

The Tory crisis



& Rebuilding Labour's Left

- *Defend abortion rights* ● *The disintegration of Polish Stalinism* ● *Debt and death squads in Latin America*
- *HIV — the failure of the left* ● *Childcare crisis*

Editorial

Can Japan take the strain?

The axis of the world economy is the relation between the US and Japan. For seven years the US has centralised world imperialism and achieved the most prolonged boom in its post-war history. US growth, capital formation, and increase in productivity in manufacturing has overtaken that of Western Europe for the first time since World War II. Yet throughout that period the United States has run a trade deficit. Without a gigantic inflow of capital the US would have suffered major devaluation and internal political turmoil. Instead, during 1980-88, an inflow of \$830 billion into the United States sustained the boom.

The source of this is clear. \$127 billion, 15 per cent, was from Western Europe. Twenty per cent, \$165 billion, came from what are termed 'Other Developing Countries' but which are primarily South Korea, Hong Kong, Singapore and Taiwan. By far the greatest part, 37 per cent, \$307 billion, came from Japan.

The role of the Pacific in supplying the US's needs has steadily grown, from 49 per cent in 1984 to 68 per cent in 1988, with Japan's share rising to 40 per cent. Without Japanese capital inflows the US economy could not remain stable — and without US stability the entire world political situation would change. A drastic reminder of this came on 13 October when the Dow Jones index lost 190 points in a single day.

The cause of the slide was the same as the October 1987 Crash — Japanese money stopped flowing into the US. The Japanese Sumitomo and Sanwa banks refused to participate in the United Airlines buyout. This was taken as indicating that Japan was considering reducing its financial flow into the US and Wall Street inevitably plummeted.

Wall Street's problems were overcome by the US Federal Reserve leaning on Japan to restart the flow of funds. But simultaneously Japan indicated it was unwilling to participate in US schemes for settling third world debt — with the Japanese Ministry of Finance playing a direct role. Koei Narusawa, economic adviser to the bank of Tokyo, declared on 26 October that: 'Although we believe new money is needed for the [US debt] package [to Mexico] to be effective, we will not provide any.' The reason for Japan's growing problems in meeting US demands is both the increasingly risky nature of the investment the US needs to meet its problems — junk bonds and third world debt are very different to establishing car plants to supply the US market — and the increasing political problems created by US demands in Japan itself.

Japanese surrender to US policies after the October 1987 crash, which entailed renewed capital flows and opening up Japanese agriculture and retailing to US firms, led to the deepest ever crisis in the ruling Liberal Democratic Party — and rising support for the Socialists, who despite a sharp move to the right still officially oppose US foreign policy.

This has been matched by the reinvigoration of nationalist currents — arguing for maintaining internal stability by resisting US demands. The chief expression of this is the book *The Japan that can say No* by Akio Morita, chair of Sony, and Shintaro Ishihara, an LDP politician.

Morita and Ishihara accuse the US of anti-Japanese racism, declare Japanese policy is 'protecting American interests', call for Japan to abandon 'slave mentality' and contains the notorious thought that 'If Japan sold [micro] chips to the Soviet Union and stopped selling them to the US, this would upset the entire military balance'. The book outlines a different economic orientation for Japan: 'Some of Japan's business leaders have long had an interest in Siberian development... Some of them are of the opinion that Japan could go neutral, revoking the US-Japan Security Treaty, if the Soviets will return the northern islands, granted that Japan would be given the right to develop Siberian resources... combining the human capital of the New Industrialized Countries of Asia with Japan's high technology and knowledge-intensive industry, Asia could become a powerful economic bloc.'

This is bluff. Japan cannot develop a military capacity to confront both the Soviet Union and China, which is a requirement for breaking with the US. Even the attempt to do so would cripple its economy. But the increasing strain of subsidising the US is destabilising Japanese politics.

A decisive question of world politics is whether Japan can take the strain.

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Labour's economic policy

The resignation of Nigel Lawson dramatically underlines once more the fact that British politics, including the next general election, will be dominated by the economy. No matter what happens in the world economy next year Britain is already headed into recession, inflation, devaluation, pressure on real wages and attacks on public spending.

The different degrees of preparedness for this in the labour movement were clearly revealed by events over the Autumn and the immediate response to Lawson's resignation. The trade unions, contrary to capital's earlier claims, are in reasonable conditions. Despite the fall in membership since 1979, and continuing defeats of major sections such as the dockers, this year's events have proved that trade union strength remains intact. The ambulance workers and AEU disputes, together with events at Vauxhall and Ford, underline this fact.

Average real wages have continued to increase, the number of days lost in strikes has doubled in the last year and capital was infuriated by the rash of unofficial disputes earlier in the year. It is certain that there will be struggles to defend real wages against the attacks on them next year.

Labour's frontbench on the other hand met Lawson's resignation with no coherent economic policy, and completely inadequate economic alternatives. Little wonder that, as at the time of the Westland crisis, the Labour frontbench didn't call for Thatcher's resignation or for a General Election.

The Policy Review's economic programme is the most pitiful ever produced by Labour. It contains no proposals that deal with the fundamentals of the economic situation. It codifies the total unpreparedness of the Labour leadership to take the necessary steps to stop capital outflows or to raise the rate of investment. It has no means to protect the working class, pensioners, the unemployed against the now inevitable devaluations and inflation. And the acceptance of much of Thatcher's trade union law will come sharply into conflict

with the attempts of the working class to protect itself through trade union struggle.

Its pledges on social spending have no costings, no proposals for how to finance them, and a promise from Kinnoch and Smith that nothing will be done until it can be afforded, and hints of a 'two term strategy'. This combination, in practice, means that the next Labour government is pledged to change nothing important in the economy. In consequence it will produce no real improvement. A Labour government elected on this policy, in the present economic situation, would be an economic catastrophe and would be drastically unpopular within six months.

But if official policy is bankrupt the two alternative perspectives put forward on the left until recently offered no credible alternative.

The first was the failed Keynesianism plus protectionism of the 1970s Alternative Economic Strategy (AES). The AES's combination of demand management and import controls was always inadequate. But the huge destruction of capital and industrial capacity in the 1979-81 recession made it even more so. The decisive problems in the economy today are on the 'supply side'. In particular without massive investment the economy cannot be rebuilt.

The second policy advocated was endless repetition of 'public ownership'/'nationalise the top 200 monopolies' by *Militant* and fellow travellers.

Not only is such an approach wrong theoretically (presenting the maximum programme as the solution to immediate problems) but it is also wrong practically.

Ultimately, the only way out of the impasse of the British decaying imperialist economy is for it to be wrenched in an entirely new socialist direction.

But, first, at present the objective political conditions do not exist to expropriate the capitalist class and, second, the working class today does not support this. This situation cannot be overcome by simply making propaganda for a socialist economy, but by finding practical policies which lead



in that direction and which simultaneously aid the working class internationally and in Britain. On this field two important positive developments have taken place in the last period begin to give some hope for an alternative policy which need to be brought together and synthesised.

The first is the systematic campaign carried on by Ken Livingstone over two years on the NEC on the issue of resources to rebuild the British economy. Precisely because the decisive questions in the British economy today lie on the supply side, Livingstone was completely right to concentrate on the issue of the level of military spending and on investment abroad — two decisive heritages of Britain's imperialist economy.

As Livingstone pointed out if Britain has to bear a burden of military spending 2 per cent of GDP, £9.5 billion, higher than the average for Western Europe there is no possibility whatever of rebuilding the competitiveness of its economy or its welfare state. This campaign culminated in Composite 47 at Labour Party conference, passed by a two thirds majority, calling for the reduction of British military spending to the level of Western Europe.

The second approach has been by the group which produced the book *Beyond the Casino Economy*. Their focus was establishing the need for public ownership.

Beyond the Casino Economy showed perfectly well that far from high tech industry being ill adapted to public ownership it is extremely

suited to it. This is obvious from the facts. British Aerospace was decisively turned round from a failure to a highly successful company under public ownership. The same was true with Rolls Royce. Immos was a success in computer components. These are the highest of high tech areas.

The link between the two approaches is investment. Releasing resources requires a mechanism for ensuring they are transferred to areas where they are needed — this requires public ownership. Calling for public ownership without indicating where the resources to transform the economy are to come from, or the new shape of the economy it is aimed to establish, strips economic policy of its essential content and will not generate support.

The real approach which is needed is clear. Investment in British manufacturing industry is 1.5 per cent of GDP, equivalent to £7.5 billion, lower than West Germany. Investment in infrastructure, education, training and every other necessity for a modern economy is in an even worse state. Without investment, and without reduction of military spending, the British economy cannot be revived and the welfare state rebuilt. Public ownership is the means to ensure the released resources are directed into the areas where they are needed.

It is along this axis, together with the direct struggles that are going to be waged, particularly over wages and public spending, that the axis for developing a new economic policy for the

Key struggle for 35 hours

The ruling class has launched a vicious offensive against the AEU's campaign for a 35 hour week. This is not surprising given the decisive character of the demand.

The reduction of the working week is the key to reducing mass unemployment. The pressure in the AEU for reduced hours reflects the strengthened position of the working class after a period of declining unemployment. Success would shift the relation of class forces in favour of the working class, in limiting the effects of recession on unemployment.

It is the most important struggle against unemployment since the miners strike. And this is why it has met such intransigent opposition and threats from the Engineering Employers Federation.

The *Financial Times* on 25 October devoted its editorial to the 'folly of shorter hours', arguing, in the context of CBI warnings of an 'impending decline in UK manufacturing investment and orders' and a trade deficit of £15 billion in the first nine months of 1989, the AEU's priority should be 'getting companies through a period of slower growth with as little damage as possible. It cannot be a national reduction in working hours'.

Bill Jordan's considerations, given this follows a period of peak productivity and profitability, are purely class collaborationist. As the *Financial Times* commented, the campaign reflects his belief that 'a permanent improvement in productivity should be matched by a permanent reward'.

The resistance is not only because of the cost in wages. A reduction of the basic working week in manufacturing, even if it were not down to 35 hours, would tend to be generalised through society.

This would have an obvious effect in reducing unemployment, despite the insistence of the *Financial Times* that a shorter working week is not 'likely to lead to any significant increase in employment'. An agreement to reduce the number of hours worked for basic pay, could merely increase the hours worked at higher overtime rates.

While this is true, and

doubt partly motivates a section of the AEU membership, this is not the main worry for capital. Very high levels of overtime are being worked at present and there is no significant campaign against it.

Their key concern, as at all other stages in the campaign to reduce the working week, is to maximise profits while maintaining the maximum pool of unemployed.

Consequently the bourgeoisie collectively is prepared for a total conflict on this question. The reduction to 37.5 hours, offered by the EEF in April, and rejected by the AEU, was a fake. This offer was to be 'phased in' and subject to local agreement, which would mean stronger groups of workers would get something and the rest nothing.

The resistance to a nationally agreed reduction has been total. Immediately prior to the start of strike action at Rolls-Royce and British Aerospace management began threatening the end of national collective bargaining should the disputes proceed.

The problem for capital is that individual companies will have to take the strain of the AEU's action. The AEU's astute tactic of targetting key companies — the 'flagships of industry' — with full order books and facing fierce international competition is creating immediate and massive pressure to reach agreement.

Despite being written off by management as only a narrow overall majority for action, the 2:1 ballot result for selective indefinite strike action among engineering manual workers in the targetted companies, announced on 23 October, is very positive. The 3:1 vote against action by white collar workers, being flagged up in the press, is hardly surprising given that these already work a 37.5 hour week, and that it is highly unlikely that 35 hours will be the outcome of action at this stage.

The AEU struggle is a decisive one and should be given maximum support. Any national reduction in hours in the engineering industry will strengthen the whole working class, particularly as it goes into a period of recession, and would set a goal for other sectors.

Labour's 'youth' conference

The Labour Party's revamped 'youth conference' takes place on 17 to 19 November. Unlike the LPYS conference, which it replaces, this conference will have no power to make policy or to elect a national committee.

Its one power is to elect a youth representative to Labour's NEC. For the party leadership this election is too vital to be held independently by youth, and the new conference is heavily weighted in favour of the right. YS branches have one third of the total vote, alongside the trade union youth sections and student Labour Clubs.

YS delegates must be under 23 (three years lower than before) while it is 'recommended' that trade union delegates are no older than 26.

NOLS ensures a majority for the right by the long-established practice of refusing to recognise clubs which have left-of-centre leanings.

Just to make sure the outcome of the election is influenced more by these factors than by open debate, the conference will begin with the election on

Friday night, followed by workshops for two days.

The NOLS 'Democratic Left' leadership with allied forces in the trade unions will play the major role in doing the leadership's dirty work on the youth conference. However responsibility for the likely defeat also lies in part with the inability of the *Militant* leadership of the YS to draw in any youth beyond those who supported the line of the *Militant*.

The right are on target to win this election in part because the YS has turned its back on the struggles of black youth, opposing Black Sections, and failed to support women's struggle for abortion rights and for a voice in the party. Likewise they cannot answer the questions being raised on green issues, and have played no role in the movement for British withdrawal from Ireland.

While the left has no choice but to vote for Hannah Sell in this election, it is a fight that cannot win. What the YS needs is a candidate from the Labour left, such as the Black Sections, based in the struggles of youth.

NOLS backs down

The summer saw a number of reports of allegations that Gary Younge, Black Section candidate on the NOLS NC, was subject to petty racist harassment by other officers of the NOLS.

This included being refused access to the NOLS office, refused expenses for meetings in London after travelling from Scotland, meetings being moved or cancelled without informing him, obstruction of his work on the NOLS handbook, passing his responsibilities for this to the person he defeated in the election, and finally removing his responsibilities.

Black Sections fought for Gary to be vindicated, and for the restitution of his responsibilities, for two months. Finally, after the intervention of the Labour Party ethnic minorities officer, Varendra Sharma, who

met with NOLS and Black Sections representatives early in October, NOLS admitted their mistakes, wrote a letter of apology to Gary and restored his responsibilities. However this turnaround occurs after the production of the handbook — a month late after NOLS' timely intervention in August!

Black participation in NOLS is very low. Gary was the only black delegate to the NOLS conference in March, and despite protestations of support, NOLS has no position on Black Sections.

After the efforts to intimidate Gary out of playing any role in the NOLS leadership, it is to be hoped that he will be allowed to play a full role in future, and that the 'Democratic Left' will not further blot their copy book by standing against any Black Sections candidate for the NOLS NC next year.

Defend abortion rights

The decision by the Tory government to allow anti-abortion amendments to their own Warnock Bill on embryo research presents the anti-abortionists with their first real opportunity to roll back abortion rights since the present law was passed 22 years ago.

Firstly, the amendments are guaranteed government time, which means that the tactic of 'talking it out' which defeated previous private members bills will not be adequate.

Secondly, the government's apparent support for at least a 24 week limit is a break with precedent in taking a position on the issue. Defeating this attack will require a particularly united and sharp response by the pro-choice movement.

The government would like to see the maximum restriction, but appear to incline to 24 weeks, as that with most chance of success. This is being presented, with the help of the media, as a 'compromise', ending the 'bitter annual abortion ritual'. This follows on from the Alton Bill debate, when the anti-abortionists succeeded in creating a broad parliamentary consensus around 24 weeks, which some pro-choice MPs capitulated to.

Hardline anti-abortion MPs, like Ann Widdecombe and David Alton, backed up by peers like the Duke of Norfolk, are determined to push through a greater reduction to 18, 20 or 22 weeks.

Even a limit to 24 weeks is unacceptable, as it would hit the most vulnerable women seeking abortion. Only a tiny number of abortions are currently performed after 24 weeks, due to the proximity to the legal time limit. All involve cases where the legal grounds for termination are more than clear — usually young women, or menopausal women or where there is severe foetal abnormality.

However the pro-choice movement has to be clear that the aim of the anti-abortionists is precisely to get something more than 24 weeks out of this parliamentary session. They aim to persuade the government to concede, either openly or implicitly, to at least a 22 week limit. And there is no

reason to suppose that the government will do anything to block this, whatever its public statements.

The debate has started with a clear attempt to consolidate the 24 week upper limit as the 'common-sense' view, opposed only by the 'fanatics' on either side. The whole debate is being set up as 24 weeks or something worse, and not the present law or something worse.

This situation has been aided by ill-informed comments to the press by 'Shadow Cabinet members' that a 24 week limit would 'in one sense be a welcome development because it would put a stop to this 18 week lunacy'. No-one who supports women's abortion rights can seriously 'welcome' a 24 week limit, because of who it would affect. But even more seriously, particularly given that the anti-abortionists seem to be in a stronger position than at any point since the 1967 Act was adopted, it is very dangerous tactics to begin by conceding any ground at all.

If the pro-choice movement has to accept a defeat in this parliament it is better to be pushed down from the present law to 24 weeks, than to be pushed down from 24 weeks to something worse.

Moreover the entire argument for giving way on 24 weeks is false. It would not end the 'annual abortion ritual', as even if 24 weeks were adopted, the anti-abortionists would see it as their first success in rolling back the 1967 Act and would come back for more with renewed vigour.

The first task of the pro-choice movement has to be to pull together the broadest campaign in defence of the present law against any restrictions on time limits. Such defensive campaigns were the basis for success against White, Corrie and, most recently, Alton.

If the present law is to be successfully defended, the alliance of forces which gathered in opposition to Alton — led by women in the trade unions and Labour Party — must be re-assembled and broadened.

Contact NAC on 01-405 4801 for details of the campaign.

Black Section success



The successes achieved by the Black Section at Labour conference were a vindication of the correct tactics and should be taken as a lesson for the whole left.

The first necessary decision of the Black Section was to participate in the negotiations on a black socialist society arising from Composite 5 at the 1988 conference. The NEC working group's recommendations of July 1989 contained 75 per cent of the Black Section's negotiating position, and the fact that this was only defeated by a margin of 600,000 underlined the effectiveness of the tactics.

There is no doubt that if Black Section had not been involved then the sub-committee's final recommendation would have been much worse, and it would then have been backed by the leadership and pushed through conference.

As it was the leadership opposed its own sub-committee's proposal, and, in the ensuing debate, was embarrassed and crushingly defeated, while the Black Section emerged with even greater authority on the issue.

Black Section had called for a formula which would allow for the black view to emerge, which, in practice, meant the membership of the society had to be exclusively black, and that it should be a unitary organisation. This latter point is particularly important, as a 'multi-ethnic' federal structure would simply reinforce the tendencies towards organising along cultural lines existing in the black community, and would be divisive.

Furthermore, the question of automatic representation right up to NEC level was also non-negotiable in the Black Section position.

Our tactics allowed us

to work with all those making positive contributions: for instance the TGWU's support for a unitary organisation.

Following Labour Party conference the Black Section is in the strongest position it has been in for six years. Even in our short history, it has been proved that on the question of black representation in the Labour Party it is impossible to by-pass the Black Section.

In 1983 the NEC working party established to investigate black organisation in the party endorsed the Black Section's proposal. As this year, it was the intervention of the leadership that led to this being rejected, and the imposition of the 'Black and Asian Advisory Committee' — but the committee was totally discredited by the campaign of the Black Section.

This year, by participating in the NEC sub-committee's discussions, Black Section helped expose the role of Kinnock and Hattersley in blocking black self-organisation in the party.

In the coming year the left must support the Black Section in defending the positions it has won in the Labour Party and in the trade unions. This means serious work in the trade unions and in the Labour Party.

In the Labour Party Constituencies particular work needs to be done around the NEC slate. This year Diane Abbott vote fell, part of which is explained by the failure of the left to organise around the slate — the same factors which led to the defeat of Ken Livingstone, who has always been one of the few allies of the Black Section on the NEC.

BHARTI PATEL

Childcare crisis in the 1990s

'Employers can hardly afford now, and certainly will not in the 1990s, be able to turn their backs on women engineers; or to say goodbye to their female staff who have babies; or to reckon men are better fitted for senior management than women.' Angela Rumbold, Education Minister for State.

The pressing need to draw more women into the workforce is posing employers and government with the question not of whether, but how to expand childcare. Moreover the issues posed are not simply financial.

As one survey put it, how can childcare be expanded without further undermining the 'traditional family base'? The answer, as the government is acutely aware, is that it cannot. The dilemma for the ruling class is that current social trends unavoidably present an opening to further expand women's social power and personal choices. There could scarcely be a clearer case of how the entry of women into paid employment, on a qualitative scale, is the driving force of change in women's entire social position and how the bourgeoisie seeks to resist the consequences of this. This contradiction must be grasped by the left.

In the wealth of analyses, surveys, and debates two issues stand out. Firstly, how to fund an expansion of childcare on the scale required to substantially affect women's employment participation rates. Secondly, how to prevent this further eroding traditional family patterns, through empowering women.

Behind all this lies the declining birthrate, the effects of which are set to sharpen in the 1990s, leading to a contracting

labour force while industrial expansion will raise labour demand. Literally millions fewer young people will be entering the labour market in the 1990s than today — 2.6 million projected for 1994 compared to 3.7 million in 1983. In 1986 the birth rate was 29 per cent lower than the 1964 post-50s peak. Among 20-24 year old women there has been a 39 per cent fall in the annual rate over this period.

This fall has created the increasing demand for female labour. The *Financial Times* explained: 'Women have taken most of the jobs created in Britain this decade. Of jobs created between June 1983 and March 1988, 740,000 went to women working part-time and 550,000 to women working full time, while male part-timers grew by only 230,000 and male full-timers fell by 100,000.' The growth in women's employment was the strongest contributor to the rise in employment between March 1987 and March 1988 when 141,000 new full-time jobs were filled by women. And again: 'Not only do women form 80 per cent of the projected rise in the workforce up to 1995, but the long-term shift in Britain's industrial structure towards service employment favours them.'

According to a survey by the Henley Centre published in August, three quarters of new jobs created during the 1990s are expected to be filled by women, causing women to be a majority of the workforce by the turn of the century. In particular, they point to a 400,000 strong increase in women in professional occupations by the mid-1990s.

A demand for labour on this scale cannot be filled simply by women working part time — women are needed full-



time in a diversity of occupations and skill sectors. This is producing the most unexpected would-be proponents of women's equality, as with the statement by Angela Rumbold above. The *Financial Times* again hit the nail on the head: 'It is not that employers have suddenly been converted to fighting for sexual equality. The driving force is changes in Britain's population which is presenting employers with a prospective recruitment crisis.'

It is this which poses the issue of the complete inadequacy of childcare provision.

Britain is virtually at the bottom of the league for state funded care. Only 4 per cent of 3-4 year olds are in local authority nurseries. Only 24 per cent of 3-5 year olds attend school, for 6 hours a day, mostly being admitted early to primary school. An additional 19 per cent of under fives are in 'pre-primary education' for 2 hours a day. Less than 1 per cent school age children are in publicly funded outside school hours care.

In comparison in Denmark, France, Belgium, and Italy most children are in publicly funded 'pre-primary schooling' by the age of 3. In Belgium, France and Italy significant proportions are in publicly funded care before the age of three. And in West Germany, Greece and Spain 60-70 per cent of children between 3 and school age are in 'pre-primary schooling'.

The lack of public provision in Britain is reinforced by the punitive taxation system. Employees who take advantage of company childcare services or allowances find themselves taxed for the privi-

lege.

Recent EEC research confirms that women's varying work patterns across Europe bear a high relationship to these different levels of childcare provision: for example, in Denmark over 70 per cent of mothers with children under 5 are employed, in France and Belgium 50 per cent, and in Britain 30 per cent. Moreover while in France, Belgium or Spain these women work for more than 30 hours a week, more than half of this group in Britain work for less than 19 hours a week.

An Institute of Management Studies report published in September reports more than a million women with O and A levels, looked on as a potentially highly skilled group of workers, do not take up employment largely because childcare services are of poor quality or would mean an overall drop in pay.

The inescapable conclusion must be some expansion of state/employer provision of childcare. Every major capitalist country is facing this, but Britain needs to take particularly drastic steps.

The last few months have seen a range of childcare initiatives by private companies. The Midland Bank have announced a plan to introduce 300 nurseries in four years. The Civil Service are establishing a scheme of one nursery per department. Agencies offering advice to employers on establishing such schemes or who contract out childminders are flourishing.

The big question however is what steps is the government going to take to improve provision on a scale which is national, mass, accessible and



economic to the user?

On the one hand the employers are being encouraged to provide workplace nurseries or cash/voucher schemes for employees, while on the other the fact that use is taxable inclines many not to bother. Local authorities and voluntary organisations are being told by John Patten, Home Office minister and chair of the government working party on childcare, to diversify their services, tighten standards and use schools for holiday and after-school care.

At the beginning of October Angela Rumbold wrote to education authorities urging them to keep schools open during the working hours of parents, and school holidays. The NUT is the latest union to detail demands for childcare facilities for its members, in an area where the problem of labour shortage is especially sensitive. Again, as the NUT has made clear, this effort to retain teachers with childcare responsibilities or encourage women back into teaching requires substantial funding from central government. In London some local authorities are attempting to meet this out of their existing budgets, by offering teachers childcare vouchers.

While preaching voluntaristic measures, up to now the government remains adamant that no funding is available for such schemes, or for an overall expansion of childcare. Even tax reform has been opposed. The resulting situation is untenable.

At all costs the government wants to avoid expanding childcare in such a way as to further empower women to make decisive changes in their lives. The fact that single parent families, presently 13 per cent of the total, are projected to increase at five times the rate of dual parent households between now and 1995 — adding to the pressure for childcare provision — is of great concern to the government in framing childcare policies.

Childcare provision would greatly boost the ability of women to leave undesirable domestic situations, the tolerance of which is largely materially motivated. This has been the result of every previous reform. For instance, the effect of the liberalisation of divorce law in 1969 was a vast,

and continuing, increase in both the overall number of divorces and in the proportion initiated by women: by 1986 72 per cent of divorces were awarded to women. Expanding childcare means a further expansion in women's real options.

The much referred to 'crisis of the family' is a crisis brought about by this. This is what motivates the concern for the 'traditional family base', still more because it also tends to expose many more of the strains and problems hidden within the 'traditional family', such as child abuse.

These concerns mean the government favours decentralised provision, controlled as far as possible by employers. Such provision can be most easily charged to the user, can be removed again most easily and has the advantage to employers of a potential means of control on their workforce.

But the very need to provide expanded childcare creates a relation of forces potentially advantageous to women and into which the labour movement must intervene. While any openings, employer provided voucher schemes or otherwise, should and will be exploited, state funded care as a legal entitlement, backed up with extended legal maternity leave and related changes, has to be the core of such a campaign by the labour movement.

A concerted campaign for the rights of women workers can only help encourage women to identify further with the labour movement, a fact recognised at least by Tory MPs like Edwina Currie, who in bemoaning the Tories loss of support among women voters commented 'in the next six years, most new jobs will be filled by women and they are not going to be satisfied with low positions'.

Although a number of trade unions have initiated campaigns already, the problem for the Labour Party in the light of the Policy Review is that it has no credible economic policy for funding such an expansion of state childcare provision. The prospects of the labour movement responding in the interests of women depend upon it resolving this contradiction.

ANNE KANE

Struggle sharpens on quotas

The Labour Party conference vote for the principle of quotas for women was a victory, and a success for the Labour Women's Action Committee which, from last year's conference, led the way in arguing for quotas.

Despite the cynicism of sections of the Labour leadership such as Bryan Gould, together with the 'soft left' and centre of the party, who have proclaimed themselves the greatest supporters of quotas — while organising to push through only the most minimal declaration of intent — this decision moves the whole debate forward.

However quotas have not yet been won. The real obstacles to progress were evident in the role of GMB Apex and the National Organisation of Labour Students in ensuring that only the statement of intent, with no fixed proportions or deadlines, was adopted by conference. The Women's Action Committee agreed to remit its position for a 40 per cent quota by 1999 — which would otherwise have been defeated — in order to keep the proposal live during the negotiations in the coming year.

The terrain of struggle for the coming year is to secure such targets and deadlines for next year's conference, when the leadership is committed to report back with proposals to 'implement a quota system' for parliamentary selection, for the constituency and trade union sections of the NEC, party committees, and the Shadow Cabinet on a 'level comparable with our European sister parties and on a realistic but rapid timescale'.

We can already predict that the NEC will look for the lowest targets, and the longest possible timescale, if any at all. But this will not solve Labour's problems on women.

Other social democratic parties in Europe, like the

SPD, have adopted targets such as 40 per cent within ten years.

This is what the Labour leadership baulks at — to achieve this target would require filling all vacant posts with women for a period of time, encouraging men to stand down, cutting off the careers of right wing, white, male future stars of the PLP.

The right also knows that a 40 per cent quota of women would strengthen the left, for it would mean a fundamental change in priorities for the labour movement.

Obstruction from the leadership and the right are predictable, but it is sad when this extends to the left. *Militant*, known for its opposition to quotas as 'dividing the working class', were joined by *Labour Briefing* and Women for Socialism in opposing the demand for quotas both at June Labour Women's Conference and Annual Conference, on the absurd basis that it is counterposed to women's conference electing women to the NEC.

Only *Labour Briefing* and Women for Socialism make this counterposition. A 40 per cent quota in a rapid timescale would obviously strengthen the fight for women's self-organisation within the labour movement. That is why the right were desperate to put off any precise decision this year and will try to impose minimal targets next year.

This is the real fight on women over the next year. LWAC is promoting resolutions to regional women's and party conferences, trade union conferences, and National Labour Women's Conference and will be submitting proposals to the consultation process for 40 per cent in 10 years.

The left must rally behind this and against the united campaign of the right to render quotas harmless.

AIDS: the failure of the left

One of the more striking features of the 80s has been the singular failure of the left to grasp the nettle of the HIV pandemic. But there can be few more powerful symbols of the callousness of the present government and the absence of any effective opposition.

To September of this year 2,649 cases of AIDS had been reported, with 1,388 deaths. Over the last period however, we have witnessed the introduction of Section 28, legislation which would have been unthinkable had not the epidemic and its manipulation in the media led to an increasingly violent homophobia.

We have also seen the most blatant attack on the health service, with the associated implications for people living with the virus. And the government's first major 'education' campaign was aimed simply at scaring people out of having sexual relations.

Most recently, we have seen a veto — directly by Thatcher — of a professional and much needed survey of sexual behaviour which would yield findings vital for appropriate health care planning and prevention of spreading of HIV.

In the light of the reality of AIDS in the 80s, and the fact that this survey had been approved by the Health Education Authority and the Economic and Social Research Council, this decision was remarkable. It has been accompanied by claims that the incidence of AIDS has peaked, that we have sufficient information, that it is (of all things) an invasion of privacy.

In truth this planned survey of the sexual behavior of 20,000 people, budgeted to cost a mere £750,000 was ditched because the last thing this government wants is a contemporary version of the Kinsey report, coolly detailing the reality of sexual habits and social mores in the 1990s. It would help form an accurate picture of people at risk from infection and therefore direct health campaigns, screening and so on in the most rational way. This has now been recognised by Wellcome, the manufacturers of AZT, which has decided to put the money up for the survey to proceed.

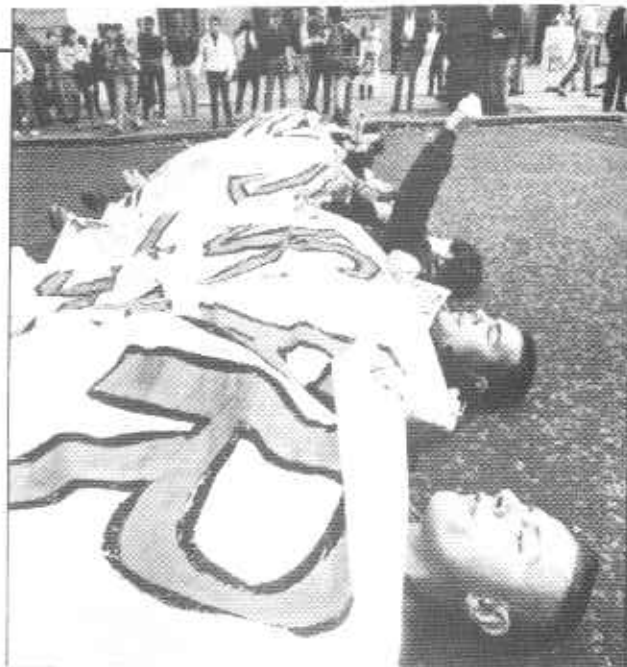
However, it would inevitably also further expose that key myth of Thatcherism that the nuclear family is the archetypically natural, wholesome and principal unit of society. Along with statistics on the scale of child sexual abuse, domestic violence, divorce, single parent families and births out of marriage, which increasingly demonstrate the violent reality and changing form of 'family life', such a survey would offer further proof of the diversity of sexual behavior and just how untypical the 'typical family' is.

For the sake of this prejudice the Thatcher government is prepared potentially to write off many thousands of lives. Faced with all this, the silence of the left, most importantly the leadership of the labour movement, has been deafening. Perhaps if confronting the HIV pandemic didn't also mean addressing some uncomfortable issues, including the complex realities of sexuality, sexual behaviour and sexual identity, the response might have been speedier.

HIV brings with it these and other political issues the left must address. For example, recent news that the (very expensive) drug AZT might have an important role to play in early treatment of HIV infection, creating the possibility of transforming the apparently natural history of HIV disease into a chronic manageable condition, raises a number of important points.

Even with the reduction in price which has been forced on the manufacturers, just how available will the drug be to people with HIV infection? What about countries which do not have adequate public health programmes? Did the lobbying by People With AIDS organisations have anything to do with the recent decision to cut the drug's cost? Will the media euphoria over AZT overshadow attempts to find more cost-effective or alternative treatments?

To take another example, the Health Education Authority, for which a rigorous independence was assured, has turned out to be prey to direct government interference. One teaching pack, intended for use in schools in England, was



pulped following intervention from the Department of Education and Science. The glossy public awareness campaigns have made their message no sex rather than safer sex.

And now the media are announcing that the trends in HIV infection have peaked. Since we do not even know how many people in this country have HIV, how can this be claimed? Manipulating statistics in this way is literally playing with people's lives. Contrary to this, figures published at the beginning of October showed a further 88 deaths from AIDS in the previous months, and that the rate of increase is highest amongst the heterosexual population accounting for 7 per cent of people with AIDS and 30 per cent of those who are HIV positive.

And what if the epidemic in Britain did turn out to be largely confined to gay men and injecting drug users? Will the response be a smug 'we told you so'? Or will we wonder how so many people were allowed to become ill and die in one of the wealthiest countries in the world? Will we wonder whether their predicament was not just ignored by some, but positively welcomed by others?

And what if it's not true? What if, as all the evidence would suggest, there is a steady but silent epidemic developing among heterosexual people? There is no evidence to suggest that heterosexuals in significant numbers have adjusted their sexual habits.

As Simon Watney has argued in *Coming On Strong: Gay Politics and Culture*: 'they (heterosexuals) have so much more than us to learn about the workings of repression, and they are tragically far less well prepared to accept the unconditional and absolute

necessity for Safer Sex.'

Why, in the face of this issue which touches on the heart of the supposed ideals of the left, has there been an almost total silence? Although some trade unions such as NUPE, NALGO and NAPO have issued useful factual guides to their members, for the majority the issue is simply not among their concerns. In other words, workers victimised at work — sacked, discriminated against, subjected to the consequences of prejudice and ignorance by employers and other workers — are not within the legitimate concerns of the most trade unions.

This attitude has been encouraged by the absolute failure of the parliamentary opposition to challenge the government's record. Little attempt has been made to formulate concrete demands for protective legislation for workers, health service facilities or adequate public information campaigns. When was the last time the Labour spokesperson on health referred to AIDS?

The record of the Labour left is only slightly better. Small pressure has been applied to the labour and trade union leaderships in any coordinated way to change these failures. When it has been addressed the complex of issues raised by AIDS have been ignored, and the whole issue presented as a minority as well as a minor concern.

Must we only hope that the left will confront this denial? Or will they have to learn the hard way that the personal is most certainly political?

PETER GORDON

• Co-Author with Louise Mitchell of *Safer Sex: A New Look at Sexual Pleasure*, Faber and Faber 1988.

South Africa — Apartheid on the defensive

Behind the current rise in the mass movement against apartheid, and the concessions that have been forced from the regime, most notably the release of Walter Sisulu and others, lies the severity of the economic crisis in South Africa. This hits the black population most sharply, but whites have also been effected.

Inflation has been running at 30 per cent among whites and in some poorer white areas inflation of food items is considerably higher. Car prices have doubled in 5 years.

Since the banking crisis of 1986, South Africa has accumulated \$21 billion in foreign debts which in turn has weakened the Rand forcing South Africa to pay in gold or dollars, running down reserves. The annual security budget runs to \$5 billion, or 23 per cent of the national budget.

Overall unemployment runs at 22 per cent including a large proportion of whites. Cutbacks have been widespread. Although in the wealthy Jo'berg suburbs they

still have swimming pools and servants, elsewhere whites have seen living standards fall. This is what is driving de Klerk to the negotiating table.

The regime won't openly negotiate with the ANC, but have used intermediaries, like Zambia, which allows ANC bases on its territory. The dire state of their economies and the pressure the Soviet Union is applying to the anti-apartheid forces in Southern Africa, is forcing the front-line states, like Zambia, into concessions to the Pretoria regime.

De Klerk intends to exploit his meetings with Kaunda to win acceptance for the regime in the region and internationally, and to promote South African trade with the front line states.

De Klerk was well-represented by Margaret Thatcher in the Commonwealth conference, while the concession on Sisulu is aimed at persuading the EC into economic assistance to South Africa.

The ANC are under increasing pressure to make concessions, which they have

resisted so far. They have laid down a minimum basis of negotiation which is the freeing of political prisoners, release of Mandela, removal of execution threat from those on death row, unbanning of all anti-apartheid organisations and one person one vote. The OAU has adopted this position.

The release of Walter Sisulu and seven others represents a major concession on the part of Pretoria, but there should be no illusions that apartheid is being phased out. The state of emergency is still in force.

In the election the NP gained 48 per cent (1.03m) votes, CP 31 per cent (0.67m), DP 20 per cent (0.4m). Imperialism intervened directly in setting up the Democratic Party, which has the support of De Beer and Anglo-American. The DP is a more far-sighted bourgeois party, and is prepared for more concessions to the black population than the National Party. There is no doubt that the DP benefited from the Mass Democratic Movement (MDM).

The real winner in the elec-

tion however was the MDM which included many organisations. The mass movement's successes included taking up 'petty' apartheid — marches on whites only beaches, for example. There was the Workers Summit of 26/27 August organised chiefly by COSATU and NACTU which led to the mass stayaway which coincided with the elections.

There was the tremendous Cape Town march of 35,000, Johannesburg 25,000 with the flags of the ANC unfurled, followed by the Women's march on Pretoria.

Without giving up armed struggle, the ANC has embarked upon mass struggle in a form it was unable to do before. It has taken advantage of the situation to 'un-ban' itself. It is now holding open rallies and is confident that it can operate semi-legally.

It is clear that a new period of the struggle to remove one of the most hated regimes ever known has taken on a new form.

RAY SIROTKIN

Now free the Birmingham Six!

The release of the Guildford Four is a vindication of those now freed, and a huge step forward in the struggle to free others framed up by British justice, in particular the Birmingham Six and the three people wrongfully convicted following the Broadwater Farm uprising in 1985.

The quashing of the convictions after 15 years imprisonment is an enormous blow to the credibility of the judicial system, and its use to terrorise and subdue the Irish community in Britain.

It is evident that the fabrications and inconsistencies in the charges were clear to those pursuing them from the beginning.

As Chris Mullin MP has said, it is simply not credible to pretend that the convictions can be put down solely to a handful of police officers: 'Everybody, up to the level of Sir Michael Havers, the prosecutor, and Commander Peter Imbert, knew they

had got the wrong people.'

The Guildford Four, like the Birmingham Six, were imprisoned on confessions beaten out of them. The PTA was introduced at the same time as they were arrested. The aim was not simply to get convictions, but to intimidate the Irish community in Britain.

Following the Guildford and Birmingham trials the Irish community in Britain was virtually driven out of political activity against the British presence in Ireland.

As Gerard Conlon explained, the lesson of their arrest was that 'if you're Irish and you're arrested on a terrorist, political type of offence, you just don't stand a chance'.

More evidence has appeared to undermine the cases against the Birmingham Six. In particular, the West Midlands Police Serious Crimes Squad, which dealt with the Birmingham Six, has had to be dis-

banded because of its proven practise of falsifying confessions.

The release of the Guildford Four comes after a period of significant broadening of the movement for British withdrawal from Ireland, particularly through the Time To Go campaign.

The immediate task fol-

lowing their release must be to capture the momentum to secure the release of others held hostage in British jails. However the opportunity also exists to further broaden the movement for British withdrawal from Ireland, and Time To Go is placed exactly to take advantage of this.



The economic crisis now dominates both the situation in the Thatcher government and in the labour movement. ALAN WILLIAMS shows that what is involved goes beyond even the huge trade deficit to the foundations of the British imperialist economy. The crisis will be prolonged and deep. To deal with it socialists have to step up their organisation in the core of the labour movement.

The best joke regarding Lawson's resignation was undoubtedly made by William Keegan of the *Observer*. When asked on the radio why he thought the Chancellor had resigned Keegan replied, 'because he's the only member of the government who's seen the autumn economic statement'.

The left is still only beginning to grasp just how serious the situation of the British economy has become. It extends far beyond a trade crisis and has acquired a considerable degree of relative autonomy — regardless of whether the world economy turns up or down the British economy will spend the next years in a serious crisis.

The British economy has become totally internationally uncompetitive while attempting simultaneously to maintain its traditional imperialist orientation. The result is pressure on the balance of payments which dwarfs anything in the post-war period. Furthermore this crisis is not confined to the manufacturing sector but affects the entire economy.

While the deficit in visible trade is the most serious, the service sector of the economy has also become slowly less competitive (See Figure 1). The surplus on the service sector of the economy has declined from 2 per cent of GDP when Thatcher came to office in 1979 to 1 per cent in 1989. Simultaneously the profits on UK overseas assets, severely hit by the 1987 Wall Street crash and large scale overseas borrowing, have fallen from 1.4 per cent of GDP in 1984 to 0.7 per cent in 1989. The entire trade side of the balance of payments is now in deficit to the tune of 4 per cent of GDP.

But what makes the situation more crippling is what is happening on the capital side of balance of payments.

Britain has become one of the largest net exporters of capital in the world. The outflow of capital for investment in shares abroad (portfolio investment) in the first six months of this year was equivalent to 6 per cent of GDP. There was no net inflow of direct investment to compensate for this.

Britain is not, of course, unique in being an exporter of capital. But the difference is that the two other main capital exporters in the world, Japan and West Germany, both finance it through large trade surpluses. Export of capital financed by a trade surplus is a well known historical phenomenon — as is the reverse situation of a large trade deficit financed by a capital inflow. What makes the British case historically exceptional is that it is both

running a large trade deficit and is a major exporter of direct and portfolio capital — the two together adding up to an astonishing 10 per cent of GDP (See Figure 2).

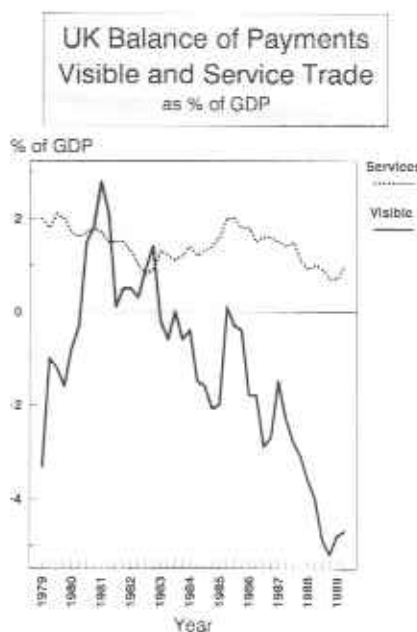
The result is to lock the British economy into a downward spiral of decline. Its only way of recovering competitiveness in trade is a programme of revival of the economy which requires major investment. Yet the side effects of the huge outflow of capital chokes off the domestic investment which is required.

The mechanism of this is simple. The combined trade deficit and outflow of capital, left to itself, would lead to rapid devaluation of the pound with consequent soaring inflation as import prices rose. The only way that this can be prevented is by huge short term borrowing abroad — in the first six months of this year the equivalent of six per cent of GDP was borrowed abroad in short term capital. To attract such inflows of capital requires high interest rates which in turn slow down domestic investment. The combination of the trade deficit and the outflow of capital therefore, by forcing up interest rates, cuts investment in the domestic economy and make it even less competitive. A further ratcheting downward takes place.

In terms of capital's relation to the working class the result is a tremendous drive to increase the rate of exploitation. The working class is attacked through inflation which erodes its real wages and simultaneously through high interest rates which increase the cost of borrowing and mortgage payments. A double burden is imposed because the working class is being required to finance

An entire economy in crisis

Figure 1



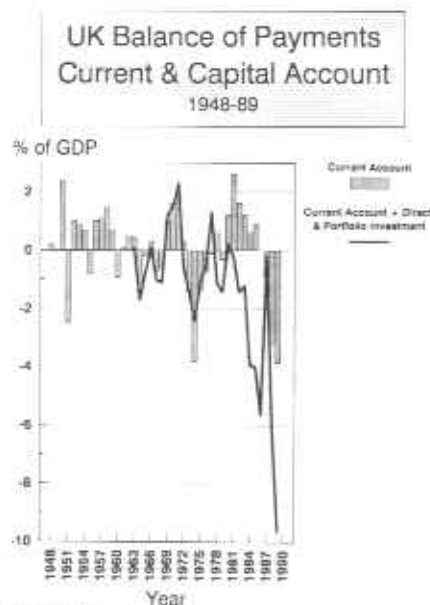
not only the trade deficit but also the outflow of capital.

As long as the working class resists this offensive the only way out of this situation for capital, one it has already embarked on, is devaluation. Only by a reduction in the price of British exports, which is what devaluation creates, can the trade gap be plugged. Simultaneously devaluation encourages inward investment — because it makes it cheaper for foreign companies to build plants or buy up assets in Britain. The devaluation of the pound from 3.1 Deutschmarks to 2.9 deutschmarks, at the time of Lawson's row with Walters and then his resignation, was therefore necessary. As Thatcher has decided to cap domestic interest rates further devaluations will follow.

Devaluation of the pound, however, creates further pressure on working class living standards by putting up the inflation rate — devaluation is not a substitute for attacking the working class but one of the ways of doing it. Internal government policy, notably limiting interest rate rises and squeezing public expenditure, is then designed to ensure that the effects of the fall in living standards is concentrated on the worst paid and those least likely to vote Tory. The entire weight not simply of the domestic decline of the British economy but of its absolute determination to maintain an imperialist orientation marked by export of capital hits the working class.

What is happening is that the entire historical decline of British im-

Figure 2



Source: CSO
Direct & Portfolio Investment Figures not available on comparable bases before 1963



perialism is being concentrated into more and more direct attacks on the working class. With the oil revenues no longer there to plug the gap — the surplus on trade in oil has fallen from £8 billion to virtually nothing this year — the rest of the domestic economy now has to bear the strain.

Labour's response to this is to ask the Germans to bail us out — this going under the formal name of membership of the European Monetary System. The EMS pools the official reserves of the EEC states, which means in practice the Bundesbank, behind defence of the pound. Flows of West German official reserves would replace short term private borrowing in keeping up the exchange rate. The quid pro quo is that none of the underlying problems, in particular the trade deficit and the consequences of the export of capital, would be tackled. Meanwhile the policies which the Bundesbank would require in return, notably deflationary policies in the British economy, would hit the working class equally severely. The Labour leadership is merely requesting that the yoke of maintaining British imperialism should be made slightly less heavy.

Taken overall there is no rapid way out for the British economy. On the contrary the recession setting in domestically will almost certainly speed the outflow of capital as the bourgeoisie seeks more profitable and dynamic economies into which to place its assets — worsening the investment situation in the British economy. The labour movement has to prepare itself for a prolonged and extremely severe crisis of the economy.

This situation determines both policy and tactics.

First it means that, even more than before, direct mass struggle is the decisive link in the class relation of forces. The government has no option but to try to hold down real wages, in particular in the public sector, and impose still more draconian cuts. The scale of offensive which is involved can only be reversed by direct struggles by the working class. A series of increasingly bitter disputes are in prospect — the ambulance crews dispute shows the shape of things to come.

Second the left has to imperatively develop its economic policy — indeed the fight on economic policy will become the central issue in the Labour movement. Because the working class needs some permanent way out of the attacks that are going to be launched against it while Labour's front bench promises only their continuation.

Third it means that the struggle in the whole next period is going to pass through, not bypass, the organisations of the labour movement. Only the trade unions are organisations powerful enough to fight back against the effects of the economic crisis. Working class demands for a Labour government to find a way out of the crisis will intensify — while, simultaneously, Kinnoch has less idea than ever before of any progressive way out of that crisis.

The deepening economic impasse will be a backdrop to a crisis that goes deeper and deeper into the labour movement. It is to that reality that the left must adapt its tactics.

'The entire weight of the decline of the British domestic economy hits the working class'

The deepening economic crisis, and the spectacular contradictions in the Tory government revealed by Lawson's resignation, mean the left faces a new political situation. It is one which will increase the left's opportunities as events unfold. But the short term effect of the Tory crisis is to strengthen Kinnock.
SYLVIA ASHBY argues that if the left is to advance it must avoid self-inflicted defeats it suffered over the last two years and develop policies, strategy and tactics adjusted to the new situation.

Rebuilding Labour's Left

The economic situation dominates not simply the prospects of the Thatcher government but the state of the labour movement confronting it — as revealed graphically at the TUC and Labour Party conferences. It also determines the tactics of the left.

The political effect of the economic crisis on the government's position is especially strong because for the first time Thatcher is hitting those amongst whom she received most support in the last period. The heyday of high oil revenues meant a high exchange rate of the pound, which in turn resulted in low inflation and cheap imported goods. The majority of those in work, particularly higher paid workers, gained substantially — average real wages rose 27 per cent in the decade from 1979 to 1989. It was those who were pushed out of the core of the dual economy — the unemployed, the low paid, the black community, part time women workers — who bore the brunt of Thatcherism. Skilled manual workers moved decisively to the right first under the impact of the Labour government's incomes policies from 1975, and then under Thatcher because of the impact of the economic concessions made possible by the oil revenues. This shift put the right wing back in control of the AEU in the late 1970s, consolidated Hammond's grip in the EETPU, and delivered the decisive votes to the Tories in 1979, 1983 and 1987.

But high interest and mortgage rates

particularly attack such workers. Polls, and election results in areas such as the West Midlands and South East, show skilled manual workers shifting sharply away from the government. The new mood in the AEU — rejecting amalgamation with the EETPU and the pressure for the fight for shorter hours — is a reflection of the same process in the trade union field. Although Thatcher's economic policy after Lawson is designed to limit the degree to which these workers are hit she cannot avoid them being so. The most important mass social base which Thatcher gained in 1979 is disintegrating.

The new problems in the 'core' sector of the economy takes place at the same time as pressure against low paid workers, particularly those in the public sector, will be stepped up still further by government spending cuts. The policy of Thatcher is now geared to prevent interest rate increases to try to avoid further hitting the higher paid workers who were won to the Tories. Its consequence is devaluation of the pound — which has already taken place — with knock on consequences in a higher rate of inflation due to rising import prices. With cash limits making an inadequate provision for inflation this automatically squeezes public spending.

In political terms the shift from Lawson to Major thus means forcing public spending cuts to bear a still greater weight of government policy — Major's first statement as Chancel-

lor was that: 'the economy is not regulated by interest rates alone.' Spending cuts include a savage pay policy in the public sector as well as further drastic measures in areas such as social security spending. But no matter how severe this squeeze, which will have major knock on political effects, it cannot be enough to prevent Thatcher having to attack those who have most supported her in the last decade.

Given the simultaneous problems in the 'core' and 'periphery' of the economy conditions for a much more united response by the working class, and much greater discontent among wider layers of society, are created. It is to this situation that the left must adapt its tactics.

From the point of view of the class relation of forces over the next period the decisive question will be whether the unions will be able to defend their members real wages against inflation. Here there is every reason to believe successes will be achieved by the working class. Last year shows that the unions are, to a measure unacceptable to capital, under pressure to defend their members wages including through serious industrial action. The government, in turn, is aware of this and is preparing for a new tightening of the screw against the unions — the 'victimisers' charter' unveiled at Tory party conference. The policy of the Tories on the trade union field will be to make it progressively more difficult

for unions to take official action and to clear the ground for victimisation of unofficial strike leaders. Their aim is to try to pick out selected groups of workers for crushing defeats — the latest chosen being the ambulance crews.

The government's problem is that the political atmosphere for such changes will be much less favourable than for 10 years — Thatcher will be languishing in the polls throughout the next year, with next spring's local government elections likely to be a rout — and public support may well side with the strikers, as was clearly the case with the NUR and has become the case with the ambulance crews.

The effect of this situation within the Labour movement has been apparently paradoxical but logical. Its most immediate effect has been to strengthen Kinnock as the working class both sees it as more urgent to remove Thatcher and believes it more possible to achieve this. This was graphically illustrated in the 'loyalism' to the party leadership which dominated Labour Party conference. But over the medium term the shift of the relation of forces against capital, which is what the present situation objectively involves, means that the left will inevitably be strengthened if it adopts the correct strategy and tactics. The problem is that over the last period the left has employed tactics which were directly counterproductive, confined it to a ghetto. It is absolutely vital that the left correct this if success is to be achieved.

The situation in the labour movement from which the left's tactics must flow was already clear at the TUC and Labour Party conferences — and will be reinforced by the crisis in the government created by Lawson's resignation. No attempt to remove the Labour leadership has any chance of success. But the conferences were prepared to vote against it on specific issues. This was underpinned by the reflection in the political field of the summer's upturn in struggle on the railways and underground, in engineering, by local government officers, in the health service and elsewhere.

The NUR conference, taking place during the rail dispute, voted to maintain its unilateralist commitment contrary to expectations. The TUC Congress saw a hardening of the TUC's position on trade union law. At Labour Party conference Kinnock stepped in to head off any challenge to his position on the unions but tension on this is going to remain — because capital demands that workers not be able to defend themselves against the conse-



quences of inflation and sections of workers are going to demand the right to do so.

While Kinnock succeeded in getting his way on unilateralism, trade union law, and the Policy Review as a whole the left had more success at Labour Party conference on individual issues than could have been foreseen — including on one crucial question on the economy and defence and on issues linked to the sexual and racial recomposition of the working class.

The most striking vote was undoubtedly for reducing the level of military spending to the same proportion of GDP as Western Europe. Ken Livingstone had systematically campaigned on this on the NEC for a year and by the beginning of conference indicated that he believed it would be possible to win a majority. But no-one imagined that it would get a two thirds majority. So considerable was the impact of this that even the AEU delegation, in confusion, voted for it.

All issues linked to the sexual and racial recomposition of the working class also achieved major support. Although WAC's proposal for a 40 per cent quota for women within 10 years was rejected the principle of quotas for women within the Party was accepted for the first time — opening up the fight over what level of quotas, with what time scale, and applied to which levels of the party. Kinnock's ridiculous proposal for a 'Black Socialist Society' with white members was crushed. The conference voted for equalising the age of consent for gays and heterosexuals.

Taking these trends overall the first move of the relation of forces against capital has temporarily reinforced traditional labourism — as the majority of the working class seek to solve immediate problems by turning

to the past. This is powerfully reinforced by the unions' urgent demand for a Labour government at all costs. This explains the overwhelming support for Kinnock and the Policy Review, the vote against proportional representation, and the current marginalisation both of the hard left and of the EETPU.

Yet labourism is the last political force in the labour movement with any way out of the present economic and political situation. That is why, despite Kinnock's strengthening, the left is able to make gains on military spending (which is key to both economic and defence policy), on the changing social composition of the working class, (on which the trade unions are under substantial pressure from the changing composition of their own membership), and on certain other issues.

The lines along which the left can advance are evident. Far wider layers than the 'hard left' are going to be propelled into struggle by the economic crisis and the recomposition of the labour movement. The hard left is the most determined and clear fighter for these needs. This objectively gives to the left the opportunity to break out of its isolation and link up with these wider forces. But to do this the left has to break with any tactics which put it in a *self-imposed* ghetto and instead consciously seek to link to wider forces on individual questions. That also requires that the left see itself not as an *opposition* but as a potential *leadership* of the labour movement — a hegemonic force in society. Simultaneously strengthening the organisation and politics of the left and uniting with sections of the centre on specific points are the way to advance.

The areas where the left can advance, and where tactics have to be oriented, are clear. The first, and most immediate, is that significant layers of workers are going to find themselves in struggle. The precondition for all else is that they are supported. Success in the mass struggle is the key link in the relation of forces. The type of activity which the Campaign Group excelled in at the time of the miners strike — mass meetings and vigorous campaigns in support of those in struggle — must be redeveloped for the next period. It means that the trade union conferences are going to be a vital arena next year.

What applies to individual struggles applies also to policy. The areas where the left has made, or can make, the greatest gains are on economic policy, with trade union rights strongly linked to this, on women,

'Kinnock's ridiculous proposal for a "Black Socialist Society" with white members was crushed'

black people and a number of democratic issues. They all extend beyond the 'hard left' — in the sense that pressure on them extends into the centre of the labour movement. The left has to take united front initiatives into the centre of the party and trade unions which can hope to win, or gain much wider support. All successful campaigns used that approach in the last period and any attempt to pursue alternative tactics inevitably ended in defeat.

The most serious example of a wrong tactic imposing a self-inflicted setback in the last period was the leadership campaign. But the most important example at the 1989 conference was on Ireland.

The Labour Committee on Ireland (LCI)'s fundamental tactic of the last year — building the Time To Go campaign by reaching out to wider forces — had brought major success — notably winning NALGO to a position of supporting British withdrawal from Ireland. This approach was abandoned for the duration of conference to be replaced by a meeting with Sinn Fein — inevitably dominated not by the issue of whether Britain should get out of Ireland, or free speech on the issue, but the attitude to Gerry Adams in light of the Deal bombing.

The struggle against British domination of Ireland suffered the results — with the debate on Ireland making little impact at conference, no pressure being applied to currents like those represented by Clare Short, and no gains being made for British withdrawal. The people of Ireland suffered a setback.

Another failure over a longer period was the failure of the left in not organising to defend unilateralism. Here sections of the left had switched their emphasis from unilateralism to NATO and non-alignment. Adequate preparation was not made to defend unilateralism.

The areas where gains were made were those where the correct tactics were applied. The most central came on military spending. Livingstone campaigned for cutting military spending to the same level as Western Europe. He had put pressure on the 'soft left', increasing support for this from 4 to 10 votes on the NEC — and a parallel campaign had been going on at a number of trade union conferences which left Sawyer and the NUPE delegation, for example, with no option but to vote for the resolution. By means of a hard left campaign drawing in far wider forces on a specific issue success was gained.

On economic policy, after an initial

rallying around Kinnock, the issue can also be pushed in the direction of the left over the medium term. The entire private sector of the economy is manifestly failing. Furthermore privatised firms are not a success. Discontent with British Telecom is still rife. The international competitiveness of British civil aviation has collapsed since the privatisation of British Airways. Water and electricity privatisation are massively opposed. All this is in addition to the central problems of the balance of payments, interest rates, and inflation.

The overall effect is a shift in favour of intervention in the economy — a poll in the *Guardian* on 20 September found a 38 per cent to 29 per cent majority for the view that 'more socialist planning would be the best way to solve Britain's economic problems', 62 per cent to 20 per cent against privatisation of profitable industries, 58 per cent to 21 per cent for better public services even if it meant higher taxes, and 71 to 18 per cent believing that 'there is one law for the rich and another for the poor'. The economic climate is turning against the free market to one where discussion of socialist economic solutions will appear far more relevant.

Closely tied to the economy are trade union rights. The success of the government's strategy depends entirely on holding down real wages next year. As the Tory government cannot move towards controlling real wages by a 'corporatist' link with the trade union bureaucracy — to do so would be to abandon its entire political and economic strategy — its sole policy is to attempt to crush groups of workers in struggle and to intensify laws against the unions.

Discontent on Labour's policy on the unions extends beyond the hard left — as was shown at the TUC Congress and Ron Todd's call, under the pressure of the dock's strike, for trade unions to be granted immunity in law against tort (being sued for damages). The trade union laws are another opportunity for the left to reach out to much wider forces on a vital issue.

The third area in which it is possible to advance is the continuing effects of the sexual and racial recomposition of the labour movement. This is also directly linked to the economic crisis as it is against women and black workers that capital will try to deliver its hardest blows.

The position of women and black people in the working class, and the consequences of the huge increases in their numbers, has an effect going far

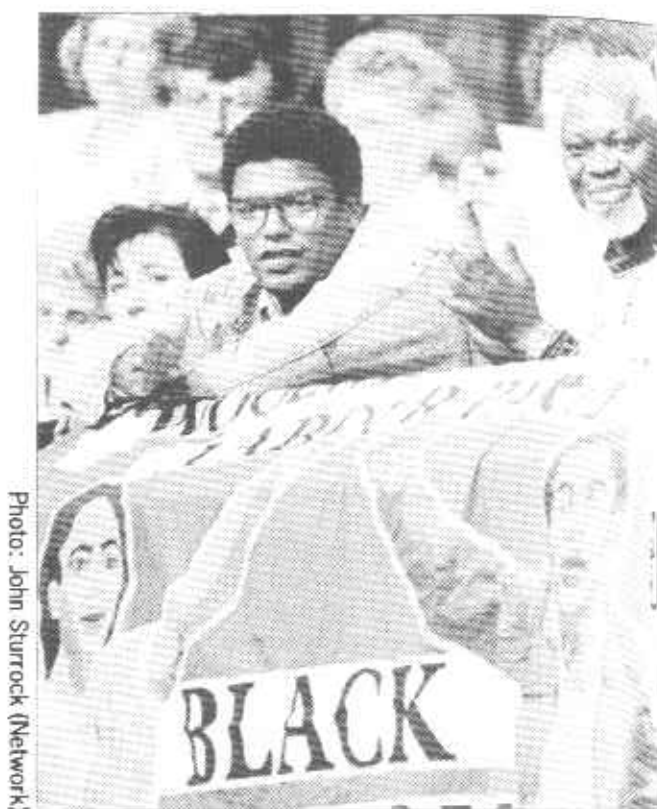


Photo: John Sturrock (Network)

beyond the hard left. The whole trade union movement, and Labour Party, are under pressure to respond. If correct tactics are employed the left can considerably advance. If the wrong ones are adopted it, on the contrary, can suffer sharp defeats. Two clear examples of this are on Black Sections and quotas for women.

At the 1987 conference the Black Section found itself on the defensive because of the witch hunt launched against it over Sharon Atkin. Following the conference a splitting operation was launched by the Labour leadership, via an article in *Tribune*, which floated a Black Socialist Society. The aim of the party leadership was that the Black Section leadership should reject this. This would have enabled the party leadership to split the Black Section, reduce it to an irrelevant rump, and either bury the issue or set up a purely puppet organisation. Straightforward rejection in principle, playing into the party leadership's hands, was advocated by *Labour Briefing* and would have wrecked the Black Section campaign.

Instead the Black Section leadership refused to fall into Kinnock's trap and actively supported the proposal of the NEC working party for a unitary black socialist society — utilising pressure on Bill Morris and the TGWU to do this. As this would have established the principle of a black only unitary organisation it would have taken black self-organisation forward — at a tactical level its leadership would also eventually have been won

'The success of government strategy depends entirely on holding down real wages next year'



by black section supporters. Exactly for that reason it was unacceptable to Kinnock/Hattersley who inserted the ridiculous provision that whites could join. Kinnock's position was then squelched by the conference amid general ridicule — the single most embarrassing debate for the party leadership in the entire week.

Far from Black Section being isolated and split it scored a major tactical victory over Kinnock. The proposal for a black-only socialist society was only narrowly defeated and support for Black Sections themselves saw no significant decline despite the overall shift of conference to the right.

Naturally this does not end the issue. The right will regroup around a 'multi-ethnic' affiliation. A new struggle will now emerge, but one for which the Black Section is stronger rather than isolated and defeated as it would have been.

The same issue arose on the question of women's representation in the party. At present the Labour Women Action Committee (LWAC)'s demand for Labour Women's Conference to elect the five NEC women's places is not going to be adopted — indeed the party leadership is threatening to completely reorganise the NEC. The election of the five women's places would not by itself be enough to drastically affect the position of the majority of women in the party.

An opening came however via another angle. At the 1988 party conference LWAC decided to broaden its offensive by utilising the decision of

the West German SPD to adopt a 40 per cent quota for women. LWAC launched a campaign on this in the Labour Party through a fringe meeting with a representative of the SPD's women's organisation at the 1988 conference.

At this year's party conference *Labour Briefing* and Women for Socialism denounced WAC for 'betrayal' for taking up the quotas issue. This did not stop these same forces denouncing WAC for remitting its resolution after a vote in principle in favour of quotas — to avoid the 40 per cent in 10 years being voted down by conference which would have been a serious setback. The same individuals who had attacked the position an hour earlier were now denouncing LWAC for selling out when the resolution was remitted! LWAC over the last year helped shift the issue of quotas decisively onto the agenda of the Labour Party — so much so that the LCC and NUPE are now trying to claim the issue as theirs. Failure to make the issue of quotas absolutely central would have been disastrous.

In reality in every campaign in the last two years two lines have been advocated. The first sought to strengthen the organisation of the left while dragging in the centre of the party on individual questions — this was the line pursued by Labour Left Liaison. The second by *Labour Briefing* adopted tactics which narrowed the left down to a tiny group. Only Labour Left Liaison's tactics led to success. In

every case where *Labour Briefing's* line was implemented it led to disaster.

● *Briefing* violently opposed the Campaign for the Reinstatement of Amir Khan and Kevin Scally (CRAKKS) when they were expelled. CRAKKS won over 2 million votes at the 1987 conference and forced Khan and Scally's reinstatement in the Labour Party. If *Briefing's* line had been followed Khan and Scally would still be outside the Labour Party.

● At the 1988 Labour party conference *Briefing* called for the Black Section to oppose the composite for a Black Socialist Society. If that had been done the Black Section would have been isolated and split, an NEC working party would have set up a black and white minstrel society on Kinnock's lines, and the conference would have passed it. *Briefing's* tactics would have severely defeated the Black Section campaign.

● *Briefing* opposed the establishment of the Time to Go campaign which has done more than anything for years to raise the issue of Ireland — including winning NALGO to British withdrawal.

● As already noted *Briefing* opposed the campaign for quotas for women at the 1989 conference.

● *Briefing* were the chief advocates of the leadership campaign which so severely set back the left.

But these positions, which seriously damage the left, are not accidental. They follow from a thoroughly wrong political framework.

For *Briefing* the bureaucracy, not capital, is the main enemy. The aim is not to find the line of divide with capital — therefore to defend unilateralism, or establish a black socialist society, or quotas for women — but with Kinnock — hence unilateralism is not radical enough, a black socialist society has to be opposed because Kinnock might support it, and quotas cannot be fought for because NUPE or the LCC support them.

But the great bulk of the working class are not interested in such antics. They fight capital, not the bureaucracy for the sake of it. By drawing the line of divide in the wrong, and ultra-left, place *Briefing* severely weaken and setback the class struggle and the campaigns they are involved in.

The people of Ireland, women, and black people pay the consequences for a sectarian political project.

In the next period the left has the opportunity to break out of isolation. But to do so it has to break with policies that confine it in that ghetto.

It has the duty to those it exists to defend to do so.

'In the next period the left has a duty to break out of its self-imposed isolation'

The Stalinist bureaucracy is nothing else than the first phase of bourgeois restoration — Trotsky

Everything which is happening in Eastern Europe today, particularly in Hungary and Poland, is comprehensible once the analysis of Trotsky, penned 50 years ago, in the title of this article is understood. Stalinism is not an independent class formation, but the product of the clash of two contradictory class forces — the working class and imperialism — one of which must finally prevail. Stalinism, however, in the final analysis, serves the latter. If it disintegrates without a mobilisation of the working class, and the development of a leadership capable of defending the workers' state, Stalinism can give way only to capitalism. Furthermore by the blows it strikes against the working class Stalinism is a fundamental aid to this process. GEOFFREY OWEN describes the unfolding of this dialectic in Eastern Europe today.

Stalinism in Eastern Europe is disintegrating. In 40 years it has failed to build any base of popular support. Even the tiniest democratic reforms have revealed the universal rejection of Stalinism.

What Stalinism has done is demobilise and atomise the working class, stifle economic development and, by its complete failure, created widespread illusions in capitalism as a way out of the impasse it has caused.

The country in which this process first developed is Poland. Solidarnosc emerged in 1980 as a mass trade union movement opposing price increases, defending workers' living standards, opposing the privileges of the bureaucracy and moving clearly to the left with the adoption, in 1981, of a programme for workers' self-management of the economy.

But today, as a result of the demobilisation of the Polish working class under martial law, right wing pro-market currents predominate in the leadership of Solidarnosc. Stalinism, which suppressed the radical left wing currents, can and does coexist with these pro-capitalist forces.

The programme of the Mazowiecki's government and the basis of the political agreement between Polish Stalinism and the right wing of Solidarnosc in the new government is an economic programme, first for marketisation, and then for the restoration of capitalism through the privatisation of Polish industry. As Lech Walesa put it: 'Nobody has previously taken the road that leads from socialism to capitalism. And we are setting out to do just that.' (*Observer*, 29.8.89)

Today the degeneration of Hungarian Stalinism has become, if anything, even more advanced. In October the Hungarian Communist Party congress decided to transform itself into a social democratic party committed to the restoration of capitalism and the creation of a bourgeois democracy in Hungary.

This was done to try to avoid annihilation in next June's planned parliamentary elections. The congress was a big victory for the right wing, so-called 'reform communists' led by Imre Pozsgay, the party's candidate for president. The new party logically corresponds to the pro-capitalist economic programme that has been progressively adopted by the Hungarian Stalinists.

The programme of the government was set out clearly in a memorandum to the group of 24 capitalist states giving aid to Poland and Hungary in August this year. The Hungarian govern-

ment promised an irreversible shift towards a market economy and integration into the Western European economic order: 'establishment of the institutional system of the market economy' even though this would mean 'substantially larger growth of unemployment as a result of the accelerated structural changes and closing down unprofitable enterprises.' (*Financial Times* 3.8.89)

This specifically includes trying to sell off Hungary's main industries to the West: 'As part of a privatisation drive, Foreign Trade Minister Tamas Beck set off through Western Europe this February hawking a portfolio of Hungary's 50 largest companies to potential Western corporate buyers.' (*Business Week* 5.6.89)

The state's monopoly of foreign trade has been abolished and 1500 Hungarian companies trade directly with the West.

The consequences of this are well understood. As the president of the new party, Reszo Nyers, put it: 'It seems to me inevitable that in the first phase the economic reforms will lead to the emergence of a very rich social layer.' (*Le Monde Dossiers et Documents* October 1989).

But Hungary remains a workers' state albeit bureaucratically deformed. This means that, just as the capitalist state apparatus fights the overthrow of capitalism, so too elements of even the deformed Hungarian workers' state try to preserve their own position against the restoration of capitalism.

So the right wing, pro-market 'reform communists' and the pro-capitalist opposition parties, in addition to dealing with the main obstacle — the working class, want to dismantle key elements of that apparatus under the banner of 'depoliticising' various institutions.

On 18 October the Hungarian parliament abolished the 'Peoples' Republic' and approved a new constitution which states: 'The Hungarian Republic is an independent, democratic, legal state in which the values of bourgeois democracy and democratic socialism prevail in equal measure.'

The next day parliament ordered the dismantling of the Communist Party's workplace organisation — where more than 60 per cent of its branches are located. The decision, to abolish party cells in the factories this year, and in the army and police force next year, was carried 279:44 with 12 abstentions.

This vote overturned the decision of the previous week's Communist Party congress to maintain workplace or-

ganisation. Seventy per cent of Hungary's MPs were members of the Communist Party. So the party has lost control of its parliamentary faction.

On 20 October the Hungarian parliament deputies agreed to disband the 60,000-strong Workers' Guard — the armed wing of the Communist Party. Again the vote overturned a party decision to leave the body unarmed but intact.

The claimed 700,000 members of the old Communist Party have evaporated with only some tens of thousands joining the new Hungarian Socialist Party (HSP) which has replaced it and the polls show them receiving only a third of the vote — and that rapidly declining.

But while the pro-capitalist 'reform communists' are a useful bridge towards the restoration of capitalism they are certainly not the final political instrument of international capital in Hungary, nor of its Hungarian supporters. That requires not renegade Stalinists but direct capitalists. So every blow the 'reform communists' deliver to the planned economy and the workers' state makes them more dispensable in favour of capitalist political forces.

The capitalists fully understand that themselves. As the *Financial Times* commented CP's congress: 'Two conclusions emerge from this great weekend's work. One is that reform communism is a means of transport, not a destination... The second is that the reformers can expect no gratitude from their own people.' (19.9.89)

Thus Imre Poszgay's plan to become Hungary's first social democratic president by holding presidential elections as soon as possible has been blocked by opposition parties who collected 200,000 signatures demanding that the form and timing of presidential elections be determined by a referendum. That referendum will now take place on 26 November.

The goal of the HSP for a coalition has been made quite clear, in the words of Rezső Nyers: 'A coalition is possible and desirable... For my part, I imagine a coalition between the left and the centre.' (*Le Monde Dossiers et Documents*, October 1989).

Within the Mazowiecki government in Poland, whilst the Stalinists continue to control the main levers of the state apparatus, the free market wing of Solidarnosc controls the key economic ministries.

This means, not a break with, but a radical deepening of the economic policy began by the Stalinist Rakowski government which preceded it. The



Stalinists reserved a place at the trough for themselves: 'Rakowski's 'privatisations', handed chunks of it [Polish industry] over to the party nominees, or nomenklatura, who have often formed joint ventures to control what was the state's and become rich in the process.' (*Financial Times* 30.8.89)

Leszek Balcerowicz, the new Finance Minister explained his position: 'We have an unrepeatable chance of implementing not only political but also economic change in the direction of a western style free market economy.' (*Financial Times* 9.9.89)

Appropriately enough, the new government unveiled its economic programme, not in the Polish parliament, but at this year's joint annual meeting of the International Monetary Fund and the World Bank in the United States.

At the meeting Leszek Balcerowicz circulated a timetable for the privatisation of the Polish economy including, over the next six months sharply cutting subsidies on food and fuel prices, which will mean a sharp reduction in real wages. 'The new government will also carry out a series of crucial institutional reforms to begin almost immediately. A new privatisation law will be introduced by the end of this year, with the aim of transforming much of Poland's state sector into joint stock companies owned by Poles and foreign investors.' (*Financial Times* 26.9.89)

The proposals were most welcome to the assembled capitalist bankers: 'Sometimes an onlooker has to pinch himself to make sure he is still awake. Here, in the midst of this year's rather boring annual meetings of the IMF and the World Bank, is Poland's new Finance Minister Mr Leszek Balcerowicz, proposing to transform one of eastern Europe's shakiest command economies into a market economy — and in short order, too.' (*Financial Times* 29.9.89)

On 18 October the Polish government appointed a minister for privati-

sation, Dr Kristof Lis. Lis announced his programme at the launch of a joint Polish government and Adam Smith Institute seminar in Warsaw on the day of his appointment. The seminar was sponsored by the British Foreign Office and attended by representatives of companies such as Morgan Grenfell, Price Waterhouse and Ernst and Young, which have handled the privatisation of state industries in Britain.

At the seminar a paper, approved by the Poland's Council of Ministers, was distributed which set a two-year deadline to turn Poland into a capitalist economy. In the short term it predicted rising unemployment, big price rises in basic goods and wage curbs and said these would be the price the International Monetary Fund was likely to exact for re-scheduling Poland's debts and making the zloty a convertible currency. It proposed the first privatisation of shops and businesses by Christmas; further price rises and worker lay-offs from over-manned industries by early next year; and a series of new laws set up for a capitalist economy. A stock exchange was proposed by next October. Emergency measures such as food coupons and soup kitchens are proposed to help the poorest. According to the paper a new health insurance scheme is also being planned to replace free medical care. (*Guardian* 19.10.89)

The chance to restore capitalism in part, at least, of Eastern Europe, has been warmly welcomed by imperialism. Imperialist intervention is being co-ordinated through the group of the leading 24 capitalist states by the European commission. Increased aid to Poland is conditional on the government reaching an agreement with the IMF.

George Bush responded to the economic programme of the Polish government: 'We understand the Polish government has under consideration a bold plan for economic recovery... I call on the IMF and World Bank to work rapidly with Poland to develop such a programme and ensure its successful implementation. The US intends to be out in front of this effort, to take advantage of this historic development and to ensure its success.' (*Financial Times* 28.9.89)

This was followed by the decision of the European Community to provide an additional \$330m in aid. The next day Bush proposed increasing US aid by \$200m bringing total US aid to \$427m. The Democrats in Congress and the Senate wanted this figure to be doubled and to be agreed in time for Lech Walesa's address to a joint ses-

'Gorbachev's concessions make the world a more and more dangerous place'



Jaruzelski and Mazowiecki

sion of the US congress on 15 November this year.

The West German government will guarantee loans backing hard currency earning projects in Poland to the tune of three billion marks.

The Italian government has also promised \$400 additional export credits. Even the minor imperialist powers are getting in on the act. On 28 October the foreign ministers of four so-called neutral states — Switzerland, Sweden, Austria and Finland — met to coordinate their aid to Poland and Hungary.

The developments in Hungary and Poland then had a knock-on effect.

In exchange for American and West German aid the Hungarian government helped turn the screw on East Germany: 'Mr Mosbacher (US Commerce Secretary) said President George Bush would make Hungary a Most Favoured Nation trading partner with maximum tariff concessions if, as expected, Hungary enacted legislation on freedom of emigration by the end of this month. Hungary's decision to open its border with Austria — and thereby allow thousands of East Germans to flee to the West has been the most visible display of its relaxed policies.

'Mr Mosbacher said in Budapest: "An agreement is fundamental for private sector business because it would contain investment protection guarantees which boost confidence and open the way for substantially increased private investment."

'He said US businesses should set up Eastern Europe's first US Chamber of Commerce in Budapest. "I believe the time is ripe for American business to establish a Chamber in Hungary." (*Financial Times* 19.9.89)

'Mr Kohl yesterday met in Bonn Mr

Gyula Horn, the Hungarian Foreign Minister. The Chancellor made clear the sympathy Budapest now enjoys in West Germany as a result of its help in allowing out to the West tens of thousands of East German fugitives this autumn.' (*Financial Times* 14.10.89).

The policies being pursued in Poland and Hungary are only possible with the support of the Soviet bureaucracy.

On 11 October, the leader of the Polish Communist Party, Mieczyslaw Rakowski, met Mikhail Gorbachev and reported; 'Comrade Gorbachev approved of the policy of our Prime Minister Mazowiecki.' (*Financial Times* 12.10.89)

Gorbachev explained the Soviet bureaucracy's policy to the Council of Europe in July this year: "The social and political order in some particular countries did change in the past, and it can change in the future as well.

The Soviet bureaucracy, pursuing to its ultimate logic the line of socialism in one country, would permit no such development in the USSR itself, as shown in its bellicose threats against the Baltic republics, but would almost certainly accept a capitalist restoration in Eastern Europe if it permitted the guaranteeing of Soviet military interests in Eastern Europe. The fact that this is impossible means that we will see whether the counter-revolutionary line of the Soviet bureaucracy in Eastern Europe will prevail.

On 29 October, Nikolai Chichline, a member of the international department of the Soviet Communist Party's Central Committee, said on American television, that Hungary was free to leave the Warsaw Pact.

Gorbachev is offering imperialism major advances in Eastern Europe and

the strangulation of third world national liberation struggles in exchange for reducing the military and economic pressure which imperialism has been stepping up against the Soviet Union since 1979.

But every concession to imperialism simply makes it come back for more. It wants Hungary. It wants Poland. It now believes it may be able to get a united capitalist Germany — although naturally French imperialism wants some specific safeguards on this. In short every time imperialism gains one point it increases its demands — including eventually the dismembering of the Soviet Union itself. That is why Gorbachev's concessions don't bring peace, they make the world a more and more dangerous place. The restoration of capitalism in Hungary and even more so Poland would just bring capitalist troops hundreds of kilometers nearer to the Soviet border. It would make imperialism more aggressive everywhere in the world.

Jeffrey Sachs, professor of international economics at Harvard university and a key economic advisor to Solidarnosc spelt out who will be expected to pay for the restoration of capitalism in Poland: 'Cutting the deficit requires a deep cut in subsidies on consumer goods — for example, coal and gasoline. As subsidies are cut, workers' real wages are eroded while prices of consumer goods jump ahead.

'If workers insist on wage increases to recoup their lost ground, not only does the wage-price spiral intensify, but the deficit widens again, as higher labour costs counter-act the subsidy cuts. So if the budget is to be balanced, as it must be, wages cannot be allowed to keep up with the higher prices that result from the subsidy cuts... real wages will have to fall when the subsidies are cut...

'Nonetheless, cutting subsidies is frightening to the government and to the public — especially since the size of the cuts as a proportion of GNP will exceed the deficit cutting that the United States hopes to accomplish under Gramm-Rudman during a five-year period! Not surprisingly a sense of panic now pervades Poland, especially as the public stares at higher coal prices as winter approaches.

'A rock thrown at a bakery window by a disgruntled worker could set off a chain of violence that could stall or reverse the reform process. Or populist politicians could paralyse reform efforts by holding before the public the illusion of an easier way to end inflation (such as a price freeze, which would gravely worsen shortages, and

'Capitalist restoration in Hungary or Poland would just bring capitalist troops hundreds of kilometers nearer to the Soviet border'

so be short-lived).

'In earlier years, subsidy cuts in Poland prompted riots, as they have this year in Argentina and Venezuela. The risks in Poland are special, for the police and internal security forces remain outside Solidarity's control.' (*International Herald Tribune* 31.10.89)

Thus there are two big obstacles to the restoration of capitalism in Poland and Hungary. The first is the working class — which will objectively defend itself against the assault on its living standards inherent in the pro-capitalist policies. This confirms that, as Trotsky pointed out, it is the working class not the bureaucracy which defends the workers states — the bureaucracy is an instrument which sabotages them. The second is the significance for the geo-political/military situation of the USSR of the establishment of a capitalist Poland — not to mention East Germany itself. A capitalist Poland would not remain within the Warsaw pact — contrary to the absurd delusions of the Soviet bureaucrats in this. A capitalist East Germany would merely reunify with the West — a prospect at which even the Soviet leadership would hesitate.

Here Poland and Hungary must be distinguished. The Hungarian working class has nothing like the experience of mass struggle and organisation which the Polish working class has accumulated since 1980. In addition Hungary is far less decisive to the military strategy of the Soviet Union than Poland through which the lines of communication between the Soviet Union and East Germany run.

Nonetheless even in Hungary: 'There is widespread popular mistrust of both establishment and opposition, based on fear among workers that economic reforms will lead to mass unemployment. Directors of state factories have been bombarded with queries from suspicious workers asking whether it was true that the plants were to be sold back to their former private owners.' (*Financial Times* 7.8.89)

In Poland, whatever ideological illusions exist in capitalism and the market, their real affects have already, and will in the future, provoke mass resistance from the working class. The Polish Stalinists had to turn to the right wing of Solidarnosc for support because it became impossible for them to carry through their economic programme against the massive resistance of the Polish working class.

Furthermore a minority wing of Solidarnosc, particularly around the Polish Socialist Party-Democratic

Revolution, continues to stand on its 1981 left-wing programme. These forces oppose privatisation, price rises and support the right of the workers' to strike against these policies.

Solidarnosc was created to defend the living standards of the working class it will not be so easy to use it to police an attack on them. Lech Walesa recognises this: 'I am not looking to build a strong union, because a Solidarnosc with ten million members would be a club against the government, and I do not want to hang anybody. Today, you have to be Polish before being a unionist, and such an attitude imposes a different scale of values: first of all the economy, and after that everything else.' (*International Viewpoint* 18.9.89) It is hardly surprising therefore that the membership of Solidarnosc remains less than three million compared to ten million in 1981.

So, whilst opinion polls of attitudes towards the new government at first showed two out of three giving the government a good chance of overcoming the crisis, that honeymoon could rapidly end as its policies bite.

As Stalinism in Eastern Europe is convulsed by its deepest ever crisis it confirms the accuracy of Trotsky's analysis. Stalinism is a bonapartist force resting on the clash of two more fundamental powers — imperialism and the working class. It is unstable precisely because the clash of class forces which gives rise to it constantly seeks resolution in either the elimination of the workers' states and

'There cannot even be any talk of a bloc between the Left Opposition and the Right Opposition'

the restoration of capitalism or the extension of the socialist revolution into the rest of Europe.

This bonapartist nature of Stalinism explains why, in its present deepening crisis and weakening, the fundamentally opposed class lines described by Trotsky are re-emerging as political forces in Eastern Europe.

This is precisely what has already happened in Poland with the emergence of pro-capitalist forces with whom Stalinism is allying and the simultaneous emergence of, much weaker, left wing forces which oppose the move towards capitalism as well as the Stalinist bureaucracy.

Whilst explaining the fundamental responsibility of Stalinism for the crisis in Eastern Europe, therefore, it is vital for socialists to support and give practical solidarity to the anti-capitalist political currents, like the PPS-DR, which are starting to emerge and oppose both the bureaucracy and the pro-market, pro-capitalist forces which at present are stronger and receiving massive support from imperialism.

Trotsky put it perfectly in regard to both the left opposition to Stalinism and the right wing, pro-capitalist, opposition: 'Two irreconcilably opposed tendencies are usually listed under the label of opposition: the revolutionary tendency and the opportunist tendency. A hostile attitude toward centrism and toward the 'regime' is the only thing they have in common. But this is a purely negative bond... For this reason there cannot even be any talk of a bloc between the Left Opposition and the Right Opposition. This requires no commentary.' (*Writings*, 1929)

Finally tasks in the west include not only solidarity with the genuine socialist currents in Eastern Europe, which do not include the Stalinists, but also fighting the economic nutcracker imperialism is applying to the East European economies.

For nothing could be more farcical than the view that the Soviet Union and Eastern Europe today represent a military threat to the West. They can scarcely keep their own economies together, let alone threaten anyone else. The West European left should be demanding sharp reduction of military spending in Western Europe, the withdrawal of foreign troops from all European states and for the cancellation of the debts to the capitalist banks.

An immense historical drama is being enacted before our eyes — the final and logical degeneration of Stalinism. Anyone who ever believed there was any progressive content to it whatever need only look at what is unfolding in Eastern Europe today.



A capitalist reunification of Germany?

As *Socialist Action* goes to press a huge wave of demonstrations against the East German Stalinist regime is unfolding with enormous consequences for world politics.. ALAN WILLIAMS explains the decisive question of German reunification.

The East German bureaucracy, at the instigation of Gorbachev, responded to the crisis by removing the neanderthal Stalinist general secretary Honecker, and then by the resignation of the entire government and Politburo.

After initially hesitating the West German bourgeoisie has intervened by calling for the reunification of Germany into a capitalist and imperialist state. This places the single most important question in European state politics, the reunification of Germany, directly on the political agenda.

Three clear positions have been put forward in West Germany. The first, articulated by Kohl in his speech to the West German parliament on 9 November, claimed the division of Germany was 'unnatural' and must be brought to an end by reunification into a dominant West Germany — a united Germany with 'a constitution modelled on ours'.

The Greens argued against reunification today and for full diplomatic recognition of East Germany — which West Germany's 'Ostpolitik' of the early 1970s did not grant. The SPD said that all East Germans were welcome in West Germany — but they should not come.

The stakes in this for world politics could not possibly be higher. It is the greatest crisis Gorbachev's course in Eastern Europe has faced.

Unlike Hungary or Poland a capitalist East Germany would have no reason for existing. Such a state would inevitably unify with West Germany into an imperialist Germany.

The reality of that for world politics would be clear. The creation of a united capitalist German state, as dominant partner in the EEC, would establish the second greatest imperialist power in the world. It would confront the USSR with a German state which would rapidly become as great an economic and military power as itself. No German imperialist state, with that economic and military weight, would respect any assurances of neutrality or disarmament — no matter what might

be said to achieve such reunification.

A united, capitalist Germany would mean a new situation in world politics. The post-war world would no longer exist and one would have to speak of a new world political situation — that following German reunification.

Imperialism would undoubtedly take this as the signal to try to overturn every advance of the international class struggle — starting, but not finishing, with Nicaragua and then Cuba.

The response of the East German regime so far has been to try to make concessions while maintaining bureaucratic power. But such a position is not credible.

The crisis in East Germany reached its head because the Hungarian regime, in return for funds from West Germany, started to allow refugees from East Germany to travel to the West. With an exodus, so far, of one per cent of its population, concentrated in its most skilled sectors, and with the threat of many more to follow, the East German regime was brought to its knees.

Even if he wished to, Gorbachev could not control the situation in East Germany without altering the entire development in Eastern Europe.

So far the demonstrations in East Germany, despite the attempts of the West German government, have not turned to reunification — the watchword of the German right. Indeed support for socialist solutions in East Germany is significantly stronger than other East European countries — as the press has noted. There are clearly socialist currents in East Germany to the left of the ruling Socialist Unity Party (SED) — as in Poland and the USSR.

One of these, the *Bohlen appeal*, argues that: 'The example of the Hungarian People's Republic shows that in these conditions [the crisis of 'actually existing socialism'], uncritical borrowing from the arsenal of market regulators in an attempt to carry out economic reform itself produces crises and social differentiation.

'If here in the GDR reforms that are overdue in view of accumulating political, economic and social problems are allowed to lead to a "leap into the dark", there are real dangers of a sell-out to capitalism or a military dictatorship with a neo-Stalinist option.'

It specifically criticises the West European social democratic and Communist Parties: 'the disillusionment of the working people with the ineffectiveness of the social democratic welfare state model favours the continuing neo-conservative turn...'

'The decline in influence of the West European Communist parties and their galloping social-democratisation deserve the adjective 'drastic'. The internationalism of the mass Communist parties has in fact ceased to exist, and they can hide behind the still functioning but nonetheless pitiful social-democratic internationalism.'

The manifesto attacks Gorbachev, expressing concern that his course will 'destroy more than a blockade against a real socialist development... the political intervention of the West through "economic cooperation" is much greater...' and goes on to 'firmly reject any 'replacement' of political-bureaucratic oppression with capitalist exploitation.'

It calls for the unification of the left on the basis of: 'The predominance of social ownership of the means of production as the basis for socialist socialisation... Political democracy, a state of laws, consistent application of all human rights... Restructuring of industrial society to conform to the needs of protecting the environment.'

The Bohlen manifesto states that: 'We believe that the GDR especially is facing a historic chance to renew the conception of socialist society. If it is missed, this will have consequences that, perhaps not only in our country, will suspend the perspective for a socially just collective life guaranteeing the full development of every member of the society.'

Germany is the final test of the politics of Gorbachev. In East Germany socialist currents against both its own Stalinist bureaucracy and Gorbachev exist. Gorbachev himself has brought the international working class face to face with the question of its greatest defeat since the coming to power of Hitler — for that is what the imperialist reunification of Germany would be.

Today, as so often in the past, Germany is the fulcrum of world politics.

The eruption of political crisis in East Germany, just as we were going to press, means we have held over the advertised interview with Boris Kagarlit'sky until the next issue.

'A united, capitalist Germany would mean a new situation in world politics.'

Fight for the forest

Fight for the Forest, Chico Mendes in his own words, is the Latin America Bureau's homage to the Brazilian trade unionist who fought a life and death struggle to defend the Amazon rainforest, threatened with total destruction by a powerful mix of local landowners, multinational companies and corrupt politicians. JAVIER MENDEZ reviews the book.

Fight for the Forest, Chico Mendes in his own words
Latin America Bureau,
1989, £2.95

On 22 December 1988 Chico was assassinated at the orders of the Acre landowners for having organised his fellow rubber tappers into resisting eviction from the forest to burn the trees, turn half the land into pastures to fatten cattle to produce hamburgers, and leave the other half idle for land speculation.

His assassins were led by Darci Alves, son of a powerful local landowner, who confessed to the murder. He is at present in detention but enjoying the support of the authorities, local landowners and judicial system.

By 1985 Chico had an international reputation as a campaigner in defence of the rainforest; he had advised the World Bank and the Inter-American Development Bank on Amazonian developments; in 1987, he was awarded the Global 500 Prize from the United Nations and a medal from the Society for a Better World; and in 1988 he was made an honorary citizen of Rio de Janeiro.

Fight for the Forest is a series of interviews with Chico Mendes, president of the Xapuri Rural Workers' Union, member of the National Council of Rubber Tappers, member of the national council of the Brazilian Trade Union Congress; and an activist in the Workers' Party.

The interviews are interspersed with useful historic, political and technical information.

Chico grew up and became a rubber tapper in

the Amazon forest; his income, political views, strong ecological commitment and, indeed his whole life were derived from, or depended on the existence of the forest. His commitment to its defence was total, for instance in a letter shortly before his death he wrote that if he were assassinated: 'I don't want flowers at my funeral because I know they would be taken from the forest. I only want my assassination to serve to put an end to the immunity of the gunmen.'

The reference to his possible death in the letter was prompted by the knowledge that the landowners considered his political and trade union activities a mortal threat.

Fight for the Forest explains that assassinations of workers, Amazon Indians and union activists have been taken place with impunity for many years. Only when Chico's death hit the headlines in Europe and the US did international public opinion become aware of the Brazilian landowners' reign of terror, who count on the authorities turning a blind eye, if not their outright complicity and cooperation to carry out the murders: 'Chico's death was number 90 in 1988's catalogue of murders of Brazilian rural workers and their supporters — church outreach workers, lawyers, education workers.' (p1).

The book reveals the harsh conditions that rural workers and Amazon Indians have endured for more than a century at the hands of local landowners. Chico 'was a rubber tapper who learned to read and write when he was about twenty years old, he was not a man of letters but a man of words and deeds. In the face of armed violence,



he led a movement which used peaceful forms of resistance. In response to deforestation he proposed extractive reserves. To end the semi-slavery of the rubber estates, he fought for the right to work autonomously and collectively'.

By 1988, he had assembled a formidable alliance of nearly 30,000 rubber tappers, Amazon Indian, ecology activists, anthropologists, church lay and human rights activists and trade unionists who posed a powerful challenge to landowners, government developers and multinational companies who have been destroying the Amazonian forest at an unprecedented rate. Furthermore, his union held a National Congress of Rubber Tappers involving workers' organisations from the whole Amazon region.

But the Xapuri Rural Workers' Union and the National Council of Rubber Tappers did not confine their activities to resisting the destruction of the rainforest, it organised numeracy and literacy classes, set up schools and workers' cooperatives. It put forward a comprehensive programme of sustainable economic development of the forest which involved the collecting of nuts, exploitation of the many raw materials which grow in the forest, research into the many species of plants and trees which have medicinal properties, the development of a fishing industry, as well as the many other natural

resources of the forest which could be used for the benefit of humanity rather than destroy it in the search of quick profits.

The kernel of the union's programme was the preservation of the forest whilst simultaneously making the best use of its resources, guaranteeing the livelihood of thousands of rural workers and Indians, and indeed securing the environment which ultimately depends on it. The programme of the union reveals a total absence of utopianism in its approach, Chico tells us this in the interview: 'We accepted that the Amazon could not be turned into some kind of sanctuary that nobody could touch. On the other hand, we knew it was important to stop the deforestation that is threatening the Amazon and all human life in the planet. We felt our alternative should involve the preserving of the forest, but it should also include a plan to develop the economy.' (p.41)

The landowners calculated 'if we kill Wilson Pinheiro (another trade union leader) and Chico Mendes, that will be the end of the trade union movement in Acre' but they were wrong, at Chico's massively attended funeral the banners of his supporters read 'Chico Mendes — they have killed our leader, but not our struggle', and orators from the union promised the struggle would continue.

Indeed it must, our lives depend on it.

20th century fantasies of mass production

The current series of exhibitions of the work of Andy Warhol, at the Hayward (main exhibition), Serpentine (early graphic work), and the Victoria and Albert Museum (The Factory Years — photographs by Nat Finkelstein) provide a broad picture of the images of America's best known 'pop' artist. ANNE ROBINSON went to see them.

From the earlier works at the Hayward, such as *Storm Door* (1961), elevating crude black and white newspaper advertisements to the plane of Fine Art, through the now familiar *Marilyns* and *Soup Cans* (now themselves 20th Century icons), the constant repetition of the motifs, icons and artefacts of modern industrial society, mostly through the 'depersonalising' medium of silkscreen printing, always make explicit the processes of mass reproduction. The technical 'imperfections' and process marks remain, for example, creating the image differentiation in *Marilyn x 100* (1962).

In spite of his lack of directly political statement, in view of the shift in Warhol's career from being a successful commercial artist to using the images of commerce as 'art', one cannot help but perceive the 1960s work's function as commentary on the visual flood of the mass media which surrounds us. Particularly in the images of death and disaster produced in the mid 60s, such as *Five Deaths On Orange* (1962) and *Suicide (Fallen Body)* (1963) the stark presentation of tabloid style news photographs points to the acceptability (or not) of



public taste for horrific violent images created by the media which reproduces such images alongside the blander products of consumerism.

Not only is the fetishisation of the Star image (eg in *Triple Elvis*) manipulated, but the media's intrusion into the lives of the 'famous' is exposed in *Jackie (The Week That Was)* (1963, with a series of pictures of Jackie Kennedy following her husband's assassination).

The film work from the Factory years (during which Warhol's mode of production questions the notion of the individual 'genius' artist), had a pro-

found effect on avant garde and Art filmmaking — the extensions of screen time, the tacky/glamorous performances ('...anyone can be a Star for 15 minutes...!'), expositions of 'low life' and often explicitly gay subject matter, in films such as *Blow Job*, *My Hustler* and *Chelsea Girls*, which were innovative works which have now acquired a cult following.

In the later pictures, following the combinations of more painterly brushwork with photographic images — the portraits of Warhol the 'business artist' — he again becomes concerned with Art about Art — *The Last Supper* — and

with abstraction, in the 'camouflage' series.

With the notion of photography — the mass produced image — as 'Art' currently under debate and continuing to encounter resistance from some critics, in relation to another exhibition (The Art of Photography 1839 — 1989 at the Royal Academy), Warhol's work remains contentious.

Are they, as William Feaver (in the *Observer*) says: '...Like real adverts...clever and repetitive', or does all this lurid glamour force a more meaningful confrontation with the 20th century fantasies of mass production?

Latin America: Debt, Drugs, and Death Squads

Latin America today is experiencing a drastic deepening of the debt crisis, an important upturn in class struggle, and the beginning of social disintegration in certain countries. In this article JAVIER MENDEZ examines the background to this process, which is extremely likely to continue, for what has developed is a crisis of the entire model of economic growth which has dominated Latin America for the last twenty years — a model rendered increasingly unviable by the offensive the United States is undertaking on an international scale.

This economic crisis is most coherently understood in its historical dimension so a brief sketch of the post-war economic development of the main Latin American states is the method we will use to outline developments. In the first period of the post-war boom the strategy of the Latin American ruling classes, following the earlier example of Argentina, was to try to build up their domestic industrial base — this was a general pattern in the third world in this period. The aim was to reverse the effects of the deteriorating terms of trade resulting from declining prices for primary products and to try to build stability against future price fluctuations.

While the experience of the Latin American countries varied, the decisive states — Brazil, Mexico, Argentina, Chile, Uruguay — experienced significant industrial growth in this period. This allowed greater room for manoeuvre for the working class movement — which was able to exact certain concessions from the ruling class through trade union activity.

The ruling class political orientation in this period was to seek to dominate the growing labour movements through bourgeois 'populism' combining anti-imperialist rhetoric with limited economic concessions to the working class: Peronism in Argentina, Vargasism in Brazil, Cardenism in Mexico, Gaitanismo in Colombia, working class-bourgeois reformist alliances in Chile, MNRism in Bolivia and Torrijism in Panama were typical of this period. Bourgeois populist hegemony over the labour movement saw the development of labour bureaucracies totally committed to the nationalist capitalist project.

The post-war industrialisation was therefore brought about with considerable working class support. With the exception of Central America no working class link was made with the peasantry and no serious land reform was carried out or demanded by the decisive sections of the working class. This allowed the ruling class unrestrained political control over the peasant masses — who were either used electorally to underpin bourgeois rule, or totally excluded from political life, while being simultaneously subject to severe economic attack due to the continuous decline in prices of raw materials during this period.

This policy, in both its economic and political aspects, was supported by US imperialism — US capital exports could be absorbed by the expanding industrial market of Latin America. The populist politics of the period, des-

pite rhetoric about national economic growth against US domination, remained tied to the interests of imperialism.

Indeed the limitations of these populist policies, and their eventual failure, consisted in the fact that they were conceived from the point of view of the interests of imperialism, and the local ruling classes, and not the needs of the domestic economy. Their success demanded an expanding domestic market — as domestic levels of productivity and technological development meant the industrial output produced was not competitive on the world market. However policies to expand the internal market, through a rise in the purchasing power of the urban masses or by incorporating the peasantry into the local economy as consumers of industrial goods, required either major concessions to the working class or a thoroughgoing agrarian reform. Neither were pursued. Therefore after a relatively short period of industrial expansion from the 1950s to the early 1960s, this populist policy exhausted its possibilities. It was followed by the appearance of unused industrial capacity, redundancies, attacks on the standard of living of the urban working class, a further economic squeeze on the peasantry, and a period of economic stagnation.

The result was that the populist political project was thrown into turmoil. By the mid 1960s Latin America was experiencing growing social unrest from the working class and the peasantry deepened by the impact of the Cuban revolution of 1959 — which marked the opening of a period of mass upsurge in Latin America.

Faced with economic crisis and political turmoil in a series of countries, and fearing a repeat of the Cuban revolution, the US attempted to force the traditional Latin American landed elites to introduce some form of agrarian reform and modernise Latin America's economic structures. The gist of the 'Alliance for Progress', introduced by the Kennedy administration, was to defuse the restlessness of the peasantry, thereby isolate the urban working class, and give the Latin American ruling classes a breathing space during which to isolate Cuba.

This policy in turn proved short lived. By the late 1960s stagnation had set in, with concomitant inflation, balance of payments difficulties, and growing social unrest. The path of purely national capitalist growth had reached an impasse. Simultaneously the beginning of the prolonged deterioration of the US trade balance, commencing with the Vietnam war, ex-

panded the export possibilities for a number of semi-colonial countries both in Asia and Latin America. A shift away from the pattern of 'national' economic growth began.

At the economic level, the response of the Latin American ruling classes to the new situation was to offer extremely favourable terms to draw more imperialist investment into Latin America. The most dynamic industrial sectors of the Latin American economies were rapidly monopolised by imperialist (primarily US) capital. The tribute exacted for this in the form of repatriation of profits deepened the already acute balance of payments deficits of the Latin American countries. This threw all the countries of Latin America into growing debt as well as creating a potential base for political unrest.

The extension of imperialist investment did not alleviate the social and political crisis, and the grip of populism on the mass movement began to loosen. Bolder reformist experiments took place which threatened the stability of bourgeois rule — Allende's government in Chile being the most daring example. The mass movement, both urban and rural, pushed beyond the strictly prescribed reforms of the populist leaderships.

The political response to this looming crisis was a series of military coup d'états. Brazil, the most important Latin American country, pioneered this earlier than the others in 1964 by installing the first post-war Latin American military dictatorship. This was followed by Bolivia in 1971, Chile and Uruguay in 1973, Argentina in 1976, and by a general repressive wave.

The military dictatorships of the late 1960s and 1970s, therefore, represented more than just a repressive response to bolder mass movements. They were a strategic shift by the Latin American ruling classes, who had decided to embark upon a new model of capital accumulation.

Ostensibly, the new policy was specialisation in export of those domestically produced manufactured goods which could successfully compete in world markets because of low wages, political stability and a disciplined labour movement — the model of 'export led growth'.

The political consequence of this new policy was a sharp break with populism. Achieving the goal of competing in the imperialist world market required destroying the mass movement, and all political expressions of the working class, through murder, tor-



'By the 80s the debt had sky-rocketed, meaning more loans and austerity packages'

ture and imprisonment on a mass scale, reduction of living standards to drastically reduce wages, dismantling any semblance of a welfare state, and a sharp transfer of resources from the poor to rich sharply increasing the rate of exploitation and granting of tax benefits to boost investment. All protection of local industry inherited from the previous period was abandoned and the economies were opened wide to the penetration of imperialist investment — which was granted more favourable conditions than ever before.

Despite the 'monetarist' framework of this policy the state, to implement it, had to embark on massive intervention in the economy to create the conditions which could make the local economy attractive to imperialist capital. The present indebtedness of the Latin American economies stems from this strategy.

Brazil was the pioneer of this model which, to different degrees, was universally adopted in Latin America. Such a strategic reorientation was naturally encouraged and supported by imperialism.

However this policy was only made possible by a specific combination of economic circumstances. Fir-

stly from 1973 onwards sharp increases in oil prices were leading to vast profits in the OPEC states. The underdeveloped economies of these countries could not utilise the majority of these funds productively and they found their way into American, German, Swiss, Japanese, and British bank accounts. At the same time world recession set in and the banks were seeking lucrative investment for their oil money deposits. These were easily found in Latin America where the dictatorships needed loans to implement their new economic policy. In this context the model of export led growth appeared viable.

As a result debt spiralled. Loans were borrowed to service the interest and a proportion of the principal debt. This was then followed by negotiations with the IMF or World Bank for more loans. The precondition for the latter was vicious austerity packages. This allowed imperialist investors in Latin America to extract more surplus value and repatriate it via interest and other payments (See Figure 1). This in turn put further pressure on the Latin American countries balance of payments, leaving less revenues to repay the standing debt. This was inevitably followed by new negotiations with the

'Between 1981 and 1988 the imperialist banks were sent a sum equivalent to the entire cost of the Vietnam war'

IMF for more loans followed by a new austerity packages.

As a consequence Latin America's external debt sky-rocketed. In 1975 it stood at \$68.5bn, by 1988 it was over \$400bn. The debt has become the privileged mechanism of imperialist exploitation.

As Jackie Roddick notes in *The Dance of the Millions* 'Between 1974 and 1981 Latin America has received a real transfer of \$100.7bn from abroad... once profits and interests payments remitted back have been discounted. From 1982 to 1986 the countries of the region have been exporting capital to the developed world to the tune of \$121.1bn. The industrialised world is thus already \$20.4bn richer for its original loans. Even discounting profit remittances by multinationals, the West has made a profit recycling the oil funds of the 1970s, roughly equivalent to the entire GDP of a Colombia or a Venezuela in 1985'.

Brandford and Kucinski estimate in *The Debt Squads* that Latin America, in servicing its debt, between 1981 and 1988 sent to the banks in the industrialised countries a total of \$180bn — more than the total cost to the US Treasury of the Vietnam war.

If we now turn to the detail of the capital movements the composition of the US flows of capital to Latin America throughout this period shows the growing importance of private banks loans in capital transfers. (See Table 1)

This growth of Latin American debt took place against the backdrop of a sharp fall in gross domestic product. As the *Financial Times* noted on 2 February: 'Most countries have not clawed back the drop in domestic product suffered in 1982-83 and several are back to the levels of the 1970s.' Latin America is now being squeezed through very small, and in many cases



negative, growths in GDP — in 1984 the region grew per capita at an average of 1 per cent per year. To make matters worse capital flight from Latin America is endemic. The ruling classes clearly have no expectation that things will get better.

The debt today represents a crippling haemorrhage which can be seen in Table 2.

Faced with the debilitating debt the Latin ruling classes have been forced to make more money available to servicing debt payments — which in the context of a stagnant or declining GDP has reduced still further the masses' living standards. As the *Financial Times* noted: 'The axe on public spending has fallen where it has been easiest to wield - on education, health and housing... (threatening) sustained stagnation and a consequent worsening of social and political unrest'

By the late 1970s it was clear that this model of development was unviable. Furthermore the economic crisis was accompanied by a temporary paralysis of US imperialism following its defeat in Vietnam and which helped create the conditions for the Nicaraguan revolution of 1979 — this in turn being the most advanced part of a series of steps forward in the colonial revolution

The response of the US ruling class to this situation was Reagan — returned to the White House on a programme of bolstering arms spending to assert military superiority over the USSR and reassert US leadership over imperialist rivals. Reagan directly turned to sheltering dictatorial rule abroad. The death squads were unleashed in the 1980s to protect the achievements of the debt squads in the 1970s.

Reaganomics', in turn, created a temporary breathing space for the Latin American ruling classes. It was

was financed by flows of capital into the US from the other imperialist states — particularly Japan. The dollar soared and the vast US trade deficit which this generated created favourable conditions for exports from Latin America.

The immediate consequences was that the United States was able to create a stand-off in Central America. The Nicaraguan revolution accelerated developments in the region, especially El Salvador, and to a lesser degree Guatemala. Nevertheless the US was able to prevent the Nicaraguan revolution spreading, overthrew the revolution in Grenada, and tightened its economic grip against the FSLN. 'Paralysis' gripped the situation with neither class able to really advance.

The break up of this situation became inevitable as the US moved to reverse its trade deficit — a process which commenced in 1985 and accelerated following the 1987 Crash. Rising interest rates, as the US attempted to slow down its economy and divert resources into exports, increased the debt burden while the narrowing US trade deficit makes it harder for Latin America to export.

The resulting deepening of the debt crisis, coupled with increased austerity measures, began to destabilise both the dictatorial regimes and the new 'democracies', in Latin America. The last few years have therefore seen the revival of mass popular movements in most countries of the continent with the rise of the Workers Party (PT) in Brazil, increased trade union struggles in Argentina, a crisis of the Institutional Revolutionary Party (PRI) in Mexico, strengthening of the revolutionary forces in El Salvador and growing influence of the guerrillas in Peru and Colombia.

After some hesitation, and given the impossibility of a new period of export led growth, the response of the Latin

Table 1

	1961-65	1978
Total	\$1.6bn	\$21.8bn
Public money	60.2	7.3
<i>Government aid</i>	<i>40.7</i>	<i>4.2</i>
<i>Multilateral agencies*</i>	<i>19.5</i>	<i>7.4</i>
Private money	39.8	92.7
<i>Suppliers' credits**</i>	<i>7.7</i>	<i>9.8</i>
<i>Direct investment</i>	<i>25.2</i>	<i>16.0</i>
<i>Bonds</i>	<i>5.0</i>	<i>10.3</i>
<i>Banks</i>	<i>2.1</i>	<i>56.6</i>
	100.0	100.0

* IMF, World Bank, Inter-American Development Bank.

** Credits for pre-payment of imports and finance of exports, used in trade.

Investment by foreign companies in subsidiaries' plant. Source: S Griffith-Jones and D Sunkel, *Debt and Development in Latin America*, Oxford, 1986, Table 5.4. Cited in Roddick, op. cit. p.27-28.

American ruling classes was to make a further turn to populist politics and 'liberalisation' of their internal regimes.

But this new period of populism is much shallower and in a much less favourable relationship of forces than in the fifties. The worsening economic situation, coupled with the pressure of imperialism expressed through the IMF and World Bank, means there is no scope for even limited concessions to the working class — as the complete capitulation following its election of the Peronist Menem regime in Argentina, the birthplace of Latin American populism, graphically illustrates. Austerity policies are everywhere the rule. Simultaneously the long experience of dictatorship, and the pressure of the debt, has deepened the democratic and anti-imperialist aspirations of the masses.

Once more it was Brazil which pioneered these developments by moving towards a carefully controlled process of liberalisation when faced with the rise of the working class movement. The Bolivian ruling class was forced to resort to the populist MNR to stem the growing tide of social unrest. In Peru the military were forced to withdraw to barracks and the APRA populists came to power. Argentina saw the downfall of the military after Galtieri's adventure in the Malvinas (Falklands) war and the democratisation which followed culminated in the Peronist movement returning to power.

Some of the regimes produced thereby are curious in the extreme. Bolivia has a government made up of Jaime Paz Zamora, candidate of the Revolutionary Left Movement (MIR) a former guerrilla movement and ex-general, and ex-dictator, Hugo Banzer, leader of the conservative Democratic Nationalist Action (ADN). What unites them is 'realism' to deal with imperialist economic pressures. Banzer argued the MIR-ADN alliance constituted the 'greatest guarantee for economic and financial stability' (*Financial Times*, 4 August).

Colombia in turn faces a combination of the growing cocaine trade, which risks making the drug barons the decisive economic power in the country, and the unrestrained activities of the death squads making it the most dangerous country in the world. Ecuador recently removed its military government and elected a populist president who, for his inauguration had Ortega, Castro and Quayle as special guests!

The one country which initially

held out against the trend, Chile, is now clearly being caught up in the same dynamic. The Chilean military were forced to come to terms with increasingly bolder mass protests and accept a transition to civilian rule which will probably put the Christian Democrats in power. In Paraguay, the 35-year old dictatorship of Stroessner fell as a result of growing tension within the group of crooks ruling that country and 'democratic' elections have been promised in 1991.

This process has been accompanied by a continuing crisis in Central America and the Caribbean. In Haiti the Duvalier dictatorship was removed by the United States amid mass popular protests. In El Salvador the FMLN has grown stronger despite the toll in lives inflicted by both the old Christian Democratic government, the death squads, and US economic support to the regime running at \$1 million per day. In Mexico, the PRI, which ruled the country unchallenged for forty years, split prior to the last elections, producing the Frente Democrático Nacional led by Cardenas, son of a populist general in the 1940s, which is presenting serious problems to the PRI's hegemony.

In short what we have witnessed in

	Foreign debt (\$bn)	of which private (%)	Debt/ GNP (%)	Interest/ Exports (%)
Argentina	59.6	79.4	73.9	41.5
Brazil	120.1	76.8	39.4	28.3
Chile	20.8	74.3	124.1	27.0
Colombia	17.2	48.0	50.2	17.0
Ecuador	11.0	63.6	107.4	32.7
Mexico	107.4	78.1	77.5	28.1
Peru	19.0	61.5	40.5	27.2
Venezuela	35.0	99.3	94.5	21.9

Source: *Financial Times*, 2 February 1989

Latin America is the emergence of 'populism Mark II' — but this time a populism whose political potential is exhausted immediately it comes to office amid the economic burden posed by the external debt.

This frailty of this new populism was seen clearly in the case of Venezuela whose oil exports made it one of the most stable Latin American countries. In March the country was swept by widespread rioting which left more than a hundred people dead as Accion Democratica's newly elected president attempted to implement an IMF austerity package. The government was forced to backtrack.

This episode caused deep concern

Colombia:

The assassination of Luis Carlos Galan, Colombian presidential hopeful, at a public rally on 17 August, in front of thousands of his supporters as well as the TV cameras, was testimony to the confidence and power of the Colombian cocaine barons.

The murder was one in a sequence of killings: 'In the past four years they have killed an attorney-general, a minister of justice, more than fifty judges, a dozen journalists and more than 400 policemen and soldiers.' (*The Observer*, 27 August 1989)

The Colombian drugs cartels have had an easy ride, despite outburst of official indignation. Firstly because the huge wealth of the cocaine 'industry' makes a real contribution to the national economy, while allowing corruption at all levels of the government. Secondly their financing of right-wing death squads has been de facto deployed against the left in the urban centres and the many left-wing guerrilla organisations in the countryside, despite the unleashing of terror campaigns against

the civilian and army officials engaged in combatting the drug cartels themselves.

In many Latin American countries, but especially in Colombia, cocaine has ceased to be a marginal economic activity. In Colombia it is a multi-million dollar business almost completely integrated into the normal circuits of the economy.

Of the three main Colombian drug cartels, the group based in Medellín headed by Pablo Escobar, controls 80 per cent of the cocaine trade. It owns about one-twelfth of all productive farmland, one of Bogotá's four main TV stations and a chain of radio stations, it runs car dealerships, supermarkets, offices, buildings and pharmaceutical companies, and at least six of the country's professional football teams. Together with the rival Cali cartel, it has investments in banking, real estate, cattle ranching, car imports, hotels and entertainment.

The profits of the Medellín cartel can be gauged by its 1984 offer to pay off the country's foreign debt, then standing at \$12 bn, in ex-

change for an amnesty. (*FT*, 28 November 1988).

According to Roddick in *The Dance of the Millions*, in 1988 the Latin American cocaine trade was worth an estimated \$110 billion in the US alone, with Colombia controlling 75 per cent of this. Roddick also states that cocaine 'earns Colombia more than its main legitimate export, coffee'. For Bolivia and Peru, cocaine earns more than the value of all their official exports put together. (op cit). According to the *Financial Times* (24 August 1989), cocaine brings an estimated \$1 bn per year into the Colombian economy, about 15 per cent of the country's export income.

The cartels have also made successful incursions into politics. In 1982 Escobar was elected to Congress; his second-in-command Rodriguez Gacha, gained control over five city governments in the northern province of Magdalena 'by buying the loyalty of local politicians'.

The scale of official corruption was seen in the fact that a purge of the police over the last two years led to

in the US ruling class and led to the launching of the 'Baker plan' for reducing the debt — whose essence is that Western Europe and Japan should pick up more of the tab for the debts owed to the US banks via increased involvement of the IMF and World Bank in the problem.

Perhaps the most illustrative example of the nature of this new 'populism' is Peronist president Carlos Menem — who made a 180 degree turn on almost every electoral promise within days of assuming office. Menem capitulated to Britain completely on the issue of the Malvinas, granted substantial tax cuts to local landowners, is prepared to 'cancel' all outstanding cases against members of the armed forces involved in uprisings against the previous administration, and is drafting an amnesty to pardon some 25 senior military officers charged with leading the 'dirty war' against left wing activists in the 1970s. Menem has also announced 'major surgery' in the form of an economic package 'the austerity of which is unmistakable and the context of which is defensibly orthodox' (*Financial Times*, 12 July 1989). In line with this Menem has appointed company directors to run the economy, has started to

break up the state-owned industries and has announced plans for the partial privatisation of the state railways. No wonder leading conservative politicians are screaming with glee: 'We have advanced more in two months than in the past 30 years.' (*The Economist*, 9 September 1989). A clash between the Peronist government and the Peronist unions is now in question.

Confronted with the threat of deep social instability which this situation implies the United States is urgently seeking the support of the Soviet bureaucracy — which itself is trying radically reduce its support to Cuba and Nicaragua. Hugh O'Shaghnessy in *The Observer* on 23 April accurately characterised this in describing Gorbachev's April trip to Cuba: 'On 4 April the Soviet leader moved a great deal closer to the Washington viewpoint. He praised the Nicaraguan government by name for its decision to increase democracy and reduce its armed forces. But by forebearing to criticise the governments of El Salvador and Guatemala, whose political and human rights records are sickening, or the government of Honduras, the base for the offensive against Nicaragua, he gave the impression that

'Latin America is one of the best prospects for socialism in the next decade'

the guilty party in Central America was Nicaragua itself. Predictably, Gorbachev's change of course was followed by a call from US vice-president Quayle for further concessions by Moscow to the US line on Central America.'

But despite this valiant offer of help by the Soviet leadership the problem for any Latin American Communist Party tempted to follow Gorbachev's line is the extremely narrow scope for reformist solutions — the Communist Parties are in fact in sharp decline throughout Latin America. Gorbachev's declared intention to cooperate with imperialism to 'solve regional conflicts', that is sabotage Nicaragua and other struggles, will further discredit the Latin American Communist Parties. The US response to these developments has been to try to tighten the grip on its 'backyard'. But its problem is that by trying to improve its trading position US policy will reduce imports from Latin America with devastating economic effects for those countries — a dangerous policy when radical mass political currents are emerging which represent alternatives to the failed populisms of the 60s. As Paul Craig Roberts, a staunch Reaganite, put it in *International Business Week* in March: 'Popular discontent over the burden of debt service...has opened running room for the far left boding ill for stability in the region'.

The danger for the US and Latin American ruling classes is that the situation has the potential to bring together the working class with the rural poor and the petty bourgeoisie under conditions where the external debt is a visible symbol of increased US imperialist exploitation. Indeed the attitude to the debt is becoming the acid test of populist forces, old and new, in the eyes of sections of the masses. Naturally all proposals to oppose imperialism on the debt, even the idea of forming a cartel of debtor nations as proposed by Castro and others, has been obstinately resisted by the populists. The weakness of the Latin American Communist Parties means that Gorbachev's ability to influence the situation is weakened.

The way forward for the working class in this situation is clear — orienting to building a mass democratic anti-imperialist movement, with working class leadership combining mass actions around demands for democratic rights and economic demands in the face of stepped up attacks on the working class.

Latin America is one of the most favourable prospects for socialism in the next decade.

drugs and debt

the dismissal of 1000 people. 'Both US and Columbian officials agree that nearly a third of the ruling Liberal Party MPs have links with, or are financed by, the drugs industry.' (*Financial Times*, 24 August 1989)

The activities of the death squads mainly financed by the drug cartels, — and trained by Israeli, South African and British mercenaries — are not confined to assassinations of officials hostile to their operations.

Of the staggering 92,151 killings recorded in Columbia between 1982 and 1988 only 8,935 are estimated to have been drug-related. (*Time*, 4 September 1989). Of the non-drug-related killings, 70,212 were civilians, mainly victims of right-wing paramilitary death squads.

Their main target is the estimated 12,000 armed left-wing guerrillas operating in the countryside.

Following the assassination of Galan, president Barco has taken the most serious steps to date to crack down including massive deployment of the army, ar-

rests, confiscations, revival of the extradition treaty with the US, the promise to destroy all non-registered airstrips, and re-arming of the security forces.

In response, the drug barons declared 'total and absolute war on the government and all those who have prosecuted and attacked us', and have embarked upon a wave of assassinations, bombings, and threats, including that to kill judges.

The offensive by Barco marks an attempt by the Columbian ruling class to reduce — as they are incapable of wiping it out — the role of the drugs 'industry'. The aim is to buttress the more 'normal' forms of political rule and profit extraction, while cutting into the scope for activity of the drug barons.

Behind Barco lies the pressure of US imperialism, which is concerned at the drug industry's destabilising effects in a number of Latin American countries, and growing inner city social problems associated with cocaine use at home.

Quite aside from the utter cynicism of US im-

perialism's latter day conversion to the war against cocaine — it was US imperialism that introduced the drug traffic into Latin America — it would like to use it as a cover for introducing US troops on Latin American soil, as was seen in Panama with its campaign against Noriega, and the recent 'offer' to send US marines in against the drug barons, not only in Columbia, but in Bolivia and Peru.

Barco has so far resisted the pressure for direct US intervention demanding increased aid instead.

But repressive measures in Columbia and the US inner cities will not get rid of a problem which arises from social conditions in the US cities, especially the black and hispanic ghettos, and the crushing poverty of the rural and urban poor in Latin America.

Without drastic steps to improve living standards in the ghettos of the US cities, the cancellation of the foreign debt, and massive material aid to the impoverished countries of Latin America capitalism will be unable to eradicate the cocaine trade.

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