

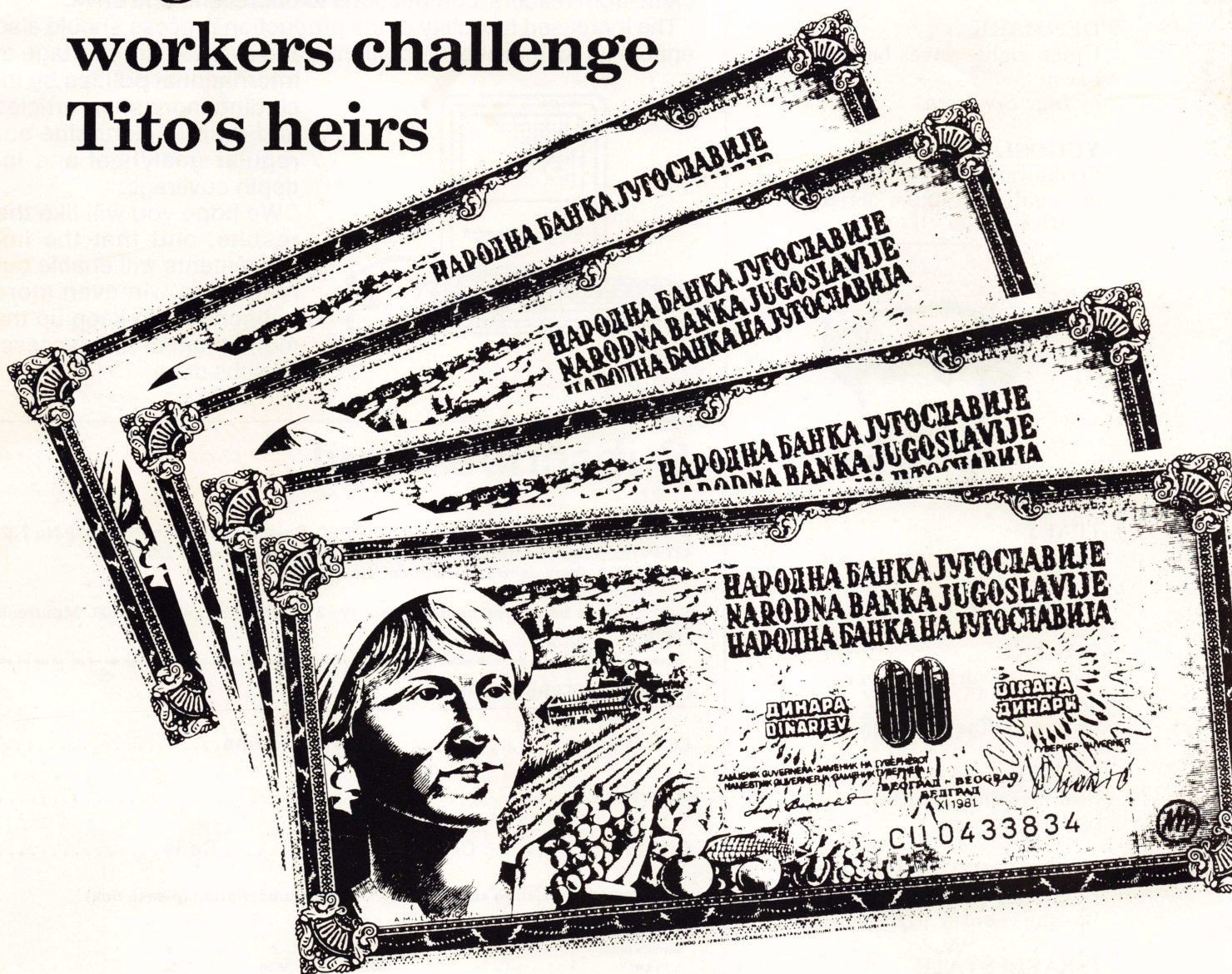
International VIEWPOINT

Issue No. 118

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Yugoslavia: workers challenge Tito's heirs



The convulsions of Brazil's economy
Burdens Polish women bear
What's rotten in the Danish unions

INTERNATIONAL VIEWPOINT

Fortnightly review of news and analysis published under the auspices of the United Secretariat of the Fourth International, in conjunction with the French language *Inprecor*, which appears on alternate fortnights.

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A new look IV for the spring

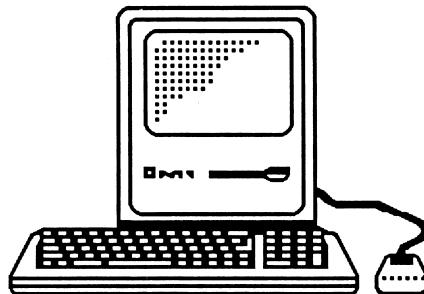
AT LAST, we are able to announce the launch of our "new look" *International Viewpoint*. We have been hinting for some time (as regular readers of this space will know) that our purchase of computerized typesetting and design equipment would soon herald some major improvements for the magazine.

The new IV will be out in one month's time, starting from Issue number 120.

The new magazine will look more professional, more attractive and more readable. The more technically/computer-minded of our readers may be interested to know that we will be doing all this work on Macintosh Plus computers linked to a Lazerwriter printer. A major contribution to purchasing this equipment came from readers' contributions to our recent fund drive.

The increased flexibility of the production process should also enable us to improve the contents, and extend our reportage of international politics by including more short articles and reports alongside our regular analytical and in-depth coverage.

We hope you will like the results, and that the improvements will enable our readers to win even more subscribers to keep up the momentum of our successful subs drive.



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US anti-war actions

IN THE CONTEXT of the foundering of the Reagan administration and its policies, the April 25 demonstrations in Washington DC and San Francisco against US intervention in Central America and apartheid will be a key test of the potential of the mass movement to take advantage of the decline of Reaganism.

The call for the Washington demonstration was issued by 24 international union presidents and 50 religious leaders. That is reportedly the largest number of labor officials yet to come out against the interventionist policies of the Reagan administration.

In New York, the decisive area for the Washington DC demonstration, one of the city's largest unions, District Council 37 of the American Federation of State, County and Municipal Employees has endorsed the action and is reportedly actively building it.

District Council 37 has over 12,500 members and over 50 branches, including hospital, school aid, park, library, clerical, court, construction, custodial and technical workers. Some 55 per cent of its membership is Black, and it includes many women activists.

In San Francisco, the demonstration is being backed by the city's Labour Council. By the end of March, six AFL-CIO central labor councils in Northern California had endorsed the action. At the same time, in southern California, more than 100 organizations, religious groups and unions had endorsed it.

In the most recent period, the US has also seen a strong revival of protest activity on the campus, mainly around the issue of apartheid. Students are reportedly playing a decisive role in the building of the April 25 actions.

It is important for the international workers' and revolutionary movement to take a close look at these demonstrations and not to be misled by the accounts that come directly or indirectly from the US capitalist press. Working people struggling against oppression and exploitation everywhere have a big stake in them.

Highschool students fight education cuts

A NEW highschool student movement has arisen in a West German state, in which the example of the French and Spanish upsurges played an important role. The following article, from the March 26 issue of *Sozialistische Zeitung*, the paper of the United Socialist Party, describes it.

BJORN MERTENS

After the Christian Democrats' victory in the national parliamentary elections in January and in the state elections, the Christian Democratic minister of education in Lower Saxony, Georg-Berndt Oschatz, felt strong enough to start swinging the axe. The orientation level [an initial level of comprehensive education for all students, after which they can make choices about specialization] and the reformed upper level [the last three years in a 13 year system] which never suited the Christian Democrats, were to be essentially abolished.

On March 6, the education committee was informed of plans to break up the orientation level into courses, to limit the choice of subjects for the academic diploma, to change the weighting of the subjects, and to introduce a third elective [thereby increasing the students' study load] and even a central academic school-leaving examination. And all of this was to be introduced in the next school year.

The state highschool council was invited to offer "constructive proposals." It decided to call a day of action and a wind-up demonstration. But no one expected what happened. In Hannover alone, there were strikes in at least twelve highschools and, in spontaneous action, a thousand highschool students stormed the barriers to demonstrate in front of the state parliament building.

After these preparations, the state-wide demonstration on March 12 went far beyond all expectations. Instead of the 5,000 that had been counted on, 15,000 students came in feeder marches from the schools to the rally in the city, where a Green deputy and the SPD opposition leader, Gerhard Schroder, spoke, alongside a

representative of the State Student Council.

To constantly recurring chants of "Paris-Madrid-Hannover" which showed clearly how much the highschool student movement had been influenced by the struggles in France and Spain, Hannover's biggest highschool student demonstration in a decade then marched to the Ministry of Education, where a ministry official put off a delegation with empty phrases.

On the following day, there were general assemblies in all the schools, stretching out over the entire day. The readiness to fight was still intact, but for the moment there were no proposals for action, and the spontaneous movement had come up against its limits.

Part of plan withdrawn

Education Minister Oschatz, therefore, opened up an outrageous campaign in the papers against the students. They were supposed to have been "misled by false information spread by ringleaders," and besides "ASTA [the university student associations, in which the left remains generally predominant] played a decisive role in organizing the whole thing."

He withdrew part of his plans, including the third elective, which shortly before had been defended at great length by Christian Democratic politicians in discussions in the highschools, as well as the central academic school-leaving examination ("all of this was invented") and put forward the pretext that he had been



On March 12, 15,000 students demonstrated, chanting "Paris, Madrid, Hannover!" (DR)

forced to proceed as he did by the decisions of the Conference of Ministers of Education, which had been put into practice a long time ago in the SPD-ruled states.

Unfortunately for him, the last Conference of Education Ministers on February 2 was blown up precisely by the conflict over these "reforms," and so there could be no question of his being obliged to follow its "decisions." After he had compromised himself in this way, for a time there was open speculation that he would resign. The Oldenburg CDU already proposed a substitute. SPD leader Schroder advised him to resign.

However, with the ebb of the high-school movement, the CDU [Christian Democratic Union] and the FDP [Free Democrats, the CDU's coalition partner] fell in behind him again. And, referring to "a document circulating in the CDU ranks," the press reminded him that he had only gotten his post because his predecessor, Remmers, had not "radically revised the policy followed by the SPD government," and had "failed to turn the wheel around."

So now the additional examination requirement was maintained for German and a foreign language, for mathematics and a natural science (instead of "or," as was the case before), and history in addition. At least eight schools were to have "D-Track Classes" in which gifted students were to prepare for the leaving examination from Grade 5 to 12, which suited the CDU's dreams of eliminating Grade 13 altogether.

The orientation level was undermined by being divided in A, B, C and D tracks from the start, which

would be taught by gymnasium [academic], realschule [technical], and hauptschule [basic education, giving no access to further education] teachers.

If there is still no way of avoiding the need to give working-class children a good highschool education, in order to provide new workers for the

high-tech factories, then the bosses and their parties want it to be as cheap as possible (12 grades) and to keep it limited to drumming in "the basics." The right to a comprehensive education is to be limited to the future "leadership forces" in the D-Track classes, since the originally planned elite schools could not be imposed.

From the SPD, nothing could be expected other than the sort of high-flown words Schroder offered. In fact, in the last Conference of Ministers of Education, it gave the signal for a deal "in the interests of quality and comparability, an advance is now desirable and possible . . . a strengthening in particular of the subject group including German, foreign languages, and mathematics. . ."

However, the highschool students are not going to let themselves be kicked around any more. In the meantime, a city-wide coordinating committee has been built with delegates from 15 schools. An "Education Around the Clock" action has begun at the Tellkampf school to sign up volunteers for an occupation. On Friday, March 27, a demonstration was held to send off a delegation to make contact with the highschool movement in Paris. The struggle continues. □

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Union right saves bosses' bacon

IN CRISIS CONDITIONS, the traditional Scandinavian practice of concentrating contract negotiations could set the stage for national explosions. That was shown by the so-called Easter rebellion two years ago in Denmark. This year the Danish contracts came up again for renewal. A new explosion was forestalled, but at what cost?

INGE SORENSEN

Renewal of the national labor contract did not lead this year to an upsurge against the bourgeois Schluter government, as it did two years ago in the Easter strikes. The government, which ever since then has been hated by large parts of the working class, did not dare once again to adopt a law dictating the sort of contract the working class would have to live with. The only way out for it in this situation was to resume class collaboration, relying on the right wing of the social democracy to work together with the employers.

The tactic has worked, inasmuch as the social-democratic right, backed up by large sections of the left reformists, in fact did the job expected of them. But opponents of this deal were also able to mount an extensive "no" campaign at the shop-steward, union and confederal levels. They forced all the political tendencies in the workers' movement to present their points of view out in the open, and weakened the grip of the left reformists on the militant section of the working class.

In the past contract period, the workers have watched the bosses and stockholders rake in the profits, while a ceiling was imposed on wage rises for them. Another thing that made their blood boil was the cutbacks in public services, especially in the hospitals. Protests and strikes by hospital workers have in every case gained support and sympathy.

The more politically aware also saw the social-democratic parliamentary fraction rescue the Schluter government time after time, and compromise with it on the question of the missiles and the Star Wars program; on the tax law that sets lower rates on dividends and super-profits than on wages; and on the refugee question, where social democracy helped close the frontiers to

refugees. At the same time, social democratic city council members have faithfully carried out the bourgeois austerity policy on the local level.

Smouldering discontent with this whole course focused around two points. On the one hand, people looked toward the 1987 contract, which offered an opportunity to fight together against both the bosses and the bourgeois government. On the other, the polls showed gains for the left reformist Socialist People's Party (SF). And that was despite the fact that on a series of questions, SF had gone to the right, in order to entice social democrats into discussions, with an eye toward forming a governmental alternative to Schluter.

Workers impose 35-hour week by walk-outs

In the fall of 1986, all the political forces in Danish society were drawn up for the test of strength between class forces that the national contract represents. A first and important round was won by the right wing of the trade-union movement, headed up by the reactionary leadership of the metal workers union, which managed to force through decentralized contract negotiations.

That meant that every union would negotiate separately with the corresponding employers' association. The alternative, which was lost, was centralized negotiations in which the main demands such as a shorter workweek, a minimum wage, and cost-of-living increases would have been negotiated in common.

The risk in decentralized negotiations was that the Metalworkers' Central Organization (a coalition of all

skilled and unskilled workers who work in the steel industry) could make a quick agreement with the bosses. That is because Metal — the strongest union in the coalition — has a very right-wing leadership ready to sell out the demands that had been raised, of which the most important were a 35-hour workweek with full pay and extra hiring to take up the slack, a minimum wage of 70 crowns (about 10 US dollars), and 10 crowns more an hour for apprentices.

To counter Metal's maneuver, the left wing in the shop stewards' organizations set a "Take it Your selves" week of action for the beginning of December. The workplaces were called on to impose a 35-hour week by going home an hour earlier every day. The idea was that the union activists would go to the other members to make sure that the call was observed, and to create a situation where the contract would be discussed.

Danish Communist Party (DKP) members, who are strong in the shop stewards' groups, voted for the proposal, but in practice did not lift a finger to carry it through. None theless, the left wing was able to get discussions going at over 70 workplaces — mainly in the decisive metal industry — about the need for sticking to the demands. And a section of the workers in these plants did go home earlier.

After a week of totally blacked-out negotiations, the Metalworkers' Central Organization signed the first contract in January, a month and a half before the contracts ran out. A handful of negotiators acting on behalf of 120,000 workers threw the latter's demands in the wastepaper basket, and accepted a five-year contract calling for reducing the workweek by a half hour per year, so that in 1990 it would be 37 hours, and without maintaining full pay.

That means that rationalizations can eat up the reduced worktime, without a single extra person getting work. At the same time, overtime was greatly expanded, and for certain trades the way was opened up for introducing flexible working hours. So, in the building trades, for example, the bosses have the right to increase the workweek to 60 hours for 10 weeks a year and reduce it in the other weeks, so long as they keep the average workweek at the level agreed. Up until now, the bosses have not made much use of this right, and they will run into resistance if they try, but the threat remains.

On the wages front, the right-oriented negotiators accepted a minimum wage of 55 crowns, which is

a starvation wage. Nonetheless, they had the effrontery to claim that this was an advance. Out of the Central Organization's 120,000 members, only 423 were found who got under 55 crowns. So the bosses really got off cheap.

All the other bosses rushed to say that they would also love a deal like that, and demanded that the other contracts be modeled on the steel agreement. On the workers' side, however, a massive "no" campaign was organized straightaway, especially among unskilled male workers and women in the steel industry. And among the workers in the metal industry, there was in fact a majority of "no" votes. Nonetheless, the contract remains binding today.

The top negotiators had a clear premonition that class collaboration would not work, if the workers' democratic rights were maintained. So they planned a way of manipulating the votes. They called for application of an anti-strike law that stipulates that all the votes in the country should be totalled, that is all the votes in the private sector - in the printing industry, the metal industry, textiles, fishing, and so - go into a great pool. According to the law, a contract can only be rejected if not only a majority of the votes cast, but 35% of all those entitled to vote, are against it, which means that those who do not vote are counted as voting "yes". In this way the contract was accepted, with 53% voting "yes" and 47% voting "no."

The members of the General Workers Union (SID), which is Denmark's biggest union, voted down the contract by 71% to 29%. If the votes on the contract had been held in accordance with general democratic rules, there would have been a big struggle in Denmark, since the members of seven unions voted against the contract.

When the fight against the contract itself was over, the Socialistisk Arbejderparti [SAP - Socialist Workers Party, Danish section of the Fourth International] and the rest of the left wing fought to bring the large "no" vote in the SID to bear to get rid of the right-wing leaders who had signed the steel agreement and made a deal to use the vote-pooling regulations in the referendum on the contract.

In a recently held special congress, SID President Hardy Hansen went out on a limb and in the abused name of unity kept a no-confidence motion from coming to a vote. But he did not get "unity." About a hundred of the 800 delegates walked out in protest, including, besides the far-left wing, Communist Party members who were divided on the question, social democrats who went to the left of Hardy

Hansen, and independents. While that was happening, about half of those who stayed in the hall struck up the social democratic version of the *Internationale*.

The Moscow-loyalist DKP's actions during the 1985 Easter strikes, when it defused a mass struggle for the sake of isolated strikes over wages, along with similar historical experience with its demobilizing maneuvers, have taught the Danish left wing to be watchful when they are working with them.

Class collaboration imposed by trickery

So the SAP, together with the Revolutionaere Socialistler (RS) and the Left Socialists (VS) - two centrist organizations - for the first time organized common contract conferences. They collaborated throughout the contract struggle, among other things on an information sheet published by a series of shop stewards.

One of the reasons for this joint effort was an awareness that it was necessary to offer a political alternative when the DKP deserted. In the beginning, the left-wing's amendment was adopted in the shop steward's groups, and there was agreement that the perspective was for a big conflict to bring down the Schluter government.

Unity lasted until the social democratic right wing accepted the steel agreement. As soon as that happened, the Stalinists changed their tactic. The idea of waging a fight against the government disappeared, and the slogan "Vote no, get ready for a big struggle," changed to "Vote no, demand new negotiations."

This was a completely false political line, because neither the bosses nor the bourgeois government would give an inch unless they had a knife at their throats. The only thing that had changed was that left reformism, represented by Hardy Hansen, had capitulated to the right wing in the union movement. And the DKP's line was to trail along behind, although in fact not all the DKPers did that.

The same thing happened in the most recent congress of the SID, which was called to evaluate the procedure of adopting the contract. The majority of the DKPers preferred peaceful coexistence with the treacherous right wing that had accepted the steel agreement, instead of breaking with the left reformists' capitulationist line.

From the beginning of the contract negotiations, the left wing worked to give reality to the slogan "private-

and public-sector workers - the same struggle." The contracts for the private-sector labor market always have had a contagious effect on the public sector, where the contracts are negotiated shortly afterward.

The same thing happened this time as regards worktime and the length of the contract. But in order to forestall alliances, the finance minister exceeded his budget, and offered public workers 6% wage increases. Although that did not even make up for their lost buying power most of the public workers accepted it, among other things, because it was presented as if the public workers were privileged.

The only sector that had a "no" majority was the unskilled workers in the SID, of whom 54,000 are in socially key positions. It is they who provide water, gas, electricity, collect the garbage, operate the harbors, and so on. As this is being written, the union, employers and a state arbitrator are working feverishly to keep a conflict and sympathy actions from breaking out.

When Schluter came in 1982, he rejected class collaboration. He turned to a hard-nosed bourgeois policy, including outright dictation of contracts. [The 1985 contract was imposed by the passage of a law.] Since the Easter strikes, this line has begun to crumble. The social democratic top leaders in the union movement, who have no role to play without class collaboration, were also pushed aside by the Easter strikes. Both "partners" therefore have a common interest in pacifying the working class and reviving class collaboration.

The social democrats realized that they, unlike Schluter could offer the bourgeoisie a contract without a conflict. For them, that was the consummation of two years' scrambling to re-establish themselves as reliable partners for the small bourgeois parties. They are already talking as if there never was a demand for a bourgeois government that would break with the bourgeoisie, and are openly going ahead with the perspective of a social democratic government that would collaborate with the small bourgeois parties.

However, the social democrats are overlooking an important fact - that class collaboration has not been re-established with the freely given consent of the working class. Rather it was imposed on the more militant section by means of trickery. And the philosophy about the blessings and necessity of class collaboration has very little support, since the small improvements that previously sweetened the bitter pills have now been replaced by hard-fisted undemocratic maneuvers. □

Struggles fuel discussion on legalizing strike action

WORKERS' STRIKES have become widespread in Yugoslavia following the government's announcement at the end of February to freeze wages and bonus productivity payments. Angry workers have protested in all the regions of the country, despite the fact that strikes are illegal.

Last year, there were 50 per cent more strike actions than in 1985 as inflation reached the 100 per cent mark and unemployment rose to its present level of 1.2 million. Yugoslavia's economic crisis -- including a huge foreign debt -- has not only fuelled this latest strike-wave, but also stimulated a major debate about the right of workers to strike in defence of living standards, equality and self-management.

MICHELE LEE

Slovenia, the national home of some two million Slovenes, is Yugoslavia's northernmost republic. It is also its richest, most industrialized and most literate part. Unemployment is here at the miraculously low level of around two per cent (the Yugoslav average is at least seven times higher). Wages, productivity and the social product per capita are the highest in the country. Women work, though this does not preclude considerable male chauvinism in social relations. Until a decade ago Slovenia, unlike other federal units, was also nationally homogeneous. Today, however, some 10 per cent of its population comes from other Yugoslav areas, and this has introduced a degree of national friction.

Slovenia is also home to a uniquely flourishing youth culture. A lively interest in rock music, avant-garde poetry, films and architecture overlaps with and is stimulated by a host of vigorous "alternative" movements on such issues as peace, ecology, feminism, psychoanalysis and so on. There is a plethora of publications. Some, like *Casopis za kritiko znanosti*, with impeccable Marxist credentials; others like *Problemi*, more in tune with the new libertarian sensitivities.

A structural underpinning of this cultural and political rebirth of Slovene youth has been the Socialist Youth Alliance of Slovenia (SYAS). (1) SYAS publishes a weekly paper *Mladina* (Youth), with a print-run of around 15,000 copies, which has become required reading for Yugo-

slavia's top politicians. This is because it has been a key instrument in popularizing various SYAS proposals which over the past two years have polarized (if not obsessed) Yugoslav public opinion. These have ranged from proposals to end conscription to the abolition of capital punishment.

On December 31, 1986, SYAS formally requested its parent body in Slovenia to open a debate on legal and constitutional changes that would give Yugoslav workers the formal right to strike. Public holidays spared the officialdom the embarrassment of producing an instant response. But there is little doubt that the right to strike will be one of the main topics of debate in 1987.

There now exists in Yugoslavia something which, though small in absolute numbers, can nonetheless be described as a strike movement: barely a day goes by without workers in some factory going on strike. So the question of strike regulation is pushing itself irresistibly onto the political agenda.

This year is, moreover, likely to be a very bleak year for the Yugoslav economy. [See box.] There is already a considerable pressure building up to curtail even further public consumption. This will be very difficult, given the already very low wages of the workers. Their likely resistance will help to keep strikes in the focus of public attention. Furthermore, the federal government is itself preparing changes in the basic Law of Associated Labour. (2) Hence the

Slovene action is extremely timely. Because it comes from an official body, moreover, it cannot be easily marginalized.

What is contained in the Slovene proposal? The case for legalization of strikes is argued on the grounds that their real cause cannot be reduced to the size of wage packets or the system of income distribution within an individual enterprise (though these do often provide the immediate motive). It should be sought rather in the actual distribution of power, which is seen by workers to be detrimental to their interests. The strike, therefore, should be legally recognized as a form of collective action aimed at changing the balance of power in an enterprise in the workers' favour, hence also an integral part of self-management.

The Law of Associated Labour, the fundamental law which regulates relations inside the enterprises (often referred to as the "mini Constitution"), does not deal with strike situations directly. In the relevant Article 638, methods for resolving conflicts within an enterprise that may or may not lead to strike action (termed merely a "work stoppage") are prescribed. And the trade union, party and relevant state bodies are indicated as proper channels for their resolution -- the bodies through which workers should represent their demands and seek redress for their grievances.

Law effectively denies right to strike

The article, however, stops short of dealing with the actual strike situation: strikes as such are absent from the law. Implicitly, however, a strike is treated not as a collective act, but as a breach of an individual workers' obligation to the enterprise, punishable in the last instance by dismissal.

Thus, the Law of Associated Labour effectively denies workers the right to strike -- despite the fact that Yugoslavia is a signatory to several international conventions which instruct member states to respect this right.

The existing law is defective also in other ways. It does not ensure that any of the bodies mentioned

1. The Socialist Youth Alliance is the youth section of the Socialist Alliance of Working People of Yugoslavia, the front organization of the League of Communists of Yugoslavia (LCY) -- the party that has ruled since 1945. Theoretically, the SYA includes all youth between the ages of 16 and 26. It is organized in all six federal units of Yugoslavia.

above actually speak on behalf of the workers in their conflict with enterprise management. It also sets no limit on how long a management is allowed to deliberate on workers' demands. Once a decision is made, moreover, the workers themselves cannot seek redress against it — this is something that only trade unions are allowed to do.

The existing law, therefore, does not ensure proper representation of workers' interests. And because it treats strikes as breaches of duty by individual workers, it encourages management to reduce the problem of strikes to one of witchhunting strike participants and strike leaders.

So the Slovene draft argues that the law should be changed to recognize the right of workers to strike and should treat strikes as forms of collective action. Once this was done, then the duties and responsibilities of each side in a strike situation could be spelt out (for example, the protection of social property). Not only workers as such, but also trade unions, should be given the right to initiate strike action. A time limit of two days should be imposed on management to make their decision, and if either side appeals to a state body (commune or republic — in Yugoslav law, communes are responsible for enterprises in their locality, but republics can override them), then the time limit could be extended to fifteen days.

Discrepancy between theory and practice

The draft concludes by pointing out several advantages that the legalization of strikes would bring. By allowing a proper articulation of labour conflicts, it would also ensure a better and more lasting resolution of them. It would protect striking workers, but would also strengthen the enterprise council's powers to make the final agreement work. It would help to reduce the incidence of so-called "grey" strikes: frequent sick leave, go-slows or reduced productivity. And it would allow a better monitoring and analysis of labour relations in the economy as a whole.

This draft was sent to the leading bodies of the Slovene and all-Yugoslav Social Alliance. Meeting just before it was made public, the Central Committee of the League of Communists of Slovenia gave cautious support for a general debate on the subject. The Slovene party declared itself in favour of clarifying and improving the existing legislation, but stopped short of endorsing the central

demand: the right to strike itself. This public pronouncement, however, could only be indicative: the Slovene party, as part of the League of Communists of Yugoslavia, has no right to issue policy statements until the federal party leadership has considered the matter.

The Slovene Socialist Youth Alliance's initiative represents the first occasion when an official body has publicly argued in favour of the right to strike for Yugoslav workers. Though not sanctioned by law, the right to strike has existed *de facto* for many years.

The full power of Article 638 is usually not applied against striking workers (though the same cannot be said for strike leaders). As is the custom in Yugoslavia, there is a wide discrepancy between theory and practice. The existing ambiguity — detrimental to the workers, but useful to the authorities — is largely favoured by the trade unions, since it provides a comfortable existence. The role of the trade unions is to prop up management; legalization of strikes would only cause it difficulties.

In an analysis prepared for the last party congress, it was shown that only 20 per cent of workers felt that trade unions played any role at all in the factories, while no more than 5 per cent saw them as actively engaged in labour disputes. Union policy has usually been neither to encourage nor directly to suppress such strikes as actually occur.

However, the growing number of strikes prompted the Yugoslav union leadership to consider the issue at several meetings in the last three months of 1986. At these meetings, the Presidency of the Trade Union Alliance of Yugoslavia expressed itself satisfied with the *status quo*: strikes were described as "methods of working-class struggle inappropriate to a society in which the working class rules". What has particularly upset the trade-union leadership has been the idea that they should be legally empowered to start strikes. Last November they firmly declared themselves against all attempts to place them "in the role of opposition to the system". Yet trade unions would also like to see their own role in conflictual situations more strictly defined (thus checking the development of a trend for local trade unions to join striking workers), but also because they are worried about certain new developments in the sphere of conflict management.

All in all, the question of strikes and their regulation is now firmly inscribed on the Yugoslav political agenda. This is not just because the actual number of strikes is growing. More important is the sheer extent

of the Yugoslav economic crisis and the methods by which the country's leadership is proposing to deal with it — involving a systematic and massive onslaught on both the individual and the social wage. These are the crucial factors bringing to the fore the problem of how to deal with actual or potential working-class resistance.

In the currently raging debates on how far the economy should be independent from state control, two main issues have already crystallized: who should appoint managers and how much power managers should have within the enterprise. Up to now, the wider 'socio-political community' has had the ultimate say in management appointments, while the local or republican state bodies have supervised the operation of the enterprise (depending on its size).

Weakening direct democracy in the factories

Within the enterprise, it was formally the workers council, ultimately responsible to the enterprise assembly, which took the main decision. The government, however, is planning changes in the Basic Law of Associated Labour, which would alter the existing distribution of power by strengthening both managerial prerogatives and those of the workers' council at the expense of direct forms of democracy in the factories (such as the factory assembly, or the obligatory referenda among workers on all major decisions). The amendments may also provide for a greater freedom of enterprise management from the control of local state bodies, as well as encourage economic integration by facilitating dissolution of Basic Organizations into the larger Organizations of Associated Labour.

(3)

Judging by press reports, the effect of the government's amend-

2. The Law of Associated Labour was adopted in 1976, completing the 1974 Constitution. It claimed to protect self-management from everything that had in reality undermined it in the past: state-controlled or technocratic relations; forms of "collective ownership" which had appeared at the time of the "market reform" in 1965-1971. This reform gave to republican and provincial authorities, as well as to self-management authorities at different levels, powers which were contradictory to the functioning of a unified national market in Yugoslavia.

3. In the 1970s, enterprises were broken up into Basic Organizations of Associated Labour. These are small units, like workshops, which were supposed to be more easily controlled by the workers because of their size, and which had the right to manage the income from the service or product that they produced, as well as to link up (or not) with other units to form larger bodies.



The proposed law changes would weaken the power of factory assemblies and other forms of direct democracy (DR)

ments will be to restore the situation of the mid-1960s. By the end of that decade, intellectual and working-class opposition found political support within the party to defeat the proponents of further liberalization of the economy. Today one can see that the events of the 1960s were only the dress rehearsal for a much bigger contest, which is fast approaching.

The important difference is that the forces which triumphed in the 1960s are today in bad shape. After five years of ever-worsening crisis, the state has strengthened its position vis-a-vis the party, while technocratic and bureaucratic layers have increased their weight within the party at the expense of workers. The party, however, still retains the loyalty of that crucial segment of the working class: skilled workers in key industrial enterprises. But another year of effective economic stagnation will sorely try this alliance. The government has made the first move, by placing the burden of economic recovery upon the weakest sector of the class: those working in small enterprises, in already depressed branches of the economy (textiles, building and so on) and in public services (such as transport, education and health). These sectors have also produced the most strikes.

The importance of the new legislation should not be underestimated. Nor should it be overestimated: the Yugoslav system is no longer amenable to regulation from above. The current economic crisis expresses a much wider crisis of social relations, which means that it is also beginning to challenge the foundations of the social system itself. Behind today's debates about the market, or about separation of the state from the economy, looms the much larger issue of ownership and control of the means of production. Arguments in favour of an "integral market" — a market allocating not just some goods (as before), but capital and labour too — now litter the Yugoslav press. But proponents of increased economic liberalism will have to count on working-class resistance.

A new force is currently pushing itself onto the industrial scene — represented by the Committees for General People's Defence (GPD, under military control) and Social Self-Protection (SSP, directed by the police). These Committees, increasingly active in industrial disputes and in general surveillance of public life, have come to articulate conservative interests — the policy of the "firm hand" — and are increasingly seen as a threat to basic democracy.

Their current heightened profile reflects not only a hardening of attitudes on law and order in the factories and the neighbourhoods, but also the waning authority of the party — a very much self-inflicted wound. Seized by an enormous and irrational fear of what the economic crisis may bring, the party has basically decided to keep its head down lest its intervention might provoke "a revolution in social relations". (4)

Committees for the GPD and SSP (the two always acting in unison) operate at all levels of the society: from the factories and the neighbourhoods to local government and the republican and federal state bodies (where they are represented in the Social Alliance). Formed much earlier, they were legalized in 1979 by the Eleventh Party Congress, when it was decided that the crisis had come to stay.

They are supposed to be the eyes and ears of the "socialist self-managing system", ever on the lookout for "the enemy within". They are also meant to take over when, in an emergency situation, the regular government is paralyzed (the 1981 Kosovo demonstrations provided one

4. 'Danas,' Zagreb, December 9, 1986.

such occasion).

At the local level, the Committees are composed of the following individuals: the party secretary, the senior trade-union official, the manager, the president of the factory council, the president of the communal assembly, the chief of police and the local military commander. In the words of one of the system's publicists, "in their representative composition they reflect all the accumulated experience and social-political responsibility of each social and working community". (5) Given the frequent turnover of civilian cadres, however, their continuity rests essentially on the territorial army, the civilian defence and the police. It is, therefore, not surprising to find that "this thick web, which covers the whole of the Yugoslav space, is overlaid with a secrecy producing the kind of respect which accompanies all undercover state activity. (6)

Coup d'etat against self-management

But it would be wrong to reduce these Committees' ambitions to a mere police-military conspiracy. They have been very useful in enforcing the will of the local state bureaucrat, factory manager, party and trade-union functionary. The law which regulates their activities, for its part, contains a very imprecise definition of what constitutes an emergency situation and has thereby ensured a wide space for their initiatives.

Instances of their activities in the neighbourhoods are rarely brought to public attention, though recently two cases of "big brother" efforts - one in Belgrade and another in Split - have caused some alarm. Committees for GPD and SSP are the first to spring into action when any open conflict erupts between labour and management. On these occasions, all other bodies normally operating in the factories - the workers' council, the manager and his auxiliaries, the party and the trade unions - come under their command.

This *coup d'etat* against self-management is rarely challenged. However, their intervention is now providing an additional motive for strike action - which is one reason why the liberal wing of the party and the trade union would like to see a clarification of that part of the Law of Associated Labour which deals with labour disputes: Article 638.

A recent article in the Belgrade weekly *NIN* paints a graphic picture of the role played by the Committees: "One should see what happens when

there is a sign, however small, that a strike may be in the offing. Immediately the whole apparatus springs into action, the GPD and SSP take matters into their own hands, directors and politicians are woken at night, marathon meetings and consultations go on for days. It has now become a regular practice that the Committees for GPD and SSP take the lead in ending strikes . . .

"When they step onto the scene, then naturally their main activity is hunting down strike leaders, with everything being done to compromise them . . . what comes under the heading of 'socially unacceptable behaviour' in the rulebook of these committees is so elastic, and its interpretation is left to so few people, that some justification for this *coup d'etat* against self-management - this heavy-handed action against what are usually perfectly legitimate strikers' demands - can always be found." (7)

The key words here are: "it has now become a regular practice". At one of their recent meetings, the Presidency of the Trade-Union Alliance of Yugoslavia itself complained that "it is not just that these actions of the Committees for GPD and SSP bypass the procedures established by the Law of Associated Labour, but also that the Committees appear in the role of protectors of the existing techno-bureaucratic forces in the working collectives . . . Trade-union organizations in the factories, aided by the communal trade-union councils, should be more energetic in contesting the practice of the Committees for GPD and SSP of concentrating all their energy on finding strike leaders and establishing their guilt." (8)

However, since in their own practice the unions have adopted a general policy of passivity in labour conflicts, this recommendation is unlikely to be heeded. Clearly, only legalizing strikes would serve to check the present trend towards the militarization of factories.

The party fears that the legalization of strikes could lead to things getting out of control, so that the

proposed changes of the Socialist Youth Alliance of Slovenia in favour of this measure are unlikely to be accepted. The right to strike would not only strengthen the position of workers against management, it would also introduce a whole new element in the relationship between the state and the economy.

Trying to have their cake and eat it

Judging by press reports, the government is in fact planning to reinforce the position of management in the factories at the expense of institutions of direct democracy. This will make strikes more "illegal" without actually checking them. Consequently, the interventions of the Committees for GPD and SSP are likely to increase.

It is indeed ironic that the Yugoslav leadership, while recommending that market forces should be encouraged, should at the same time be committed to the notion that the right to strike is "capitalist". It is very much a case of trying to have their cake and eat it. For the workers, however, self-organization and strike action remain essential means of self-protection both against "techno-bureaucratic forces", but also against policies that have less and less to do with socialism.

In August 1986, a survey among 672 workers from all over Yugoslavia showed that a majority saw self-management as a system that did not represent their interests. Their views varied according to qualification. Among unqualified workers 51 per cent showed a "negative attitude" to self-management, while the opposite was true of 57 per cent of highly skilled workers. Two-thirds felt that they had no influence on decisions made in their enterprises. The same number declared that they had no respect for their workers' council delegates, because they did not speak on their behalf. In fact, more than half believed that self-managing organs expressed the interests of managers and the technical intelligentsia. Nevertheless, breaches of self-management rights and procedures are one of the most common reasons given by workers for going on strike.

At the same time, research and public-opinion polls show that the League of Communists of Yugoslavia



5. *Ibid.*
6. *Ibid.*
7. '*NIN*', Belgrade, October 19, 1986.
8. *Ibid.*

Yugoslavia's economic crisis

THE YUGOSLAV economy today is squeezed in the powerful vice of huge external and internal indebtedness. There is a 20 billion US dollar foreign debt, on which the period of deferred payment expires this year. The internal debt is close to the same figure. In the first six months of last year, bank losses (including that of the National Bank of Yugoslavia) were estimated at 12 billion dollars. Losses in the economy and currently unpaid bills amounted to another 3 billion dollars.

Halfway through 1986, three of the most underdeveloped federal units - Kosovo, Macedonia and Montenegro - declared themselves bankrupt, to the tune of 5 billion dollars (a sum equal to the whole net income of the country that year). Their bank vaults empty, they cannot maintain their budgetary obligations or pay interest on their share of the country's foreign debts. At present, the social sector as a whole is unable to cover the needs of even minimal reinvestment - the socially-owned means of production are in danger of simply melting away.

A corollary of this situation has been a massive growth of unemployment. By autumn 1986, even the official (highly unreliable) figure had shot beyond the one million mark. Most of the unemployed are young people: 78% are under the age of thirty, and the vast majority have never had a job. Thus a whole generation is turning into surplus labour.

The number of unemployed is being swelled also by an accelerating exodus from the countryside, by an increasing number of housewives seeking work and by return of some of the 600,000 Yugoslavs working abroad, themselves the victims of growing unemployment in Western Europe. A further million people either work part-time or are underemployed.

For the government over the past nine months, the question has been not so much whether to intervene but how much to intervene in the economy. 1986 was a year of state elections and the Thirteenth Party Congress so it had been necessary in the early part of the year to provide at least the appearance of economic revival. Lower interest rates, an increased money supply and an overvalued dinar combined to boost internal consumption and push up real incomes by 10% - after several years of continuous decline. Inflation rose to over 100%. To check the growth of wages, one of the first acts of the new government was to introduce a new law on incomes and wages, which obliged the enterprises to increase their capital reserve funds at the expense of wages.

Official statistics paint a very gloomy picture of the living standards of the Yugoslav workers. In Croatia, one of the richest republics, an estimated 30% of workers live below the official poverty line and another 30% just above it. Some 40% of workers are therefore forced to take a second job, giving rise to a bloated grey economy - which, though in the short run it has cushioned the effects of the rapid fall in the industrial wage, has also made the economy virtually unmanageable.

According to official figures, the average monthly wage in mid-1986 was 66,753 dinars (about 150 US dollars). This average, however, spans great differences in actual income - with most people earning considerably less. A Belgrade marketing firm recently calculated that an ordinary four-member family needs 67,504 dinars per month just to buy basic food. The trade-unions' own calculations have produced a similar figure. According to the federal trade-union council, despite the 10% rise in real income, many workers do not earn enough at their place of work to keep their families alive. Increased social differentiation, they have said, is reflected in the fact that food and basic commodities are steadily falling as a proportion of the national consumption, while luxury and expensive goods are rising. These days, the trade unions complain, workers are having to take their children out of nursery schools because they no longer afford them.

Low wages and difficult living conditions in general (shortage and poor quality of housing, for example) have provided the most immediate motive for the 383 strikes which took place in Yugoslavia in the first six months of 1986 (42 up on the year before), involving 40,000 workers (53% more than in 1985.) The largest number of strikes occurred in small enterprises (with fewer than 100 workers), while only 3 involved more than 1,000 employees. Thus, in fact, only a tiny part of the 9.5 million wage-earners struck last year. From these figures one could deduce that the Yugoslav leadership has little to worry about. But this is certainly not its own judgement: strikes and their regulation have become one of the main issues of the day. □

(LCY) retains considerable support in the working class, especially among skilled and highly skilled workers. (This has led certain Yugoslav sociologists to argue that the country's workers are still at the stage of being

mere "labour" - that they have not yet constituted themselves as a class.) Yet this apparent loyalty to the party is contradicted by the fact that workers are leaving the party in ever-increasing numbers. In the last two

years the party has lost over 10,000 members - the largest drop on record - most of them workers and students. Indeed, there have never been so few workers in the LCY.

So how are we to explain this apparent paradox between rejection and commitment which characterizes the attitude of Yugoslav workers to self-management and the party? One explanation would be that it expresses the central conflict between the workers' needs and aspirations and the visible inability of their established institutions to fulfill them. Yugoslavia, in other words, is now in a political vacuum - the *ancien regime* is still there but no longer functions, while the new order remains to be born.

The Slovene Youth organization, the SYAS, has chartered out one path from the old to the new. However, this does not mean that the Slovene paradigm could be repeated elsewhere - it will most likely remain a uniquely Slovene phenomenon. It is also possible that - crushed between the pressure from below and containment from above - the SYAS reforming crusade will come to a stop. The SYAS will need all its courage and stamina to keep to its chosen line of march.

It is very important that it does so. The significance of the SYAS actions lie not only in what they are meant to achieve, but also in the fact that they have called the bureaucratic bluff regarding the assumed limitations on what can be done without prior blessing of the party leadership.

SYAS has been capable of independent action because it has support among Slovene youth; and it has won this support because it stopped being a bureaucratic institution and opened itself to new ideas and movements. In doing so it has placed a mirror in front of the LCY. Already there are calls from among the party intelligentsia outside Slovenia for a new "historic bloc" of all progressive forces, which would include also the so-called alternative movements, to lead the process of necessary political reconstruction. Regroupment inside the party along these lines would produce a political climate quite different from the current depressing spectacle of bureaucratic bickering - often with nationalist overtones - along republican/provincial axes.

The basic message of the SYAS has been that all issues should be opened to public and democratic debate. It remains to be seen to what extent its latest initiative - for legalization of strikes - will achieve this. It remains also to be seen whether the SYAS will take this debate into the factories, where it properly belongs. □

Gramsci's political legacy fifty years on

THE GREAT Italian revolutionist and Marxist thinker, Antonio Gramsci, died on April 27, 1937. The fiftieth anniversary of his death has brought forth a flood of writings in Italy in particular. Unfortunately, a lot of the attention paid to Gramsci has been less motivated by the revolutionary example he gave in the post-World War I Italian revolutionary upsurge than by the possibilities for misuse offered by the work he did in prison, under the eye of fascist jailers. Thus, Gramsci's reputation has been exploited for the sake of all sorts of new left and Eurocommunist wool spinning. But because of this, he is also one genuine modern Marxist thinker generally allowed in Eastern Europe. For both good and bad reasons, the question of Gramsci's contribution to revolutionary thought remains an important and disputed one in the left, and especially in Italy.

The following interview with Livio Maitan on the legacy of Gramsci was published in the April issue of *Bandiera Rossa*, the paper of the Italian section of the Fourth International. His article "Gramsci, 50 Years After," was published in the April issue of *Quatrieme Internationale*, the French-language theoretical journal of the Fourth International. It will be published in the July issue of *International Marxist Review*, the English-language theoretical journal of the Fourth International.

Question. What do you think of the writings about Gramsci on the occasion of the fiftieth anniversary of his death?

Answer. Obviously, it is still too early to make a balance sheet. We will see if anything serious and useful for understanding this great figure in the history of the workers' movement comes out of these tons of printed paper that are threatening to overwhelm us, or whether the prevailing tendency will be to reread Gramsci in the light of today's ideological and political needs, if not simply those of propaganda.

The prelude, especially as regards the Communist Party, was certainly not encouraging. I am referring to the interview with Alessandro Natta published in *l'Unita* of January 18, which contained allusions to Gramsci's and Lenin's conceptions of the crucial problem of taking power that were lightminded at best.

In the 1950s, we saw an interpretation of Gramsci designed to prove that the Gramsci of the *Prison Notebooks* had anticipated the Communist Party's neo-reformist postwar

strategy. (1) Now Natta claims to have found this anticipation in some of Gramsci's writings in *Ordine Nuovo*. (2) It is hard to say which is the more astonishing, his flight of imagination or the straight face he manages to keep.

Q. But Natta says that Gramsci's conceptions are not those of the PCI [Italian Communist Party] today.

A. That's right. Even more than in the past, the PCI leaders and intellectuals are caught in a contradiction. For a whole number of obvious reasons, they need to go on laying claim to Gramsci. But at the same time, they have to take their distance, for the simple reason that it is impossible to maintain that there is a direct and unproblematic continuity. And, if they keep their identification with Gramsci, this will conflict with their celebrated integration into the "European left."

That is why, on the one hand, Natta shamelessly twists an article written by Gramsci in 1920, and on the other says explicitly: "In Gramsci, there is a conception of the party

that is different from ours," and accuses Gramsci of "fundamentalism." The consequence is that, when he has to explain why Gramsci's thought remains valid, the PCI secretary either remains on a general level — an ambiguous generality, subject to several interpretations ("it is from Gramsci that the impulse came to claim the heritage of the Italian socialist tradition and democratic thought") — or falls into the most appalling banality ("we hold on to Gramsci to give us more courage to innovate. It is his method that is valid — going to the root of the actual reality and fighting against all doctrinalism.").

Q. According to an article by Mario Spinella, Natta "pointed up the link between Gramsci's thought and the PCI's strong emphasis on Europeanism today".

A. I read Spinella's little note (in *l'Unita*, Lombardy Supplement, January 22). Well, Gramsci's internationalist perspective included extending the socialist revolution, in the full sense of the word, throughout Europe, as a further development of the revolutionary breakthrough that had occurred in Russia. The PCI is for the Europe of the Common Market and NATO, that is, it integrates itself fully into the existing capitalist system. Any attempt to make a parallel between the two conceptions is a grotesque obfuscation, and it is surprising that an intellectual like Spinella would get involved in this sort of thing.

Q. Do you think, then, that there is no continuity between Gramsci and the present-day PCI.

A. It seems clear to me that there is no longer any continuity. It could be maintained that the split in Livorno was an error (3), that the condemnation of the social democracy by Lenin and the Third International were wrong, that revolution is no longer possible, and so on — views which I obviously reject — but even the most active imagination could not establish a real link between the PCI of Natta and the Communist Party of Gramsci's time. What is more, I would say, that there is now a significant part of Togliatti himself that Natta can no longer accept.

If you reread the report, a sig-

1. Written during Gramsci's imprisonment after the seizure of power by the fascists. The style was necessarily obscure at times and therefore lends itself to various interpretations.

2. The publication of a left group- ing in the Socialist Party during the workers' upsurge that came in the wake of World War I.

3. The split in the Socialist Party in 1921 that produced the Communist Party.

icant one in many respects, that Togliatti made to the Gramsci studies meeting in January 1958, and compare it with what PCI members have written about Gramsci in the more recent period, you can get an idea of how far the party has gone in its 30 years of more and more systematic integration into the socio-economic and institutional framework of bourgeois society.

Q. Natta praises Togliatti for choosing to publish the Prison Notebooks.

A. Obviously, he cannot throw out Togliatti. But in the case of the latter's supposed merit, Natta seems to forget that Togliatti was not too quick about publishing the *Notebooks*, and that Gramsci's writings in *Ordine Nuovo* only started being republished in 1954, that is, ten years after the fall of fascism, and that the first editions of the *Notebooks* included shameful instances of censorship. Besides this, why should it be virtuous to make such a "choice," since it is normal that such writings should be published. Is it conceivable that the work of a figure such as Gramsci should be hidden from the party, from the workers' movement, or from anybody?

Q. And Berlinguer?

A. Berlinguer made a notable contribution to the outcome of the PCI's evolution. However, he continued to be concerned about reaffirming, if only after his own fashion, the Communist identity against the social democracy, while Natta, Napolitano, Occhetto and company [the present PCI leaders] are concerned above all about attenuating or toning down this identity, stressing the convergences rather than the differences.

Q. In Gramsci, you find several passages that criticize Trotsky's position, such as his famous letter to the Central Committee of the Soviet Communist Party in October 1926, cited by Natta, in which he criticized in particular the oppositionists.

A. Back in the Gramsci meeting of 1958, I expressed my point of view about that argument. I would refer you to an overall evaluation of Gramsci that I am working on. [See introduction.] I think that to a large extent Gramsci's polemic is not directed against Trotsky's real positions. It should be stressed, however, that there is a world of difference between the style and stance of Gramsci's critique and those of the slander campaign waged by the Italian Communist Party and the bureaucratized International, in which Togliatti took an active part.

It is significant, among other things,



Antonio Gramsci (DR)

that Togliatti, who took an attitude of opportunistic adaptation to the Stalinist leading group, rejected the 1926 letter. By his decision in particular, the PCI did not publish it until 1964.

I take this opportunity to point out that the letter to the PC of the CPSU was published for the first time in Italy by *Bandiera Rossa*, the paper of the Italian section of the Fourth International, in January 1956, eight years before it was published by the PCI. In his valuable *Vita di Antonio Gramsci* ["Life of Antonio Gramsci"], after correctly noting the publication of the letter in France at the behest of Tasca [an Italian Left Oppositionist], Giuseppe Fiori

wrongly attributes the first publication in Italy to Eugenio Reale's magazine *Corrispondenza socialista*, which published it in December 1958, and therefore after *Bandiero Rossa*.

Q. What do you think of Gramsci's position at the start of the 1930s?

A. About that, there is very little to discuss. Even the most pro-Togliatti historians have had to admit that in that period Gramsci made criticisms of the policy of the Communist International and of that of the PCI itself that went in the same direction as the criticism of the Left Opposition. To what extent Gramsci was aware of Trotsky's positions is hard to say. In any case, he was substantially in agreement with the positions taken by the Three, that is Tresso, Leonetti and Ravazzoli, three leaders of the Italian Communist Party who later became Trotskyists and opposed the sectarian adventurist turn imposed by Togliatti and company.

Q. Do you think that it can be said that there were different Gramscis?

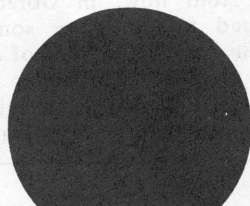
A. I think that one can define four periods, which seem to me to be an obvious breakdown: the Gramsci of 1919-1922, that is, of the period of *Ordine Nuovo* and of the founding of

4. The general secretary of the PCI who presided over the "Eurocommunist" turn. He died in 1984.

SCRITTI POLITICI

a cura di PAOLO SPRIANO
Il « biennio rosso », la crisi del socialismo
e la nascita del partito comunista (1919-1921)

GRAMSCI



the CP; the Gramsci of the period between the advent of fascism and his arrest, in which he was the author of the Lyon Theses, notes on the Mezzogiorno question and of the letter to the CC of the CPSU; the Gramsci who criticized the Third Period "turn" from prison; and the Gramsci of the *Notebooks*.

It is unquestionable that there are differences, and it seems to me that Gramsci's attitude, especially during the so-called Bolshevization [mid-1920's] which in reality was a prelude to the bureaucratization of the Communist Parties, is worth thinking about. But overall, and on the fundamental questions, I think there is only one Gramsci, over and above the differences. The latter, besides those arising from the maturing of this thought, were owing, in my opinion, to different situations and different choices about the contribution that he personally was able to make to the Italian and International workers' movement.

Q. Could you give us a rough general assessment?

A. To put it a bit sketchily, Gramsci's unchanging general outlook included adherence to Marxism in its entirety, a radical critique of capitalist society, the nature of the state, a strategy for the workers' movement directed at achieving a revolutionary breakthrough, the conception of the party, reflections on the transitional society and on the historic goals of the workers' movement.

On all these points, in my opinion, there is, if not total agreement, at least a very extensive convergence between Gramsci and revolutionary Marxism.

Q. Aren't you overlooking or underestimating Gramsci's criticisms of Trotsky?

A. I have already pointed out that Gramsci did not line up with the Left Opposition. In certain passages, he seems to justify, but not idealize, Stalin's stance. But the question that we have to raise is whether, looking at all the tendencies or currents in the international workers' movement since the beginning of the century - classical reformism, Kautskyism, Luxemburgism, Austro-Marxism, the centrism of the 1930s, Titoism, Maoism, Castroism or Guevarism, Eurocommunism, neo-reformism, and Trotskyism or revolutionary Marxism - with which of these tendencies or currents does Gramsci have the greatest affinity?

The answer is clear. We, the revolutionary Marxists, are the ones who can and should claim the legacy of Antonio Gramsci. □

Women's work is never done

"SWEATERS on prescription. What can we wash with? The customers tread on each others' toes. Shoes will be available in January. Long queues in filthy shops."

No, this is not a surrealist poem. Just some headlines taken haphazardly from November's *Zycie Warszawy*, the main Warsaw daily. And November was a particularly mild month last autumn: queuing did not mean waiting in the cold and the snow in minus 20 degrees, as it did later that year.

JACQUELINE HEINEN

The official press denounced the organized chaos, all the different sorts of supply shortages and the bad quality of manufactured goods at length. The virulence they used said a lot about the gravity of the situation. The explanations put forward by officials interviewed in the papers to "justify" the absence of this or that article on the market boiled down to a few words that were repeated obsessively: lack of raw materials and spare parts.

These shortages are an evil affecting the whole Polish economy, but especially the production of everyday consumer goods. They result in real suffering for consumers, obliged to run from one corner of the town to another to hunt for what they need.

However, the press hardly mentioned the fact that most customers in the shops and the overwhelming majority of those queuing are women, and that they are the first to be hit when it turns out to be impossible to buy a pullover, shoes, washing powder or a washing machine.

Veto, the consumer magazine launched in 1982, explained: "In 1980, as in the preceding years, 179 million rolls of toilet paper - 40 per cent of what was needed - were lacking. There is nothing to indicate that the industry concerned will manage to overcome this insoluble problem between now and the end of the century." (1)

Another article in the same magazine told how, in Gorzow, people queued for hours - some for the whole night - in front of a shop that was supposed to receive a consignment of washing machines. They ended up going home when it became

apparent that they would not even arrive that day, because there was no lorry to deliver them. The journalist protested against the fact that the cooperative had not even taken the trouble to inform the customers. But even here, they write about the hazards of daily life as though they affect everyone in the same way.

Unfortunately, the sharing of domestic tasks is not more widespread in the East than in the West. The figures of the National Statistics Office (GUS) for 1984 illustrate this. (2) They show that women do nearly five hours of housework each day, compared to less than one and a half hours for men (this ratio is even more unfavourable than in a country like France). Women take on more than three-quarters of repetitive tasks - cooking, washing up, washing and ironing.

Men's participation is not much better when it comes to the daily shopping. It is an activity which demands far more effort than in the capitalist countries. Even old people are paid to queue up for others, which they do to supplement their meagre pensions.

Is there any hope of seeing changes one day? "I don't think it is at all shameful for men to do housework. What is shameful is that they don't know how to do it. Why would a man who lays the table and serves the meal, who does the cooking instead of his tired wife, be ridiculous? A waiter in a restaurant isn't! Neither

1. 'Veto', No. 1, January 4, 1987.
2. 'Sytuacja społeczna-zawodowa kobiet w 1983', GUS, 1984.



Queuing is a daily chore in Poland - usually left to women (DR)

is a decorator hanging curtains, a male chef, a tailor, a baker or a man who works in a laundry.

"We don't find it bizarre when it's a profession, but these same activities are judged to be shameful when they are done by a man at home. The division of tasks between men and women is absurd and false." (3)

These are remarks of a man to *Kobieta i Zycie* ("Women and life"), a women's magazine which has recently reproduced a selection of letters published in its readers' column since its inception more than 40 years ago. Is it a coincidence that this letter dates from the 1940s, when all the official propaganda insisted on the absolute necessity of women's participation in production to aid the reconstruction of a country devastated by the war?

Another reader - this time in the 1960s - complains to the editor that his wife, who also had a job, refused to do everything at home. "She says that she doesn't have the time and that she doesn't want to do the washing. I already iron my trousers, but am I expected also to iron my shirts, help with housework and even the washing? But what is it that my wife wants...?"

"I know that she is overworked and that housework tires her. But after all, I work myself, and I really want to rest when I come home, but my wife doesn't want to, or cannot understand this. She has, moreover, raised our son in her own way. He irons his own shirts, washes his socks and, in addition, he cleans the house and makes some meals. What sort of a man will he become?" (4)

One would like to think that these arguments were old hat. But unfortunately they are often regurgitated by workers, including Solidarnosc activists. This division of labour in the family, deeply rooted in both consciousness and reality, sustains an enduring sexual division of labour and discrimination at work.

The more women workers, the lower the salaries

Even though women contribute to producing an essential part of national wealth, even though the percentage of women working has increased from less than 25% before the war to 45% today (and most of these fulltime), job segregation has still not declined. It continues to be expressed by the existence of predominantly female branches of industry which are not among the "key sectors" of the economy. As in the West, the wages curve is very explicit on this point: the more women workers there are in a sector, the lower the salaries, and vice versa. (5)

Professional segregation equally results in a concentration of women workers in the service sector - finances, health, teaching and commerce in particular. Finally, it results in discrimination between "male" and "female" jobs - the latter being nearly always less well paid and looked down on. Skilled machine operators remain predominantly male, unskilled workers female.

Nevertheless, some significant pro-

gress has been made regarding women's education. In 1983, the proportion of girls in academic high-schools was greater than boys. Taken as a whole the same was true for women in the higher education. But in the technical highschools and universities leading more directly to the better paid jobs, women were still in a minority. And, among those getting doctorates, the proportion of women - around a third - has hardly changed in the last ten years. This figure is cut by half in relation to postdoctoral degrees.

This contradiction between the advances in women's education and qualifications and their role in productive and social relations shows up at every level. Their relative weight among skilled industrial workers is decreasing, while it is growing in the unskilled areas. When they have a job requiring further education, three times out of four they have low-prestige administrative jobs with low salaries. There are indeed some in management, but nearly always in intermediate posts. Women only represent a little over six per cent of directors, mostly heading up small enterprises.

Asked about it, the great majority of Polish women say that they do not want to become managers, and that, taking everything into account, they prefer wage rises to any other forms of promotion. That is scarcely sur-

3. *'Kobieta i Zycie'*, No. 1, January 7, 1987.

4. *Ibid.*

5. See *'Kobieta w Polsce'*, GUS, 1985 and *'Rocznik Statystyczny Przemyslu'*, GUS, 1984.

prising, since on average, women earn around a third less than men. And if women appear so modest in their professional ambitions, is it not because other positions seem to them to be unrealistic?

Studies show that most women questioned accepted their assigned role of home-maker and housewife. But why should women aspire to greater responsibilities at work when they already have a fulltime job and the burden of domestic tasks, especially when they have young children?

The massive resort to paid parental leave, which was demanded for some years and introduced in 1981 under the pressure of Solidarnosc, is an obvious sign how impossible it is for young mothers to cope with it all. In 1983, 89 per cent of women chose to interrupt their work for one or more years, in spite of the financial loss of a third to a half of their wages and the problem that represents for their career. (6)

When asked why they had chosen parental leave, more than three quarters of them replied that it was so that they could personally look after their child. But, at the same time, more than half affirmed that it was because they had no one in their family or elsewhere that they trusted to look after the child. This shows, at the very least, a certain ambivalence in the way in which they approach the problem of balance between their family and professional life.

However, it is striking to note that the argument of lack of creches comes up very rarely in the decision to take up parental leave (in 2.6 per cent of cases). There seems a deepgoing conviction that these sorts of structures do not answer the needs of taking care of very young children.

"We women, must not sacrifice ourselves to the home and to children, but we do not have any other solution. Creches and nursery schools are truly a 'necessary evil' in our country - places where children are not always looked after properly and where they fall ill too often." (7) This was the opinion of a young mother who dreamed of being able to work, to have a social life, to be someone children would look up to, instead of only someone who looked after and scolded them.

It has to be said that the creche situation is continuing to deteriorate quantitatively as well as qualitatively. Some major efforts were made following the last war in setting up collective facilities, and particularly nurseries for babies in order to encourage young women to take paid work. From almost nothing, the number of places in creches reached nearly 15-20 per cent of the total numbers of



Unskilled workers are predominantly female (DR)

children under three at the beginning of the 1970s. But this proportion has steadily dropped since, falling to 4.3 per cent in 1982 - a figure that rivals the worst of situations in Western Europe.

But women workers in the West protest against policies seeking to transfer to the family the tasks which, partially, were taken on until now by public services. On the one hand this slows down the progress of women's careers when they work full-time. On the other hand, this process prevents them from having access to steady, skilled and well-

paid employment if they "choose" part-time work. Either they cannot get out of it, or they are forced to interrupt their work at a time and an age that is often decisive for gaining skills and responsibilities.

Is Poland a case apart? Are the working class, and women in particular, insensitive to these problems? Obviously, the dominant opinion in this area is essentially the consequence of people's negative experiences over many decades.

The bureaucracy's policies regarding the building of collective facilities - creches and nursery schools in particular - have always been utilitarian and opportunist, decided according to the interests of the day and the scale of the need for women's labour power.

Reactionary arguments on the role of women

The immediate post war discussion was on women's paid labour (and, therefore, also collective facilities) in relation to the needs of reconstruction. This was followed by another, inverse, discussion at the beginning of the 1960s insisting on the role of the mother at home and pleading with women to look after their children themselves. As if by chance, this corresponded to a period where unemployment (not officially, but no less a reality) reached four to seven per cent of the active population, and up to 16 per cent of women nationally. (8) And the number of creches, which had tripled during the first ten years following the war barely increased under Wladyslaw Gomulka.

Then, after the riots of 1970 came Edward Gierek, whose development policy relied on a strong growth in the productive capacity, and there was a growth in investment in this area between 1971 and 1974. But then the priorities reversed again, and the economic crisis which broke out at the end of the 1970s was accompanied by a real collapse at that stage leading to the present situation.

The introduction of a ridiculously low paid parental leave no doubt seemed to the authorities to be a way of dealing with the most urgent problems first. This also played into the hands of an increasingly reactionary argument concerning the role of

6. See "Nowe Tendencje w Wykorzystaniu Zasilkow i Urlopow Wychowawczych" by Adam Kurzynowski in 'Polityka Spoleczna', No. 2, 1985.

7. 'Kobieta i Zycie', No. 32, August 8, 1986.

women, essentially coinciding with that of the Catholic Church.

Today, however, the contradictions have reached a watershed, since the labour needs are obvious and the enthusiasm of women for parental leave is beginning to pose a real problem.

In fact, the economic crisis which has existed since the start of the 1980s, and the increase in the foreign debt, have prevented the renewal and modernization of machine stocks, as well as the purchase of licences necessary for a real rationalization and automation of both industry and the services. It is also necessary to build a system of production relying on an extensive use of female labour in a growing number of sectors of the economy. But since the till is empty there is no possibility of spending the sums needed in order to release these women from "their" domestic tasks. However serious the official promises are, as soon as the time comes to choose the priorities for investment the usual bureaucratic logic wins out: the money goes to the key sectors of the economy (or those considered as such) and other needs fall by the wayside — starting with the social services.

This has nothing to do with the feeling expressed by the population about the usefulness of one facility or another. Take the example of nursery schools, which the great majority of workers consider to be indispensable (as opposed to creches), but which barely provide for 50 per cent of needs for children between 3 and 6 years old. The cost to families — about 2,000 zlotys including meals — is also a far from negligible sum for a family with several children, and the calculation is on the basis of a salary of 8,000 zlotys, as was pointed out by a reader of *Kobieta i Zycie* in summer 1986. (9)

In the East, as in the West, it is of course on the basis of the woman's wages that the decision is taken. Except for very exceptional cases, there is no question of the man thinking of stopping work, because the woman earns less and the family tasks are "rightfully" her's.

The authorities' contempt for all the specific problems faced by families and women in particular is, in general, striking. Whether it is the growing inadequacy of school transport in the countryside where children often have to walk several miles to go to school, or the ridiculously small number of canteens in schools and factories or the lack of laundries: all the figures are there to demonstrate the chasm between the speeches and reality.

Of course, Polish women themselves say that they prefer to cook for the whole family and do their

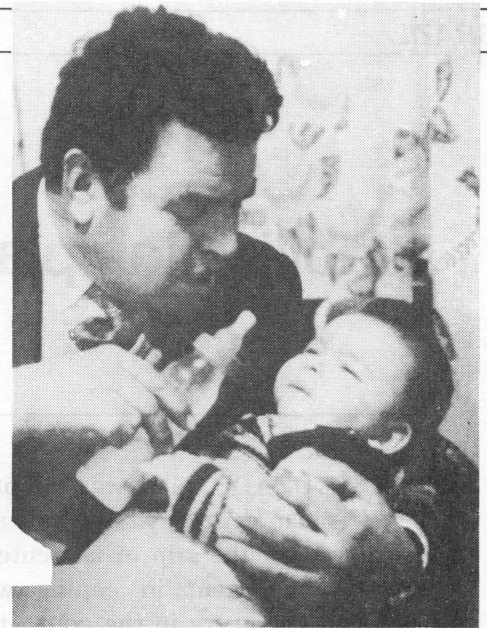
washing at home. But three-quarters of them explain that they say this because of the low quality of canteen meals and the health problems this causes, or the high prices in the laundries whose services also leave a lot to be desired. In any case, their preference for individual automatic washing machines has no effect on the investment policy in this sector of production, as the articles in the official press show quite blatantly.

So it is clear that on the question of social services, as in the field of production of consumer goods, quantity can not be dissociated from quality — both are affected by the same policy. The scepticism displayed by most Polish families to the idea of resorting to creches, and the fear — justified or not — that children catch all sorts of illnesses there, are by and large understandable when all the drawbacks are taken into account. These include the excess numbers of children (sometimes 20-30 per cent higher than the registered places); the lack of staff (often there are 30 to 40 children for one teacher); and, above all, the lack of qualified personnel. These are all defects which are decried time and again by the authorities themselves.

Examples of Sweden and East Germany

But would the conviction that the child would develop better if its mother stays close by be so strong if there were cheap and good quality facilities nearby, in the block of flats or the local area, with a small number of children looked after by well-trained, highly motivated (and therefore well-paid) staff? I would say that this is not a convincing argument.

For proof, the example of the neighbouring countries such as Sweden and East Germany can be looked at. Here, there is not the same discussion on creches as in Poland — whatever the differences in the political and economic systems and whatever criticisms could be made of them on other questions. The tone is rather one of the popular demand for more and better quality services for infants. But this attitude is based on a different experience, on a situation where the need is met for 40 to 60 per cent of children under three (and almost 90 per cent of the children from 3 to 6 years old in East Germany). Of course, the question of the number does not stop the discussion on the quality or the type of creches desired, or the best way of paying for or running them. But at least it gives some



"Man holding baby" — a rare species in Poland, as in the rest of Europe (DR)

meaning to such discussions.

It would be useless to talk of women's emancipation while such deep inequalities between men and women continue. This article has only illustrated some aspects of a so-called socialist regime as in Poland. The continuation of unequal wages alone, which has been criticized for years, is a factor of dependence for women and thus of oppression. Job inequality leads to different social status and value, and thus to power relations unfavourable to women. To say nothing of the fact that the unequal division of labour within the family automatically means less leisure and relaxation for women. How can it be claimed that a more just society can be built in such conditions?

Far be it from me to put forward the idea that it is possible to overcome the present inequalities without a radical challenge to existing social relations. The bureaucracy, like the bourgeoisie, has every advantage in maintaining the existing divisions between the sexes — "divide and rule" as the saying goes.

But in Poland, as in the West, the battle against the discriminations suffered by women cannot be put off until tomorrow under the pretext that it is a long term fight. There are a certain number of preconceived ideas on the "natural" differences between women's work and men's work which all of us could begin to think about while making an effort to have an effect on what is within our scope. □

8. These statistics can be found in a series of works, including 'Rownosc kobiet i meszozozyn w Polsce Ludowej' by R. Wieruszewski, Poznan, 1975.

9. 'Kobieta i Zycie', No. 32, August 6, 1986.

Stabilization plan fails

THE CRUZADO plan was adopted in February 1986 to stabilize the Brazilian economy. By the start of this year, it was in ruins, and Brazil was in the grip of an acute crisis. Since this plan was a highly touted experiment in coping with the problems of this gigantic developing country in the context of world economic crisis, the shipwreck of this scheme has aroused considerable international attention (see, for example, *The Economist* of March 14). Its political effects have been highlighted by renewed military intimidation against Brazilian working people.

The following article explains, among other things, the paradoxical combination of strength and weakness in the Brazilian economy indicated by the fact that, despite its massive load of debt, it achieved a growth rate of 10 per cent in 1986.

PIERRE SALAMA

The failure of the plan was revealed already by the so-called corrective economic measures adopted after the November 1986 elections, as well as those announced by President Sarney in December. The prices of 500 basic products were "freed." Within a few weeks, the price of milk went up by 110%. In 1987, the economic experts are expecting once again an inflation rate well over 100%, and the banks are already providing for a 750% rate of repayment on deposits. During the entire period when wages and prices were frozen, the interest rate on savings was below real inflation.

As a result of this gap, Brazilians, especially the middle classes, massively liquidated their savings. This, in turn, had a dual effect: on the one hand it inflated demand and increased imports, threatening Brazil's trade surplus. On the other, it sent investment into decline.

But, most of all, the Cruzado plan seemed to disregard, with supreme self-confidence, a foreign debt that has reached 109,000 million dollars. At the turn of the year, Brazil got a rescheduling of 4,100 millions owing, of which 3,000 million represented payments in arrears. Its creditors presented a confident face, like the International Monetary Fund, which has taken a favorable view of the successive "readjustments" since last November.

For several years, most of the Latin American economies have been going through a distinct de-industrialization. (1) It seems that what is involved is something deeper going than a mere passing crisis of accumulation. The decline in the relative weight of industry in the total wealth created is clear, apparently long lasting, and matched by a relative increase in the weight of the primary sector.

For this reason, it is possible to argue, with all due caution, that the financial crisis these countries are now experiencing could recenter their economies around the primary sector. In that way, we could go back to a classical international division of labor.

Contradictions in Brazil's economy

However, if such a process of destructuring and restructuring of the productive apparatus were definitely to take form, it would raise very great problems. It does not seem possible that such a regression could take place without provoking clashes that could deflect the process.

As a result of industrialization, the social formation in these countries has become more complex. Urbanization has assumed considerable dimen-

sions. And there would be a dephasing between this sort of social formation and the establishment of an "archaic" international division of labor based on exporting primary products, for which the terms of trade are deteriorating markedly. The regression of these economies implied by such an evolution would be accompanied by such an extensive process of marginalization that it seems impossible that it could be sustained for very long.

But this forest of de-industrialization should not keep us from seeing the trees of strong economic growth in Brazil. The explanation for the country's vibrant industrialization and its overcoming of the crisis of the early 1960s, which was an exception in Latin America, has paradoxically to be sought in the reasons that elsewhere have brought on de-industrialization.

Most Latin American countries have been unable to achieve industrialization of sufficient scale, diversification and elasticity to enable them at the same time to make a colossal transfer of resources to the foreign banks and to promote strong industrial growth.

Brazil has a very large trade surplus, the third largest in the world after Japan and Germany. In 1984, it was 13,400 million dollars. In 1985, it was 12,500 million dollars. And in 1986, it is expected to be 13,000 million dollars. (2) This surplus has enabled Brazil in large part to finance the service on its debt.

Despite the extent of the transfers to the foreign banks, the debt is supposed to have dropped only by 193 million dollars in the first quarter of 1986 and remains at an extremely high overall level, amounting to 106,000 million dollars gross debt, or 350% of the value of exports of goods and services. The latter figure compares, for example, with 537% for Argentina.

The payment of interest alone, as a percentage of exports of goods and services, is supposed to have dropped slightly, falling from 38% in 1985 to 29% in 1986, owing to a strong upturn in exports and the recent drop in real interest rates on the international financial market. (3) Such a drain on the economy should

1. Fajnzylberg, "Caracteristiques de l'industrialisation en Amerique Latine," *Problemes d'Amerique Latine*, No. 77, 1985.

2. 'World Financial Market' (WFM), September 1986. The latest prediction was revised downward recently. It is estimated that the strong rise of domestic demand will reduce this surplus, which nonetheless is supposed to amount to 10,000 million dollars.

3. WFM, September 1986. The minister of finance is known to want to limit the service on the debt to 2.5% of GNP, which in the present conditions seems difficult without an overall renegotiation of the debt.

bring on a considerable depressive effect.

If you take the case of France, studies have shown that the rise in the price of oil brought about a "transfer" to the oil-producing countries that could be calculated at 2% of the Gross National Product (GNP). This increase is supposed to have resulted in a 3.5% decline in GNP and a 5.5% drop in real income. (4)

Of course the payment of interest or even the principal on this debt does not have exactly the same significance. In origin, it is an indebtedness brought on essentially by investment exceeding the capacities of local saving and feeding growth. But for several years the autonomy of this debt from the productive structure has been developing to such an extent that it is assuming a significance similar to the "transfer" produced in France by the rise in the oil price. (5)

This depressive pressure should have had a reverse multiplier effect. It has been for many countries, inasmuch as the net transfer can be estimated at between 6% and 8% of GNP, or three times more than the drain that oil importing countries have suffered. And to this it would also be necessary to add the additional transfer of resources that Brazil has had to make through its importing of oil. And nonetheless economic growth has remained strong.

Production increased by 12% in the first quarter of 1986 over the first quarter of 1985. (6) This increase is so strong that it becomes very difficult to determine to what extent economics and to what extent politics are responsible for the present shortages of final and intermediary products. (7)

Was there a deliberate policy to create a climate of discontent and lack of confidence in an economic policy that sought to be original and, thus, under the cover of relative price adjustments, to return to a more orthodox policy, freeing prices from wage levels? Or were the shortages brought on by an overly buoyant demand, propelled by the liquidation of savings and the recovery of buying power that started some months before the beginning of the Cruzado plan, as well by the evening out in the distribution of incomes and the rise in employment resulting from the speedup in growth? (8) Probably both played a role.

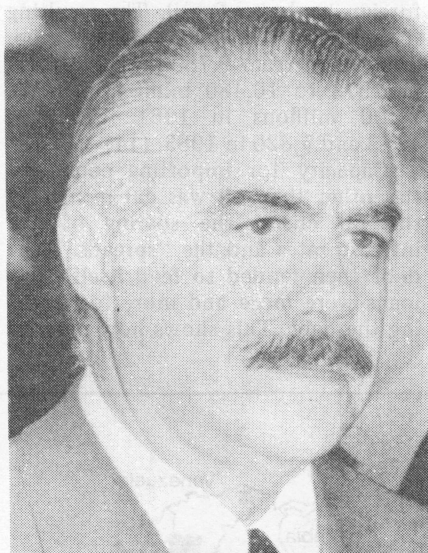
As regards the first question: The elections at the end of November strengthened the hands of the advocates of continued democratization and of implementing an unorthodox economic policy. As for the second: The Cruzado II plan

adopted on November 21, 1986, aimed at providing an answer by raising the prices of certain public services and of consumer durables, as well as fuels, in order to curb demand and relieve the pressure of domestic debt on the budget.

Strong growth creates its own problems

This strong growth is problematical, because the same causes have produced contrary effects elsewhere. This is what I will try to explain.

Over the last 30 years, Brazil has managed to build up a rather complete industrial fabric, extending from the consumer goods sector to the producers goods and the intermediate products sector. Import substitution going up the chain of production, and the impetus and dynamism given to the consumer durables sector both by an industrial policy favoring the intermediate products-producing sector, and by the policy of redistributing income favoring 25% to 30% of the population to the detriment of the rest, have created a relatively complete industrial fabric, in which "gaps" are the exception.



President Jose Sarney (DR)

The evolution of this fabric toward growing complexity, giving rise to major derived demand for imports of more sophisticated products, met through a growing opening of the economy to world trade, has led to big debts. Internationalization through trade, however, is neither greater nor less than the world average, and it tends to mask real processes of import substitution for certain strategic products. The financial internationalization, on the other hand, is much greater. The debt has increased considerably, but the national financial

markets have been relatively protected from foreign interests. (9)

The systems of accumulation that followed the coups d'etat of 1964 and 1967 have one point in common: They excluded the great majority of the population from the fruits of the growth, and were thus characterized by growing income inequalities. (10)

In the aftermath of the coups and thanks to them a system of accumulation was put in place that was especially "exclusive." It was original, because, on the one hand, it was based on the growth of the so-called average curves of income distribution; and, on the other, because of the parallel growth of the sector producing consumer durables, which were described at the time as luxury consumer goods.

The dynamism of this sector, essentially controlled by multinational firms, contrasted with the lethargy and diversity of the so-called "workers" consumer goods sector, which resulted from the steep drop in buying power suffered by working people not belonging to the middle strata. The latter sector was essentially controlled by Brazilian firms.

Both these sectors were coupled with a producers goods and in particular an intermediary products sector controlled by the state. This interaction, a harmonious one from an economic point of view, was propelled by a drop in wage costs and the establishment of a "felicitous" balance between the overall, final and intermediate profiles and between supply and demand. This worked so well that the valorization of capital was assured, at least in the consumer durables sector, as long as these features persisted. Thus, this sector

4. A.F. Fonteneau and P.A. Muet, 'La Gauche face a la crise', Presses de la FNSP, 1986, p. 38.

5. For Brazil, up until 1979-1980, when the debt itself began to pile up more debt. On the growing autonomy of the debt from the productive structure, see my article "Dettes et dollarisation," 'Problemes d'Amérique Latine', December 1985. It should be noted that for many countries, the origin of indebtedness is either a monetary and exchange policy inspired by the precepts of the "Chicago Boys" (e.g. Argentina, Chile), and not an industrial effort; or a policy of arming (e.g. Peru).

6. Instituto Brasileiro de geografia e economia (IBGE)

7. On the shortage of milk and meat, which, for example, marked the entire pre-electoral period in Brazil, see Joao Machado, "Austerity follows November elections," in 'International Viewpoint', No. 112, January 26, 1987.

8. Slipping over a 12 month period, production increased by 14.3% in June, 12.2% in July and 9.2% in August. In the month of August, auto production dropped by 4.5% from the July level, and food products by 7.7%. Source: IBGE.

9. Monica Baer, 'A internacionalizacao financeira do Brasil,' Ed. Vozes, 1986.

10. See the special issue No. 16-17, 1974, of 'Critiques de l'economie politiques', published by Maspéro, Paris.

pulled along the others, first the producers goods sector and then the consumer goods sector.

Beginning in 1975, approximately, the main features characterizing the system of accumulation underwent modification. The dynamism of accumulation depended less than before on the thrust of consumer durables production, although the inequality in income distribution favoring the middle layers continued to grow. (11)

State intervention in the energy sector, the infrastructural sector and in the intermediate goods producing sector became more and more encumbering. Brazil then experienced a revival of import substitution, despite a phase of an increasing openness of its economy, which enabled it to consolidate its industrial plant and to build a certain elasticity into it. (12)

Up until the end of the 1970s, the blame for the indebtedness can be placed on the systems of accumulation and the oil shocks. There is no doubt that the rapid growth of both the consumer durables sector and the middle strata led to massive imports of producers goods and intermediary products mainly, but also durable goods. (13)

Exports did not grow fast enough with respect to imports, and the deficit was covered by incurring foreign debt. The growing weight assumed subsequently by the producers goods and energy sectors was reflected by more consistent investment which could not be covered entirely by local saving, both public and private, because of the insufficient size of the financial market. The latter factor was the result of too low a level of taxation of the highest incomes and of an economic policy that deliberately favored foreign financing.

However, the blame for the debt cannot be put exclusively on domestic factors. The oil crises were to give rise to very large deficits in the trade balance - 4,700 million dollars in 1974, 3,500 million in 1975 and 2,200 million in 1976. The return to equilibrium would be precarious, despite the effort put into import substitution, and the trade deficit was to reappear. In 1978, it was 1,000 million dollars; in 1979, 2,700; and in 1980, 2,800 million dollars.

Debt begins to feed itself

The deficit began to grow considerably after 1980 because of the massive outflows of capital brought on by the rise in real interest rates on the international markets and the ensuing growth of the debt charges. The oil crises were compounded by the financial crises, whose effects are measurable. In order to measure them, all you have to do is subtract the value of oil imports and the payment of interest on the debt from the inflow of foreign currency derived from export and from the net loans of foreign banks to Brazil. The resulting figures show a considerable drop. They went from 9,780 million dollars in 1979 to 10,480 million in 1980, 9,400 millions in 1981, 5,090 in 1982 and 5,820 in 1983. (14)

Capacity for importing commodities other than oil was cut in half by the oil crises, the soaring of real interest rates and the "spreads." The debt then tended to feed itself. New loans were more and more for servicing the debt. This shows how much it

was becoming detached from the productive system and how much, on the other hand, action aimed only at the productive system was losing its effectiveness.

The decisive factors in the growing indebtedness lay outside the country, in the modes of operating of the international financial markets and in the reorientation of capital flow to the United States. Austerity policies lost their effectiveness because they operated on productive systems less responsible than before for the debt. According to the adherents of orthodox adjustment policies, such as those advocated by the IMF, austerity policies should, therefore, be more severe. The relative loss of effectiveness of such measures should be compensated for by greater severity.

The orthodox adjustment policies are not a remedy. By sticking to them, even if they have occasionally deviated, the Latin American governments have worsened the economic situation of their countries. In the case of Brazil, such austerity policies precipitated a crisis. (15) At the same time, they reduced the country's sovereignty in three essential areas - money, the budget and food supply. The continuation and the aggravation of this process then comes into conflict with the growth of a new political sovereignty obtained through the "democratization." This contradiction was overcome by the imposition of an austerity policy termed to be unorthodox.

The European and American journals habitually present only one aspect



11. G Mathias and P Salama, 'L'Etat surdeveloppe', Editions de la Decouverte, Paris, 1983. See also the article "Bonheurs et malheurs des couches moyennes," in 'Tiers Monde', No. 100, 1985.

12. The extent of the internal demand met by the Brazilian manufacturing industry progressed as follows: 40.2% (1970); 61.3% (1973); 54.2% (1975); 91% (1978); 97.7% (1979); 115.9% (1980); 179.7% (1981) and 180.6% (1982). In the metal industry, import substitution was particularly strong. Between 1975 and 1982, the extent of internal demand covered by the Brazilian metal industry increased from 14.4% to 115.9%. But there was also strong growth in import substitution in the food industry, machine industry, basic chemicals and transport.

Cf. Jahni, "Un bilan comparatif des strategies d'industrialisation appliquees au Bresil et en Argentine," 'Cepii', 1985 issue, p. 46; and J. Cartier-Bresson, "L'industrialisation Bresilienne et la gestion de la contrainte economique externe," 1985, to be published in the 'Revue Canadienne d'etudes du developpement'.

13. See for example C Furtado. 'Nao a recessao e al desemprego,' Paz e Terra, 1983.

14. C.D. Alejandro, "Latin American debt: I don't think we are in Kansas any more," 'Brooking Papers on Economic Activity', No. 2, 1984, p. 350.

15. In real terms (adjusted for inflation), the Gross Domestic Product declined by 1.56% in 1981, after growing strongly in 1979 and 1980 (6.4% and 7.2%). In 1982, it grew slightly (0.9%), and then dropped sharply in 1983 (-3.16%). After that, it rose. Source: IBGE.

of the foreign debt – the bank reports. This is only one facet of the question. The indebtedness is reflected in a process of dollarization of the economy, so that the society's inner mechanisms of reproduction are profoundly altered.

Dollarization can be defined in the following way. Dollarization in the strict sense represents substitution of currencies, that is, legal or illegal capital flight. The national currency then loses its function as a reserve of value. Dollarization in the broad sense represents a relative loss of other functions of the currency – its use as an accounting unit and means of circulation. In a growing number of markets, the national currency is used less and less as an accounting unit. When this process spreads, the currency in question can lose its function as a means of circulation. A pseudo-dollar, that is, certificates indexed to the rate of exchange for the dollar, then serves as the accounting unit. When the national currency loses its role as an intermediary in exchange, the dollar replaces it in this function.

“Pseudodollars” undermine Brazil's monetary sovereignty

Argentina was experiencing a deep-going dollarization in the period preceding adoption of the Austral plan. (16) It suffered from capital flight, and the role of the dollar was increasing in domestic transactions. In Brazil, dollarization in the strict sense was weak, but it grew from 1983 to 1985. (17) The growth of dollarization in the broad sense has been greater, but limited overall to the local currency losing its role as an accounting unit to certificates indexed to the general price level and the rate of exchange for the dollar – the ORTN.

The issuing of these certificates made it possible to curb capital flight to a perceptible extent. It is identified with the dollar, and therefore called a “pseudodollar.” It serves more and more as an accounting unit, thereby undermining the country's monetary sovereignty. Nonetheless, this process has not reached the situation that existed in Israel when the latter's minister of finance proposed in 1984 that the dollar be considered the country's national currency, which would have meant surrendering the political sovereignty of the Israeli state. In Brazil, the process was stopped earlier than it was in Israel by the imposition of the Cruzado plan, which organized a general de-indexation.

The issuing of these indexed

BRAZIL'S ECONOMY

INDICATOR	UNIT	1965	1975	1985
GNP	billion dollars	23.0	110.1	209.3(a)
Annual growth	%	6.6(b)	4.4 (c)	8.3
Per capita	dollars	220	1,030	1,579 (a)
Structure of GNP				
Agriculture	%	15.9	10.5	11.0(e)
Industry	% 100	32.5	39.4	31.0(e)
Services	%	51.5	50.0	58.0(e)
Foreign debt	billion dollars	4.9(d)	23.5	107.3
Inflation rate	%	42(g)	42(h)	248.5
Active population				
million		26.0	40.2	48.8(f)
Agriculture	%	54(d)	36.3	30(f)
Industry	%	13.2(d)	25	24(f)
Services	%	32.8(d)	38.7	46(f)
Public spending				
Education	% GNP	1.1	3.1	3.2(e)
Defence	% GNP	2.5	--	2.7(a)
Energy production				
tCE(i)		12.10	24.5	50.3(e)
Energy consumption				
tCE		29.7	71.2	85.7

(a) 4.

(b) 1960-1973.

(c) 1973-1983.

(d) 1970.

(e) 1983.

(f) 1981.

(g) 1960-1970.

(h) 1974-1978.

(i) ton Coal Equivalent.

certificates had an unavowed objective. The government encouraged public enterprises to borrow massively abroad for two reasons. First of all, the financial conditions that they could get were better than it itself could have obtained at the time. Secondly, the search for a greater legitimacy and a desire to control the “*abertura*,” the political opening, called for renouncing a policy aimed at increasing resources through taxation. The yield of these loans was deposited in the state's coffers and served to finance in part the imports of public enterprises, to increase the country's official reserves, and thus to present a healthier and therefore more presentable appearance on the international financial markets for the sake mainly of financing the service on the debt. (18)

Such external financing did not, however, fail to have consequences. While it made it possible to solve the immediate problems, in the longer term it accentuated them in two ways the issuing of units indexed to the exchange rate of the dollar

made the charges on the foreign debt dependent on fluctuations in the real exchange rate for the cruzeiro against the dollar (19)

After the buoyant years at the end of the 1970s, the exchange rates of the Latin American currencies, including Brazil's, were to experience a different sort of trend. They were to go from a phase of being overvalued to one of being undervalued. The devaluations were to be higher

16. The name of the austerity plan adopted in Argentina on June 15, 1985.

17. Capital flight amounted to 7,000 million dollars from 1983 to 1985, as opposed to only 3,000 million dollars between 1976 and 1986. Source: 'World Financial Market' April-May 1986.

18. The exchange and monetary policy offered incentives: exchange rates that were slightly overvalued but less so than in other countries; interest rates sometimes higher than those in force on the international financial markets. The industrial policy also offered incentives: big industrial projects requiring financing beyond local capacities for saving. In total, the public enterprises borrowed more than did the multinational corporations.

19. The cruzeiro was replaced by the cruzado, which gave its name to the plan, at 1,000 cruzeiros to the cruzado.



Riots in Sao Paulo followed announcement of austerity plan (DR)

than the price differential between the United States and Brazil.

The process of undervaluation was weaker than elsewhere, and stopped in 1985. But in the meantime, it had considerable effects on the trend of charges on the debt. Since a large part of the debt had been dollarized through the operation of indexation, the weight of this debt in the budget was to go on increasing. (20) At the same time, the IMF advised a continuation of this exchange policy and cutting the budget deficit.

Reduction of the deficit in conjunction with the increase of the charges on the foreign debt led to a very large drop in other spending. Operational and investment spending were caught in a vice by two countervailing movements. Since it was difficult to reduce operational expenditure too much because of the problems of gaining legitimacy that such a policy entailed for a government beginning democratization, the "abertura," it was investment spending that suffered the most. This reduced outlets and precipitated the crisis.

The reduction of the budget deficit led to a drastic drop in certain public spending as a result of the dollarization of the internal debt. Budgetary sovereignty was thus reduced more than the IMF's recommendations in numerical terms would indicate. The reduction of monetary and budgetary sovereignty was compounded by a relative loss of sovereignty in food supply.

Like most underdeveloped countries, Brazil has suffered a depend-

ence in food supplies, even though it had a certain success with its agricultural exports. Products destined for the domestic market — rice, beans, maize, manioc and potatoes — have shown very weak rates of growth, sometimes falling even below demographic growth. On the other hand, the products destined for export — soya beans, sugar, cacao, coffee, oranges — have shown a high rate of growth. (21)

Increasing food dependence

This dependence in food has several causes, some of which are classical, while others are less so. There has been a spread of consumer norms from developed capitalist countries and a tendency toward a certain homogenization, occurring all the more quickly as urbanization has grown and incomes have increased. Urbanization has taken on very great dimensions, and the raising of the incomes of 30% of the population has been significant in Brazil.

The demand for certain agricultural products thus became very great. Parallel to this, production for export increased strongly. But production for the domestic market did not rise substantially, and did not adjust fast enough to the change in tastes. When it did adjust, it generated imports of components.

These new products can be considered to be high technology products,

in the sense that their production requires the use of machines, special fertilizers and mixed feeds. (22) They enter into competition with the products of the developed capitalist countries, and the "barriers to entry" will be all the higher because the latter use and abuse dumping to get rid of their surpluses. Since the underdeveloped countries cannot follow suit, they import. In Brazil, these effects have been limited. But while less prominent than elsewhere, this process of increasing food dependence is present.

This growing food dependence on the new products and on the way of producing them has been accompanied by an insufficient availability of the older products of the domestic market. There are two reasons for this. First, credit is mainly extended for export products. Secondly, in the absence of a genuine agrarian reform, archaic agrarian structures, dominant in the regions producing for the domestic market, are not favorable to increasing productivity.

With the outbreak of the financial crisis, imports were to be sharply cut back and exports stimulated. Food dependence was to be transformed into food shortages in the cities. The prices of agricultural products for the domestic market grew faster than the general price level, while effective demand fell because of the drop in wages and the growth of unemployment with an absence of unemployment benefits. Inadequate supply, despite the drop in effective demand, thus fuelled a rise in agricultural prices.

The differential between agricultural prices and the general price index, to which wages were tied, had a particularly depressive effect on the buying power of the worst off, because they spend a larger proportion of their incomes on food products, and thus it accentuated social differentiation. In this context, it is understandable why there could be a wave of looting of supermarkets and school cafeterias.

Thus, the reduction of monetary and budgetary sovereignty was compounded by a relative loss of food-supply sovereignty. The country's sovereignty was undermined in three areas, some more than others. The

20. Until recently, the way that the budget accounting was presented made this evaluation difficult.

21. See the remarkable book by Homen de Mello, 'O problema alimentar no Brasil,' Paz e Terra, 1983; J.P. Bertrand's article 'Brasil: modernisation agricole et restructuration alimentaire dans la crise internationale,' 'Tiers Monde,' No. 104, 1985; and the study by A. Marzio Buainain and H. Meirelles de Souza Filho, 'A trajetoria recente de agricultura; da recessao a recuperacao,' in 'Politica economica da Nova Republica,' Paz e Terra, 1986.

logical consequence of such a process is the reduction of political sovereignty. The loss of sovereignty in those areas should go hand in hand with a greater readiness to adopt policies in accordance with the IMF's "recommendations" and with other wishes of the governments of the big industrial mother countries, the Center.

These three losses of sovereignty — monetary, budgetary and food — undeniably condition decisions. But political sovereignty draws from other sources. It is well known that the political systems of the periphery, far from being mere instruments of the Center, enjoy a twofold relative autonomy, that is, both from the political systems of the Center and from their own social formations. (23)

Democratization reflected the search for a broader legitimacy, and reinforced the weight of the local social formation in defining social and economic policy. It thereby increased political sovereignty. Conversely, foreign indebtedness and its translation into relative losses of the three sovereignties diminished political sovereignty. Real political sovereignty was the result of these forces counteracting each other.

With democratization, the weight exercised by the social formation increased. This was felt first of all in defining industrial policy — the role of computers in Brazil, etc. Secondly, it was felt in the working out of budgetary and monetary policies, without which it would be impossible to say how long that influence could persist.

The orthodox austerity policies advised by the IMF are no remedies, as we have seen. The depressive effect that they provoked is far from being a passing one, and they do not re-adjust the factors of production for greater efficiency. Quite to the contrary, they accentuate dollarization, accelerate the inflation that they are supposed to reduce, persistently magnify the loss of buying power, increase unemployment and promote further growth of the informal sector, making it into a sector for those struggling to survive. This indicates how much such policies are a source of discontent and loss of legitimacy, a perilous situation for governments that are, in fact, seeking to increase their legitimacy.

The "new austerity policy" defined by the "New Republic" was presented as an original response to the hyperinflation that was developing. (24) Curiously, the reasons adduced for this policy ignored the external influence, the foreign debt. The objectives of the austerity policy were at once to freeze prices, to maintain growth and to bring about greater social justice. In that sense, it contrasted with the orthodox austerity policy that precipitated the crisis and increased inequalities in the vain hope of halting the rise in prices and re-establishing the grand balances. But the objectives set by this unorthodox austerity policy were of a purely domestic character, as if the influence of the outside in the development of the hyperinflationist spiral were not there.

The immediate success of the plan

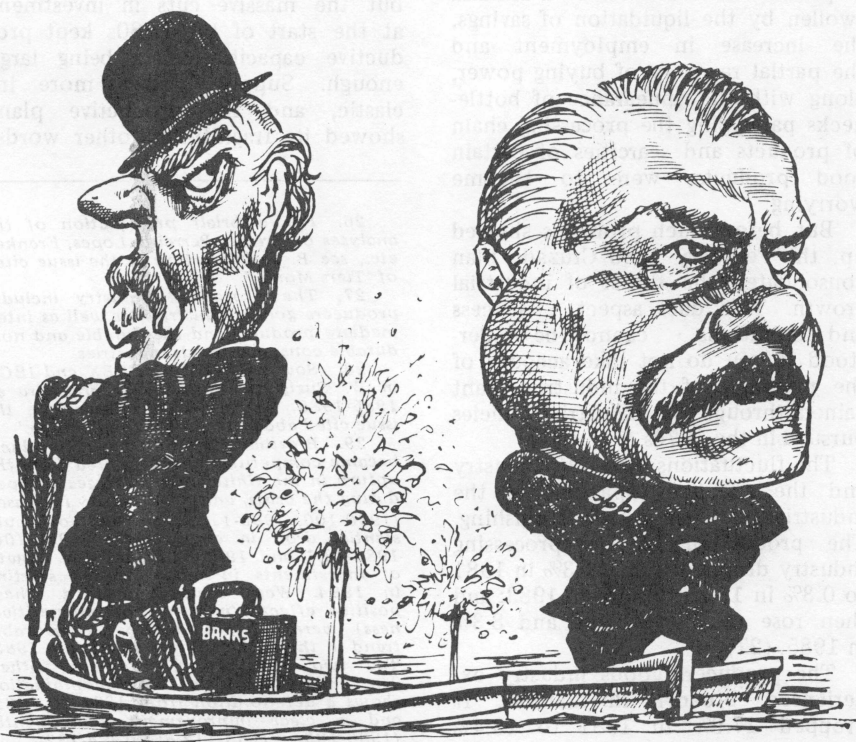
both politically and economically, led people to forget that its final success depended on the way that the problem of dollarization was solved. Of course, the freezing of all prices, including wages, and the general de-indexation seemed to eliminate dollarization, because the certificates were no longer indexed to the rate of exchange for the dollar and to the general price level. The problem seemed to have been solved by the problem!

But that did not eliminate potential dollarization. Indexation tied to the general price level and the dollar could become necessary again if the fundamental problems running through the Brazilian economy were not solved in a lasting way. But these problems are incomprehensible if you leave out the debt and its effects. We have seen that the crisis' originality came precisely from its interlocking with the world economy and from the responses that the successive governments have made to external constraint.

"Unorthodox" attempt at a solution

The debt that was apparently ignored in the working out of the austerity plans was a "silent partner." Its negative effects could reappear. Unlike Argentina, with its Austral plan or Mexico, which is perpetually rescheduling its payments, the elasticity of Brazil's industrial plant and the influence of a more egalitarian distribution of incomes can enable it to put off the day of reckoning and limit the negative effects of interest payments on growth.

However, while references to the role of the debt in aggravating the crisis and inflation were virtually absent, the foundations of this austerity policy and the first measures that were taken were unorthodox. (25)



22. The intensive production of meat is diverting larger and larger quantities of vegetable products (cereals, oil cake) from direct consumption. Cf. J.P. Bertrand, *op. cit.*

23. I developed this point of view at length in Salama and Tissi, 'L'industrialisation dans le sous-développement.' Editions Maspéro, 1982; and especially in 'L'Etat surdéveloppe'.

24. "The New Republic" is the name given to the regime that succeeded the military dictatorship, which can be dated from the election of Tancredo Neves to the presidency on January 15, 1985. See 'International Viewpoint', No. 71, March 11, 1985.

25. On these unorthodox austerity policies, see the special issue of 'Tiers Monde' devoted to the adjustment policies, and especially the articles by J. Cartier-Bresson, M. Ikonocoff, J. Saboia and P. Salama.

The Argentine and Brazilian economists deepened the analysis of the mechanisms of inflation developed a few decades ago by the so-called structuralist school in Latin America.

According to them, inflation can be broken down into two blocs. (26) The first is linked to the structural analyses and refers above all to difficulties arising from demand. The second, so-called inertial inflation is rooted in the mechanism of indexation extended to all prices. Inflation perpetuates itself and reinforces the "inflationist culture" by an almost automatic operation of reproducing price rises.

By separating inflation into two blocs, without analyzing what interrelations they might have, they did not go deep enough in their study of hyperinflation. And they proposed a remedy which, being a psychological shock, could prove ineffective, if accompanying structural measures were not taken. The immediate remedy for hyperinflation flowed from the analysis made of inertial inflation.

Elimination of indexation and freezing all prices was supposed to be enough to do the trick. By an administrative measure, by elimination indexation, inertial inflation would be "erased." Freeing prices was not considered effective. This distrust of the rules of the market was the basis of the unorthodoxy of the austerity plan.

Freezing prices is a delicate measure to apply when inflation has reached 300%. It is necessary to establish a conversion table for purchases made on credit in order to reduce the cost of payments falling due, because the latter were calculated on the basis of the previous inflation. But while this operation is delicate, this is not the principal difficulty.

Cost-of-living increases were not made daily. They were made half yearly. You cannot freeze the last wage received, because it might have been adjusted on the eve of the application of the plan or immediately afterward. In the two cases, the situation is obviously totally different. You can understand why the social discussion was to be centered on defining the average wage to be readjusted, on the percentage of the increase, on the conditions of re-indexation - partial or total starting at what level of inflation - on the advisability of establishing unemployment benefits, however modest

The solutions found departed from the orthodox austerity policies and were better than those offered in the Austral plan. But they remained unsatisfactory. The average wage went up by 8%, the minimal wage by 15%, cost-of-living increases began at

20% inflation but were limited to 60%. A very restrictive system of unemployment benefits was set up. The wage spread narrowed. The wage increases fitted into a trend that had begun some months before, but they made it possible only to regain the 1981 level.

The treatment of the public deficit, monetary policy and wage policy in the Cruzado plan were more unorthodox than the measures provided for in the Austral plan. But measures taken one by one are neither orthodox nor unorthodox in themselves. It is the principle governing them that is. The wager implicit in the Cruzado plan was that supply would follow demand.

The problem of increasing supply

In the plan, the crisis and inflation were explained as the results of an insufficient demand, which should not be further restrained. In this you can see the structuralist influence, and, in certain aspects, a Keynesian conception, which given the dominance of monetarism in general seemed really unorthodox.

It is in this sense that the accompanying measures taken in July 1986 have to be understood. The forced saving instituted was designed, in the absence of a sufficient level of saving, to finance investment programs and thus to revive supply.

Supply was to become the dominant problem. A growing inelasticity of production in relation to a demand swollen by the liquidation of savings, the increase in employment and the partial recovery of buying power, along with the appearance of bottlenecks paralyzing the processing chain of products and scarcities of certain food products, were to become worrying.

But before such problems showed up, the February 1986 Cruzado plan consolidated the thrust of industrial growth. This dual aspect - success and limitations - cannot be understood if you do not take account of the plasticity of the industrial plant gained through the industrial policies pursued in the 1970s.

The fluctuations shown by industry and the adaptive capacities of the industrial plant are indeed astonishing. The production of the processing industry dropped from 11.3% in 1981 to 0.3% in 1982; to 5.9% in 1983; and then rose to 6% in 1984 and 8.3% in 1985. (27)

The producers goods industry experienced broader fluctuations. It dropped 17.9% in 1981 to 13.4% in 1982, by 19.1% in 1983; and rose

12.8% in 1984 and 12.3% in 1985. Consumer durables experienced more irregular fluctuations.

The plasticity of the industrial plant was also astounding. The share of exports accounted for the processing industry went from an index of 100 in 1980 to one of 168.4 in 1984 and 163.3 in 1985. The ratio between this index and the production index of the processing industry went from 100 in 1980 to 191 in 1984 and 173.1 in 1985. (28) The relative decline that we see in 1985 revealed that the driving force of growth shifted from export of industrial products toward expansion of the domestic market, fueled by wage increases. (29)

This new orientation was consolidated with the Cruzado plan. Domestic outlets increased considerably. Industrial production grew strongly in the first half of 1986 by comparison with the first half of 1985, but not enough with respect to the growth of demand. The domestic market competed with export and threatened prospects for a trade surplus. Exports of metal products dropped by 14.7% between the two halves, as a result of the "diversion" caused by the surge of domestic outlets. Imports other than oil increased by 27.3%, producers goods by 52%. A drop of 53.8% in the value of oil imports reduced this negative effect.

The Cruzado plan thus accentuated the upturn, but it also revealed the fragility of the productive plant. Facing a demand swollen above all by the liquidation of savings and the growth of employment, the productive plant could have adjusted, but the massive cuts in investment at the start of the 1980s kept productive capacities from being large enough. Supply became more inelastic, and the productive plant showed its fragility. In other words,

26. For a brief presentation of the analyses of Bresser Pereira, Lopes, Frankel, etc., see B. Jetin's article in the issue cited of *Tiers Monde*.

27. The processing industry includes producers goods industries, as well as intermediate products and the durable and non-durable consumer goods industries.

28. Source: FGV, FUNCEX and IBGE in W. Suzigan: "A industria brasileira em 1985-1986: desemprego e politica," in the issue cited above of *Politica economica*.

29. Brazilian industrial products became competitive and benefited from the upturn in the United States. Wages dropped during the crisis, and productivity increased (1980-100, 1985-116) as a result of a substantial drop in employment (1980-100, 1984-78.1 and 1985-82.5) and the growth of investments in modernization starting in 1984. Wage costs diminished. These positive effects (in terms of competitiveness) were compounded by a favorable trend in the exchange rate starting in 1983. The two effects reinforced each other. The index expressing this combination shows a deterioration from 1981 to 1982, and a clear improvement subsequently (1980-100; 1983-112.6; 1984-132 and 1985-130) Source: Suzigan, op. cit.

the growing complexity of the industrial plant in the 1970s and the crisis at the start of the 1980s explain both its adaptive capacities and their limits. Inflationist pressures accentuated.

Doubt about the final success of the plan led to speculative behavior, which was reflected both by the liquidation of savings and by the growing gap between the official and parallel exchange rates. The second Cruzado plan of November 1986 has to be understood in this context. The substantial rise in the prices of public services and certain durable goods is akin to forced saving, achieved by other avenues than inflation.

How to pay for the debt

This may be seen simply as a consequence of the need to limit demand, but it can also be understood as the concomitant of raising savings in order to finance service on the foreign debt. These two explanations are not counterposed. The appearance of demand in excess of supply capacities in no way diminishes the need to find savings to finance the service on the debt. The external constraint omitted from the presentation of the reasons for the plan and its objectives reappeared in force. The payment of the service on the debt had a depressive effect that could not be long compensated for by an increase in demand and a considerable plasticity of the industrial plant.

The massive withdrawal of resources to meet the service on the debt has been accomplished in two ways — through a reduction of imports and an increase in exports. The first has flowed either from a drop in revenues or a voluntary restriction, whose short-term effects are inflationary — repercussions of increased protection and undervaluing — or even paralyzing, owing to lack of inputs. The second way involves an orientation of stimulating production for export. This increase of exports gives rise to wage payments and purchases of local intermediate products, which, once incorporated into finished goods, will be exported. When the foreign currency obtained is converted into the local currency, demand increases.

But supply cannot keep up, because a part of it has been removed precisely by these exports, and imports have been contracted. Inflation grows, provoking a growth of forced saving. Protective measures (indexing) make it possible to limit its extent, and then they reproduce the inertial



Poverty is rife in Brazil (DR)

inflation whose original cause lies in the massive withdrawal of resources.

When the income from an export is not transferred entirely into an increase in the local currency, the growth of the monetary mass is, of course, curbed but the inflationary process remains essentially intact because the act of production always involves two sorts of advances — by the wage earners to the capitalists and by the capitalists themselves. The latter pay after their workers have done the work, but before they can collect the yield of its sale. The payments of wage directly or indirectly (the processing chain of products), accompanied by a diversion of supply to increase the trade surplus, fuels the process of force saving.

This increase in savings creates a depressive effect through the classical Keynesian operation. (30) The reduction of effective and anticipated demand leads to drastic declines in investment and to an increased conversion of assets into financial placements. The enterprises buy pseudodollars, whose rate of return increases in step with the undervaluation of the currency. A downward spiral begins. We have seen how extensive it can be.

The withdrawal of resources to pay the service on the foreign debt is accomplished through inflation and forced saving. Demand is limited owing to a shortfall in supply, which is oriented rather to export.

The recovery of buying power and the increase in employment were to increase consumption. The narrowing of the wage differential and the liquidation of savings accompanying the Cruzado plan had the same effect. One might think, then,

that the increase of saving owing to transfers abroad and the reduction of saving for the reasons I have just described could be mutually compensating. That possibility depends on the extent of the plasticity of the industrial plant and on its scale.

In 1985, and continuing until October 1986, the industrial plant seemed to have sufficient elasticity for the increase in demand to provoke an increase in production and for the depressive effect to be not only cancelled out but for growth to take on momentum. The reduction of excess capacity operated more and more as an obstacle, making it less and less efficient to generate an upturn through demand in the short and medium term, which in turn made it necessary to increase supply. The depressive effect of the external drain then reappeared with a vengeance.

Forced saving once again became necessary, as long as the interminable and onerous payment of the service on the foreign debt is not put in question. The dollarization that was erased is threatening to start up again.

It will not be possible to continue industrialization by contracting demand, with the unavowed aim of financing the debt. The old scenarios of industrialization, which remain quite timely for a lot of Latin American countries, threaten to remerge. □

30. This increase in saving is probably higher than would have been necessary to finance investment in the past without resorting to loans, because it is the result of repayment of the principal and the interest, although the de facto moratorium on the principal qualifies this assessment, which was made by Miret and Tonteneau in their work cited above.

AROUND THE WORLD



Belgium

Strike wave in Flanders

FOR THREE months, a wave of strikes has been sweeping Flanders, the northern part of Belgium. The struggles were sparked off, in the majority of cases, by negotiations of collective agreements. Workers wanted to recoup the losses they have suffered under the austerity policies of Wilfried Martens' government. They have already won some gains, for example in the chemical industry in Anvers.

Significantly, these struggles for the most part began after the signing of sectoral agreements or, even, after the conclusion of a pre-accord between unions and bosses.

As well as making good wage losses there are added problems of employment and working conditions. Confronted by competition, the bosses are trying to reorganize production and increase profits by introducing flexible hours, job versatility, Saturday working and so on.

During the last ten years a whole new layer of militants and union representatives have become active. Now having the confidence of their workmates, they have begun to challenge the central union apparatuses. It is this layer of activists and representatives who have the potential to develop a class-struggle trade unionism in Flanders.

Finally, it is important to stress that these struggles, led jointly by the two main Belgian unions — the Christian Trade-Union Confederation (CSC) and the socialist Confederation of Belgian Workers (FGTB) — throw some light on the relation of forces existing between the two organizations. The CSC is seeing its orientation of "necessary sacrifices" and its image of being a "responsible" union demolished by its own base. And even if the CSC remains the largest union organization in Flanders, the more militant FGTB is now gaining ground in the big workplaces. □

Nicaragua

Contras in crisis

A DEBACLE is the only way to describe the ongoing crisis of the US-backed contras. Arturo Cruz resigned

in mid-March from the triumvirate leading the United Nicaraguan Opposition (UNO), the "political arm" of the contras. Now it is the turn of "El Negro" Chamorro, the leader of the Nicaraguan Democratic Union-Revolutionary Armed Forces (UDN-FARN), to withdraw from the UNO. The UDN-FARN operates from Costa Rican territory.

In the summer of 1985, the Reagan administration created the UNO in order to give the counter-revolutionary movement a unified image and international legitimacy. It was also created to try to erase the far from brilliant image of the Nicaraguan Democratic Force (FDN), mainly composed of ex-Somozaist guards and led by the retired general of the National Guard, Enrique Bermudez. But Washington is visibly incapable of controlling the contras' internal squabbling, provoked by the struggle for money and power.

Last year Arturo Cruz received 7,000 US dollars a month "to maintain his family" (sic). Now the US press has revealed that Chamorro was also paid by the CIA so that his group, the UDN, could unify with the UNO.

Many commando leaders in the FDN have sent a letter to Alfonso Robelo, head of the UNO, in which they complain about the management of funds allocated by the US Congress.

The leaders of other contra groups who are not part of the UNO — Alfredo Cesar of the Southern Opposition Bloc (BOS, heir of Eden Pastora's ARDE) and Brooklyn Rivera of MISURATA — have "welcomed with pleasure" the various resignations. No doubt they hope that Washington will pay a bit more attention to them now — and perhaps give them more money? □



A part of the painting "Guernica" by Picasso

Basque country

Commemoration of Guernica

FIFTY YEARS ago, on April 26, 1937, the German bombers of the Condor Legion devastated the Basque town of Guernica. Guernica is important for the Basque country, containing as it does the ancient oak tree which is a focal point for the celebrations of the Basque national day, and being the capital for the Basque autonomous government created in 1936.

The bombings in support of the reactionary Francoist forces took place despite the agreement of non-intervention by foreign powers in the Spanish Civil War. Some 2,000 people were slaughtered. An eyewitness reported:

"The day was well chosen. Monday is market day in Guernica, and all the peasants from around about crowd into the town. It was 4.30 in the afternoon, the market was full and peasants were still arriving when the church bell began to toll to warn them that the planes were coming.

"Five minutes later, one German bomber appeared. It made a low-flying circle over the town and dropped six big bombs, apparently aimed at the railway station. A rain of bombs and grenades fell on a school, houses and the neighbouring streets. Then the plane moved away. Shortly afterwards, a second bomber appeared and dropped bombs on the town centre. A quarter of an hour later it was the turn of three Junkers to continue the work of destruction. From this point on, the intensity of the bombing raid increased and did not stop until 7.45 in the evening.

"The town, containing 7,000 inhabitants and 3,000 refugees, was systematically destroyed within a radius of eight kilometers. Other planes were given the task of bombing all the farms in the surrounding region."

This year, a series of activities are planned in Guernica between April 16-26, which will reflect the role of the town in Basque resistance and culture. After the traditional "Aberri Eguna" (Basque national day) on April 19 there will be a peace congress to which movements and countries fighting for their liberation have been invited — Kanaks, Salvadorans, Filipinos, Irish, Nicaraguans and so on. □

Soviet play includes Trotsky

"I CANNOT go on maintaining that the October Revolution was led by a group of spies, that Lenin was surrounded by renegades, criminals and terrorists that the great purges of the 1930s are part of the Leninist tradition. With my life, with my work, I have tried to demonstrate that this is not true, that Leninism and socialism are something quite different.

"The time is over when lists were drawn up of supposed agents of imperialism, and the time has come to rewrite the history of the Communist Party of the Soviet Union and of the Soviet Union. No one can be expelled from history, nor should anyone be afraid of confronting history."

The Soviet dramatist Mikhail Shatrov made this point in an interview published in the April 2 issue of *Corriere della Sera*. He was in Italy attending a meeting organized by the Accademia dei Lincei and the Italy-USSR Friendship Society. The Italian daily described him as "an ambassador of the *perestroika* [Gorbachev's "restructuring"]. It noted that his career began under the star of Khrushchev's Twentieth Party Congress and that it was now re-emerging from the eclipse of the Brezhnevite period.

Shatrov went on to say, "All my works have created 'scandal' and provoked a 'fierce struggle.' And after Khrushchev's removal, they were inexorably blocked. The wind of renewal has brought them back into the daylight. After the 'Dictatorship of Conscience,' an examination of the degeneration of socialism that is playing in Moscow theaters, where it has gained success and notoriety, four films on Lenin have been broadcast over TV that have aroused a sensation, because the Lenin played by the actor Mikhail Ulyanov, alongside whom Bukharin appeared for the first time over TV screens, is not the hagiographical Lenin, the Lenin they put on a pedestal, but a flesh and blood human being."

Shatrov's next play, "The Brest Peace," also promises to be a *succes de scandale*. Its characters include Trotsky, Bukharin and Kamenev, and the author indicated that they would not be repetitions of the old Stalinist stereotypes.

"When people were re-emerging from the prisons and documents from the archives, I thought that it was necessary to take a lesson from these events, take a look back, change to a new belief."

He started the project in 1962,

under Khrushchev, and it went into cold storage after his fall. But now, Shatrov said, "it is possible to break the chains of history because there is a will to create a society in the USSR that will not be afraid of anything, that thinks and acts on its own, without being passively dragged along, condemned to darkness and ignorance.

Shatrov was asked how the "banned figures" appeared in the play. He replied: "I present Trotsky and Bukharin as leaders of the revolution, of the Central Committee, companions of Lenin, faithful to the role that they played in a given historic moment."

Trotsky is hardly the hero of Shatrov's play, but the author claimed that he sought to treat him objectively:

"In the debate over the Brest peace, which was decisive for the fate of the revolution, Trotsky took a wrong position. Unlike Lenin, he did not go to the root of the situation. In his arguments there was no lack of interesting points. He agitated and spoke forcefully in the debate, but apart from theatrical gestures he did not offer a valid contribution to the solution of the problem. Good and bad intentions are demonstrated by results and the latter have shown that Lenin's analysis was more correct and more profound.

"But I also point up Trotsky's positive features, his great organizational gifts, the effervescent oratory. Here, as in the case of Bukharin, who reproved Lenin for abandoning the hopes of expanding the revolution, I do not add or take away anything. It is necessary to study seriously and objectively what the great Bolshevik

leaders did and said, to analyze the positive and negative sides, which is what was done in his time by Lenin himself, who considered Bukharin the favorite son of the party, an outstanding theoretician, but openly recognized his errors."

Shatrov was asked when he thought it would be possible to rewrite the history of the Soviet Communist Party.

"When the line of the Twenty-Seventh [Gorbachev] Congress has triumphed . . .

"It is necessary to put an end to the criteria that started to be used at the end of the 1920s. This is a ridiculous, blind, savage approach. Violence has been done to history. Excesses, terror and abuses have been passed off as socialism. This was not something inevitable. We have to ask ourselves why the historical process took that path in our country, why so many horrible crimes were committed."

Again, Shatrov was asked, when this would be accomplished, and he repeated: "At the risk of sounding monotonous, when the line of the Twenty-Seventh Congress triumphs." Then, he shifted the entire problem onto a subjective level: "The fundamental obstacles to the reconstruction are not outside of ourselves but within ourselves. The fundamental thing is your talent, what you think, how you see the situation. You have to come to terms with yourself, to analyze yourself. The *perestroika* must come from within you."

Shatrov's play is to be published in the April issue of the literary magazine *Novy Mir*. □



Fight for press freedom continues

A FIRST battle against the new attack on the right of information in Israel was won with the release of Michel Warschawsky on bail on March 17. The director of the Alternative Information Centre (AIC) had been jailed a month before in a spectacular raid on the independent communications office. [See the last issue of *IV*.]

A flood of protests by defenders of freedom of the press and democratic rights in Israel and throughout the world got him out of jail. But the fight to reaffirm the right of freedom of information is still being fought out, and the Alternative Information Centre continues to need the maximum international solidarity.

Within days after the raid on the Alternative Information Centre and its closure by the Zionist police, a new issue of the Centre's bulletin, *News from Within* appeared. Its front-page story declared. "We will not be gagged!" The article continued:

"On February 16, 1987, the Israeli authorities' iron fist came down within the green line [the Israel of 1948 from the territories occupied in 1967] against Israeli Jews . . . Israeli and Palestinian members of the AIC collective were arrested, stacks of printed material were confiscated and the centre's equipment were seized.

"Our 'crime' lay in providing Israeli, Palestinian and foreign journalists with accurate and up-to-date information on human rights violations in the occupied territories and on social and political issues related to the Israeli-Palestinian conflict.

"The Alternative Information Centre operated openly. Our office was registered with the Ministry of the Interior and its publications were submitted to the censor in accordance with censorship regulations. The door to the office was open to everyone, save for members of Kach [Rabbi Kahane's anti-Arab racist party], Gush Emunim [a West Bank Jewish settler organization] or illegal organizations, until the police locked up the centre . . . For three years, the centre provided news, translation and typesetting services to thousands of clients, including journalists, news agencies, consulates and embassies, public institutions and individuals interested in the Israeli Palestinian

conflict.

"Why, without even the slightest warning, did the authorities suddenly decide to close the centre? Was it because the centre was successfully challenging the Israeli Defence Force spokesperson's monopoly on the flow of information from the occupied territories? Did the authorities close down our office in order to claim 'even-handedness' when next it closes down licensed offices similar to ours in the occupied territories? Why have the authorities reacted with such anxiety to the centre's concern for the civil rights of Palestinian political prisoners and detainees under interrogation. And is it mere coincidence that the raid occurred exactly one week after members of the AIC collective organized a demonstration in Jerusalem on behalf of Mordachai Vanunu's right to a fair and open trial? . . . What is clear is that the centre's closure has made it easier for the authorities to conceal their current campaign of repression in the occupied territories under a cloud of unknowing.

Attempt to gag the Centre has backfired

"Ignorance is purposefully directed. The Israeli government has all the reasons in the world to suppress information about the seamier side of the occupation. And its abhorrence of any form of Israeli-Palestinian cooperation is one of its most salient

features. But the attempt to gag us has backfired. The use of the draconian Prevention of Terrorism Ordinance to close a licensed office on the hackneyed pretence that its activities were harming state security has provoked vehement protest from civil rights associations, journalists, politicians and all people who value democracy in Israel and abroad.

"We will not be gagged!

"We will not sit idly by while our civil rights are systematically violated. And we will not acquiesce to the authorities' attempts to monopolize the flow of information.

"Our determination to keep open alternative channels of information has not been deterred.

"*News from Within* will continue to appear."

Drop the charges against Warschawsky!

The high reputation for professionalism and accuracy gained by *News from Within* has helped in particular to arouse protests from journalists and journalists' organizations. For example, immediately after the raid on the Centre the Israeli magazine *Ha'olam Haze* (February 18) reported that the closing of the AIC was "arousing outrage" among Israeli journalists and foreign correspondents who used its service. The Jerusalem Journalists' Association issued a protest, as did the Danish Journalists' Union on March 4.

But the Centre remains closed. Its materials and equipment are still in the hands of the Israeli security services. And Michel Warschawsky continues to face charges under a 1948 emergency decree that could lead to a sentence of up to ten years. Moreover, his legal defence is made more difficult by the fact that the decree puts the onus of proof on the defendant and not on the authorities.

It is essential that protests continue calling for the dropping of the charges against Warschawsky for allowing the Alternative Information Centre to resume its work without interference. In the meantime, the AIC badly needs material support so that it can continue to get out the news that it collects until it can get its equipment back.

The Centre's present address is PO Box 165, West Jerusalem, Israel. Messages of support for, and contributions to, the campaign for Warschawsky's defence and for the Centre can be sent to the Release Michel Warschawsky Fund, 2 rue Richard Lenoir, 93108 Montreuil, France. □