.)

These figures show a snowball effect that has terrifying implications for the future of the capitalist system. Between 1960 and 1970, private debt doubled. On this basis, there was a 90% growth in the GNP. Between 1970 and 1980, private debt tripled. But the GNP growth was slightly less than it was in the preceding decade.

It has to be understood that this avalanche of debt is generated not only by small and middle-sized companies as well as households. It is also being generated by a welter of big companies, including most of the most imposing "multinationals." Everyone knows about the cases of Chrysler, International Harvester, and Massey-Ferguson, whose survival depends increasingly on bank credits that are more and more out of proportion to the assets of these virtually bankrupt trusts.

Chrysler's losses mount up to 2.2 billion dollars just for 1980 and 1981! On the day that Freddie Laker's difficulties came to light, we learned that his company, which is a "little fish" in airline traffic, had half a billion dollars in debts.

There is another case to liven up the story. It is the example of Ludwig, considered one of the world's five richest men, who launched a gigantic enterprise to open up the Amazon to agriculture in Brazil. He threw in the sponge, leaving

However, the facts have to be faced. The dangers of a banking crash come not only from these sources. Potential "bad debtors" also exist in the Western countries. In this category must be put all those big firms that have recklessly run up huge debts and have been severely hit now by the increase in the interest rates.

In fact, for big businesses as a whole, *Business Week* has calculated that the ratio between debt charges and profits before taxes has declined dangerously from 5.5 in 1979 to 4.2 in 1981. It is presently negative for the automotive industry and the airlines. It is only 2 for the building societies and building material firms (*Business Week*, March 1, 1982).

In total, the big American companies have run up 73 billion dollars more in debts in the last 18 months. The charges will be particularly heavy in 1982. And they will have to be paid out of sharply declining profits.

The case of savings banks specializing in mortgages is well known. They were on the brink of bankruptcy in the United States, caught between the anvil of the decline in building starts and the hammer of the rising interest rates. Less well known is the actual collapse of "wildcat" private banks in Turkey, which cost small private savers a hundred million dollars (8).

tors, big imperialist firms, and the weakest parts of the banking system itself that is keeping the threat of a major banking crash suspended like the Sword of Damocles over the world capitalist economy:

"The world's export credit agencies are getting near breaking point. A rash of claims from unpaid exporters and private banks is fast outstripping their cash reserves. So far in 1982, claims are running on average 20% higher than in the 1981 financial year.

"The crash last week of Laker Airways in Britain will force America's Export-Import Bank to fork out more than 150 million dollars, since it guaranteed to stand behind loans for Laker's purchase of five McDonnell Douglas DC-10s....

"Last year's trickle of claims against Poland could soon turn into a flood. Since January, West Germany's Hermes, France's Coface and Austria's Osterreichische Kontrollbank (OKB) have each paid out more than 75 million dollars on claims made against Poland....

6. On the discussions concerning a return to the gold standard, see *Business Week* of December 7, 1981, and February 8, 1982; and *Neue Zürcher Zeitung* of January 31, 1982.

7. The Thyssen trust in West Germany declared a loss of 150 million dollars. The Japanese Trust Mitsui has seen its profits drop from 15 billion yen in 1980 to 1.5 billion in 1981.

8. *Le Monde*, January 13, 1982.

"Laker's collapse, and the possibility of worse defaults yet to come from Poland and among American airlines, forest product companies, farm machinery makers and others, have jolted western governments into doing something about their export banks' sickly finances." ("The Pole in the taxpayer's pocket," *The Economist*, February 13, 1982.)

THE GROWTH OF STRUCTURAL UNEMPLOYMENT AND ITS CONSEQUENCES

The second general recession of the world capitalist economy has markedly increased the scope of unemployment and its social consequences. To give an idea of the scale of the problem involved, it can be said that roughly *the number of unemployed in the imperialist countries has gone from 10 million at the time of the 1970 recession to 20 million in the 1974-75 recession to 30 million in the present one.*

The official figures are the following (Table 7).

alization in agriculture, there was an explosion of new jobs in the so-called tertiary or service sector, which were as well paid as others in general. At least this was true in the imperialist countries (the explosion of "tertiary" sector jobs in the semicolonial countries reflected rather concealed unemployment).

Now the advances in the electronics industry, which has gone into the stage of micro-processors, will bring major job losses in this "tertiary" sector. This goes not only for the banks, the insurance companies, and the accounting and sales departments of the big firms. This also goes for public administration, and even teaching and some sectors of the health services.

Thus, far from compensating for the job losses in material production, the growth of the "tertiary" sector will in turn become a source of unemployment. This development seems already to have begun.

Finally, there is a demographic factor that should be mentioned. The results of the postwar baby-boom have

enterprises and sectors in clear structural decline.

However, as the depression has persisted and as structural unemployment has worsened, the effects of the crisis are coming to strike at the very heart of the working class—adult, married, male workers with children, with average and above-average skills, working in the big plants.

Over the past two years, the bosses and the bourgeois state have deliberately provoked tests of strength in the main bastions of the working class—FIAT in Turin; Chrysler and General Motors in the United States; British Leyland in Great Britain; the Walloon steel industry in Belgium; the Ruhr steel industry in West Germany; and the steel industry in Lorraine in France.

The capitalists are counting on the long-term effects of unemployment, on the fear of unemployment, on the disarray of the workers in the face of the lack of perspectives and the successive capitulations of the union leaderships immersed in class collaboration, to strike a major blow and structurally weaken the workers movement. That is, they want to deprive it at least of the additional power that twenty years of expansion and full employment have given it.

This austerity offensive is directed primarily at achieving the following objectives. Maintaining a high level of unemployment in order to force the workers to accept stricter discipline and additional exploitation (more intense labor, speedups, manifold "rationalizations," etc.). Carrying through direct cuts in real wages (wage contracts involving lower pay; elimination or "greater flexibility" of sliding scale mechanisms). Cutbacks in social spending, including unemployment benefits. Massive "shifting" of public spending to military expenditures or subsidies to the bosses. The Reagan budget is symbolic in this regard. But similar operations, albeit more moderate, are taking shape in almost all the imperialist countries.

The working class is resisting and defending itself, but it has undeniably suffered some defeats, especially in the United States, in Japan, in Britain, and in Spain. The impact of unemployment, combined with the lack on the part of the trade-union leaderships of any overall anticapitalist strategy for responding to the crisis, makes a counterattack difficult.

Such a fightback, however, is essential if the workers are to prevent the bosses' offensive from going into its final phase—the attempt to break some unions (e.g. PATCO in the United States), to severely restrict trade-union rights, and even democratic rights in general.

The present crisis will be a grave and prolonged one. The increase in the rate of exploitation necessary to surmount it in a capitalist way would be considerable. A working class that maintained essentially intact its organized strength and democratic rights would not allow the capitalists to inflict such super-exploitation on it.

TABLE 7

	Number of Unemployed	Rate of Unemployment	
		1981	1982 (predicted)
U.S.	10.0 million	7.5 %	9.0 %
West Germany	2.0 million	5.0 %	6.0 %
Italy	2.2 million	8.25%	9.0 %
Britain	3.1 million	10.5 %	12.0 %
Japan	1.3 million	2.25%	2.25%
France	2.1 million	7.5 %	8.5 %
Canada	1.0 million	7.5 %	8.25%
Other OECD Countries	4.5 million	9.75 %	10.5 %

Several factors combine to explain this constant rise of unemployment. The first and most serious is the general and long-term slowing down of economic growth. Moreover, this slowdown coincides with a pronounced speedup in technological innovation, that is, a constant increase in the average productivity of labor. Fewer and fewer working hours are needed to produce a volume of goods and services that is stagnating, declining, or increasing only very slowly. The result of this is that while the number of jobless rises sharply in phases of recession, it does not fall back to previous levels in periods of upturn, so long as the recovery remains only moderate. This produces another phenomenon, that is, the correlation between productive investments and the creation of jobs is broken, since a lot of this investment is going into restructuring, which eliminates rather than creates jobs.

So, the consequences are clear. There is a pool of permanent unemployed that grows from recession to recession. And this trend is not about to be reversed.

To this must be added another phenomenon that makes the jobs outlook particularly grim for the remainder of the 1980s. In the preceding decades, which were strongly marked by the tendency to semiautomation in industry and industri-

gone beyond education, including the university level, and are being profoundly felt on the "labor market." The number of youth looking for work is rising sharply, and in many countries has passed the number of annual retirements.

Therefore, it is necessary to create additional jobs to maintain a given level of unemployment. In a period of depression, this can only increase the extent of unemployment.

The growth of structural unemployment over a long period—in reality since 1970 in the imperialist countries—has finally begun to fray the much talked about "security net" that the neo-Keynesian economists and politicians, as well as the reformist trade-unionists think should guarantee the "well being" of all the West.

During the 1974-75 recession and in the subsequent years of economic recovery, the "heavy battalions" of the working class in the imperialist countries remained well protected as regards unemployment, buying power, and social security.

The effects of the crisis fell with full force only on the weakest layers of the working class, which were left poorly defended by the workers movement as a whole—the immigrant workers, women, youth, men and women workers in small

Therefore, powerful class battles will go on for a long time before either capital or labor can decisively alter the present relationship of forces. The capitalists would have to break the organized strength of the working class. The working class would have to solve its crisis of leadership.

WE ARE STILL FAR FROM A WORLDWIDE RESTRUCTURING OF THE CAPITALIST ECONOMY

The long-term economic depression in which the world capitalist economy has sunk since 1967-68 is expressed primarily by a long-term decline in the average profit rate. This is obviously an irregular and not a linear decline. The business cycle continues throughout the long wave of depression, just as it did during the long wave of expansion. We have gone through periods of economic recovery (1971-72, 1976-78) after phases of recession, as in 1970, or 1974-75 and 1980-82. A new upturn, albeit moderate, is probable in 1983.

But over and above these ups and downs, the growth rate remains clearly lower than it was in 1948-68 in West Europe and Japan, and in the period 1940-68 in the United States. The fundamental cause of this decline lies in the fact that the average profit rate has dropped too low, combined with the relative stagnation of the market (the slowdown in the expansion of world trade, the stagnation in demand by the "final consumers").

In order to get out of this decline—that is, to achieve a much longer economic upturn than the present short, hesitant, and very modest ones—to get out of the impasse in which world capitalism has been caught for more than ten years, a fundamental restructuring is necessary. This would have to change substantially what some have called "the conditions of accumulation" and others "the modes (or models) of regulation," and what we call more generally the social framework in which the capitalist mode of production operates(9). This concept embraces both external factors (the geographic environment, the area of operation of capitalism, that is, today essentially the relations with the noncapitalist sectors of the world economy), as well as internal factors that have a certain autonomy in the present situation, because they are relatively rigid products of the past development of the system. The economic and sociopolitical relationships of forces between capital and labor in the imperialist mother countries are the most important internal factors in the capitalist environment.

The efforts of capital to carry out a restructuring that would enable it to escape from the long depression have so far been classed by analysts in the following three categories:

1) A new international division of labor, with the transfer of the plants of relatively labor intensive industries to semicolonial and semi-industrialized dependent countries (10). The creation of



IG-Metall workers strike in defence of social gains (DR)

"free export zones" is part of this restructuring effort. The most important of these "free zones" is undoubtedly Mexico, just across the United States border. The big U.S. automotive trusts dream of transferring a major part of their production there. But there are other such zones, especially in Asia, including the People's Republic of China, where the joint ventures with foreign capital that are being set up are worthy of note.

I have already indicated the obstacles that the continuation of this transfer is running into, especially in Latin America and East Asia, as a result of the stagnation of the world market itself. The grave crisis that is hitting the automotive industry in Brazil and Argentina, where production is falling sharply, and the difficulties in the takeoff of automotive production in South Korea (where current production was far below productive capacity in 1981) are symbolic of such obstacles. It is scarcely possible to talk about a real restructuring in this respect.

2) The emergence of an unregulated jobs sector and a "parallel economy," as well as an expansion of "part-time" work in the main capitalist countries themselves. In the semicolonial countries, this is of course a well-known phenomenon that has been studied for a long time.

Some stress above all the sociopolitical import of this development, the conscious attempt by capital to decentralize labor while it itself is becoming more centralized. Others—more correctly in my opinion—attribute this development mainly to the spontaneous reaction of the jobless to the persistence of unemployment, as well as the struggle of small capitalists to escape ruin in a period of crisis.

Whatever aspect is stressed, this phenomenon is a particular manifestation of a more general development—the drive of capital to lower "labor costs" by pushing down direct and indirect wages. Such a drive is a feature of any period of crisis or recession. Nine times out of ten,

unregulated jobs involve the total elimination of social security payments and markedly lower nominal wages.

In a nutshell, what such unregulated employment involves is the superexploitation of labor, which is being reintroduced into the imperialist countries, where it declined during the postwar boom.

In some cases, such as the Paris garment industry, which exploits the precarious situation of undocumented immigrant workers, capitalist competition is bringing back into the imperialist countries themselves the working conditions and wages of dependent semi-industrialized countries.

A similar phenomenon is developing in some industries in the United States, with regard to Mexican and Puerto Rican workers.

However, again, this phenomenon remains marginal in the economies of the imperialist countries and in world capitalist production as a whole. It probably involves no more than 5% of production in the imperialist countries. So, again, it is impossible in this respect to talk about a "restructuring" of capital in the real sense of the word.

3) A massive devaluation of capital through a credit squeeze and the strangling of inflation. The objective expression of this massive devaluation and the scarcity of capital that it is supposed to lead to is said to be the appearance, after long years of "negative real interest rates"

9. On this subject, see the following: David Gordon, "Stages of Accumulation and Long Economic Cycles" in *The Political Economy of the World System*, Beverly Hills, 1980; Michel Aglietta, *Regulation et crises du Capitalisme*, Paris, 1976; Ernest Mandel, *Long Waves of Capitalist Development*, Cambridge, 1980.

10. Frobel, Heinrichs, Kreye, *Die neue internationale Arbeitsteilung*, Rowohlt, 1977. One could also cite the example of synthetic fibers. West Europe's share of world production fell between 1978 and 1981 from 29.5% to 20.7%; that of the U.S. from 29.7% to 26%; that of Japan from 15.7% to 12.0%; while "the rest of the world" rose from 25% to 40.6%.

(that is rates of interest below that of inflation), of a "positive real rate of interest" fluctuating around 4%. In fact, this explains the persistence of high interest rates in the U.S., since the inflation rate remains higher than 10%.

This argument is not very convincing, at least so far. Despite all the intentions proclaimed by the monetarists, and the efforts of Mrs. Thatcher and Ronald Reagan, such a devaluation is far from having been achieved. There has not been a massive drop in the prices of commodities (finished goods), and the decline of raw materials prices remains modest. The prices of "refugee values" (gold, diamonds, art objects, etc.) are a bit higher, but they remain linked nonetheless to the fluctuations in the inflation rate in the United States.

Bankruptcies are hitting primarily the small and middle-sized enterprises. The White Elephants, that is, the big trusts operating at a loss, are continuing to be massively subsidized by the banking system and the government authorities. In this respect also, no real "restructuration" is in sight.

There remains a more important trend that in the long term could be decisive—a new technological revolution based on microprocessors, industrial and domestic robot mechanisms, electrical cars, and solar energy. This would represent, in general, passage from semi-automation to a stage of more complete automation.

From the technological standpoint, these products have reached the point where they could begin to be produced on a large scale (11). But the decisive question, from the standpoint of the logic of the capitalist, remains *producing them with a high enough profit for a large enough market*. There's the rub. The obstacles represented today by an insufficient average profit rate, the existence of excess capacity, and the stagnation of the market seem likely to delay this technological revolution, that is, the massive application of these innovations, for a long time. Most serious commentators talk about this as a possibility for the end of the twentieth century or the beginning of the twenty-first.

However, in the meantime, the persistence of unemployment and depression and the acceleration of the bourgeoisie's course toward austerity and remilitarization put the focus on the big social battles that are going hand in hand with the long economic depression, battles between the working class and the bourgeoisie, and between the anti-imperialist forces and imperialism.

On the outcome of these struggles depends not only the "solution" (a capitalist or a socialist one) of the crisis. The very fate of humanity depends on this outcome, since the capitalist "solution" involves the threat of nuclear world war. ■

11. On the new technologies and their diffusion, see W. Wolf and P. Bartelheimer in *Internationale*, Frankfurt, March 1979.

BUILDING THE
WORLD PARTY OF
SOCIALISTS

Swedish youth congress

The Ungsocialisterna (Young Socialists), the youth group associated with the Swedish section of the Fourth International, held its congress over the May 1 holiday in Stockholm.

The major activity projected for the organization was support for the campaign by the Socialist Party (Swedish section of the Fourth International) in the fall parliamentary elections.

"We can't put out hundreds of thousands of campaign brochures and buttons, t-shirts, or shopping bags. But for us the main thing is enthusiasm," the resolution on the elections said.

The second major campaign projected was for the elections in the schools, where the delegates saw an opportunity to make a breakthrough in building the organization. The slogan adopted was "Every school a revolutionary bastion."

The other campaigns discussed were against unemployment, defense of the right to abortion, and building the peace movement.

A number of the delegates were interviewed in the May 13 issue of *Internationalen*, weekly paper of the SP. One of them was Magnus, sixteen years old, a

member of the newly elected leadership.

"For me, as a punk, the Ungsocialisterna's position as an independent youth group was the main thing when I decided to join. The Ungsocialisterna was not set up because some old fossils wanted a youth organization."

Magnus worked with the Ungsocialisterna over the last year in the industrial town of Sodertalje:

"Up till now, the main task has been to build the club, work out statutes, and get things functioning less anarchistically. Now that we have done that, I think we have good possibilities to win youth, especially during the election campaign.

"In a city such as Sodertalje, obviously work at the Saab-Scania factory is very important. I am sure that the rationalization that is coming will bring a lot of young workers to us."

Magnus went on to say:

"It is very exciting to know that we are part of an international youth movement. Our work with the Fourth International gives us a chance to get an international experience, which is very important. ■

French youth plan campaign against wardrive

'No to the military budget, yes to six months service' was a central theme of the discussions at the 3rd conference of the Jeunesse Communiste Revolutionnaire (JCR, French youth organisation in solidarity with the Fourth International), which took place on May 15/16.

Over 200 delegates representing 600 members spent two days discussing the new political situation since the election of Mitterrand and the tasks of revolutionary youth. The conference decided to continue with its active campaigning directed at turning Mitterrand's election promise to reduce military service to 6 months into reality in adopting political theses with three central tasks:

-To prepare a welcome for Reagan in Paris on June 5 by mobilising thousands of youth in the streets.

-To organise for the autumn around the slogan 'No to the military budget! Yes to six months service!' In November the National Assembly will discuss and vote on the proposed military budget which represents 4% of the Gross National Product.

-To prepare a national conference in November or December for young workers and youth in jobs training schemes to carry through a turn of the organisation towards the most active sectors of youth. ■

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