

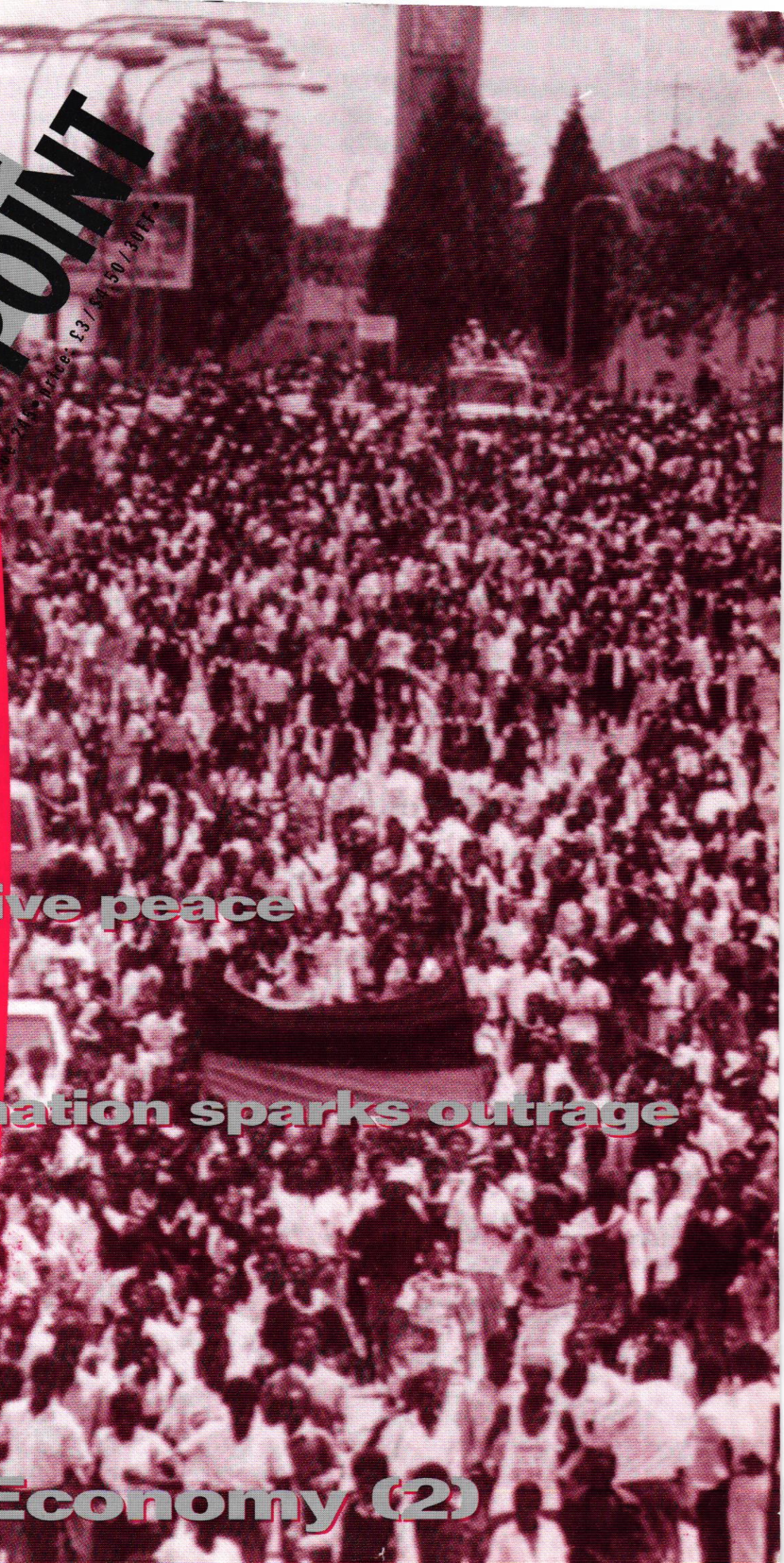
international
VIEWPOINT

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Bosnia :
The elusive peace

South Africa :
Assassination sparks outrage

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World Economy (2)



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Our thanks to Richard Bastiaans of Holland for the new cover design. We have received several letters, calls and faxes congratulating us on the new look — congratulations which we, of course, heartily pass along to Richard. — The Editors ★

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The elusive peace

BORIS YELTSIN'S victory in the Russian constitutional referendum may remove one of the obstacles to military intervention in the former Yugoslavia by United Nations/NATO troops, giving NATO a chance to try out its new post-Cold War "peace-keeping" role.

CATHERINE SAMARY — Paris, April 29, 1993

THE Yugoslav crisis has already served as a reason for getting German military forces involved in foreign military action for the first time since the Second World War, and is not impossible that Eastern European forces will go into action alongside NATO.

On April 27, Yeltsin declared in Moscow that "the time has come to take decisive measures to put an end to the crisis". Without making precise proposals, he stated that "Russia will not stand alongside those who oppose the European Community".

Two different but equally reactionary plans both for domestic and international affairs are on offer in Russia: one, with a neo-liberal outlook, is striving to create a strong state to impose market discipline and is allied to the United States on international questions. The other, a coalition which embraces the "patriotic" far right rejects foreign dictates both domestically and internationally. The latter are ready to come to the aid of their Serb brothers.

The so-called "International Community" has no stable or united position about what to do about Yugoslavia. In the first place this is because it does not have a big stake in the outcome. Under pressure from public opinion it condemns in words what it has underwritten in practice.

From early on it has accepted the principle of dividing Bosnia-Herzegovina on ethnic lines. The Vance-Owen plan envisaged the cutting up of ethnically mixed B-H into three ethnic cantons. The pattern set by the meetings between Serb leader Slobodan Milosevic and his Croat counterpart Franjo Tudjman before the outbreak of the war in B-H was continued by further

meetings in spring 1992 in the Austrian city of Graz between Bosnian Serb and Croat warlords Radovan Karadzic and Mate Boban, on the same subject — the division of B-H.

Meanwhile the Bosnian Serb nationalists under Radovan Karadzic continue their efforts to establish a unified territory directly linked to Serbia — something their Bosnian Croat counterparts under Mate Boban have already achieved, with Croatian passports already distributed in Herceg-Bosna. While world attention is focussed on the Serb onslaught on Srebrenica, the Croat nationalists have been demanding the "application of the Vance-Owen plan" by which they mean the withdrawal of Bosnian government troops.

There, and in central Bosnia, ethnic cleansing is going ahead by means of

armed clashes in the shadow of the more visible Serb aggression. We hear much of Srebrenica; under Serb attack, but less of Mostar, where the Muslims are being squeezed out by their erstwhile Croat allies.

Srebrenica is key because without it Serb territory is not continuous. And it presents the "international community" with a dilemma. Either a substantial military force is stationed there permanently or they must finally accept the inner logic of their own plan — peace by territorial separation. In the latter case, it becomes necessary to collaborate with ethnic cleansing, evacuating populations "humanely".

This attitude is not a result of the overwhelming "complexity" of the Yugoslav issue. The Western states support the strong and in the Yugoslav case this means Serbia and Croatia. The first necessity for countering the whole process is to allow the Bosnian forces — not only Muslims, but Croats and Serbs — to get the arms with which to defend themselves. This means lifting the embargo on arms for the Bosnian resistance. ★

The Verona Forum

A "FORUM for Peace and Reconciliation in the former Yugoslavia" took place last September in Verona organized by Greens and with participation from the various republics of the former Yugoslavia. A second session of the Verona Forum took place on April 2-4 this year. While several participants favoured a Europe-wide initiative for May 8, the difficulties in organizing this mean that it was finally proposed to have actions in as many cities as possible on that day, for a multi-ethnic Bosnia, against the break-up of the republic and against ethnic cleansing.

There were widely different points of view on the issue of the war as such. Some adhere to total pacifism, others want the embargo on arms to the Bosnian forces lifted, and others see foreign intervention as the answer. There are also differences on the attitude to take to the Vance-Owen plan. However, it was agreed to allow this debate to continue while taking common actions where possible — in support of independent media, for link-ups with all anti-nationalist and antiwar movements, for anti-racist values and in solidarity with all the war's victims.

Demonstrations for May 8 are planned in Strasbourg, Stuttgart, Geneva and elsewhere. ★

Assassination sparks outrage

ON the morning of April 10, Chris Hani, Secretary General of the South African Communist Party and member of the executive committee of the ANC, was executed in front of his house in the Johannesburg suburb of Germiston. Links have been established between the assassin — who claims to be a member of a neo-Nazi group — and the leadership of the Conservative Party.

Chris Hani was elected commander of MK (the armed wing of the ANC) in 1987, and became the symbol¹ of the armed struggle against the apartheid regime. His death has inflamed the South African townships — where he was very popular, particularly among the most downtrodden youth.

SIRO PETRUZZELLA — April 16, 1993

THE British financial daily *The Financial Times* has given a good explanation for the white South African Establishment's formal condemnation of the assassination: "Mr. Hani was the undisputed leader of the township youth, of the unemployed and angry youth. No other leader of the ANC could present compromises as victories with such ease; no other leader could argue for peace by presenting it as a kind of struggle — in short, rallying radicalized youth behind the project of a negotiated solution. This is what makes Hani's death such a great tragedy."²

The assassination has provoked even greater protest than last year's massacre in Boipatong — which led to the ANC leaving the negotiating table and the beginning of a mass action campaign culminating on August 3 and 4, 1992 in the biggest general strike in South African history.³ What has changed since that time?

There seems to be no end to the economic recession. The Central Statistical Service (CSS) of Pretoria confirmed on February 11 that 1992 was a very dark year indeed. The Gross Domestic Product (GDP) declined by 2.1%. This is added to two previous years of decline — in 1990 and 1991 GDP fell by 0.5% and 0.9% respectively. The 2.1% drop in GDP reflects a serious deepening of the economic crisis, whose social repercussions are more like those of a depression, especially since the countryside has been severely hit.⁴

The traditional mining sector, still very important for the South African economy, has suffered serious setbacks. On March 9, two big mining groups, De Beers Consolidated Mining Limited (De Beers) and De Beers Centenary (Centenary), announced

their results for 1992: profits of the two companies are down by 35% and dividends will be 29% lower.⁵ These results belie the predictions made by De Beers last August of a drop of 26%.⁶

In the manufacturing and commercial sectors the picture isn't exactly rosy either. Looking at the industrial and commercial performance of the main South African corporation, Anglo-American Corporation (which also controls De Beers), we see that the Anglo American Industrial Corporation (Amic), announced on March 5 a 12% fall in profits for shareholders for 1992 compared to 1991.⁷ Amic has to deal with a high level of debt and had to reduce its debt-asset ratio.

Predictions for 1993, which originally foresaw a growth rate of 0.5%, are now being revised downwards. The Econometrix group foresees a zero growth rate and the ABSA bankers group foresees yet another year of negative growth (-0.5%).

The first indicators for the month of January, shows that there has been a 8.6% drop in sales of new automobiles and a 7% drop in retail sales. In other words, South Africa does not seem poised to emerge from the crisis — a crisis which has also affected a significant part of the white population.⁸

The living conditions of a majority of the Black population remain extremely difficult, and hopes of finding a job are still very low. According to a report published by the University of Port Elizabeth, 6% of the total workforce in Port Elizabeth and Uitenhage (Eastern Cape) lost their jobs between January 1990 and August 1992. And this is an economically privileged region.

Predictions for 1993, based on a series

of interviews with enterprise heads, point to a continuing wave of layoffs. For example, Volkswagen of South Africa, one of the biggest employers in the Eastern Cape region, foresees a 25% reduction in its workforce, leading to the loss of 2300 jobs. And many more examples of this type can be found.

Negotiations for a "political transition" have started again. Once again, they could only be re-started after a concession from the liberation movement, the ANC above all.

The key document behind the re-start of the negotiations process was published last November by the National Executive Committee of the ANC, with the title "Negotiations: a strategic perspective". The new element of this document is the proposal to establish a government of national unity once elections for the new constituent assembly have taken place. This government would contain all those parties who obtain a significant number of votes (around 5 or 10%) for a fairly long period — 5 years is the length proposed by some.

Among the reasons cited to justify this approach, two seem to be the most important. In the first place, there should be stability during the transition period to prevent the destabilization of the country by "anti-democratic" forces. Here, the ANC refers to those sectors, among others the army and the police but also those outside the State apparatus, who have an interest in undermining the policies of the new government.

In the second place, the ANC has demonstrated its willingness to involve all "significant" political forces in the process of "dismantling apartheid", building a parliamentary democracy and of "national reconstruction".

This view is far from unanimous in the ranks of the ANC. It has been the object of

1. Chris Hani was seen as a representative of the radical fringe of the internal leadership of the ANC, even if he has been a supporter of the path of a negotiated solution and the "government of national unity" option.

2. "Signs of resilience in a fragile society", *Financial Times*, April 13, 1993.

3. See "Que veut négocier De Klerk?", *La Brèche* #495, September 11, 1992.

4. *Marchés Tropicaux*, March 5, 1993, p. 649

5. *Marchés Tropicaux*, March 19, 1993, p. 744

6. See *La Brèche* #495, September 11, 1992. It should be recalled that at the time this announcement by De Beers provoked a mini-crash of the Johannesburg stock market, a fall of 155 points over two days.

7. *Marchés Tropicaux*, March 12, 1993, p. 714.

8. *Marchés Tropicaux*, March 5, 1993, p. 649

lively discussions in the different sections of the ANC, the Communist Party and the other major ANC ally, COSATU, the main union federation.⁹ But this wave of internal protest has not led to the formation of an alternative current with its own programmatic expression and concrete proposals. This has made it easier to win back those who have expressed their doubts and disagreements with the central leadership of the ANC.¹⁰

On the other hand, for many rank and file activists, especially among the youngest layers, the tide of compromises is more and more difficult to accept — a sentiment now being expressed in the current explosion of protest following Hani's assassination.

Rank and file ANC activists, along with all those who will probably vote for the ANC in the next elections, have very specific wishes and demands: the massive building of housing; the setting up of an exclusion-free educational system; access to land for all those who want to work it; the establishment of a universally accessible healthcare system, and so forth.

These combined social and democratic demands come up against the inherited socio-economic structure of apartheid. They are a historic part of the Freedom Charter — the ANC platform since 1955 — and have thus embedded themselves in the collective consciousness.

For its part the De Klerk government is playing deaf. At the beginning of March, the minister of finances, Derek Keys, presented his economic model for a new South Africa. This 5-year economic plan is very similar to a classic International Monetary Fund (IMF) programme, with a few adjustments in the area of the social costs of the restructuring — imposed in large measure by the existence of a strong union movement in the country.

As such, the programme proposes a big reduction in State expenditure, which is supposed to go from 26.8% of GDP in 1992 to 20.1% in 1997 — which must also apply to the nationalized sector, which is quite large in South Africa.¹¹ In addition, it proposes to reduce the highest level of corporate taxation from 48% to 40% and the highest level of personal taxation from 43% to 40%. These fiscal measures are combined with a 4% increase of the Value Added Tax (VAT), an indirect tax, from 10% to 14%.¹²

This fiscal operation redistributes the tax bill to the detriment of the poorest South Africans — the Blacks. According to the plan, the proposed measures should allow for a strengthening of "savings" — in other words, it will increase the holdings of the wealthy — which is supposed

to be the condition for a revival of investment.

An increase in the purchasing power of the Black masses does not seem to be, for the IMF and its South African disciples, a condition for the revival of the economy, through the strengthening of demand.

The second pre-condition for a revival, according to the same experts, is a lowering of real wages. The plan proposes that the maximum increase of real wages should not surpass 0.75%! Throughout 1992, the maintenance of buying power for the workers of an enterprise was seen as a victory by the unions. On the one hand the maintenance of purchasing power is very rare; on the other, the pressure of unemployment is such that this "gain" alone appears very great indeed.

The government plan foresees, as a second step, a greater liberalization of imports through a 9% reduction of import taxes, from 27% to 18%. This will decrease fiscal inputs from customs sources and will open up the South African market to western exporters.

We are already familiar with the social and economic consequences of this kind of neo-liberal project for the majority of the population in "Third World" countries. Given the expectations of the oppressed population of South Africa — expressed in the past through the Freedom Charter — it is entirely legitimate to wonder if a power-sharing arrangement with De Klerk's National Party would advance the work of putting in place a programme of "reconstruction of the country" which would respond to the needs of the majority of the South African population.

This question will be in the centre of the social and political debate, if the scenario of a national unity government is played out.

For the moment, South Africa is experiencing a wave of protest which ranks among the most widespread in its history. It is clear that this protest expresses much more than the mourning and anger provoked by the assassination of Chris Hani.

On April 14 alone, the first day of national mourning, more than 90% of South African workers did not go to work. More than one and a half million people marched in the streets to express their discontent faced with a deteriorating social and economic situation, faced with a negotiations process which is not producing any tangible results, and faced with an assassination which is seen as the physical elimination of the political figure who incarnated the hope of an improvement in living conditions for the majority of Blacks.

As such, even if Chris Hani had become a defender of the "government of national unity" option, a large part of the demonstrators did not hesitate to express their disenchantment with the idea of sharing power with a government in which they have no confidence whatsoever.¹³

Indeed, have the "forces of order" not hesitated to fire on the demonstrators during peaceful demonstrations such as that of April 14? The police fired without warning on the crowd that surrounded the fortified police station in Soweto — killing at least 4 people, including the general secretary of the Soweto ANC branch, and injuring some 250 others.¹⁴ The global balance sheet of dead and injured for April 14 is 17 dead and more than 400 injured.¹⁵

The leadership of the ANC has announced that the movement of strikes and other actions would continue if the government did not agree to soon fix a date for the first elections based on universal suffrage, and for the setting up of the executive transition councils which constitute the first step of the period of the interim administration.¹⁶

Its goal is clear: force the government to make concessions around a series of demands linked to the negotiations process. The ANC does not seem to want to build a structured movement which would modify the current relationship of forces; it wants to give De Klerk a certain margin for manoeuvre. Experience has shown that this orientation has not always produced the expected results.

On the other hand, the difficulties the ANC leadership has had containing mass anger reflects the distance that exists between, on the one hand, the social needs of the population and the fact that they are not expressed in a way that "takes into account" the "constraints of the negotiations" and, on the other hand, a social and political orientation straightjacketed by the negotiations framework.

The path of negotiations is paved with many difficulties and traps. ★

9. *SouthScan*, February 19, 1993.

10. For example, Harry Gwala, ANC leader in Natal, after having publicly expressed his disagreement with the leadership's decision, re-joined the ranks.

11. *Business Day*, March 10, 1993; *SouthScan*, February 26, 1993.

12. The reduction in the rate of taxation of enterprises, as well as the increase in the VAT are already in the 1993-94 budget which was presented by the minister of finances, Derek Keys, on March 17.

13. During these demonstrations, one could see placards with the slogan: "We will liberate our country with the AK-47". Even Nelson Mandela, whose popularity and legitimacy in the rank and file of the liberation movement are without doubt, was jeered during the Soweto rally of April 14 when he referred to messages of sympathy sent by the National Party.

14. *Financial Times*, April 15, 1993.

15. *Le Monde*, April 16, 1993.

16. *Journal de Genève*, April 15, 1993.

Labor Party wins against the odds

AGAINST all predictions, the Labour Party defeated the Liberal-National coalition in national elections held on March 13. But Prime Minister Paul Keating can hardly claim enthusiastic endorsement for his pro-capitalist policies.

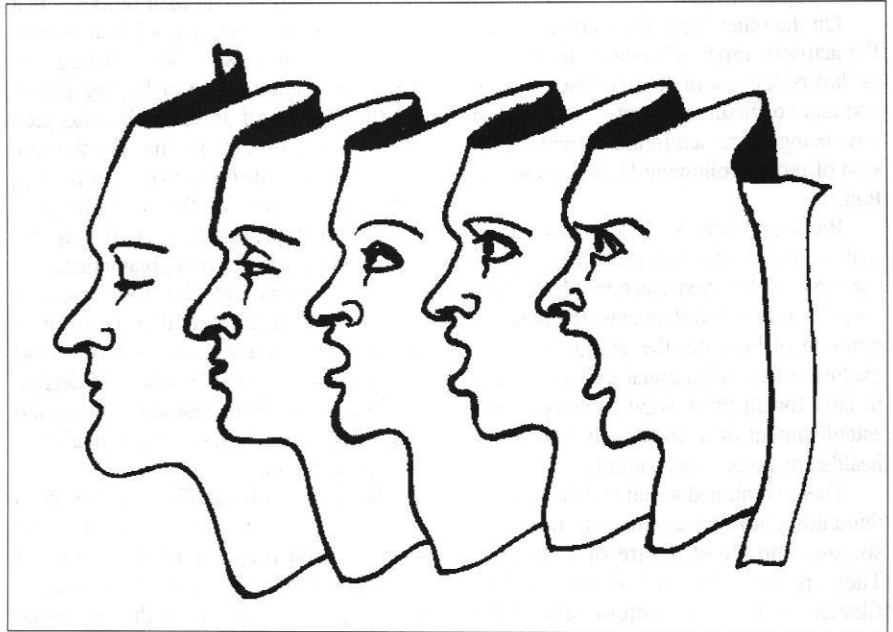
KEN DAVIS — Melbourne,
March 23, 1993

ALTHOUGH still based on the trade union leaderships, the Labor party's policies have become more and more business oriented, leading to a withering of party membership. The left factions within the party have failed to mount any resistance to the government's policies. After 10 years of Labor federal governments unemployment remains over 11%.

Despite the almost unanimous support of the mass media, voters rejected the reactionary strategies and economic rationalism of the Liberals, the traditional party of the Australian bourgeoisie. Although they marginally increased their representation, the election confirmed the decay of the Nationals, a conservative farmers' party in permanent coalition with the Liberals.

Working people show no signs of becoming more conservative; indeed there were large swings back to Labor in industrial areas. The unexpected swing to Labor came just days before the ballot, when unprecedented numbers of voters reacted against the threats posed by the Liberals.

Hewson, the leader of the Liberal-National coalition, waged a demagogic and populist campaign, centred around an economic rationalization plan called Fightback!, which attempted to capitalise on the anger generated by mass unemployment. In recent years, unpopular Labor state governments have been voted out in Tasmania, NSW, Victoria and



Western Australia. Only in Queensland does the state Labor government retain some level of popular support.

The Liberal-National coalition campaigned on a platform of restoring employment and prosperity by abolishing taxes on business and creating a 15% Goods and Services Tax to shift the burden to consumers.

The Liberals planned a head-on attack on the union movement. Legislation would outlaw strikes and abolish industrial awards in favour of individual or enterprise contracts with employers. These laws would prevent union defence of penalty rates for night and weekend work, overtime, parental leave, study leave, long service leave, meal breaks and national wage increases. Individual workers could be jailed for breaching enterprise agreements dictated by employers.

The Liberals proposed to cut wages for young workers to A\$3 per hour, and threatened to cut off unemployment benefits after nine months. Many unions warned members that under Fightback! they would face an average loss in pay of A\$10,000 per year.

While Labor has privatized banks and airlines, the Liberals were planning to hasten the sell-off of public utilities, with

the state-owned Telecom communications company, the Australian National (shipping) Line and airports first in line for disposal. They planned a A\$10bn cut in public spending and an A\$50 million cut for the Australian Broadcasting Commission.

Labor reintroduced fees for university students, raised subsidies to private and church schools and shifted the cost of on-the-job training from employers to the government. The Liberals pledged to accelerate the privatization and class-polarization of education.

Labor has undermined health expenditure, but the Liberals promised to force 13 million people to pay private health insurance, to pay for consultations with doctors and use profit-making hospitals.

Under Labor, immigration has been cut from 140,000 per year to 80,000 per year. Hundreds of Asian refugees have been imprisoned and deported. The Liberals wanted to bring immigration down to 50,000 per year, prioritizing business migration and cutting family reunion and humanitarian programmes.

The Liberals also pledged a direct attack on land rights and resources for Aboriginal communities and sought to reverse gains made by the environment, women's and lesbian/gay movements.

Labor is attempting to reposition Australian imperialism within East Asian capital. Labor governments have supported US military interventions, committing troops to the Gulf and Somalia as well as supporting the regional wars pursued by Papua New Guinea and Indonesia. The Liberals pledged to dramatically increase the size of the Australian armed forces, and cut the hardly generous overseas development aid budgets.

In the excitement of its unexpected win, the Labor leader, Paul Keating, pledged a return to "traditional Labor values" and paid homage to the "true believers" who stayed with Labor — industrial workers, women, migrant communities and those active in social justice campaigns.

The re-elected government is promising that the recession is over and that capitalism in Australia is being effectively restructured, though there is no sign that unemployment will decrease. The seventh Accord between the government and union leaderships — a further attempt to guarantee industrial peace while real wages continue to fall — was tentatively announced before the election.

Republican sentiment, linked more to bourgeois nationalism than working class resistance, has been fostered by Keating. In the aftermath of the election even some Liberal leaders are conceding that the current flag with the British Union Jack should be replaced and that the Queen of England should be replaced as head of state by an elected president. ★

Weakness of electoral alternatives

SMALL party and independent tickets proliferated in this election. With preferential voting for both Houses and proportional representation in the Upper House (Senate), it is easy for Australian voters to specify their support for smaller political formations without endangering their ability to influence the choice of which major party forms the government. However, in this election neither progressive nor reactionary alternative tickets were able to capture the frustration of voters or mount coherent challenges to the two dominant parties.

The Greens, who are attempting to establish a functioning nation-wide electoral network fared well, but in many cases lost ground on previous results. The liberal petit bourgeois Democrats, the official third party, lost two thirds of their vote, but retain the balance of power in the Senate.

In a working class district of Melbourne an independent candidate, Phil Clary, was re-elected, beating the labor candidate with Liberal preferences. Ruled out of office some months ago on a legal technicality, he has strong support as an articulate campaigner against the reactionary Kennett state government in Victoria and against the anti-working class policies of the federal Labor government.

The Democratic Socialist Party (formerly the Socialist Workers Party) ran the only substantial socialist campaign with a total of 15 candidates, almost all women. Some DSP members ran as independents and as Green Alliance or local green candidates. They directed preferences to the mainstream Green tickets unless local Greens were promoting anti-immigration views. In most cases, the DSP also directed preferential votes to the middle class Democrats over Labor.

While there were socialist or progressive options in various constituencies, overall there was an absence of a coherent working class political alternative in the electoral arena. No sector of the Labor party, the unions, the Greens or the Democrats waged campaigns posing anti-capitalist solutions to unemployment and poverty.

A large number of reactionary formations attempted to capitalise on the alienation of voters from the major parties but their tallies remained marginal. In this election the potential constituencies for fascist, religious and xenophobic campaigns were swept up in the populism of the Liberals' campaign. This does not preclude the possibility that such reactionary outfits might congeal into a more coherent force during the term of the re-elected Keating government. ★

Election results

| | Lower House Electorates | | Senate (23 seats elected this poll) | |
|-------------------|-------------------------|--------------|-------------------------------------|----------|
| | 1990 | 1993 | 1990 | 1993 |
| Labor | 39%/77 seats | 45%/80 seats | 32 seats | 30 seats |
| Liberal | 34%/54 seats | 36%/49 seats | 30 seats | 31 seats |
| National | 8%/14 seats | 7%/16 seats | 4 seats | 4 seats |
| Independent | 6%/2 seats | 7%/2 seats | | |
| Democrat | 11%/0 seats | 5%/0 seats | 8 seats | 8 seats |
| Green | | | 1 seat | 2 seats |
| Independent/Right | | | 1 seat | 1 seat |

Scores of small leftwing parties*

| | Lower House | | Senate | |
|--------|--------------------|--------------|----------------|--------------|
| | no. of electorates | average vote | no. of tickets | average vote |
| Greens | 63 | 4.3% | 8 | 3.3% |
| DSP | 14 | 1.2% | 1 | 0.08% |
| SLL | 8 | 0.6% | 0 | |
| CL | 1 | 0.2% | 1 | 0.004% |
| IPP | 9 | 0.6% | 0 | |

*The DSP (Democratic Socialist Party) publishes the weekly paper *Green Left*. The IPP (Indigenous Peoples Party) is a new Aboriginal and Torres Strait Islander Party in Queensland. The SLL (Socialist Labor League) are former supporters of the British Workers Revolutionary Party; the CL (Communist League) are supporters of the US Socialist Workers Party.

Green shoots of militancy

IN 1991-92 strike activity in Britain plummeted to an all time low. In recent months, however, important sectors of the workers movement have begun to break through this powerful mental barrier. Unfortunately, despite the relative weakness of the current Conservative government, the new strike wave has some serious limitations.

PHIL HEARSE — London, April 23, 1993

HUNDREDS OF thousands of miners and transport workers staged one-day strikes in Britain on 2 and 16 April. The strikes, co-ordinated between the National Union of Mine-workers (NUM) and the Rail, Maritime and Transport union (RMT), were both against planned privatisation and redundancy plans. London bus workers in the Transport and General Workers Union, who are staging their own series of one-day strikes against the planned privatisation and de-regulation of London bus services, joined the 16 April stoppage.

The strike wave has also included a number of bitter local battles, in particular a strike against redundancies at the Timex factory in Dundee (Scotland) and the strike of Asian women from the Burnsalls electroplating plant in Birmingham.

The strikes are part of the growing mood of industrial militancy sparked off by the government's decision last October to close the majority of Britain's remaining coal mines, to sack 30,000 miners and privatise the remaining pits. It was the huge campaign in November which mobilised 80,000 and 200,000 people within a few days, which crystallised the growing mood of anger.

The strikes of miners and railworkers represent something new in the British class struggle; for the first time since the 1984-85 miners' strike, unions are engaging in national strikes over threatened job losses and growing unemployment, rather than over wage settlements. However, it has to be said that this remobilisation is very fragile and could be easily headed-off. This is hardly surprising given the historical low points in strike activity in 1991 and 1992. The underlying reasons for this fragility are the precarious situation of the miners, despite their mass campaigning, and the baleful effects of mass unemployment on workers' willingness to take prolonged strike action; together with the continuing pressure of the anti-union laws.

The miners struggle is at a difficult stage because the government minister responsible for the mine closures, President of the Board of Trade Michael Heseltine, was able in March to come up with a new plan which won over previous dissidents among the Conservative Party's own Members of Parliament (MPs). By reducing the number of pits to be immediately closed to 12, and offering the others a stay of execution, most Conservative MPs were able to accept his compromise — which in reality will result in the closure of all 31 mines within a few years. This meant that the threat of parliamentary defeat on the issue was removed; and without such a threat the miners will either have to resort to the most militant tactics or see the mines start to shut. If the NUM goes down to defeat this will have a negative effect on the prospects for a sustained fightback against the Conservative government.

Because of the requirements of the anti-union laws, the co-ordinated days of strike action involved each union calling the strike on issues strictly relating to their own industries: thus the railworkers struck on the question of compulsory redundancies and the use

of contract labour on the rail network, both a by-product of planned privatisation. It was the railworkers' strikes which easily had the most public impact and dominated media coverage, relegating the simultaneous miners' strikes to a footnote. When coal stocks are sky high, who notices when the miners stop production for a day? While preparing to conclude the miners struggle with the commencement of pit closures, the government is also behind desperate attempts to find a compromise with the railworkers' union. If both these things happen, the cutting edge of the struggle will be blunted.

Moreover, the response to the government's attempt to impose a 1.5% limit on public sector pay rises, involving five million national and local government workers, has been very muted. Every part of the public sector faces the danger of deepening privatisation and cutbacks, with consequent job losses. Rightwing 'new realist' union leaders can easily play on the members fears of losing their jobs to hold back action on pay. For in 1993 Britain, becoming unemployed, given the low level of unemployment benefit and high personal debts, is a social catastrophe which can easily mean becoming homeless as well. It is mass unemployment above all which has disciplined the British unions.

However, the government will certainly face a challenge this summer from the Fire Brigades Union (FBU), historically one of the most leftwing in the country. After the first national firefighters' strike in 1976, which caused government panic, they were



granted a special pay formula which effectively index-linked their pay. Now the government proposes to abolish this formula and this is certain to be bitterly resisted.

At the same time the government will also face a challenge from the major teaching unions, which have decided to boycott work on the planned summer national tests for all 14 year olds in school, in protest at the huge workload the tests impose. Behind this action is also massive opposition to the reactionary educational philosophy implied in the governments' National Curriculum and compulsory testing at ages 7, 11 and 14.

The past period has shown that John Major's government is a much weaker government than that of his predecessor Margaret Thatcher. While she never had a majority of less than 100, Major has a majority of only 20, making him vulnerable to Conservative Party revolts.

However, there are signs of a temporary stabilisation in the crisis which erupted last autumn, when sterling collapsed, the pits revolt started and opposition in the Conservative Party to Maastricht became more strident.

There are signs of a very limited industrial upturn. A weak economic recovery will not solve mass unemployment, but it will strengthen the government's hand with its own supporters in the middle classes as business confidence improves. A series of skillful parliamentary manoeuvres have put the opponents of the Maastricht Treaty on the defensive. It seems certain now that provided Denmark votes 'yes' in the coming referendum, Parliament will ratify the treaty.

If the government does temporarily overcome its current crisis, workers face a major new threat — legislation to effectively ban all strikes among public employees. Detailed preparations for such legislation are being made.

The spectacle of a very weak and divided government still able to get away with major attacks on the working class is entirely due to the continued absolute dominance of the Labour Party rightwing and the 'new realist' trade union leaders. It is not the strength of the government, but the relationship of forces in the labour movement which prevents Major's government being brushed aside.

This relationship of forces is the product of the last 15 years of struggle, and the huge defeats suffered by the trade unions, in the first place the defeat of the 1984-85 miners' strike. It is inconceivable that such gigantic defeats could be reversed through one wave of strike action, involving at most half a million workers. The road to recovery for the British workers movement will be long and hard; but the first green shoots of recovery are at last visible. ★

A fraudulent win

THE presidential elections of February 21 have not satisfied the tremendous democratic expectations which greeted the adoption of the new electoral code.¹ In the end, the Socialist Party, a member of the Socialist International, and its allies have made plain their total lack of respect for democracy.

B. N'DAIYE*—Dakar, April 2, 1993

SINCE February 20, the Rassemblement Bokk Yakaar² has been denouncing fraudulent practices such as multiple registration (two or more election registration cards delivered to the same person) and the registration of youths under 18 years old on the electoral rolls. Even clandestine registration offices have been discovered at the residences and offices of some Socialist Party (PS) leaders after the official closing date.

Indeed, the PS fraud machine has functioned as a system organized around specific mechanisms involving the use of the State apparatus and its administration — of which certain key sectors were put to work holding up the delivery of identity cards. This has been confirmed by the American National Democratic Institute (NDI), who were among the international observers.

According to their report, "Many registered voters could not get their election registration cards and/or their national identity cards before the voting day. Problems associated with the distribution of these documents have damaged confidence in this aspect of the electoral process."

Moreover, before the official campaign the media was used to full effect to cover the campaign in disguise of Abdou Diouf, his ministers and his wife who had been put in charge of a foundation called "Solidarity and Sharing". During the official campaign, the PS candidate received a disproportionate amount of media coverage, in spite of the limits set by the electoral code.

Then there was the huge expenditure; with its budget around 14bn CFA francs (280m French francs= \$52m), the PS distributed enormous sums to influence-peddlers to get their support. PS leaders went so far as to offer 10 to 15,000 CFA to those who agreed to tear up their electoral cards or to attend Diouf's public meetings. All Senegalese are wondering: where did all

this money come from?

Threats and selective repression by the minister of the interior also played an important role. For example, two central youth leaders, Talla Sylla of Youth for an Alternative (JPA) and Brin of Daneel Abdou ("overthrow Abdou") were arrested.

Pressures were exerted against the opposition from the *NDiggeul*, the Supreme Leadership of obedience to the spiritual head.

There was widespread distribution of false ordonnances — legal forms which in specific cases are used to replace election cards — for purposes of multiple voting. The minister of infrastructure and maritime affairs, a member of the political bureau of the PS, was caught in the process of distributing them in Ziguinchor in the south of the country.

Stocks of US-manufactured indelible ink, acquired to identify those who had already voted, suddenly disappeared.

The international media supported the fraud and provoked the Senegalese people. How else can one interpret the broadcast by Radio France Internationale of the February 26 results crediting Diouf with victory — while the work of the National Electoral Commission was still incomplete?³

The Constitutional Council confirmed the results in spite of the fact that the opposition and a significant part of the population contested them. When the Electoral

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1. The electoral code made voter identification, polling booths and indelible ink obligatory.

2. This means "those that share the same hope" and brings together parties, groups, unions and individuals.

3. The Electoral Commission is composed of representatives of political parties and a magistrate, who are all full-time members. Diouf wants to change its character before the May legislative elections and make party members observers. As for RFI, it will soon be allotted another time slot on the Senegalese airwaves.

Commission found itself unable to continue its work, with the reports from voting stations being transmitted directly to the Constitutional Council, its president Keba Mbaye resigned, thus totally discrediting the highest legal body in the land.

In spite of all the fraudulent practices, the PS was defeated in Dakar, the capital city, as well as in Thiès, Pikine and other important districts. This will undoubtedly have a big effect on the relationship of forces between the union federation which collaborates with the regime, the CNTS, and the new and powerful independent union federation, the UNSAS.

The left ran a separate campaign. Long before the elections, the question of left unity was placed on the agenda. The former prime minister, Mamadou Dia, from the Movement for Socialism and Unity (MSU), took initiatives in this direction which unfortunately ended in separate candidacies.

The Democratic League/Labour Party Movement (LD/MPT) had the slogan *Jal-larbi*, a word which means "far-reaching change" — but at the same time did not reject the programmes of the International Monetary Fund (IMF) and World Bank. After the events in the ex-USSR and Eastern Europe, this formerly pro-Moscow party became a supporter of the mixed economy. It ran its campaign around the idea of running the country in a different way, and came in fourth position behind the PS, the liberals of the Democratic Party of Senegal (PDS) and And Jef/PADS.

The PAI and its split-away group, the PIT — both of Stalinist origin — made a block with the PS to support Diouf. The nationalist organizations (PLP, RND) got relatively low scores even though the themes of their campaigns took up the general concerns of the population: "ethical management", "ministers who do work", and so forth.

The And Jef/PADS campaign was waged in the framework of the Rassemblement Bokk Yakaar under the slogan "Folli Abdou", which means "depose Abdou". This call is based on the living conditions of the Senegalese people, which have deteriorated as a result of the application of the IMF's structural adjustment plans, and on their desire to get rid of Diouf.

Through the promotion of the "Folli", the Rassemblement Bokk Yakaar had two principle objectives: to defeat Diouf and to put an end to the bipolarization of political life around the PS and the PDS.⁴ As such, the "Folli" can be seen as an objective of a "republican revolution" — that is, the dismantling of an all-powerful presidency and of clientelism and corruption.

The hope was that such a campaign



would accelerate the emergence of an alternative political force around themes such as:

- the abrogation of agreements which preserve the country's economic and military domination (including the foreign debt and the French bases)
- making the big debtors who pillaged the banks and state enterprises pay and recovering money deposited in foreign banks⁵
- implementing an agrarian reform through a revision of the national property law
- building African unity along popular lines

In the end, the presidential elections did not lead to a "folli". The absence of a single left candidate partially explains this state of affairs, as do the many illusions regarding the new electoral law.

In spite of its score of 2.94%, the AJ/PADS candidacy of Landing Savané is credited with having run the best election campaign. This score is very much lower than the actual social forces of And Jef/PADS and the Rassemblement Bokk Yakaar and their relationship with the urban and rural population.

Before and during the elections, there was a kind of strategic voting which worked in favour of the liberal candidate, A. Wade, who was seen as the best placed to defeat Diouf — which deprived Savané of thousands of votes. It was not surprising to hear during the campaign, "the country should be run by those who are familiar with the State."

Nevertheless, And Jef/PADS has definitely carved out an audience for its project, which has been translated into a flux of several hundreds of youth, women, workers and peasants into the party. While the party has to fulfill the immense organizational responsibilities which this presents, it also has to prepare for the May legislative elections.

Indeed, the opposition finds itself trap-

ped in a kind of electoral noose: the people of Senegal will return to the polls four times between now and 1995: regional, municipal and rural elections. But the deepening of the social crisis (regionalist flare-ups, student strikes, and so forth) and the inability of the PS, undermined by the various clans, to respond to the situation only deepens the population's rejection of Diouf.

The slate of PS candidates created serious tensions at its base, since it contained a number of candidates known to be involved in embezzlement and the pillage of the state enterprises.

But the opposition has not been able to develop any resistance to the electoral strong-arm tactics. Aside from the spontaneous resistance of youths who burned down the houses of certain PS leaders, there is no significant activity.

The PDS call to make April 5, 6 and 7 days of national mourning runs the risk of failure. The opposition is more concerned about the legislative elections which it feels will produce a parliament in which it holds a majority of seats.

Even the left has been swept up in this logic, characterized by an inadequate understanding of the role of the Parliament and its place in the "Folli" process. This absence of response is disorienting the masses, who doubt the effectiveness of elections as a means to capture power.

The future of the left is at stake: in the run-up to the elections it is still divided — the LD-MPT going alone, the PLP boycotting the elections, while And Jef/PADS, the RND, the CDP and independents have formed a single slate under the name *Jappoo* ("unity"). ★

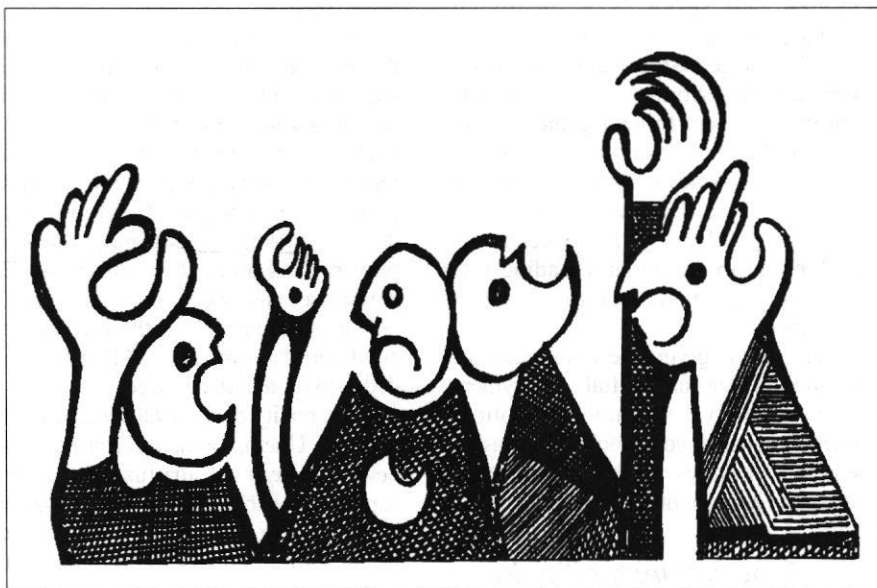
4. The PDS formed a government with the PS, called "the cake-sharing government". The liberals quit the government in October 1992.

5. Elites can borrow from the banks without ever having the intention to pay back their debts.

The neo-liberal fiasco

FUTURE historians will describe the neo-liberal decade of the 1980s as one of extreme conservatism — a decade of decline in culture, artistic creativity and political liberties. They will conclude that it failed to end capitalist crisis. On the contrary, they will note how the radicals who imposed the liberal economics merely created new problems.

JESUS ALBARRACIN
 Madrid, March 29, 1993



DOSSIER

MANY factors determined the development of the economic crisis, but the most significant, and the factor that sums up all the others, was the decline in the rate of profit that began in the early years of the 1970s. Economists described this period as one of crisis of supply or, as Marx said, a crisis determined by the bourgeoisie's weakness.

For the moment, the strategy of capital was to create the conditions for a recovery in the rate of profit by means of austerity and adjustment policies — reducing wages and employment protection, withdrawing welfare provision, and the rest of the monetarist package. The cost of the crisis was to be borne, in its entirety, by the workers.

Faced with the internationalisation of capital and the extent of the crisis any proposed solution cannot be isolated to one country alone. This is what explains the generalization of austerity and adjustment policies and the super-exploitation of the Third World. The present situation of course has other economic dimensions: a crisis of the international monetary system, the decline in American hegemony, or the sharpening of inter-imperialist competition — fundamentally between three blocs — the USA, the European Community (EC) and Japan, fighting to open new markets in Eastern Europe following the crisis of

really existing socialism.

Keynesianism, which inspired economic policy during the post-Second World War period of expansion, lost ground to neo-liberal thinking with the advent of the crisis since the ruling class considered neo-liberalism a far more effective framework for putting austerity policies into effect.

In the first place, liberalism tried to claim that the crisis was the result of a failure to allow the market free rein. The rise in oil prices was blamed for the onset of the crisis — defined as a “supply shock” that had adversely affected the conditions for production. However, so the argument went, the crisis would have been short-lived if the workers had accepted lower wages, short-term unemployment and a change in working conditions — that is to say allowed free play to the market. The theorists urged governments of the industrialized countries to deregulate the economy to and set the market free. The crisis was to be allowed to work itself out, permitting a restructuring of production and allow a restoration of the rate of profit through cutting the price of labour.

Secondly, capital needed to roll back the welfare state. Economic crisis meant an increase in the public deficit, a phenomenon that makes it all the more difficult to end the crisis. The growth in profits during the phase of capitalist expansion that followed the end of the Second World War made it possible for

the State to create and extend welfare provision. But the rate of profit has now declined and recovery requires an increase in the rate of exploitation. This was to be achieved through a reduction in real wages, and all forms of social benefit and provision. At the same time, the restoration of the rate of profit requires tax cuts, which further aggravate the budget deficit.

The hydra of inflation

There are also monetary reasons. The present phase of recession has been dominated by the issue of permanent inflation. Capitalism needs a certain level of price rises to facilitate the realization of surplus value, yet at the same time needs to cut inflation so that goods remain internationally competitive. Furthermore, if inflation gets out of control it threatens to dislocate the whole system. Lending and the money supply have to be limited but every rise in the public sector deficit narrows the margin for increasing lending to the private sector.

The growth of the latter is a source of inflation but capital likes it since it mitigates the effects of the crisis and facilitates the realization of surplus value. On the other hand, a rise in the public sector deficit is seen as a bad option since it presents a further obstacle to restoring profits and is a source of permanent inflation.

Thirdly, the crisis of the international monetary system has given added impetus to the neo-liberal project. The functioning of the capitalist economy depends upon the solidity of the monetary system, which depends on the existence of a hegemonic power whose money can serve as a means of exchange and a store of value.

The United States and the dollar were able to perform this role in the period of expansion following the Second World War but from the start of the 1970s the tendency to large-scale falls in the value of the US dollar, due essentially to the problem of the US economy, put an end to the dollar's leading role and the previously existing type of exchange.

However, given the dominance of Keynesian ideas and of full employment as an objective of economic policy, fixed exchanges could only be adjusted when economies had first overcome structural balance of payments deficits

Monetary instability in Europe

For the EC, the crisis of the system was a consequence of great instability in the price of money, which disturbed the functioning of the common market and conflicted with the aim of introducing a single market and a common currency — key objectives of European construction. The aim of establishing an acceptable level of stability among European currencies requires a certain level of convergence in terms of economic policy, but above all a levelling of the playing field so that a common currency that can be used as an instrument of economic policy can be created. Other objectives have been sacrificed to this primary objective and this has further reinforced the choice of strategy by the governments to meet the crisis and put a neo-liberal stamp on European construction.

Thus, neo-liberal economics — which should be distinguished from the liberalism that inspired the bourgeois revolutions of the nineteenth century (the modern version, in particular, requires measures of repression to get its way) — provide the ideology adopted by capitalism to resolve the economic crisis in its favour. However, it is not the only possible one; austerity and adjustment do not always have to have a neo-liberal justification and can lose it quickly.

Until the onset of the crisis of 1930s, neo-classical economics, fundamental to

liberal economics, were dominant. Here the market was seen as the perfect institution guaranteeing the translation of a rise in production into a rise in demand. As von Mises and von Hayek said in 1929 there would have been no depression if the market had been allowed to work freely.

The neo-classical structure rests on the assumption that full employment is the norm and that any detour from this would be only temporary; the economy itself would spontaneously produce the remedy. Periodic crises occur but these perform the function of adapting productive capacity to existing purchasing power. Less productive and out-dated enterprises disappear, there is a rise in labour productivity and these create the conditions for a recovery. All that is needed is to set the market free.

The reality of the 1930s was nothing like this. Unemployment reached unprecedented levels, surplus productive capacity was the norm and there was no sign that the situation would correct itself spontaneously. The dangers to capitalism in such a situation seemed greater than the need for restructuring and strong money. Thus the leading circles of capital decided on a change in economic policy to mitigate the effects of the crisis.

The so-called "Keynesian revolution" and the changes that it implied for the state's role in economic management were simply the conscious ideological expression of this change in priorities by a part of the ruling class. Since then, the state played a prominent role in the functioning of the capitalist economy, Keynesian ideology was dominant, and governments used his recipes in an attempt to avoid the crisis by maintaining effective demand by extending public spending. This is what became known as the "welfare state".

Back to the 1930s?

Two decades after the onset of economic crisis, neo-liberal policies have failed to create the conditions that capitalism needs to overcome it. While the rate of profit has recovered, it remains well below the pre-crisis levels and which would be needed to usher in a new phase of sustained expansion. On the contrary, the neo-liberal policy has introduced a demand element into the present crisis.

For the neo-liberals, the crisis was provoked by a "supply shock" that lowered the rate of value and, therefore, investment, output and employment.

This situation cannot be reversed by the use of Keynesian politics of demand, since there will be no rise in production without a rise in prices; it is thus necessary to work on the supply side.

On the one hand, by measures to reduce wage costs and raise profits — redistributing income away from the workers. The belief was that if the employers had more profits they would invest more, generating a rise in productivity and of employment.

On the other, cutting taxes on enterprises and high incomes would also have beneficial effects on investment and employment. The assumption here is that there is no way out of the crisis because the rich are not rich enough because the poor do not allow themselves to be adequately exploited by them. But in reality such policies plunge the economy into recession.

In capitalist economies, wages play a contradictory role: as a part of the costs of employers their reduction has a positive impact on profits. But wages are also one of the most important components of the overall demand, so that a cut in wages can have a negative effect on profits. The capitalist economy sits on a knife edge: wages cannot be too high, because profits are very low, nor too low, because demand would be insufficient.

Supply-side crisis

Figures for the European Community illustrate what has really happened. The nature of the "supply-side crisis" manifested itself in a fall in the rate of productivity growth from 4.5% per year in the 1970s to 2.5% in the 1980s. The exit from from a crisis of this long duration requires a revival in the rate of productivity growth and this requires a rise in profits that can induce sustained accumulation.

To obtain this, neo-liberalism has provoked a fall in real wages greater than that in productivity growth, but this is a vicious circle, because in the medium term it cuts a part of demand. During the second half of the 1980s, income from speculation created non-wage demand as a substitute, but this is not something that can be sustained for long.

If the neo-liberals want to raise profits at the cost of wages, they must find another substitute demand. Social spending cannot play this role because of the desire to reduce the public deficit and the role of the State in the economy. This leaves investment. The hope was

that this would grow as a result of the growth of profits and interest rate cuts resulting in tax cuts. A vain hope.

On the one hand, because the regressive tax policy did not produce any significant fall in real interest rates, which are those which affect investment. Such policies can produce an increase in personal saving, insofar as high personal income may lead to saving but this is not a very important part of total saving. Therefore the effects of tax cuts on interest rates — which might fall if there was a big increase in saving — are quite small.

In 1992, according to *European Economy*, short-term interest rates were 6.1% above deflation in the EC (over and above inflation rates), 3.3% in the United States and 5.5% in Japan. Compare this situation to 1972, just before the oil crisis, when real interest rates were negative: -1% in the EC, -0.5% in the United States and -0.5% in Japan. This rise in real interest rates has to be seen in the light of restrictive monetary policies, as well as the fiasco of supply-side policies.

On the other hand, even where a rise in profits and a reduction in interest rates has been secured, investment depends on many other factors: a rise in aggregate demand, employer's expectations, and so on. A rise in profits or a reduction in interest rates may not lead to a rise in investment and have certainly not done so in the present case. As the Keynesians say "you can lead a horse to water but you cannot make it drink".

The monetary restrictions that the neo-liberals propose have worked in the same direction. Essentially, monetarism holds that expanding the money supply has practically no positive effect on production, because this depends on "real" factors, never monetary ones. On the contrary, since labour costs are the main determinant of prices, monetary expansion can only facilitate the conditions under which enterprises can pass on price and wage rises with strongly inflationary consequences. What is needed therefore is a restrictive monetary policy that imposes "discipline" on production and employment since this is the only way to control production costs.

However, monetary restraint can strangle the economy, because it provokes a rise in interest rates with negative effects on investment, and produces a collapse of confidence. As Galbraith has said, with a rope it is possible to drag a piece of furniture, but not to push it. The result is that monetarism, in its determination to secure the stability of prices at



all costs, has created a general crisis of demand.

Thus, redistributing the tax burden away from the rich and reducing wages in favour of profits can make the rich live better (a not unimportant consideration for the neo-liberals) but it cannot get the industrial countries out of their long-lasting recession.

Spectre of recession

In the 1980s, the Western economy registered a certain cyclical expansion which petered out recently. The first were the United States and Britain which went into recession more than two years ago while in Japan and the rest of Europe, economic activity slowed down markedly. But now, the negative rate of growth of the GDP has reached Japan and Germany and the spectre of recession stalks Europe.

In 1988, the high point of the recent cyclical expansion the joint GDP of the EC countries was growing at more than 4% a year; the rise in 1991 was 1.1% and no official body foresaw a rise in 1992. Britain continues to be unable to escape from the recession in spite of the efforts of the government since abandoning the European Exchange Rate Mechanism (ERM) last September.

Germany, whose GDP fell by 0.5% in the third quarter of 1992 is now clearly in recession and economic activity is very weak throughout the rest of the EC. Economic and social problems are worsening with rises in unemployment eve-

rywhere and the outlook is gloomy.

Unemployment has now reached levels that may prove intolerable. Currently, the rate of unemployment in the OECD countries is 7.5% of the active population, meaning more than 30 million people in the industrialized countries, according to the OECD's own figures which are certainly an underestimate. The majority of international organizations recognize that the official unemployment statistics leave out so-called hidden unemployment, that is people who are not registered as unemployed because they are not convinced they would find any work, but who would re-enter the labour market in the event of an economic recovery.

In the case of the EC, unemployment currently stands at 9.6% of the active population, equivalent to 15 million people. It has increased especially sharply in the past two years with the loss of more than a million and a half jobs, but there is worse to come and the Maastricht Treaty impedes an effective political struggle against unemployment. It is predicted that in 1993 unemployment will rise to 10.8%.

Behind the present recession lies an important crisis of demand provoked by over ten years of neo-liberal politics. The most fervently liberal governments continue to insist on the necessity of strangling the economy, but this can only add fuel to the flames of a recession that could be terrifying, since nothing can stop it. The gravity of the recession combined with the international financial instability are beginning to look reminiscent of the 1930s. In these circumstances it is hardly surprising that neo-liberalism is beginning to retreat.

In none of the industrialized countries has the rate of profit recovered sufficiently, and capital continues to consider austerity policies necessary. But neo-liberalism has failed because it has not solved the structural problems and may considerably worsen current trends — financial instability and a sharpening of the crisis by weakening demand.

However, the failure of neo-liberalism does not mean that the economic policies of the Western governments are going to change at once. The situation is much more contradictory. On the one hand, the victory of Clinton foreshadows a more expansionary policy in the United States and it can be expected that pro-demand policies will be continued in Japan and Britain. This will be contradictory, but it indicates that significant sectors of capital are abandoning a belief that pushing market policies to their

conclusion can resolve the crisis.

On the other hand, Europe is incapable of any struggle against recession because of Maastricht; the imperatives of convergence as a prerequisite for monetary union work in favour of recession. The struggle against inflation demands restrictive policies — high interest rates, tight monetary policies and so on — and the reduction of the public deficit. This, in turn, implies a reduction in public spending and an increase in tax revenue, which will have a negative impact on aggregate demand. The Edinburgh summit showed that the EC was firmly under the economic thumb of the ultra-liberal German Bundesbank. This means that the recession will be terrible because the effort to counter it will come very late and the attacks on the “Welfare State” will continue.

Maastricht is an obstacle to resolving the economic crisis and this is key to an understanding of the disputes within the EC. Germany is applying a policy of high interest rates to finance unification. It is

obsessed with monetary stability and wants to impose this criterion on the whole of Europe. But the social effects of the recession have started to alarm the whole continent, and each country is searching for individual solutions. This inevitably calls into question the ultra-liberal project, and sharpens differences over the European unity process.

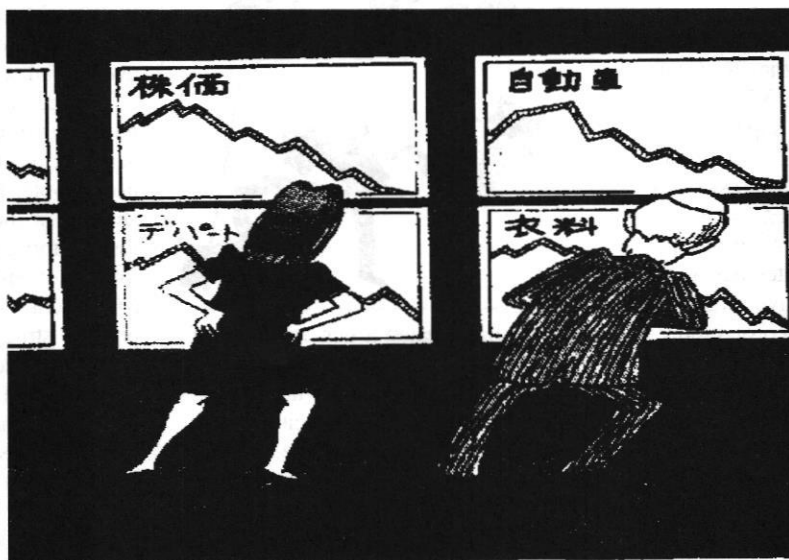
Neo-liberalism has failed despite having dominated international economic policy-making for most of the decade. On the one hand, in the major industrial countries, neo-liberalism has managed to obtain a certain reduction in the wages and conditions of workers, alongside some restructuring of production. But its results are not sufficient to allow capital to overcome the long-lasting recession.

Capital has run a few hundred yards in an attempt to get out of the crisis, but debt has run miles in the same time. To put it another way, neo-liberalism has no solution to the supply-side crisis that appeared in the first years of the 1970s.

On the other hand, neo-liberalism has created new problems. The major industrialized countries have been plunged into a generalized recession that

combines the supply-side crisis, characteristic of the present long phase of recession, with a crisis of demand produced by more than a decade of neo-liberal politics. Coupled with world financial instability we have the makings of a situation similar to the 1930s.

Despite the obvious fiasco, neo-liberalism remains the dominant ideology for the majority of European governments and the idea of expansionary policies will meet much resistance. But the resistance cannot last long since stubborn persistence with neo-liberal poli-



cies guarantees that the crisis reaches socially dangerous limits.

Keynes without welfare

Will there, therefore, be a resurgence of the Keynesian policies that led to the development of the welfare state in the pre-crisis epoch? Certainly, sooner or later, governments will have to apply Keynesian-type policies if they are to counter the crisis of demand and stop the crisis getting worse. But, we should not expect a new rise in welfarism because this would run counter to solutions to the supply-side crisis, that is, in current circumstances it would result in a new negative impact over the rate of profit.

There are various solutions. A special type of Keynesianism combining pro-demand policies to cushioning the crisis, and of supply-side measures to increase the rate of profit — which would show that economic liberals do not have a monopoly on austerity programmes.

Or, as some Keynesians such as Lester Thurow propose, Keynes could be dug up for two or three years, until the economy is growing by 4%, and

then be put back in his grave as soon as the present recession is overcome.

The long night of neo-liberalism is coming to an end, but the left is not contemplating sunny prospects. In the context of the current economic crisis, any genuine leftwing economic policy, that is one which benefits the working class, reduces social inequality will run up against the resolute resistance of capital and, thereby, requires a change in the balance of forces to be implemented. This will not be easy, because the left has been much weakened by the effects

of the economic crisis, of the neo-liberal offensive, of the crisis of “really existing socialism” and its own mistakes.

As an urgent necessity the left needs to rebuild its identity, something which has been much diluted of late.

On the one hand, this requires the defence of the immediate interests of the workers — wages, working conditions, jobs, social benefits and the rest. In contrast to the recent past this defence must be much more aggressive to counter the

inroads of neo-liberal ideology. From this point of view the left cannot give up its demand for expansionary policies and for the development of the welfare state.

On the other, the left also has to sharpen its profile as a force for radical change, putting forward a series of measures that challenge the roots of the system. Such measures will encounter determined opposition from the ruling class and its governments.

Among these we can mention:

- A change in the role of the state as a factor that corrects the perverse effects of the market — it must control key sectors of the economy, combat regional inequalities, be an instrument for the satisfaction of collective needs and creator of jobs;

- Opposition to extreme neo-liberalism on the world scale which is trying to make competitiveness the supreme norm of social regulation;

- Restriction of capital movements and the elimination of exchange rates as the over-riding objective;

- And the struggle for a Europe built on different foundations to that promised by the Maastricht Treaty. ★

Jobs for all!

DURING the recent elections in France, the country's chronic and rising unemployment rate was one of the main reasons for the outgoing Socialist Party's crushing defeat. Yet the new rightwing government has been able to propose nothing more than a more aggressive application of the very neo-liberal measures responsible for the current crisis.

The following are excerpts from an alternative economic programme to fight unemployment, drawn up by the Economic Working Group of the Ligue Communiste Révolutionnaire, French section of the Fourth International. The full programme originally appeared in the February issue of the LCR's theoretical journal, *Critique Communiste*.

DOCUMENT

SINCE the onset of the economic crisis every sort of economic scheme has been tried. Most European countries have seen both social democratic and conservative governments. Since the right turn of the French left government in 1982-83, policies in all the developed capitalist countries have been inspired by the same neo-liberal ideas. But while there was a limited upturn in growth in 1990, unemployment and inequality have not declined at all. The current economic slowdown has been marked by a new rise in unemployment. With more than 32 million unemployed in the OECD countries in 1992, it passed its previous record of 1983.

The alibi for austerity is the "theorem" attributed to former West German chancellor Helmut Schmidt to the effect that "today's profits are tomorrow's investments and the jobs of the day after".

This neat formula overlooks two problems:

- The movement from profit to investment is blocked by a lack of effective demand, since wages are being squeezed to raise profits; thus economic policy finds it impossible to obtain both higher profits and higher sales outlets at the same time;

- The movement from investment to more jobs is also blocked because in fact, at a time of low growth, investments go into rationalization which involve cutting jobs.

In France, even during the upturn of

1987-90, higher profits have gone side by side with a stagnation of the jobs market. Furthermore, a good part of the profit rise has gone into playing the financial markets.

This reality has favoured a revival of less blindly neo-liberal economic thinking. This was one of the main issues in the elections contest in the USA between Bush and Clinton, with the latter proposing a programme of renovation of transport and other infrastructure. In Europe also there is pressure for more active and less monetarist economic policies.

However, there is no whole-hearted return to Keynesianism owing to the constraint imposed by high state debts and the structure of the tax systems inherited from the 1980s which leave capital income more or less untouched. The social dimension of this new interventionism is very limited.

Furthermore, there is a clear contradiction between policies inspired by the desire for growth and the neo-liberal and monetarist aims of the European Single Act and the Maastricht Treaty on European union.

An alternative economic policy

The following are four principles around which an alternative economic policy can be developed:

- An end to unemployment. A place for everyone; to exclude a person from employment means turning them into a

Four principles

- An end to unemployment;
- Make satisfaction of social needs a priority;
- Establish new criteria for our economic choices;
- For international collaboration and North-East-South cooperation.

Three immediate demands

- A 35-hour working week with no cut in wages, on the way to a 30-hour week;
- The right to decent housing;
- a minimum wage of 7,500 francs (= \$1416), the RMI (welfare) at 3/4 of the minimum wage.

Three sources of financing

- A cut in military spending;
- Tax reform;
- The redirection of financial flows.

Two requirements

- Control over capital movements;
- An alternative vision of European unity to that of the Maastricht Treaty. ★

social non-being as well as representing a loss for the collective. Society must accept the task of finding a proper job for everyone. This is the point of departure of an alternative economic policy.

- Make the satisfaction of social needs the priority. A worker seeking medical help or good education for his or her children is a cost for the economy as it now functions; but when the same worker changes their car or buys a video they are reviving the economy. This logic needs to be broken. This means taking into account all needs, including those that do not express themselves in the form of effective demand.

- Make new criteria for economic choices prevail. Any large-scale economic decision must be looked at from the point of view of its effects on employment and the environment. In some sectors it is necessary to put an end to the indiscriminate replacement of people by machines. This means challenging the profit motive as the criterion for the essential economic choices. The basic aim must be to pro-

vide everyone, through appropriate economic and social organizational forms, with the means to participate in decision-making. Such producer sovereignty runs against the logic of the market. On the contrary, it implies non-bureaucratic planning, which is the way to socialize investment.

● We have to avoid any temptation to retreat behind national horizons without being starry-eyed about the forms of internationalization imposed by capitalism. This means promoting both within the EEC and in relations with the East and Third World common popular interests. This is the only way to combat the capitalist search for low-wage areas.

Insofar as French workers are better paid than South Korean workers and the latter more than Indonesian workers there will always be a difference in labour costs. We need to explore new avenues, for example, in terms of the "moralization" of international trade.

These four principles are part of a project for a society which would have nothing in common with those in the former eastern bloc. Our approach is not to limit private property on principle. We start from a simple idea: there are two possible criteria for determining socio-economic decision-making — profits or needs. Our aim is to make the latter dominant, that is to say, establish economic democracy. Since this supposes that workers have the possibility to debate and decide economic choices, it is incompatible with any kind of single-party regime or transmission belt trade unionism.

Respecting the limits

We have to learn to deal with the various constraints present in each society:

● Societies are not infinitely malleable. Thus, in a Third World country, the potential of the economic structures are very limited. In every case, we have to control the balance between social supply and social demand. If purchasing power is created, there have to be goods that people want to buy. This condition must be fulfilled not only overall but for each sector. If, for example, the structure of demand is changed to the detriment of luxury goods, the sectoral specialization of production also has to be redirected.

● It can be forecast that the undertaking of social transformation will mean short-term imbalances, given the size of the shock and the different speeds at which different parts of the process will go. While demand can be changed almost at once, the adaptation of supply will take

longer.

Such imbalances will express themselves at four levels: the foreign trade balance, the budget deficit, inflationary tensions and the danger of an investment strike. On the first two points a certain margin for manoeuvre must be tolerated, which poses no insurmountable problems in a country like France. As for the behaviour of enterprises, both political and economic measures are needed. Readjustment cannot only be imposed in the medium-term through the mobilization of the workers.

Lessons of experience

On these different points, we need to learn from the experience of the PS/PC government and its pro-growth programme of 1982. This came to grief on the following obstacles:

● The distribution of the additional income was real but did not go far enough to make workers feel they had won a basic conquest worth vigorous defence. The feebleness of the measures taken to cut the working week — determined by a reluctance to annoy the employers — ran into the same problem. At the international level, the failure to devalue flowed from the same political outlook.

● The external constraint came into play and there was a serious deterioration in the trade balance owing to the absence of even the simplest measures to control import flows.

● Investments died away as a result of the overall crisis and suspicion of the left government, but neither the nationalized public sector nor the nationalized credit system were used to impose different norms of management and new investment plans, although this was the main justification for the nationalizations.

● The left's measures were not accompanied by any appeal for mobilization and an effort to make concrete changes in labour relations in the sense of greater initiative by the workers. The nationalizations were not really presented as the concern of the workers, even in the enterprises affected.

Taking into account these preliminary observations, we can now sketch out our programme for social transformation.

It is the work that needs to be shared, not the unemployment. The current situation in terms of working time in France is a combination of a 39-hour work week (to which additional hours can be added), part-time work (often involuntary — 89% of part-time workers say they would prefer a full-time job) and mass unemploy-

ment. Technological progress allows us to produce more in less time. The only progressive use of this fact is a big cut in the working week. We need to go beyond the 40-hour week won by the strikes of 1936.

This is a condition for a significant cut in unemployment. Some mistakenly claim that unemployment is a problem of training or the deficiencies of the education system. There is of course a relation between educational qualifications and finding a job. But education does not create the supply of jobs (except for those teaching the courses!).

In some sectors, such as construction there is indeed a lack of qualified personnel, but the demand here is marginal compared to the number of those seeking work. In November 1992, there were 57,500 jobs on offer. Furthermore, if there were really a lot of profit-producing jobs not being filled owing to lack of qualified personnel employers would undertake the training themselves, or put big pressure on the state to do this.

We need the 35-hour working week at once without any cut in wages. This is simply catching up with a situation where all the gains in productivity are going to profits while jobs and real wages remain stagnant. However, the 35-hour measure is not enough to cope with unemployment.

We need a clear timetable for a swift advance to the 30-hour week. Only in the framework of such a timetable can we discuss the wage levels that would allow the creation of the maximum of jobs. At the same time as being the only effective measure against unemployment, the 30-hour week would also be a qualitative improvement in living standards.

Socially useful jobs

Naturally, this return to full employment must be accompanied by a redirection of production to create socially useful jobs. Little real thought has been given to this problem. Obviously one could build up education at all levels and then the traditional "social" sectors — health, care of the aged or housing.

At the same time we have to prepare the reconversion of high-production agriculture, which seems to have reached its physical and economic limits. And of course we need to cut back on military industries and other sectors such as advertising.

Housing construction has fallen to one of the lowest levels since the war. There were 275,000 housing starts in 1992, a 10% drop from the 1991 level. The rise in prices of recent years — on the order of

What is the use of the stock exchange?

ACCORDING to the textbooks, the stock exchange is the heart of the economy. Here the capitalists (sorry, "savers") buy their stocks and shares, rationally selecting from among the entrepreneurs those that seem the most viable. In this way overall progress is served.

In fact, in the 1981-91 period, French companies invested 5,238bn francs. Some 37% of this was financed by the issuing of bonds (405bn) and shares (1,518bn francs), the rest coming from companies' own resources (non-distributed profits) and bank borrowing. However, in the same period, these same firms bought 378bn francs worth of bonds and 1,453bn francs of stocks and shares for speculative reasons. Thus, the Bourse provided only 92bn in new money — 2% of total investments.

Far from being a place for directing investment, the Bourse is simply the temple of speculation. The October 1987 crash and subsequent gyrations confirmed the enduring validity of Keynes' comparison between the Bourse (stockmarket) and a casino.

The Bourse is often described as the supreme example of the market in its purest and most perfect form. Against this purity and perfection we propose the closure of the Bourse and the control of financial flows with the aim of achieving the conscious planning of the economy. ★

230% in fixed prices between 1983-90 — increased housing segregation. When demand failed to keep up with the price spiral, prices fell slightly but the main effect has been an increase in the stock of new unsold housing — the total stock of housing would meet 20 months of selling, and the figure for offices is higher — and a reduction in housing starts.

We cannot count on the market to satisfy housing needs. It is up to the public authorities to intervene.

The emergency means that the law on the requisition of empty properties must be applied. New public housing needs to be built and the existing stock rehabilitated, measures which would both stimulate growth and resolve the problem of homelessness and bad housing.

In the face of rising poverty, society must assure everyone a decent income. A reference marker could be the estimate of

the CP-linked CGT union confederation that in France one cannot live decently on an income of less than 7,500FF gross a month (the legal gross minimum wage is currently 5,756FF).

We can draw the conclusion from this affirmation that no wage or pension should fall below this limit.

Apart from pensioners and the disabled there are a huge number of people living on welfare (in France, the "minimum insertion revenue" or RMI). The unemployed must get an income of three quarters of the minimum wage, plus means of access to health care and housing.

The rise in the minimum wage and unemployment benefit must be indexed to inflation. Such a measure is not inflationary in itself; it only becomes so if the entrepreneurs try to claw back what they lose in wage and benefit rises by putting up prices.

There are three obvious sources for financing our plans in the short-term. The first two are cuts in military spending and tax reform. The third, however, is the most significant — control of capital engaged in financial speculation.

In 1992, despite the break-up of the Soviet bloc, the French military budget remains equivalent to the national education budget. There is no justification for this, even in terms of the supposed industrial and trade benefits. These 250bn FF are a source for financing the change.

More than ever we must work for the unilateral, total and immediate dismantling of the nuclear strike force.

Tax reform

The second source of finance would come from a deepgoing reform of obligatory contributions both in the form of taxes and of social charges.

● We must reject the false theory concerning the excessive weight of obligatory deductions. In the first place the very term "deductions" has a pejorative sense, and is part of the ideology of "the over-bearing state that weighs down the economy". Secondly, it ignores the fact that the bulk of the so-called "deductions" come back to individuals in the form of social benefit payments and services, and to enterprises as state purchases and subsidies.

The real issue is the division of this burden and the use of the revenue. Overall deductions can be cut by abolishing the tax on big private fortunes or by lowering indirect taxes on basic products — with entirely different social consequences. On the other hand, taxes can be raised to

finance military spending or get a public housing programme started.

Taxes should be both a means of financing public spending and a means of social redistribution. Tax policy reveals the social nature of policy.

● The successive cuts in taxes on firms (from 50% to 33%) have been justified by the need to lighten the burden on enterprises so that they can create jobs.

● Finally, we need a serious record and taxing of non-wage income and in particular of financial incomes. Even the Tax Council, hardly a den of leftists, has criticized the way that the rich get out of paying taxes. A whole series of tax breaks can be eliminated.

● Direct deductions should be fairer. As far as income tax is concerned, family allowances should be abolished and taxation of family income be replaced by personal taxes. The uniform redistribution of family allocations and benefits from family allowances would be equivalent to one third of the minimum wage per month per child.

● Local taxes are especially unjust. The country's richest city, Paris, also has the lowest local taxes. The habitation tax which varies by a factor of 1 to 10 from one part of France to another must be calculated solely on the basis of income and become part of income tax.

● Social security is a fundamental instrument for ensuring that basic needs in spheres such as health, additional income and social protection are met. It must be defended and improved.

In 1970 the total sum of interest represented 10% of French GDP. In 1991 it had risen to 30%. 14 million French people own shares — up sixfold from 1981 and ten times the number of trade unionists. In the "socialist" period, the total sum in the hands of investment companies has risen from 70 to over 2,000bn francs. The ten percent richest households get 28% of income, possess 54% of property and control about 70% of stocks and shares.

In 1980, enterprises made 282bn francs worth of productive investments and 16bn of financial investments — 5% of the total. In 1991, the totals were 662bn and 317bn respectively — financial investments now making up 32% of the total.

Thus, overall, firms are gaining proportionally more profits and making less productive investments. A growing part of this profit arises from financial profits (5% of the total profits in 1970, 20% in 1991). This terrible waste of social resources must be ended. There are several means to this end:

● Firstly, the tax reform mentioned above. One of the reasons for the financial explosion has been the refusal to raise taxes to fund state spending. This has meant borrowing and a growing budget deficit. In 1992, the French state paid out 145bn francs in interest on its debt, while falling still further into debt.

● A thoroughgoing nationalization of the credit system and its reorganization to better socialize and earmark national savings. We must reverse the total deregulation and recreate a wholly public financial circuit with a network of savings banks financing communal services and housing.

● Having met these two conditions profit has to be deducted at the source and forced to fulfil its social role, which is to invest, by reducing to the minimum the above-described circuit. The redirection of financial flows is an important instrument from the point of view of financing. Reducing real interest rates to their level during the long period of expansion would release 200bn francs for more useful purposes.

Property speculation seems to have suffocated itself and now the main problem for many developers and bankers is how to extricate themselves. We need to take advantage of this crisis to put a stop to the invasion of the cities by luxury dwellings and offices and implement a policy of housing for all.

The international context

Then there are the international constraints. First, it is clear that our proposals mean completely undoing the labours of recent French and European politicians.

The ratification by France of the European Single Act and the Maastricht Treaty is the end product of a process of social liberalism, but they are a considerable obstacle to the implementation of any alternative policy. International financial markets have an effective veto over economic policy in different countries.

The external constraint — the alibi for the left's turn to austerity in 1983 — has to be put into its place at the start.

Fundamentally, foreign trade must be seen as a means of increasing national wealth but not as an end in itself. The external constraint exists, but it must be managed at the overall social level. Export receipts determine how much can be imported. Hard currency receipts must thus be centralized and earmarked for planned objectives in the light of the need to maintain a trade balance in the medium term.

To control the influx of imports the

barriers have to be put back up, in the first place by using all the existing possibilities, including those compatible with the EEC — safeguard clauses, customs duties and other mechanisms. Naturally, import controls must draw a distinction between rich and poor countries, rejecting any social dumping by the former and negotiating long term agreements with the latter. Furthermore, we must demand respect for minimum social rights in all countries wanting to trade with France.

This control must be extended to take in the control of exchange and capital movements. This is also a condition for disconnecting domestic interest rates in the interests of pursuing a monetary policy free from the requirement to align with international rates.

Countering speculation

Moreover, a tax on all financial transactions could be a means of discouraging speculative capital movements.

Exchange rate policy must serve the ends of change. There needs to be wider scope for fluctuation and we should not be afraid of devaluation. If this is accompanied by correct measures such as redirection into national production — since devaluation raises the price of imports — and control on exchanges to block the speculative spiral, this could be a useful tool for short-term management of tensions in terms of prices and foreign trade.

The ultra-liberal Europe of Maastricht, which grants absolute freedom for monetary mechanisms in the framework of a central bank, is in radical contradiction with such a process.

One way of strengthening this policy is to approach workers in other European countries and simply say, "faced with austerity policies that hurt both you and us, we are undertaking an attempt at social change. We invite you to join us."

For example, in the struggle for the shorter working week we can count on a formidable power of attraction for workers throughout Europe.

A certain dose of utopianism is needed. This dose of utopianism — the willingness to contemplate economic measures that appear irrational from the point of view of existing economic arrangements — cannot be avoided. For one thing, on the purely technical level the existing economic forms can only reproduce what exists and econometric forecasting models assume stability of essential factors and cannot put a figure on policies that involve structural changes. If we try to measure the impact of the above proposals, we have to leave out of

account the disturbance they would cause to the other variables in the model.

For these and other reasons it is not possible to present a programme of changes in which everything is decided in advance.

How can the control, planning and centralization involved in our proposals be combined with self-management and respect for the individual? The crisis has undermined the welfare state, which the bourgeoisie finds too expensive. At the same time, people aspire to more autonomy, more responsibility and less dependence.

But to recognize this does not mean forgetting the need for a collective approach to problems and constraints. While the solution does not lie in the state, nor does it lie in "dropping out" of the system. The latter needs to be tackled at the heart, at the level of relations of production and the state. And this implies an overall approach which reinforces the action of each of the individuals concerned.

For the achievement of this programme, in the last analysis, everything depends on the political will of the working class. ★

Control, Centralization, Planning

Control: is what allows a collective will to produce facts. Exchange controls, for example, are a means by the which the majority of society can make sure that their efforts are not thwarted by a handful of property owners moving their money to Switzerland, playing the stock market or speculating against the franc.

Centralization: makes concretely possible social control of economic decision-making. Capitalist anarchy can easily live with decentralization, and the privatization of economic activity. But social transformation cannot take place without a constant movement of decision-making around the individual-local-central circuit.

Planning: is intended to realize the social control of economic orientation, use of technological progress and choice of priorities. From this point of view effective planning is unthinkable without producer democracy since it is they who must fix the basic objectives and means, forming the association of free producers dreamed of by Marx. ★

The economic challenge

IN the second half of the 1980s, The Cuban economy entered a period of powerful internal tensions summed up by the most basic economic indicators — at first, by a slowdown in growth, then stagnation, and in the last two years by sharp falls in production.

JULIO CARRANGA VALDES

THE combined pressure of three factors — a decline in the efficiency of the domestic economy, a deterioration in economic relations with the capitalist world and the former Soviet bloc, and an ever-more aggressive policy on the part of the United States — has plunged the Cuban economy into a crisis expressed not only by sharp falls in annual output but also by big economic imbalances.

This situation has imposed continuous reductions, delays and dislocations in supplies from abroad. This first affected the machine tool industry and light industry and then spread to the whole economy. The tremendous impact of the contraction of foreign trade on the national economic situation can be better grasped if we remember that the coefficient of imported supplies to internal demand in Cuba is over 50%.¹

Despite the difficulties, the 1985-89 period saw a programme of investments allowing a 31% growth in basic funds in this period. Nonetheless, we have to bear three things in mind:

a) The 1986-90 five-year plan saw a growth in the proportion of investment in the non-productive sector compared to the previous five-year period from 16.6% to 20.2%.²

b) In the present situation of tightening up of foreign trade, and with the economy to a large extent dependent and disintegrated, actual production is not determined by the productive capacity physically available, but by the ability to import raw materials and other needed products.

c) The 1986-90 period saw an overall fall in the efficiency of investments. A cal-

INTRODUCTION — OVER the past four years the state of the Cuban economy has gone from bad to worse. The ever-worsening relations with both the developed capitalist countries and the former Soviet bloc and the tightening of the United States embargo on the other have deeply disorganized production. The lack of fuel and other essential raw materials, of spare parts for factories and machines provided by East German or Czechoslovak firms which often no longer exist has progressively paralyzed Cuban industry and agriculture as tractors and sugar depots break down.

The 1993 sugar crop will probably be down on recent years and it is sugar exports that pay for oil imports. Transport and distribution have been seriously affected and electricity shortages have made it hard to store food in warehouses and refrigeration centres. The population is increasingly affected by these developments.

More and more people are suffering from lack of food. Owing to the lack of imported grains and fodder, chickens can no longer be fed and are dying. Currently, Cubans have the right to no more than a few eggs per person per month, children over seven years old no longer get milk and adults no more meat. Cases of vitamin deficiency have been detected and long-wiped out diseases have reappeared.

The aim of the current economic opening — trying to attract foreign capital, the creation of joint enterprises and the development of tourism — is to reinsert Cuba in the world market. This is extremely difficult. The development of biotechnology, for example, of which Cuba has made a priority, is running up against the obstruction of the pharmaceutical multinationals which are not inclined to allow Cuban vaccines and AIDS testing kits access to markets they control.

At the same time this economic orientation engenders all kinds of tension and inequality.

Against this background, the US is stepping up its pressure in the hope of bringing down the regime in the short term. Thus, there is no likelihood that Clinton will lift the embargo. The European Community, meanwhile, has acted with consummate hypocrisy. Using the pretext of human rights — which evidently do not include the right of young children to adequate nutrition and of the sick to proper health care — the EC's foreign ministers assembled in Copenhagen along with the 13 foreign ministers of the Group of Rio hoped to issue a condemnation of the Cuban regime. However, their initiative was blocked by the Mexican delegation, which said that Cuba had nothing to do with the stated aims of the conference.

The pitiless pressure on this small island, whose crime is to embody firm resistance to the will of the world's most powerful country is beginning to disgust many people, in the first place in Latin America where significant solidarity movements have arisen, and in the US itself. Medicines are being sent to Cuba from the latter country in open violation of the embargo. Support for Cuba is also being organized in some European countries.

No secondary considerations must stand in the way of our solidarity with a people struggling for its dignity. The effort to crush Cuba takes place in the name of principles that are respected nowhere else — not in Haiti, Venezuela or Brazil and certainly not in Morocco or Saudi Arabia without mentioning China, which has been granted most favoured nation status by the US government.

We publish below, as a part of our economics dossier, a shortened version of a survey of the Cuban economic crisis which appeared in the Cuban review *Cuadernos de Nuestra America* at the end of 1992. — **Janette Habel** ★

ulation of the response in terms of production to investment between the 1981-85 and 1986-90 periods reveals a drop of 53 centavos in production per peso of investment in the most recent period.

An important part of this problem is the result of the factors mentioned above, but these are reinforced by domestic inefficiency since until 1989 imports remained at a fairly satisfactory level. Indeed, 1989 is the record year for imports in the history

of Cuba.³ The sharp cuts began in 1990. Imports from the West fell by about 30% between 1986 and 1988 but those from the socialist countries — the lion's share — only contracted by 1.44% in 1988. In 1990

1. INIE, *Situación actual de la economía cubano*, March 1992

2. Estimate of the Comité Estatal de Estadísticas (CEE), *Anuario Estadístico*, 1989

3. CEE, *Anuario Estadístico*, 1989

both indicators rose before plummeting in 1991.

The conscious effort after 1986, and in particular after 1989, was to deal with clear signs of a stagnation of material production and at the same time step up investment. This caused serious financial imbalances.

During the last five-year plan (1986-90) a proportion of the increase in the economically active population — around 600,000 people⁴ — had to be inefficiently absorbed into work to prevent a growth in unemployment. This, obviously, reinforced the negative impact of under-employment on the productivity of labour. The present five-year plan will see some 300,000 more people enter the labour market.

Towards the end of 1990 a more restrictive employment policy was in force, implying a certain level of structural unemployment. The inequalities created by this phenomenon were moderated by the social security system at an annual cost of 1,200m pesos. While this enabled a more equitable distribution of income, it did not change the impact of the imbalances produced by a high level of wages and social waste at a time of sharp falls in the production of goods of services.

Between 1985 and 1989 alone, wages plus social security grew by 1,450m pesos while supplies of goods and services grew by 465m.⁵ About half the difference was offset by official price rises, but the remainder meant an increase in the money supply, which, naturally, meant increased labour indiscipline and an expansion of the black economy. Real wages fell by an estimated 4% between 1985 and 1989, before experiencing a much sharper decline between 1990 and 1992.

The 1989-91 period saw a 47% growth in the quantity of money in circulation while in the same period retail trade declined by about 30%.

Total liquidity by the end of 1991 has been estimated at 6,125m pesos, only 53% of it in the form of savings. One aspect of the current excess liquidity is that is not spread evenly across the population but has been mainly accumulated by small groups including black market speculators. In 1989, some 70% of savers had less than 200 pesos in their accounts and 30% more. Logically, possession of money hoarded outside the banking system is even more concentrated. It is certain that this problem got worse between 1990-92.

This limits the possibility of taking effective measures of reducing the amount of money in circulation through price rises, since these would strike at the incomes of those dependent on wages — that is people usually on low incomes. Thus a more comprehensive approach is needed, combining

taxes, wage controls and new ways to encourage saving and so on.

The circle of fundamental economic imbalances is completed by the foreign trade deficit — running at an average of \$2,000m between 1986 and 1989 with a foreign hard currency debt of \$6,500m in 1990, excluding the debt to the Soviet Union. The budget deficit for 1990 has been calculated at 1,071m pesos.

In recent years, the Cuban economy has been caught in a vice: on the one hand, a fall in hard currency income, a doubling of the debt to the West and the cutting off of credit after 1986 and on the other the disintegration of the advantageous relations with the socialist bloc. This double pressure has reinforced the effects of the US blockade which has lasted now for thirty years and has been tightened in recent years.

In October 1992, the US president signed the Torricelli law aimed at strangling Cuba's efforts to reorganize its foreign trade. The law was widely condemned by the international community for its extra-territorial character and its violations of international law. Nonetheless, it has stepped up the pressure on the Cuban economy.

According to the estimates of Cuba's National Institute of Economic Research (INIE), the blockade has directly cost Cuba \$30,000m in the past thirty years.

Such a horrible external framework presents a small economy, poor in natural resources and with problems of efficiency with massive challenges. The structural character of the situation requires the Cuban government to speed up its strategy for economic development. A period of emergency and active resistance has opened, full of tensions and challenges. The Cuban government called this period a "special period for a time of peace".

Tasks at three levels

The tasks for this period were set out in three levels:

- 1) Adjusting the economy to the new conditions;
- 2) Reinserting the Cuban economy in the world economy on new foundations;
- 3) reorganizing the domestic economy to ensure greater efficiency.

These economic objectives go together with political and security goals. The fall in living standards has increased social and political tensions. Building a consensus is much harder when the economy is declining. The US' increased belligerence in every field is based on the belief that the hour has come to wipe out the historic experience of the Cuban revolution.⁶

The future depends on the capacity of the revolution's leadership and of the Cuban people to meet the challenge. Cuban society contains sufficient economic, political and moral resources but all depends on the articulation and leadership of these. The 33-year history of the revolution is one of meeting and overcoming apparently impossible challenges.

The economic problems can be set out in three levels:

The first is the adjustment of the economy to existing realities. The foreign trade deficit has to be cut. Imports fell from \$8,124m in 1989 to \$4,090m in 1991 and probably fell a further \$1,500m in 1992.

This cutback means a sharp fall in economic activity, which fell by 24% in 1991 after a 3.6% fall the previous year. 1992 may have seen a further fall of more than 15%. There is no reason to suppose that this tendency will be reversed in 1993.

These dramatic cuts in output mean a change in its use.

Social consumption suffered a cut of around 980m pesos between 1985 and 1991.⁷ This means that social services have deteriorated. Nonetheless, even in this worst of moments for the revolution the social conquests in health, education, culture and social security are being maintained. This has a considerable political importance in the current situation. Further cuts are likely, above all through the elimination of subsidies.

Personal consumption is especially sensitive from a political point of view. An effort has been made to minimise the cutbacks here. It has been estimated that this fell by 15% between 1986 and 1990, with a sharper fall thereafter.

One of the major efforts at the present time is the development of a food production plan that will raise domestic production to ensure an adequate diet to the population based on foodstuffs that the country can produce for itself.

As a part of the effort to manage personal consumption, the policy of standardisation of basic goods provision has been stepped up. However, this policy can only be short-term to avoid the harmful effects of extreme levelling on the income and outgoings of the population, on labour productivity and on work discipline.

Gross investments fell by 43% between 1989 and 1991 a trend that has

4. Calculated by the author as part of the work for *Anuario Estadístico*, 1989

5. CEE, *Anuario Estadístico*, 1989

6. See Pedro Monreal and Julio Carranza, 'Cuba en el actual debate político norteamericano', in *Cuadernos de Nuestra América*, Vol.9, No.18, La Habana, January-June 1992

7. Calculated by the author for CEE



continued. This imposes an extremely precise and targeted investment policy to respond to the tensions between ensuring simple reproduction, stimulating exports, above all in non-traditional sectors and ensuring essential imports. An attempt to attain the maximum level of food self-sufficiency is an especially important objective.

Essential imports

Given the lack of credit, ensuring essential imports means increasing exports, above all in non-traditional sectors; the bio-technologically based pharmaceuticals industry, the production of micro-electronic medical equipment and tourism. Together with traditional exports — sugar, tobacco, nickel, citrus fruits and so on.

For example, in regard to exports of pharmaceutical products and medical equipment, sales of ten million doses of the anti-meningitis vaccines to Brazil yielded \$100m in 1989 and 1990 and \$82m (for 15 million doses) in 1991.⁸ A reasonable estimate of the amount that such exports could gain in the 1995-2000 five-year period would be \$1,000m.

A big research effort is being made in these fields, producing more than 160 new genetic engineering products in 1991. The biggest problem is to develop mass production and above all in terms of organizing of sales in a highly specialized and multinational sector.⁹ Industrial plants are being built to respond to these problems and the sales effort is being organized via agreements with foreign firms.

A big effort is being made to develop tourism with a significant input from foreign capital. The aim is to have built some 30,000 holiday dwellings by 1995, which can accommodate more than a million tourists and bring in over \$900m. 65% of these dwellings are to be built using foreign money. In 1991, \$290m were injected into this sector and \$400m in 1992.

Tourism has the advantage of stimulating other economic sectors such as construction and building materials. These later could be exporting sectors in the future. Cuba has cement factories, three of them with an estimated annual output capacity of a million tonnes, which could find overseas outlets with the help of agreements with foreign capital. No other country in the region, apart from Mexico has such productive capacity.

Sugar continues to represent the backbone of the national economy. It makes up 20% of GDP, covers 50% of the cultivatable land and 80% of exports, 55% of cargo, employs 440,000 workers and meets 30% of the fuel bill. Its role in the development of the economy is crucial.

Even so, it is hoped that by 1995 some 309% of Cuban exports will be of products for which the world market is expanding.

This marks a difference from other Latin American countries that have been able to achieve high export growth rates on the basis of increased export of raw materials and foodstuffs whose future on the world market is unclear. Cuba's high levels of education give it the potential to break into high technology sectors.

However, it is hard to see how Cuba is going to re-orientate its exports to be able to pay for the imports it needs. This problem is aggravated by the need for Cuba to maintain a high level of military preparedness to meet potential US aggression. Here also the cut off of Soviet aid has placed additional burdens on the Cuban economy.

Thus, for some years, the Cuban economy will have fewer imports than it needs. This means that the pattern of high investment combined with high waste established in the years of close relationship with the socialist camp has to be radically changed.

In figures, measures have to be taken to catch up an annual fall in production of 8,000m pesos and unleash a new dynamic of growth and development.

All the above requires an immense effort to cut back waste of all imported products, which in turn requires a general climate of economic rigour and control.

The key is oil, the import of which has fallen from 13m tons to 7m between 1989 and 1992. This has forced cuts in production throughout the economy. Thus energy saving is vital. Collaboration with foreign capital has permitted substantial energy savings in, for example, the production of nickel at a relatively low cost in investment.

An effort is also underway to find other energy sources. In some cases this means going back to the past — animals are being used in agriculture while the bicycle is becoming the normal mode of personal transport.¹⁰

As a result of the collapse of links with the Soviet Union the building of the nuclear plant at Juraguá has been halted after the investment of 1000m pesos. This plant would have saved about three million tons of oil a year, but its running would have meant dependence on countries that are not strategic allies of Cuba.

Various foreign companies are looking for oil in Cuba. Success here would fundamentally change the country's prospects. At the same time, exploitation would demand immense time and investments. However, for the time being the country produces a mere 900,000 tons of poor quality oil a year.

In 1989, 57% of all proteins and 51% of calories were imported. A big effort is being made to improve food self-sufficiency at a time when imports of fertilisers, pesticides and so on have fallen. There has been a big increase in the agricultural labour force, massive voluntary mobilizations, wage rises for agricultural workers, the use of draught instead of machines, the application of new techniques and energy sources and an effort to increase water levels by developing the hydraulic infrastructure.¹¹

Furthermore, some 50% of spare parts are now being produced domestically.

Informal sector

It is also necessary to take account of the existence of a big informal economic

8. See José Luis Rodríguez, 'La economía cubana ante la cambiante coyuntura internacional', in *Boletín de información sobre economía cubano*, No. 1, CIEM, La Habana, January 1992

9. See La industria cubana de la biotecnología, aspectos y oportunidades para alcanzar un éxito internacional, *Centro de las Naciones Unidas sobre las Empresas Transnacionales (CET)*, August 1991

10. In 1992 there were 500,000 bicycles in Havana for a population of 2.1 million

11. In 1991 capacity was 9,700 cubic metres, 3,000 more than in 1989.

sector whose scope has multiplied in recent years. Here a distinction has to be drawn between speculative and useful activities and the latter regularised.

One of the major changes of recent years has been the entry of foreign capital into Cuba. This has meant a change in the country's constitutional definition of property¹² and made foreign enterprise a dynamic force in the economy. In 1982 law 50 was adopted to regulate foreign investment in Cuba. However this was only applied at the end of the decade.

The aim is for foreign capital to help overcome the gap between the country's resources and its performance. Among the resources are:

a) A sizeable industrial infrastructure strengthened in the past decade by the investment of 38,000m pesos, of which 35% went into industry;

b) The existence of a good physical infrastructure. The country is well-endowed with roads, bridges, airports, and electricity and telecommunications lines;

c) The existence of a highly qualified work force above all in technological, natural and medical science and a considerable scientific and technical potential.

d) Political stability resulting from an abiding consensus in favour of the revolutionary project which has developed a system of social equality and satisfaction of basic needs despite the huge difficulties placed in its way by the United States' blockade.

On the other hand factors essential for realising this potential are lacking — capital, advanced technology and international markets. The opening to foreign capital is meant to bring these factors in.

However, foreign capital expects acceptable rates of profit. Existing legislation offers favourable and stable conditions, often superior to those in other countries including repatriation of profits, tax exemptions for a definite period, maximum taxes of 30% on net annual profits and taxes of 25% on incomes of Cuban workers.

One of the principles that have been defended is that of giving first option to Cuban enterprises for the provision of services and materials to companies with foreign participation. However, the inefficiency of the domestic economy has not allowed this relationship to bear full fruits.

Foreign investment has experienced relatively significant growth over recent years despite various adverse factors. Foreign capital was present first of all in tourism but since 1990 it has spread throughout the economy. By 1991, foreign investment had reached \$500m from 26 countries.¹³

Of course the influx of foreign capital into Cuba presents risks that must be anticipated and reduced. The approach to this factor must be based on the state remaining the principle director of economic activity through its control of the main variables of development. What must be avoided at all costs is a situation where all the dynamism and efficiency is concentrated in the foreign owned sector while the rest of the economy remains in the doldrums. And this is yet another reason why the reorganization of the economy under a new system of leadership which integrates and leads it organically is needed.

Here, there is an important problem that must be resolved as soon as possible. In 1986, when the dead end of the model of extensive economic growth had become apparent strong criticisms were made of the planning authorities and mechanisms responsible for developments in the 1975-85 period. A debate developed over whether the system was negative by its very nature or whether the issue was one of its incomplete and incoherent implementation. What is certain is that it is exhausted as a means of dealing with the new problems of today.

This leads us into fields new to the socialist experience. The basic explanation for the crisis of European socialism is the difficulty of passing from an extensive to an intensive phase of growth and finding a form of economic management that corresponds to the imperatives of socialist development. Soviet perestroika, which offered to tackle these problems, ended up undermining the system itself.

Starting in 1986, various measures were taken with a view to correcting the main deformations and weaknesses of the former leadership system, but no new system as such was proposed. Various governmental and academic bodies have discussed the problem and put forward proposals and have tried out various ideas in the countries enterprises and in inter-enterprise relations.

And now the emergency situation of the economy has narrowed horizons when it comes to working out a new system of economic management.

However, we think this task must be addressed as soon as possible. Working this out is a condition for restoring efficiency to the economy and speeding up escape from the crisis.

This is all the more necessary given the complication introduced by the entry of foreign capital. A new system of economic management must redefine the forms of relation between different sectors of the economy, the property regime, the levels of subordination and independence of

enterprises, the role and character of planning, the functioning of the banks, legal regulation, price-formation mechanisms, the tax system, wage scales and so on.

A series of important changes have been introduced. Some 500 of the country's enterprises, 23% of the total, have gone over to a hard currency self-financing regime and a general price reform has been approved. But there is still no overall reform proposal.

One of the main planks of a new management system must be to guarantee a better relation between workers' incomes and the results of their work and management as well as the maximum possible identification between individual, enterprise and national interests.

These re-definitions take place at an especially difficult moment of a contradictory movement between the centralisation needed to manage scarce resources and the decentralization needed for a new system.

Cuba is at a turning point in its history. The revolution begun three decades ago has been affected by international changes that oblige it to get along with a world with values and imperatives that are wholly at odds with its own. This is a huge challenge for a small under-developed country.

A hundred years of struggle

Cuba cannot stay the same when the world around it is entirely changed. The revolution has to be brought up to date and made better. We have to preserve the historic objectives of a process begun 100 years ago — national independence, social equality, popular democracy and economic development.

To guarantee priority to these objectives in present conditions requires the strategic updating of the revolutionary project.

The changes needed in the sense of increased efficiency and greater popular participation in politics. Without the revolution the country will regress a hundred years in its historic conquests and its independence will be threatened.

The moment demands realism and a clear assessment of the difficulties. This text has aimed to present the problems without embellishment and consider how they can be tackled. While the tasks are very difficult we must not lose sight of the country's economic, political and moral reserves and above all our people's character and history. ★

12. The changes in the Constitution were approved by the National Assembly in 1992

13. See *Cuba Business*, Vol.7, No.2, p.7, June 1992

No prince to save the krona

IN NOVEMBER 1992 the Swedish krona fell victim to the pressures that were building up in Europe. Interest rates rose overnight to 500%. Billions of dollars were spent by the central bank to defend the krona. But all this was in vain. The Swedish government was forced to follow the example of Britain and Italy and devalue the krona relative to other European currencies.

DICK FORSLUND — Stockholm, April, 1993

BY APRIL 1993, a little more than half a million people, or 12.3% of the workforce, were unemployed. Some 4.8% of them are in various government training programmes (AMS), but this system was designed to meet unemployment rates of 3-4%. Furthermore, as part of the public sector, the AMS is also obliged to cut its budget. 35% of all industrial workers are unemployed and cuts in the public sector mean more sackings.

Sweden is thus coming to the culmination of a policy initiated in the 1980s with public sector and real wage cuts under the previous bourgeois coalition that came to power in 1976. The policy was maintained by the Social Democrats when they resumed government in 1982-91.

But increased profits did not result in the promised rise in investment. Instead hundreds of billions of kronas were used to buy shares at the stock market and real

estate, leading to an upward spiral in prices and increased demand.

The banks cooperated enthusiastically, lending out money and pushing up the spiral. Between 1982 and 1990 the Swedish GNP increased by 20% while the market share of shares in real estate companies increased by 800%.

Speculators in real estate and the banks continued to borrow and lend money in the belief that the spiral would go on for ever. As late as summer 1991, the Social Democrats put forward a motion that big government pension funds should no longer be constrained by conservative investment rules and be allowed to buy shares on the stock market.

In 1988, the Social Democratic government completely abolished restrictions on bank lending, removing the last obstacle to total frenzy. In some cases the basis of a new bank loan to a real estate owner could be, not 50, 60 or 80% of its

present value but 100% of the expected market value of the possession the following year. The subsequent clean out revealed instances of pure criminality or loans given out at such speed that they were not properly recorded.

The credit losses of the Swedish banks were more than SKR70bn during 1992 up 100% on the previous year. A loss of 100bn is estimated for 1993. An oft-repeated forecast is of SKR300bn in total credit losses when the carousel spins to a stop sometime around 1995.

It is interesting to compare the degree of downturn in the OECD countries with the degree of speculation. In fact, the countries which are now suffering the worst recessions are those where the bourgeoisie has most effectively succeeded in imposing its profit policy. In Sweden, a mass labour party was the agent of this change. Resistance was confused and the policy was extremely successful. The resulting speculation was crazy and the recession is now among the most serious.

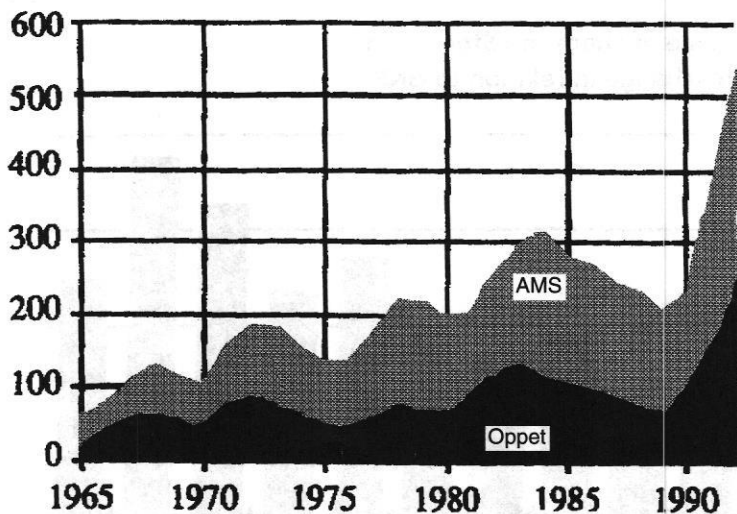
Foreign observers have also felt that there was something special about the Swedish real estate festival. At the end of the 1980s the Swedes were always among the fastest and highest players on the property markets of London, Brussels or Amsterdam — markets which have also now collapsed. In relation to this, Swedish socialist economist Sten Ljunggren has shown, with a wealth of statistical evidence, that the main argument used to justify austerity is wholly false.

The claim has been that the Swedish people has been living beyond its means, consuming more than it produces and that cuts in the public sector and living standards are therefore needed to close the gap. However, a study of Sweden's trade balance shows that the country's deficit is wholly the result of the activities of the capitalists. They have invested money in speculation and lost it. This loss alone converts the plus in the trade balance to a minus for the period from 1980 to now.

In a situation where the whole finance system has proved completely incapable of handling the large sums in movement the only sane option is to nationalize the whole thing. In that way the government could set a low interest rate for credit and take control of hundreds of billions of krona.

Instead of being the tool of the money

Unemployment in Sweden 1965-1991 (thousands)



AMS — unemployed covered by government training programmes
Oppet — "open unemployment", uncovered by such programmes

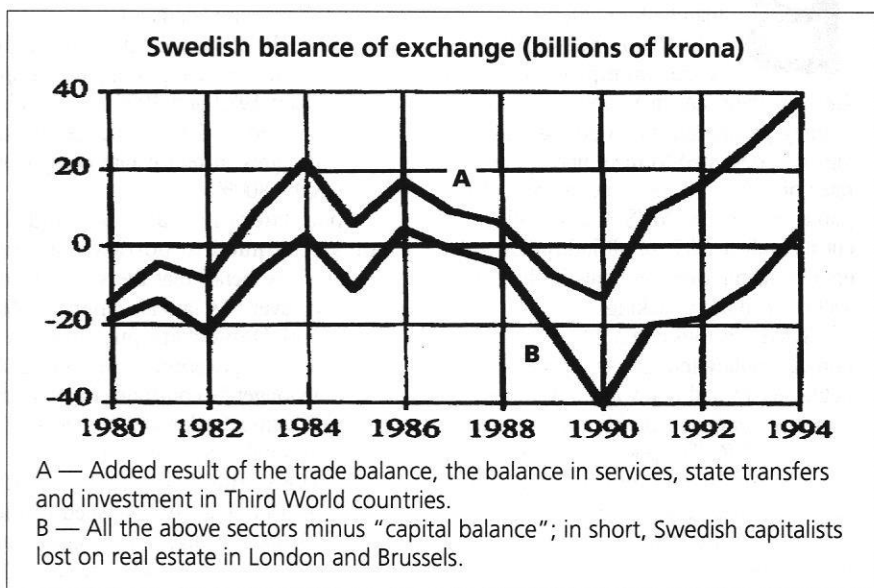
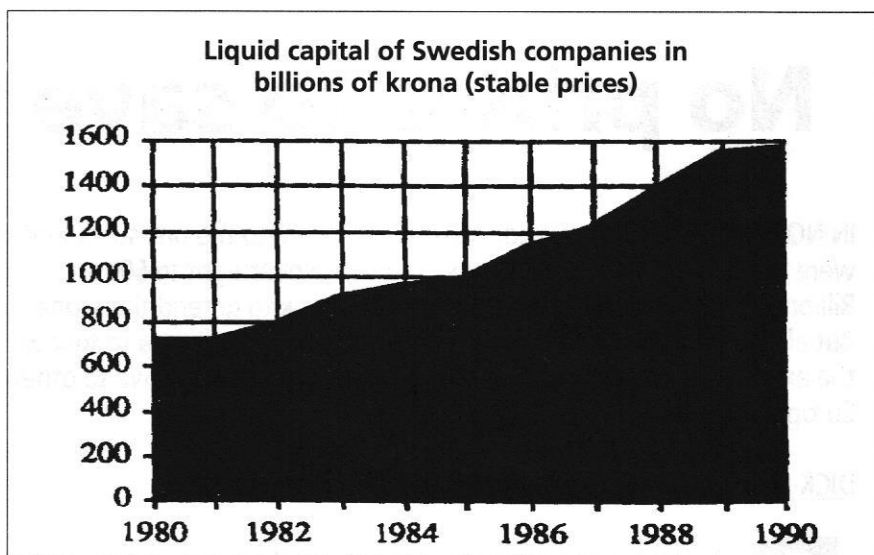
traders these vast sums could instead be used to clean up the state finances and the state budget deficit.

It is of course true that speculation is an international phenomenon. But nationalization of the finance system in one country would be a step forward. After the speculators' attack on the krona during autumn of 1992 — leading to two austerity packages jointly negotiated between the social democracy and the government "in the national interest" it was discovered that the finance departments of the big Swedish companies were the main actors behind the "blind assault" of the market. In November, the Swedish Riksbanken finally gave up defending the krona, letting it loose from any fixed relation to the European Monetary System (EMS). Since then the krona has floated and lost over 20% of its value against all currencies.

However, neither the former Social Democratic government nor the present rightwing government have had any intention of moving against the bankers and speculators. The current government, indeed, has refused to nationalize the most bankrupt banks, among them Scandinavia's biggest bank, the Skandinaviska Enskilda Banken, the SE-bank.

Instead, the government has offered the banks emergency aid, handing over SKR 73.5bn in support. This money is at once pocketed by the big companies who are full of praise for the "risks" of capitalism until these risks apply to them. Furthermore, to support the sick banks and please the finance departments of Swedish big finance, the government also supports the Riksbank's high interest rate policy, which is currently strangling the economy.

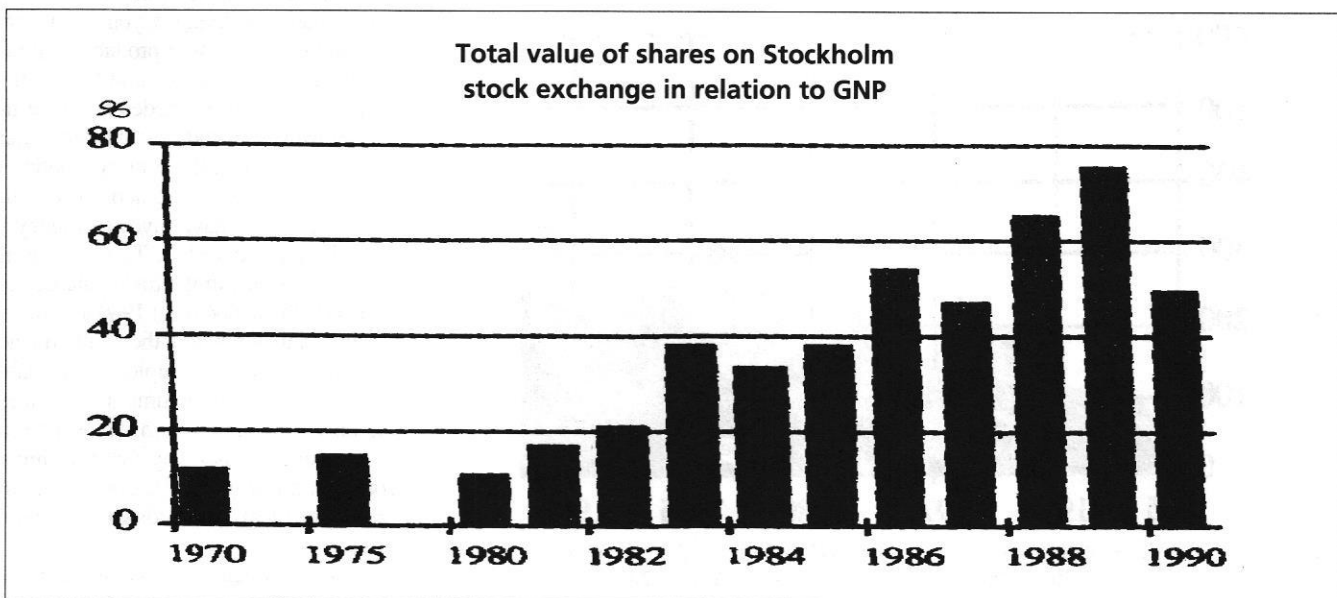
The speculation bubble burst at the end of 1991. Since September of that year a coalition of four bourgeois parties inspi-



red by neo-liberal theories has been in power. The so-called System Shift to a "real market economy" was announced in the middle of the biggest recession in Swe-

den since the 1930s and with a finance system on the brink of collapse.

The government's arrival also coincided with the moment when the effects of



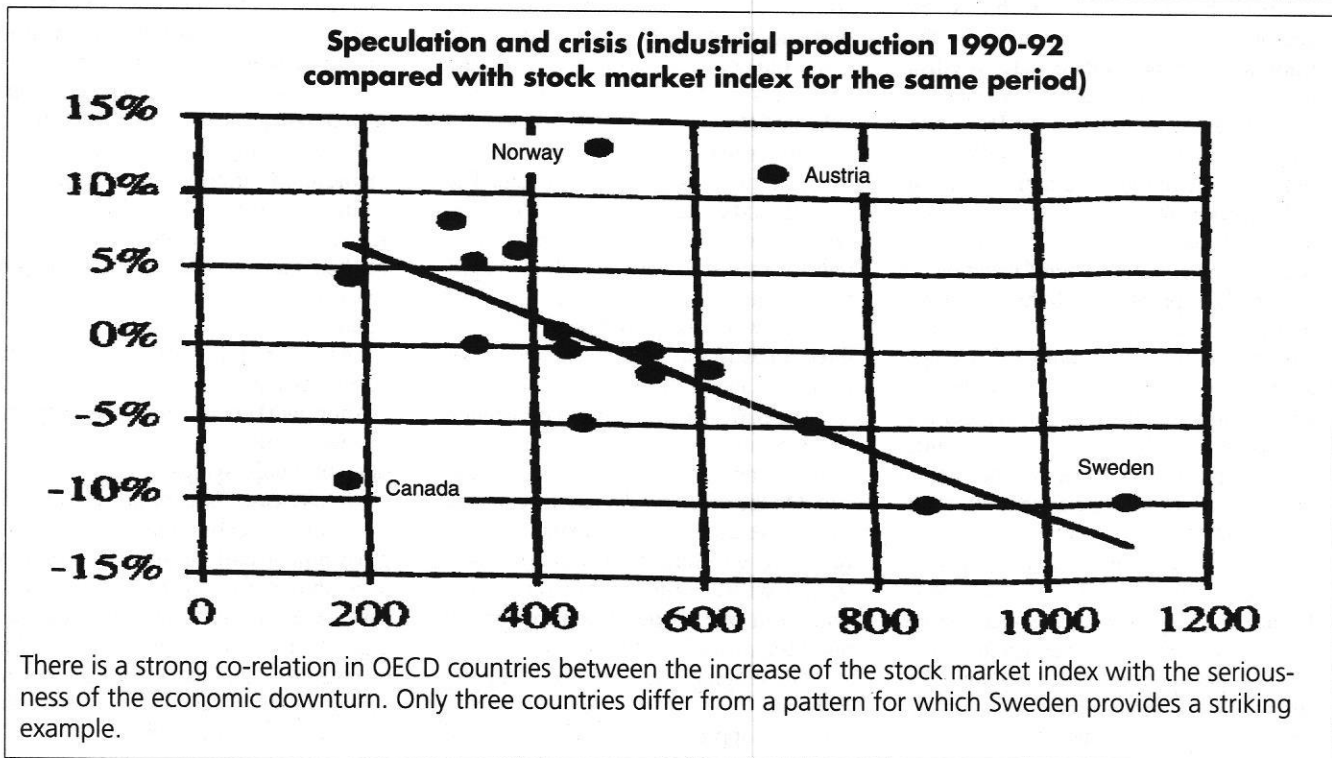
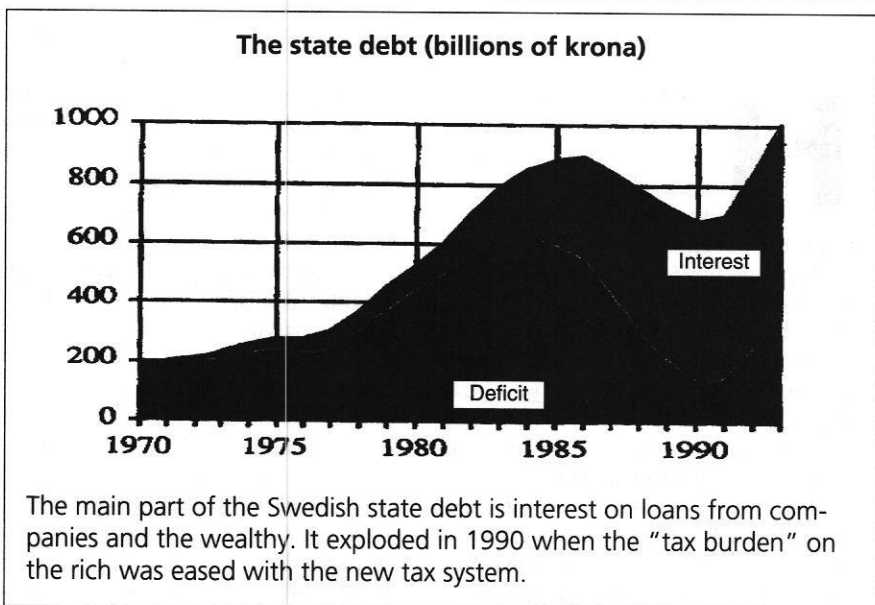
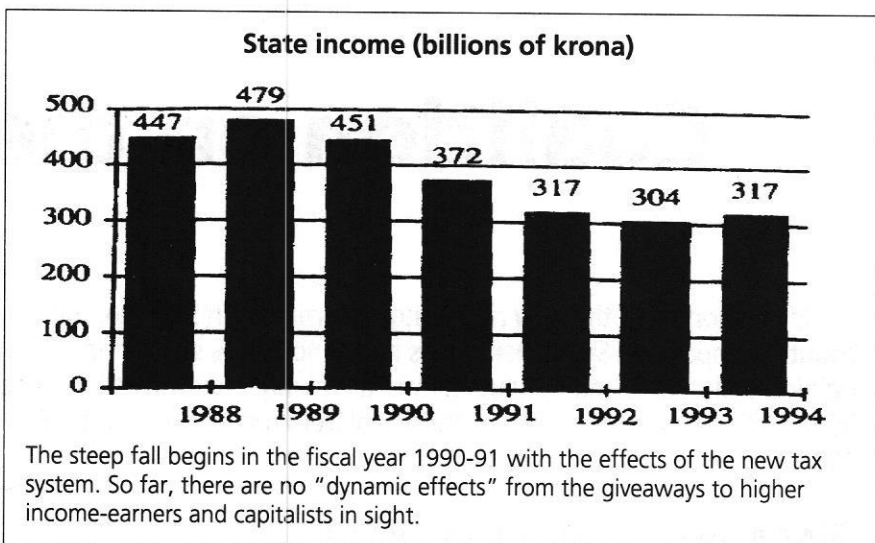
another measure struck the state budget with huge force — the new tax system, agreed upon by the Social Democratic government and small Liberal party in 1988.

According to the Reaganite “trickle down” theory, if middle income earners, the rich and companies paid substantially less tax, this would stimulate the economy. The dynamic effects of the tax cuts in terms of growth would lead to an overall increase in state revenue. In the real world, however, a huge hole of more than SKR100bn suddenly appeared in the state budget.

The political ambitions of this government and the ideological conviction of its leading circles are: to smash the welfare state through massive austerity and privatization; to comply with the economic demands of the Maastricht Treaty on European union even before the date for the Swedish referendum on the issue is set; to put the fight against inflation first and use unemployment as a necessary evil to purge the economy; to deregulate everything that can be deregulated; to roll back the gains of the labour movement and remove as many restrictions as possible on economic power holders in Sweden.

To achieve its political goals it uses the whip of the budget deficit. It is strangling the economy with a high interest policy and austerity while hoping for an international upturn that “must come”.

But the prince on his white horse seems to have got stuck somewhere in Germany. ★



Coalition on the cards?

AFTER 17 months of the new rightwing government in Sweden, the country's opposition Social Democrats had almost 50% support in opinion polls. This climb upward mirrors the plunge downwards to under 30% that preceded the defeat of the Social Democrats in the September 1991 elections.

DICK FORSLUND — Stockholm, April 18, 1993

HOWEVER, in the midst of an unprecedented economic crisis, Swedish social democracy does not want to take sole responsibility for government. Indeed they are fearful of the forthcoming 1994 elections in which they are predicted to get over 50% of the votes and an absolute majority in parliament. Social Democrat leader, Ingvar Carlsson, has been saying that whatever their majority in 1994, they will try to form a coalition government with the Liberals and/or Centre Party.

Local trade union leaders and the more ideological social democrats have strongly criticized such statements. But there remains a strong popular sentiment, fostered by the media and based on decades of class collaboration within the framework of the welfare state Swedish model that "Sweden needs cooperation".

The far right Conservative Party also plays this theme. The Thatcherite leading party in the government coalition (which, for some strange reason is labeled "moderate") is talking of inviting the Social Democrats into a grand coalition.

The little problem with this is its own neo-liberalism and promotion of new labour laws that would completely change the balance of forces between employers and unions. Swedish social democracy cannot accept this in its present crude form — given that 99% of the trade union bureaucracy supports their party.

In March the government went into crisis following a parliamentary vote it lost due to the rightwing populist New Democracy (NyD) and the Social Democrats entered into secret negotiations with the four-party government coalition over further cuts in government spending to meet a soaring budget deficit.

The negotiations broke down over the issue of cutting unemployment insurance. The government has now turned to the NyD to get its proposals through parliament. Despite murmurs of protest from the Liberals the xenophobes of the NyD have been brought into the fold by Prime Minister Carl Bildt — which was the aim of their previous obstruction of government plans.

Nonetheless, Ingvar Carlsson is still propagating a coalition between his party, the Liberals and the Centre Party, both of whom are now in the government. At the same time, the tops of the Swedish LO trade union federation argue that the Swedish Employers Federation (SAF) must re-establish the Swedish model and "sit down at the other side of the table" and start real negotiations over new contracts — the old ones expired on April 1 and the employers are refusing to negotiate central contracts.

This crusade for the restoration of the Swedish model is doomed to failure. The Liberals and Centre Party will not split the government — this would be a humiliation for parties that were badly damaged by the previous bourgeois coalition of 1976-82 when the government broke up three times to the general amusement of the public and the Social Democrats.

The SAF meanwhile has no intention of reverting to the Swedish model at a time of grave crisis for Swedish capitalism. On the contrary, the employers hope to use the crisis and the existence of a bourgeois government to establish a new model with a minimal welfare state, without a centralized union movement and a fragmented working class.

The emphasis by the Social Democrats and trade union leaders on negotiations and appeals to the government and

SAF to back off from confrontation has stifled pressure in the unions for a political strike and new elections, expressed by the "For Justice" initiative based on left leaderships at local union level.

At first, this movement got verbal support from the union leaderships. Some 200,000 workers signed a petition started in a shipyard in the south of the country threatening a political strike against the banks and speculators, and calling for the resignation of the government. Trade unions representing more than 300,000 workers signed a similar petition. But the trade union leaders refused to kick the ball when it was passed to them and the movement fizzled out.

But confrontation will not be avoided. If the leaderships of the big unions do not want to fight the government, they will almost certainly soon have to fight the SAF. Much depends on whether the employers are sufficiently united behind neo-liberal principles to accept a continuing wave of bankruptcies among small and medium-sized firms and a confrontation with labour that may result in outright depression.

There are signs of uncertainty in the bourgeois camp. The rapid signing of a contract for shop assistants in which the government-appointed arbitrators sided with the trade unions on some key points may be an indication of this. Perhaps some on the employers side think that the "principled" battle against collective contracts and, in the shop workers case, against all extra payments for working late hours and weekends, should be postponed until the economy shows signs of an upturn.

Another possibility is that the employers made an exception in the case of shop workers — mostly poorly paid women workers — who enjoyed considerable public sympathy.

In any case signs of anxiety over the strangling of economic activity by the government and employers' line have been showing up in the business press. "We save too much, let's start buying!" urges the Dagens Industri. "We need drastic restructuring of the whole economy but first let us stimulate an upturn" according to the Veckans Affärer. ★

For a free and conscious sexuality

Recently, there has been an increase in violence against gays and lesbians in Mexico. In the following interview, a founder of the Mexican gay and lesbian rights movement, Yan María Castro, discusses the background to the current attacks and looks at the history of gay and lesbian organizing in her country.

INTERVIEW — Los Angeles, March 10, 1993*

HOW did you get involved in the lesbian and gay movement?

The first step was coming to understand how the world functioned according to Marxist philosophy. Another was to incorporate feminism as a component of this ideology. My direct and indirect participation in the workers', farmworkers', native peoples', women's anti-psychiatric and ecological movements led me to see the need for a socio-political struggle. I am not involved in the lesbian and gay movement because "I believe in" lesbianism or homosexuality but because I believe in a free and conscious sexuality which is only possible in a free and conscious society.

Myself and a friend founded the first lesbian group in the country in 1977 because we realized that there was nothing to protect us from social oppression.

Can you give us some background on what life is like for homosexuals in Latin America.

The Catholic Church and the culture of machismo are merely two parts of what the state is as a whole. The structure and existence of the state are the essential problem. The state responds to economic interests and institutions, including the church and machismo, and their impact cannot be understood without looking at the international economic situation.

Catholic Christianity is or was the prevailing form of religion in Latin America before the incursion of the Protestant churches. It remains the strongest church. The Catholic Church is rooted in feudal or agrarian economies whereas the Protestant churches are geared more towards capitalist or industrial development.

The Catholic church has served two important political functions. It has served to control the consciousness of the people and

to control sexuality. The Third World is a source of cheap manual labour for the world capitalist economy. Religion serves to guarantee the type of sexual behaviour which will sustain this source of cheap labour.

Machismo is simply a part of sexism, which is a fundamental part of the state's programme. Sexual repression controls both men and women, but mostly women because the state must control their uteruses which produce the cheap labour. In general, sexual repression must be strongest where economic exploitation is also strongest.

What can you tell us about the murder of gay activists in Mexico?

Murders of individuals from the homosexual community are very common in Mexico. They have been on the increase since the middle of 1991. And they have begun to specifically target people involved in the lesbian and gay movement — two leaders of the movement have been murdered.

On July 12, 1992, when Dr. Francisco Estrada and Xavier Rivero were murdered, there was a very weak response, partly owing to fear of making public statements. Then, Naftali Luis Ramirez — leader of the transvestite gay movement in Chiapas — was murdered. Eyewitnesses to that murder have suffered beatings and jailings.

It is a serious error to isolate the violence against lesbians and gays from the social reality in our country. As a lesbian with an open perspective, I am not exclusively concerned with the murders of homosexuals. There is a great deal of violence in the state of Chiapas, which is the southernmost point of Mexico where that country meets the rest of Latin America. There is terrible exploitation in that state and violent repression of farm workers and native peoples as well as exploitation of the thousands of Guatemalan refugees who live there.

Currently, the Mexican state is selling itself to multinationals and for this it has to eliminate all opposition. The homosexual movement has always been a thorn in the side of the Mexican state, which it feels harms the country's image.

There was some coverage of the murders in the US press. Does such publicity have any impact in Mexico?

International pressure does help to force local authorities to investigate these crimes but they agree to investigate, and then, in the following years they intimidate witnesses and friends and associates of the victims. At other times they simply create people to pin the crimes on. Large scale actions are needed to get world attention. We also need to set up a Latin American-wide lesbian and gay network to respond to violence and find a common political strategy.

Such a network would have to address the class struggle and anti-imperialist issues if it is not to be simply an association of lesbians and gays from the continent's privileged circles.

What has been the impact of the women's movement on the lesbian and gay struggle in Mexico?

The space opened up by the feminist movement was essential to the development of the homosexual movement in Mexico. The feminist movement began in the early 1970s and initiated debates over issues of sexuality and sexual identity. It took a tremendous amount of effort to create these spaces. In 1978 a climate had been created in which the gay movement could surface, with strong support from feminists.

You have spoken elsewhere about two separate periods in history of the homosexual movement in Mexico.

The first period, between 1978 and

* This is an abridged version of an interview conducted by David Paul Nelson and translated by Ildiko Tenyi, who is involved in efforts to build a Latin American gay and lesbian activist network. The group, La Red Latina Lésbica y Homosexual del Continente Americano, can be contacted by fax at their Los Angeles office at (213) 660-3566.

1984 was one of mass movements. This was followed by a grey area of decline in 1984-85. The second period after 1985 has been one of isolated, low-profile groups. During the first period, the movement was "out" but this is not the case in the second period.

In this period, people have basically worked in the homosexual communities, with little participation or presence in Mexican society at large. In the first period, we had no funding while now most of the groups depend upon funding and do not work without it.

In the first period the movement was deeply political. We wanted to take power, not only of the institutions but also of our own minds and sexuality. Now, we are reduced to providing public assistance of various kinds.

This entire discussion is limited to Mexico City and the surrounding district and there is a big archive there on the history of the homosexual movement in Mexico.

The first period was created from nothing. Groups influenced by the German sexual theorist William Reich and also by ideas produced by the feminist movement played a role. But we had to create our own model for action in a Third World context.

Nonetheless, the intuition of many of the movement's leaders with roots in the left or union activities enabled us to organize a demonstration of 5,000 people in 1980. Our intuition led us to participate in many other social movements in public and national struggles.

This opened up social spaces, we were connected to society. We may have been looked on as odd or rare, but we were visible. Indeed, we ignored certain gay spaces because we were opposed to being isolated.

How did other groups respond to the movement?

Obviously, thousands of years of political oppression cannot be erased in a few years. But the fact is that when we supported other struggles people accepted us even if they hated us in the beginning. The mere presence of a fag or dyke was repulsive and shocking in Mexican society — the equivalent to the devil turning up in the flesh. But since we were there and remained there and they saw us fighting alongside them, little by little they accepted us. The process was interrupted in 1982 and has not continued and Mexican society sunk back into homophobia.

An important moment was when several lesbian and gay groups entered one of the country's main churches with banners for a memorial service for Oscar Romero, the murdered archbishop of El Salvador.

What has been the reaction of priests influenced by liberation theology?

Relationships were built up with some members of that movement, but many were severed after 1982. Now a gay church has appeared which confines its activities to prayer and spiritual pursuits and does not want to get involved in politics — doing the same as churches everywhere.

Why did the movement die out in 1982?

That year there was a fall in oil prices and the Mexican economy depends on oil income. There was also a big cut in budget for federal services. Small and medium enterprises began to fold and many people working in federally subsidized industries lost their jobs.

The state therefore began to step up repression to avoid massive explosions of popular discontent. Some movements were snuffed out completely and others were bought off. Many of the lesbian and gay movement's activists became unemployed and had to devote all their energies to survival while leaders abandoned the movement fearful of losing their jobs.

What is the attitude of Mexican political parties to lesbian and gay issues?

When I left the country, neither Cardenas nor his party, the main opposition party, the PRD, had made any mention of lesbian and gay issues. The ruling Institutional Revolutionary Party (PRI) is a dictatorship with civilian characteristics. Its only principle is money, corruption, power so it can transform itself into anything. If, for example the PRI felt that the PRD was in some way defending freedom of sexual choice as part of its democratic programme, the PRI attempt to coopt the homosexual movement and might possibly create some systems of tolerance for certain sectors of the homosexual community.

The Mexican right is represented by two political parties — the PRI and the ultra-right PAN, which represents the most traditionalist parts of Mexican society. PAN does not accept many of the PRI's more liberal proposals such as sex education, including those dealing with AIDS and HIV. They detest women's liberation because it threatens the family. Their line is that the only way to avoid AIDS is not to have sexual relations with anyone other than your husband or wife. Like the church, PAN's outlook fosters violence against lesbians and gays.

Although I am not a Trotskyist, I value the Revolutionary Workers Party (PRT — Mexican section of the Fourth International) for its consistent support for our movement. The PRT was the first party to declare its support for the lesbian and gay movement and it has continued to put forward their demands in its programme with or without pressure from the homosexual community.

What role did members of the Mexican gay and lesbian movement play in the changing of attitudes in Cuba toward gays and lesbians in the early 1980s?

1980 was a significant year for the lesbian and gay movement in Mexico. It was so powerful that political parties were forced to recognize it as a political force. Therefore, the leftist parties which had ties to Cuba and the Cuban Communist Party influenced the Cuban government so that it would show some interest in the lesbian and gay movement.

We began to pressure these parties so that we might engage in talks with the Cuban government — but all these attempts were frustrated and halted in 1982, with nothing to show for our efforts. There were some informal talks between members of the Mexican movement and some mid-level bureaucrats from within the Cuban government, but nothing official.

To those reactionary sectors of the movement which constantly attacked socialism, citing the Cuban example, we replied that we recognized that there is repression against homosexuals there — and that we fight this position of the Cuban government — but that we are willing to defend the Cuban revolution with our lives.

How do you believe the lesbian and gay movement in Mexico should develop?

There is a great danger that the lesbian and gay movement might be reduced to simply devoting its energy to human and civil rights issues. If it accepted this limitation, not only would it no longer present a danger to the state, but it would be useful to the state.

I feel that the lesbian and gay movement must unite with other social struggles. I have always been opposed to a movement that is isolated from other social struggles. The lesbian and gay movement must be within all struggles against all forms of oppression, exploitation or segregation. A sign of the possibilities was seen in Mexico in 1980 when different union groups of lesbians and gays came together to work out a programme for their unions. ★

The left and the ecologists

THE Rio conference in 1992 was centrally concerned with ecological problems. But it was, by its nature, unable to come up with solutions. At the conference itself the interests of the Western powers, and especially of the United States, prevented any serious measures being taken. Nonetheless, the very fact that the conference took place is a sign of the pressure of growing public awareness of ecological issues.

SAMI JOSHUA

Marseilles, April, 1993



THE revolutionary socialist left has begun to address ecological issues, both in the sense of trying to meet a new challenge and of resuscitating traditional conceptions. This process has only just begun, but a practical political question has already come to the fore: the existence of movements that claim to present a new overall political vision based on ecology, which often entails a radical critique of society as it is. This text considers what common ground exists for a far-reaching alliance between revolutionary socialism and such ecology-based political movements.

My starting point is not that of the “social base” of the political ecological movements, but solely that of their programme and practice. Furthermore, I only deal with that part of the ecological movement which I define as genuinely democratic — the term “left” is not very useful in drawing distinctions amongst ecologists. This initial sorting is essential given that even some “democratic” ecologists inhabit a world close to eco-fascism.

There are two main schools of thought concerning humanity’s relations with nature: the determinists who believe that the ecological environment more or less determines what people can do with nature and the possibilists who see

no inevitable inbuilt limits.

The first have been proved wrong by history, since recent centuries have shown to what extent the environment can really be transformed. However determinism has made a come-back at an ideological level — the change may be real, but it involves the breaking of a taboo and for this a price must be paid. You do not get away with interfering with nature’s harmonies!

Socialists can find no common ground with this outlook. It fosters the growth of all kinds of backward looking notions and makes it impossible to consider new solutions to humanity’s problems — which involve a further change in humanity’s relations with nature.

Natural limits

Despite the odd aside in the classics, Marxism has always tended to possibilism. This flows from an exaggeration of the importance of social factors in determining the limits of the possible in terms of relations with nature. In this optic, only a specific mode of production, capitalism, stands in the way of an explosive development of the productive forces, in which the manipulation of nature is simply a matter of will, of making the ideological break.

In its extreme form this produced the

Russian pseudo-biologist Lysenko who asserted that it was possible to free oneself from the “bourgeois” laws of genetics discovered by Mendel. Even Engels sometimes sinned in this respect, in particular in the *Dialectic of Nature* where he sets out “laws of dialectics” which he uses to pass judgement on the validity of scientific hypotheses.

The whole Marxist literature is marked by these tendencies, in particular when dealing with the limits of humanity’s ability to dominate nature. It is curious in this respect that no one doubts the existence of physico-chemical limits without the same being true for biological or even geological limits. “All bodies attract in direct relation to their mass and in inverse proportion to the square of their distance” — does anyone lose any sleep over this law?

We must now also admit that similar constraints exist in our relations with nature, as understood from an ecological point of view (eco-systems, biocenoses and biotopes) and that they form an additional limit to human omnipotence to which everyone can agree.¹

But to accept such limits is not to accept some absolute (and elusive) notion of natural harmony. The land-

1. Biocenosis — An association of animals and plants living in equilibrium in a given biological milieu. Biotope — A fixed biological milieu offering a fixed animal and plant population a relatively stable living space.

scape, flora and fauna of most of the planet already depend on human activity. This already ancient process can only speed up. This means that the natural harmony whatever it was is lost and gone at least insofar as human activity is not included in the definition of that harmony.

The recognition of the existence of a constraint does not mean bowing before it. Such a recognition is simply an essential condition for overcoming it. From Newton's law of the attraction of bodies it follows that all bodies fall to earth. But nonetheless, we can fly without being birds. Attempts to fly in the manner of Icarus or Leonardo de Vinci are doomed to failure. Only once I have had the humility to recognize that I can fall do I have the chance of inventing the airplane, which also "falls" but counters this fall permanently.

Alchemy can only nourish false hopes in the search for the philosopher's stone that can change base lead into pure gold. The recognition of the natural constraint set out by Lavoisier ("nothing is lost, nothing is created, everything changes") on the other hand allows the birth of chemistry. In a non-positivist conception of science, the constraints revealed by ecology are of exactly the same nature as those affecting older sciences.

There is no particular reason to treat them differently, unless we feel attached to use an upended version of Comte's hierarchy of the sciences. He placed physics at the top, but we could place physics on the side of artifice and evil and ecology on the side of the natural and the good.

Complex objects

Of course, the objects that ecology deals with are complex. An ecological study even of a very simple system has to take into account a large number of factors. As a result the prevalent theoretical framework in ecology is that of system dynamics, that is, the study of complex objects and their dynamic development through the inter-relation of their component parts and their relations with other systems. Most systems of this type evolve towards their destruction. Some evolve towards harmony or — to put it another way — survive as a more or less self-identical system for a period of time considered sufficient in the framework of the chosen model.

Physics has long known how to predict how a system will evolve. Thanks to chaos theory, it is now trying to pre-

dict with increasing success intermediary situations between the two extremes outlined above. Ecology, on the other hand, despite its dazzling theoretical growth, remains for the moment reliable mainly when dealing with the past — a long-standing system has good reasons to be in harmony and the search is on (often successfully) for the reasons for a sudden breakdown. Chaos theory tends to a pessimistic outlook in terms of medium-term prospects.

But science moves fast and that can also change. The results of an ecological approach upset the notion of the "domination of nature" but only in the sense that any scientific revolution does.

In any case they do not call into question the special character of human activity, that is to subject nature and make it work to humanity's benefit (which implies, as we have seen, understanding the constraints it imposes).

No way back

Accepting the great significance of the capitalist revolution means recognizing that there is no way back. Most political ecology movements thus talk about the need for "other relations with nature" and "eco-development" rather than a search for a mythical natural harmony. Even eco-development is a type of development, that is to say a higher and not lower form of the mastery of nature.

This being so, we ought to be able to dispense with some demagogic flourishes which make a public splash but which have a purely ideological foundation. A case in point is the notion of "inter-species solidarity" which some ecologists have proposed as one of the movement's three great principles. No one questions that the disappearance of an animal or vegetable species is an irreversible loss seriously hindering the future use of genetic diversity. But can we really imagine solidarity in the full sense of the term?

This principle is rooted in the myth of original natural harmony, and while defence of the whale or the African elephant may make the front page, little has so far been done in pursuit of solidarity with the locust and the tsetse fly. Indeed, the very point of "biological" agriculture is to change the balance among species against those considered harmful — showing a distinct lack of solidarity with the species to be wiped out.

Ecology itself warns us against such a rose-tinted view. The equilibrium of an eco-system is seen as the product of a

struggle between species as much as of cooperation between them, far removed from any cross-species solidarity. The rational core of the "principle" of inter-species solidarity is that, contrary to the belief that has underlain the practice of thousands of years intervention at one point of the eco-system has an impact on the whole chain and thus a potential cost. This notion implies a sharp return to reality; it is not only necessary to take account of this cost but also to surrender the idea that any definitive solution is possible, even where matters currently appear to be well under control, an example being the appearance of resistance to insecticides and antibiotics.

The ecological press is full of salutary warnings on this score. But there is no justification for then smuggling in some general principle of non-intervention — as ever via the ideological path of "nature's harmony".

"To be radical is to go to the root. But, for man, the root is man himself". This quotation from Paris Manuscripts of the young Marx, contains some good sense, despite its idealist shell. What other guide do we have for making hard choices but the interests of humanity? And why should this formula, with all the necessary qualifications, be unacceptable to all ecologists?

Reasoned intervention

Agreement can therefore be reached on the notion of reasoned intervention into nature. But this notion needs to be filled out. How are we to decide what is reasonable in this case? Far too many ecologists claim that we must ask the scientists, as is also the case with the signatories of the "anti-ecologist" Heidelberg manifesto.²

In the latter document a veritable galaxy of Nobel prizewinners warn us of the "irrational choices" proposed by the ecologists and call on us to pay heed to science.

By this they mean their own science, which they claim as the only true science as opposed to that of the ecological

2. The Heidelberg Appeal was signed by scientists and other celebrities. It attacks "the emergence of an irrational ideology opposed to scientific and industrial progress and harmful to economic and social development". Pleading for a scientific ecology, it denounces the unproved assumptions hidden under the notion of an "idealized state of nature".

The signatories write: "our aim is to affirm the responsibility and duty of science towards society as a whole. The greatest evils threatening our planet are ignorance and oppression and not science, technology whose instruments, insofar as they are properly used, are indispensable tools that can enable humanity by itself and for itself, to put an end to such scourges as over-population, hunger and disease". (*Le Monde*, June 3, 1992).

upstarts peddling alarmist predictions via an ignorant and indiscriminating mass media. However, in fact science does not provide grounds for all decisions, including for many absolutely crucial ones. Politics remains the sphere for choices involving the future of humanity, and only the mapping out and pursuit of new choices with all the risks this entails can open up new realistic perspectives — through a process of constant rectification.

The ecologists state that clearing of the planet, the rates of growth of production, of material goods and the rates of population growth are taking us towards catastrophe. Although we cannot be sure if they are right on this or that point, statistical comparison of the accelerated rhythm of these processes gives cause for reflection. Even if, in the abstract, Africa could support the same population as the Netherlands, it is hard to see by what miracle it could actually support the necessary population growth under any imaginable social regime.

Productivist ideology

For ecologists, countering these trends also means countering the productivist ideology which holds that an increase in material wealth is a good thing itself. The ecologists' are in a sense appealing for a change in the principles of economic calculation to integrate the long-term and indirect costs of production while hoping to stimulate a debate on the direction of production.

This demand is ours also, even if some ecologists imagine they have already resolved the discussion — in particular on the way to ensure a massive advance in productive capacities of the world's dominated countries.

In my view, the abandonment of productivism is not only related to ecological questions. I believe it is also a necessary condition for communism, the building of which is tied as much to the advance of popular control over the labour process as to a relative reduction in compulsory labour.

In this sense, productivism is incompatible with progress towards the dying out of the social division of labour (without which, no communism) and with democratic control of social decision-making. Without going further into the matter, I feel quite comfortable with the abandonment of productivism, which I consider a major condition for the success of the communist project.

Here, having touched on the issue of democratic decision-making, we have

come upon ecologist preoccupations from another angle. "Defence of the environment" leads into a whole new field of considerations about the functioning and preconditions for democracy. The big issue is that of the compatibility of local democratic demands and democracy at the centre. Often ecologists mistakenly present such relations as non-contradictory by nature, "the environment" desirable for the one also being the one desired by the other. But this is not evident at all.

Furthermore, revolutionary socialists also often underestimate this problem, in this case due to a certain candeur about addressing such issues and the rather one-sided universalism that impregnates our cultural thinking.

Here, even more than convergent positions, we find an area of common debate which we can have with political ecology and from which both sides can profit.

If all the above could be deepened into a common struggle against capitalism as a social system, then I would be talking about fusion rather than alliance. But this is not on the cards.

This is perhaps simply for transient reasons — on our side in tackling ecological questions but mainly owing to the crisis of the socialist perspective.

Social relations

However, there are also possibly more basic theoretical reasons. In the ecological press, there are hardly any references to overall capitalist social relations. Even the most systematically "left" often openly state that these relations are immutable, at least for the coming historical period. Indeed, it is not impossible to imagine a sort of "historic compromise" between the ecological vision and "modern" capitalists who accept the existence of ecological limits. Then these limits would be integrated into the market framework and ecology itself would become a new market. Signs of this can be seen every day, with the use of ecological themes to promote goods, the development of the de-pollution industry, water and waste management and so on.

It is thus absurd to say that in principle capitalism cannot, by its very nature, face up to ecological constraints. It can, but only in its own way, concerning itself only with what is profitable and thus almost solely in the "developed" part of the world. From this point of view it has the same capacities and limitations as in other fields.

However, one may argue, on some of these questions, capitalism's traditional limitations — tied to the inability to go beyond a local, immediate and profit-orientated point of view in a lasting way — will come into conflict with ecological demands of world scope. This is certainly true, but this is also true for a whole range of other areas including that of the "economy" in its classical definition. As a result, if the problems to be resolved have changed, with the addition of ecological questions to the others — capitalism's inability — or limited ability — to cope remains rooted in its basic characteristics.

If you believe that the urgency of tackling ecological questions on the world scale requires overcoming that congenital incapacity, then it follows that a stepped up struggle is needed against the capitalist system whose very nature blocks the search for, and implementation of, adequate solutions.

Criticism of profit motive

A few notable exceptions aside, no precise statements on this issue can be found. That said, the criticism of the prioritisation of short term profit, the omnipotence of the commodity and the dictatorship of the market are ever-present in the same texts. What looks to us like theoretical incoherence does not seem like that to the ecologists.

Here then is another topic for debate but also a meeting point for alliances. At each decision, whether over the development of a new ski resort, population policy or the great road versus rail debate the question arises: should profitability be the guide or are there other criteria?

Obviously, the struggle against capitalist social relations — and not just against their consequences — involves other dimensions, for example fostering the unity and independence of the working class. Such tasks cannot be centrally posed in the immediate term in the debate with the ecologists, given the weakness of the class perspective as a whole. But the range of shared preoccupations is already significant.

Thus, the debate on the basis of an alliance with the political ecology movement is both useful and rewarding. Useful, because it forces us to reconsider a whole dimension of Marxism. Rewarding, because it permits the working out of a basis for lasting alliances which can eventually find expression in daily social practice. But that is another story. ★

The end of an era

The legislative elections of March 1993 represent a major turnaround in the French situation. A page has been turned. The period which began at the start of the 1970s, with the Union of the Left and then the coming to power of the Socialist Party in 1981, has come to an end.

CHRISTIAN PICQUET & FRANÇOIS OLLIVIER — Paris, April 28, 1993

THE RIGHT and far-right received, in the second round, 63% of votes cast, while the total number of votes cast for the left and the ecologists was well below 40%. For the first time in decades, the left fell more than 25% behind all the reactionary parties taken together. The Socialist Party and Communist Party have a marginal presence in the new National Assembly, incapable of exerting any influence in the institutional game.

As a result of a particularly unfair electoral system, the left's defeat has been greatly amplified; nonetheless, the results reflect a deterioration in the relationship of forces to the detriment of working people.

This state of affairs is not, however, the product of a massive flood of support for the programme of the right. The right-wing Assembly for the Republic (RPR) and the Union for French Democracy (UDF) — who campaigned together in the Union for France (UPF) bloc — have not received many more votes than in 1986. Their victory is thus a product of the collapse of support for the left parties of the previous government.

Then there was the high rate of abstention in the popular constituencies as well as the record number of spoiled ballots — one and a half million elected to go to the polls in order to cast spoiled ballots. This reflects both the rejection of the traditional parties and the disarray of those social layers which have been hardest hit by the social and economic crisis — unemployment, insecurity — but have not been won to the right's programme.

The major feature of these elections is the unequivocal rejection of the Socialist Party. With less than 18% of votes cast and 50 deputies in the new Assembly, it has suffered one of the worst defeats in its history. This is the result of 12 years of broken promises, of subordination to capitalist interests and corruption of its leaders. The party which was born in 1971 at the

Epinau congress, and built itself based on the radicalization of the 1970s, now finds itself awash in this latest fiasco. "We must rebuild" has been the catch phrase of its leaders since the elections.

No alternative has appeared on the left. The ecologists have failed to come anywhere near fulfilling the hopes they had for themselves. To be sure, their score has improved from 0.32% in 1988 to 10.70% this year. But the alliance of the two ecology parties — the Greens and Ecology Generation — has not scored as high as in the regional elections of 1992 nor as well as expected by its leaders (some opinion polls credited them with 17% of voting intentions). This is the price for having an ambiguous programme and pretending to escape the left-right division — and for the political manoeuvring of certain of its leaders, such as Brice Lalonde, one of Mitterrand's former ministers.

Even though it managed to hold on to its parliamentary group and to win over some disappointed PS voters, the Communist Party has nevertheless suffered yet another blow. It has scored its worst result since World War Two. The currents of the critical left, for their part, were not able to make any significant gains. As for the far left, its results remain stable, even if the total of votes obtained of certain of its representatives crossed the 5% level in certain constituencies.

Threat of social explosion

France is now a country in which many of the traditional points of reference have been thrown asunder. The right is now totally dominant in the institutions, well out of proportions to its real weight in the country. It confronts a situation characterized by both the crisis of French capitalism and a social crisis which could very well detonate social explosions.

The workers movement is lacking a credible perspective, at a time when the

1995 presidential elections are already on the horizon and when a deep-going attack from the ruling classes can be expected.

The collapse of the Stalinist system in the East and the crisis of social democracy in the West have produced widespread disorientation. There has been an increasing separation between the gains of the population and the traditional forms of political representation on the left. The union movement is going through a crisis of identity and strategy which has yet to produce anything more than fragmentation and dispersal.

There is instability and convulsion on the horizon. There is a real danger that in the coming confrontations there will not be any credible force on whom to rely in the workers movement. This could deepen the divide that already exists between the radicalism of sectors which enter into struggle and the level of consciousness that is expressed.

The far right could very well benefit from this state of affairs. It has just made progress in the elections, with 13% of votes cast — and it has grown based on the ever-rising level of social insecurity due to the economic crisis.

The uncertain character of the French situation has led the right to temper its ardour. This explains the apparent moderation of the new prime minister, Edouard Balladur. But their programme is clear: they will deepen the liberal orientation of previous Socialist Party governments.

Under the slogan of "competitive deflation", wage austerity will be intensified, competitive enterprises in the public sector will be privatized, public education will be dismantled, corporate taxes and payments will be reduced, and there will be a greater deregulation with respect to the right to work and social protection. For the moment, however, the government doesn't want to "make waves".

Apparently, the right has learned some lessons from its previous return to government, between 1986 and 1988. At that time, its immediate attacks on workers and youth provoked a series of swift reactions from the population. A powerful youth mobilization even forced the Jacques Chirac government to drop his plans for university reform, only nine months after taking office.

Today, the right is aware of the explo-

sive nature of the social crisis in a number of sectors and, not wanting to spoil its chances of winning the 1995 presidential elections, it has for the moment opted to postpone confrontation with popular forces.

However, the new government has to avoid "disappointing" the most reactionary sectors of its electorate, under the pressure of the National Front. And so they have compensated for their hesitation in the social and economic sphere with a brutal and aggressive attitude in the area of security and immigration. The minister of the interior Charles Pasqua, who held this post between 1986 and 1988, has already announced measures which attack the reunification rights of immigrant families, which increase police identity checks and the expulsion of "illegal aliens".

Police on the rampage

The effects of this orientation has been quickly felt. The police, infected by various fascist-type networks and subject to the growing influence of the racist discourse, suddenly feels free from any constraints. One month after the victory of the right, there have been no fewer than six violent attacks leading to the deaths of youths, most of whom are children of immigrants.

Along the same lines, the new government has proposed a reform to the Nationality Code which would mean an unprecedented attack on a gain dating back to the French Revolution. Until now, children born on French soil to immigrant parents automatically became French citizens. With the proposed reforms, these youth would hitherto have to request citizenship — a measure which introduces a scandalous discrimination between youth based on their origins.

It is not clear that Balladur can pursue his current line of approach for much longer. Given the weakening of French capitalism in a crisis-ridden world economy, there will be increasing pressure from various sectors of the bourgeoisie to quickly attack the living and working conditions of the population.

At the same time, the debate on European construction is going to begin again among the ruling classes. A number of French business leaders propose a return to protectionism, either on a European or national level. They cannot tolerate increased competition at a time of recession. For the new government, the first test will be around the "Washington compromise", signed in November 1992 by EEC negotiators and opposed by the former prime minister, Pierre Bérégovoy.

Edouard Balladur now finds himself caught between pressure from farmers — who would be seriously affected by the Washington compromise, which involves leaving land uncultivated and the reduction of subsidies — and the need to preserve the Franco-German alliance, the backbone of the European community.

The new majority government will have to deal, among other things, with the reform of the European Monetary System. Its mechanisms now oblige the Bank of France to follow the German bank, the Bundesbank, or risk devaluation. This is what forces the French economy to live with high interest rates in the short term, while at the same time the United States lowers its own.

Within the French right, particularly within the nationalist and populist wing of the RPR (which, led by Philippe Séguin and Charles Pasqua, ran a campaign for a "no" to Maastricht in last autumn's referendum), voices have been raised calling for a de-linking from the German mark in the interests of lowering short-term interest rates.

The Socialist Party which emerged from the Epinay conference in the early 1970s is now dead. Its leadership committee of April 3 and 4 produced an implosion, with the former first secretary Laurent Fabius left in a minority by a coalition of currents around Michel Rocard, long considered the "natural" Socialist candidate to succeed Mitterrand for the presidency.

Rocard does not favour any kind of break from the programme which led to the recent electoral disaster. He has in fact long called for a kind of "historic compromise" through which French social democracy could publicly announce its adherence to social liberalism.

He hopes to move beyond the PS, to sever its remaining ties with the social democratic tradition and the organized workers movement. In other words, he is hoping that the PS will be transformed into a party modelled on the American Democratic Party. During the election campaign, he called for a "big bang" which would bring together forces from the ecologists to the centre-right, and pick up a few critical CP forces en route.

A house in ruins

One of the historic currents of the PS, around Jean-Pierre Chevènement, broke away on the evening of the second round of the elections. Chevènement declared, "The French people have not rejected the Socialists because they were socialists, but because they were no longer... The Socia-

list Party is no longer even an old house, but a house in ruins." Denouncing the transformation of the party into "a party of the Establishment in the service of a neo-liberal project where the centre-right would be welcomed," he has devoted himself to the building of his own current, the Citizens Movement (Mouvement des Citoyens).

Uniting a left critique of the Socialist government (which led the current to oppose the Gulf War and call for a "no" to Maastricht) with a pronounced French nationalism, this current will have to clarify its strategy and primary orientation. Will it evolve into a component of a genuine project of left reconstruction? Will it deepen its nationalist orientation, up to joining hands with the Gaullist and protectionist wings of the RPR? Will it choose to assert its particular identity by putting forward its leader for the presidential elections? Its future will depend on the answer it gives to these questions.

The Communist Party does not offer a minimum credible response to the open crisis of the PS. To be sure, it can continue to occupy a small political space and appear to certain sectors of the workers movement as a pole of resistance to the decomposition of a left faced with attacks from the new government. But the party is paralysed by the sclerosis of its leadership.

As for the ecologists, they have begun a redefinition of their strategy. This could produce some positive results in the Greens. Their electoral failure, the new political situation and the size of the right-wing majority beg a questioning of their traditional refusal to clearly situate themselves on the left. The usefulness of their alliance with Ecology Generation is under question; this has created a certain realignment in the leadership, but confusion continues to reign in the party.

Revolutionaries will have to simultaneously stimulate popular mobilizations, unite them and encourage processes of debate and reorganization on the political and union level. Major events will without doubt be required to overcome differences linked to the past and to serious political and strategic differences.

Aware of the difficulties, but convinced that there is no other possible way to rebuild a fightback and an emancipatory project, the LCR is convinced that this is the way forward: through the developing of social resistance to the right's attacks, and through working to bring together the conditions for the emergence of a new political force. ★

A step towards left unity

THE dramatic crisis of the European Community in the summer months of 1992 has stimulated a series of Europe-wide initiatives by the left opposed to the capitalist vision of a united Europe embodied in the Maastricht Treaty.

FRANÇOIS VERCAMMEN
— Paris, April 28, 1993

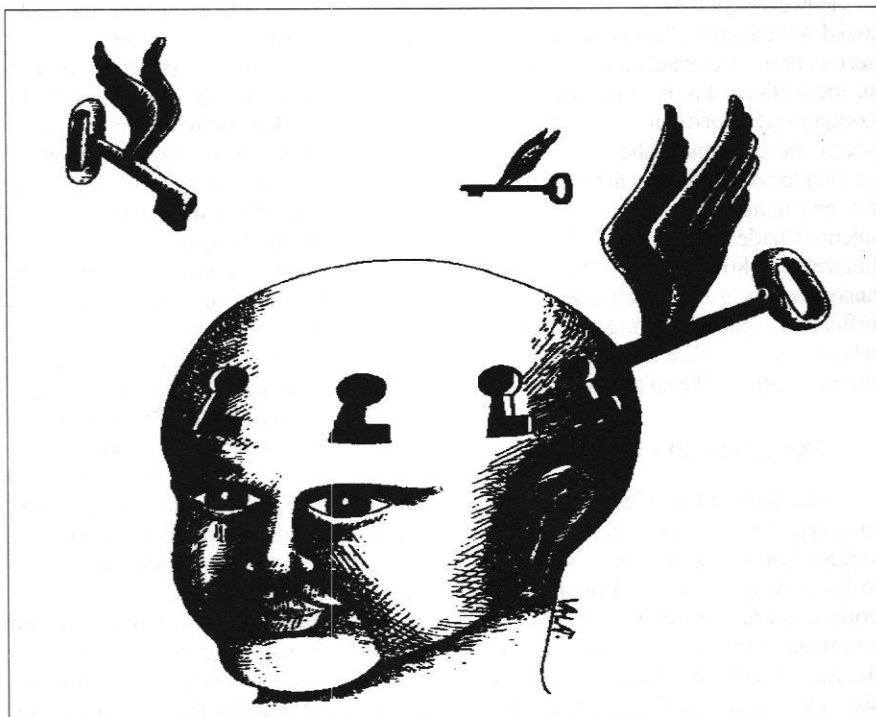
THE very small majority in favour of the treaty in France followed soon after its shock defeat in the June referendum in Denmark. Italy and Greece saw a massive strike wave against the austerity plans necessitated by Maastricht's stipulations on economic convergence. And finally, the exit of the British pound and Italian lira from the European Monetary System, accompanied by a cascade of devaluations of other currencies, showed the fragility of the whole edifice.

However, collaboration between the bourgeoisies and the bureaucracies of the workers movement — with the support of the intellectual elites — prevented the emergence of any serious alternative to Maastricht Europe. The only gainers were the far right which has moved into the vacuum.

Now a series of well-known political and trade union figures from a variety of currents of the anti-capitalist left have launched an appeal for "An assembly of the European left" to be held in Paris on June 12, 1993.

This initiative comes in the wake of a conference in the Danish capital Copenhagen held on April 23-24, 1993 under the heading "for an alternative to the EEC and to political and monetary union". This was called by Denmark's Red-Green "Enhedslisten" alliance which brings together the Communist Party, the Left Socialists (VS) and the Socialist Workers Party (SAP — Danish section of the Fourth International). The aim of the conference was to back up the campaign for a second no vote in the new Danish referendum on Maastricht to be held on May 18.

In the first referendum, 50.7% of



those who voted were against the treaty, although 80% of the politicians, including the opposition Social Democrats, were for. This time round, even the Socialist People's Party (SF) — a left social democratic party born out of a split in the Communist Party in 1956 — which was the driving force behind the campaign for a "no" back in spring last year, has been won over to the "Edinburgh Compromise".

As a result, the gulf between the aspirations of the leftwing's natural constituency and their political representatives has become still wider. Despite the SF's defection, support for the "no" continues to gravitate around 40% with around 15 to 20% undecided. This is in the face of an unprecedented propaganda barrage in the media about how a no vote will increase unemployment. At the same time there is a struggle going on within the "no" camp between the nationalist and populist far right and the socialist left.

The Enhedslisten's initiative was a big success. On the panel were Tony Benn, a leftwing Labour MP from Britain, Winfried Wolf, the editor-in-chief of the German *Sozialistische Zeitung* newspaper, Karmelo Landa, Euro-MP for the Basque nationalist Herri Batasuna party and Dorothy Piermont,

also a Euro-MP, previously for the German Greens, but now independent.

Representatives of many organizations took part in the discussion, among them:

- Sections of the Fourth International in Denmark, Sweden, France, the Netherlands and Belgium;
- The Communist Parties of Britain, Greece (both the KKE and the AKOA — the Renovated and Ecological Left), Portugal, and Finland (the Communist Party — Unity);
- The Party of Democratic Socialism (PDS) and the United Socialist Party (VSP) from Germany; the ex-Maoist AMG and the Red Electoral Alliance from Norway, which brings together the AMG and the Workers Power Group, which has developed relations with the Fourth International; the UDP from Portugal; the Red and Green Alliance from France; Herri Batasuna and the Nationalist Bloc of Galicia from the Spanish State.

The conference organizers had prepared and sent out in advance a draft political declaration that reproduced in a generous interpretation the main ideas of the speakers. However, some CP delegations objected to this declaration.

However, the conference had a big media impact both owing to the presen-

ce of Tony Benn and the big turnout for the public meeting on the Saturday both of which gave a sense of the legitimacy of the "leftwing no", even if it is now represented in Denmark only by groups without parliamentary representation.

For two evenings running the conference was on the television news and various radio stations. Some papers, including the Social Democratic daily, put it on the front page with photos and interviews with Benn. In this way the *Enhedslisten* made its mark on the debate; on the morrow of the conference leaders of the Danish Socialist Party, which is the pivot of the new government, were calling for a visit from a spokesperson of European social democracy to reply to Benn.

The forthcoming Paris Assembly can pick up where Copenhagen left off. The latter initiative was part of a one-off campaign to influence the referendum vote while the Paris meeting will address broader political issues. Last September, as the EEC tottered, the absence of a left alternative was sorely felt. This led to the drawing up of an appeal aimed at bringing together left forces from the workers, union and social movements to present a clear profile to European public opinion.

Despite its rather general nature, the appeal is clearly anti-capitalist, anti-imperialist, anti-racist/fascist, feminist and ecologist. It embodies a long term perspective. The ruling classes of Europe are far from winning the war whatever the result of the May 19 referendum in Denmark and the forthcoming vote in the British parliament.

However, the workers and social movements of Europe are paralyzed by deadbeat leaderships and national divisions despite the obligatory "European" professions of faith.

The Paris Assembly must be the first link which tests, organizes and draws together all those who have shown themselves ready to resist the bourgeois offensive, maintain a socialist vision and have already found themselves working together on key questions such as the Gulf War, the rejection of austerity and of Maastricht, support for the progressive forces in Nicaragua, Cuba and El Salvador, against racism and for equal rights and for equality of women and men. ★

Appeal for the Paris Assembly

THE world is going through a period of stagnation and crisis that is throwing millions into poverty and despair. Mass unemployment and hopelessness are the result.

Today, Europe cannot be regarded as a haven of peace and prosperity. Seventeen million unemployed, above all youth, and 30 million "marginalized" people constitute our "Third World". Millions of impoverished people press at Europe's borders to the south and east, attempting to escape from even more dreadful misery.

Against this bleak background, racism is spreading, attempting to scapegoat immigrants for these evils. And for the first time in 50 years, fascist and neo-fascist groups are asserting themselves at the ballot box and in the streets.

The form of European unity currently being pursued will not provide the needed, socially responsible, generous and fraternal answer that this crisis requires.

The Maastricht Treaty, centered on monetary union and the formation of the independent bank, is being used as an alibi for dismantling social gains and the welfare state.

As resolute opponents of all forms of national and regional chauvinism, we are partisans of a Europe whose peoples are mobilized and fighting against unemployment and social exclusion, of a Europe without racism all of whose inhabitants enjoy the same rights, an egalitarian Europe which accords women their full place in society, an ecological Europe which protects natural resources and reconciles economic development and defence of the environment, a Europe where minorities enjoy democratic rights and an independent and pro-peace Europe open to the East and in solidarity with the South.

Europe needs another road! One which allows ordinary people — workers, youth, women, immigrants and national minorities to go forward.

Priority must be given to the social needs of the majority of the population rather than to the profits of a tiny minority. Everyone needs a job, a reasonable income, somewhere to live, health care, and the right to education and vocational training.

We need the public services and infrastructure as well as a radical reduction in the working week to give people the time and the possibility for personal development and allow real community life.

Such priorities are incompatible with the despotism of profit and the domination of all aspects of the economy by the law of the market.

More than ever, the struggle for a new society free from exploitation and oppression, an egalitarian and democratic, free and self-managing society is on the agenda.

We have no ready-made solutions and there are certainly differences amongst us. But we share solid convictions and the will to discuss and act together on a Europe-wide scale.

We call on militants from the left of the workers and union movement, the women's movement, the ecological movement, the international solidarity movement, the anti-racist and anti-fascist movement and the cooperative movement to sign this appeal and come to the European Assembly of the Left which will be held on the weekend of June 12-13, 1993, in Paris.

Initial list of signatories: **Fausto Bertinotti**, Confederal Secretary of the General Confederation of Italian Labour (CGIL) Italy; **Tony Benn**, Member of Parliament, Labour Party, Britain; **Marcelino Camacho**, National Secretary of the Workers Commissions (CCOO), Spanish State; **Luciana Castellina**, Member of European Parliament and editor of *Liberazone*, the weekly of the Party of Communist Refoundation (PRC), Italy; **Armando Cossutta**, President of the PRC, Italy; **Luciano Pettinari**, International Secretary of the PRC, Italy; **Ernest Mandel**, economist, Socialist Workers Party (POS/SAP) Belgium; **Gregor Gysi**, former President of the Party of Democratic Socialism (PDS), member of parliament, Germany; **François Vercammen**, POS/SAP, Belgium; **Wilfried Telkamper**, Member of European Parliament, Greens, Germany; **Michel Suchod**, Vice-President of the Citizens Movement, France; **Claude Poperen**, spokesperson of the Alternative-Democracy-Socialism (ADS), France; **Gilbert Wassermann**, spokesperson of the ADS, France; **Stéphane Peu**, spokesperson of the Communist Refounders, France; **Alain Krivine**, spokesperson of the Revolutionary Communist League (LCR), France; **René Dumont**, agronomist, France; **Julio Anguita**, United Left (IU), Spanish State. ★

IRELAND

RADIO Teilifís Éireann (RTÉ, Ireland's radio and television company) are to appeal to the Irish Supreme Court in a bid to increase censorship.

On 4 March this year the Supreme Court heard RTÉ's appeal against the High Court judgement in favour of trade union militant and Sinn Féin activist Larry O'Toole.

In July 1992 the High Court had found that RTÉ was wrong to use Section 31 of the Broadcasting Act to censor O'Toole as the spokesperson of a Dublin strike committee.

This judgement was welcomed by RTÉ journalists, by the journalists union and even by Conor Cruise O'Brien, the parliamentary architect of the current Section 31 law. RTÉ was found to be applying censorship provisions to harshly.

In August 1990 the workers at the Gateaux Bakery in Finglas, North Dublin, were in dispute with the Allied Lyons Group of Britain. The workers elected Larry O'Toole as Chair of the Strike Committee.

Larry had worked in Gateaux for 24 years and was a member of the national executive of the Irish Bakers Union.

The dispute gained a great deal of media attention. After broadcasting one interview with O'Toole, RTÉ thereafter banned him from the airwaves. He was not allowed to represent the view of those workers who had elected him for that purpose.

Head of RTÉ news, Joe Mulholland, said that the reason for banning O'Toole was that "any person who is a member of Sinn Féin... will not be permitted to broadcast on any RTÉ programme".

RTÉ's interpretation of Section 31 is narrow even by the standards set by that Act. Section 31 censors any person who is acting in the capacity of spokesperson or representative of Sinn Féin not any person who is a member of Sinn Féin. Larry O'Toole's membership was irrelevant to his work on behalf of the Gateaux strikers.

The case is seen as very important for all those who believe that workers, community groups and other organisations should have the right to have their point of view expressed through their chosen spokesperson, without interference from the state.

For further information contact: Larry O'Toole Free Speech Campaign, 33 Geraldine Street, Dublin 7, Éire ★



INDIA

THERE has been an increasing amount of interest in, and comment on the position of women in India. This has followed the recent spate of communal conflict where women, from the minority community in particular, have borne the brunt of the violence. This has been the case since the partition of India and Pakistan which preceded independence from Britain in 1947.

My personal experience as a member of teams instituted by women's groups and democratic rights organizations to investigate violations of the human rights of common citizens during caste conflicts in Marathawad (1978), the Assam agitation (1980) and communal riots in Bombay (1984) revealed gender blindness and insensitivity on the part of political parties, relief organizations and the state apparatus.

The most shocking revelation in all the above mentioned incidents was the role of the state repressive machinery. During the communal carnage at the start of 1993, hundreds of Muslim women were stripped naked, raped in public, not allowed to put on their clothes for hours on end by the anti-social elements patronized by the communal forces, all in front of military and para-military forces.

Instead of arresting the miscreants, the police arrested the women, the victims of the violence. The attackers were armed with video cameras and focussed on the naked women. When the women started to run away in shame, weeping and wailing, the jeering crowd chased them with the video camera and the police chased them with batons. The women were forced into police vans and once again molested by police. — **Vibhuti Patel** ★

SRI LANKA

THE Nava Sama Samaja Party (NSSP — Sri Lankan section of the Fourth International) has joined forces with a number of other anti-capitalist and anti-imperialist organisations to fight the May 17 provincial councils elections.

Under the name Peoples Liberation Organisation, the campaign will be focusing on the following four themes:

- Rejection of the conditions demanded by the IMF and World Bank. Reverse the programme of privatisation.
- The right of self-determination for the Tamil speaking people.
- Land to those who work it. Abolish the water taxes and cuts in agricultural subsidies
- Overthrow of the dictatorial constitution. Democracy based on workplace councils.

The ruling bourgeois United National Party (UNP) will be going to the polls in coalition with the Ceylon Workers Congress (CWC) and two bourgeois muslim groups. The other major coalition, called the Podujana Jana Peramuna (Peoples Front), includes the Sri Lanka Freedom Party (SFLP), the Lanka Sama Samaja Party (LSSP) and the Communist Party.

Both of these electoral alliances have launched systematic campaigns against the intervention of the Peoples Liberation Organisation and in particular against the NSSP, because of their opposition to the economic policies that are currently being pursued and their support for Tamil self-determination.

The NSSP have made an urgent appeal for financial assistance. They plan to print one million manifestos in Sinhala, Tamil and English; print 50,000 posters and organise upto 200 public meetings. The estimated cost will be equivalent to \$15000.

Contributions can be sent to A/c No.0004 5001 3153, Sampath Bank, Borella Branch (Joint Account, GVD Thilakasiri). ★