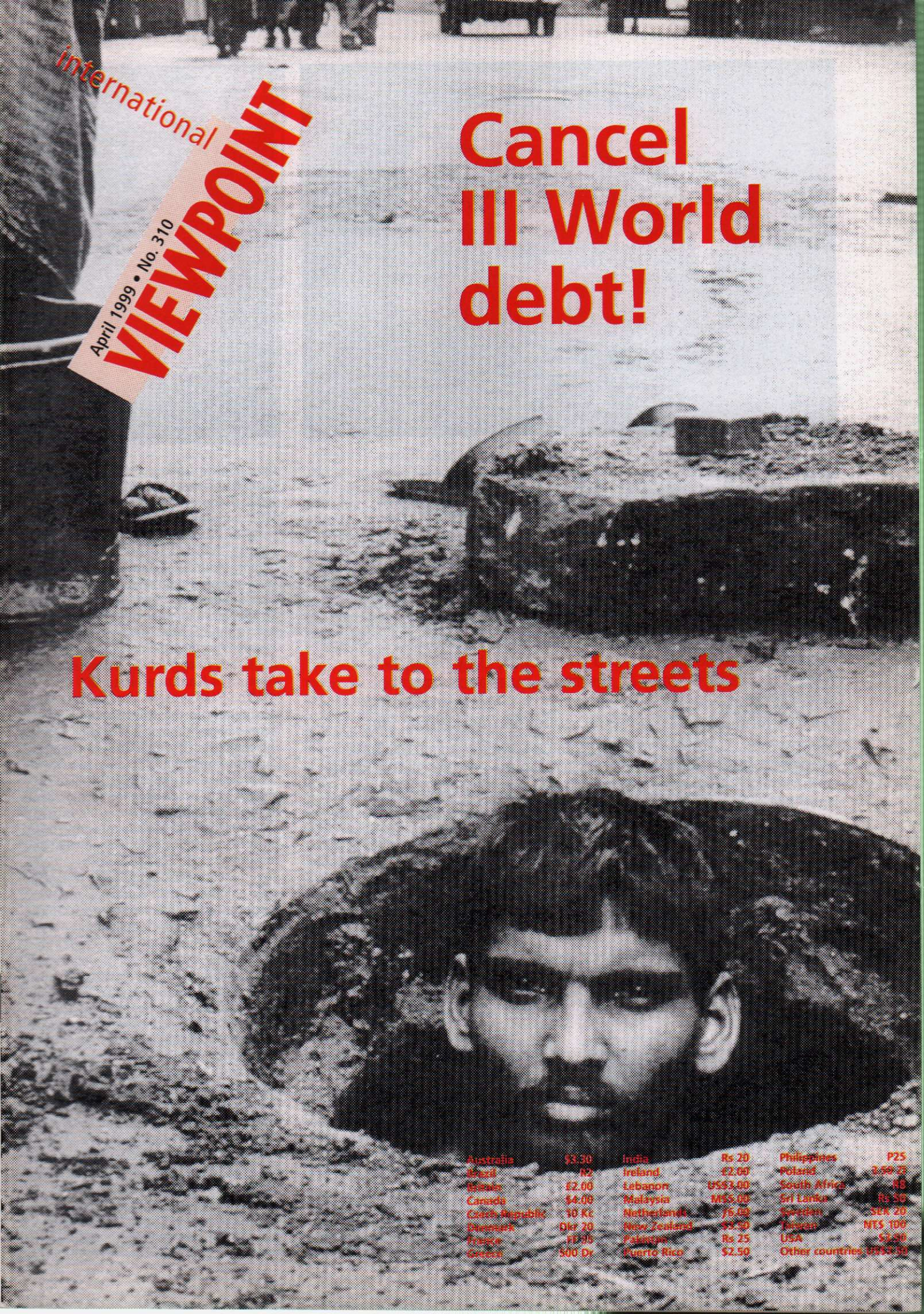
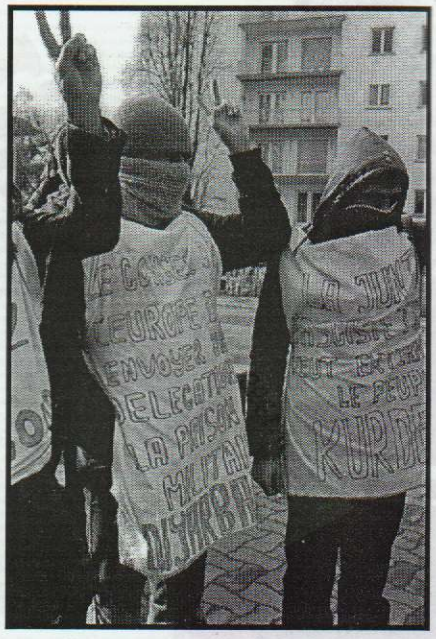
international
VIEWPOINT
April 1999 • No. 310

Cancel III World debt!

Kurds take to the streets



Australia	$3.30	India	Rs 20	Philippines	P25
Brazil	R2	Ireland	£2.00	Poland	3.50 zł
Britain	£2.00	Lebanon	US$3.00	South Africa	R8
Canada	$4.00	Malaysia	M$5.00	Sri Lanka	Rs 50
Czech Republic	30 Kc	Netherlands	f6.00	Sweden	SEK 20
Denmark	Okr 20	New Zealand	$5.50	Taiwan	NT$ 100
France	FF15	Pakistan	Rs 25	USA	$3.00
Greece	500 Dr	Puerto Rico	$2.50	Other countries	US$3.50



Kurds on the move

As Turkey prepares the trial of Abdullah Öcalan ("Apo",) a powerful propaganda machine is trying to reduce the "Kurdish question" to the military struggle between Turkey and Öcelan's separatist PKK. The western powers who delivered Öcalan to Turkey's military strongmen are quietly reinforcing this "terrorism" discourse. Behind the scenes, they plead with Turkey to weaken some of the more outrageous signs of discrimination, such as the virtually total repression of the Kurdish language in the media, education and public life.

Meanwhile, Kurdish immigrants across western Europe have mobilised huge demonstrations to remind people of the reality of Turkey's "dirty war" against the Kurds. Over 30,000 lives have been lost since 1985. Hundreds of villages have been destroyed, and their people scattered.

Relations between the Turkish left and the Kurdish national movement have often been difficult. Öcelan's arrest may sharpen the tensions, or lead to more efforts to combine the national and social questions in modern Turkey.

Fuat Orçun looks back on the Kurdish struggle, analyses the Kurdish question in 1999, and outlines the difficulties facing the Turkish left and Kurdish nationalists. [JD]

Kurdish nationalist politics in Turkey

The ups and downs of the war between the PKK and the Turkish state have had little direct effect on the political struggle of Turkey's Kurdish parties.

In 1989, a number of Kurdish MPs were expelled from the social-democratic SHP, after they participated in a Kurdish nationalist congress abroad. They formed the People's Labour Party (HEP), along with Kurdish trade-unionists from the leftist trade union confederation DISK. HEP negotiated with the ruling ANAP party of Prime Minister Turgut Özal, but finally decided to form an electoral alliance with the Islamic party. But they were unable to agree on the division of the candidate lists, and the HEP switched its allegiance to an alliance with the SHP, just in time for the 1991 elections. (The Islamists formed their own alliance with the fascist Grey Wolves, the most savage enemies of Kurdish aspirations)\

The SHP greatly increased its vote, particularly in the Kurdish areas, where people hoped the party would be able to introduce the Kurdish question into the Turkish parliament. Twenty-two Kurds were elected on the SHP-HEP list. They gave a vote of confidence to the social democrat-conservative coalition government, which made a historic, very popular announcement that "Turkey recognises the Kurdish reality." The government even suggested a "Spanish-style solution," with Kurdistan receiving autonomous powers like those of the Basque region in the Spanish state.

Nothing came of these hopes and declarations. This was also the high-point of PKK activities. The Newroz (Kurdish new year) was marked by the beginnings of an Intifadah-style popular uprising.

Some of the new Kurdish MPs tried to use the Kurdish language during their investiture into the Turkish parliament. They were physically pushed from the platform, and intimidated into silence. Four months later, they left the SHP, rejoining HEP. In 1993 the party was dissolved by the constitutional court. It reformed as DEP, but in 1994, many of the Kurdish MPs were arrested for "cooperation with the PKK".

The Kurdish national movement boycotted the 1994 municipal elections, arguing that "the political atmosphere is not democratic." (Was it ever?). As a

Paris, 1991. Kurdish hunger strike in protest at Saddam Hussein's use of poison gas against the Kurdish population of northern Iraq.

result, the Islamists rose from third place to become the largest institutional party in the Kurdish region, winning almost all the municipal elections. The social democrats, who had dominated the 1989 elections, sank into fourth place. Even the right wing Turkish parties did better than the left.

Unlike the 1970s, the Kurdish electorate abandoned the left, and voted for the Islamists. Despite their left wing roots, the Kurdish nationalists were increasingly sensitive to Islamist ideas, and so was the Kurdish electorate. Hardly surprising, since the Islamists were the only institutional party with a programme not based on Turkish nationalism.

Political independence

Like its predecessor, DEP was dissolved by the constitutional court. In its place, Hadep was formed. Kurdish nationalists were confident that they could win 16% of the vote in the December 1995 parliamentary election. But despite high scores in the Kurdish capital, Diyarbakir (almost 50%), the party only scored 16% in the Kurdish region itself. Nationwide, Hadep polled 4.2%, falling short of the 10% hurdle to enter the Turkish parliament.

(By banning the Kurdish party, Turkey's military strongmen unwittingly allowed the Islamists to sweep up Kurdish votes, giving them an exaggerated role on the Turkish political scene, and enabling them to spread their influence in all sectors of the population.)

Kurdish nationalists claimed this disappointing result was the result of pressure during the campaign, and the huge number of citizens who are not registered to vote. But these factors do not explain everything. Hadep's best score was in those districts with the highest level of repression and intimidation by the Turkish regime. And the party's worst scores were in cities like Istanbul and Kocaeli, where Kurds form a large minority of the population. Even in Diyarbakir, Hadep scored less than the nationalist-SHP alliance in 1991.

The message of the 1995 elections is clear. The migration of half of Turkey's Kurds to the towns and cities of western Turkey means that the Kurdish population faces a range of social problems which the traditional Kurdish nationalist discourse is unable to answer.

In 1997, the army used a constitutional "coup" to remove the Islamic and Turkish-nationalist government of Prime Minister Erbakan and conservative leader Tançu Çiller. Many people close to the PKK mistakenly predicted that the army would take over where the civilians had failed, and negotiate a solution to the Kurdish question. PKK leader Öcalan recently admitted to the newspaper Ülkede Gündem that the PKK and the Turkish general staff had had indirect contacts, throughout 1998 (U.G., 5 January 1999).

The Kurdish nationalists are unlikely to pass the 10% barrier in the April 1999 elections. But their real goal is to win as many town halls as possible in the Kurdish region. Like the Islamists in 1994, they hope to benefit from the atomisation of the political spectrum to emerge as the largest in a field of small parties. Such a victory will give the political wing of the Kurdish national movement a new institutional legitimacy at the regional, Turkish and international level.

Until Öcelan's arrest, the PKK hoped that the west European countries and the USA would press Turkey to negotiate. Turkey's military victory in the Kurdish region would only increase foreign pressure on the regime, they argued. Wrong. Not only did Italy and the other European countries refuse to give Öcalan asylum, but they contributed to his kidnap by the Turkish police. There was not and is not the slightest indication that the western powers are willing to recognise the PKK as a bargaining party in any eventual solution to the Kurdish question.

The loss of supply lines in Syria, and that country's expulsion of Öcalan after 14 years residence in Damascus, represented a terrible blow to the PKK. Tension is rising within the organisation, particularly since Öcalan has blamed the guerrilla leaders in the field for any and all atrocities and errors committed in the past. The guerrilla leaders know that the prestige of the PKK is based on their activities, and that, with Öcalan in prison in Turkey, they have more autonomy than ever. PKK cadre inside Turkey are trying to sense the possibilities of the new

contents

The Turkish left
Social or national?

Until the 1980 *coup d'etat*, the pro-Moscow communist parties were the dominant force in the Kurdish part of Turkey. The more radical Dev Yol was almost absent, but dominated the far left in the rest of the Turkish state.

The PKK was very small, and, in many areas, the Stalinists "forbid" PKK activity. At that time, the Kurdish nationalist movement had clear roots in the socialist movement.

Today, the national movement has a mass base in Kurdistan, while the socialist left is still trying to reestablish itself after the savage blows received during and after the coup.

The debate within the left on the Kurdish question has hardly evolved since 1980. A shrinking minority still believe that the Kurdish national movement can have a revolutionary dynamic. But most consider the Kurdish question as a matter of democratic rights.

This division has consequences for the question of alliances with the Kurdish nationalists. Some Turkish socialists are opposed to organising in the Kurdish-populated regions, and forming an alliance with the Kurdish nationalist parties there. Others see no reason why Turkish parties cannot represent the interests of workers of all languages and cultures.

Embracing, abandoning...

Links between the national movement and the socialists began to be rebuilt in the 1991 elections. The pro-Chinese Workers Party (IP), which scored 60-100,000 votes nationwide, had excellent relations with the PKK in the early 90s. IP leader Perinçek even inspected the PKK camps in the Beka'a valley, alongside Öcalan. Today, however, the IP has lined up completely behind the Turkish state, and considers the Kurdish national movement to be "a lackey of imperialism," against which "the gains of national independence and the Turkish state must be protected."

The Labour Party (EP), which has its origins in the pro-Albanian wing of Maoism, and the smaller Socialist Power Party (SIP) have recently decided to organise themselves in the Kurdish region (as late as 1995, the SIP had an electoral alliance with the Kurdish nationalist Hadep party).

...and combining

Most of the Turkish revolutionary left is organised in the Party of Liberty and Solidarity (ÖDP), a regroupment of various currents, including supporters of the Fourth International.

While the ÖDP has a clear programme of support for Kurdish rights and the demilitarisation of the region, its supporters disagree on how to relate to the Kurdish national movement.

Former members of the Kurtulus group argue that Kurdistan is a separate country, and that the Turkish left has no business to organise there. (Some even argue that, in return, the Kurdish nationalists should not organise outside the south-east of the country, despite the fact that half the Kurds of Turkey now live outside historic Kurdistan!)

Others opposed ÖDP organising in the Kurdish areas for more practical questions–the state of war, inadequate resources, the polarisation between the army and the PKK, and so on.)

The question was avoided during the creation of the ÖDP, though the party's supporters in some Kurdish districts did begin to organise as ÖDP. In January 1999, the ÖDP decided to present itself in this month's elections under its own name, in all parts of the Turkish state, except where a specific local agreement was made to do otherwise.

A majority of the ÖDP's current membership consider that the party is "a force for Turkish and Kurdish workers." Opposition to organising the party in the Kurdish region is made more difficult by the lack of a clear counterpart. There is no Kurdish party similar to the ÖDP, no force with a similar social programme. Socialists in the Kurdish region are not welcome in Hadep, and, if the ÖDP does not organise itself there, they will be left without a voice.

Since its foundation, the ÖDP has organised a series of peace demonstrations in cooperation with Hadep. But this co-operation has been limited to the struggle for peace, and against the "dirty war" in the Kurdish region.

The two parties have different social programmes, and a very different analysis of the Islamic question. ÖDP rejects the ultra-Jacobin republicanism of the Turkish state, and calls for respect of religious sensibilities. Hadep goes much further, and panders to the Islamic beliefs and identity of its base.

(The PKK recently added "freedom of religion" to its seven key demands, and defines the Muslim population of the world as part of "progressive humanity.")

The weakness of the left in the Kurdish region meant that this was a rather secondary debate, until recently. But the success of the ÖDP is equalising the balance of forces between the left and the Kurdish nationalists.

In 1995, the BSP (the forerunner of the ÖDP) made an electoral alliance with Hadep, with a common programme of peace, work and liberty. But Hadep only campaigned on the peace question, and the coalition won only 4.2% of the vote. Despite the BSP's strength in Istanbul, where one in four people are Kurds, the joint list scored a disappointing 2.5%.

Opinion polls just before the arrest of Öcalan suggested that the ÖDP will score 2-3% in the April elections, and Hadep around 5%. Divided, neither will enter parliament. [FO/JD] ★

situation, while those in western Europe have been reinforced by their capacity to organise massive demonstrations to protest Öcelan's arrest (before his arrest, the PKK leader had accused the Diaspora cadre of weakness).

The Kurdish national movement defines itself as "middle-eastern, Turkish and European." But it has always had difficulty operating in the complicated and pluralist milieu which surrounds it. Sometimes it has profited from the balance of forces, more often it has been the victim. All its attempts to deal directly with the Turkish state have failed. But the PKK's latest demands for "autonomy" within Turkey can be met by the regime without the need for a Kurdish interlocutor.

Öcelan's arrest and trial has reinforced the Turkish army's recent defeats of PKK units in the Kurdish area. It is still possible for the political wing of the Kurdish national movement to regain the initiative, but only if it can speak to the social as well as the national aspirations of its people.

The need for unity

Despite the advances of the last 15 years, the Kurdish national movement has not accumulated enough forces and ideas to impose a democratic and political solution. Progress has been particularly slow in the western part of Turkey, where half the Kurdish population now lives.

Since PKK strategy was based on increasing the diplomatic pressure on Turkey, the movement did almost nothing to build a peace movement inside Turkey. What the Kurdish national movement did build, it tried to control completely.

The result is a string of minute groups, with no independent thought, who direct their ultra-radical propaganda towards their own supporters, and alienate most of those who could, potentially, be won over.

Meanwhile, the Turkish socialist movement is growing in strength, and recognises the Kurdish question as central for the coming years.

Many would like to see Kurdish nationalists and socialists across Turkey come together in a struggle against Islamic fundamentalism, against the threat of a military coup, and for Kurdish rights.

But this means going beyond calls for peace, non-religious republicanism and democracy. It means more than day-to-day struggles for trade union rights. And it means more than the defence of Kurdish national rights.

Kurds and Turks need a combination of democratic, social and Kurdish national struggles, in a climate of mutual respect that will allow the progressive movement to regain the initiative. ★

• The author is a leading member of the Turkish section of the Fourth International.

Solidarity now!

We strongly condem the European governements for their responsibility, together with the American and Israeli leaders, for kidnapping and sending back of the PKK leader Abdullah Ocelan to Turkey- a country that criminalises the political struggle, practices torture and maintains the death penalty in its laws.

The European Union has closed, hypocritically, its eyes before the situation of the Kurdish people, although at the same time the 'international community" pretends to protect the Kosovar people in the name of liberty and democratic rights.

The cohesion of NATO and the defense of the powerful American interests in the region have prevailed over human rights and the Geneva Convention on refugees.

This cynical policy has provoked violent confrontations, including in the major cities in Europe. It has helped the Turkish regime which have repressed over the years thousands of Turkish citizen – human rights activists, trade union and political militants, members of parlement, journalists and artists–to worsen the oppression of the Kurds.

We struggle in favour of

- The respect of human rights (abolition of the death penalty) and the suppression of all anti-democratic laws which forbid freedom of opinion and organisation, notably the "anti-terrorist" laws.
- Liberation and amnesty for all political prisoners, Turks and Kurds.
- The dissolution of all the 'special' war units and "village militias" in the Kurdish region; the suppression of the "emergency law"; and the possibility for all those who have been chased from their villages, to return. Financial compensation for the material damages they have suffered.
- The recognition of the right to selfdetermination for the Kurdish people. ★

This motion was recently approved by the International Executive Committee of the Fourth International

Who pays for Russia's debts?

Andrei Kolganov

1. Are the debts the reason for the crisis?

Some experts say that Russia's level of indebtedness is not critical, and that many states have had much higher debts, without falling into a similar crisis. The internal debt of Russia represented about 40% of GDP during the 1980s, while the current external debt is less than 50% of GDP.

The problem is the interest and service payments. In 1997 Russia owed $US124 billion, with annual service payments of $6 billion. In 1998 foreign debt increased to $141 billion, the debt service required already $15 billion.

Russia is unable to regain financial stability under these conditions. The main problem is the unreliability of the income side of the state budget, including the hard currency earnings which are used to cover the foreign debt. The federal budget alone cannot meet the regular payments on the state debt. Its income is not based on any reliable tax base, but deep dependencies on short-term loans, through the issue of short-term bonds (GKO).

People began talking of the threat of collapse of the GKO pyramid back in 1996, when the need to finance Boris Yeltsin's election campaign forced the government to borrow money domestically at colossal interest rates.

Even without the election campaign, however, the system of financing the state budget deficit through domestic and foreign borrowing could only be maintained if the state could ensure the stability of federal budget income, which would allow the holders of state securities to be paid a reasonable yield. However, budget earnings fell, and at the same time the government, in desperate need of money, was forced to borrow at totally unreasonable rates.

The root of the problem lies, therefore, in the general economic situation. In almost eight years of reforms, Boris Yeltsin's team has not only failed to revive the national economy. It has also been unable to stop the economic decline, which has been accompanied by the redistribution of most sources of income into the pockets of the "new Russians" who have never paid tax before, do not pay tax now and are not planning to pay tax on the bulk of their income.

Despite the obvious existence of a layer of rich and super-rich people, tax from individual incomes forms less than 10% of the state's revenue. The rest is raised from taxes on enterprise profits, and value-added (sales) tax.

The problem is that Russia's deep economic crisis has forced enterprises into unorthodox strategies for survival. The rapid depreciation of the rouble in 1992-1993 provoked a sharp reduction in cash circulation and declared profits, in favour of non-cash transactions.

More than 2/3 of the exchange of goods and services in Russia today is not mediated by money, but in the form of barter, or through a growth in mutual indebtedness, or by using a range of substitutes for money.

As a result, profits in money form are very small. The average Russian enterprise has insufficient money profits to pay taxes and salaries simultaneously. As a result, enterprises not only owe more and more money to each other, but also to their workers, and to the state.

Even where enterprises are doing well, the "non-cash" system suits them very well, as a conscious strategy for hiding real profits and evading taxation. The inevitable consequence is a steady reduction of the tax base and a contraction in the income of the state budget.

The efforts of the government to maintain an appearance of relative social well-being, financed by unsecured debts, was always going to lead — sooner or later — to state bankruptcy. This bankruptcy is only a formal confirmation of the bankruptcy of the entire social and economic policy of the Yeltsin administration, which has long been evident.

In such an economic situation the banking system cannot be stable. The real sector of the economy — the only reliable basis for the well-being of the monetary credit system — is in depression. The banks are hardly investing any money in production, and are certainly not drawing any income from their industrial holdings — about half of industry is making a loss, and the few profitable enterprises have not been able to provide the bankers with incomes even comparable to the money to be made through buying and trading GKOs.

The corporate securities market has until now amounted to a share market of a few large companies from the energy and raw materials sectors, which are mainly geared towards export. Banks therefore inevitably placed the majority of their funds in GKOs.

A vicious circle was created: The state had no income apart from borrowing from banks by selling them GKOs. In their turn, the banks' very existence depended on the income they could generate from GKO operations. So the collapse of the GKO pyramid is not just a collapse of the state's finances, but also of corporate finances. Freely convertible currency, particularly the U.S. dollar, is practically the only reliable security left on the Russian market. This is why there is continual demand for dollars and the ruble continues to fall.

Until 17 August 1998, only 18% of financial transactions were in dollars. Today, the proportion is closer to 86%. Operations with inter-bank credits make up only 11% of transactions, down from 40% before the crisis. Trade in state securities has mushroomed — from 3% of transactions before the crisis, to 39% today.

No-one considered the Russian financial market of early 1998 as in any way "normal." But it stands in shining contrast to the current decay and disintegration.

2. Who benefits from Russia's financial crisis?

By early 1998, all the country's bankers and financial speculators expected some sort of financial crisis. But each bank was determined to extract the maximum short term profits from the market, without constraints or safeguards. To buy more and more of the state bonds with their high interest payments, the banks offered high interest to those citizens with money to deposit, and any foreigners who were still willing to lend.

The private foreign debt of many Russian banks is unrecoverable, because when the crisis erupted, many banks stole their own assets (transferring them to holding companies, sometimes offshore). Many ordinary Russians were lured into depositing their life savings in these same banks, which offered very high interest rates. Those citizens have probably lost their money for ever.

The Chernomyrdin and Kirienko governments tenaciously defended the overvalued ruble. A majority of independent economists now believe that a gradual devaluation of the ruble in the first half of 1998, would have reduced the size of the inevitable financial crisis.

So why did the government persist?

The overvalued ruble, combined with significant external and internal borrowing, created a superficial impression of financial stabilisation, and the success of the Yeltsin administration's economic policy. The elite knew that this was an illusion. But no-one wanted to be the first to shout that "the emperor has no clothes."

The second reason for resisting devaluation was the government's extreme dependence on the financial oligarchy. Not only the personal dependencies of members of Cabinet, Ministers and officials on one or another banker (though such dependency clearly exists). But because many high governmental officials themselves participated in financial tricks on the market of state bonds, closely co-operating with different banks and financial companies.

The Russian media have identified deputy ministers (including one deputy-minister of Finance and vice-chairman of Central bank) who were engaged in such practices. So it is no surprise that governments, including the present government of Eugeny Primakov, have shown such consistent favour to the top lending banks, even as they embezzled or stole the money of their own customers, including the assets of the state budget.

We shouldn't forget that every single Yeltsin government has benefited from the strong support of international financial organisations. The Russian media has published volumes of correspondence between government ministers and top IMF officials, in which the international institution gave clear instructions on economic policy, which was faithfully adopted by the successive governments.

It is surprising difficult to say how much of the credit extended by the IMF and World Bank was actually consumed. *Goskomimuschestvo* (the State Committee on Property, now the Ministry of Property) never received the legal documents which accompany foreign-financed investments. The Accounting Chamber of the Russia Federation has identified masses of irregularities, but, despite partial publication of these scandals, legal action has not been taken.

Cancellation of debts — including the debt of the former USSR, which Russia assumed in full, could vastly relieve the burden on the Russian people. But so far, there have been only tentative negotiations, relating to $60-70bn of Soviet foreign debt. While any cancellation of this debt would be a positive step, it would only be a first step towards the conditions needed to revive the Russian economy.

More important than cancelling the debt would be ceasing the policies, supported by international financial organisations, which will inevitably lead to the reappearance of debts..

But it is difficult to believe that international financial capital would, in a demonstration of pure altruism, renounce the debt which has given them such a powerful tool of influence on Russia. And difficult to believe that they would abandon economic policies which caused the flow of of hundreds of billions of dollars from Russia on the West.

3. Who is damaged by the crisis?

The crisis has brought significant price increases, and a fall in real incomes. In dollar terms many prices have fallen 20-30% since the crisis. But salaries have fallen 75%, in dollar terms. In 1998, consumer prices rose 91% in rouble terms. Wages grew only 5-6%.

These averages contain some extreme price increases. A new apartment in Moscow probably costs three times as much as before the crisis. Apartments cost about 15 years of total family salary. Not surprisingly, nearly 1m m^2 of new housing in the capital is empty, for lack of a buyer.

The situation in the provinces is even worse. The small growth of production in the last quarter of 1998 did not compensate for the fall in April-September, and over the year as a whole, GDP decreased 6%. This has brought about further worsening of the financial state of enterprises.

In spite of all efforts of government, enterprises are retaining huge amounts of money by late or non-payment of wages. Almost 1.3 million lawsuits concerning late payment of wages have been initiated.

Most of the workforce have seen their situation deteriorate dramatically due to the sharp rise in prices and the absence of index-linked salaries. Nonpayment of pensions and salaries has been exacerbated. Unemployment has risen

noticeably. There have even been mass redundancies in the highly paid banking, insurance and advertising sectors. This is one of the main components in the general sharp fall in "middle class" living standards.

But the crisis beats down hardest on the low-paid layers of the population. The government has even revised, downward, its price index of food necessities. The 1992-93 "basket" of necessities for survival included 115 grams of meat and 9.4g of sausages per day (similar to the norms for the Tsarist penal colonies in 1913). But the new basket of necessities is based on only 23 grams of meat and 2.2 grams of sausage per person per day. The consumption of animal proteins in this notional food basket is 24% lower than before the crisis. Fat consumption is 30% lower.

Even this starvation diet is too expensive for many people. In January 1999 in Moscow, the minimum basket of goods cost 572 rubles/month — which is higher than the overwhelming majority of pensions, and represent almost half the average wage in the capital. In the country as a whole, the proportion of people living below the poverty line has increased from 23% before the crisis, to about 32% today.

Many of the informal retail jobs in the shadow economy have disappeared because of the crisis, which means that many people have lost the additional income which allowed them to somehow survive.

This fall has been most keenly felt by the "shuttle traders" (who make up nearly 10% of those in employment), who lived from the import and resale of cheap Chinese, Polish and Turkish goods. The collapse of the rouble, which has lost 3/4 of its buying power against the US dollar, makes it impossible to import these goods at prices the population can afford.

The main blow to the top third of Russians has been the loss of their bank savings. Even the elite nouveaux riches—the financial oligarchies—have suffered from the crisis and are becoming more and more critical of the authorities. The panic among the population may have subsided towards the middle of October, but the crisis is at its height.

4. The people remain silent

In 1997, the number of protests and strikes rose significantly, compared to the previous year. In 1996, strikes lasting more than one shift were recorded at 8,278 enterprises, involving about 660,000 people. In 1997 strikes took place at 17,000 enterprises, with more than 880,000 people participating. Nevertheless, the total number of strikers remains relatively insignificant considering the scale of the crisis.

If things are so bad, why is it so quiet? Why is there such a contrast between the statistics of rapid decline in the quality of life, and the insignificant statistical evidence of strike or protest behaviour?

The scale of the demonstrations of October 7—when the Federation of Independent Trade Unions of Russia (FNPR), in conjunction with the Communist Party and other opposition groups, held an all-Russia day of action—was not as massive as the opposition had hoped. The authorities put the total number of those who took part in street demonstrations at between 0.7 and 1.0 million, the trade unions and opposition at 2-3 million. Both sides reported a total of 600-700 towns and centres where demonstrations and other protest actions took place.

But this is very little, considering the depth of the crisis. western Europe or North America, surely there would be a revolution if the bosses stopped paying salaries for six months, and the bankers lost everyone's savings through speculation. But this is Russia. Things are different here.

Passivity...

The passivity of the majority is the result of a range of factors. Russia is a civilisation with a strong tradition of state paternalism (faith in a "good tsar"). This tradition intensified during the Soviet period and is far from eliminated now. Most people's thoughts and actions are geared towards a charismatic personality rather than the political structures of civil society.

Communality and collectivism also exist as one of the traditional social forms, but they apply more to the organisation of labour than to political life.

Alongside this, the deep crisis of the economy, of authority, institutions and spiritual values, and the demolition of the very foundations of life, have given rise to a fear among the masses in the face of any further change. Finding a strategy for survival has become the priority for most Russians.

In addition, the development of market mechanisms, competition, the crime wave and the lack of clear rules for market activities has created a "Wild West" mentality. "Everyone for himself!" is the order of the day.

Traditions of collective struggle, in creating powerful trade unions from below, for example, have not yet been created. This is hardly surprising. In the USA, for instance, strong mass trade unions only appeared after 100-150 years of capitalist development.

In Russia large but ineffective trade unions, with a formal membership of about 50 percent of those in employment, remain from Soviet times, amalgamated into the FNPR.

Until recently the leaders of this organisation adopted positions of de facto support for the authorities. They only switched allegiance on October 7 from the current president to a possible future one—Moscow Mayor Yuri Luzhkov. As for new trade unions formed from below, these are as yet very few and far between.

Employees in today's Russia, from workers to professors, have been forced to spend all their time fighting for the survival of their families, holding down two or three different jobs. They are terrified of redundancy as a threat not just to their status but to life itself. In these conditions, people are afraid to take part in protests, or cannot afford to stop working for long enough to participate.

Last, but not least, the citizens of Russia, especially the lower classes, have lost faith in their ability to change anything.

...up to a point

Yet this passivity is only relative. Although the number of participants in the protest movement remains insignificant, some 1.5 percent of the total number of people in employment, the substance and inflammatory nature of their actions is growing.

And, although the number of people participating in demonstrations, protest meetings and strikes under the aegis of radical neo-Stalinist organisations has fallen sharply, the general radicalisation of the protests is clear.

In almost every town, almost all the October 7 marchers came onto the streets with the most radical slogans heard since such protests began, the central one being the call for the president's resignation.

No less important is the fact that the mood of the workers is closer and closer to breaking point. This is confirmed in most recent opinion polls. Despite the traditions of long-suffering, the fear of change and the absence of strong and effective forms of self-organisation, the majority of Russian citizens suffering from the perpetual crisis are beginning to think more and more that things cannot go on like this.

A mood similar to that which led to the radical shift in August 1991 and brought down Gorbachev is gradually becoming predominant. Back then people had grown tired of the paralysis of authority of the CPSU and Gorbachev. Now they are tired of the paralysis of authority of the "reformers" and Yeltsin.

But, for the moment, workers no longer believe that a strike can improve their living conditions. The number of strikes fell sharply in 1998.

The only exception to the trend was the movement of the most active groups of professionally organised workers — miners and teachers — towards the end of the year. Activists from a number of branches of the economy tried to organise an All-Russian Action Committee. But they were unable to overcome the discords between coal-miners, who claimed the leading role, and workers from other branches.

The question remains: What will happen tomorrow?

5. The end of the crisis...

Will the government have the will to carry out the measures necessary, not just to postpone economic collapse for another few months, but to really break through the destructive economic tendencies which have set in over many years? This will entail going against the interests of those groups of businessmen —and the bureaucracy— upon which the government has depended: groups connected mainly with the financial markets and the export of raw materials and natural resources.

The escalation of the economic crisis has led to an exacerbation of the political situation. A change of the authorities may be an essential prerequisite for finding a way out of the crisis. But Russia's constitution, which was designed to keep Boris Yeltsin in power, hampers any political change. This is why a smooth transfer of power is difficult, and the risk of serious political upheaval increases.

The reluctance and inability of Russia's elite to serve the interests of the majority of their own population has not as yet led to large-scale civil protest. The people are exhausted after the political upheaval of 1991-93, having absorbed the lesson that any political change is for the worse. But another blow to the standard of living of Russia's citizens could be enough to test the limits of their long-suffering.

The far-right on the rise

Unfortunately, growing social tension is reinforcing the influence of nationalistic and right-radical groups. Nationalistic moods are increasingly visible within the KPRF, the country's largest opposition party. Few in the party oppose and denounce these tendencies. There is also a growing right radical (semi-fascist) nationalistic movement, with groups like Russian National Unity, which is attempting to implement the tactic of open disobedience to authorities, particularly targeting the mayor of Moscow Yuri Luzhkov. Though Luzhkov himself is no innocent. He was the patron who supported the persecutions of "southerners" (non-Russian ethnic groups) at the end of 1993 and during the war in Chechnya. He has also be an outspoken supporter of Russian revanchist claims to parts of the Ukraine.

In this atmosphere of rising marginalisation, much of the population longs for a "strong hand" to deal with the rising criminality. The sermon of national uniqueness seems a miraculous medicine for the country's sharp social problems. The alternative which the left has to offer is perceived as a total dream. Outside the KPRF and its allies, no left groups, from the anarchists to the recently-formed social-democratic organisations, present a real political force.

This situation is not just, or even fundamentally the result of the left's own failures. The social conditions of modern Russia impose a long and difficult struggle in the rebuilding of a strong left movement. ★

The author is attached to Moscow University. This article was presented as a working paper for the international gathering of the CADTM/COCAD network in Brussels, last month. For more details contact: Committee for the Cancellation of the Third World Debt, 29 rue Plantin, 1070 Brussels.
tel (322) 527 59 90 fax (322) 522 62 27
cadtm@skynet.be http://users.skynet.be/cadtm

Finland
New left list

Finland's young communists have formed their own party, and contested their first parliamentary elections.

Peter Lindgren

In the spring of 1996 the youth league of the Communist Party of Finland split from the party, and created what is today the Socialist League. "The main political reason for the split was the attitude towards the ex-Soviet Union. Our view is that it was not socialist, since democracy and freedom weren't realised there." says Juhani Lohikoski, SL candidate in the capital, Helsinki.

Today the SL has activities in about 20 cities and has about 200 members, mainly students and unemployed youth. They publish a magazine, **Murros** (Turning Point), five times a year.

"The government has stood for cutbacks and austerity during the last period," continues Juhani Lohikoski.

Finland has a "rainbow government", comprising the conservatives, the liberals, the greens, the social democrats and the ex-Communist Left League. Only one major parliamentary party, the Centre party, is outside the coalition.

According to Lohikoski, "the government is neoliberal, and ordinary people have lost much of their confidence in the future..."

Ex-Communists in government

The left is divided, with the ex-Communist Left League (LL) an active participant in the "Rainbow" government, with two ministers.

The League was founded in 1990, when the Communist Party dissolved. The party describes itself as "pluralistic: our members are left humanists, socialists, Marxists, feminists and green activists or in general left-oriented... So our party is not a socialist party in the traditional sense, though our goal is to limit the social power of the capital owners... Our goal is a socially and economically fair and ecological sustainable society"

The Left League is Finland's fourth largest party. In the last elections the party received 11.1% of the vote, and has 19 MPs and 2 MEPs. The party has 14,000 members.

The League is so committed to "responsible" government, that they say they could even form a government with the conservatives and without the social democrats!

As Lohikoski points out, "In Finnish politics, the left alternative is absent. The government is neo-liberal, and ordinary people have lost much of their confidence in the future,"

Rebuilding a left alternative

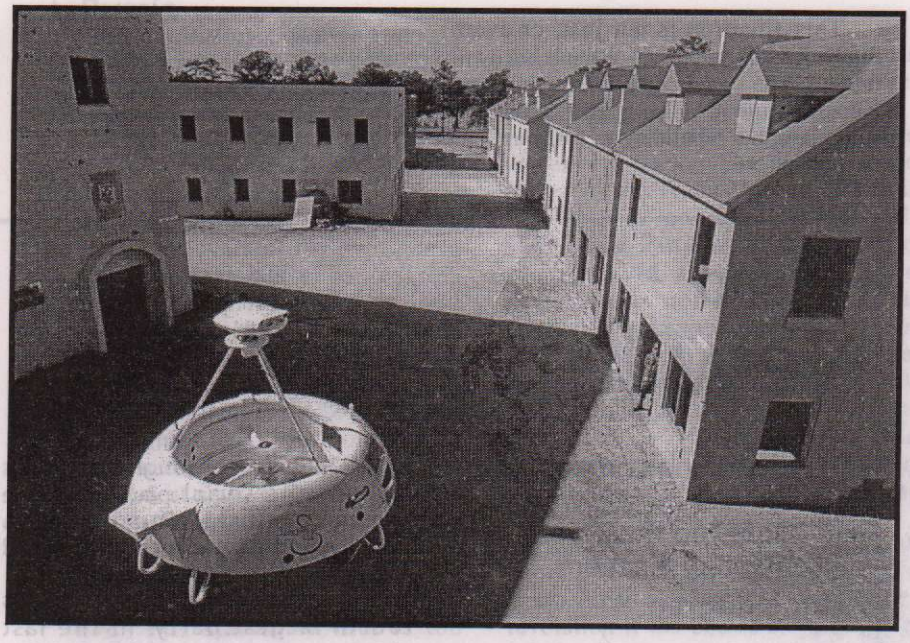
In an attempt to rebuild this alternative, the SL and a group of NGOs tried to form the "Party of Wise Development". But they failed to collect the necessary 5,000 signatures to register for the elections. As a result, the SL stood five candidates, as independents.

"We never expected to get many votes," admits Lohikoski. But we thought it was important to participate and demand more popular influence in the political process.

"After all, we are a revolutionary grassroots organisation. Our electoral programme focuses on demands like a general six hours working day, sufficient social income, shortening the obligatory civil service for conscientious objectors to six months, and separating the state and the church."

The party is increasingly active in trans-European initiatives, including the Frankfurt counter-summit later this year. Links are also being built with Sweden's Socialist Party, and other radical left currents in Scandinavia. ★

For more information see http://www.dic.fi/~sosliito



America sovereign

The most striking element of the April 1999 Washington Summit, celebrating NATO's 50th anniversary, is the participation of the alliance's three new members, Poland, Hungary and the Czech Republic –all former members of the Warsaw Pact.

NATO's expansion into Eastern Europe is the strongest sign of the west's historic victory in the Cold War.

The future of NATO expansion will be the most controversial question during the 50th anniversary celebrations. At the same time, it is an eloquent expression of the limits of the "European Identity" in strategic matters.

Europe has been unable to make an autonomous choice on an essentially European question which directly concerns her future and her security.

The future of NATO and its relations with Russia will determine the political and strategic future of the European continent, once divided by the iron curtain of bipolarity.

The dice have already been cast, and they suggest bad news for the security of a continent which has spilt so much blood during the century now drawing to a close.

Gilbert Achcar*

The North Atlantic Treaty Organisation (NATO) existed "to keep the Americans in, the Russians out, and the Germans down", in the famous words of the Organisation's first General Secretary, Lord Ismay. This well describes the perception of NATO in Britain's ruling circles.

From the point of view of the United States, NATO's dominant power, the same formula could be restated, in a more machiavellian language, as: maintain American hegemony over the countries of Western Europe, exploiting their fear of the USSR and communism, and arbitrate between the west European countries (which, even before the second world war, had been divided by all kinds of rivalry.)

This domination continued, without major problems, during the 1949-1990 Cold War. One exception was France's withdrawal from NATO's integrated military command, following Charles de Gaulle's 1966 decision. The end of the Cold War obviously posed a major challenge for an Alliance created in response to that conflict.

Beginning at its London summit in 1990, NATO has been forced into a series of strategic redefinitions. The dissolution of the Warsaw Pact in 1991 raised the question of NATO's continued existence, and its *raison d'etre* in a transformed world. A world which, according to some, would finally be able to benefit from "peace dividends."

At its 1991 Rome summit, NATO decided to reorient towards interventions in the zone of its "Southern Flank". After the 1991 Gulf War, the Alliance was attempting to define a new vocation. The conflicts in former Yugoslavia, which started that same year, enabled NATO to expand its vocation to include a security role in the heart of Europe itself.

Though, in both cases, there were other frameworks–the UN and the Organisation for Security and Cooperation in Europe (OSCE), which had the advantage of including Russia among their key membership.

After the collapse of the Berlin wall, the collapse of the system of Communist states, the reunification of Germany within the framework of the (Western) Federal Republic of Germany, the collapse of communist power in the USSR and the dissolution of the USSR itself, the west faced a choice which, one might think, was already illuminated by the history of the 20th century.

In the face of the Russian empire, the great loser in the Cold War, there were two strategies, based on the treatment given to Germany, the continent's main loser in the two world wars.. The first option was the humiliation of the defeated power, with a *vae victis* similar to the 1919 Versailles treaty, or the integration of Russia into a Europe itself in a process of unification, as was done with Germany in the second half of this century.

Historical experience argues for the second option. Like Germany in 1945, Russia in 1991 underwent a radical transformation, rallying to the west's political and economic liberalism, which it had long opposed. This even seemed the best choice from the point of view of US interests, seen through a "liberal" perspective (in the anglo-saxon sense of the word, which is based in Adam Smith's pacifist aspirations).

And there is no doubt that such a strategy would perfectly reflect the Gaullist logic of a Europe "from the Atlantic to the Urals". The man who decided to partially withdraw France from NATO, so as to reduce the country's dependence on the USA, would, after 1991, probably have argued for the dissolution of NATO, and in favour of a Euro-Atlantic defence system managed within the framework of the OSCE, and based on a European defence system.

De Gaulle would have fixed, as an objective, the eventual integration of all the East European countries, including

and particularly Russia, into the European Union. He would have recognised the Franco-Russian and Euro-Russian alliances as a possible rebalancing of Europe against reunified Germany, and the world as a whole against triumphant America.

Washington's decision to adopt the other, 1919-style solution can only be explained by a desire to exorcise the demon of Russian reintegration into a Europe which would no longer need America's strategic guidance.

In the face of repeated requests from East Europe's post-communist leaders, supported by German Chancellor Helmut Kohl, and "realists" within the US foreign policy establishment, led by Zbigniew Brzezinski and Henry Kissinger, president William Clinton, after some hesitation, ceded, and, in January 1994, proclaimed his desire to widen NATO so as to incorporate Moscow's former vassals in central and eastern Europe.

He confirmed the Alliance's nature as an anti-Russian shield, and provoked fury in Moscow.

The main theorists of this enlargement, Zbigniew Brzezinski and Anthony Lake, had put forward three arguments, in the New York Times, to justify the Clinton Administration's position on the eve of NATO's July 1997 Madrid Summit, at which the organisation decided to integrate three new states, Poland, Hungary and the Czech Republic–all former members of the Warsaw Pact.

The first argument is curious: enlargement is "a necessary step to preserve the force of the transatlantic link." Why exactly should NATO expansion into eastern Europe reinforce the Euro-American alliance? This argument could be dismissed as pure rhetoric, except that in their second argument, the two former national security advisors unambiguously affirmed that "an enlarged alliance offers a hedge against the improbable, but real risk that Russia will return to its past behaviour. [The enlarged alliance] should contribute to the objective of preventing this from happening."

This second argument should really have come first. The existence of a potentially menacing Russia is used to justify NATO expansion to reinforce NATO-an organisation which has always existed to confine Russia. *[l'endiguement de la Russie]*. Backed into a corner during the animated debate in the USA, Clinton was unable to avoid stating the underlying postulate: "the alliance should be ready for other possibilities, including the possibility that Russia abandons democracy and returns to the menacing behaviour of the Soviet period.

This is a typical example of the self-fullfilling prophesy. Clinton's strategy would obviously increase Russian hostility towards the Atlantic Alliance.

The prestigious names signing the open letter to President Clinton published before the Madrid summit were not wrong in this regard.. "In Russia, NATO expansion, which is still rejected by all the country's political currents, will reinforce the non-democratic opposition, and play against those who are favourable to reform and to cooperation with the West.

It will push the Russians to challenge the whole post-Cold War settlement, and stimulate opposition to the START II and START III treaties within the Duma [Russian Parliament]. This is another example of the infamous "security dilemma", in which the measures adopted to reinforce security actually increase insecurity.

The decision to enlarge NATO to include former members of the Warsaw Pact, and the conflicts in former Yugoslavia, played a key role in squashing the aspirations to "a European security and defence identity" (ESDI) which had emerged around the European Union's Maastricht summit in December 1991.

The Clinton administration was split between "liberal" and "realist" camps. The president finally opted for an "intermediate" solution – though one perceived by Moscow as fundamentally hostile. NATO was to expand to the East, but Russia would receive meagre compensation in the form of the NATO-Russia foundation act, signed in Paris in May 1997.

In security and in economic aid, Russia's treatment is far from the kind of Marshall plan which the country would need to accomplish its transformation.

The attitude of the Clinton administration is a perfect illustration of the dilemma described by one American opponent of NATO enlargement: on the one hand non-assistance of Russia created the risk of dangerous chaos or the growth of revanchism, and on the other hand the reconstruction of Russian economic power would resuscitate Moscow's regional hegemony, and restore the bipolarity [of international affairs] .

NATO expansion was officially decided at the July 1997 NATO summit in Madrid. Washington restricted the expansion to Poland, the Czech Republic and Hungary, against the wishes of European NATO states who wished to include other countries, including Rumania and Slovenia, in this first wave.

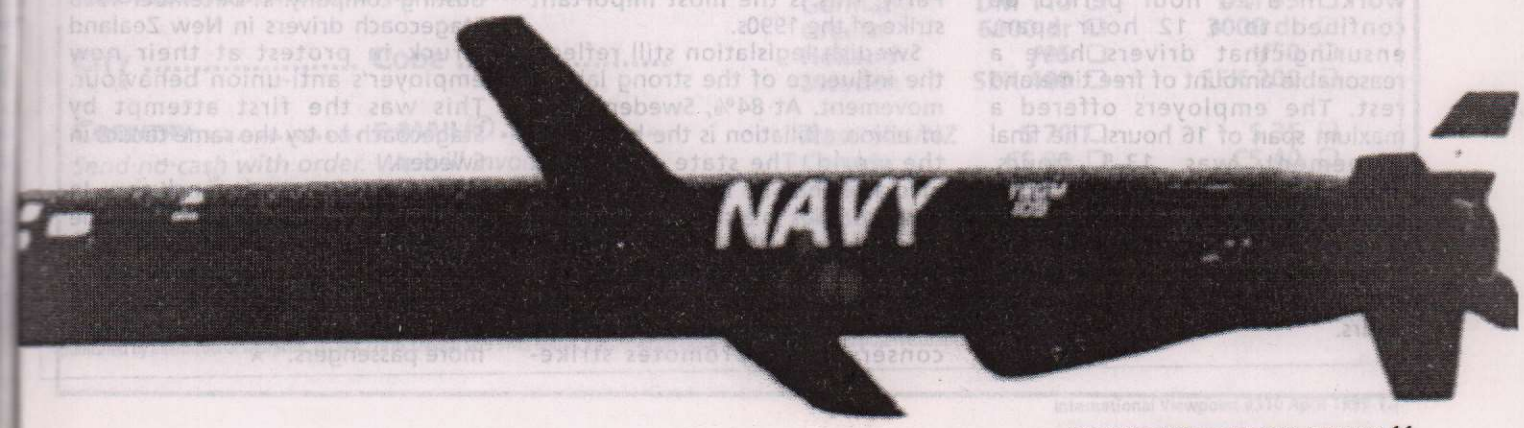
The decision of the Madrid Summit still had to be ratified by the parliaments of each NATO member state. Although the risks of the White House's strategy were mostly risks for Europe, the American parliament contained the greatest risk of rejection of the expansion plans.

There was a great contrast between the intensity of the debate in the United States, and the hurried ratification of the Madrid accord by the various European parliaments.

Only small minorities of parliamentarians opposed this very serious transformation of the continent's security system. Apart from a few untypical right-wing parties like Italy's Lombard League (a secessionist party in the rich north-east of the country), it was Europe's communists, notably the French Communist Party and Italy's Refounded Communists, and a few Green groups (there were splits inside a number of progressive movements, including the parliamentary fraction of the German greens.)

In Charles de Gaulle's homeland, both chambers of parliament approved the expansion plan after an incredibly short debate, given the importance of the question.

Even the RCV group, which includes the left radical supporters of Jean-Pierre Chevènement and the Greens, surprised their supporters outside parliament by approving NATO expansion, despite a few critical statements before the vote.



France's "Gaulist" president Jacques Chirac adopted a strategy diametrically opposed to that which his ideological father would have done in similar circumstances. He promised to reintegrate France into NATO's military structures, and pleaded for an even wider expansion of the Alliance.

On the other side of the Atlantic, President Clinton was obliged to devote considerable efforts to the campaign for the ratification of the enlargement plan. After a long struggle Clinton won the two-thirds majority in the Senate (required for modification of the country's international agreements).

Unlike in Europe, the US establishment was divided over the question, and there was a great debate in the quality press – which was itself divided on the question. The White House organised the intervention of all the lobbies that could support enlargement.

As well as the military command and the State Department (now headed by Madeleine Albright, proud of her Czech origin), a considerable role was played by "ethnic" lobbies, groups representing Americans of central and east European origin.

Plus, of course, the defence industry, already hungry for the lion's share of the military reconversion market in Moscow's former satellite states, which would have to completely retool their armed forces, so as to make them compatible with NATO weaponry (the principle of "interoperability").

In this epoch of neoliberal faith, when balanced budgets have become a sacred principle, the US Senate was much more concerned about the cost of this operation than the European countries, despite their efforts to cut public spending in preparation of European Monetary Union.

Assisted by the NATO bureaucracy, the American administration prepared a grotesque under-estimation of the costs of NATO expansion. In 1996 the Congressional Budget Office estimated that integration of the four Visegrad countries (Poland, Hungary, Czech Republic and Slovakia) would cost 61-125 billion dollars over the first 15 years.

The US Defence Department claimed expansion would cost no more than $35bn over 13 years, with the US contribution not exceeding two billion dollars over ten years! In late 1997 NATO's Military Committee came to the rescue, claiming that the three-country enlargement plan would cost only 1.5bn over ten years, with the USA only paying 25% of the total. The Defence Department rejected its own calculations, and declared agreement with the new, ridiculously low "estimate."

After four days of animated debate,

Sweden
Bus strike

Over 16,000 Swedish bus drivers challenged their government's commitment to neoliberalism and privatisation. **Peter Lindgren** reports.

The strike started on February 25, but expanded dramatically in early March, forcing the employers to sign a compromise deal on 9 March.

Kommunal, the union of public employees had demanded a wage-raise of three percent instead of the one percent offered by the employers. The final deal is 6.15%, over the next two years.

But the real issue is working hours. According to union negotiator, Anders Wettemark, "you could start work at six in the morning, have one or two breaks during the day and quit your job at ten in the evening."

The union demanded that all work in a 24 hour period be confined to a 12 hour span, ensuring that drivers have a reasonable amount of free time and rest. The employers offered a maxium span of 16 hours. The final agreement was 13.5 hours. According to Wettemark, "this is good for the few places where employers are especially wild in their behaviour, but in Stockholm, the average span is already 13 hours.

While management imposes split shifts at its own conveniences, the time between breaks can be as much as five hours. "Many drivers say the strike is about the right to go to the toilet!" This had now been resolved. "After two hours at the wheel, the driver will have the right to a 6-11 minutes break. After three hours s/he will have a break of 8-15 minutes.

The privatisation of public urban transport began in 1989, with private operator invited to submit the lowest possible tender to provide a fixed service. Competition is stiff, and the various companies see driver flexibility as a key means to reduce costs.

"We have paid a heavy price for this EU-instigated system," says Anders Wettemark. "But this is also the reason why the drivers were so solid behind the strike."

According to Wettemark, a member of the radical left Socialist Party, this is the most important strike of the 1990s.

Swedish legislation still reflects the influence of the strong labour movement. At 84%, Sweden's rate of union affiliation is the highest in the world. The state appointed mediators had no right to force any of the parties in a conflict to sign an agreement. "On the highly organised Swedish labour market, strikebreaking is not allowed during legal strikes. No-one, not even conservatives, promotes strike-breaking."

The strike was expected to be a long one. Both sides had funds for a long fight. The employers' costs were covered by the national employers association SAF.

During the strike, Wettemark argued that "the decisive factor will be the reaction of the general public. That's why it is so important for us to launch a campaign explaining what our motives are. We will collect signatures amongst the public, demanding that the employers sign an agreement acceptable for the union.

One opinion poll on the first day of the strike showed 85% public support for the strike. By the last day of the strike, this had fallen, but only to 77% According to Wettemark "this is a very hopeful sign. Many, many people are experiencing the same problems as we in their jobs. Not only public employees has suffered during these last neoliberal years."

Swebus is the country's largest road transport company, with 30% of the market. The company was privatised several years ago, and sold to the British multinational Stagecoach, an infamous union-busting company. In December 1998 Stagecoach drivers in New Zealand struck in protest at their new employer's anti-union behaviour. This was the first attempt by Stagecoach to try the same tactics in Sweden.

The results were inconclusive. In their press statement following the settlement, the employers said "perhaps we have been too interested in bringing down costs. Maybe in the future we shall try harder to attract more passengers." ★

the Madrid accord was ratified on 30 April, by a comfortable majority of 80 votes in the 100-seat senate. Though the long (7,000 word) resolution contained very precise instructions and limits on NATO development and its new strategic doctrine. By fixing some of the issues which would otherwise have been discussed at NATO's Washington summit, the Senate confirmed the continued dual decision-making process in American foreign policy.

According to the Senate resolution, the main justification for NATO enlargement was "the possibility of reemergence of a hegemonic power confronting Europe, and tempted to invade Poland, Hungary or the Czech Republic."
The resolution clearly stated that:

- "NATO decisions and actions are independent of all other intergovernmental forums," such as the United Nations, OSCE or Euro-Atlantic Partnership.
- Russia has no veto over NATO decisions, even from within the Permanent Joint NATO-Russia Council.
- NATO can engage in missions outside its own territory if there is consensus among the member states about the existence of a threat to their interests.
- US "leadership" of NATO is reaffirmed, including the continued guaranteed presence of US officers in most of the key command positions.
- The military and financial costs will be "shared" in a "more equitable" way, ie the Europeans will pay more. In fact, NATO enlargement will not mean any expansion of the US contribution to the Organisation's budget. The US contribution in 1998 is established as a ceiling for all future annual payments.
- The US president is obliged to consult the Senate before any further enlargement of the alliance.

This last point is the biggest limit on the Clinton administration's future action.

An amendment proposed by Republican Senator John Warner (Virginia) fixes a three year minimum waiting period before any future admission of new members to NATO. He received 41 votes, which is not enough to pass the amendment, but enough to block any new admission, which requires 67 Senate votes.

This is a problem for Clinton. The official line, adopted at the Madrid summit, is that NATO has an "open door" for east European countries, including the three Baltic republics of Latvia, Lithuania and Estonia. Moscow has explicitly stated that integration of these former Soviet Republics into NATO would be a *casus belli*.

Zbigniew Brzezinski, the main architect of the first phase of NATO enlargement, has already proposed that the Washington summit invite Slovenia, and maybe even Rumania and Lithuania to join the alliance.

The Clinton administration faces a real dilemma at the Washington summit. Either the US pushes back any new enlargement decisions, which will give the impression that there will be no more expansion, or accept further expansion, but risk rejection of this decision by the Senate, which will demand an evaluation of the first stage of expansion before any further countries are admitted.

In fact, the first three new members are still far from military integration. This, of course, weakens NATO's military vocation, which, for the Senate, is its most important characteristic.

The Senate is very unlikely to approve Lithuania's integration into NATO, even if the NATO states agree to such a step.

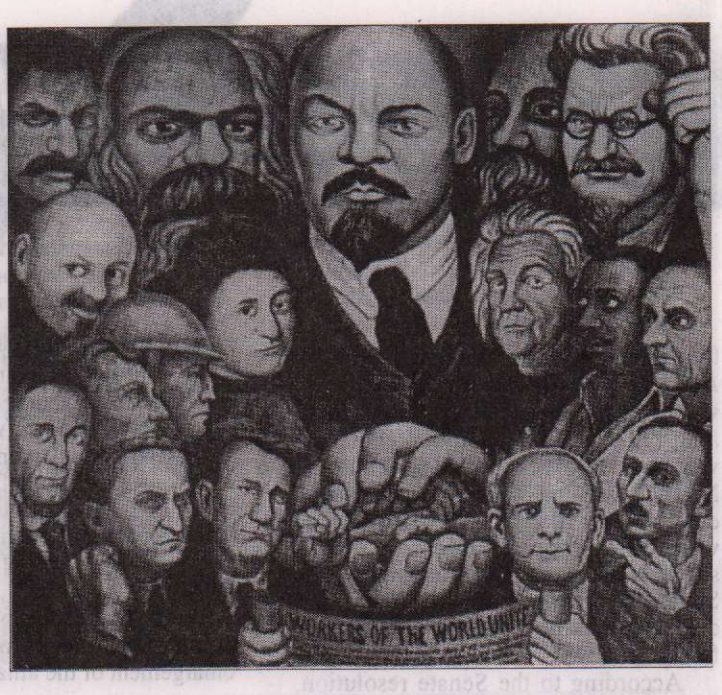
A compromise might be possible over Slovenia, since integrating the ex-Yugoslav republic would create territorial continuity between the existing NATO states and Hungary.

But one thing is sure. The decisions adopted at the Washington summit will depend more on the orientations voted by the US senate than any of the concerns timmidly voiced by some of the European governments. ★

* The author teaches political science at Université de Paris-VIII, France. This is the text of a report he presented at a symposium on Europe held in March. We thank him for authorizing us to reprint it.

Εκδοτης και διευθυντης: Γιαννης Φελεκης, Ερεσσου 34, 106 81 Αθηνα, τηλ. 3300675. Τυπογραφος: Ιωαννης Κοτσατος & Σια, Μαρινου Αντιπα 4, 163 46 Ηλιουπολη, τηλ. 9719048. Editor and director: Yannis Felekis, Eressou 34, 106 81 Athens, Greece. Printed by Ioannis Kotsatos & Cia, Marinou Antipa 4, 163 46 Ilioupoli, Greece. Distributed by Spartakos, Eressou 34, 106 81 Athens, Greece, tel.(30) 01/3300675. Signed articles do not necessarily represent the views of the editors. ISSN: 1294 2925. A monthly analytical review published by International Viewpoint, PO Box 27410, London SW9 9WQ, Britain. e-mail <International_Viewpoint@compuserve.com>.

Unions form political wing



In January the National Union of Workers (UNT) and other independent unions, particularly the university unions, created a new political organization, the Social Movement of Workers (Movimiento Social de los Trabajadores or MST). The MST plans to register as a political organization and may run candidates for office, raising the possibility that it could become something like a Mexican labor party.

Clearly the recent debate over reform of the Federal Labor Law (LFT) is one of the issues which has led some of the independent unions to decide that they should create an independent political organization of their own.

Francisco Hernandez Juarez, head of the Mexican Telephone Workers Union (STRM) and one of the three co-presidents of the National Union of Workers (UNT), the recently founded independent labor federation, told the press: "Until now there has not been any national organization which reflects the interests of the workers themselves in the legislative arena. In fact, at this moment we are very aware that there is an attempt to reform the Federal Labor Law (LFT) without consulting the workers, and those who are writing it will do so on the basis of the position of their party, their particular group or of government or business interests, without taking the workers into consideration."

But at the same time the founding of the MST both responds to other social pressures, and raises new political possibilities. The neo-liberal counter-revolution first inaugurated by President Miguel de la Madrid (1982-88) and largely completed under President Carlos Salinas (1988-94) reorganized the Mexican economy, conveying state industries into private hands, privatizing many formerly public social services, and carrying out a tremendous transfer of wealth from workers and the middle class into a the hands new Mexican elite. Then, in December 1994 president Ernesto Zedillo's (1994-2000) devaluation of the peso, resulted in the worst depression in 60, dramatically worsening the living conditions of millions of Mexicans.

A New Stage of Labor Organization

The greatest responses to the economic crisis came in two forms: first, militant mass movements among rural people, from the Chiapas Rebellion of 1994 led by the Zapatista Army of National Liberation (EZLN) to the El Barzon debtors' movement led by the once prosperous farmers of Zacatecas; second, electoral political shifts leading to increased votes first for the conservative National Action Party (PAN) and later for the Party of the Democratic Revolution (PRD).

Two yearsago the PRI lost its majority in the Mexican Congress's lower house to the PAN and PRD, and Cuauhtemoc Cardenas of the PRD won the election as mayor of Mexico City.

There were some large and important labor struggles in the 1990s—particularly the fight by the Mexican City Bus Drivers Union (SUTAUR) to preserve their jobs. But the level of working class organization lagged behind, particularly in the political arena. But last year a group of unions broke from the Congress of Labor (CT) and joined with a number of independent unions to create the National Union of Workers (UNT). Now that same constellation of unions has created what could become some sort of working class political party. This may represent a new and important stage of labor organization, perhaps the entry of the unions into politics in a new way.

Yet many things remain obscure. Francisco Hernandez Juarez of the Telephone Workers Union (STRM) has been the dominant political personality in the UNT and now seems likely to be one of the major figures in the MST. Hernandez Juarez was a close associate of former president Carlos Salinas in the 1980s, and remains a member of the Institutional Revolutionary Party (PRI). How will Hernandez Juarez and other union leaders with ties to the PRI reconcile that political affiliation with their new role as organizers and members of the MST? [DLB]

The party, the state and the union: the pitfalls of labor politics in Mexico

by Dan La Botz

The Social Movement of the Workers (MST) is not the first attempt to forming a working class political party in Mexico, and there may be some lessons in the experience and history of earlier attempts made over the last 90 years.

In the past, workers, unions, and radicals failed in several attempts to create organizations independent of the ruling party and the state. Labor unions leaders tended to rope the unions into political movements which tied them to military or political leaders. Those leaders in turn transformed the unions and would-be labor parties into mechanisms for supporting the president, his party, and the government.

Socialist and Communist Parties of the 1920s

While the anarchists and Roman Catholics dominated the labor movement at the beginning of the twentieth century, there were small socialist currents as well. The German-born Pablo Zierold, a brewery worker in Toluca, organized a Socialist Party in 1911, but that party never prospered. During the Mexican Revolution (1910-1920), virtually every military and political leader called his faction "socialist," but the word had little meaning beyond a vague radicalism. Socialism just never took off in Mexican culture.

In 1918, a group of Mexicans and foreigners living in Mexico founded the Communist Party, which succeeded by

the mid-1920s in becoming a small organization based largely among petroleum and railroad workers, and peasants. At times the Communist received support from the new revolutionary nationalist Mexican government, and at other times in the 1920s and early 1930s the Communists were suppressed. Communist remained a small but significant tendency in the Mexican labor movement, but never proved successful as an independent electoral force.

Mexico's First Labor Party

Meanwhile a group of anarchist union leaders headed by Luis N. Morones had broken with their libertarian doctrine, rallied to the Constitutionalist government of Venustiano Carranza, and founded the Regional Confederation of Mexican Workers, the (CROM) in 1918.

A year later Morones used the CROM to establish the Mexican Labor Party (Partido Laborista Mexicano or PLM). Morones created that first Mexican Labor Party to support the candidacy of General Alvaro Obregon, and after Obregon became president, the PLM supported him in putting down the rebellion of Adolfo de la Huerta.

Obregon and his successor Plutarco Elias Calles, working closely with Morones, succeeded in turning the CROM and the PLM into the principal social support of the new ruling party and the state. What began as a labor party became the state-party.

Obregon was assassinated in 1928, and Calles broke the alliance with Morones. Without government support Morones, the CROM and the PLM went into decline, and soon into oblivion. By 1932 the CROM had broken up into rival factions, and the first Labor Party ceased to be a factor in Mexican politics.

The Popular Front in Mexico

The 1930s produced a working class upsurge in Mexico just as in the United States and France, with a similar though often subterranean political alliance between Socialists, Communists and liberal capitalist parties.

In Mexico, the more militant wing of the labor movement reorganized under the leadership Vicente Lombardo Toledano. Once Morones's house intellectual, Lombardo Toledano had become a Marxist and an admirer of Joseph Stalin's Soviet Union, though not a member of the Communist Party.

Lombardo joined with Fidel Velazquez, a former milk wagon driver, and the leader of a coalition of small labor unions in the Federal District, and then with the Communist labor unions, and together they formed Confederation of Mexican Workers (CTM). Under Lombardo, the CTM became closely allied with General Lazaro Cardenas, who had been chosen by Calles to become president in 1934.

The Communist wanted Lazaro Cardenas to form a Popular Front Coalition, so that they could represent the labor-left component of such a front. But Cardenas ignored their entreaties and went ahead and rather than forming a popular front, reorganized the state-party, calling it the Party of the Mexican Revolution (PRM).

Cardenas organized the PRM on the basis of three social pillars: the labor unions of the CTM, the peasants of the National Confederation of Peasants (CNC), and the government employees and the self-employed grouped in the National Confederation of Peoples' Organizations (CNOP).

All workers who joined the CTM thus automatically became members of the PRM. Cardenas stepped down from the presidency in 1940, and the party turned to the right, later becoming the Institutional Revolutionary Party, or the PRI. Labor had become submerged in the state-party oriented toward domestic and foreign capital.

The Cold War and CTM Purges

In about 1948 the Cold War reached Mexico, and largely under the influence of the U.S. State Department, Fidel Velazquez and his groups (known as the five wolves) organized the purge of Vicente Lombardo Toledano and the Communists, expelling them from the CTM and therefore from the PRI as well. The PRI-state carried out its own simultaneous purge of reds, though never with the intensity or thoroughness of the Truman-McCarthy period in the U.S.

Lombardo and his followers, now out of the PRI, organized their own rival union federation and a new political party, the People's Party (Partido Popular, the named was later changed the Partido Popular Socialista or PPS).

The PPS had the character of a working class political party, with an ideology that proclaimed loyalty Mexican Revolution and to Stalin's Russia. Ironically, over the years the PPS became a satellite of the PRI, fiercely loyal to the Mexican government, while retaining its Stalinist rhetoric and support for the Soviet Union—the worst, one might say, of both worlds.

During the 1950s and 60s the PRI-state succeeded in suppressing or coopting most opposition movements. The biggest labor explosion of the 1950s,

the national railroad workers' strike of 1959, was suppressed by the Mexican Army, its leaders were jailed. No political movements could bloom in such a climate of repression.

But after the Mexican Army massacre of hundreds of students of Tlatelolco or the Plaza of the Three Cultures in Mexico City in 1968, new radical movements appeared. The Electrical Workers Union (SUTERM) and the Democratic Tendency of unions and social movement which it led might have grown into some sort of working class party, had it not been suppressed by the Mexican Army in the mid-1970s.

The Labor-Left in Congress

In the 1970s the Mexican government legalized the Communist Party, permitting it to run candidates in national elections. The Communists joined with other small leftist groups to form the Mexican Unified Socialist Party (PSUM) and succeeded in winning election of a few members of the lower house.

At about the same time Heriberto Castillo organized the Mexican Workers Party (Partido Mexicano de los Trabajadores or PMT), really a radical, nationalist and populist party.

Then several small Trotskyist groups joined together to form the Revolutionary Workers Party (Partido Revolutionary de los Trabajadores or PRT)

By the early 1980s there were three leftist labor parties in parliament representing about 10 percent of the vote in national elections, not far behind the National Action Party (PAN).

In 1987 Cuauhtemoc Cardenas led a split in the Institutional Revolutionary Party (PRI), an event which electrified the Mexican left and attracted most of the left-labor parties. The PSUM and the PMT and other left-labor parties supported the Cardenas and the National Democratic Front in the 1988 elections, and then after the election was stolen from him, went on to join him in founding the Party of the Democratic Revolution (PRD) in 1989.

Some have called the PRD the euthanasia of Mexican Communism, since the Communist (then called the Mexican Socialist Party or PSM) voted themselves out of existence to join the PRD.

(Carlos Salinas and especially his brother Raul, recently convicted of murder, had alliances with several Maoist and other radicals groups in Mexico. Salinas encouraged one of them, Land and Liberty in Monterrey, a kind of political machine based on an urban poor, to become a political party, the Workers Party [Partido de Trabajo or PT]. The PT never represented a working class or labor union party, and became a satellite of the PRI until the exile of Salinas the jailing of his brother. The PT suffered serious reversals in recent elections.)

The PRD, despite the participation and leadership of figures who came out of the Communist Party, the Mexican Workers Party, and the Trotskyist current, has never had the character of a labor union or workers party.

The PRD is part populist, part social democratic, and entirely electoral. From time to time the PRD attempts to support one of the labor union movements, but it could not be called a political expression of the unions.

That's what makes the organization of the Social Movement of the Workers or MST such an interesting development. The MST raises the possibility that the Mexican working class might be in the process of creating its own political party.

Labor creating its own party anywhere in the world must inevitably mean myriad problems, and no doubt, many mistakes. But nothing could be more important than for labor unions and workers than to learn about politics through their own mistakes, and to go forward to attempt to reorganize government and society and make them more just and more democratic.

Will the MST become a genuine independent political labor party, or if it succumbs to the problems facing all unions in capitalist society, and the particular historic problems of Mexico, or will it find itself dragged by political gravity back into the black hole which is the PRI? ★

Source: Mexican Labor News and Analysis, vol.4, no.2, 2 Feb. 1999

Feminizing the Latin Labor struggle

James D. Cockcroft argues for a more gendered and internationally oriented analysis of labor struggles

According to the head of the women-in-development program of the Inter-american Development Bank , "Investing in women offers policy makers the highest economic and social returns at the lowest cost" (Buvinic, 1997:39).

This is a late 1990s, feminized version of the "investment in the poor strategy initiated in the late 1960s by the World Bank (see Cockcroft, 1998).

UN and other global estimates show women providing two-thirds of the hours of work, earning one-tenth of the world's income, and possessing less than one-hundredth of the world's wealth.

According to the statistical calculations of the United Nations's "Human Development Report 1995," women's economic contributions globally are undervalued by US$11 trillion. Just the unpaid housework of women is estimated at the market equivalent of 1,530% of the gross domestic product (Bell, 1997). This super exploitation of women is a major consequence and cause of monopoly capital's seeking to fortify the relation between itself and village- or neighborhood-based "domestic economies."

Why is capital so interested in women? Besides the rise of feminism, there are structural reasons.

Employers are aware of the central role of women in production. Following Seccombe (1992, 1993), we can recast Marx's Department III (originally consumption) as that of the production of the *sine qua non* of all production: labor power. Department III of production doe this on a daily and generational basi organized through the family in patriarchal framework. Its importance manifested by capital's resistance t socializing Department III costs o production through the provision o public community services, daycar centers, and the like.

The global spread of corporate giant like McDonald's reflects the capitaliza tion, not socialization of Department II of production. Women's unpaid house hold work makes it easier for employer to pay all workers less, while patriarcha and related gender ideologies mak women even more superexploitable.

At the same time, most of Lati America's "formal sector" workers bu numerous goods and services relatively low prices from the immiser ted masses hawking their ware or skil on neighborhood streets or in th marketplaces. This helps reduce pressu on what the wage can buy, an indire subsidy to capitalists.

Capital finds in women not only non-waged source of production fo Department III that subsidizes capital Departments I (capital) and II (consume goods) of production by reducing th costs of labor power. It also finds a va pool of inexpensive, non-unionized, an sometimes skilled labor power fo Departments I and II. Most workers several U.S. hi-tech industries today ar female, often first or second-generatio Latina and Asian immigrants. Wome everywhere are increasingly heads families and major family "breadwinners" (see Safa, 1995).

Studies of the immiserated masse have documented their central role

capital accumulation not only as a "reserve army of labor" but as participants in the direct production of surplus value and the circulation, distribution, and consumption of commodities.

Mexico's 4,000 maquiladoras (hi-tech, labor-intensive assembly plants) rely largely on a female labor force. Modern garment and other industries have "re-invented" the sweatshop and subcontract out so-called homework to poor women in "domestic workshops," super-exploiting mostly female "owners" and their "employees," often immigrants from poorer areas (see Alonso, 1995; Beneria and Roldan, 1987; Cockcroft, 1983; 1998; and ***Latin American Perspectives***, 1998).

While in the countryside a depeasantization process is disguised by peasant production for markets and subsistence, in the cities a process of proletarianization and immiseration is often disguised by petty-bourgeois forms of economic activity that usually generate surplus value or realize it on behalf of capitalists.

The widespread immiseration that accompanies the proletarianization of some into a modern industrial work force denies the benefits of proletarian status (social security, unionization, etc.) to millions while limiting the benefits won in hard-fought battles by the industrial proletariat.

Super-exploitation of labor develops and creates anew supposed "non-capitalist" forms of production and distribution, thereby helping to combat the declining tendency of the rate of profit inherent in capital-intensive industrial production (Marx, 1967) while also absorbing some of the unemployed and inculcating them with what the anthropologist Sol Tax once called a "penny- capitalist" ideology (Tax, 1963).

Further, the capitalist mode of production supplants or "absorbs" noncapitalist modes of production; it does not "preserve," or "combine with," or "coexist with" them. What look like noncapitalist forms of production and distribution offer up to capital raw materials, certain necessities of life for labor power's reproduction, and even finished products (see Alonso, 1991; Cockcroft 1998; and de la Pena, 1975).

U.S. and Canadian capitalists seek low-paid, easily exploitable labor power not only by moving production offshore but also by relying heavily on immigrant labor. Mexico's high rates of "maquiladorization" and emigration reflect this.

In 1995, some 27% of Mexico's workforce were either unemployed workers or migrants in the United States (Cockcroft, 1998, Table 7).

Moreover, growing numbers of Latin America's immigrants to the United States and Canada are female. Employers welcome these tax-paying immigrants and new laws are making it harder for them to unionize or partake of society's social services.

The media-orchestrated and politically encouraged immigrant-bashing in the most industrialized countries reflects capital's attempt to divide workers and maintain a higher level of labor discipline. Labor union confederations like the AFL-CIO are recognizing the need to "organize the unorganized" – mainly female workers and immigrants, many of whom had already started organizing themselves prior to the 1990s.

Before the Immigration Reform and Control Act and other laws were passed to block their efforts, immigrant workers organized what in the 1970s and early 1980s was the largest and most militant independent labor union in the United States, the American Federation of Workers (see Cockcroft, 1988, 1999).

There is also a growing recognition of the need to internationalize and "feminize" labor and human rights struggles around larger issues like North American Free Trade Agreement, the General Agreement on Tariffs and Trade, and the Multilateral Agreement on Investment, as well as specific union organizing attempts like those among Mexico's maquiladora or California's strawberry workers (see ***Mexican Labor News and Analysis***, 1997-98; ***Labor Notes*** 1997-98).

The struggle against women's oppression in both its patriarchal and its capitalist form is central to any accurate class analysis and potentially successful strategy for change.

Women constitute the major superexploited group among the immiserated masses and much of the modern working class (more than a third of Mexico's workforce in 1998).

Underpaid and non-waged women subsidize both capitalist firms and household economies, and are central to both.

Of all social movements, those of immigrant workers and poor people are the least stable or predictable. Yet their power has been manifested repeatedly, with women often in the forefront, from the attempted revolutions in Iran, the Philippines, and Central America to the Zapatista and EPR uprisings in Mexico.

Whatever the long-range results of those particular attempts at change, no one can deny their profound national, regional, and international impact.

The political and class direction they take depends in part on the political tendencies of other groups in society, particularly the more regularly employed proletariat, the petty bourgeoisie, and activist intellectuals (see Cockcroft, 1989, 1996).

Theoretical errors such as conceiving of the poor and immigrant workers as "marginalized" instead of central to capital accumulation can generate corresponding errors in practice. Many labor union and social movement leaders fail to recognize and emphasize the objective links between the immiserated and proletarians.

A lack of gendered class analysis and praxis can lead to a failure to match the reality of heightened female initiative and participation in social change and revolutionary processes with sufficient commitment to having a female leadership and a serious implementation of reforms respecting women's needs and rights.

Only when the working poor, the working class, and concerned organizers and intellectuals recognize the role of the immiserated masses and the women among them as not only that of a "reserve army of labor" but also as a highly important activated arm of capital accumulation for domestic and foreign capitalists can the burgeoning mass social movements and union organizing drives among the poor be linked in the fundamental dynamic of class struggle in capitalist societies. That struggle pits capitalist owners against urban and rural proletarians and takes on increasingly significant gender, ethnic, and international characteristics. ★

References

Alonso, José Antonio. 1991 ***Mujeres, maquiladoras, y microindustria domestica***. Mexico City: Distribuciones Fontamara.

Bell, Peter F. 1997 'Thailand's Economic Miracle: Built on the Backs of Women.' State University of New York-Purchase: unpublished paper.

Benería, Lourdes, and Martha Roldán. 1987 ***The Crossroads of Class and Gender: Industrial Homework, Subcontracting and Household Dynamics in Mexico City.*** Chicago: University of Chicago Press.

Buvinic, Mayra. 1997 "Women in Poverty: A New Global Underclass", ***Foreign Policy***, Fall 1997: 38-9.

Cockcroft, James D. 1983 'Immiseration, Not Marginalization,' ***Latin American Perspectives***, 10:2, 3 (Spring, Summer): 86-107, and 'Pauperización, no marginalización,' ***Coyoacan 15*** (May): 34-52; 1988 ***Outlaws in the Promised Land: Mexican Immigrant Workers and America's Future***. 2nd ed. New York: Grove Press; 1989 ***Mohammed Reza Pahlavi Shah of Iran.*** New York: Chelsea House; 1996 ***Latin America: History, Politics, and U.S. Policy.*** Chicago: Nelson-Hall Publishers; 1998 (in press) ***Mexico's Hope: An Encounter with History.*** New York: Monthly Review Press; Mexico City: Siglo XXI; ***Outlaws in the Promised Land: The Politics of Immigration.*** Albuquerque: University of New Mexico Press.

de la Peña, Sergio 1975 "Acumulación originaria y el fin de los modos de producción no-capitalistas en América Latina," ***Historia y Sociedad***, 5 (Spring): 65-73.

Labor Notes 1997-98 Monthly: 7435 Michigan Ave., Detroit, Michigan 48210

Latin American Perspectives 1998 'The Urban Informal Sector,' 25:2, Issue 99 (March).

Marx, Karl. 1967 ***Capital.*** New York: International Publishers.

Safa, Helen I. 1995 ***The Myth of the Male Breadwinner: Women and Industrialization in the Caribbean.*** Boulder: Westview Press.

Seccombe, Wally. 1992 ***A Millennium of Family Change: Feudalism to Capitalism in Northwestern Europe.*** London: Verso; 1993 Weathering the Storm: ***Working-Class Families from the Industrial Revolution to the Fertility Decline.*** London: Verso.

Tax, Sol. ***Penny Capitalism*** (Chicago: University of Chicago Press, 1963).

The author is visiting professor at the State University of New York at Albany. He is the award-winning author of 25 books and a long-time labor and political activist.

This article originally appeared in ***Latin American Perspectives***, Issue 103, Vol. 25, No. 6, November 1998, pages 42-46. Thanks also to ***Mexican Labor News and Analysis*** for bringing this article to our attention in MLNA v.3 n.19, 2 Nov. 1998

East Timor's false friends

Hypocrisy and cynicism are the main characteristics of Australia's policy towards Indonesia and East Timor

Jon Land

After the fall of Indonesian dictator Suharto in May, the independence struggle in East Timor entered a new phase. Australia's conservative government and Labor opposition welcomed Suharto's decision to step down, hoping his departure would stabilise Indonesia's political, social and economic crises.

Initial statements by new President B.J. Habibie indicated that there was to be a new approach on the issue of East Timor, with talk of greater freedom, autonomy and a reduced military presence.

Australian foreign affairs minister Alexander Downer welcomed this supposed change, while continuing to express the government's view that East Timor was an integral part of Indonesia. East Timor "is obviously a very divided place", Downer observed, and "there is no point trying to resolve the issue with a quick fix".

Political and social unrest has continued in Indonesia and the East Timorese remain defiant with their demand for independence. In response, Downer announced a "historic" policy change on East Timor. In December, Australia acknowledged that the people of East Timor should have the right to carry out an unspecified act of self-determination after a lengthy period of autonomy. The preferred option is that East Timor remain part of what Prime Minister John Howard terms an "understanding Indonesia".

Then the Indonesian government indicated that the People's Consultative Assembly (parliament), would consider letting East Timor go altogether after the June 1999 elections, if the people of East Timor rejected its offer of autonomy.

ALP looks ahead

On February 4th, Labor's foreign affairs spokesperson Laurie Brereton criticised the party's shameful record when in office. He was strongly rebuked by his ministerial predecessor, Gareth Evans, and by Labor leader Kim Beazley. Beazley even claimed that Labor "took a very strong stand with our Indonesian colleagues on the human rights issues" in East Timor.

Brereton and Evans have been in conflict since November, when Brereton began the push for a Senate inquiry into the 1975 murder of Australian journalists by Indonesian troops during the invasion of East Timor, and into past and present government policies towards East Timor. In December the Senate agreed to an inquiry which will specifically exclude the journalists' deaths.

Brereton's efforts are part of a shift intended to distance Labor from its past record in case East Timor gains independence. It is hoped the change will place a future Labor government in a more favourable light when negotiating with an independent East Timorese government over such things as foreign investment or a new Timor Gap oil treaty.

In January 1998 Labor returned to its pre-1984 policy of support for a "process" of self-determination for East Timor. Now, as then, Labor has failed to actively campaign on this new policy. In fact, Labor is doing the opposite.

Less than a week after Suharto relinquished the presidency, Labor voted with the governing Coalition to defeat Greens senator Bob Brown's motions calling for the Indonesian government to release resistance leader Xanana Gusmao and all other Indonesian and East Timorese political prisoners, and allow East Timor a free vote on self-determination, including the option of unfettered independence, and for the Australian government to suspend military assistance to Indonesia until fair and free elections have been held.

It was not until just before Australia's federal election in October 1998 that Labor began to openly espouse its January '98 policy on East Timor. Labor had been so quiet about its support for "negotiations towards self-determination" that many media reports heralded Labor's statements on the issue as a new and major policy change.

Labor's shift was motivated by the need to differentiate itself more clearly from the Coalition on foreign policy issues. It also signalled a more astute analysis by Labor's policy advisers of the rapidly changing conditions within East Timor, where large mobilisations demanding independence were taking place regularly. These mass rallies reflected the overwhelming sentiment of the East Timorese people.

Howard's "restraint"

Protests and riots within Indonesia during the latter half of 1998 further weakened the Habibie regime and the military, whose role in suppressing student activists was widely condemned by prominent liberal opposition leaders and democracy activists.

The Howard government stood by its position of continuing the closest possible links with the Indonesian military. "Our position is that the military contact we have with the Indonesian armed forces has been a very useful vehicle for us to encourage the exercise of restraint... and our view is that by and large the military have exercised restraint", said foreign minister Downer.

Both Labor and Liberal have argued that close ties between the Australian Defence Force and the Indonesian army will help professionalise Indonesian soldiers and make them more conscious of human rights. This argument has been disproved by the indiscriminate killings in recent weeks in Aceh and the arming of anti-independence militias in East Timor.

Military training exercises with Indonesia were suspended in October. But defence minister John Moore went to great lengths to explain that this was by mutual agreement, because Indonesia could not afford to cover the cost of the exercises.

Freedom is coming

The policies of the Australian government and the Labor opposition are being rendered increasingly irrelevant by the rapid pace of events in Indonesia and East Timor. This will be exacerbated by the recent talks on the status of East Timor at the United Nations.

"If Labor and the Coalition were serious about supporting the East Timorese people, they would revoke their formal recognition of Indonesia's sovereignty over East Timor," argues Max Lane, national coordinator of Action in Solidarity with Indonesia and East Timor. "Defence ties and economic aid to Indonesia would be suspended indefinitely until all Indonesian troops are withdrawn from East Timor, the pro-Jakarta militias they have created in East Timor, are disarmed and Xanana Gusmao and all other East Timorese political prisoners are released.

"Both Labor and the Coalition should support the immediate granting of bridging visas to the 1,500 East Timorese asylum seekers, and provide special rehabilitation, education and training programmes to enable them to play a role in rebuilding East Timor. This should be funded by a levy on Australian companies who have profited through exploiting cheap labour and resources in Indonesia and East Timor."

According to Lane, "until these and other concrete measures are carried out, Labor's and the Coalition government's words about the situation of the East Timorese people will remain shallow and meaningless." ★

Source: *Green Left Weekly*, 10 February 1999. For more information see <www.peg.apc.org/~asiet>.

Indonesia
PRD to stand

The Peoples Democratic Party (PRD) has decided to participate in the 1999 elections. According to the party's representative, Faizol Reza, the PRD maintains its accusation that the government is not serious in carry out elections that would genuionely help solve the econopmic and political crisis in Indonesia. The PRD accuses the government of primatrily seeking legitimacy in the eyes of foreign investors and international donor agencies.

The PRD recognises that the moderate opposition is succeeding in taking advantage of objective conditions to win broad support for the coming elections. Faisol expressed his concern about the rise of "money politics" or the use of the tactic of divide and rule among the people as a means of parties trying to win the elections.

Budiman Sujatmiko, the General Chairman of the PRD who is still imprisoned in Cipinang Prison, stated via Faisol that the PRD did not want to become just an electoral machine. "We want our party to be a school for politics for the people." Budiman stated that there must be a political catalyst operating in the midst of the false consciousness that now dominates among the people. This is the reason why the PRD is standing in the June elections.

The PRD believes that conditions are not yet appropriate for elections in Aceh and Irian Jaya, where a State of Military Operations is still in effect. This means that people there will have no possibility of freely expressing their opposition to the authorities.

The PRD has reaffirmed its support for a referendum in East Timor. ★

Source: Detik.com, translated by ASIET, www.peg.apc.org/~asiet

Migrants and the Asian crisis

In good times, migrant workers collect the crumbs of wealth in far-off lands. When times are bad, migrants absorb most of the shock.

They are blamed for the slump because they are not working hard enough; because they have "old fashioned" collective bargaining agreements; because they oppose retrenchment; because they go on strike; and because they form trade unions.

During economic downturns, foreign or migrant workers are one of the most vulnerable sections of the working class. Filipino migrants have been particularly baddly hit by the 1998 financial meltdown in Asia has . In their new homes they face retrenchment, pay reduction, and job insecurity. Back home, all they see is unemployment

Philippine overseas migration

The Philippines is Asia's biggest exporter of labour (followed by India, Pakistan and China.) At least 700,000 Filipinos leave for work abroad every year.[1] The 7m overseas workers represent about 10% of the country's population, and nearly 20% of those of working age.

About 4.2 million are classified as overseas contract workers (OCWs) who work on fixed terms of six months to two years.[2] Philippine overseas migration has become a pair of crutches for the local economy, serving two main objectives–to ease the unemployment situation and to generate foreign incomes to fuel the faltering economy.

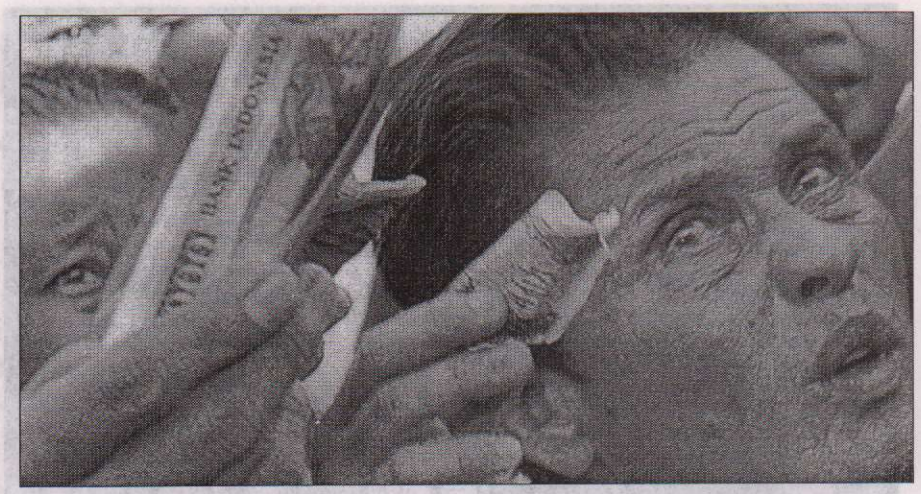
Filipino overseas workers constitute the bulk of surplus labor in the Philippines. Unwanted by the local economy, they are forced to seek employment abroad, unmindful of the onerous contract terms and risks, if only to escape poverty and joblessness at home. In 1995, we computed job scarcity ratio in the Philippines at 69% of the actual labor force.[3] Today, this ratio could reach at least 75% considering that unemployment rate increased 5 percentage points over the last three years.[4]

It is very easy to understand why there is a compelling reason to seek employment overseas. Otherwise, the local economy has to contend with an additional 4.2 million people needing jobs at home.

Averting a potentially explosive unemployment crisis is just half of the story. Overseas employment also saved the Philippine financial position from virtual collapse. In 1997, Filipino migrants remitted $US5 billion in badly needed foreign currency.[4] This amount easily doubles to $10 billion if remittances through non-banking or informal channels are factored in.

This amount is about 18% of the country's Gross National Product (GNP) and is nearly the same as the contribution of the entire agricultural sector.[6] For more than a decade, income remittances from overseas have kept the Philippine economy afloat. If these were used to pay the foreign debt, the country could emerge from the debt trap in four years!

For over two decades, the Philippines embarked on an aggressive labor export program. But this proceeded at a



tremendous cost. Widespread abuses, exploitative working conditions, job insecurity and the virtual absence of protection have made life extremely difficult for Filipino migrants in most areas of destination. Prolonged separation, psychosocial pressures and changing values have caused the breakdown of families, delinquency among the youth and disruption of normal child development.

Overseas migration has reached a level that is well beyond the capacity of the government to manage in terms of providing services and guarantees; in mitigating the social cost of migration; and in facilitating the reintegration of returning overseas workers.

Even in macroeconomic terms, the situation has become untenable. The country is caught in a vicious migration trap, The local economy is overly dependent on overseas employment, in the same way that it is dependent on foreign capital and foreign debt.

Philippines
Censored

Postal officials have confiscated copies of the international "socialist renewal" journal Links. According to Sonny Melencio, a Philippine member of the editorial board, officials demanded the "security clearance" — theoretically ablished, along with the Anti-Subversion Law which was used to censor socialist materials during the martial law period.

This zealous defence of the country's moral values is suprising for a post office which is so corrupt even the diplomatic corps has complained about tampering and theft. [SM/JD] ★

Protest faxes can be sent to the Philippine's Commissioner of Customs, 527-1953 and the Post Master General's Office, 527-0034

But the labor market abroad is no longer expanding and has, in fact, started to contract, particularly with the onset of the Asian financial crisis and the global economic slowdown. The sudden and massive displacement of Filipino overseas workers has become a distinct possibility. Yet, the local economy is in no position to absorb the increasing number of Filipinos who have lost their jobs abroad.

For many years, the country's labor export program thrived because of the high demand for foreign workers badly needed to implement ambitious economic programs in the host countries. In the 1970s, the Middle East provided a vast market for Filipino workers. This was complemented by the increasing demand for service workers, particularly domestic helpers in Europe, Canada, Hong Kong and Singapore.

The Asian economic boom of the late 1980s and 1990s attracted hundreds of thousands of migrants from the poor countries of the region. It provided an alternative market for Filipino workers after the noted slowdown in the Middle East and the increasingly restrictive immigration policies in Europe and the global North.

Impact of the Asian crisis

Today, an estimated 1.3 million Filipino workers are deployed in Asia and Oceania, including over a hundred thousand each in Japan, Hongkong, Taiwan, Malaysia and close to a hundred thousand in Singapore.[7]

Although the Middle East, particularly Saudi Arabia, remains the top destination for Filipino contract workers, the Asian region has become the fastest growing labor market for Filipinos since the late 1980s. In a span of just ten years, departures for Asian countries increased by 553%. Departures for other regions expanded by only 10 to 50 percent.

The Asian region, including Southeast Asia, has emerged as a critical labor market for Filipinos. The Asian economic crisis, therefore, has severely affected Filipino migrants and the local economy that is threatened by rising unemployment and decreasing foreign currency incomes.

In the first five months of 1998, total deployments of Filipinos for overseas work decreased by 3.6% compared to the same period a year ago. Deployments to Asian countries decreased by a higher 6.5%, the first decline recorded in more than a decade. Departures for Malaysia decreased by 62%, Korea by 48% and Hong Kong by 18%9.

During the same period, income remittances of Filipino migrants increased by .58%. Remittances from Asia, however, took a nose dive and declined by 24%10. Since July, 1997, South Korea, Malaysia, Thailand and Singapore mounted sustained crackdowns on illegal migrants even as they warned foreign workers with mass layoff if the situation does not improve.

In Malaysia, the Filipinos and Indonesians took the first blow in the aftermath of the financial crisis. Some 5,000 Filipinos have been sent home since then. Meanwhile, Malaysia has formulated a new development thesis saying that over dependence on foreign workers cannot sustain development efforts and may mean the loss of freedom.

In Hong Kong, employers are firing their domestic helpers to save money as they contend with recession and rising unemployment. They have petitioned the government for a drastic 35% reduction of salaries of domestic helpers.

Prospects

Intra-Asian migration is here to stay because of the uneven development of economies in the region. For big business and state authorities, international migration provides them with broader options for pursuing their respective business interest and economic goals. Globalization and the rapid growth strategies adopted by Asean states have also resulted to widespread contractualization, labor feminization and massive labor migration. Unless labor and migrant groups work together, they will continue to be pawns in a game they do not control. ★

This document was prepared by KAKAMMPI, the Association of Filipino Migrant Families and Returnees, and presented at the Southeast Asian Regional Conference on Migrant Workers and the Asian Economic Crises: Towards a Trade Union Position November 5-6, 1998; Bangkok, Thailand

Endnotes
1 Philippine Overseas Employment Administration (POEA) placed deployment at 747,696 in 1997 and 660,122 in 1996.
2 There is no accurate estimate of the stock of overseas Filipinos. Government and media sources estimates range between 6.5 to 7.5 million. Other estimates range between 6 to 7 million.
3 Job scarcity ratio is computed by aggregating the unemployed, underemployed, the overseas workers, unpaid family workers, housewives, disabled and those not looking for jobs
4 The National Statistics Office (NSO) reported unemployment of 13.3% for the first quarter of 1998. In 1995, unemployment was reported at 8.7%.
5 POEA Report on Key Performance Indicators cited OFW remittances for 1997 at US$5.7 billion.
6 Share of agricultural sector in GNP is about 20%.
7 POEA Data, Key Economic Indicators, 1995.
8 Philippine Labor, October 1998, p. 8.
9 Ibid.

India

Furore over fire

B. Skanthakumar

On December 2nd 1998 two Mumbai (Bombay) cinemas screening the Indian film **Fire** were attacked by the women's wing of the Hindu communalist *Shiv Sena* (Army of God). The following day a cinema in Delhi received similar treatment. Cinemas around the country got the message and pulled the film off their screens.

Deepa Mehta's film which has received fourteen international awards had been barraged by verbal assaults for several months before the physical attacks began.

Its central characters are two sister-in-laws living in a Hindu joint family in Delhi in unhappy and loveless marriages, who first through loneliness and then through desire are attracted to each other. The film doesn't only hint at this awakening of female sexuality but eroticises it through kissing, foreplay and intercourse.

This is perhaps the weakest aspect of the film. Had they been happily married or their husbands not been as unfeeling, could they not have fallen in love?

The Shiv Sena women's wing organised a petition, complaining that "if women's physical needs get fulfilled through lesbian acts, the institution of marriage will collapse... reproduction of human beings will stop."

Instead of condemning this wanton violence and bigotry Maharashtra Chief Minister Manohar Joshi, who leads a Shiv Sena-BJP coalition government, congratulated the protesters claiming, "whatever is depicted in the film is against our culture." The Censor Board had promised a second review of the film, with the aim of banning it.

When veteran cinema actor Dilip Kumar and other cultural figures sought the intervention of the Supreme Court to protect screenings of the film, male supporters of Shiv Sena blockaded his home, demonstrating in their underwear in protest at female 'nudity' in **Fire**!

Yet as bold and refreshing as Mehta has been in her treatment of same sex sexuality, lesbianism as such is a minor theme as compared to her exploration of desire and its gendered assimilation. Desire assumes several manifestations in this story–all of which are conflicted with duty–and it is in the confrontation between the two that some desires are found to be more tolerable to society than others.

The elder brother-in-law spurns sexual union with his wife 'Radha' (played by Shabana Azmi) for spiritual union with his *swami*; his younger brother desires only his Chinese girlfriend and resents his wife 'Sita' (played by Nandita Das); and the male servant desires 'Radha' but has to satiate himself by masturbating to porn videos. Yet it is the desire between the sister-in-laws that is so offensive to the other characters in the film and the *Hindutva* activists.

The power of desire

Where society elevates duty above desire, stigmatises sex outside marriage and enforces compulsory heterosexuality, in **Fire** these conventions are subverted. "Without desire I was dead", 'Radha' explains to her enraged husband, "without desire there is no point in living. And you know what else? I desire to live. I desire Sita. I desire her warmth, her compassion and her body. I desire to live again."

According to he film's protagonist Shabana Azmi, acclaimed actress, social activist and *Rajya Sabha* (Upper House) Member, "**Fire** is a film that disturbs. **Fire** is a film that starts a process of questioning."

Women as symbol

The Hindu upper caste woman is a symbol *par excellence* of communalist ideology, which identifies the nation in the woman and the woman in the nation; which ascribes 'feminine', maternal and procreative functions to women and which removes agency in sexual and reproductive rights from women. Women can also be bearers of communalist ideology as illustrated by the leading role of the *Shiv Sena Mahila Aghadi* (women's wing) in the protests against this film.

The two Hindu women depicted in the film look, dress, behave and live as millions of others do in India. They work for the family business preparing sweets and drinks, cook and serve their husbands, care for the aged grandmother and so on. They are the antithesis of the deviant or outsider in the communalist imagination.

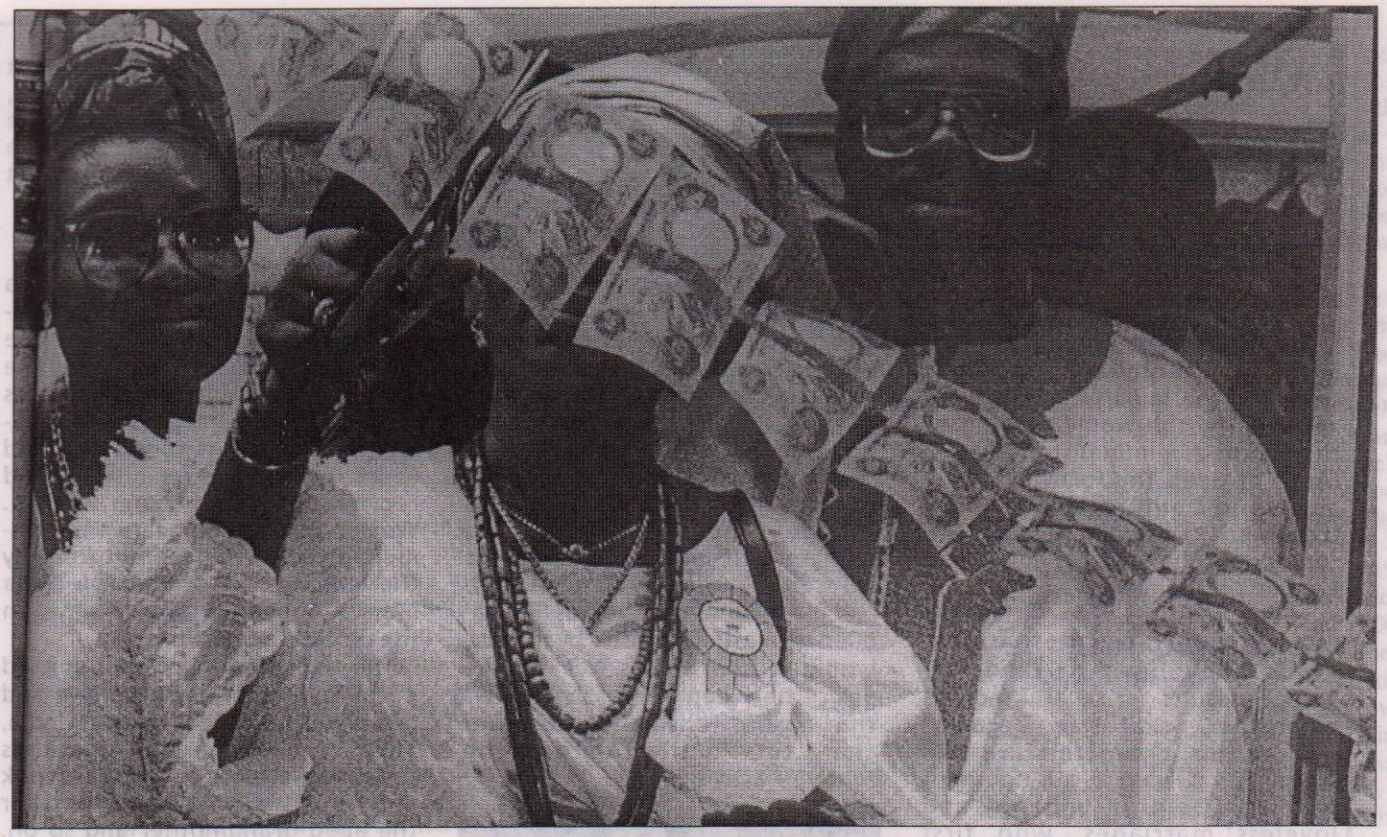
Yet within the private sphere to which they are consigned, they can and do find happiness, and with each other. It is this which is so unthinkable to the film's opponents and which shocks them so.

When discovered in bed together the women are compelled to leave their husbands and marital home. In a neat reference to the epic story *Ramayana* which is a favourite of the *Hindutva* ideologists, the director makes 'Radha's' sari accidentally catch fire. The audience watch helplessly as she is consumed by flames. Her husband turns away, leaving her to die.

However she survives her trial by fire, and is reunited with her lover at the Hazrat Nizamuddin shrine. Which leaves us with the symbolism of two Hindus finding solace in a Muslim religious space–steeped in Sufi syncretism and the tale of Nizamuddin's homoerotic friendship with the poet Amir Khusro.

Fire disturbs and destabilises *Hindutva* cultural constructions with their essentialisms, homogenising processes and rendering of religious and sexual minorities as the demonic 'other'. Hence the venom has been unleashed against the film, its director and cast, and the places which dare to screen it. ★

* I am greatly indebted to Shohini Ghosh's "From the frying pan to the Fire", **Communalism Combat**, (Mumbai), Vol. 6, No. 50, January 1999 <sabrang@bom2.vsnl.net.in> Arif Azad and Jean Dupont commented on an earlier draft of this article.



The World Bank's friendly face for Africa

Some sectors of the NGO milieu have argued that the World Bank is undergoing a fundamental transformation. This illusion was dispelled during the Bank's recent meeting with the S. African NGO Coalition SANGOCO.

George Dor

The World Bank and International Monetary Fund (IMF) are notorious for imposing structural adjustment programmes, and entrenching poverty in countries across the globe.

These institutions have played a significant role in redirecting South Africa's transformation away from the basic rights and targets set out in the Constitution and the Reconstruction and Development Programme, towards an approach more in keeping with structural adjustment.

The World Bank has been an important player in the post-1994 market-driven housing and land policies, the user pays approach to water delivery, the increasing privatisation of infrastructure and services, the Growth Employment and Redistribution Strategy (GEAR) and cuts in spending on education, health and social welfare.

During his visit to South Africa, the Bank's Chief Economist and Vice President Walter Stiglitz said nothing to suggest that the bank will shift to a more people-centred approach.

Yet, curiously, his visit generated extensive media publicity portraying the man and the bank in glowing terms. As such, he succeeded to a significant degree in achieving perhaps the primary objective of his visit, legitimising the World Bank in denial of the poverty and hardship it is responsible for.

"Unemployed can bank on Stiglitz: Reflecting the changing face of the World Bank, Joseph Stiglitz is a hero in some left-wing circles", headlined the ***Mail and Guardian.*** "His intention... is noble: to free the poor from the powerlessness that is such a feature of poverty."

The seriousness with which Stiglitz and the World Bank are pursuing the appearance of legitimacy is reflected in the various meetings allocated to church leaders, NGOs and other non-governmental agencies.

As well as South Africa, the Bank is sending high-level representatives to several countries affected by the bank.

The lack of a critical approach by the media in the face of the World Bank's impact on the South African majority and the ease with which Stiglitz has been able to achieve his objective in many quarters is alarming. For some, it is a case of "money talks": the bank's offer of co-operation and the financial benefits this entails for the NGO partner is perhaps too tempting to refuse.

For others, it is more a case of failing to scratch beneath the surface and perhaps a yearning for a "hero" to get us out of the chaos of the current global crisis. The reality of the World Bank's ongoing negative impact remains hidden.

Much of the impetus for the more positive way in which the World Bank is being portrayed emanates from a talk by Stiglitz in Helsinki in January 1998, in which he criticised the "Washington Consensus", namely the World Bank, IMF and US economists and their neo-liberal structural adjustment approach.

But there is little or no substance to these criticisms. We asked Stiglitz for his views on the contradiction between his speech in Helsinki and the World Bank contribution to the GEAR strategy. He told us he didn't know much about South Africa.

We asked specifically about the World Bank staff member responsible for GEAR's severe fiscal deficit targets, the resultant cuts in spending on meeting basic needs, and whether the more flexible approach he conveyed in Helsinki should have been followed in South Africa.

His performance during the meeting was that of a conductor of a united entourage, creating the image of a World Bank working in harmony. Yet he responded that the World Bank "is not militaristic" and that "there is no litmus test" for bank staff or, to put it in other

words, there is no clear bank policy on critical issues and bank staff have substantial leeway to do as they please.

We put it to him that perhaps the bank should take action against its other staff member on the GEAR team who got the employment predictions so horribly wrong by suggesting that GEAR would generate hundreds of thousands of jobs each year when, in reality, hundreds of thousands are being lost.

Everything in his tortuous reply suggested that he was not particularly concerned whether bank staff members produce work of poor quality, even if this has a profound impact on people's chances of finding employment.

On the call to cancel third world debt, he questioned whether the resources required can't be put to better use elsewhere. He confirmed that the World Bank will continue to determine whether to grant debt relief and how much to give on the basis of its level of satisfaction with indebted countries' economic policies.

We asked him whether he still stood by his much-reported criticism of the "Washington Consensus" for policies that "are neither necessary nor sufficient, either for macro-economic stability or longer-term development", "at best incomplete and at worse misguided" and that "neglect... fundamental issues."

He toned down this criticism by telling us that his "main critique" is that the "Washington consensus" is "oversimplistic" and that "those policies are advisable but not sufficient".

The soft tongue...

In Helsinki, while discussin the trade off between lowering inflation and creating employment, he criticised the "Washington Consensus" for its "single-minded focus on inflation" and that it "typically downplays stabilising output and unemployment".

He argued: "In 1995 more than half the countries in the developing world had inflation rates of less than 15 percent a year. For these 71 countries controlling inflation should not be an overarching priority."

He repeatedly stressed the need to prioritise employment creation and suggested that prioritising inflation was only necessary in extreme cases: "Controlling inflation is probably an important component of stabilisation and reform in the 25 countries... with inflation rates of more than 40 percent a year."

In Johannesburg, he lowered the number of countries that don't need to prioritise inflation to only those with an inflation rate below 8%.

With regard to privatisation, he told us that "government should focus its attention on areas where the private sector can't operate". He stressed the role of the private sector in infrastructure and service delivery and repeatedly referred to the state as having a role in "justice and law enforcement", in other words, focusing on the state's responsibility for ensuring a profitable environment for private sector delivery.

Our engagement with him highlights a significant retreat from his Helsinki position. There are a number of possible reasons. His Helsinki speech may have been a deliberate strategy to create the impression of change. He may have been reigned in by the World Bank after Helsinki. Perhaps he felt restrained in Johannesburg by the need to talk the language of his entourage.

He portrays the confidence that he has the ear of the institution but insider talk suggests that he is seen as a maverick who is not to be taken too seriously. Whatever the reason for his retreat, his hero's halo has now vanished.

...and the iron teeth

The two faces of the World Bank are there for all to see. On the one hand, Stiglitz in Helsinki, his mooting of a "post-Washington Consensus", the World Development Report publicity events and, in instances, content, the Inspection Panel, the World Bank NGO forums, all these represent part of the World Bank's international legitimacy strategy.

The World Bank staff in South Africa, the Southern Africa region and other countries and regions of the South represent the other face of the World Bank, the World Bank as it affects real people.

The regularity with which bank staff impose structural adjustment policies throughout the countries of the South strongly suggests that they have clear instructions in this regard and that the "Washington Consensus" is very much in place. We can expect more of the same.

In a recent example, a World Bank evaluation of the generalised failure in South Africa to extract payment from the rural poor for water from communal standpipes recommends intensifying the squeeze on rural people by introducing mechanisms that withhold water until payment is received.

Stiglitz' Helsinki speech remains a beacon in the history of the World Bank and, as a critique from within, in the face of the manifest failure of the "Washington Consensus" to eradicate poverty and initiate development, it remains an important document to refer to in challenging the bank. However, there is no evidence that Stiglitz represents a way forward for the World Bank. Those in the south who are concerned about debt need to increase their levels of organisation to ensure that the people recapture their right to shape their own development. ★

The author can be contacted at <george@sn.apc.org>

Remember Diego Garcia

Diego Garcia rarely makes the newspapers outside Mauritius, from which it was separated in 1965.

United Nations Resolutions occasionally condemn Britain for illegally occupying the Islands. The Non-Aligned Movement and Organisation for African Unity pass resolutions. Questions are occasionally asked in the British Parliament, or the US Senate–Senator Edward Kennedy expressed his horror at the "depopulation" of the Islands when the Mauritians living there were forcibly removed to make way for the base.

Diego Garcia was almost in the news during the Gulf war, when it is the base from which the B-52s took off to bomb Iraq. It still is. The US missiles launched against both Sudan and Afghanistan last year, in the wake of the Nairobi and Dar-Es-Salaam bombs, were launched from vessels based at Diego Garcia.

When US President Clinton protested about Indian nuclear tests, his Indian counterpart, Prime Minister Atal B. Vajpayee, remarked that the US stocks its own nuclear weapons on Diego Garcia–ready for use anywhere in the region, and a direct cause of nuclear escalation.

When all the nations of Africa, and the five nuclear powers signed the Pelindaba Treaty for a Nuclear-Arms-Free Africa, the UK and USA refused to sign until "dotted lines" were put around Diego Garcia.

As the United States intensifies its economic and political domination of Africa, particularly through the Africa Growth and Opportunities Bill presently before Congress, it will be looking for any excuse to maintaining its military presence on Diego Garcia.

Mauritian reporter Henri Marimootoo has analysed a mass of material recently declassified under Britain's 30-year-secrecy-rule had been passed. These documents reveal the 1964 Anglo-American survey, the United States insistence on getting "the whole Chagos Archipelago", and revealed the "price" – £3 million "compensation" and a higher quota of Mauritian sugar allowed into the US market!

Activists in the USA are pressing their government to re-open the Chagos

dossier—these de-classified documents were not available at the time of the Congressional hearing on Diego Garcia, and their availability means that people can press for the US Congress to take the matter up again.

Inside Mauritius, the radical left group Lalit has joined with Grup Refizye Chagos (Chagos Refugees Group) and others in a common front for the decolonization and demilitarization of the Indian Ocean. It is called Rann Nu Diego - which means both "return us to Diego" and "return Diego to us".

In 1992 the former British High Commissioner to Mauritius confirmed that "The British Government has always acknowledged that Mauritius has a legitimate interest in the future of these islands and recognizes the Government of the Republic of Mauritius as the only State which has a right to assert a claim to sovereignty when the United Kingdom relinquishes its own sovereignty. The British Government has therefore given an undertaking to the Government of the Republic of Mauritius that, when the islands are no longer needed for the defense purposes of the United Kingdom and the United States, they will be ceded to Mauritius."

With the advent of a "new" Labour Government in Britain, many Mauritians hope that pressure can finally lead to the return of the islands. Though it was the Labour Government of Harold Wilson that "excised" the Chagos Archipelago from Mauritius by an Order in Her Majesty's Council.

The Labour Party of Mauritius is also back in power, ruling alone for the first time since 1982. In 1965 the Labour Party dominated the pre-Independence "Government" which negotiated the detachment of the islands. This kind of deal is specifically outlawed by international law, because a colony (or any pre-Independence government) is not a separate entity yet, and is therefore unable to enter into any type of contract or treaty.

Neighbouring Seychelles has successfully negotiated the reintegration of islands seized to create the British Indian Ocean Territories (BIOT). But successive Mauritian governments have preferred to use the issue to bargain, in secret, for higher sugar or textile quotas

Meanwhile, t beautiful coral island, described by a shipwrecked English sailor in 1786 as "one of the wonderful phenomena of the globe" remains a massive USA-UK military base.

The Common Front is working towards a boat or ship visit to Diego Garcia, with people from the Islands and other Mauritians in the group. Massive international support is needed, both to finance the project, and to ensure sufficient publicity when the boat arrives. ★

For more information contact Lalit, Main Road, Grand River North West, Port Louis, Mauritius. Fax: 230 208 2132, e-mail <lalmel@ intnet.mu>

Zimbabwe's misfortune

Not all of Zimbabwe's recent problems are the result of the corrupt schemes and obsessions of President Robert Mugabe and powerful cronies like Defense Minister Moven Mahachi.

The country's leaders are certainly a serious impediments to progress, but there are much more formidable structural barriers to economic revival.

Patrick Bond

The visitor to Zimbabwe is struck by three factors: the populist rhetoric of the nominally "Marxist-Leninist" ruling party; white corporate domination of the industrial, agricultural, financial and services sectors; and the country's persistent inability to break into global markets.

Since independence in 1980, Mugabe steadily condoned an ever-greater role for the private sector in Zimbabwe's development, in the process taking on vast quantities of international debt (whose repayment cost 35% of export earnings by 1987), This process culminated in the 1990 adoption of a structural adjustment programme.

The programme failed decisively. And not just because of the bad droughts in 1992 and 1995. The overall structure of Zimbabwe's economy and society left it ill-suited for rapid liberalisation, extremely high real interest rates, a dramatic upsurge in inflation and large cuts in social welfare spending.

Mugabe often confused matters with rhetoric hostile to the Washington Consensus which underpinned the Structural Adjustment Plan. But behind the scenes, three extremely conservative finance ministers (Bernard Chidzero, Ariston Chambati and Herbert Murewa) followed a fiscally-conservative, deregulatory agenda from 1990-97.

As a direct result of funding cuts and cost-recovery policies, exacerbated by the AIDS pandemic, the brief 1980s rise in literacy and health indicators was dramatically reversed. the stock market reached extraordinary peaks in 1991 and 1997, but always followed by crashes of more than 50% within a few months, along with massive hikes in interest rates.

Manufacturing sector output shrunk by 40% from peak 1991 levels through 1995, and the standard of living of the average Zimbabwean worker fell even further.

Although growth was finally recorded in 1996-97, it quickly expired when international financial markets and local investors battered Zimbabwe's currency beginning in November 1997, ultimately shrinking the value of a Z$ from US$0.09 to US$0.025 over the course of a year. As a result, inflation was imported, leading in January and October 1998 to urban riots over maize and fuel price hikes, respectively.

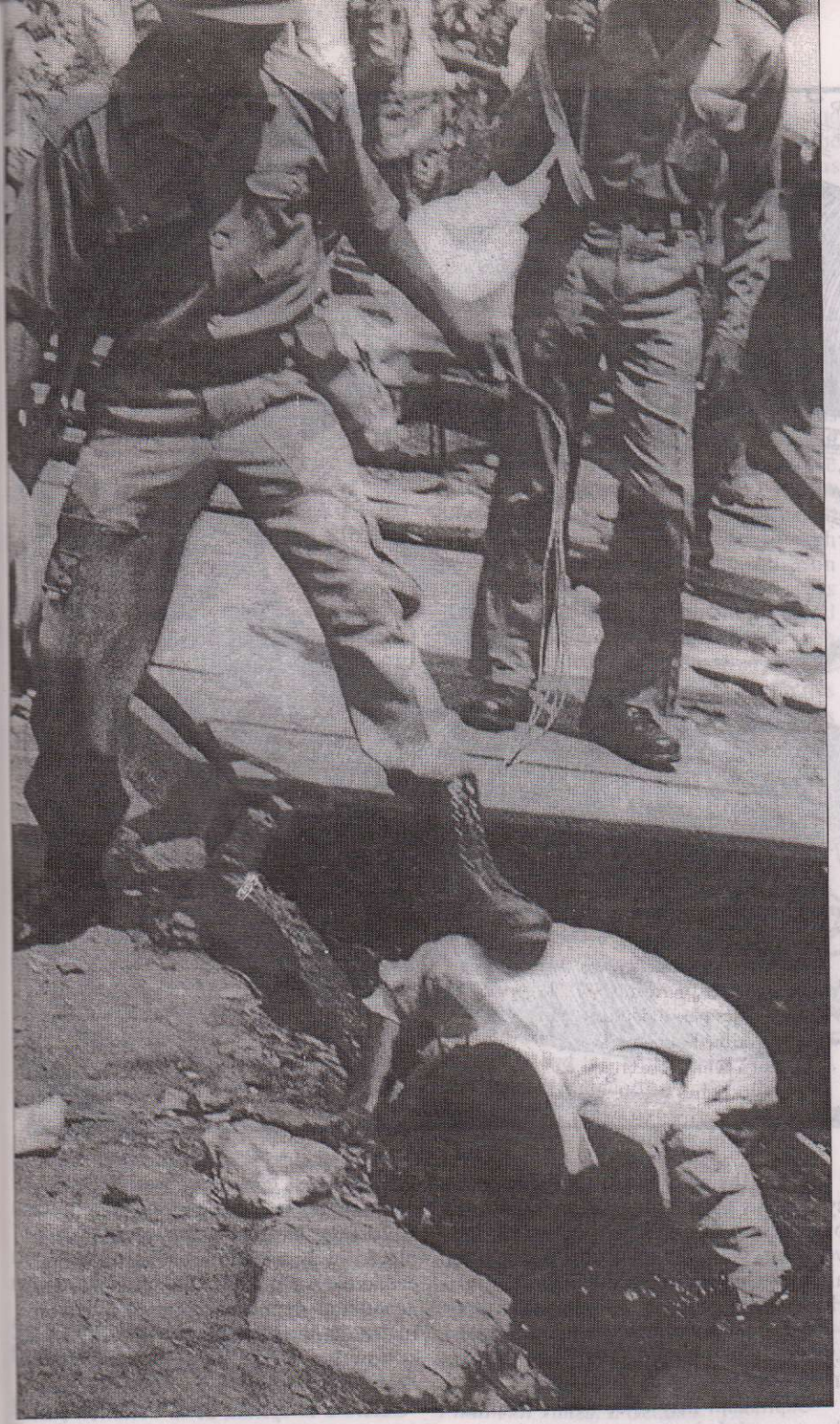
Mugabe's reactions included a November 1998 claim that he would return to socialist policies. And there were some small hints of reasserted Zimbabwean sovereignty in the face of financial meltdown, such as a mid-1998 price freeze on staple goods and several minor technical interventions to raise revenues, slow capital flight and deter share speculation.

For example, the 1990s liberalisation of a once-rigid exchange control system had created such enormous abuse that new regulations on currency sales had to be imposed. Yet two days after a 5% capital gains tax was introduced on the stock market, a broker boycott forced a retraction. The government was not powerful enough to reimpose full (Malaysian-style) exchange controls — which had been widely expected in the event a January 1999 IMF loan fell through, given the perilous state of hard currency reserves.

As economic grievances and more evidence of political unaccountability mounted, trade union leaders Morgan Tsvangirai and Gibson Sibanda called several successful national stayaways beginning in December 1997. Mugabe's increases in general sales and pension taxes to fund a large pension pay-out for liberation war veterans were vociferously resisted, and government backed down slightly.

An October 1997 threat to redistribute 1,400 large commercial farms (mainly owed by whites) scared agricultural markets, allowed Mugabe extensive populist opportunities to critique worried foreign donors (especially the British), while giving land-starved peasants only passing hope — unrealistic, considering Mugabe's past practice of rewarding farms to political elites. Peasant land invasions of several large farms were quickly repelled by the authorities.

In another unpopular move, Mugabe asent several thousand troops to defend the besieged Laurent Kabila in the Democratic Republic of Congo in mid-



1998. The local rumour was that this was done to protect the investments of politically well-connected Zimbabwean firms. Dozens of the soldiers died in Congo..

The homophobic leader also had to contend with the conviction of his former political ally Canaan Banana, Zimbabwe's first (largely ceremonial) president, on charges of raping at least two male staffmembers, It is claimed that Mugabe had turned a blind eye to the abuse.

By early 1999, government coffers were nearly dry. The IMF sent a high-level team to negotiate the disbursement of a US$53 million loan (which in turn would release another US$800 million from other lenders). The conditions attached were reported to include a prohibition on acquiring commercial farms unless payment was in full—not just for buildings and infrastructure, as Mugabe had desired—and was made ahead of time. The IMF also insisted on the lifting of price controls by June.

On the positive side, the IMF team gave credence to widespread concerns over a shady privatisation of Zimbabwe's major electricity-generation plant involving a questionable soft-interest loan to a Malaysian firm, and asked tough questions about who was financing the Congo war (Mugabew blaimed Kabila's government and Angola). But this was all in private. The IMF said nothing of substance at the subsequent press conference.

The IMF visit was emblematic in its demonstration of who really holds the reigns over major policy decisions. Zimbabwe was effectively brought back into the fold.

But judging by the schizophrenic reaction of the state-owned press and some key black business leaders–initially very critical of the IMF "changing the goalposts" but after the loan was approved, relieved that confidence was now (temporarily) restored—it appeared that Mugabe had come close to the point of no return. Indeed his strident anti-IMF rhetoric at a major December 1998 World Council of Churches meeting in Harare served to pacify, somewhat, growing human rights criticism of his regime.

How close to the brink?

Rumours circulated in the South African military about a coup attempt from within the Zimbabwean army. When printed by Zimbabwe Standard editor Mark Chavunduka and reporter Ray Choto in January 1999, Defence Minister Mahachi made hysterical denials, and arranged the illegal detention and torture of the reporters by military police, and then to the detention of publisher Clive Wilson. This "overkill" reaction convinced much of society that the media had stumbled onto the truth.

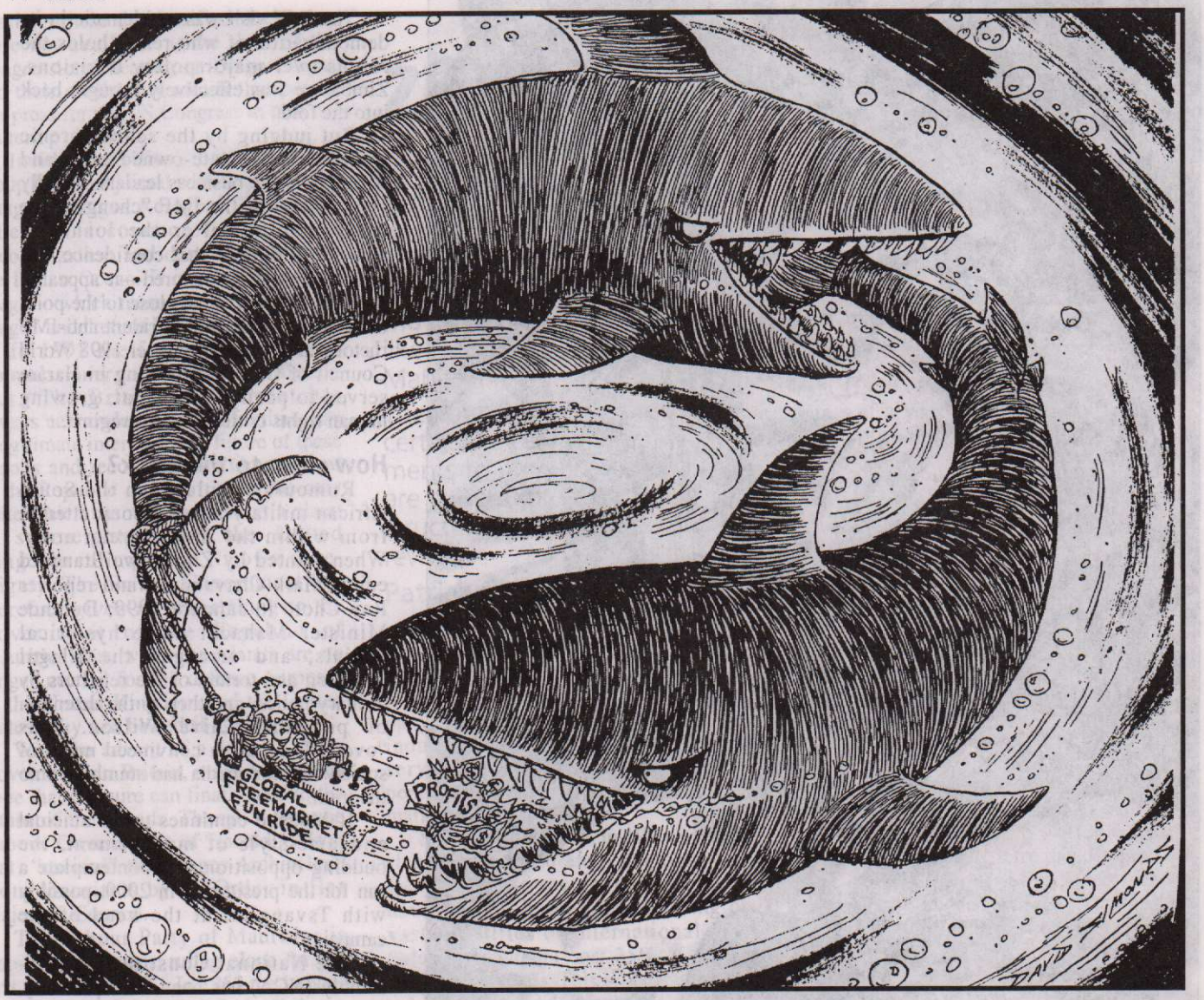
If Mugabe continues to his suicidal endgame-style of management, the budding opposition will contemplate a run for the presidency in 2000, possibly with Tsvangirai at the head of the campaign.

The National Constitutional Assembly (NCA) has been built patiently, as a kind of popular front, with support from church, human rights and liberal business circles. It resembles the early phaseof Zambia's Movement for Multiparty Democracy.

According to lawyer Tendai Biti the NCA can strengthen the dynamic for opening up political freedoms (maybe even a new constitution), but also improve socio-economic rights.

But the Zambian experience had a downside — the Frankenstein-like metamorphosis of trade union democrat Frederick Chiluba into a neoliberal authoritarian. The NCA contains a range of interests, and some very ambitious people. But the future is not predetermined. If the popular movement is strong, the NCA can win some real reforms. ★

(Patrick Bond is the author of Uneven Zimbabwe: A Study of Finance, Development and Underdevelopment, Africa World Press, August 1998; order through http:\\www.africanworld.com).
The author can be contacted at: Graduate School of Public and Development Management, University of the Witwatersrand, PO Box 601, Wits 2050, South Africa. Tel: (2711) 488-5917; fax: (2711) 484-2729 email <pbond@wn.apc.org>



"Your money or Your Life" – The Tiranny of Global Finance

By Eric Toussaint

Extracts from the introduction

This English edition by Pluto Press comes hot on the heels of the French, Dutch, Spanish, German, Turkish and Greek editions. For a book that does not hide its hostility to the neoliberal project, this in itself is a sign of renewed interest in global alternatives to mainstream thinking.

In a number of key countries around the world, we have seen either outright drops in production and consumption or significant drops in their rate of growth.

The term 'systemic crisis' is fitting in so far as the economic strategy of a number of big states, large private financial institutions and industrial multinationals has been unsettled — due to the growing imbalance and uncertainty in the world economic situation.

From the very start, the capitalist system has gone through a large number of generalised crises. On occasion, its very survival was in doubt; but it has always managed to weather the storm. However, the human cost of these crises — and of the ways in which the capitalist system has emerged from them — is incalculable.

Capitalism may once again weather the storm. It is by no means sure that the oppressed will be up to the task of finding a non-capitalist solution to the crisis. Although victory is far from guaranteed, it is imperative that the oppressed reduce the human cost of the crisis and pursue a strategy of collective emancipation that offers real hope for all humankind.

A worldwide fall in income

Recent studies carried out by economists in government and UN circles, have confirmed just how far buying power has dropped in various parts of the world. The Clinton administration's former Secretary of State for Labor, Robert Reich, for example, has said: 'Workers have less money to spend on goods and services [...] The crisis is upon us'. He adds: 'The sluggishness of American income levels is a highly sensitive matter, given the role played by household spending in overall economic performance. [Household debt] accounted for 60 per cent of available income at the beginning of the 1970s; it is now more than 90 per cent [...] We have hit the ceiling' (Robert Reich, 'Guerre a la spirale de la deflation', ***Le Monde***, 21 November 1998).

The 1998 report of the United Nations Development Programme (UNDP) gives some idea of the levels of household debt. In response to the drop in real income, households have clearly opted to finance a greater and greater share of their spending with debt. 'Between 1983 and 1995, as a share of available income, debt has risen from 74 to 101 per cent in the USA; from 85 to 113 per cent in Japan; from 58 to 70 per cent in France.' In absolute terms, US household debt was 5.5 trillion (5,500 billion) dollars in 1997.

This phenomenon can also be found in the most 'advanced' countries of the Third World. For example, in Brazil in 1996, fully two thirds of all families earning less than 300 dollars per month

were in debt — that is, one million of the 1.5 million families in this category. According to the UNDP, bad cheques are a common method for financing consumer spending in Brazil. Between 1994 and 1996, the number of bad cheques rose six fold.

Robert Reich is quite right when he says that a ceiling has been reached. A recession in the North and an increase in interest rates in the South could lead to a huge drop in consumer spending in the North and across-the-board bankruptcy of households in countries of the Periphery — in line with what we saw in the 1994-1995 Mexican crisis, and with what we have seen in the Southeast Asian crisis of 1997-1998 and the Russian crisis of 1998.

Three examples illustrate this fall in income for the majority of the world's population. First, the UNDP notes that in Africa, 'Consumer spending has on average dropped 20 per cent over the last 25 years'. Second, the UNDP notes that in Indonesia poverty could double as a result of the 1997 crisis. According to the World Bank, even before the crisis there were 60 million poor in Indonesia out of a total population of 203 million. Third, according to Robert Reich, real incomes continue to fall in much of Latin America. According to a World Bank report released at the end of 1998 (Agence France Presse, 3 December 1998), 21 countries experiences a fall in per capita income in 1997. The same report estimates that in 1998, some 36 countries — including Brazil, Russia and Indonesia — will register a drop in per capita income.

According to a 26 November 1998 press release issued by the Russian undersecretary of the economy, unemployment was expected to rise by 71 per cent between the end of 1998 and the beginning of 2001 — from 8.4 million to 14.4 million.

Straight talk on the crisis from Camdessus and Clinton

Up until early 1998, International Monetary Fund (IMF) director Michel Camdessus had played down the scale of the Mexican and Asian crises. By the time of the October 1998 joint World Bank-IMF summit, however, he had come around to saying that the crisis was indeed systemic. At that same gathering, Bill Clinton declared that the crisis was the most serious one the world had experienced in 50 years.

Establishment economists criticise policies dictated by the IMF, the World Bank and the G7

The severity of the crisis in a large part of the world economy has led a number of Establishment economists to subject IMF and G7-supervised policies to harsh criticism. Jeffrey Sachs was a leading exponent of shock-therapy policies in Latin America in the mid-1980s — the most brutal examples of which could be found in Bolivia — and in Eastern Europe at the beginning of the 1990s. By 1997, however, he was pillorying IMF and US-inspired policies in Southeast Asia. Unfortunately, this didn't stop him from overseeing the implementation in Ecuador of a ruthless austerity package in late 1998.

In the mid-1990s, Paul Krugman argued that increased free trade and global commerce would pave the way for growth in all those countries that joined in the globalisation process. As the crisis deepened and began to affect Brazil in 1998, Krugman suggested that the Brazilian president put in place coercive measures, for at least six months, to regulate capital flows. Robert Reich wondered aloud why the Clinton administration and other world leaders continued to defend tight-money and austerity policies at a time when such policies created a deflationary spiral. For one thing, he said Third World countries should not be forced to make huge cuts in public spending and to increase interest rates before they are eligible for loans (*Le Monde*, 21 November 1998).

In the June 1998 edition of Transition, in a broadside against the Washington consensus, World Bank vice-president and chief economist Joseph Stiglitz denounces the IMF's short-sightedness. He argues that although there is indeed proof that high inflation can be dangerous, there is no such proof that very low inflation rates necessarily favoured growth. Yet, for the moment, the IMF (and the World Bank, too, lest we forget) continue to promote the low-inflation dogma, even if this means destroying any possibility of economic recovery.

Nor have editorial writers at the ***Financial Times*** held back in their criticisms of the IMF: 'The IMF's way of dealing with crises must also change. Its standard remedy was not appropriate for Asia, where the problem was mainly private-sector debt. Too much IMF money was used to bail out foreign creditors' ('How to change the world', ***Financial Times,*** 2 October 1998).

Making a major break with tradition, Stiglitz has even 'dared' to criticise the role of the sacrosanct markets in Latin America: 'The paradox is that the panicking market, has, for reasons totally unrelated to the region, demanded that Latin American investments deliver unreasonably high interest and dividends to cover the perceived risks. By driving interest rates up and stock prices down, the markets risk doing severe damage to the Latin American economies' ('A Financial Taint South America Doesn't Deserve', ***International Herald Tribune***, 19-20 September 1998).

Of course, the authors of these remarks have not exactly been won over to the cause of the oppressed. That being said, they do indeed reflect the unease Establishment economists feel over the

Indonesia
Student solidarity

A range of organisations are sponsoring an International day of solidarity for Indonesian and East Timorese students scheduled for Saturday, May 22, one day after the Indonesian student movement forced the resignation of Suharto.

Given the vanguard role being played by the student movement in Indonesia and East Timor at the moment, it is extremely urgent to provide the maximum support for these two movements.

In Australia, there will be marches, rallies, public meeting and other events in most major cities. Activities will also be held in a number of European and N. American cities. Suggested themes include:

- Solidarity with Indonesian and East Timorese students!
- Free East Timor! Freedom in Indonesia!
- Release all imprisoned and disappeared students!
- Free Xanana, Budiman and Dita Sari!
- End all military ties with the Habibie-Wiranto regime!

Initiated by Resistance Socialist Youth Organisation, Australia. Supporters include: Anteiro da Silva, Student Solidarity Council, Dili, East Timor; Revolutionary Front for an Independent East Timor (FRETILIN), Australia; Students in Solidarity for Democracy in Indonesia (SMID), Indonesia; Students and Peoples Committee for Democracy (KOMRAD), Jakarta, Indonesia; Student Solidarity for Indonesia (SSI), the Netherlands; Malang Student Committee (KMM), Indonesia, and; People's Struggle Committee for Change (KPRP), Indonesia.

For more information contact ASIET, PO Box 458, Broadway NSW 2007, Australia. Tel: 61-(0)2-96901230. Fax: 61-(0)2-96901381. Email: asiet@peg.apc.org Webpage: http://www.peg.apc.org/~asiet

patent inability of governments, financial markets and the international financial institutions to get the global economy back on a path towards growth.

A flurry of corporate mergers

The tendency towards concentration in the corporate sector has been given a huge boost as we approach the twenty-first century. There were more mega-mergers in 1998 than in any previous year — in banking, insurance, oil, chemicals, pharmaceuticals, automobiles and the media. This merger frenzy has amplified the power of a handful of companies over whole sectors of the global economy. The mergers have gone hand in hand with a renewed offensive on the employment front; they invariably mean dismissals and downsizing through 'voluntary' retirement.

At the same time, this striking increase in the concentration of capital has not necessarily meant greater stability for the companies that come out on top. Takeovers and mergers have proceeded with such reckless abandon that the new mega-firms are not likely to be any more resilient than other companies when confronted with abrupt shifts in the world economy.

Wealth concentrated in fewer and fewer hands

In its 1997 and 1998 reports, the UNDP keeps a tab on how many of the world's wealthiest individuals one would have to assemble to come up with a total fortune of one trillion (one thousand billion) dollars — keeping in mind that this sum is equal to the annual income of nearly 50 per cent of the world population.

Using data from Forbes magazine's annual listing of the world's wealthiest individuals, the UNDP calculates that in 1996 it would have taken 348 of the world's mega-rich to put together one trillion dollars. By 1997, however, this figure was brought down to 225. At this rate, in a few years the richest 150 people might well own as much wealth as the total annual income of three billion people! The gap between holders of capital, on the one hand, and the majority of the population, on the other, is growing wider and wider.

The UNDP also makes a radical critique of Thatcherism without mentioning the Iron Lady by name: 'During the 1980s, the gap [between rich and poor] in the United Kingdom widened by a degree never before seen in an industrialised country.'

So much for private-sector efficiency

Neoliberalism has been the dominant creed for some 20 years. One of the major arguments made by neoliberal opinion-makers has been that the private sector is much more efficient than

Transformation and regroupment

Reactions to the current socio-economic crisis all too often take the form of reactionary tendencies of an ethnic, nationalist, racial or religious character. Hence the urgent need to rebuild a world-wide movement of anti-capitalist struggle, taking account of the recomposition of the workers' movement which is underway as a result of the double failure of social democracy and Stalinism.

Regroupments of forces determined to learn the lessons of the historical abomination that was Stalinism and to continue, against the winds and the tides, to fight against capitalism are being realised in a number of countries.

In all the countries where such possibilities exist, the organisations of the Fourth International are ready to be part of the re-groupment process. We consider this as an important step towards the recomposition of the anti-capitalist left on a world scale. At the international level, the Fourth International is an active participant in re-groupment, bringing with it the advantages of a long tradition of combat against capitalism and Stalinism. ★

Price: £5/$10. International Viewpoint, PO Box 27410, London SW9 9WQ, Britain.
<International Viewpoint@compuserve.com>

government in economic matters. Yet 1997 and 1998 have been replete with examples of private-sector inefficiency. The 1998 reports of the World Bank and the Bank for International Settlements (BIS) concede that it was the private companies of Southeast Asia that had amassed unsustainable debt levels, not government. The same reports say that the previous Third World debt crisis (from 1982 onwards) had resulted from excess public-sector debt. In other words, once the private sector was given free access to international financial markets, it (alongside the financial institutions of the North that provided the loans) proved to be just as short-sighted and reckless as government.

In the most industrialised countries, the 'hedge funds' that boosted their financial fortunes over the last 15 years have also been reeling of late.

The best known example is that of Long Term Capital Management (LTCM), a misnamed company if ever there was one. By late September 1998, LTCM was on the verge of bankruptcy. It had 4.8 billion dollars in real assets, 200 billion dollars in leveraged funds in its portfolio, and a notional value of 1.25 trillion (1,250 billion) dollars in derivatives.

It is worth noting that LTCM had been advised all along by the two recipients of the 1997 Nobel Prize in Economics, Myron Scholes and Robert Merton — two stalwarts of the 'science of financial risk', rewarded for their work on derivatives. As its bankruptcy loomed, even big international banks with conservative reputations admitted to having made imprudently large loans to LTCM.

Had LTCM not been bailed out through the massive intervention of a number of big banks such as the Union des Banques Suisses (the biggest bank in the world before Deutsche Bank and Bankers Trust merged in late 1998), Deutsche Bank, Bankers Trust, Chase Bank, Barclays, Merrill Lynch, Société Générale, Crédit Agricole and Paribas, all these banks themselves would have found themselves in a highly vulnerable position. Indeed, beyond reckless loans to LTCM, they have all increasingly become involved in speculative operations. In the second half of 1998, many of these big banks registered significant losses for the first time in years.

Finally, there is a long list of formerly state-owned companies that have in no way performed any better in private hands. Huge private industrial concerns have posted losses hand over fist as a result of strategic errors, particularly in the information technology sector.

Further proof of private-sector inefficiency have been the monumental errors made by such private rating agencies as Moody's and Standard and Poors. They had nothing but praise for countries now wallowing in crisis.

Government to the rescue

For the last 20 years, governments have said they would not come to the rescue of struggling companies and have privatised major state-owned concerns. Now, however, they have been rushing to bail out private-sector companies that threaten to go under. Funds for these rescue packages come from state coffers fed largely by taxes on working people and their families.

Here, too, the past two years have been telling. On 23 September 1998, the head of the US Federal Reserve convened a meeting of the world's top international bankers to put together a rescue package for LTCM ('Fed attacked over LTCM bail-out', Financial Times, 2 October 1998; Le Monde diplomatique, November 1998). Around the same time, the Japanese government was adopting a rescue plan for the country's private financial system, involving nationalisation of a part of private-sector debt — to the tune of 500 billion dollars to be shouldered by the state.

Thanks to IMF and World Bank intervention in the Southeast Asian crisis in 1997, some 100 billion dollars were pooled together to enable the region's private financial institutions to continue paying off their debts to private international lenders. Most of this money came from the state coffers of IMF and World Bank member-countries.

The October 1998 IMF package to keep Brazil afloat was also financed by public funds. The plan enabled Brazil to go on servicing its external and internal debts to the international and domestic private financial system. Private financial institutions categorically refused to contribute to this so-called rescue package. Instead, the IMF ensured that their debts would be paid off, and they cynically decided to hang back and refuse to make new loans to Brazil. They adopted exactly the same stance in the face of the 1982 crisis. The time has surely come to put an end to such publicly-funded bailout packages for private finance.

So much for the advantages of financial deregulation

Right up until 1997, the IMF, the World Bank, the BIS and (more reluctantly) the United Nations Conference on Trade and Development (UNCTAD) sang the praises of financial liberalisation and deregulation. This, they declared, was the way forward for all countries seeking economic growth. Southeast Asia's high growth rates until 1997 were cited as living proof of the success to be had from pursuing such an approach. Once the region was plunged into crisis, the IMF, the World Bank and the BIS declared that the crisis was primarily due to the weakness of the region's private financial sector. This was the best argument they could find to obscure their own responsibility for what has happened.

Of course, the argument is wrong, and UNCTAD has been honest enough to say so. In the press release introducing its 1998 annual Report on Trade and Development, UNCTAD notes a weakening of Asia's private financial sector. This weakening, it says, is the result of the combination of three factors: first, the liberalisation of capital flows; second, high interest rates set by private financial institutions to attract foreign capital and discourage the flight of domestic capital; third, exchange rates fixing national currencies to the dollar.

Together, these factors produced a massive inflow of capital which thoroughly destabilised domestic financial markets. In other words: yes, the financial system was weak; but, no, this weakness was not a vestige of the pre-deregulation period, as the IMF, the World Bank and BIS would have it. On the contrary, it was the policy of deregulation that weakened financial markets. Simply put, the huge inflow of short-term capital was not matched by a corresponding increase in productive activities — which require long-term investments. As a result, most short-term capital was invested in speculative activities, in strict accordance with criteria of capitalist profit

Southeast Asia's financial system was no weaker than those of other so-called emerging markets. Instead, it was undermined by deregulation measures which gave free rein to supposedly high-profit short-term activities such as the quick buying and selling of (often vacant) real estate. According to Walden Bello, 50 per cent of Thai growth in 1996 stemmed from real-estate speculation. Although the IMF and the World Bank were supposed to be monitoring the economic reform process in these countries, their unflinching defense of neoliberal precepts blinded them to the real problems at hand.

Yet another debt crisis

All but a handful of the countries of the Periphery — which account for 85 per cent of the world's population — have now to endure yet another debt crisis. The immediate causes are: an increase in interest rates (which are actually falling in the countries of the North); a fall in all types of foreign capital inflows; and a huge drop in export earnings (caused by the fall in the prices of most of the South and the East's exports).

There has been a swift increase in the total debt owed by Asia, Eastern Europe (especially Russia) and Latin America. Short-term debt has increased, while new loans are harder to obtain and export earnings continue to fall. In relative terms, Africa has not been as hard hit by changes in the world situation: loans and investment by the North's private

financial institutions have been so dismally low since 1980, things can hardly get any worse (except for South Africa).

With the 1997 Southeast Asian crisis spreading into Eastern Europe and Latin America, private financial institutions have been increasingly reluctant to make new loans to countries in the Periphery (whether in the Third World or the former socialist bloc).

Those countries which continue to have access to international financial markets — and continue to make government-bond issues in London and New York — have had to hike the guaranteed return paid on their issues in order to find buyers.

Argentina's October 1998 bond issue on the North's financial markets, for example, offered a 15 per cent rate of return — 2.5 times the average rate of the North's government bond issues. Yet this has not been enough to lure the North and the South's private lenders back from their preference for bonds from the North.

As was the case in the early 1980s, when the last debt crisis hit, credit has become rare and dear for the Periphery. Between 1993 and 1997, there was a steady increase in foreign direct investment (FDI) in Southeast Asia (including China) and the main economies of Latin America (drawn by the massive wave of privatisations).

This tendency faltered in 1998 and could well do so again in 1999: FDI in Southeast Asia fell by more than 30 per cent between 1997 and 1998; and loans fell by 14 per cent between the first half of 1997 and the first half of 1998.

IMF-dictated measures in the countries of the Periphery have led to recession, a loss of some of the key pillars of national sovereignty, and a calamitous fall in the standard of living. In some of these countries, conditions were already unbearable for much of the population.

While the incomes of domestic holders of capital in these countries continue to rise, there has been a disastrous fall in the income of working-class households. This chasm is as wide or wider than at any time in the twentieth century.

During the months of September and October 1998, for example, holders of Brazil's internal debt were receiving nearly 50% in annual interest payments, with inflation hovering below 3%.

Brazilian capitalists and multinational companies, especially those based in Brazil, could borrow dollars at 6% interest on Wall Street and loan them to the Brazilian government at between 20 and 49.7%!!!

All the while, these same capitalists continued to siphon most of their capital out of the country, to shelter themselves from abrupt changes in the country's economic fortunes.

Progressive and radical policies are both necessary and feasible

Global public opinion began to shift in 1997 and 1998, in response to the failure of policies imposed by a combination of neoliberal governments, domestic and foreign holders of capital and the multilateral financial institutions.

In the wake of the neoliberal whirlwind, a large number of people in Southeast Asia, Russia, Brazil, Mexican, Venezuela, Argentina, Central America and Africa have seen a drop in their standard of living.

For the 400 million inhabitants of the former Asian 'dragons' and 'tigers', IMF has come to mean 'I'M Fired'. Across the planet, including in Europe, a sizeable share of the population has begun to challenge neoliberal policies. In some cases, this has taken on contradictory and confused forms. In most countries, the weakness of the radical Left and the slavish submission of the traditional Left to the dictates of the market (that is, of holders of capital) have created an opening for parties and movements that redirect the population's consciousness and will to act against a series of scapegoats, be they foreigners or followers of a different faith.

Successful resistance to the ongoing neoliberal offensive is no easy matter; but those engaged in struggle have a number of points in their favour, including partial victories. The October 1998 decision by the French government of Lionel Jospin to withdraw from negotiations on the Multilateral Accord on Investments (MAI) came about in response to a broad campaign of opposition organised by an array of movements, trades unions and parties in France, the USA, Canada, the Third World and across Europe.

To be sure, multinational corporations and the US government will again attempt to push through the MAI's objectives of total freedom for holders of capital. For the moment, though, they have suffered a major reversal. It is indeed possible to roll back such government and corporate initiatives through campaigns and mobilisation.

Another sign of the changing times was the UNCTAD statement of September 1998 in favour of the right of countries to declare a moratorium on foreign-debt payments: 'A country which is attacked can decide to declare a moratorium on debt-servicing payments in order to dissuade "predators" and have some "breathing room" within which to set out a debt restructuring plan.

"Article VIII of the IMF's Statutes could provide the necessary legal basis for declaring a moratorium on debt-servicing payments. The decision to declare such a moratorium can be taken unilaterally by a country in the face of an attack on its currency" (UNCTAD Press release, 28 August 1998).

Of course, UNCTAD is a small player in comparison to the G7, the IMF, the World Bank and the World Trade Organisation (WTO). But this forthright defiance of the so-called inalienable rights of moneylenders reveals that governments in the Periphery are finding it increasingly difficult to justify their support for the neoliberal globalisation project.

The UNDP's 1998 report calculates that a 4% tax on the assets of the world's 225 wealthiest people would bring in 40 billion dollars. This is the modest sum that would have to be invested annually in 'social spending' worldwide over a period of ten years in order to provide: universal access to clean water (1.3bn people went without such access in 1997); universal access to basic education (1bn people are illiterate); universal access to basic health care (17m children die annually of easily curable diseases); universal access to basic nutrition 2bn people suffer from anaemia); universal access to proper sewage and sanitation facilities; and universal access by women to basic gynecological and obstetric care.

Meeting these ambitious targets would cost only $40bn annually worldwide over a period of ten years. The UNCTAD report compares this figure to some other types of spending which humankind could easily do without: in 1997, Europeans spent $50bn on cigarettes, and $105bn on alcoholic drinks; the USA and Europe spent $17bn on pet food; and worldwide, $400bn were spent on drugs, $780bn on the military. An incredible $1,000bn were spent on advertising.

1999 and 2000 are Jubilee years in the Judeo-Christian tradition which culturally dominates the select club of G7 countries. With yet another debt crisis upon us, Jubilee tradition demands that we energetically call for the complete and total cancellation of the debts of the countries of the Periphery.

A host of other measures must be implemented urgently, such as: a tax on international financial transactions (as called for by the ATTAC coalition); an inquiry into the overseas holdings of wealthy citizens of the countries of the Periphery, leading to the expropriation and restitution of these holdings to the peoples of the countries in question when they are the result of theft and embezzlement; bold measures to restrict capital flows; an across-the-board reduction in the working week with corresponding hiring and no loss of wages; land reform providing universal access to land for small farmers and peasants; measures favouring equality between men and women.

Though incomplete and insufficient, these measures are a necessary first step towards satisfying basic human needs. ★

Contact CADTM, 29 rue Plantin, B-1070 Brussels, Tel.: (32-2) 527.59.90 Fax: 522.61.27, cadtm@skynet.be

Coming soon

Conference listing

Crossing Over: 1969-1999

Ethnic Studies and Radical Politics Beyond the Schooling Industrial Complex

Berkeley, California, USA, April 9-10, 1999

For More information contact: Dept. of Comparative Ethnic Studies, 506 Barrows Hall, University of California, Berkeley, CA 94720, USA.
Fax. (+1 510) 642-6456 Email:
crossover@uclink4.berkeley.edu
Website: www.ethnicstudies.com

EuroMediterranean homosexualities

Marseilles, France, 24-31 July

The 20th century is rich in lessons for lesbians and gay men in Europe and throughout the world. We have lived through brutal repression (fascism, Stalinism and other dictatorships), the rise of the women's movement, the spread of birth control and abortion rights, a (temporary?) decline in the power of religion, the AIDS epidemic, an explosion of global communication networks, lesbian and gay images on MTV and the Internet and much more.

Does this mean that there is no going back from the freedoms we have won? In fact no victory is necessarily forever: the forces fostering homophobia are still at work. We are there in the social landscape but have not really found our place in it. Many lesbians and gay men are ignorant of our history. In Europe and still more in the rest of the world our lives are not seen and treated on an equal footing. We are still favourite scapegoats: when things get worse in Europe and the Mediterranean, tensions increase, and racist crimes and violence multiply, then hypocrites and bigots are quick to attack us as well, and the police and courts are close behind.

The Euromediterranean Summer University will gather together the European experiences of recent decades, and express our solidarity with the other peoples of the Mediterranean. As well as enjoying the Mediterranean summer, our presence will be a challenge to the homophobic National Front municipal governments in Vitrolles, Magnane, Orange and Toulon.

Workshops

Several parallel workshops will develop the Summer University's cycle of themes chosen by the programme committee, both on its own initiative and by outside proposal. Some workshops will continue every day throughout the Summer University, others may be more limited in time. The Euromediterranean dimension will be particularly visible. Workshops will be led by particular groups, media outlets, researchers and writers, and accompanied by a film series.

- gays/knowledge — lesbian, gay, bi, transgender and transexual forms of expression — popular culture from the '20s to today — history — memories — transmission — archives — lesbian and gay studies
- identities — genders — sexualities — portrayals of sexuality — practices — pornography
- oppressions — repressions — discriminations — racism — sexism — lesbophobia — homophobia
- subversions — integration — political stakes — grassroots organising — media — strategies — political and social demands — militant actions — individual and collective commitment — impact of recent struggles (AIDS & domestic partnership)
- daily life — economic issues — economic insecurity — citizenship — social life — lifestyles — consumption — health — urban and rural life

Last minute speaker proposals shold be sent to: Comité scientifique UEEH Intech chemin des Fontaines F-84110 Vaison la Romaine, France Fax: 33-4-75 27 14 04 Email: intech.@wanadoo.fr

The forums

The forums will gathering all the participants to hear particular speakers. They will take the form of round tables on the above themes. All participants will be encouraged to speak (there will be travelling microphones and translation to and from several languages). Outside guests prominent in political and intellectual life will also play a role. The forums will all be recorded for publication.

The organisers

We are a coalition of women and men, lesbians and gays from various perspectives inspired by this project. Some of us took part in the past in the creation and five sessions of the Marseilles Gay and Lesbian Summer University (1979-1987), which brought together between 400 and 600 people for a week every two years.

We want to create "an open forum for discussion and gatherings where the various sensibilities of the gay and lesbian community can come together on a basis of mutual respect, pluralism of thought and behaviour, friendship among peoples, and a common commitment to anti-sexist and anti-racist demands... As a rule men and women will both be welcome... This will not be a place for decision-making." (Excerpt from article 4 of the bylaws)

Co-ordination is ensured by a members' council, with 50% women.

Registration

The fee for taking part in the Summer University is 850 FF. It is also possible to reserve a room and meals in the university restaurant for 900 FF. Reduced rates are available for students, unemployed and people with long-term illnesses. Register early — fees will go up after April 1999!

Registrations and requests for information can be sent, to: Université d'Eté des Homosexualités Intech Chemin des Fontaines 84110 Vaison la Romaine, France Tel: 33-4-90 28 70 10 Fax: 33-4-90 36 19 63 Organizational contacts (tel/fax): 33-4-75 27 14 04 (Jacques Fortin) Artistic programming: 33-4-91 47 29 52 (Verte Fontaine)

Other events

'Global capitalism & effective opposition'

3-4 April, Glasgow, Britain
Sessions on capitalism and UK break up.
Contact: <radfest@yahoo.com>
Tel. 0131 557 6242.

G8 demonstration

18 June. World-wide activities
For information on British events contact Reclaim the Streets on 0171 281 4621.

London Anarchist Bookfair

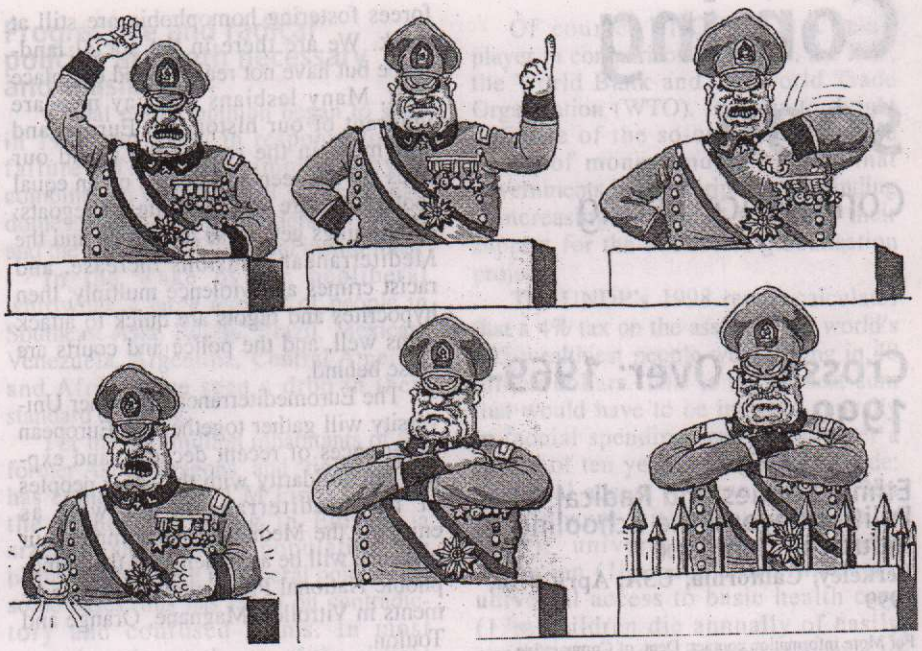
16 Octobe, London, Britain
Contact: <m.peacock@unl.ac.uk>
Tel. 0171 247 9249.

★ Chile

Britain's detention of retired general, ex-head of state, and senator-for-life Augusto Pinochet has reopened the half-forgotten story of the mass radicalisation, coup d'etat and fascist repression in Chile during the 1970s.

The following two articles are our own modest contribution to the extensive literature on these events.

Alberte Pagán explains why Chile is still unable to come to terms with its past. We also reprint Tariq Ali's classic article on the contradictions of the "Chilean road" that was crushed by Pinochet's coup.



Chile's bad memory

Any real trial of those responsible for the coup would have to include the US government, the CIA, and the leaders of Chile's conservative Christian Democratic party. That isn't going to happen. And so, whatever happens to Pinochet, the blanket of silence and impunity surrounding the coup and repression will continue.

The Chilean state has begun its own "investigation" into the accusations against Pinochet, in order to justify its request that Britain return the ex-dictator, supposedly to stand trial in his own country. It will never happen.

The problem is that this really is his own country. As head of the armed forces, Pinochet rewrote the constitution and legislative code to ensure that he and his supporters would never, could never be brought to trial. He himself was appointed senator-for-life, with full immunity from prosecution. He imposed several amnesty laws. And he stuffed the senate with elected and life senators from the armed forces and his loyal civilian supporters.

Chile's "opinion-makers" have all flown to defend their dictator, as if the future of the country was in peril. As if Pinochet was Chile, Chile was Pinochet. Though it is certainly true that you cannot understand Chile since 1973, unless you understand senator-for-life Pinochet. Even today, nothing happens in the country without his knowledge, and interference.

The amnesty "agreementl"

The general's former enemies, particularly the Socialist Party (which led the Allende government which was overthrown in 1973) have formed an alliance with those who supported the coup, in defence of the general.

They say that it is more important to maintain Chile's fragile transition to democracy than to end the immunity of those responsible for the coup and repression.

Looking beneath the veneer of anti-colonial rhetoric about British and Spanish interference in Chilean affairs, this unnatural alliance reveals who really calls the shots in Chile's "transitional" period. The most openly pro-Pinochet section of the right is dictating terms to the centre-left government, which is obliged to accept. The right still has enormous power in Chile. They are still the victors of the 1973 "settlement".

But why has the detention of one man, even a former leader, provoked the country's most serious political crisis since the coup itself? Simply because Pinochet is Chile. Despite its massive power, the Chilean right continues to follow blindly wherever the general leads. In August 1998, Pinochet made a secret deal to abolish the public holiday on 11 November, the day of the coup. The right-wing parties were astonished, but they voted in favour of the general's decision.

Left trapped by its fear

The Communist Party is the only left party outside the coalition government. It has for some time now focused its strategy on the removal of the dictator, at the expense of other objectives in the transformation of society. Nevertheless, the Communists are now the only parliamentary party which approves Britain's detention of the ex-dictator.

The three social-democratic parties, including Salvador Allende's Socialists, continue their coalition government with the Christian Democrats, one of the groups behind the 1973 coup. It is not possible to confront the armed forces directly, they argue. We have to "come to an agreement" with them in private.

Despite the occasional protest from Socialist MPs, the party leadership is completely wedded to this strategy of conciliation with those who repressed and tortured them in the bad old days. They supported the decision to give Pinochet a diplomatic passport, precisely so that he could escape prosecution abroad as well as in Chile.

This is the real political interference in the Pinochet case. Not some Law Lord's links to Amnesty International, but the determination of Chile's entire political class to protect the old bastard from ever having to answer for his crimes, and the crimes of those who still run the country.

Myopia

The general's shadow still produces a paralysing fear in the left and in society as a whole. Many people have come to accept the government's claim that protecting Pinochet is essential to the survival of the "transition": look to the future, don't wake the monsters of the past.

Some left personalities have adopted a false "intermediate" position, criticising what they call "the extreme right and the revanchist left" for provoking public

disturbances in Santiago, since Pinochet's arrest in London. This illusionary intermediate position pretends that recuperating the nation's lost memory, and demanding justice is nothing more than "revanchism".

In a similar vein, others have argued that "the old man's supporters and his enemies agreed to turn the page, and start a new chapter in Chilean public life". This is a great lie. There are many parties, collectives and individuals who never accepted, and never will accept to "turn the page." Their opinion, of course, was never solicited by those who imposed the "clean slate".

Human rights activists in Chile have been struggling for years to bring the guilty to justice. At the moment when their struggle is starting to bring fruit, they are accused of "jumping on the bandwagon," "seeking publicity," or "breaking the agreement" which the right imposed on the left with the impunity laws.

From outside the country it is easy to underestimate the climate of myopia and fear which the general still generates. Many people are terrified by the new signs of destabilisation and tension. They know all too well where it can lead.

Pinochet's detention will serve a positive role if it leads to a real process, inside Chile, of examining all the crimes of the dictatorship. The sad thing is that the human rights debate is inevitably focusing, almost exclusively, on the period of the dictatorship. The neoliberal system imposed thanks to the dictatorship is outside the sphere of debate. Those who benefited from Chile's "modernisation" might even wash their hands, and sacrifice those who did the dirty work on their behalf.

Chile today is a country with a subtle, "civilised" form of dictatorship. There is some democratic space. But any deviation from the accepted norms is severely punished. To call Chile a democracy is as false as to condemn Pinochet, but ignore the crimes of his associates, and their foreign supporters. ★

Source: A longer version of this article appeared in *Viento Sur* (Madrid), December 1998.

• **Chile's Mapuche nation** have asked Britain to investigate Pinochet's responsibility for the attempted genocide of indigenous peoples.

More than 300 Mapuche militants were "disappeared" and executed during the dictatorship, with the aim of destroying the leadership of the ethnic group, repressing its political demands, and destroying its non-Spanish cultural and religious heritage.

The dictatorship continued and intensified the destruction of the Aymara, Rapa Nui, Atacameño and Kawéskar groups, Chile's original inhabitants. "Chileanisation" meant imposing a new lifestyle and education system, and

Allende's experiment

On September 11 1973 the Chilean army carried out a coup d'etat which it had been planning for the preceding two and a half years.

The Popular Unity government was overthrown and its President, Salvador Allende, was shot dead in his room at the Moneda Palace, a large section of which was destroyed by artillery and aerial bombardment.

The 'Chilean road' to socialism had come to an end...

Tariq Ali*

The election of the Popular Unity (UP) was seen as an important step forward by large sections of the working class.

The programme of the UP was without doubt confused (particularly on the co-existence of the public and private sector). But it transcended the reformism of (Eduardo Frei's) discredited Christian Democrats. It pledged to create a new Chile, to nationalise all foreign capital and foreign trade, to extend Frei's Agrarian Reform, and to lay the basis for the creation of a new apparatus under the control of the working class. In brief, the UP saw the electoral victory as the beginning of the process of the transition to socialism.

So was Popular Unity a classical Popular Front as existed in Chile, France and Spain in the 1930's, or was it something different?

A Popular Front embodies the collaboration between a working class party (or parties) and a party or parties of the bourgeoisie, and is a tactic utilised by sections of the bourgeoisie to contain the rise of the mass movement and keep a grip on working class parties. This was how the bourgeoisie conceived of the Chilean Popular Front in the Thirties.

Allende himself told the French writer Regis Debray "We consciously entered into a coalition in order to be the left wing of the system–the capitalist system, that is. By contrast, today, as our programme shows, we are struggling to change the system–Our objective is total, scientific, Marxist socialism".

Allende was telling the truth. The stated aim of the UP was socialism, whereas the Popular Fronts of the Thirties were pledged essentially to combat fascism together with important sections of the bourgeoisie, and remained completely within the ideological and political framework of bourgeois democracy.

The UP in Chile was a reformist united front dominated by two large working class parties. Even if there had not been a single grouping of bourgeois or petty-bourgeois origin in the UP there is nothing to indicate that its policies would have been different in any way.

The Chilean CP was a rather right-wing force within the UP, and Allende's SP was well to the left of the CP on virtually every political question. This fact becomes rather decisive in understanding why the UP was not in a position to contain the mass movement by selective repression (as the bourgeoisie would have liked), or even to outlaw the MIR (Movement of the Revolutionary Left).

In the absence of a strong left-wing pole inside the SP, the CP would have irredeemably dragged the UP to the right and ultimately brought the Christian Democrats into the coalition, which

would have made it a classical popular front of the 1930s type.

The Chilean Socialist Party was founded in 1933 by Salvador Allende and others. It was from the beginning a party which stated in its programme its commitment to Marxism: 'The Party adheres to Marxism as the method for interpreting reality and recognises the class struggle as the motive force of history.'

The SP was founded because its founders felt that the Chilean CP (which was then going through an ultraleft phase in accordance with the turn initiated by the Stalinist bureaucracy in Moscow) was incapable of responding to the needs of the Chilean proletariat.

The SP represented an attempt to build a working-class party based on Marxism, but not under the domination of the Stalinised Third International.

The SP was quite different from traditional social-democratic parties, and Allende specifically stated in 1970 that the SP had nothing to do with "certain self-styled socialist parties in Europe". Thus the SP never aligned itself with the Second International (it was the Radical Party which was the Chilean section of the Second International). Its internal life was much more open, and many SP militants in the Thirties (including Allende himself) used to study Trotsky as well as Lenin.

Although pro grammatically committed to Marxism, the SP had no real strategy for the seizure of power, and it was involved in a number of class-collaborationist electoral alliances, including the Popular Front of 1938, which was dominated by the Radical Party and its leader Cerda. It was, and remained, a centrist political formation, constantly vacillating under the pressure of different class forces in Chile.

It was the peculiar nature of the Socialist Party, together with the conditions which had brought the UP to power and the continuing mass mobilisations, which made the position of the Chilean CP somewhat awkward.

The CP had been since the late Thirties a party of class collaboration. After its ignominious role in the Cerda Popular Front of 1938, a Front which did not carry out one significant reform in favour of the urban or rural proletariat, the Chilean CP continued its electoralist orientation.

In 1944 it participated in the government of right-wing Radical Party leader Gonzales Videla, who used the CP support to contain the rising working-class upsurge (there were three CP leaders in Videla's cabinet)–and when this task had been accomplished he banned the CP, unleashed a ferocious repression against the workers, arrested 1,000 CP militants, and sent 500 of them to a desert concentration camp in the North.

It was not until 1958 that the ban on the CP was lifted. It embarked again on its old policies. No lessons were learnt. No questions were asked. The Cuban Revolution left no mark on the CP, and the parliamentary, non-violent road to socialism remained the central vision.

The first year of Popular Unity

Allende was elected President on the basis of a minority vote, and the UP was dependent on Christian Democrat support in parliament. He assumed power in November 1970.

The first year of the UP saw the Allende administration carrying out a number of important reforms as had been promised in the UP programme. Many of these measures were immensely popular

"Up with the underdogs, down with the overlords!" This poster comes from Mexico, but it captures the spirit of Chile in 1973

with the oppressed strata of Chilean society and had a big impact. As well as the free distribution of half a litre of milk for all children, a number of new laws were passed to increase and develop the existing social services; a ceiling was placed on all governmental salaries. 45 political prisoners were released, and the special mobile group of riot police was disbanded.

There was a 60% increase in wages, and most prices were fixed. The first six months of 1971 saw inflation reduced to 7.5% compared to the first half of 1970 when it had risen to 22%. Major nationalisations were also begun, and within the first nine months a large proportion of the textile, iron, automobile and copper industries had been nationalised. In addition, 60% of the country's banks were also taken into public ownership.

The nationalisation of the three largest copper mines (Cerro, Annaconda and Kennecott, all owned by American capital) was a measure of some importance, particularly since no compensation was paid. The UP argued that the profits which the companies had extracted over the years was ample compensation.

There were cases of factories being nationalised after being occupied by workers protesting against redundancies. This happened in May 1971 in the case of the Ford plant, and in November 1970 with the Northern Indiana Brass Company's local subsidiary.

More significant was the seizure by the workers of 14 textile mills in May 1971, which compelled the UP to take them under state control immediately to maintain production. In addition five other textile plants were also taken over to provide a base for the new state-owned industry. By the end of the year 263 factories had been occupied and taken under state control.

It was these measures in particular which convinced the bourgeoisie that the UP was not going to restrict its takeovers to obvious anachronisms such as the copper mines, but was challenging the manufacturing sector of the bourgeoisie as well.

Imperialism is prepared to tolerate a certain measure of nationalisation provided that compensation is guaranteed, but in return it wants the prestige gained by the government carrying out the nationalisations to be used to contain, or if necessary repress, the mass movement.

But the UP government was unable to satisfy imperialism by containing the mass movement. Its dilemma lay in the fact that by its very nature it was also unable to satisfy the hopes and aspirations which its victory had aroused in the broad working class and peasant masses. Its vacillations were utilised by the bourgeoisie, and the multinational corporations of Wall Street prepared to bring about its downfall.

The real problems confronting Popular Unity were succinctly expressed by Fidel Castro on September 28, 1973:

"In the first place there was an intact state apparatus. There were armed forces that called themselves apolitical, institutional, that is apparently neutral in the revolutionary process. There was the bourgeois parliament where a majority of members jumped to the tune of the ruling classes. There was a judicial system which was completely subservient to the reactionaries."

They key problem was therefore how to smash the state apparatus of the bourgeoisie. This problem was at best understood by the major components of

the UP in a gradualist, parliamentary way. There was a complete failure to understand the nature of the Chilean army and its functions. There was a failure to see that the creation of an alternative apparatus based on the workers and peasants was vital if the bourgeoisie was going to be defeated.

Imperialism and the bourgeoisie prepare their offensive

At first US imperialism adopted a 'wait and see' attitude to the UP government. However as soon as the nationalisations began in earnest, the US declared economic war on Chile.

All economic aid and credits were suspended, and a de facto boycott of Chile by American capital began. Internally, the more vigorous implementation of Frei's Agrarian Reforms provoked the agrarian bourgeoisie into sabotaging agricultural production. The urban bourgeoisie, in total control of distribution, began to hoard and create a vast black market.

During this whole period the USA did not for one moment cut off military aid to the Chilean armed forces. Having put the economic screws on Allende, they continued to strengthen the state apparatus of the Chilean bourgeoisie, which they knew full well would at a later date be required to throttle the UP.

Despite evidence of the preparations which the Americans and their friends in Chile were making, the UP leaders showed little understanding of what was involved.

The Communist Party would have made virtually every concession possible to the bourgeois parties. However this would have resulted in the disintegration of the UP because of the opposition it would have encountered from within the SP and the MAPU.

The only other alternative was for the UP to go on the offensive, mobilise the workers, expropriate large chunks of the private sector, and take distribution into its own hands. If this had been done in the early part of 1972 it would have disrupted the plans of the bourgeoisie, put the latter on the defensive, and improved the relationship of class forces in Chile in favour of the working masses.

But to do that would have required a break with the addiction to bourgeois legality and its rigid constitutionalism. Instead, constitutionalism would prove to be the rock on which the UP foundered and was crushed.

By the autumn of 1972 the bourgeoisie had mounted its offensive. It went on strike against the Popular Unity government. Within a week roads were blocked, production centres abandoned, transport withdrawn.

Faced with the life and death question of the organisation of production and distribution, the working class developed those organs by which it could organise those activities itself — the *cordones industriales*, the JAPs, and the coordinating committees.

These institutions of the workers had existed prior to October, grouping together factories in the same geographical area so as to give unified leadership in economic demands.

The owners' strike saw their development as an apparatus existing alongside the state, and capable of taking on more and more of the functions of the state and the ruling class.

Factories abandoned by their owners were requisitioned, production was organised by the workers, commercial secrecy abolished by opening the books. The executive of each *cordon* was elected by mass assemblies and delegated to perform specific tasks.

Coordinating committees provided the central nerve of the workers' organisation, linking the *cordones* to one another. Goods travelled straight from factory to consumer. Shops joining the bosses' strike were forcibly reopened. Lorries standing idle were requisitioned. Local militias guarded these activities.

The reaction of Popular Unity was very different. At first they appealed to the patriotic spirit of the owners. Where *cordones* arose, they made every effort to restrain them, calling them illegal. Then a state of emergency was declared, and the military called in to break the strike. The Allende government was relying on the very forces which were later to depose it, while rejecting the forces that were the key to the Chilean revolution.

An increasing polarisation was taking place, and more and more workers were beginning to understand the need to fight the bourgeoisie. But the right wing within the UP (the CP and the SP right) wanted to return to the bourgeoisie the factories taken over by the workers.

Faced with growing inflation, the public sector workers staged a strike for higher wages. The government branded them as 'agents of the right', like those who took part in the illegal occupations of factories and of land. It was these attacks made by the UP and the CP in particular which drove important sections, of the working class into the arms of the right.

Instead the UP took a step somewhat unique in the history of the international workers' movement (though it must be said not at all unique to the Stalinist segment of it): the leading naval and military chiefs were brought in to the cabinet, in an attempt to create 'stability', and 'unify the nation'.

The military chiefs accepted cabinet posts (General Prats became Minister of the Interior), but all of them left soon after the elections of March 1973. The withdrawal of the 'uniforms' from the cabinet was merely the beginning of the process which culminated in the September 11 coup.

On June 29, the Second Armoured Regiment made an attempt at a coup, and led an assault on the Moneda Palace. The reaction of the working class was immediate, with factory occupations and a strengthening of the workers' action committees.

Nearly a million workers marched in the evening of the 29th to demand that Allende dissolve parliament and execute the plotters of the abortive coup.

This was an important test for the UP. If the working class movement, its trade unions and its political parties (inside and outside the UP) had been united to defend the UP against the threat of military dictatorship, the picture would have been significantly different.

If a revolutionary party had existed in Chile at the time, its intervention could have been decisive, but the revolutionary groups did not constitute such a party, and the UP was totally engrossed in the logic of its own 'experiment.'

The UP's failure to mobilise and arm the masses was fatal in every sense of the word. A renewed bourgeois offensive began on July 25 with a strike by truck owners. Then came a right wing purge of the army and navy, while Popular Unity remained silent.

Allende told workers to stand by and allow the military to break the owners' strike. Instead the army collaborated with the bourgeoisie to spread the strike and break the workers' militias.

Despite the mounting evidence, Communist Party leader Luis Corvalan continued to reassure the military chiefs. In a speech reported in ***Chile Hoy*** on July 31, he said that the reactionaries] "are claiming that we have an orientation of replacing the professional army. No sir, we continue and will continue to support keeping our armed institutions strictly professional".

This attitude of the UP leaders convinced the armed forces that there would be no serious organised resistance to a *coup d'etat.*

They began to plan the last stages of the coup together with representatives of US imperialism and the Brazilian military junta.

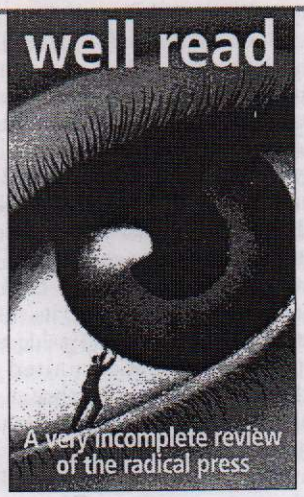
On 4 September, 800,000 supporters of the UP marched past the Moneda Palace to commemorate the third anniversary of the Chile experiment. Seven days later, the UP would cease to exist.

The workers chanted "Allende, the people are defending you: hit the reactionaries hard." The mood of the masses was militant. They were waiting for a lead that never came.

On September 11 the Chilean military, with the backing of all ruling class parties and the fascists, launched a *coup d'etat.*

At the Moneda Palace Salvador Allende decided not to surrender but to go down fighting back, with a gun in his hand.

Some say that, in his final hours Allende decided symbolically to



Rock the Dock: Music for Liverpool

By Steve Stallone

Although the Liverpool dockers have bowed off the stage of history, retired as the international poster boys against port privatization and casualization, those men and their families still struggle to find ways to survive.

Most of the dockers received a moderate redundancy package when they folded the strike, but with debts piling up over the more than two years on the bricks and unemployment high, that payment will disappear soon.

During the strike, the dockers and their supporters organized numerous events and concerts to raise money to see them through the rough times. Now Creation Records has released a new CD with tracks donated by some of the biggest name bands on the current British music scene and several local Liverpool bands as a fundraiser for the dockers and their latest ventures.

The collection includes 16 songs, running a wide gamut of modern English bands. It bounces around from the power chord hard rock of Oasis ("Don't Look Back in Anger") and Smaller ("Aimless"), to the pop stylings of Rumbletrain ("Haunted") and Lovers ("Transparent"), to middle of the road rockers like TK and TK and the electronic instrumental weirdness of The Chemical Brothers ("Setting Sons") and Paul Weller ("So You Want to be a Dancer").

The CD starts with a short narrative of the dockers' dispute by Irvine Welsh, the author of the best selling books "Train Spotter" and "Filth," who is also working on a docu-drama about the Liverpool dockers.

From there Oasis kicks in with a song dedicated to the dockers called "Don't Look Back in Anger," a live recording from one of the Rock the Dock concerts.

But the two best songs come from two of most outspoken activist musicians on the CD—Billy Bragg and Chumbawamba. Billy Bragg is a sort of modern day British Woody Guthrie. On his cut "Never Cross a Picket Line" he picks his solo electric guitar like an old American folkie spiked with a bit of punk slash chords. The song was written specifically for the dockers ("Five hundred men sacked for refusing to ever cross a picket line") towards the end of the strike and honors their solidarity and perseverance.

"Two years gone by, but still they never,
Ever crossed a picket line.
With their wives and children they stand together.
Never cross a picket line.
You must never cross a picket line."

The bridge recognizes the solidarity actions around the globe...

"Look away, look away, look away
Out west to San Francisco.
Look away, look away, look away
Out south to Sidney harbor
Where the dockers have organized
The world's longest picket line."

Okay, the Neptune Jade action really happened in Oakland, but that's close enough for a Brit.

This song alone is enough reason to buy the CD. It has the universal and timely message of an anthem and the kind of simple structure that lends itself to rewrites of verses for new and ongoing struggles. It could and should become a staple in every union songbook.

Chumbawamba has long been known as a no-holds-barred anarchist band. At a music awards ceremony in February of this year band members were appalled to see Labour Deputy Prime Minister John Prescott clapping along to the Spice Girls at his 500 pound-a-seat table trying to be cool. One member, Danbert Nobacon, in a self-proclaimed "wanton act of agit-prop," poured ice water over Prescott while shouting "This is for the Liverpool dockers!" before being hauled off by security guards.

Chumbawamba's contribution, "One By One," is the most rhythmic and melodic tune in the collection. The song's mournful refrain, recalling the feeling of powerlessness the dockers faced every day as they walked the line and peered past the fence to see their work going on without them.

"One by one, the ships come sailing in.
One by one, the ships go sailing out."

Another highlight of the compilation is Doxx Band's "The Line." The group is led by Tony Melia, one of the Torside dockers. The song has the tight groove of Steely Dan—with a little extra funk—and alludes to the need to be a part of the picket line at the Liverpool docks.

"Down to the line,
To see who I can see.
Down to the line,
The place for me.
Down to the line,
It's where I want to be.
Down to the line."

In a short rap break in the middle Doxx Band makes the inference to the Liverpool struggle more explicit.

"East Coast, West Coast, U.S.A.,
Aussies and Quebies are having a say.
Across the world they're coming along,
A voice in music, this is our song.
On a plane, on a train, in a motor car,
The word of lambs have them kneeling far,
What happened to me could happen to you,
So come on down and see what you can do."

Source: **ILWU Dispatcher** October 1998

Music For The Liverpool Dockers

Wake Up fanzine has re-released their 1980s benefit compilation for the British Miners' strike, with five bonus tracks from current bands. This time, the proceeds go to the Liverpool Dockers

The socialist skinhead band Redskins (close to the SWP), offer a cover version of Billy Bragg's Levi Stubbs Tears, giving it a little more soul, as well as an introduction dissing it's writer as "Neil Kinnock's publicity officer." Bragg himself offers a simple guitar version of the Sam Cooke 60's soul classic A Change Is Gonna Come. The 80s pop-punk band The Neurotics contribute with This Fragile Life, about the young poor being sent off to fight in the Falklands while the old poor have their healthcare stolen from them at home. Other contributors include Attila the Stockbroker, The Men They Couldn't Hang, Robb Johnson, Wob, John Ward and Clownhouse. [G/JD]

For order information contact
http://ourworld.compuserve.com/homepages/drewbo/