

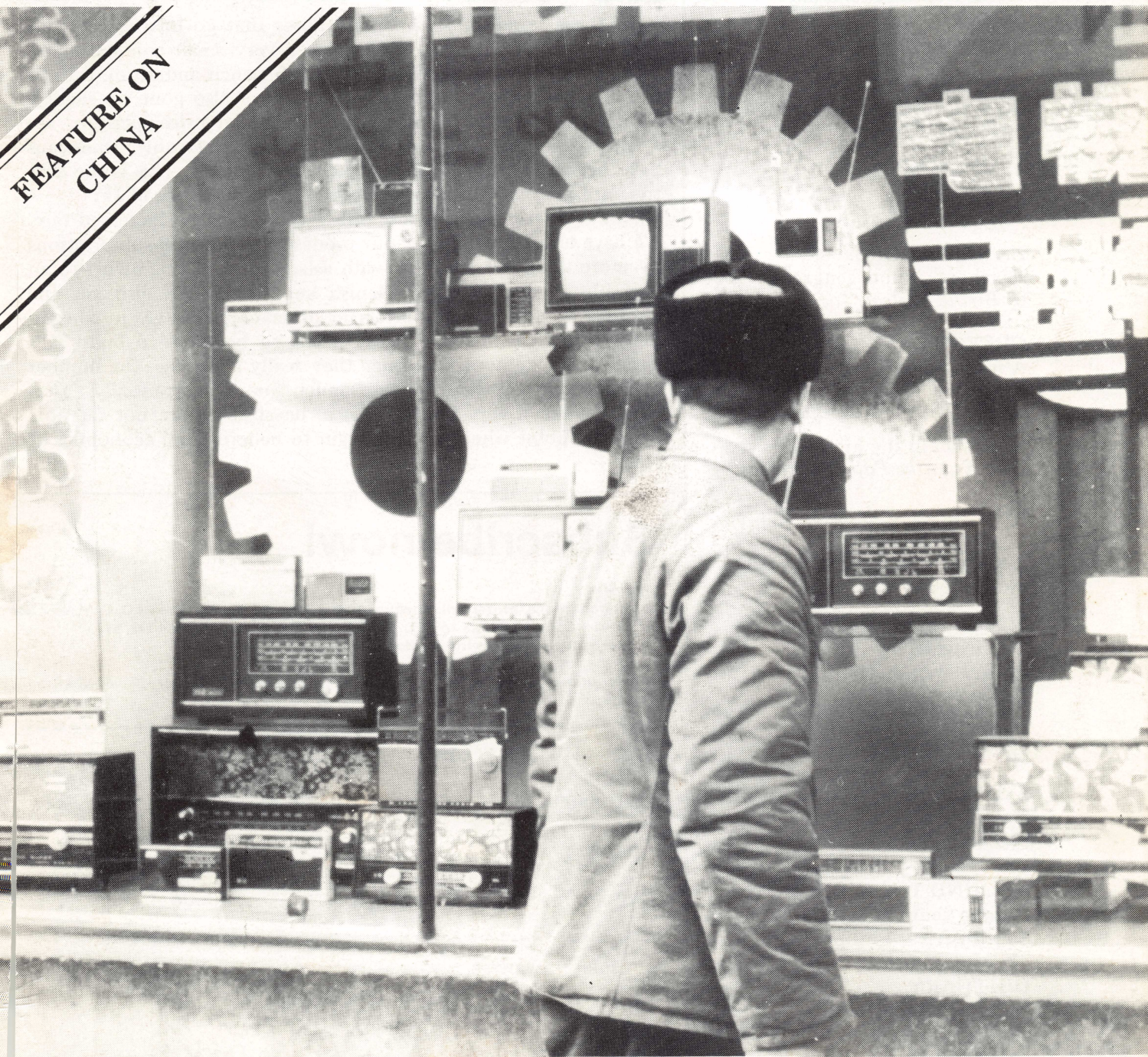
# International VIEWPOINT

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FEATURE ON  
CHINA



**China in transition**

**World's monetary system under strain**

**Worker and student strikes in Greece**

**INTERNATIONAL VIEWPOINT**

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# High finance hits IV

WE ARE STILL receiving contributions for *International Viewpoint's* fund drive, although it formally ended with the old year. But they are very welcome indeed given the beating we are taking from the international monetary system. About half of our income is in dollars and pounds, both of which continue to decline against the franc. In particular the dollar is plummeting. So, we are on the down slope of the exchange rollercoaster that Ernest Mandel describes in this issue in his article on the monetary system.

In these conditions, the price raises that go into effect with this issue in sterling and dollars are a very small compensation. The cover prices go up from 80 to 85 pence and from 1.50 to 2 US dollars. The subscription prices have also gone up slightly (see the subscription box below). The dollar price increases are a bit steeper for obvious reasons. But up until now Americans have been the winners in the exchange roulette. This is the first time in four years that we have raised the dollar price of *IV*.

New subscriptions are also still coming in at an increased rate. We have already gone over our modest goal for new subscriptions by more than 100 per cent, with a large part of this owing to an exemplary effort by our Danish supporters. We also get the impression that our supporters in other countries are just beginning to get the hang of what needs to be done to build *IV's* circulation. We hope that once they really get going, the number of subscriptions can increase much more substantially. That would make a very big difference, because we are not far now from the point where we can begin to benefit from economies of scale.

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# The European Monetary System

MEETING ON January 11-12 in Brussels, the twelve finance ministers of the European Economic Community (EEC) decided to make adjustments to the European Monetary System (EMS).

The fall of the US dollar, affecting all the financial markets, has led to speculation and consequently a rise in the value of the German mark. But it also meant a fall in the weakest EMS currencies, especially the French franc. France refused to devalue for a second time in less than a year - the last devaluation followed the March 1986 elections.

The EEC ministers reached a shaky agreement. The German mark and the Netherlands guilder were revalued by 3 per cent, the Belgian and Luxemburg francs by 2 per cent. In fact, no sooner was the ink dry than this EMS agreement was threatened again by the dollar's decline, continuing in spite of intervention by central banks.

ERNEST MANDEL

The capitalist economy is a monetary economy. Production is the production of commodities: nearly everything that is produced must be sold. Selling is an exchange of commodities for money.

But the capitalist economy is also international. The world market is structured by national economies, each having its own currency. Like armies, if not more so, currencies are the marks of national sovereignty. These currencies relate to each other through an international monetary system. It follows from this that the functioning of the capitalist economy is closely dependent on the relative stability and functioning of this international monetary system.

Until World War I, capitalist development was particularly distinguished by the stability of the international monetary system based on the gold standard. Most of the big capitalist powers - and quite a few of the smaller ones - had national currencies convertible into gold. As the currency of the strongest imperialist power, Britain's pound sterling was a stable as gold.

The structural crisis of world capitalism from 1914 on was reflected in a crisis of the international monetary system. The gold standard was abandoned by one country after another. No national currency could substitute for gold for all countries.

The world market fragmented into different regional zones, each having its own base currency. Global commerce contracted and production tended to stagnate or to fall.

The crisis of the international monetary system was strictly related to increased inter-imperialist competition. Following World War II, this situation was completely changed. In the capitalist world (that is, outside of those regions where the capitalist regime was abolished), the United States emerged as the leading industrial and military power. Its financial supremacy corresponded to this economic and political dominance.

The currency system functioned on the basis of a dollar-gold standard. The dollar was a stable as gold, convertible into gold. It was used as a reserve currency for the other currencies. The international monetary system was relatively stable. World trade expanded greatly, stimulating the expansion of production. A quarter of a century of accelerated economic growth (an "expansive longwave") replaced in the long term the quasi-stagnation that stretched from 1913 to 1940.

But American dominance did not last forever. It was demolished by the spectacular resurgence - first industrial, then also financial - of West Germany, Japan and, to a lesser extent, of the minor European

powers.

The United States' lead in industrial productivity was gradually eroded. The part of the world market monopolized by American commodities declined. European and Japanese capital exports little by little grew in parallel with exports of their industrial products. Multinationals stopped being essentially American or Canadian and became Japanese or European (or simply German, British, Swiss or French).

The United States has suffered from a chronic balance of payments deficit. The gold reserves deposited at Fort Knox melted away. America could not maintain the dollar's convertibility into gold, and in 1969-72 it was abolished. The international monetary system established at the end of World War II - the Bretton Woods system - collapsed. (1)

The dollar was no longer "as good as gold". Exchange rates between currencies became increasingly chaotic. They were increasingly unstable, as they were in the inter-war years. The result was a series of ups and downs in exchange rates.

This instability and deepening insecurity favoured speculation rather than production, short-term investment (including daily flights of capital) rather than medium- and long-term investment, which is decisive for improving and expanding production. This strengthened the tendency for economic growth rates to fall and for production to stagnate. We went from an "expansive longwave" to a "depressive longwave", which began in the late 1960s and the early 1970s. It is still continuing and will last a long time yet. It has many similarities with the inter-war years.

The capitalist economy, like nature, abhors a vacuum. The dollar's decline stimulated a rise of other currencies, above all the Deutschmark and the Japanese yen, as international currencies: currencies used for international exchange; currencies in which international borrowing is expressed - bonds issued by firms, or by part or wholly state-owned enterprises; currencies used as reserves for other national currencies, and so on. (2)

But this rise was very modest. Today it concerns at the most 10 to 15 per cent of the movement of goods and capital in the world market. Neither West Germany nor Japan occupy a place on the world market comparable to that of the United

1. The 1944 Bretton Woods Agreement threw out the post-war basis of the international monetary system and created the International Monetary Fund (IMF). It also established the dollar as the only currency convertible into gold.

2. See "The beginning recession" by Ernest Mandel, *International Viewpoint* No. 106, October 13, 1986.

States from 1940-1970, or to that of Britain from 1850-1890. West Germany or Japan do not have industrial or military dominance that could substitute for American dominance. So it is not materially or politically possible for the Deutschmark or the yen to play a role similar to that played by the dollar during the long phase of expansion following World War II.

### Pressure grows for a European currency

At first sight, the situation seems different if one looks not just at West Germany and Japan taken separately, but at the six countries originally constituting the European Economic Community (EEC) — West Germany, France, Italy, the Netherlands, Belgium and Luxemburg — or indeed the twelve countries now members. These include the six already listed plus Britain, Denmark, Ireland, Greece, Portugal and Spain. In the world market of commodities and capital, these EEC countries occupy a similar position to that of the United States at the end of the 1950s and the beginning of the 1960s. Theoretically, they could create a new monetary pivot for world trade and partially remedy the chronic monetary instability.

We say partially because, even if there were a common European currency and real monetary stability in Europe, the relations between such a currency and the dollar on the one hand, and the yen on the other — not to mention relations with the currencies of the main semi-industrial powers of the "third world" such as Brazil, Mexico, South Korea, Taiwan and South Africa — would remain subject to sharp fluctuations owing to the demands of competition.

That explains the constant pressure exerted for some years in favour of the emergence of a European currency, which already has a name — the European Currency Unit (ECU) — and an existence on the borderline between the real and the phantasmagorical.

The emergence of a European monetary system based on the ECU also corresponds to the tendency for the Common Market to consolidate itself. It expresses the needs of the big trusts, monopolies, multinationals and banks that are mainly European-owned. Faced with American, Japanese or other competition, they want to see their interests in the world market better defended by a centralized force, than they are by nation states that are clearly not up to today's international forms of or-

ganizing production and capitalist finances.

But the very conditions that favour the birth of the ECU, a European monetary system, simultaneously limit its extent, field of application and efficacy. I said earlier that, in the framework of a trading economy, a market economy, the existence of an autonomous currency is one of the major marks of national sovereignty. The term "mark" should not be interpreted in a symbolic or ideological sense, or even as the expression of the "will" of the possessing class. Above all it is a real manifestation of strength, of a state's economic and political power, meaning the power of its ruling class or classes.

For a currency to be a true currency, it has to have a real state capable of defending it with all necessary means: exchange reserves, custom controls, its own commercial policies regarding foreign competition and control of exchange, which can seriously disrupt — if not stop — the outflow of capital. This implies that there is a single central bank, a single financial and social economic policy and a real government.

However, the Common Market has none of these instruments and prerogatives of a true state at its disposal, except a common customs system and some scraps of pseudo-power in related areas such as the "common" industrial and agricultural policy and in particular considerations only. The EEC is not yet a real state, a real federation. It is a quasi-state, a semi-state, something in between a state and a mere alliance among states — a confederation in the broadest sense of the term. And the status of the ECU reflects in every way the hybrid and peculiar status of the EEC.

The member countries of the

Common Market — and in particular the strongest of them, West Germany — did not want or dare to pool their exchange reserves, and so they have not created a real common currency. Each of the twelve countries retains its own national currency. From the outset, the ECU has only been a European accounting unit.

The European Monetary System does not abolish exchange rate fluctuations between the twelve member countries of the European Community, it simply limits the scale of these fluctuations to 2.25 per cent. And this limitation only applies to seven currencies: the German mark, the Netherlands guilder, the French franc, the Belgium-Luxemburg franc, the Italian lira, the Danish krone and the Irish pound. Moreover, Britain, Spain, Portugal and Greece are not part of the EMS. Exchange rate fluctuations in the framework of the EMS are just made a little more difficult, they are delayed. When the central banks have to over-buy national currencies and over-sell foreign currencies or gold to maintain the different parities between 2 and 2.25 per cent, they end up by facing facts and adjusting exchange rates, even inside the EMS. There have been 11 of these adjustments since the creation of the EMS in 1979, and a twelfth is expected this year.

The European Currency Unit is not yet a real currency. It is simply an average of the seven currencies. These remain true currencies to the extent that the states that issue them are real states, and that the competition between the capitalist classes that dominate these states remains real competition.

But it would be wrong to suppose that the ECU is condemned to remain a simple accounting unit. Today, some international loans are



issued in ECUs. This quasi-currency has already become a monetary instrument for the international movement of capital. Less stable than the German mark, the Swiss franc or the Netherlands guilder, it is more stable than the French franc, the Italian lira or the British pound sterling, and also more stable than the American and Canadian dollars. All categories of international capitalists therefore have an interest in seeing a diversification of the functions and uses of the ECU.

It is also in the interests of West German capitalists. Because if the ECU — as long as it is the average of seven currencies — is less stable than the strongest of them, the German mark, increased use of the ECU reduces pressure on the mark, so that it can fulfill an international function. This therefore reduces the risk of speculation in the mark, and equally that of a monetary crisis in West Germany.

This is why there is a tendency towards the strengthening of the European Monetary System, towards transforming the ECU from a quasi-currency into a true one. In order for this tendency to come to fruition, part of the exchange reserves of the seven member countries of the EMS, and of the countries that will join in the future, must be held in common. That would clarify the risk that would be run by the wealthiest countries, above all West Germany.

Increases in the balance of payments deficits of France and Italy — or in Britain tomorrow — would be partially cleared by the gold, dollars or yen that are presently the property of West Germany and the Netherlands.

The external indicators of the success of the ECU would be the volume of invoices for imports and exports of EMS member countries made out in ECUs and no longer in dollars or German marks, yen, pounds sterling, French francs and so on.

The present monetary crisis, of which the adjustments of exchange rates at the EMS meeting on January 12 this year were only the most recent manifestations, is generally attributed to the chronic instability of the dollar — in other words, the dollar's long-term decline in spite of spectacular resurgences such as the one in 1983-84. This is obviously not wrong.

More especially, January 1987's flare-up on the exchange markets was caused by the fall of the dollar, encouraging currency speculators to buy massive quantities of German marks and Netherland guilders. The result was a rise in the rates of these currencies — not only in relation to

the dollar, but also in relation to the French franc — and growing tensions inside the EMS.

The American economy has been hit by a profound structural weakness, due to the disappearance of its advantages not only in industrial but also agricultural productivity, where, for example, it faces competition from Argentinian wheat and Brazilian soya. The result is the chronic deficit of America's trade balance, currently in the order of 200,000 million dollars a year, and the growing foreign debt of the US, above all owed to Japan and capitalist Europe. We should remember that this debt surpasses that of the whole of the "third world" to the imperialist countries. (3)

### A vicious circle for the American economy

This US indebtedness can only be covered insofar as Japanese and European debtors agree to hold it in the form of obligations, treasury certificates, deposits in American banks and so on, made out in dollars. They will only do this if the yield from these debts is higher than the yield of assets made out in German marks, Swiss francs, ECUs, yen and so on. This therefore requires a higher interest rate in the US than in Europe and Japan.

But such high interest rates favour parasitical investments in the US financial markets, speculation and the hoarding of capital to the detriment of productive investment. It therefore runs counter to increasing US productivity, undermines the competitiveness of its industry and agriculture, and so increases the balance of trade deficit, that is, the need for foreign credits. Evidently, the American capitalist economy finds itself in a vicious circle.

Moreover, in order to fight the external trade deficit, the US bourgeoisie wants a lower dollar exchange rate. Since the beginning of 1986, the dollar's rate has gone down 40 per cent in relation to the German mark and the Japanese yen.

This has given a boost to US exports, but has barely reduced imports, encouraged monetary expansion and inflation, stimulated on the internal US market by the mushrooming of military spending and the enormous budget deficit that this has entailed. But, on the other hand, a lower dollar rate means a huge loss of capital for America's overseas creditors. This is why they are demanding as compensation that an insurance premium against the exchange

risk be included in the interest rate yielded by the investments in dollars. Thus, they are demanding another rise in interest rates in the US. Again, the American capitalist economy seems trapped in the same vicious circle.

I have not even talked about the effects on the dollar of "third world" debt, and the debt of the private US economy — in total, 8,000,000 million dollars of debts made out in dollars! The risks of a crash are obvious.

But it would be an error to consider that the current monetary mess is simply the result of the dollar crisis and the "third world" debt. It also has its own sources in capitalist Europe and will have others in future in Japan.

The stability of the European Monetary System depends on the stability of its member countries. The law of the chain here is fully applicable: a chain is only as strong as its weakest link.

And weak links are not lacking in the EEC. Britain's industrial decline is the fundamental reason for Margaret Thatcher's hesitation in rejoining the European Monetary System. France and Italy still have actual or potential serious balance of trade deficits, to say nothing of their chronic and pronounced budget deficit. Spain has an unemployment rate of over 20 per cent. France is facing a new social crisis. And if West Germany and Japan appear to be in good health financially, the high rate of the mark and the yen risks becoming a factor of economic instability.

These two countries are very dependent on exports. The rise in the exchange rates of their national currencies is a threat to their ability to export, and has already thrown Japan into a recession. This could rapidly become the case in West Germany.

The disparity in the external and internal economic situations of the main imperialist powers belonging to the EMS, as well as in their social situations, is also one of the factors in international monetary instability. Underlying this we see the uneven and combined development of the various imperialist powers, that is, the sharpening of competition between them. This increased inter-imperialist competition, which also extends to the countries of the "third world", is fundamentally the result of the deepening of the long economic depression that is hitting the international capitalist economy as a whole. □

3. See "The infernal logic of the debt crisis" by Ernest Mandel, *IV* No. 98, May 5, 1986.

# One year of the print strike

IT IS NOW ONE YEAR since the 5,500 News International printworkers voted for strike action against Rupert Murdoch's attempts to destroy union organization. Following the vote, Murdoch sacked all the strikers. (See box.)

On January 24, the anniversary of the strike, 25,000 printworkers and their supporters held a mass picket of the Wapping plant where Murdoch moved his four newspapers, produced by scab workers. Police moved in against the demonstrators, injuring over 100 and making 67 arrests.

The strikers have now been out for as long as the miners in their historic 1984-85 strike, and they are continuing to fight in spite of seemingly overwhelming odds.

## HILARY ELEANOR

Rupert Murdoch's high-technology plant alongside the Thames is justifiably known as "Fortress Wapping." The scabs who work inside have to be bussed in from mainline railway stations, and when they have crossed the picket lines outside they wisely stay inside for the rest of the day, "protected" from the striking printworkers outside by police, razor wire, steel fencing, arc lights and monitor cameras.

Nevertheless, the journalists and technical staff are rewarded for their unpleasant surroundings by the highest wages in the newspaper industry. The production staff were recruited by Murdoch to work at Wapping with the help of the right-wing leaders of the electrician's union, the EEPTU, even before the strike had begun. (1) The whole Wapping operation was planned by Murdoch to break the power of the unions in Fleet Street (the traditional national centre of the newspaper publishing industry).

To some extent he has succeeded, but only with the help of the "new realist" leaders of the trade-union movement. "New realism" is the latest vogue of the right wing, replacing the "moderate" trade unionism of the past. It is the bureaucrats' answer to Margaret Thatcher and her Tory government's onslaught on the labour movement in the form of mass unemployment, attacks on welfare and living standards and anti-trade

union laws.

There is nothing "new" about "new realism". For "new realism" read class collaboration, putting the national (i.e. ruling class's) interest first and capitulation to the bosses.

Murdoch's attacks on the printworkers, and the sorry failure of the trade-union leaderships to confront them, have led other press barons to follow his lead. Over 10,000 jobs were lost in Fleet Street in 1986. In the latest assault, management at the *Daily Telegraph* have imposed a no-strike deal on wages, jobs and conditions. Frightened of losing members if they led a fightback, the union leaderships agreed, and the company had just decided to sack 1,200 workers.

## Slaughter of jobs and trade-union rights

In the midst of the carnage of jobs and trade-union rights, the striking News International printworkers have provided a beacon of courage and determination. But they have been fighting against all the odds, and have had to take on not just Murdoch and his supporters in the Tory Party, but their own union leaders. (2)

Murdoch made his "absolutely final" ultimatum to the strikers last

autumn, which included a £56 million redundancy offer, plus the old News International building "for a labour movement newspaper"! This was rejected by an even bigger margin by the strikers than the last "final offer" in May 1986. But Murdoch followed this up with proposals for redundancy settlements to individual strikers, going outside the union machinery. This had a limited success, undoubtedly due to economic hardship among the strikers, which has also led some of them to take other jobs.

But none of this is surprising given the length of the dispute, and the fact that barely 2,000 of the 4,500 strikers are getting strike pay, which has now been cut from £12 to £6 a week. The main print union involved, SOGAT, balloted its members in early January this year for a 58 pence a week levy. This would have brought in over £2 million pounds a week, but it was narrowly lost, with only 56 per cent of the 200,000 members voting.

This result is an indictment of the national SOGAT leadership, in particular because the national union desperately needs funds, having spent over £2.5 million in the course of the dispute on court cases and compensation — a necessary punishment meted out to any trade union these days that dares to back strike action, however halfheartedly. This attempt to bankrupt the unions is just one of the results of the Tories' trade-union laws. (3)

The lack of confidence of SOGAT members in their union leaders to lead the strike to victory is a consequence of twelve months of backtracking, and even outright sabotage of the strike, by national secretary Brenda Dean and her team.

From day one of the dispute, even before the strike had begun, Dean was trying desperately to stitch up a deal with Murdoch. And ever since, the union leaders have resorted to secret ballots, opposing mass action and democratic control of the strike by the strikers. They have had to be pushed every inch of the way.

Leaderships of the other unions involved in the dispute have done little better. These include another print union, the NGA, the journalists' union, the NUJ and electricians in the AEU. Years of disunity in the newspaper industry has led to

1. See *International Viewpoint* No. 97, April 21, 1986, for background articles on the dispute.

2. See "Crucial stage for print strike" by Hilary Eleanor and Patrick Field, *IV* No. 106, October 13, 1986.

3. See "Thatcher's new assault on the unions" by Steve Roberts, *IV* No. 47, February 27, 1984.

members of one union crossing another's picket line, with the unions "poaching" members from one another as traditional demarcation lines are blown apart by the introduction of new technology.

At the level of the national trade-union federation, the TUC, "new realism" has predominated, leaving the strikers isolated. But at September's TUC conference, delegates overturned the General Council's report for their refusal to stop EEPTU scabs from working at Wapping.

### Union's secret deals with Murdoch

Revelations since then have proved once and for all that the EEPTU's leaders were up to their necks in secret deals with Murdoch as early as 1984 to recruit his scab workforce. Anger at the TUC's refusal to deal with the EEPTU, and its general inactivity in support of the strike, has led to demands in the labour movement for a recall TUC conference.

The role of the national Labour Party headed up by Neil Kinnock has been similar to the one it played during the 1984-85 miners' strike - keeping its head down in fear of an anti-union, anti-Labour backlash. But the brutality and violence of the police on the January 24 demonstration led even the usually quiescent opposition to call for a public inquiry into the police attack.

Labour Party leaders, however, will not stick their necks out when at any time now Thatcher could go to the country and call an early general election. It is hardly surprising that the Tories are doing well at the moment in the opinion polls, with an opposition that tries desperately to appeal to the status quo, to moderation and to "law and order": to out-Tory the Tories. Why should people vote for a pale imitation when they can have the real thing?

In spite of all these obstacles and problems, the printworkers are still fighting and they have wide support at the base of the labour movement, and from some left Labour Members of Parliament and trade-union leaders.

Following the examples of organization during the miners' strike, printworkers' support committees have been organized all over the country to build support and collect money for the strikers. Many local Labour Party and trade-union branches have organized speaking tours for the strikers, and done a great deal of work in broadening support, both moral and material.

## PRINTSTRIKE CHRONOLOGY

### 1985

**September:** News International (NI) boss Rupert Murdoch recruits scab labour in Southampton and concludes a deal with the right-wing electricians' union, the EEPTU, to provide scabs to run his new newspaper plant in Wapping in East London.

**December:** NI proposes draft work agreement, allegedly on a new London evening newspaper. This includes no negotiating rights for union branches. Murdoch announces on December 29 that Wapping is in fact to be used to print NI's existing titles, *The Times*, *Sunday Times*, *News of the World* and the *Sun*.

### 1986

**January:** Sections of the *Sunday Times* printed at Wapping. Strike begins on January 24 officially supported by print unions SOGAT and the NGA, the NUJ (journalists) and the AEU (electricians). Soon followed by sacking of the 5,500 NI workers.

**February:** First mass pickets begin. Law courts seize SOGAT's funds for organizing boycotts of NI newspapers and "secondary action".

**March:** 6,000-strong women's demonstration at Wapping on International Women's Day. Redundancies announced at the *Daily Express* and *Manchester Evening News*. Robert Maxwell, another press baron, announces that he will follow Murdoch's example.

**April:** 30,000 attend national demonstration in support of strikers on April 6. During negotiations, Murdoch offers the unions a settlement including the old Grays Inn plant as premises for a labour movement newspaper! SOGAT leadership say they are considering it.

**May:** 10,000-strong mass picket on May 3, led by SOGAT members who have marched from Scotland. It is viciously attacked by the police, with over 100 demonstrators injured. Strikers produce the first issue of their own newspaper, *The Wapping Post*. Mass meeting on May 19 overwhelmingly rejects Murdoch's offer, but SOGAT leader Brenda Dean announces that a secret ballot will be held.

**June:** Ballot result announced on June 12. Strikers vote to reject the offer. SOGAT conference votes to back the strikers, and the union executive takes control of the dispute. Mass meetings of strikers vote to step up the struggle and demand a national levy for strike pay.

**August:** The *Observer* newspaper announces the transfer of production to sites outside of London.

**September:** The national trade-union federation, the TUC, votes to overturn the General Council's proposal not to take action against the EEPTU, whose members are still crossing picket lines to work in Wapping. Murdoch makes a new "final offer" to the strikers, which is rejected at a mass meeting on September 25. *Daily Telegraph* newspaper workers are offered a Murdoch-style agreement including binding arbitration, job cuts, wage reductions and a no-strike clause.

**October:** Strikers also reject Murdoch's "final offer" in a ballot by a larger majority than last time. TUC General Council fails to take action against the EEPTU.

**November:** TUC General Council votes by 23 votes to 21 not to reopen the file on the EEPTU on November 27.

**December:** A recently-elected member of the SOGAT executive, Mike Hicks, is jailed for 12 months after being arrested outside Wapping. Inter-union meeting calls national demonstration for January 24, and also for a recall TUC congress. Mass picketing continues, with the biggest-ever Saturday night turn-out since the summer.

An important development last October was the formation of WAM - Women Against Murdoch. This was set up by women strikers, relatives and friends of the printworkers, and it has been a key factor in keeping the momentum of the strike going and organizing support, particularly among women, in London. WAM has also developed links with Women Against Pit Closures, which has continued to organize locally and nationally since the end of the miners' strike.

It is estimated that something in the region of 2,000 people have been arrested at the Wapping pickets. In December, a leader of the strikers and member of the SOGAT's national executive, Mike Hicks, was jailed for

12 months. This draconian sentence provoked an escalation in support for the strikers, witnessed by the massive turnout for the anniversary demonstration. Many other picketers are facing serious charges and threatened with prison sentences.

But the mass pickets and boycotts of Murdoch's newspaper alone cannot win this dispute. What the strikers desperately need is real support from the rest of the trade-union and labour movement, most crucially in the form of solidarity strike action from their comrades in the newspaper industry.

Without a boost like that, and a victorious end to this hard-fought battle, the British labour movement will have little to look forward to in 1987. □

# Teachers' action provokes suspensions

SINCE ITS ELECTION in 1979, the Tory government led by Margaret Thatcher has embarked on a policy of dealing with trade unionism head on and through legislation. Secretary of State for Education, Kenneth Baker, is now taking this offensive one step further.

Baker's Education Bill represents another move towards state control of labour relations. If it becomes law, it will shape future legislation to prevent trade unionists defending their interests.

THERESA YORK

The Bill would allow the secretary of state to dictate teachers' pay and working conditions, removing the right of teachers in England and Wales to negotiate directly with their local authority employers. It will also attempt to ban industrial action by teachers, following two years of disputes — including strikes and a prolonged work-to-rule — between the government and the teachers' unions in primary and secondary education over pay and conditions.

The Bill proposes setting up a committee to advise the education secretary on pay and conditions, after consultations. But it is purely an advisory committee, and the procedure rules out direct negotiations between teachers and their employers. It would thus abolish at a stroke collective bargaining for 400,000 public employees. For the first time national rates of pay for teachers could be altered on a regional basis.

The leadership of the National Union of Teachers (NUT), the main union involved, has concentrated its strategy for fighting the Bill via winning amendments in the House of Lords (where new legislation is taken before being brought back to a full parliament), and through a propaganda campaign. But it will only be action that can seriously challenge Baker's proposals.

Baker's Bill follows a period of backtracking and open betrayal on the part of the teachers' unions leaderships, in particular the NUT, the largest. The other teachers' union affiliated to the national Trade Union Congress is the NAS/UWT (National Association of Schoolmasters/Union of Women Teachers). When these two unions were united in action and

determination prior to March 1986, there was no way that the Tory government could go on the offensive. But as soon as the NAS/UWT joined up with the right wing teachers' associations on the Burnham Committee (the teachers' pay panel), the Tories were able to take the initiative as the NUT leadership began to backslide.

In May last year, NUT leaders worked out an interim pay deal instead of advancing the pay claim with action. In September, they signed the "Coventry" deal on pay with the employers and an interim deal on conditions. This in turn was followed by the "Nottingham" agreement on pay and conditions, a package which threw away all the gains made in the previous 18 months of struggle. Kenneth Baker may be using a knife against the teachers, but it was the leadership of the NUT who presented him with it.

## Reasons for retreat by teachers' union

Why did the NUT executive retreat? The dispute has to be situated in Thatcher's Britain, with a Labour Party opposition led by Neil Kinnock. The miners' strike indicated how right wing Labour leaders would respond to Tory attacks: do nothing except attack any forces on the left who fight now. This meant attacks on local councils, on Black youth or on workers who fought back.

The NUT leadership have picked up on this strategy. The local authori-

ties, who employ most teachers, are dominated by Labour Party councillors. The idea behind the Coventry and Nottingham deals was to show the electorate that the unions and a future Labour government could work together.

The Socialist Teachers Alliance (STA), the leading left force in the NUT, called for teachers to vote against the recent pay deal between the union and the local authorities. It was supported in a ballot by over 40 per cent of NUT members. The salaries dispute and the fight around conditions has developed a stronger left wing in the NUT, led in particular by the STA.

Militants in the Inner London Teachers Association (ILTA, the NUT's London branch) have been leading exemplary action. On January 13 they organized a day of strike action involving 6,000 teachers against the Baker Bill. Following this success, the national NUT leadership suspended 80 members of the ILTA council.

The basis for these suspensions is supposedly that the strike was unofficial and broke union rules. In fact, the NUT leadership, fearful of growing support for the left in the union, has panicked.

On the surface, this response by the national officers of the NUT is remarkable for its short-sightedness. They are not prepared to lead action against Baker's Bill, so they have attempted to paralyse those who do want to fight. The recent agreements made on pay after a long and militant campaign by teachers confirm that the NUT leadership are prepared to sacrifice this struggle now for the future possible return of a Labour government.

The real test will come when teachers refuse to implement the conditions laid down by Baker. Local Labour Party-led authorities will then either have to discipline the teachers who refuse to implement the new rules, or stand beside them.

The NUT Broad Left leadership (including supporters of Neil Kinnock and the various wings of the Communist Party) are unable to give a lead because of their disgraceful role in the various sell-outs. Their latest moves to suspend militants in London will lose them even more support in the union.

There is still a broad layer of teachers who are opposed to the pay deal and in particular want to fight Baker's Bill, which gives the left in the union the opportunity to place demands for action on the NUT executive. But the first demands must be for the reinstatement of the 80 suspended ILTA teachers and for a serious commitment to action. □



# Teachers' union congress

THE FOLLOWING report on the congress of the Salvadoran teachers' union was published in the January 22 issue of *Klassekampen*, the paper of the Danish section of the Fourth International.

BIRTHE NIELSON

Five of us from Denmark attended the Twentieth Congress of the Salvadoran teachers' union ANDES on December 1-3. The congress was held in a technical school. And although it was only a five minute walk from the hotel where the international guests were lodged, ANDES made sure, for security reasons, that we were taken to and from the gathering.

On the wall of the school, there was a big red banner welcoming the foreign guests. It was a salute to us, and at the same time a notice to the government that the congress was taking place and was being watched internationally.

"The very fact that we are here is a victory," said the outgoing general secretary, Julio Portillo, in his opening speech.

"Two years ago we were elected by a few delegates meeting secretly in three separate locations. Since then, we have overcome our fear. In 1985, we held an open congress, but this year there are more of us."

ANDES continues to face considerable repression. In the last two years, 17 teachers have been killed and 12 taken prisoner, it was reported to the congress. Ten were freed as a result of actions by ANDES and international attention. Some teachers are constantly on the move to avoid the security police. Portillo himself has recently received a letter with a death threat.

In all, there were 150 delegates, 40 international guests, and 90 guests from other organizations in El Salvador, as well as some other interested teachers and teacher trainees. They met for three days under the slogan, "We educate to build our own future."

"Through our work we can create a better society," said Julio Portillo, "with people who respect human rights and commit themselves to democracy and national independence."

The congress was marked by enthusiastic discussion. But there are a lot of problems. In the course of the crisis, almost 2,000 schools have been

closed and 3,000 teachers have lost their jobs. The government's appropriations for education are insufficient.

There is a lack of books, stationary, furniture and other things in all the public schools, and in some places there are no schools at all, despite the fact that the constitution provides for free, compulsory education. Officially the rate of illiteracy stands at 51 per cent. In reality, it is higher.

A teacher's salary amounts to about one-third of what a family needs to live, and so a lot of teachers hold extra jobs. Over the years, teachers have won a number of rights, such as pensions and health insurance. But they have to fight constantly to make sure that they actually can enjoy these rights.

## Earthquake causes school closures

The country's only normal school has been used since 1982 as a barracks, and teacher training is now carried out in technical schools in bad conditions.

After the earthquake in October of last year, the schools in San Salvador were shut for the rest of the school year, and it is doubtful if the schools will re-open normally on February 1. Schools that suffered damage have not been repaired. But another big problem is the fact that ministries and public offices have transferred their work to schools because their own buildings were wrecked by the earthquake. Many teachers fear unemployment if their schools do not start up again.

In workshops at the congress, the situation in education was discussed, as well as the political situation of the country, collaboration with other unions, union demands, a work plan for 1987 and ANDES' cooperative, COANDES.

The discussions were based on extensive written material, which was

modified and later presented to the plenary session. A lot of people participated in the discussions, which were frank and very political. People had no doubt that the fault for the problems lay with the Reagan administration and El Salvador's Duarte government.

The demands for peace, social and economic justice, respect for human rights and national self-determination were raised in many contexts.

Great importance was given to internal democracy. The election of the chair and reporter took a long time. The election of the new executive took several hours, because people wanted to carry out the election in the most correct way possible.

Despite its seriousness, the entire congress was marked by an incredibly festive mood. Representatives of many organizations visited the congress, making speeches and giving greetings.

In the plenary session on the third day of the congress, Julio Portillo announced that five policemen had come in.

"It is not because there is any problem, but you should be aware of this.

"We can only be glad that the police are starting to take an interest in education." People laughed and the meeting went on. But they skipped a planned speech by a teacher from a guerrilla-controlled area for security reasons. And at the breakfast break, people looked around before they talked to anyone. The police were of course in civilian clothes, so people did not know who they were.

In all, it was a fantastic program that ANDES offered us. Bus tours were organized of the areas hit by the earthquake, trips to the refugee camps and organizations. On the fourth day, the buses and the teachers went to the beach, where ANDES had hired a band that played dance music. In the midst of all this, a meeting was held on the beach, and the international guests were asked to evaluate the congress.

It was a very festive day, and we forgot about the grave situation in the country. But that was always in the backs of the minds of the ANDES people, who had seen the military break up similar gatherings in the past. And on the way home they were careful to see that the buses left together.

For us Danes, the ANDES congress was an intense experience. Words such as freedom, democracy and solidarity, which can seem rather trite in our country, took on a new meaning in the sharp conflict in El Salvador. And we would recommend that other people go when ANDES sends out invitations again to its congress. □

# A massive "no" to Papandreou's policies

TWO AND A HALF MILLION wage earners in the public and private sectors paralyzed Greece on January 15. A massive reaction against the PASOK government's austerity policy, it was the biggest general strike the country has experienced since the fall of the colonels in 1974.

JEAN-JACQUES LAREDO

You get some idea of the breadth and scope of this action when you remember that the total economically active population is 6.4 million, of whom a little under 3 million are wage earners.

This strike surpassed the one on November 14, 1985, at the height of the movement sparked by the introduction of Andreas Papandreou's austerity plan. It confirms the growing opposition to the economic orientations of the [PASOK] team that came to power in 1981.

When Andreas Papandreou's PASOK party won a clear victory in the legislative elections over the New Democracy, the right-wing party that had ruled the country since 1974, it had only been in existence for seven years. Its program continues to be distinguished by a sometimes vague populism.

The two first years of the PASOK majority were marked by a policy of economic revival through increasing consumption, restructuring of agriculture in order to boost production and through modernizing the industrial plants. Parallel to this, in 1981 and 1982 a series of reforms were introduced that improved the situation of the most disadvantaged.

A sliding scale of wages was established. Low wages and pensions were raised. A month's paid vacation for everyone was instituted and a national health system was set up.

PASOK refused to undertake an extensive program of nationalizations. When it carried out nationalizations, it did so in faltering industries, under pressure from the workers. Such measures were applied to shipyards belonging to the fabulously wealthy shipbuilder Niarchos and to some

building companies hit by a decline in orders from the Arab countries in the wake of falling oil prices.

At the same time, measures were taken recognizing civil marriage, divorce by mutual consent and equality between the sexes at work. Nonetheless, PASOK held back a project for lifting the ban on abortion opposed by the ultra-conservative Greek Orthodox Church. However, hundreds of thousands of backstreet abortions are carried out every year, and 25 per cent of young women under 20 have had between one and seven abortions.

In dealing with a state machine that became clogged with rust during the dark years of the dictatorship, Papandreou chose to tread softly. On the one hand, he liquidated the legal heritage of the dictatorship, abolishing the emergency laws that had been kept on the books since 1974 by Karamanlis governments. On the other, he doubled the salaries of the ordinary and special police, while reducing their workweek from 44 to 37 hours.

Very rapidly the PASOK found itself facing a difficult economic situation. Greece continues to be dependent on foreign capital and technology. The World Bank even classes it in the category of countries with intermediate incomes that export manufactured products (along with Brazil, the Philippines and Portugal). Its per capita GNP falls between that of Israel and Venezuela.

Andreas Papandreou took the reins of power after the entry of Greece into the EEC on January 1, 1980. The effects of Common Market membership have proved negative for Greek agriculture. After the removal of protectionist measures, EEC products penetrated the Greek market to the detriment of other imports. But Greek products did not find an opening on EEC markets.

## Massive agricultural trading deficit

The production costs and quality of Greek products were not up to EEC standards. With Greece's entry into the EEC, its agriculture trading balance went from the black into the red. Today this deficit has grown to 3,000 million US dollars per year.

Unemployment and the exodus from the land have increased. About two-thirds of the 10 million Greeks lived in the greater Athens area. Alongside the classical industries, there is an informal economy. For 1985, it is estimated that "invisible receipts" amounted to 1,300 million dollars, coming from such sources as unregistered housing of tourists.



*Inflation in Greece is around 25%, and the rural exodus grows daily (DR)*

The policies of the first two years of the PASOK majority were largely financed by loans from foreign banks, building up 15,000 million dollars in foreign debt. Moreover, while Greece has not resorted to borrowing from the IMF, it has not managed to escape from the guidelines it has laid down.

Priority is given to fighting inflation (which continues to hover around 25 per cent per year), reducing the budget deficit by cutting public spending and by cutting wages. At the same time, direct taxes have risen by 50 per cent and indirect ones by 25 per cent.

But PASOK has taken advantage of a vacuum on the political scene. The New Democracy [PASOK's principal electoral rival] is seen for what it is, the party of the authoritarian and anti-social right.

The memory of its years in office and the compromises of some of its members with the dictatorship still weigh heavily. Moreover, the right is still marked by what it did during the bloody civil war that wracked the country between 1945 and 1949, when the British and their proteges finally crushed the Greek revolution, with Stalin's blessing.

The Greek Communist Party is split. The so-called Interior wing, premature Eurocommunists, have taken their distance from Moscow. But the Exterior wing remains hitched to Moscow's policy, and it is by far the larger of the two, although it does not have the strength seriously to challenge PASOK on the electoral level. The pressure of the electoral system still operates in favor of PASOK.

For example, PASOK has control of the national confederation of labor (GSEE), which has no credible opposition to its left. This enabled Papandreou to call snap legislative elections in 1985 and win an absolute majority of the seats.

In October of the same year, Papandreou announced his austerity plan — a 15 per cent devaluation of the currency, a freeze on wages and dismantling of the sliding scale of wages [cost-of-living allowances]. The workers' counter-attack then was massive and touched off a crisis in the trade-union movement.

The unions led by the two Communist Parties launched a series of strikes. On October 29, the GSEE Council took an irreversible step. By a vote of 27 to 18, it decided to remove its president, G Rastopoulos, a supporter of Papandreou's policy, and called a general strike in November.

The PASOK reacted in its usual authoritarian way. The seven PASOK members who had voted with the Communists were expelled. A split

occurred when PASOK members loyal to the government took the conflict to the courts, accusing the GSEE Council of having taken an illegal decision.

The rejection of PASOK's policy was demonstrated in the municipal elections in October. Three of the four main city governments — Athens, Piraeus and Salonica — were won by the New Democracy. The Communist Party called for a vote to punish PASOK. It being against the law not to vote, the number of blank ballots reached 25 per cent.

The latest general strike has demonstrated that the Greek working class does not intend to take the government's kicks in the teeth lying down.

The demonstrators called notably for a readjustment of wages to the real and not estimated rate of inflation and the re-establishing of collective bargaining.

Since October 1985, buying power has dropped by an average of 10 per cent, and the situation can only get worse when the price freeze, instituted in November, is lifted on February 2,

The demonstration of strength on January 15 was the sharpest warning that PASOK has had. Papandreou knows that he can no longer count on his charisma alone to get the workers and the people to swallow his government's medicine. □

## Explosion in the high schools

IN THE UPSURGE of student struggles that marked the end of the year in Western Europe, one of the more powerful was the fight waged by Greek high school students. The following article on this movement is translated from the January issue of *Ergatike Pale/Spartacos*, the paper of the Greek section of the Fourth International.

December 1986 was clearly a hot month for European education. The mobilizations of the French, Belgian and Spanish high school and university students surpassed the most optimistic predictions. The opposition was provoked by the tightening up of entrance requirements, cut backs in admissions and the strongly class character of this process of selection, which is based on economic criteria. The Greek schools also added their voice to swell the chorus of this European agitation.

The movement in Greece started after [education minister] Tritses' statements in the first week of December. The passing of Consolidation Law 15566/85 gave greater powers to a super-centralized ministry and increased teacher unemployment. It represented another attempt by anaemic Greek capitalism to intensify the educational process by the sole means of imposing more and more exhausting teaching schedules.

While working people are being savagely taxed, the appropriations for education are pittance by comparison with the sums spent on the

"bargain of the century." [This refers to a massive arms deal made by the government.] This increases the strain in making the reforms needed to enable the educational system to incorporate advances in science and technology and new production techniques.

The demands for reproducing a specialized and differentiated workforce are conflicting more and more sharply with the elasticity of the selection process and the liberal elements in the educational system.

The first step towards narrower specialization was the separation of the technical entrance to the TEI [Institutes of Higher Technical Education]. Thus, instead of "wasting time" as candidates for the TEI, the children of the economically disadvantaged classes will enter more rapidly into productive activity. That is directly in line with the interests of capital.

The picture is filled out by changes in the curriculum to the detriment of "outdated subjects" (such as Euclidian geometry), which in prin-



*The January general strike was the biggest movement so far against Papandreou's austerity (DR)*

ciple are aimed at developing the critical thinking and culture of the students, and to the benefit of computer and economic subjects that are defined in a narrowly technocratic way.

Nonetheless, the levels of training and study are still too far from the social blueprints. Apparently, the social programs for reorganizing education have become a nightmare for many governments. The French, Spanish, Italian, and still more so the Greek ministers, are scurrying to try to hide how much their educational systems are lagging behind West Germany. Teaching materials have to be increased, a lot of books have to be rewritten, selection has to become stricter.

Tritses made it clear early on that it was an organic need of modern capitalism to drive teachers and students at exhausting workrates. Teachers and students have to surrender their humanity and concentrate on turning themselves quickly into fully programmed accessories of electronic calculators in the service of capitalist production.

The growing unemployment of graduates is a strong argument for selection and specialization in education. Drastically reducing admissions to the AEI [Institutions of Higher Learning] is becoming a primary goal of the Greek state. (The next step is probably abolishing the equality of diplomas). [This is in order to

restrict access to further education and create a hierarchy of schools.]

Thus, the dream of entering higher education will become still more unrealizable for those who cannot afford the costs of preparatory schools. Supplementary education (especially the preparatory schools) will grow, while competition among candidates will sharpen.

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### Closing off access to education

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The experience of the explosion of unemployed graduates in Italy at the end of the 1970s weighs very heavily. The occupations and clashes in Bologna, the jeering and beating up of the Italian CP bureaucrats is not easily forgotten. The European states are learning from each other's experiences. High school students are clearly easier victims [than university students].

So, the model of the Italian university is being decisively ruled out as a social danger. When the state cannot guarantee the future employment of today's university students, it is better to close off access to third-level education. This is the clear choice of Greek capitalism.

Resistance by students and teachers to all these attacks and restrictions on access to education is determined by many factors. It has not developed

in a linear or a deliberate way. This conflict is very complex and intricate. There is no class homogeneity, no unified consciousness, no organizational structures for coordinating the struggles in all the high schools.

The teachers have given priority to job-related questions. They staged a 24-hour strike on November 12, 1986, to press demands for higher levels of education funding, higher wages and democratization of the civil servants' code (i.e., political rights). Along with these demands, they have condemned the inhuman, exhausting work schedules that the ministry is trying to impose, while at the same time refusing to hire unemployed young teachers.

The rather low-key reaction of the teachers to Tritses' educational policy took on a new force because of the unforeseen entry of the high-school students into the fray. The movement started in the polytechnic schools, whose students demanded abolition of the discriminatory measures against them and an equal chance with graduates of the other high schools to gain entrance into the TEI.

The main demands were for a chance to get into the TEI and the creation of a fourth year for specialization. The occupations of the polytechnic schools were followed by occupations of some general and technical high schools in Athens. On December 16, 1986, some 115 high schools held the biggest high school student rally and march since

the fall of the dictatorship [in 1974].

Of course, the teachers' trade-union establishment shut its eyes and ears. The existing organizations, OLME and ELME did nothing, not even issuing a simple declaration of solidarity with the student occupations. There were many reasons for this.

The first is that the occupations of the polytechnic schools did not have the support of any official party. The decision to occupy these schools in Athens was taken on December 9. Some 400 students voted for, 222 students voted against and 120 cast blank ballots. The "no" votes came from the KNE [the youth group of the Communist Party-Exterior] and the abstentions from MAKI [the student organization of the right-wing bourgeois party, the New Democracy].

This was a genuinely spontaneous choice by the overwhelming majority of the students that took everyone by surprise. The teachers remained silent, confused and passive. There were, however, weightier and graver causes for this attitude.

It is no accident that to this day there has never been any action by teachers for liberalization of the schools and in defence of students against oppression, jail-like regimentation and the destruction of their personalities. Circulars and orders such as G2/2652, requiring all teachers to send a letter to the parents when students exceed 30 absences, have not run into any opposition from the OLME.

The teachers are unable to comprehend the whole set of physical and social conditions that determine the psychology and the reactions of the students. This is not the result of any unwillingness on their part. Rather it is a result of the fact that their centralized hierarchy forces them to impose discipline by every available means and to try to force the students to study things that are divorced from, and in conflict with, their experience and wants.

The teachers probably try with good intentions to make learning attractive to the young. But these efforts run aground very quickly on the lamentable reality of the jail-like schools. More and more, the teachers acquire the attitudes of pitiful jailers, just trying to survive, and no longer looking at what they do not want to see.

On the other hand, at least those students involved in the occupations of general high schools (southern Smyrna-Kallithea) adopted the just demands of the OLME for higher funding and the appointment of new teachers.

Tritses' statements convinced none. The wretched condition of

the school buildings and crying shortages of teaching personnel, at the very time when thousands of unemployed graduates are piling up on the streets, is a merciless reality that the students experience every day and are very well aware of.

Moreover, no one better than the students understands the mental and psychological pressures on the teachers and the exhausting nature of their work. The students' refusal to accept the imposed order and to absorb learning whose usefulness they cannot see is a genuine expression of human freedom. But it is a painful trial for those sitting in teachers' chairs.

### Student occupations transform schools

The occupations transformed the schools from an area of reproduction of bourgeois ideology and oppression of the students' personalities into an area of free expression and questioning of the educational system and of all the government circulars and orders from above. The schools suddenly became a center of attraction for the students. The students voluntarily stayed there every night.

December's mobilizations were only a prologue. The teachers' wage demands are not going to find any speedy satisfaction. In the meantime, the continually rising prices and the fading of cost-of-living allowances will create a constantly more explosive situation.

For the first time, the teachers' section of PASK [the trade-union organization of the ruling PASOK party], which has a plurality in the leadership of the OLME, took a clear stand to the left of its ministry. The statement of the PASK in Peiraius on October 12, 1986, is especially notable. It not only openly supported the national strike

by the OLME, but condemned Tritses.

The student mobilizations caught a lot of bureaucrats by surprise. The student youth has a very complex psychology and behaviour. Much less of it is organized in the KNE, Regas Feraios [the student organization of the CP-Interior] and the far-left groups than in the previous decade. Moreover, the MAKI has experienced a significant rise. The reasons for this alteration of the political picture are first of all social and not simply owing to the decay of PASOK and the weak-kneed policy of the reformist parties.

The expression of the students' antagonism to society is taking on a more spasmodic, chance and often violent character. First of all the constantly worsening unemployment all around them feeds their anxiety about their futures. In the student world every day there is less and less comradeship. The constant unbearable bombardment of videos, a plethora of different makes of motorcycles, comics, modern clothes and the sounds of electronic music press down on them.

Neither the KNE nor the PAMP [the PASOK high school organization] nor the MAKI will be able to understand the sudden explosions of the high school student youth. No parliamentary party is going to increase its influence here. The road ahead leads downward for all of them. However, there is going to be a marked rising trend of student occupations and actions. The results will certainly be determined by the degree to which it is possible to achieve coordination of the mobilizations and to link up with the teachers' demands.

The vision that must guide and encourage the fight for radical changes in education is one of a many-sided humanistic education in the service of human needs, and not a technocratic education in the service of capitalist profit. □

*Bosses want students to become "fully-programmed accessories of electronic calculators in the service of capitalism"*



# The upsurge of the democratic struggle and the CCP

THE ANTI-BUREAUCRATIC, democratic struggle that erupted on December 9 quickly spread to over a dozen major cities in China. Students from over 150 institutes of higher studies participated. With university students as the central force, this struggle has persisted several days in many cities, taking the form of protest marches, wall posters, rallies and overnight sit-ins. The duration, persistence and scope of this struggle (in Shanghai, it was reported that 150,000 people participated in a march) signal the intensification of social contradictions in China.

This is a spontaneous political movement. It is a direct continuation of the September 18 student mobilization of 1985, a revival of the democratic movement repressed in 1981, and the broadest anti-bureaucratic struggle since the Tiananmen Square riot of 1976.

ZHANG KAI

The major feature of this movement is its assumption of the political character and significance of fighting for democracy and against bureaucratic autocracy. The slogans of the demonstrations are unequivocal: "Democracy, Liberty, Human Rights!" "Against bureaucracy, against dictatorship, against privileges, against ruthlessness!" In addition, the protests against inflation and demand for a better livelihood are protests against the bureaucracy's policy of shifting the loss to the people.

Another feature is that in the movement, some students voice the demand for party pluralism. This indicates that those who make the demand for a multiparty system to replace the one-party dictatorship of the Chinese Communist Party (CCP) have reached quite a high level of consciousness, that they feel the need for new parties and programs to lead the mass struggle in order to counter the hegemony of the CCP. This conclusion is drawn after long-term bureaucratic rule and mass struggle.

The features and nature of this movement show that it cannot have been initiated or promoted by the elements of certain factions of the CCP.

The movement reflects the strong discontent, disappointment and indignation of the broad layers of youth, students, workers and masses

with CCP rule. It also illustrates the background of the movement and the cause of its eruption: grievances have long been pent-up due to bureaucratic dictatorship, wrong policies, privileges, abuse of power and impotence of Party cadres; some leaders made verbal pledges of reform of the political system but nothing has materialized; the leaders give lip service to socialist democracy but the people's democracy and freedom are denied; economic and educational reform, in particular the thaw and inflation of prices, have added to the people's economic hardship.

Since 18 September, 1985, when massive marches of university students

*Students burning copies of the People's Daily (DR)*



took place, the mood of struggle has been rising.

In 1986, several struggles against dictatorship and for freedom have been victorious (notably the anti-Marcos struggle in the Philippines, the struggle against the dictator in Haiti, the mobilization of the French students against new educational policy). In Taiwan, the struggle against the Nationalist Party's one-party dictatorship has obtained a breakthrough. In South Korea, the students continue to wage the struggle against the military regime. All these have inspired and encouraged the students.

Faced with the just demands of the mass movement, the CCP tries all means of repression to deprive the people of their constitutional rights. Local regulations are hastily drawn up to limit the people's right of rally and demonstration. Yet, these measures have met with the direct challenge of the students who continue with street demonstrations without applying for permission.

The propaganda machinery monopolized by the authorities are turned on to distort, denounce and slander the will and action of the masses, accusing the movement of being "anti-socialist" and "anarchist". The distortion only fans up more fury from the students.

## The bureaucracy's revenge

At the beginning, the authorities refrained from arresting students in fear of adding fuel to the struggle. Later, when students in Beijing openly challenged the ban by marching to the Tiananmen Square, the authorities arrested some students, but had to release them when faced with more violent reaction from the students. At present, no strong repression is carried out against the students, but as usual, the revenge will be made later.

# Students in the frontline of the struggle

The editorial of the *People's Daily*, December 23, 1986, attempts to pacify the students that "in the course of reform, indeed, many new problems need to be studied and resolved", and they should be done "through normal democratic channels". The editorial grants that the will of the students is good, but then goes on to say that they "may be made use of by individual elements with ill intent to cause turmoil". The CCP's attempt is to slow differentiation in the student movement and label the activists by the above charges.

The students are aware of revenge by the CCP. After the September student movement of 1985, some students have been expelled and two students from the Beijing University have been arrested on the charge of "counter-revolutionary activities" for writing an article. There has not been any report of their release. This time, some officials have stated that students participating in the demonstrations will be affected in their job allocation after graduation. However, the students answer with mobilizations with clearer political objectives.

Even if the present struggle is temporarily repressed, it will rise with more momentum, since the social contradictions are aggravating.

The authorities fear most the involvement of the working class in the struggle. Due to the gravity of the economic situation and the serious price inflation, worker discontent is serious, and worker involvement in the struggle is possible. In fact, in the 150,000 mass demonstration in Shanghai, there were workers. Hence, the authorities tried desperately to separate the students from the rest of the population, and only those with student cards were allowed into the ranks to protest. At the same time, the authorities promptly announced that prices will stabilize in 1987.

On the other hand, in Shanghai, Beijing and Guangzhou, workers have been arrested, some on the charge of joining the student demonstration and overthrowing cars to cause turmoil, some on the charge of distributing leaflets and inciting students to take to the street. Since the participation of workers at present lacks organization, individual workers have been persecuted to blackmail workers from joining in the struggle.

Solidarity of the students, workers and citizens is the fear of the authorities, but it must also be the goal of the masses. Only with broad solidarity action can the bureaucracy be isolated and the anti-bureaucratic, democratic struggle succeed. □

*October Review*, December 1986

IN DECEMBER 1986, a broad student movement spread in major cities in China. From the start, the movement put forward unequivocal demands for political democratization. Wall posters were put up and debates conducted in campuses, and, later on, thousands of students struck and took to the street, stating to society: the people will not remain silent; the students are going to the frontline of the struggle against the bureaucracy and for democracy.

WEI WEN

From 1919 to 1949, the student movement played an active role in the struggle against imperialism and warlords. The May 4 Movement of 1919 was spurred by students. In the May 30 Movement of 1925, the students supported the struggle of the Shanghai textile workers and the student strike joined in with the general worker strike. After the September 18, 1931, invasion of Japan into China, the student movement grew in momentum and in 1935 the famous December 9 Movement was initiated by students in Beijing, demanding an end to the civil war and a national effort to fight the Japanese invasion. After World War II, under the reactionary rule of the Nationalist Party, the students were again in the vanguard. In May 1947, a general protest movement broke out against hunger, civil war and repression.

After the Communist Party (CCP) came to power, the initiative of the people was discouraged and required to follow the leadership of the Party. In 1956, on the repercussions of de-Stalinization in the Soviet Union and the Hungarian uprising, the CCP also called for the people to speak their thoughts. Students and intellectuals responded enthusiastically to the Hundred Flowers Bloom Movement, only to be attacked by being labelled "rightists". After this, students and intellectuals kept their silence. The student mobilization during the "Cultural Revolution" was initiated from above to serve the purpose of a factional power struggle, and was far from spontaneous. The milestone of the people's struggle for democracy is the April 5 Tiananmen Square riot in 1976 in which 100,000 workers, citizens and students for the first time

spontaneously mobilized against the dictatorial regime.

At the end of 1978, a democratic movement unfolded in major cities. It first took the form of parades, wall posters on the Democracy Wall and rallies to discuss democracy. Soon, it developed into the form of the publication of unofficial journals so that discussion could be more profound and organization could be stronger. Of the more than 100 journals that were produced, about half were political journals. Their editors were mainly young workers, especially former red guards, during the Cultural Revolution. From January to March 1979, arrests were made on dissidents. Between this time and September 1980, the unofficial publications suffered intermittent repression, but they also made an important step forward. In September 1980, the National Association of Unofficial Publications of China was founded and it published an organ, *Duty*.

## Democratic movement organizes

The report of the First Congress of Unofficial Publications summarized the development of the democratic movement. It pointed out that in the initial period, the journal groups were atomized and immature, and failed to consciously take up the task of being the vanguard of the democratic movement and linking up with a mass democratic movement. The founding of the National Association to unify over 30 journals aimed to overcome the above organizational weakness.



Politically, when Wei Jingsheng warned of Deng Xiaoping becoming a dictator because the people do not have the weapon of democracy, Wei was considered too radical in the circle of activists. Yet his arrest, and the later detention of Liu Qing, further exposed the countenance of the so-called "reformist faction", and helped some activists to discard illusions in the bureaucratic faction. The report of the first congress said that only by a broad democratic movement can ossified bureaucrats give up their power, and the confidence and enthusiasm of the masses be stimulated. "In fact, in some aspects, the conscious struggle of the masses against the bureaucrats has come into the category of the democratic movement. Comrades of the unofficial journals should grasp the mood and thoughts of the masses and heighten their understanding of the democratic movement."

Actually, inspired by the victory of the Polish workers in setting up the independent Solidarnosc, the Chinese activists not only promoted a united journal organization but also began to form the "Association to promote democracy and unification in China". This is an attempt by the core of the democratic movement to seek stricter organizational functioning to realize their program, which is for the practice of socialist democracy in China.

Hence, before the general repression of April 1981, the core group of the democratic movement, consisting of around 100 people, had developed quite a significant national organizational link, a unified organ, a program for socialist democracy, the consciousness of going into the worker and peasant masses to lead the masses into the democratic movement and even the preparatory work of organizing a political party.

Its rapid maturity was due on the

one hand to the inability of the Deng faction to solve China's social contradictions, the radicalization of the activists on seeing the repression of dissidents by the ruling faction, and the repercussions of the Polish trade union movement. On the other hand, these activists have accumulated political and organizational experience during the Cultural Revolution and applied it during the short interval of "liberalization" after Deng came to power. However, the general masses saw in Deng's policy rectification some of Mao Zedong's unpopular policies, and most people adopted a wait and see attitude. At the same time, the adverse consequences and new social contradictions arising out of Deng's policies were only starting to be seen. Hence, the repression of the democratic countenance among the more active layers.

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### "The people should be master!"

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The activists of the Beijing Spring democratic movement were mainly young workers, but the student movement also showed signs of revival during this period.

The unofficial publications produced by students were mainly literary journals in which the students voiced their discontent with social phenomena (such as bureaucratic privileges, abuse of power, serious inequality between the rich and the poor), and expressed their pursuit of an ideal. The most representative journal was *Our Generation*, jointly published by students of the Chinese department of 13 universities in China. It was banned after the first issue, but it already indicates the students' ability to link up with each other.

At the end of 1980, the students

took the lead in participating in the election of county-level people's deputies to the people's congress.

Firstly, students from the Beijing University ran as candidates and expressed their political ideas during election campaigns. Heated debates took place, wall posters were put up, materials and journals were mimeographed and distributed, campaign groups were organized and campaign mass meetings were held. Campus atmosphere was electric. For example, a candidate's declaration "On the freedom of speech" caused a wide reaction, and the Beijing University students drafted a proposition concerning publication and collected signatures to press the government to safeguard the right of publication by citizens.

The struggle of the Hunan Teacher Training College students was even more militant. On 9 October, 1980, two thousand students spontaneously marched to the provincial government building in Changsha to denounce the school's illegal "nomination" of candidates. The students shouted slogans: "Down with bureaucratism", "People's deputies should be elected by the people! The people should be master!" Starting on October 14, 87 students went on hunger strike and several thousand students of other institutes of higher studies joined in solidarity. On the 16th, the students went on a general strike, and workers also joined in a general strike. On the 24th, the students sent a delegation to Beijing to petition the central authorities, and on their way they linked up with students from other cities and a plan to set up a national independent student federation was discussed. The student struggle won a victory, and students were allowed to nominate their own candidates.

In October 1980, strikes also took place in Kaifeng University, Chungking Teacher Training College, Southwest Communications University and Sichuan Financial College, in protest of the rape of a girl student, the occupation of the campus buildings by the Provincial Party Committee or the inadequacy of school facilities respectively.

With the repression of the Beijing Spring democratic movement in April 1981, the student movement also came under repression. However, with the intensification of social contradictions under Deng's policies, the student movement began to revive from May 1984 to January 1985. Struggles on issues of student welfare and school administration took place in Nanjing University, Xiamen University, Beijing University, Beijing Teacher Training College and Beijing Law University. The demands of the



students were closely related to anti-bureaucratism.

On the September 18 anniversary in 1985, a wave of student demonstrations spread across China. In the Tiananmen Square, the slogan of the student demonstration was "Strong opposition to Japan's second economic invasion", "Down with the contemporary Li Hongzhang!" (Li was a Qing Dynasty official accused of treason to serve the interest of the imperialists).

### For a multiparty system

The existing economic policy and the privileges of cadres were the central issues of student protests. In Wuhan, Chengde, Xian and Tianjin, university students carried out demonstrations or riots. Students from the Beijing University and Qinghua University formed a "command centre for all-China students to commemorate the 50th anniversary of the December 9 Movement". The command centre sent students to link up with universities in Xian, Wuhan, Changsha, Chengde, Shanghai, Shenyang, Harbin, Dalian and others to prepare for a national demonstration against Japanese imperialism. The planned slogans were "Against bureaucratism and adverse trends", "Against treason to seek one's own wealth", and "We want rice".

Due to an intense suppression by the authorities, the December 9 demonstration did not materialize. In the latter half of December, there was also the protest of minority students from Tibet who demanded an end to nuclear tests in Tibet, democratic elections, an end to birth control and economic and political autonomy.

The student protests in December 1986 in major cities in China were a direct continuation of the 1985 student protests. From the very beginning, acute political demands against bureaucratic dictatorship and for political democratization were put forward. "Democracy" was the main slogan in all the demonstrations, and the concrete demands included freedom of the press, freedom of the person, genuine election of people's deputies to the people's congress and student participation in college administration.

Most notable is the discussion of and demand for a multi-party system and an independent student union proposed by wall posters on Beijing, Shanghai and Wahan campuses. These two demands had been made during the period of the Beijing Spring

## LETTER TO COMPATRIOTS

Citizens, compatriots!

Have you long felt that our right to democracy and freedom is so very restricted and artificial? The feudal system in which democracy and freedom did not exist, and the Cultural Revolution in which democracy and freedom were trampled on, belong to the bygone days. However, the broad people still live under democracy and freedom in word only. We must ask: how many people's deputies are produced by means of the broad masses exercising their true rights? And can they really represent the wish of the people at critical moments? No! The answer we inevitably obtain is "NO!" In the eyes of most people, those deputies are merely lead types waiting for us to put a mark on!

We must also ask: are we free? The same answer. No. In all the major newspapers and radio broadcasts, there is simply nothing at all about the student movement in Shanghai and in other places. This alone serves to prove that the press is not free. The blockade of news hoodwinks the broad masses, so that the people cannot see the righteous demands of patriotic youths and the support of the people in all the places. This is a tragedy.

We believe that the people will not forever remain silent. After Hefei, Xian, Beijing, Kunming, Wuhan and Shenzhen, a dynamic student movement broke out in Shanghai on December 19. It end is to fight against bureaucratic repression and for democracy, and its means are legal parade and sit-in. Large numbers of students took to the street, and with their patriotism and the material and spiritual support of the citizens and masses they persisted until the early morning of December 20. Then, at this moment, large numbers of military police, in violation of the pledge of the municipal government, began to disperse the students by violence. Many students were badly beaten (including girls), and often, 3 or 4 policemen attacked one student. Dozens of patriotic students have been arrested. The people, on seeing the brutality, are enraged. Faced with violence and autocratic power, we will not give up. All universities go on strike and parade, and a struggle of greater scope unfolds.

Though we might temporarily come upon defeat, we shall not give up. We are convinced we are right. History will eventually affirm our student movement. The future and destiny of China should be grasped in the hands of the people. Full democracy and freedom will become the right of the people.

Let more people throw themselves into the dynamic movement for democracy and freedom! Victory surely belongs to us!! Viva the December 19 Movement!!

*Tongji University Student*

*(Note: This leaflet was distributed in the street on December 23).*

democratic movement, but this time they were more openly and directly proposed as a challenge to the "persistence of the leadership of the CCP". In addition, the students also actively propagandized democratic ideas to workers and citizens, and their slogan, "Against inflation" linked students with the workers.

In the December 20 demonstration of 150,000 people in Shanghai, more than half were not students. This is why the authorities took pains to prevent workers from joining the ranks of the demonstrating students, to separate workers from students and heavily penalize workers who played an active role in the protests.

The student demands are a sensitive reflection of social sentiments. The massive demonstrations of students reflect the acute political, economic and social contradictions in China today. Under Deng's rule, social polarization has aggravated, corruption, smuggling and cadres' privileges are flagrant, and the masses can generally relate the economic trend with the political one-party dictatorship.

More people realize that the obstacle caused by the bureaucratic dictatorship must first be removed. The students in China, inspired by the people's overthrow of the dictator in the Philippines, the concession of the Nationalist government in Taiwan to allow a second party to exist, and the victory of the struggle of the French students, have become more courageous. Though in terms of the integrity of the program and the efficiency of organization the present student movement has not yet reached the level achieved by the core of the democratic movement of early 1981, the scope of mobilization is unprecedented.

It can be foreseen that if the student movement can further strengthen its organization (building independent student unions, setting up a national network) and consciously play the role of vanguard to fight for democracy — mobilize the workers and peasants and express their demands — then a mass democratic movement can unfold. □

*October Review, December 1986*

# Peking's New Economic Policy

FOR SEVEN YEARS, the People's Republic of China has been engaged in a vast process of structural reforms. This is neither simply a continuation of the Maoist course, after corrections, nor a return to capitalism — regardless of what its “leftist” critics or bourgeois commentators suffering from a surfeit of confidence in their class like to think. This is a “New Economic Policy” (NEP) similar to, but more deepgoing and prolonged than the one the USSR went through between 1921 and 1928.

ERNEST MANDEL

An interim balance sheet of this experiment serves to point up both the successes of this policy and its contradictions, which are piling up at a faster and faster rate. The successes are essentially in two areas. The first is increasing production and accelerating growth. The second is raising the standard of living and culture of both the urban and rural population. In these two areas, the achievements have been truly spectacular. Proportionally, given a much lower starting point, they far exceed those in the USSR under the NEP, or even during the entire period that includes the NEP and the first five-year plan, that is, 1921 to 1932.

Industrial production has more than doubled, above all owing to the flourishing of small and medium enterprises in the countryside. State industry has increased its production by about 90%, and the private sector has also undergone a certain expansion. Since 1978, agricultural production has doubled. Some 300,000 peasants currently own tractors. About 11 million private bosses employ 15 million wage workers, the latter however representing only 4.5% of the total workforce outside agriculture.

The cooperative sector, which exists mainly in the countryside, employs 100 million people. But a total of 85,000 state enterprises account for more than 80% of industrial production and more than half of the national income, higher proportions than those in the USSR under the NEP.

The rise in the standard of living has been no less impressive. It is estimated that peasants' incomes have

grown by more than 50%. The situation is summed up well today by the statistics on life expectancy in the People's Republic of China — 65 years for men and 68 for women, comparable to the figures for the USSR and higher than those for Romania and Turkey.

To get an idea of the progress this represents, you need only look at the pictures in TV and movie films of the big cities — mainly of Peking, Shanghai, Tiensin, Wuhan, Shenyang (Mukden), Harbin, Canton, Chongqing — showing millions of bicycles replacing the millions of rickshaws, the pictures of villages with well-nourished children in place of millions of starvings and beggars; tens of millions of women without deformed feet, free from servile subordination to patriarchs and mothers-in-law.

This progress is a belated but real product of the victorious socialist revolution of 1949. That can never be repeated enough, in the face of all the shortsighted and skeptical, including in the ranks of the Chinese CP, and their acolytes in the West and elsewhere.

Can the “Four Modernizations” go on at the average rate of these last seven years? (1) Deng Xiaoping's team hopes so. It promises that by the year 2000, the per capita income will have reached 1,000 dollars, that is the present level in Turkey and double that in Egypt. In the years 2010-2015, it is supposed to reach 2,000 dollars, that is, the present level of Mexico and Portugal. China would then become a semi-industrialized country.

Specific promises of this sort are risky, as shown by the precedent of the Twenty-Second Congress of the Communist Party of the Soviet Union. (2) External constraints and internal social contradictions may put a brake on growth before this goal is attained. Nonetheless, on the basis of the present data, it is not as devoid of realism as Khrushchev's boasting 25 years ago. Even if the goal is not achieved, the gap between the reality and the promises will not be catastrophic.

In the area of raising the level of education, skills and culture, the advances have been no less spectacular. China has been opened up to world culture, stupidly called “bourgeois” by the Maoists, on a scale out of all proportion to what occurred there before 1949 or what has taken place in India since independence.

As regards more specialized and privileged layers, India undoubtedly has acquired a lead. But as regards the masses, or at least the majority of them, because some rural areas and even provinces remain very poor and backward (3), China is way out ahead of the capitalist countries of the so-called third world that started off from a level comparable to it in 1937 or 1949 in literacy, book and magazine publishing, the number of new titles published annually, hospital beds, access to technical education and the number of students finishing secondary education. (4)

## “Enrich yourselves”

However, the picture is not without its dark spots, far from it. Deng Xiaoping's course is giving rise to more and more economic, social and political contradictions. The fact that these contradictions on the whole repeat those of the NEP between 1921 and 1928 confirms the clear-sightedness of the Left Opposition at the

1. These are the modernizations advocated in the economic, scientific, technical and military fields. Liu Shaoqi used this formula in the Eighth Congress of the Chinese CP in 1956, and it was later repeated by former premier Zhou Enlai, who died in 1976. It has been taken up and applied by Deng Xiaoping.

2. In 1961, Nikita Khrushchev, then the first secretary of the Soviet CP, promised that the Soviet Union would catch up with and surpass the per capita production and income of the United States in 1980.

3. According to official Chinese sources, the number of people in the countryside living under the subsistence level was estimated at 100 million in 1978 and 60 million in 1985. (Y. Chevrier, ‘La société chinoise après Mao,’ Paris, Fayard, 1986, p. 310)

4. India's illiteracy rate is more than 50% higher than China's. Its per capita daily calory consumption and life expectancy are 25% to 30% lower.

time and the historical validity of its analyses, its criticisms and its concrete constructive proposals.

In the economy, what is most striking is the difference between the almost continual progress in the countryside, at least as regards production and per capita income, and the much more fitful advances in industry and in the urban areas. In the latter, we see spurts of inflation and unemployment that periodically dim the picture of the NEP in the eyes of vast strata of workers.

The reasons for this contrast are manifold. But I do not think that we would be wrong in saying that one of the main causes for this lies in the fact that the obstacles to the self-interest of the peasants in production and the initiative of the peasants have been largely removed. And the Chinese peasantry is one of the world's most skilled in intensive agriculture, despite the modest equipment it possesses.

On the other hand, the obstacles to the workers taking an interest in production and expressing their initiative have not essentially been removed, inasmuch as industry continues to be run by the bureaucracy, and there is no workers' self-management, however this concept may be defined.

In the area of agricultural production and rural society, however, there are two striking contradictions. A tempestuous expansion in commodity production is provoking a shift from cereals toward products whose sales bring in more, a dangerous tendency for a country as populous as China so long as there is no sharper increase in the productivity of cereals crops as a result of investment, which for the moment is lacking.

Moreover, demographic growth, even though curbed by brutal limitations on family growth ("negative family allowances" after the third child) and the increase in productivity are swelling the overpopulation of the villages, for which the expansion of rural industry is not offering a sufficient outlet. In the short- or even the medium-term this problem threatens to become explosive.

In industry and the national economy as a whole, growing imbalances are appearing, at once between the volume of investment and that of end products, between imports (especially of modern technologies) and exports, between the money income of the population and the production of consumer goods, between growth of production and productivity. A big gap remains between the average income of the peasants and that of the workers.

These imbalances are being reflected by periodic surges of inflation,

balance-of-payments deficits (and falling exchange reserves) and unemployment in the cities. Deng's reforms have not yet been able to offer a remedy. This leads to successive "rectifications." Abrupt cutbacks in investment and imports, marked slowdowns in the growth of urban incomes come every two or three years in the wake of veritable phases of "overheating" in growth. At present, we are seeing a rapid drop in the growth rate in industry.

The economic contradictions of the Chinese NEP lead inevitably to social and political contradictions. Social inequality is becoming sharply accentuated both in the countryside and in urban areas. In the countryside, the new course has been and continues to be carried out under the watchword of "enrich yourselves." (5) It is no accident that Deng has rehabilitated Bukharin totally and even enthusiastically, while Trotsky's rehabilitation remains purely a matter of clearing him of criminal charges and not of clearing him politically (or at least only very partially). (6)

This policy is producing a layer of much richer and much more enterprising peasants than the Kulaks were in the USSR under their NEP, with a very marked tendency to create capitalist businesses (that is, by exploiting wage labor), even if this is still on a very limited scale for China as a whole.

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### "Envy and jealousy"

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Alongside this, poverty survives, mainly localized, to be sure, in underdeveloped regions. But it exists also in the rich agricultural provinces and in the cities. (7) This is the origin of what the Deng faction's ideologues delicately term "envy and jealousy" by the poor of the rich. Marxists would call this phenomenon more bluntly class antagonisms between the rich and the poor. It will be hard to keep this hostility from leading to more extensive class struggles.

In the urban environment, along with social inequality, mercantile relations are widening, tendencies to private enrichment at any cost — that is, speculation, corruption and the black marketeering, especially in the area adjacent to Hong Kong and in the so-called Special Economic Zones open to foreign investment (mixed enterprises). Of course, the impact of these investments is still minimal, below even what the Chinese leaders foresaw and wanted. But the modification of manners and motiva-



tions within the bureaucracy and among the traders and speculators (the Chinese equivalent of the Soviet Nepmen of the 1920s) is quite marked.

The regime's answer to all this has so far been essentially repressive — death sentences and public executions to throw a scare into "enemy infiltrators." Needless to say, such responses are not very effective in the context of the moral climate (would it not be better to say "immoral climate"?) created by the watchword of "enrich yourselves."

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5. "It is the rational peasants, those who love taking risks that the present decollectivization [i.e., the abolition of the People's Communes] has brought to the forefront. By the thousands, particularly dynamic 'specialized households' have launched themselves into particular speculations and have not been shy about enriching themselves 'more than the others' . . . Even if their emergence continues to revive the risks of polarization, the pre-eminent role of these 'farmer-entrepreneurs' in the economic take-off that is beginning now in the countryside cannot be denied" (C Aubert, *op. cit.*, p.40)

6. See E. Mandel, "Chinese writers partially rehabilitate Trotsky," in 'International Viewpoint' No. 99, May 19, 1986.

7. A group called the Marxist Left has appeared among the students, which has questioned the influx of Japanese consumer goods and protested against the growing inequality. The most remarkable left oppositionist document that has so far appeared in China is Chen Erjin's 'On the proletarian-democratic revolution.' It is a veritable manifesto for an anti-bureaucratic political revolution that was written on the eve of Mao's death. It has been published in English by New Left Books/Verso (London 1984) under the title 'China: Crossroads Socialism.'

The most effective counterweight to this surge of primitive accumulation or private capital (8) would obviously be mobilization and conscious commitment by the working class, which already numbers 120 million waged and salaried workers. (9) However, such commitment cannot be obtained unless, besides real incomes growing, the workers get growing rights and powers. But despite some timid steps in the direction of electing managers within the plants by "workers' congresses," the essential course of the Deng faction has followed rather the opposite logic. It is creating the impression that the guarantee of a job (the famous iron rice bowl) is being put in question.

Even though so far this involves only very limited experiments, such as allowing an enterprise, the Explosion Proof Equipment Factory in Shenyang, to go bankrupt in 1926 (it should be remembered that 40% of state enterprises operate at a deficit), this line can only create disquiet among the workers and increase the impression that the present course is changing the social relationship of forces to their detriment. The massive unemployment in the cities, especially among the youth, has the same effect.

The regime's attempt to soak up this unemployment by developing a vast cooperative, semi-private and private service sector has perceptibly improved the living conditions of the urban population. But in turn it has also increased social inequality and the tendency to division and disarray within the working class.

These social contradictions are not failing to have ideological and political effects. A general scepticism has spread among the youth, among the workers and among the lower and middle cadres of the Communist Party. (10) These people literally no longer know what to believe in.

The de-Maoisation is continuing its course. Although the extremes of the Stalinist "ideological purges" were avoided, Mao no longer has the demi-god's status that he did toward the end of the 1970s. Stalin has been knocked off his pedestal altogether. Lenin has lost a good deal of his prestige. Even Marx's stock has gone down seriously. (11) The Deng faction is laboriously trying to work out a new ideological and theoretical identity from a painfully stitched together and hardly convincing amalgam of ideas by Lenin, Bukharin, Yugoslav theoreticians, East German theoreticians, vestiges of Maoism, and even elements borrowed from Trotskyism, anarchosyndicalism and moderate syndicalism.

Even left social democratic influences are raising their heads, coming

for example from British Labourism and Austro-Marxism. This whole mess has done little to inspire enthusiasm among the youth. Its only redeeming feature is to encourage critical thinking and to permit some steps forward toward freer public and above all semi-public discussion.

However, at the same time, there is still sharp repression of the more determined oppositionist tendencies. Despite declarations in favor of political pluralism — professions that mainly favor right-wing tendencies — a lot of oppositionists remain in position.

In recent times, social conflicts have taken a public form on several occasions and in several areas. There have been about 30 strikes, including one by the bus drivers in Peking. There have also been actions of demobilized soldiers, and before that former prisoners demanding rehabilitation. But the most spectacular actions have been by the students.

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### The student mobilizations

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The student mobilizations started in early December 1986 at Hefei University in Anhui province, from which they spread quickly to Wuhan and Shenzhen. The biggest explosion took place ten days later in Shanghai, where it culminated in a series of mass demonstrations. The largest of the demonstrations, on December 21, had 50,000 to 70,000 participants, including many workers. Subsequently demonstrations occurred in Peking, but on a more limited scale.

The students' tactical sense and high political level should be pointed out. According to the Paris daily

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8. This remark may be considered to be in contradiction to the basic hypothesis of my article, that is, that there is no tendency toward the restoration of capitalism in China. In fact, there is a very long way — in both China and the West it stretched over 2 thousand years of history — between the beginning of the primitive accumulation of capital and the triumph of the capitalist mode of production as the dominant mode of production. Lenin pointed out innumerable times that small commodity production (peasant and artisanal production and private property) inevitably creates a tendency toward the primitive accumulation of capital. But in order for this to become the dominant mode of production, capital has to take over the greater part of the means of production and transform a considerable part of the producers into wage workers separated from their instruments of work and from access to the land, and forced to sell their labor power to the private owners of capital. This is not on the agenda today in China.

9. In a study in the collective work cited above edited by Chevrier, Roland Lew separates out from these 120 million waged and salaried workers in the Chinese People's Republic 45 million in-

*Liberation* of December 19, 1986, the Shenzhen students said that they were inspired by the student movement in France, having seen pictures of it on television. In fact, the students' initial demands concerned their own working conditions: reduction of registration charges, democratic election of student representatives and of the university authorities.

On the basis of these demands, the students soon went on to raise broader democratic issues — democratic election of municipal and provincial councils, freedom of the press and association, freedom to demonstrate, abolition of censorship, release of the political prisoners. In Peking, the students forced the release of their arrested comrades. In Shenzhen, they won a reduction in registration charges.

According to the *New York Times* of December 27, 1986, the Communist Party leadership in Peking promised that in the next municipal elections multiple candidacies for each post would be permitted. But it did not specify who would choose the candidates.

The spirit of the demonstration was distinctly socialist, egalitarian and anti-capitalist. In several demonstrations the students sang the Internationale and chanted the slogan "No socialism without democracy!"

Oppositional political groups have appeared and have been repressed. But they remain small and localized.

Conflicts in the official power structures, in part reflected by the press, have also been important. The most important conflicts have been between factory managers and party committees. Such disputes have been resolved finally in favor of the factory managers, who have won greater autonomy in decision-making. (In this regard, see the *Far Eastern*

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dustrial workers, 7 million transport and telecommunications workers and 8 to 9 million building workers. It is necessary moreover to separate out workers with guaranteed permanent employment, who are essentially in the state sector, from temporary workers. The latter include those in small rural industry (about 20 million); about 10 million peasants "rented" to urban industry by people's communes; and about 15 million temporary urban workers, who are above all in the cooperative or semi-collective sectors. The wage rates among these different categories vary by magnitudes of 1 to 3. At the top are wages of permanent building workers, who earn 1,000 dollars a year. Moreover, the "temporary" workers do not benefit from social security (op. cit., pp. 65-66). On the Chinese working class see also Roland Lew, "Economic reform against the workers," in 'IV,' No. 86, November 11, 1986.

10. According to Roland Lew (op. cit., p. 70), in 1983 out of 41 million members of the Chinese Communist Party, 3.34% were less than 25 years old, as opposed to nearly 27% in the 1950s.

11. On the re-evaluation of the great Marxist thinkers in China today, see my article in the May 19, 1986, issue of 'IV.'

*Economic Review* of October 9, 1986.) There have also been conflicts between the unions (or should we say, the union leaderships?) and the factory managers, with the unions demanding greater autonomy (right to bargain).

In a certain number of cases, still quite limited, to be sure, the unions have also demanded a right of veto over decisions on hiring and firing. (See the interesting feature that appeared in the Dutch *NRC Handelsblad* of September 24, 1986.) In general, with respect to workers, managers have more extensive rights in the rural cooperative sector and in rural industry than in state industry in the cities.

The Deng team is trying to arbitrate these conflicts in order to avert social explosions. It is counting above all on the attraction of "consumer society," that is "material incentives" for the workers. A system of contract labor, linking wages to productivity, is supposed to assure the success of this policy.

However, it is precisely to the extent that these contracts spread that this solution, which can be valid in exceptional cases, becomes unrealistic. A general increase in wages is obviously limited by the average growth of production and the volume of investment.

The enormities of the "three worlds" policy and the judgement that the "Soviet superpower" was "more dangerous" (being more aggressive) led Peking's unfortunate acolytes in Europe and elsewhere into a pro-imperialist orientation, impelling them to support the rearmament of the other imperialist powers besides the United States. (12)

In Asia, Peking's rapprochement with ASEAN and Pakistan dealt grave blows to the left in these countries and especially to the local Communist parties. (13) The Deng faction later prudently retreated to a position of so-called equidistance between the "two superpowers."

However, the new rise of the colonial revolution (Central America, the Philippines), new aggressions by imperialism (Grenada, Nicaragua, Libya), the South African crisis, the emergence of a powerful anti-war movement in capitalist Europe and Australia have little by little led Peking to adjust its aim in a more anti-imperialist direction. For the moment, this is no more than the initial outlines of a new rectification, but it is worth taking note of.

This rectification fits into the context of a deeper-going re-examination of the reciprocal relations between Washington and Moscow. It is largely a response to a new development in international relations in

Asia — the spectacular growth in the strength of Japanese imperialism.

Tokyo's increased technological, financial and industrial power inevitably has military implications. In fact, for the moment, Washington is encouraging an accelerated rearmament by Japan for essentially financial reasons, as a way to reduce its own burden for "defending" this region of Asia.

## The pressure of Japan

Joint military maneuvers by the US, Japan and South Korea at the end of October 1986 pointed to a virtual new military pact. (14) Moreover, Japan's enormous technological potential means that its lag in aviation and in the space industry (that is, in making missiles) can be rapidly surmounted. In the nuclear field, the obstacles are in fact more political and psychological than technological.

Japan's accelerated remilitarization is being accompanied by a reinforcement of the extreme right nationalist tendencies within Premier Nakasone's Liberal Democratic Party. This resurgence of militarism is going hand in hand with rehabilitation of the war criminals and even of the whole political course that led to the outbreak of the war against China in the 1930s. In schoolbooks, the Japanese militarists' crimes against the Chinese people, notably the sinister plundering of Nanking in 1937, are being minimized or denied.

This entire evolution cannot but worry the leaders of the Chinese People's Republic. Pragmatists and realists that they are, they are not unaware that while Washington might *in extremis* protect them against military aggression by the Kremlin (in the past such aggression, even involving nuclear weapons, was a real threat, and that in part explained Mao's turn toward the Americans), US imperialism will never ally with China against Japan.

Thus, the necessity arises for a readjustment of China's foreign policy, for a normalization of relations with Moscow (without this meaning that we can already speak of a re-establishment of the Sino-Soviet alliance). Gorbachev has understood the change in climate in Peking. He has taken the first steps, to save Deng from losing face, notably in his speech in Vladivostok on July 22, 1986. Subsequently, this course has been pursued through re-establishment of fraternal relations between the Chinese CP, the East German SED and the Polish PZPR.

About the secret negotiations underway, we know only the three conditions that Deng has posed for normalization. They are first, lifting the Soviet military threat by withdrawing the 600,000 Soviet soldiers from Mongolia and southern Siberia and the Soviet missiles aimed at Chinese cities, or at least reducing them sufficiently so that Peking would no longer feel threatened, as well as adjustments of the border along the Amur river; second, withdrawal of the Vietnamese army from Cambodia, which is supposed to be "encircling" China; and third, withdrawal of Soviet troops from Afghanistan. (15)

It is a safe bet that of these three conditions, the third is the least important. The second is negotiable (and may be reinterpreted). The first remains in fact the only substantial one. Meeting this demand would perceptibly change the strategic and diplomatic situation in Asia and the Pacific, that is, on the world scale.

This demand has already partially altered the content of East-West negotiations, since it involves a revision of the conditions for withdrawing the Soviet missiles from Europe behind the Urals.

Thus, Deng Xiaoping's NEP is not only a tactical retreat on the economic front. It also has profound implications for the relationship of class forces on a world scale. Despite the hopes of Nixon and Kissinger in the first instance and the appearances later at the end of the 1970s, neither the China of Mao's death agony nor Deng's China has really become integrated in the imperialist game.

The Chinese bureaucracy remains a non-capitalist force that has its own, specific interests to defend. And in this game, the Chinese proletariat is an actor that has remained in the background. If it steps forward, the entire scenario could well be changed. □

12. According to this theory, which was formulated by Deng Xiaoping in 1974, the "first world" was made up of the US and the Soviet Union, the third world of developing countries, and between the two were the developed countries other than the Soviet Union and the United States.

13. The countries belonging to the ASEAN alliance (Association of South East Asian Nations) include Indonesia, Malaysia, the Philippines, Singapore, Thailand and Brunei.

14. Japan has taken the pretext of a purported Soviet arms buildup in the Far East to justify increasing its military spending, which now exceeds the 1% of GNP permitted by the country's constitution. (*The Economist*, August 16, 1986.)

15. North Korea's rapprochement with the Soviet Union and the threat of seeing Soviet bases established in this country are increasing Peking's fear of "encirclement," and will no doubt give rise to a "fourth condition" for normalizing relations with Moscow.

# A critique of the seventh five-year plan

**DURING THE** seven years since China began a policy of bold economic reforms on a large scale, there has been a permanent debate in the leadership of the Chinese Communist Party (CCP), where the new economic policy is contested in varying degrees by some leaders. In this context, every economic decision becomes the object of debates and critiques, especially at the time of the adoption of a new five year plan.

In this article from the Hong Kong journal *October Review* of April 1986, Zhang Kai explains these debates and makes a radical critique of the seventh five year plan, adopted for 1986-1990.

ZHANG KAI

The Seventh Five Year Plan (FYP), 1986-1990, has been adopted by the National People's Congress. The FYP was formulated amid differences in the Party leadership on the policy and tempo of reform. China now "seems to be at a crossroads": "Either take a small step and establish an economic model with the plan being predominant and the market being supplement, or take a big stride and quickly form a socialist market economy" (feature article by Li Minhua, Hong Kong Wen Hui Bao's correspondent from Beijing, April 3, 1986.) (1) "A big debate is brewing among new and old economists" (article by Cheng Xiang of Wen Hui Bao reporting from Beijing, March 31, 1986).

The FYP was "adopted in principle". This means some questions still await amendment, pending decisions to be made after controversies are resolved in the Chinese Communist Party (CCP) leadership, or pending actual developments later on. This implies reduced planning and increased possibility of loss of control.

The basic tasks of the seventh FYP are: "1) to maintain a basic balance between total social demand and supply, so that the reform can develop smoothly, and the basis of a new type of socialist economic structure with Chinese characteristics can be basically established in five years or more; 2) to keep up continued and steady economic growth, and on the premise of controlling the total amount of investments in fixed assets, greatly

strengthen key projects, technology reform and talent promotion . . . 3) on the basis of developing production and heightening economic efficiency, to continue to improve the life of the urban and rural people."

The latter period of the sixth FYP saw an imbalance between total social demand and supply, the basic reason being that investments in fixed assets were excessive. The sixth FYP formulated in December 1982 had set investments in fixed assets of state-owned enterprises from 1981 to 1985 at 360 billion yuan. [3.7 yuan = 1 US dollar.] At that time, Zhao Ziyang's report said that "such an arrangement means drawing lessons from the excessive scope of capital construction and inefficiency of investments in the past". Still, the actual outcome reached 530 billion yuan, almost 50% more than planned.

## Past errors not corrected

The pursuit of speedy development and high production value resulted in disregard for efficiency and quality, and further tension in raw materials, electricity and transport. (For example, Guangzhou suffers from a 40% shortage in electricity, and in Nanjing and Chengdu, electricity shortage causes stoppage of work two days every week.) Since 1984, there has been a sharp increase in credit funds

and consumption funds, which has sped up inflation, foreign trade deficit, imbalance of foreign exchange and devaluation of the RMB. [Renming bi yuan — "people's money", the official name for the Chinese yuan.]

However, the gross social investments in fixed assets as set by the seventh FYP is 1,296 billion yuan, (of which those of state-owned enterprises is 890 billion yuan), 2.6 times the figures of the sixth FYP.

This indicates that the seventh FYP has not drawn lessons from the past, and it is difficult to ensure accomplishment of the basic tasks quoted above.

Of the investments in fixed assets of state-owned enterprises, capital investments take up 500 billion yuan, of which 375 billion is arranged by the central government and 125 billion is arranged by the local government. Of the former, energy, raw materials, heavy industries, transport and communication, the four Special Economic Zones and the Guangdong nuclear plant totally take up 73.2%, "other sectors" take up 13.5%, the defence industry and military projects take up 5.4%, but agriculture, irrigation and meteorology take up 3.9% (14.68 billion yuan), and science, education, culture, health take up merely 2.6% (9.98 billion yuan). The latter is expected to be placed mostly in industries.

The investments in agriculture and education are very low. In recent years, Deng Xiaoping has stressed the success of rural reform. However, gross grain production in 1985 decreased by 7% as compared to 1984, the main reason being that the income from growing grain is small, many peasants are thus unwilling to grow grain and cultivated land has decreased. At the same time, the prices of fertiliser, insecticide and farming instruments have increased. State funds to support agriculture are also appropriated by local institutions. The situation is reflected in the speeches of some deputies to the National People's Congress (NPC).

For example, "deputies from the Jiangsu, Zhejiang, Jilin and Fujian provinces and from Beijing pointed out that the decrease in investments in agriculture and irrigation and the slackening of capital construction in agriculture must be corrected. Li Qingkui from the Jiangsu Province said that the phenomena of "degeneration of the land, ageing of machinery, deterioration of irrigation and worsening of the seeds deserve attention." (New China News Agency, 31 March, 1986, despatch from Beijing). One of the "acute viewpoints" during

1. Wen Hui Bao is a CCP spokesperson in Hong Kong.

group discussions and interventions at the NPC was that "the seventh FYP (draft) ignores agriculture". (article by Li Minhua, Wen Hui Bao's correspondent from Beijing)

As a result of the criticisms made by the deputies, an amendment was made to Zhao Ziyang's report: "To continue to strengthen agriculture, which is the basis of our national economy, is a key strategic orientation in our modernization construction. We should continue to grasp grain production and strive to assure steady increase of grain production."

The criticisms made at the congress showed certain support to Chen Yun's speech at the CCP congress last September. (2)

Despite certain increases these past years, the educational funds are still meagre. According to Hu Zhiewi, former chief editor of the *People's Daily* and presently deputy to the NPC, of the educational funds set by the seventh FYP, "77.7% is spent on personnel, and less than one-third is really spent on improving educational undertakings." (*People's Daily*, 10 April, 1986.)

The 1982 census showed that 23.5% of the population — 230 million people — are illiterate or semi-illiterate. Liu Bin, deputy director of the State Educational Committee, recently went on a survey to Yunnan and Guizhou Provinces and "discovered that 15-40% of school-age children do not go to school; while old illiterates have not decreased, new illiterates have increased.

"At present, funds for primary and secondary schools are very low. There are only 102 yuan per year for every secondary school pupil and 33 yuan for every primary school pupil (1984 figures). This amount covers wages, scholarship, cadres' travel allowances, administrative costs and school maintenance charges.

"Statistics at the end of 1984 showed that there are still 46 million square metres of dangerous school buildings, and a shortage of 37 million sets of desks and chairs (about one-fifth for all pupils) . . . Library books and laboratory facilities are even more pitiable." (*People's Daily*, 8 April, 1986)

Besides due to the low wages of teachers (only 20-30 yuan every month for teachers in many rural primary schools), large numbers of teachers change their jobs, and the quantity and quality of teachers are low.

The seventh FYP provides that 201.6 billion yuan from the state budget is to be spent in the coming five years on education, science, culture and health, and 9 years' free education will gradually be implemented. Yet Tao Dayong, professor

of Beijing Teachers University, pointed out that "the present problem is that there is not sufficient attention paid to fundamental education in primary and secondary schooling, and educational funds are not enough . . . The authorities agree to exempt school fees, but are reluctant to exempt 680 million yuan annual sundry fees. Without the exemption of sundry fees, the exemption of school fees is mere empty talk because the school fees can take the form of sundry fees. I still think there should be a big increase in investments in education." (Ming Pao, 4 April, 1986)

## Overheating

The FYP sets 4% as the average annual growth rate of agricultural output in the next five years (6% including industries on village level). The growth rate for industries (light and heavy) is 7.5%. It is an 87.5% increase compared to the aim of the sixth FYP, but is only about 60% of the actual growth rate during the sixth FYP period.

According to the above growth rates, the GNP in 1990 will be 1,117 billion yuan, a 44% increase from 1985. If the population of 1990 is kept under 1,113 billion, then the per capita GNP is about 1,000 yuan, equivalent to about 312 US dollars. [With the current dollar slide, this should be adjusted to 370 dollars.] It is still a long way from the 1,000 US dollars predicted by Deng Xiaoping for the year 2,000.

In the article "On the Sixth Five Year Plan" (*October Review*, No. 1 of 1983), I criticized the average annual growth rate of industry and agriculture projected at 4% as too low. In fact, the actual development has been much faster than the planning. In industry, there is even a danger of extra high tempo: a 14% increase of gross value of industrial output from 1983 — and a growth of 22.8% in January to July 1985 as compared to the same period in 1984. Chen Yun signalled the warning: "We cannot possibly continue with such a high tempo, because our present energy, transport and raw materials cannot meet the requirements of such a high tempo." The central government ordered national industrial departments to an urgent brake. Still, the growth rate for 1985 was 18%.

The reason for the excessive tempo of industrial development is: investments in fixed assets are getting out of control; the more the investments, the more increase in light industries and processing industries; and the greater demand for raw materials

and stimulation of speedy production in heavy industries.

The present FYP on the one hand desires a slowdown in the rate of growth, and on the other hand increases total investments in fixed assets by 1.4 times as compared to the actual figures of the sixth FYP. Such a contradiction will inevitably induce high tempo of industrial development, and intensify pursuit of growth of output value without regard for quality and efficiency.

The first basic principle and orientation of the seventh FYP is "to persist in placing the reform in priority". The tasks and aims of the reform on economic structures as set by the FYP are:

Firstly, "to strengthen the vitality of enterprises, especially the big and medium state-run enterprises, so that they can truly become relatively independent economic entities, and become the socialist commodity producers and administrators that are autonomous and responsible for their own profits and losses." While big and medium state-run enterprises practise management at different levels, many small enterprises are run by a collective or by individuals. This means that they are run privately, through contracting or leasing. Products become commodities sold in the market, and are produced for this purpose.

Secondly, "to further develop the socialist commodity market, and gradually perfect the market system." The perfection of the market system means "to gradually reduce the varieties of resources allocated by the state, and lower their proportion in the total amount of resources; expand the market of the means of production; systematically open up and set up a capital market, a technology market, and a rational flow of labour power."

The reduction of the role of the state in the allocation of resources, coupled with the "gradual reduction of the scope of mandatory planning", will induce the majority of products to become commodities sold in the market. Their prices will be affected by the law of supply and demand of the market. The FYP provides that "on the premise of a full consideration of the receiving capacity of the state, the enterprises and the people, to actively and steadily push ahead the reform of the pricing system, to gradually form a pricing system that more or less corresponds to the value and can reflect the relationship of supply and demand, and to gradually form a price management system that combines state controls, state guidance and market adjustment of prices."

2. Chen Yun is a member of Standing Committee of the CCP Politburo.



As for the concrete stipulation of the formation of the pricing system, the FYP says: 1) concerning the means of consumption, besides state price fixing for a minority of important commodities, the prices of general commodities will gradually be set free according to the supply and demand of the market; 2) concerning the means of production, adjust the planned prices of important resources, and gradually reduce the proportion of products whose prices are set by the state, so that the state prices and the market prices can gradually approximate; 3) concerning the fares or prices of important public utilities and main services, the state will continue to manage them and readjust them according to planning; the prices of other service enterprises will gradually be set free.

The trend is that the majority of products will become commodities sold at the market with their prices "more or less corresponding to their value and reflecting the relationship of supply and demand". The idea of "planning being predominant and the market mechanism being supplementary" may become outdated.

Under such an aim, the "premise" of considering the "receiving capacity" to the pricing reform actually means consideration of the extent to which the ordinary people can tighten their belts, and tolerate the situation without breaking into general resistance.

The establishment of the capital market means capital can flow freely in the market, collecting interest without any restriction of the interest rate, and shark loans like those under the capitalist system may revive generally in China (this has appeared

in some places in recent years). The stock market may exist. Technology may become a commodity. As for labour power, though the regulation that "labour power is not a commodity" (i.e., non-recognition of the existence of exploitation) still holds, it has the attributes of a commodity, since it can flow freely, and the labourers can be dismissed or can resign.

### A "socialist commodity economy"

Though the FYP uses the epithet "guidance by planning", it does not project how the plan can play a decisive role so as to subordinate the market to the plan.

The official theory and the FYP crown China's commodity production, commodity economy and market mechanism all with the epithet "socialist". The argument is that socialist commodity production is based on the socialist public ownership of the means of production, and labour of unexploited labourers. (See Xu Dixin's *A concise dictionary on political economy*, 1983, p.494.) In his report on the seventh FYP, Zhao Ziyang said, "The commodity economy that we want to develop is on the whole a socialist commodity economy which is based on public ownership, practises the principle of 'to each according to his labour' and is under planning and control."

Let us look at the three conditions proposed by Zhao Ziyang.

First, the question of public owner-

ship. At present, the means of production in China is under state or public ownership; this is important in supporting the fact that China is a workers' state and not a capitalist country. However, according to the FYP, state-owned big and medium enterprises will distinguish clearly between right of ownership and right of use, and the right of use is exercised by the factory director or manager. As for small state-owned enterprises, many are now operated by the collective or by individuals. The right of ownership then only has meaning in terms of property relationships. The right of use has more substantial meaning. Production is aimed for the market, and prices are regulated by supply and demand in the market. Self-responsibility for profit or loss induces production for profit and not for need. Between the enterprises will be competition rather than cooperation. This is induced by the law of the market, especially when commodity production is "fully developed".

In the aspect of gross value of social output, at present, the value produced by state-owned enterprises comprises about half of the gross value. Take 1985 as an example.

The State Statistics Bureau figures indicate that gross output value for the year is 1,624.2 billion yuan. Of this, state-owned industries output is 624.7 billion yuan (38.5%), collective industries is 233.2 billion, agriculture 357.5 billion, village industries 93.5 billion, rural construction, transport and commerce 168.5 billion, and others (including urban construction, state-run transport, communication and commerce) 128.8 billion. (3)

The majority of collective industries have been contracted to private hands; rural land is contracted for long terms for small commodity production; almost all rural (and a large part of the urban) industries, commerce, construction, transport and services are run collectively or privately; and state farms take up only 3-4% in the gross agricultural output value. Since the growth rate of output value of collective and individual enterprises is much higher than that of the state enterprises, if this trend continues the weight of state-owned enterprises will continue to decrease. The FYP projects that by 1990, gross output value of rural enterprises will increase 100% in comparison with 1985, yet the growth rate of state

3. The figures of the output value of these two types of industries are calculated from "Statistics communique on the 1985 national economy and social development", and "China Statistics Yearbook 1985", English edition, p. 306. In the gross industrial output value, there are also 3.22 billion yuan from individual industries and 14.72 billion yuan from other types of industries.



enterprises is far less for the same period.

The FYP projects 160 billion yuan of investments in fixed assets of collective enterprises and 240 billion yuan in individual enterprises. The total amounts to 44.6% of investments in state enterprises. It is also unprecedented that investments in individual enterprises are included in an FYP. The speed at which private capital has increased these last few years is also stunning.

The second of Zhao Ziyang's conditions is the question of "to each according to his labour". Though this principle is indispensable in a transitional or socialist period, this principle alone cannot automatically guarantee socialism. While the FYP proposes to "overcome and prevent unreasonable excessive differentiation of income", it also "continues to encourage" some areas, enterprises or individuals to get rich first. Zhao Ziyang also uses this principle to evade the question of the basis of "work by unexploited labour". Instead he advocates "the promotion of a free flow of labour".

The third condition is the question of "under planning and control". If a general market system is "gradually formed", and prices and production regulated by the market become predominant, then the planned economy will be superseded by the market economy. Chen Yun pointed out at the Party congress that "market regulation means no planning, with production carried out according to changes in the supply and demand of the market. This means regulation with 'blindness'".

Economic reforms should aim at affirming the central place of the proletariat in production. The FYP does not even mention this. In the section "enliven activities of the enterprises", under the heading "structural reform", it proposes to "improve the leadership of enterprises, gradually practise the responsibility system of factory directors or managers, fully exercise the enthusiasm and initiative of the administrators", but does not mention the working class. In the FYP, there is a general reference to "socialist democracy and legal system", but this decorative word does not even appear in Zhao Ziyang's report.

To ensure the smooth accomplishment of the FYP, the enthusiasm and initiative of the labourers must be mobilized. To do this, their living and working conditions must be significantly improved. What has the FYP promised in this respect?

It projects that by 1990, the average annual net income of the peasants will be 560 yuan, an increase of 41.1% from 1985. However, the

inflation rate of 1985 is reportedly 9%. If this high rate continues, it means the growth of the net income of peasants will be zero.

It promises that the average annual increase in the real wages of workers will be 4%. This is about half of the annual growth rate of gross value of industrial output, which is 7.5%.

In official reports, the rate of inflation is not high. Unofficial reports however indicate that in recent years, the inflation rate is two-digit. For example, the State Statistics Bureau announced that the end of February this year that the average net income of peasants in 1985 had increased by 11.8%, while prices have increased by only 3%. On March 27 it was announced that the general index of average retail prices of 1985 increased by 8.8% over 1984. As the economist Qian Jiaqu pointed out, such figures do not reveal the actual situation, for they average the price decrease of TV sets, refrigerators, washing machines, cameras, watches, and so on, with the price increase of vegetables and daily necessities, hence pulling down the rate of the overall increase. Cheng Zhiping, head of the State Bureau of Prices, also pointed out that "the prices of subsidiary foods that greatly affect people's livelihood has increased by as much as 23% (from 1984 to 1985); the increase of vegetables is 34.5%, sea products 37.4%, newspapers and books 32.5%." (Wen Hui Bao, March 28, 1986.)

### Price squeeze

This trend in the beginning of 1986 was acute. According to the statistics published by Beijing's *Peasant Daily*, the increase at the end of February 1986 as compared to the end of December 1985 in the main agricultural subsidiary products in about 50 urban and rural markets is: over 100% for rice, wheat, soya beans, hens, apples, oranges, almost 100% for sesame oil, beef; 90% for pork; 75% for carp; 58% for eggs; 150% for ginger. (*Ming Pao*, 28 March, 1986, p.17.)

The rate of increase in two months is indeed stunning. The prices are those for the market. At the end of 1985, there were in total 61,000 markets, with a turnover of 70.5 billion yuan. The prices in state-run shops are lower. However, only the prices of rice and cooking oil are controlled. The prices of all agricultural and subsidiary products have been unfrozen. free. In addition, 75% of small state-run retail shops are now operated by the collective or

individuals. The figures of price changes in state-run shops for the same period are not yet available, but they are certainly affected by the increases in the market.

Such a situation shows that the projected 4% wage increase is far from sufficient to cover inflation. The 7.5 yuan monthly living subsidy for every urban resident is only enough to buy 2 catties [approximately 2½ lbs] of meat in the market.

The urban residents have to bear with an increasing cost of living. As for the peasants, the benefits they obtained a few years ago have mostly been taken back by the state through the high prices of fertilizers, insecticide, daily necessities and farming instruments. Intensified social tension is being expressed in an increase of workers' strikes and work-to-rules.

The reflection of social tensions and struggles in the CCP is the intensification of differences and controversies that have been unfolding in recent years.

Existing information indicates that serious controversies exist in the CCP concerning the question of reform, in particular concerning the concrete measures, steps, tempo, scope, emphasis, and so on. Differences also exist in the top leadership, and were partially revealed in Chen Yun's speech at the Party congress last September. Some traditional theories and positions of the CCP are being revised, and questions that are still unresolved are expressed in ambiguous terms.

The seventh FYP expresses the above situation. It does not define how planning can predominate over market regulation. Its concrete measures are, however, towards the establishment and perfection of a general commodity market. It is still unclear to what extent the FYP intends to reduce the scope of planning and increase the scope of market mechanism.

Whither goes China? Closer to the socialist goal, or further away? Defending its present basis of a workers' state — state ownership, planned economy, monopoly of foreign trade — or changing them gradually until ultimately abandoning them? The seventh FYP has no definite answer to this, though there are disturbing indications.

The balance and struggle of various social forces in China and internationally will affect China's development. In particular, the Chinese working class will defend its present and historic interest, and will not allow its gains to be overthrown in a "peaceful" way. This is one major reason why it is difficult for capitalism to be restored in China. □

# AROUND THE WORLD



## *Basque country*

### **Discussion on the national question**

OVER JANUARY 21-23, the Fourth Internationalist organization in the part of the Basque country in the Spanish state, the Liga Komunista Iraultzailea (LKI - Revolutionary Communist League) organized a series of talks and round tables on socialism and the national question. Sessions were held in all four of the capitals of the provinces of southern Euzkadi - Bilbo/Bilbao, Irunea Pamplona, Gasteiz/Vitoria and Donostia/San Sebastian.

In Irunea/Pamplona the round-table discussion was on the theme "Navarra, a special question in the framework of Basque national liberation." The province of Navarra is the most hispanicized of the historic Basque provinces. The Spanish government has tried to deny its Basque character, excluding it from the Basque autonomous area. The round table was broad and aroused interest in the local media.

In Donostia/San Sebastian, the discussion was on the theme "Euzkadi in struggle for national and social liberation. The panel included Emilio Lopez Adan "Beltza," author of *Basque Nationalism and Social Classes* and *From Carlism to Bourgeois Nationalism*, as well as other works of history and analysis relating to the Basque national question, along with J. Iriarte "Bikila" of the LKI and other speakers.

In Bilbo/Bilbao, the round table was on the national question in the Spanish state and included Francisco Letamendia "Ortzi," author of one of the major works on the history of Euzkadi and the Basque national movement, as well as Jordi Via Llop from the Crida a la Solidaritat, a Catalan united front organization; Encara Otero from the Galician National Bloc; and Marti Causa, from the Liga Komunista Revolucionaria, the Fourth Internationalist organization in the Spanish state.

Michel Lowy, a revolutionary Marxist historian and author of a book on the history of the Marxist approach to the national question, spoke in Donostia, Irunea and Gasteiz on Marxism and the national question. Gerry Foley, editor of *International Viewpoint*, spoke on "Ireland, the history of an unconquered people" in Irunea, Gasteiz and Bilbo.

The lectures and round tables were well attended. In particular, an unexpectedly large number of young people attended, including many youth of high-school age, especially in Irunea. The program has received significant coverage in the local press and radio. □

## *Belgium*

### **JGS congress**

ON JANUARY 10-11, 1987 the Jeune garde socialiste (JGS) held its congress. This Belgian youth organization celebrated its hundredth anniversary last year. In recent years it has acted in political solidarity with the Socialist Workers Party (POS), Belgian section of the Fourth International.

At this congress the JGS decided to become explicitly the youth organization of the POS, and with it, to support the project of constructing a revolutionary force amongst youth. The sixty delegates present also decided to direct their organization toward young workers and school students.

They discussed the recent mobilizations of youth in Europe and are preparing to play an active role in future school students' struggles.

As part of the struggle against militarization a major demonstration against the installation of the second batch of American missiles is already planned for October 1987. In the coming months, therefore, the JGS will have the task of making the event a major mobilization of youth.

The JGS has been very active in building solidarity with the Nicaraguan revolution and in campaigning against the investments of Belgian banks in South Africa.

Also present as guests at the congress were representatives of the French and Dutch revolutionary youth organizations, the JCR and "Rebel". □

## *South Africa*

### **Union disputes**

THE ANGLO American Corporation (AAC) is currently involved in two disputes with South African trade unions. AAC's Vaal Reefs mining complex was at the centre of a wave of violence among workers at the end of last year, resulting in 62 Black

miners being killed.

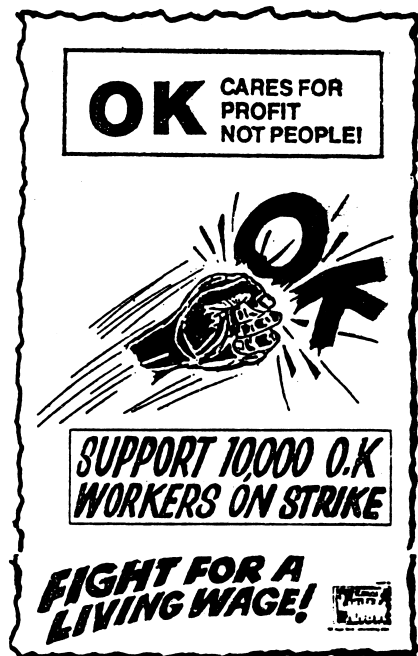
Recently, fighting has also broken out at the Beatrix gold mine in the Orange Free State, with half of the 8,000 miners resigning or being sacked after 8 miners were killed and over 50 injured.

AAC's Gold and Uranium Division recently placed advertisements in the South African press blaming the violence on "irresponsible action, including 'trials' and executions, general intimidation, forced boycotts of liquor outlets and mine stores, illegal work stoppages and coercion of workers to join these".

The National Union of Mine-workers responded with their own adverts to explain the real causes of the fighting. "The source of the conflicts is rooted in the institutions of oppression and exploitation which exist in the mining industry. The hostel system, migrant labour and induna system [police in the mines recruited from among the Black miners] were pioneered at the turn of the century by the mineowners to ensure maximum exploitation and control over all aspects of mine-workers' lives. Over time these structures have been refined, but kept intact."

The NUM has called on the mining companies to remove the Emergency Protection Unit (EPU) system, a practice of housing Black workers according to their languages and using white mine workers as security guards, no matter what their actual job is.

Another major dispute is that be-





tween workers and OK Bazaars, who own a chain of 200 shops across South Africa. Anglo American are part share-holders of the group.

Members of the Commercial Catering and Allied Workers Union, CCAWUSA, have been on strike for over a month for higher wages and better conditions at work. Although both the union and the management have now agreed to arbitration, picketing of the shops is continuing.

The 10,000 workers on strike, from a total workforce of 23,000, are demanding an increase of R160 a month across the board, and for all workers to receive a minimum monthly wage of R450. [R1 = 0.41 US dollars.]

Presently, workers get on average R256 a month, and are often working a ten-hour day. The company's operating profit last year was R35.5 million.

CCAWUSA have reported that the company have called in the police to arrest and attack striking workers, and that the OK management have given the police names of so-called "intimidators". Hundreds of strikers have been arrested so far in the dispute, which has the backing of the trade-union federation, the Congress of South African Trade Unions (COSATU) and other labour and Black organizations. □

## Philippines

### Letter from the PnB

*THE LETTER published here was sent to the United Secretariat (USEC) of the Fourth International from the Partido ng Bayan, (PnB - People's Party) of the Philippines.*

*It was sent in response to the USEC's message of condolence to the PnB and the KMU (May 1 Movement) following the brutal murder on November 13, 1986 of Rolando Olalia. (See 'IV' No 109, November*

*24, 1986.)*

*Rolando "Lando" Olalia was chair of both the KMU and the PnB, and was a central figure in the Philippine workers' movement.* □

Dear Comrades,

This is to formally express our deep appreciation for the warm concern and solidarity you sent not only to the Partido ng Bayan and to the Kilusang Mayo Uno, but also to the bereaved family and the basic masses whom our departed chairman had served with so much dedication.

Your message of hope and courage gives us strength and firm determination to help bring about a society that is free, just and humane. The loss of Ka [comrade] Lando and Ka Leonor [murdered in the same attack] will not be the end of what their lives

**International  
VIEWPOINT**

### SPECIAL ISSUE ON WOMEN

**In celebration of international women's day, IV will be producing a special issue on March 9, which will include articles on women in Japan, China, the Philippines, Eastern Europe and elsewhere.**

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stood for. In their death, we established a covenant with them and all the Filipino martyrs for us to continue the fight for true nationalism and democracy. We recognize the support you have been giving us in this our endeavour. May this be a good beginning of our concrete working relationship with you and your group.

More power and fraternal greetings! Respectfully,

Alan, Jazmines, Secretary General  
Partido ng Bayan

## Obituary

### Veteran Argentine Trotskyist dies

AS WE go to press, news has reached us of the death of Nahuel Moreno in Buenos Aires. Nahuel Moreno began his political activity in the early 1940s, devoting himself to work in the revolutionary movement in Argentina. At a youthful age, he adhered to the revolutionary Marxist views put forward by Leon Trotsky and the Fourth International. From that moment, he participated in the fight to build a revolutionary party in Argentina.

Moreno played a major role in the history of Argentine Trotskyism for more than 40 years. He took part in the Second and Third World Congresses of the Fourth International, which were held respectively in 1948 and 1951. At the Third World Congress, he participated in all the work of the Latin American Commission.

As a result of the decisions of the same Third Congress, his organization found itself outside the Fourth International. It formally re-entered at the Reunification Congress of 1963. He played a leading role in the International until October 1979, when he was involved in a split provoked by different positions toward the Nicaraguan revolution.

In recent years, Moreno concentrated on building the Argentine Movimiento al Socialismo (MAS - Movement Toward Socialism), and the international grouping, the International Workers' League (LIT), in which the MAS is by far the largest organization.

Over and above the differences that have divided us, we join in the mourning of the comrades of the MAS and the LIT and pay homage to the memory of an activist who fought for more than 40 years in the Argentine and Latin-American workers' movement. □

# Danish government imposes South African sanctions

BY THE END of 1986, Denmark is probably the country of all major capitalist countries that has taken the most far-reaching sanctions policy against the apartheid regime of South Africa to date.

AAGE SKOVRIND

On May 6 last year, parliament decided to ban all coal imports from South Africa. The coal ban was followed by another law on May 30, which sanctioned all trade between Denmark and South Africa (the sanctions are also directed against Namibia).

While the first law was passed by an almost unanimous parliament, the second was only backed by a small majority of the government parties. This majority is formed by the three workers parties and the small petit-bourgeois Radical Party, which normally supports the government.

According to Danish legislation, the sanctions must be put into practice within half a year. Thus, by the end of 1986, there should be no economic relationship at all between Denmark and South Africa.

Parliament's decision on this issue comes after a period of actions in solidarity with the South African freedom struggle. Most important of these was a trade-union boycott initiated by the dockworkers in 1985.

The dockers, whose Danish Union of General and Semi-skilled Workers (SiD) is the largest in the country, refused to move any goods going to or from South Africa. Their action had added significance in that it defied the prohibition against strike action during the term of the unions' two-year contracts.

The shipping bosses immediately took the strike to the labour courts, where union officials were forced to back the boycott. Even during the important "Easter strikes" in Spring 1985, the union officialdom never stood up to the labour courts in this way.

While this action spurred the political parties in parliament to prepare boycott legislation, this perspective also served as a welcome excuse for the union bureaucracy to stop union action, thus avoiding a direct confrontation with the

bosses on the question of the legitimacy of the labour courts.

However, some holes in the legislation have been discovered, and exceptions for a two-year period have been given to four companies. More important, shipping companies have escaped the ban by registering their activities in other countries such as Panama and Liberia, under whose banner they simply continue their business. But there seems to be a majority to put a halt to this also, insofar as the ships are still owned by Danish capitalists.

## Companies' sanctions-busting revealed

Traditionally, shipping has a substantial significance in the relationship with South Africa. For instance a few years ago it was revealed that Danish ships had freighted large numbers of weapons to the regime, thus breaking Danish law.

It was also revealed that a Danish

company simply used a West German subsidiary company as a way to continue their exports. This was stopped by a parliamentary majority, saying that the ban on exports deals with the goods produced *inside* Denmark.

So it is still possible to move production as such to companies in other countries. Also, there exists some formally independent subsidiaries in South Africa owned by Danish capitalists, which are not touched by the legislation.

The economic impact of the boycott will of course be very small compared with South Africa's big trading partners — Britain, West Germany and the United States.

In 1985, over 70 Danish companies had exports totalling approximately 100 million US dollars, while imports came to double this amount.

Most important are coal purchases, which until recently represented about 10 per cent of South Africa's total coal exports. From 1975 to 1985, imports of South African coal increased 20 times, representing approximately 90 per cent of all imports from that country.

A ban on trade and other economic relations with South Africa and Namibia is also due to be adopted by the Norwegian parliament this spring, following the same lines as the Danish legislation.

In Norway, the most important import from South Africa is manganese. The law will permit an exception for a two-year period for this import, thus strongly reducing the effects of the boycott. Moreover, there will be a possibility of extending this two-year period for "employment reasons".

The Norwegian boycott also includes a ban on shipping to and from South Africa for all Norwegian-owned ships (and also ships registered in other countries), when South Africa is clearly indicated as the destination in the shipping contract. But the anti-apartheid movement in Norway is stressing the fact that very often the destination is later changed to South Africa, and is claiming that this will leave more than half of the transports untouched.

Generally, the ruling Workers Party has taken a much more timid stance toward the boycott policy than before it took over the government last year.

The Norwegian sanctions are expected to be approved by the Workers Party, the two small bourgeois parties (which are also represented in the government), and by the Socialist Left Party. The latter will probably propose more radical measures, while the big right wing opposition parties will be against the law. □

