

LIVING

MARXISM



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IS THIS OUR LOT?


Realising the human potential

Eastern Europe and the Soviet Union join the third world • BCCI and the myth of the free market
Whatever happened to 'post-Fordism'? • The dangers of Human Resources Development
South Africa after Inkathagate • Plus: Outing, Madonna, *Young Soul Rebels* and much more

STALINISM IN CRISIS

ROBERT KNIGHT

This book explores the causes and implications of the collapse of Stalinism in both East and West. Separate chapters focus on developments in the Soviet Union, China, the third world, Eastern Europe and Western Europe.

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contents

- 4 **Editorial**
- 6 Letters
- 8 **Eastern Europe joins the third world** *Joan Phillips*
- 12 Some home truths from the Soviet Union *Rob Knight*
- 15 Ann Bradley
- 16 South Africa after 'Inkathagate' *Charles Longford*
- 19 Behind the sports boycott *Moses Dube*
- 20 BCCI: the myth of the free market *Phil Murphy*
- 23 The end of enterprise culture *Chris Allen*
- 24 **Realising the human potential** *Frank Richards*
- 28 The dangers of 'human resources development' *Debra Warner*
- 31 US employers police workers' private lives *James Malone*
- 32 Whatever happened to 'post-Fordism'? *Tony Kennedy*
- 35 Toby Banks
- 36 **Living: Young Soul Rebels; Viva Madonna!**
- 41 Frank Cottrell-Boyce on TV
- 43 **The Marxist Review of Books**

Is this our lot?



No, it is not; men and women have the ability to take control of their lives and to change the circumstances in which we live. That is the message of this month's *Living Marxism*, delivered in response to the fatalistic, 'this-is-it' mood of the times.

In our features on the crisis of capitalism in the West, and the failure of the market system to deliver its promises in the East, we point to the need for revolutionary change. In our centre page spread on realising the human potential, we point towards the possibility of making progress towards that goal.

Living Marxism cannot change the world; that will require the organised action of ordinary people. But if we can put the idea of transforming society back on to the political agenda, we will have taken the first step in that direction.

In the October issue of *Living Marxism*....

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editorial

If Marxism is dead, why do they keep digging it up?

Communism is dead' announced the Western authorities this summer, as president Mikhail Gorbachev told Moscow to forget Marxism and embrace social democracy, and then

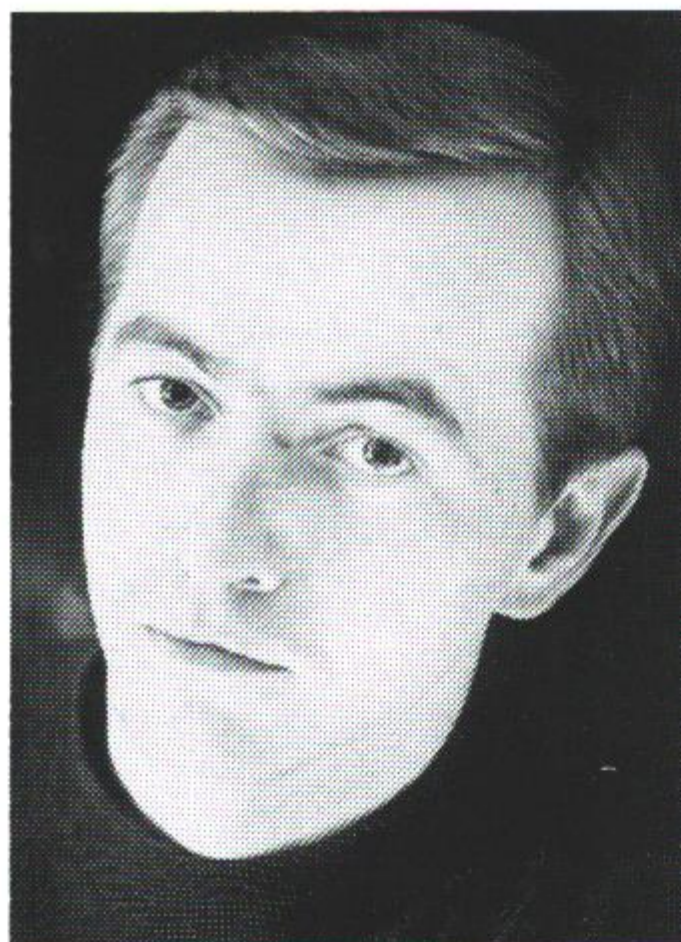
flew, cap-in-hand, to the G7 summit in London. The news that Marxism had just expired in 1991 must have come as something of a surprise to many people in the West. After all, they were told by the same authorities that communism had breathed its

last back in 1989, when the Berlin Wall and the old order in Eastern Europe crumbled.

The public were still taking in the confusing news that communism had been resurrected and had suffered a simultaneous relapse, when events took another strange turn in Yugoslavia. Now it appeared that Marxism couldn't be dead after all, since the experts were blaming 'hardline communists' in Serbia for stirring up the trouble there.

The West continually alternates between declaring the death of communism and accusing the corpse of committing fresh atrocities. It hopes that this schizophrenic attack upon Marxism will act as a useful distraction from the sickly state of the Western-run world economy. We shall have to dispose of some of their diversionary arguments if we are to refocus attention on the shortcomings of capitalism.

It is true that Marxism is dead in the countries of Eastern Europe today. But it did not expire this year, or two years ago. There have been no communists there for around



editor
mick hume

40 years. The regimes set up in Eastern Europe after the Second World War may have called themselves 'Marxist-Leninist'; but one of their first acts and consistent aims was to wipe out those who believed in popular revolution and working class power.

These regimes were corrupt, inept and despised, and their state-run economies were grossly inefficient, just as the West says they were. But that begs the question as to how they managed to take power and keep it for so long on Western Europe's doorstep. They survived because, even in the boom years of the fifties and sixties, when 'the American dream' was meant to have become reality, the West proved incapable of developing a market economy in the East. The suffering of Eastern Europe has always been as much a testimony to the failures of capitalism as to the crimes of Stalinism.

The crisis in Eastern Europe and the Soviet Union today is not being caused by the death throes of communism. The unemployment, poverty, ethnic violence and general disintegration of society are the birth pangs of capitalism. This is the life that Eastern Europe can look forward to as an unsuccessful outpost of the world market.

The irony is that just about the only ones reaping real benefits from the arrival of the market system in the East are the old party bosses and state bureaucrats. These people, whom the West now accuses of keeping communism alive, are in fact the biggest fans of capitalism, busy converting themselves into private employers by taking over factories and firms. It is a small enough step to take.

With wealth and power concentrated in the hands of a privileged few, the old order in Eastern Europe always had a lot more in common with capitalism than with communism. The Communist Parties which ran everything were not political organisations, but patronage machines. To get on in a Stalinist state you needed a party card, just as in Britain you need the old school tie. And you had to learn to talk the language of 'Marxism-Leninism', not as a political belief but simply as a jargon to show that you belonged to the bureaucratic elite. To further their careers, former fascists and aristocrats taught themselves to say 'comrade'; just as a working class boy like Norman Tebbit had to learn to say 'one' instead of 'me' to fit into Tory Party circles.

In switching from Stalinism to capitalism, the old party bosses of Eastern Europe are not changing their spots. They are seeking a more efficient way to enrich themselves by exploiting the wealth of their countries. In

Yugoslavia, for example, the basis of the rising tensions among the republics in recent years has been the competition for resources between the ruling bureaucrats of Serbia, Slovenia and Croatia. Now these former Communist Party leaders are calling themselves national democrats and competing with each other to achieve a privileged position in the new market economy. The peoples of the republics are still the losers, expected to fight a civil war for the benefit of the local elites.

market system is too disaster-prone to stand on its own merits. That is one reason why, over the past two years, the British and American authorities have come to miss the Cold War more and more. Just as their own economies have gone into the worst recession since the thirties, they have been robbed of the 'Soviet menace' as a source of moral authority.

The constant revisions now being made to communism's time of death are a sign of how desperate the Western powers have become.

The British and American authorities have come to miss the Cold War more and more

Elsewhere in Eastern Europe, the former Stalinist rulers are collaborating with the West in the creation of capitalism on the third world model. For them the market means the extension of the good life. For millions of ordinary East Europeans, however, the arrival of the market economy means only that yesterday's shortage of soft toilet paper is replaced by today's shortage of hard cash with which to buy imported consumer products.

Capitalism is proving that it cannot deliver the goods in its Western heartland, let alone in the East. Aware of their inability to export prosperity to the former Stalinist bloc, the Western powers' major concern is to avoid importing instability. So George Bush tells the Soviet republics not to make trouble for Gorbachev, the European Community tries to keep the lid on the Yugoslav crisis, and the Italian army drives refugees on to ferries for deportation back to Albania.

This is the grim reality of what the West has to offer those who plead for its help today. Against this background, the new round of 'communism has failed' stories is intended to cover the capitalists' back. Tory chancellor Norman Lamont may be a ridiculous figure at home, continually predicting that upturn is imminent as the British economy sinks deeper into slump. But send him off to Moscow to give the Soviets the benefit of his 'know-how', and even Lamont can look enterprising by comparison with the hard-up Gorbachev government.

The West needs a failed alternative against which to justify capitalism, because the

The further their system deteriorates, the more frequently they need to dig up Marxism, convict it of more crimes, kill it off again, then start the grisly cycle once more.

How long this carry-on can continue is anybody's guess. But we can already see evidence of the lengths to which the British establishment will go to revive old dragons which can be ritually slain. The argument that the sixties sowed the seeds of Britain's decline by corrupting the nation's morals has recently returned to fashion, and is now heard far more often than it was a decade ago. At this rate, the ruling class will still be trying to rerun the Cold War well into the twenty-first century. The prestigious Institute of Strategic Studies recently pointed in that direction, warning the West that the Soviet Union was soon likely to revert to its old ways under a military dictatorship.

The West's morbid fascination with declaring the death of communism at regular intervals is a symptom of a society which has nothing positive to offer, and can justify its existence only by emphasising that there is no alternative. The Western establishment is now so unsure of its own future that even the collapse of Stalinism, which was initially hailed as the historic triumph of capitalism, has quickly come to be seen as a problem for the victors.

Western capitalism is a lifeless system, reliant on resurrecting the spectre of Stalinism in the East to make itself look dynamic. And these political necrophiliacs have the brass neck to say that Marxists are living in the past.

Letters

The IRA has failed

Whilst I fully believe that British rule over Northern Ireland should be ended, I cannot agree with Alex Farrell's view in 'Can the IRA survive?' (August) that the IRA has been successful. The fact that the majority of public opinion in Britain and Ireland remains hostile to the republican cause clearly demonstrates that those involved in the struggle must introduce a different approach if the dream of a united Ireland is to become a reality.

The IRA may claim that its acts of violence have been successful but, in effect, they have destroyed potential support for the republican struggle. Anyone who saw Margaret Thatcher's conference speech after the murder of Ian Gow or the determination of almost the entire house of commons after the mortar bomb attack on John Major's cabinet cannot possibly argue that the British government were, or felt, defeated.

We can look back to the example of Daniel O'Connell and his struggle for Catholic emancipation in the 1820s. O'Connell, realising that the Irish Catholics could never defeat the British government by breaking the 'law', enticed popular opinion to the cause through the Catholic Association in a way that was far more damaging and distressing to the ruling classes than acts of violence. Surely, after years of pain and misery for the Irish people, this is the line that the modern-day republican movement must follow if it is to win the struggle.

Richard Clark Stockport

Firkin 'ell

Perhaps the next time Joan Phillips ('The battle for Bud', August) and Toby Banks ('Beer talking') write articles for the same issue, they should compare notes to avoid confusing us mere working class non-intellectuals. Both wrote about groups trying to defend quality, locally brewed, traditional beer against the shoddy products of multinationals who put 'profit before purity'. Simple enough so far, until you realise that Ms Phillips has every sympathy for her plucky anti-imperialists (the Czechs defending Czech Budweiser from US Budweiser); while Mr Banks has nothing but contempt for his subjects (the British real ale lobby).

Surely imperialism is imperialism, in relation to the British brewing industry as to the Czech. Increasingly in the UK, tasty, quality local beers are being replaced by Fosters, Castlemaine and other overpriced

poor quality international brands. Local brewers have been bought out, as seems destined to happen to Czech Budweiser. So, if it were consistent, *Living Marxism* would support the Campaign for Real Ale (Camra), not make cheap jibes about unoriginal social attributes that its members may or may not have. (Banks' use of a middle-aged man's speech impediment was offensive and out of place in *LM*).

Banks has no comprehension of the attitudes of working class people because he's stuck in 'the safe little world' that he returns to at the end of the article. Those who fight to defend local beer, local jobs, local customs and local quality from expensive, hyped-up international dross are probably more actively anti-imperialist than magazine writers with smirking pictures above their columns who know as much about the working classes as Camra members know (or care) about 'Midnight in the Century'. I am not in Camra and yes, some real ale drinkers are prats, but that doesn't detract from the legitimacy of their case.

James Minton York

Reds and Greens

Recent letters from Greens have been allowed to get away with a lot of nonsense in reply to John Gibson's critique of their party ('The Greens: eaten up', May). A few points in response:

1. When a party gets 14 per cent in a national election in 1989, and one per cent in national opinion polls in 1991, it is called a loss of support, not an increase.
2. At their 1989 conference, the Greens rejected a motion calling on them to encourage a boycott of the poll tax; one leading member said it was not proper for 'a party that aspires to government to suggest that people should break the law'.
3. However you describe it or define it, 'No growth' is an entirely reactionary policy. This person R Ridley-Duff (who claims to be a Marxist but seems to spend his life writing the same boring letter in defence of the Greens) misses the point with his semantic exercise in how you define GDP (letters, August). Human progress is dependent upon increasing our powers of production. This is the economic basis of the advance from the caves to capitalism and beyond. That materialist understanding of history and society is what makes socialism a scientific possibility rather than just a nice idea. If Duff rejects it, he is no Marxist.

4. Carolyn Perriman (letters, August) may be right that David Icke is 'a madman'. But she is wrong to complain about *Living Marxism* associating him with the Greens today. His ideas are no more nor less crackpot than the Gaia theories, chaos theories and other pseudo-intellectual trash peddled by various Green gurus.

John Markham Hants

Rory Ridley-Duff (letters, August) argues that socialists should refine their opposition to Green politics by adopting an accounting system which would subtract the effects of 'inefficient' production such as bomb-making or highly polluting industries. The use of these alternative measures has been widely discussed by the establishment. They reasoned that by presenting statistics other than the depressing GDP they might present Britain as better placed than its rivals.

However, the establishment rejected the rejigging of economic indices as misleading. From a capitalist, as well as a Marxist, point of view, this society makes products for profit. GDP-type indices are the only measure of capitalist wealth, the only realistic thermometer of capitalist dynamic. Illusions developed by many Greens that different accounts could change the nature of capitalism or that hard-up capitalists would voluntarily sacrifice their profits to help the environment are just plain silly.

While we should argue that growth under capitalism is not the only possible form of growth, all Ridley-Duff argues is that we should reduce unfriendly capitalist growth to an ahistoric kernel of 'planned, rational use of resources'—which doesn't exist.

Mark Bowman Sheffield

There can be no 'conciliatory approach to discussion' with the Green Party, as advocated by Nick Sofroniou (letters, August). Reactionary policies such as immigration controls are an accepted part of *mainstream* Green thinking—I quote, 'The strictly logical position as far as ecologists are concerned is to keep immigration at the *lowest possible level*' (Jonathon Porritt, *Seeing Green*, 1984). Any party advocating immigration controls is *de facto* racist. The Greens must be relentlessly attacked on this and many other issues.

Finally, if low commodity consumption is the sign of a successful Green economy then the Soviet Union must be streets ahead. Answer that and stay fashionable!

Lee Osborn Newcastle

Frontline South Africa

Charles Longford is partially correct and partially incorrect on the Winnie Mandela trial ('Rehabilitating the apartheid state', July). It is not a challengeable argument that the trial represented the prosecution by the white state of a person with a history of commitment against the apartheid regime. In addition it was an action initiated in a period when the white state needs to consolidate its forces against the ANC.

However, this particular action did not symbolise the beginning of a new period of legitimacy for the state or for its judicial system. Before the black population, the white state is still an illegitimate and repressive institution. Nonetheless, the legal action against Winnie Mandela represented an attempt by the white state to reconsolidate its political forces in order to launch a new hegemonic project through which it could create new alliances with different classes, social sectors and races.

The reason why the dwellers in the black townships did not take to the streets against the verdict has to be seen in the fact that Winnie Mandela represented the weakest side of the resistance in that period. Mrs Mandela's leadership and history of revolutionary struggle were tainted by actions of abuse of power and authority: these abuses made it difficult for many in the black communities to support her. The ambivalent support for her was known by many in the struggle, and also by the Ministers of Law and Order and Justice. The inability of the mass democratic movement or even of the ANC to impose discipline on her was skilfully used by the white state.

South Africa is experiencing a truly revolutionary period in which there is an open contest for power. Either the workers in the factories or the gay and lesbian movement (not to mention other social subjectivities) are leading a struggle towards what could be a radical conception of a democratic way of living. The ANC still today represents the most unified organisation capable of guiding the political project that challenges the old ruling class. In order for the ANC to hegemonise over the complexities of South African society, it will need to consolidate its foundations on a mass democratic movement representative of the workers, different social sectors and multiracial oriented. The white state will do all possible to deny the opportunity of radical democracy: many ups and downs should be expected for the popular forces.

Daniel Nina

Johannesburg South Africa

Yugo-unity

Calls to defend Yugoslav federalism in order to maintain working class unity ('The dangers of secession', August) are based on a misunderstanding. Federalism is the instrument, not of the Yugoslav working class but of Serbian domination. And it is Serbian domination—not abstract capitalism or imperialism—which is the dominant force of reaction in the region. Imperialism's only interest in Yugoslavia is that it remains stable; until now it has been happy to see the federal system achieve this and even now is desperately working for a compromise which will cause least disruption to the status quo.

Workers, however, see things differently and have instinctively sided with the struggles of Slovenia and Croatia to be free of a repressive regime. This has been demonstrated by the workers' wholehearted involvement in those struggles in the nationalities. In Serbia as well, we have seen demonstrations—most notably by the families of conscripts—that show that workers have little appetite for a fight against their Slovenian and Croatian brothers. It is this sentiment, not the location of national boundaries, that forms the basis of working class solidarity.

We should be leading the agitation to put pressure on our governments to recognise the rights of Slovenia and Croatia to self-determination: already the German government has been forced by public opinion to change its line. By pressuring our government, we can make a huge contribution to the peaceful disposal of the national issue in Yugoslavia, thus clearing the way for workers there to confront their class enemies from a position of greatly enhanced strength and morale.

R Nevins Cardiff

Sartre no Marxist

I was surprised to read Mike Freeman's assertion that 'in the first great post-war backlash against Stalinism in the fifties, many of its erstwhile supporters looked to critics within the Marxist tradition, to Sartre, Lukacs and Korsch, and attempted to rebuild a humanistic Marxism around Marx's early writings' ('Is socialism finished?', July). While Freeman is correct in identifying the influence of Lukacs and Korsch on the disaffected Stalinist intelligentsia in the fifties, his inclusion of Jean-Paul Sartre is particularly misplaced—both chronologically and politically.

Prior to the fifties, Sartre had not even

read Marx. The product of his later intellectual flirtation with historical materialism—through a Stalinist prism—the *Critique de la raison dialectique* was published in 1960. Leaving aside the chronology, I would be extremely hesitant in placing even the later Sartre in a Marxist tradition. I agree with Freeman that many intellectuals began to move away from Stalinism in the early fifties. Sartre, however, travelled in the opposite direction. In 1952, he split the editorial board of *Les Temps Modernes* when he drew back from condemning the existence of slave labour camps in the Soviet Union. In 1954 he returned from the Soviet Union declaring 'There is total freedom of criticism in the USSR'; in 1955 *The Ghost of Stalin*, while critical, defended the argument that the Soviet Union was 'socialism made flesh'.

His embrace of Castro in the sixties and then the Maoists in the seventies place him outside of any tradition I would want to be associated with.

Nicholas Hill London

GBH: not guilty

John Fitzpatrick's criticism of the TV drama *GBH* ('Socialism for scabs', July) is seriously flawed. *GBH* was neither an analysis of Liverpool in the mid-eighties nor any kind of study of Kinnockism v militancy. Yet Fitzpatrick is self-indulgent enough to read these issues into the series in order to knock down what he bogusly asserts as the message of the play.

He claims *GBH* is about the battle of the socialisms, with the schoolmaster representing Kinnockism against the council leader who represents the fight for socialism. Yet it is clear from the start that the character Murray has no interest in socialism. He enjoys his authoritarian position as leader and, rather than class struggle, he describes politics as 'a game'.

Fitzpatrick dismisses the character Nelson as a 'mealy-mouthed scab'. In doing so he shows a similar mentality to the grotesque jobs in the play. If Nelson is a scab then he is a scab who has crossed no picket-line. He is a scab who opposes and detests the Stalin-like authoritarianism; the blatant egotism; the mindless violence which masquerades as 'socialism' in his own fictitious city. The features of socialism he mentions in the last episode, of 'care, concern...belief in humankind' are qualities which Nelson held in obedience [sic], not least in his teaching of mentally handicapped children. We would all do well to remember these qualities.

Stuart Pearce Ayr

We welcome readers' views and criticisms.

Please keep your letters as short as possible and send them to The Editor, *Living Marxism*, BM RCP, London WC1N 3XX, or fax them on (071) 377 0346

Eastern Europe joins the third world

The central assumption in the discussion of the transition to the market in Eastern Europe among commentators in the West is that it has yet to happen. Almost two years on from the collapse of the old Stalinist regimes, Western observers are still talking about the transition to come. There is a tendency to project the transition process into the future, as if Western-style market economies are suddenly going to materialise at an unspecified date some years hence.

In fact, there *has been* a transition in Eastern Europe. These societies can no longer be characterised as Stalinist: they are part of the world capitalist system and a market of sorts exists in all of them, with the exception of Albania.



The hard road to the market: Czech workers on their knees before the advance of capitalism, Prague 1991

And, contrary to the wishful thinking that passes for informed analysis among economic experts, a look-alike version of a Western market system is not going to materialise anywhere in Eastern Europe. What exists today in Poland or Hungary is likely to be the lot of all the East European states in the future—a market in the image of the third world not the first world.

The countries of Eastern Europe have been transformed as a result of their exposure to the world market, world prices and world competition. For 40 years they were sealed off from the operation of market forces by Stalinist bureaucrats who appreciated that if international capitalism penetrated Eastern Europe they and their system would be

finished. The higher levels of productivity achieved by the capitalists through the international division of labour would have led to a flood of cheap imported goods, the destruction of manufacturing industry and the return of the region into the world economy. The Stalinist state's monopoly over foreign trade—close state supervision and control of exports and imports—was the essential line of defence against the impact of the capitalist world economy.

That monopoly has now been abandoned by the states at the forefront of economic reform in Eastern Europe. Let's look at the example of Poland. The state's monopoly on foreign trade was surrendered at the start of the

Western leaders still insist that the eventual arrival of the capitalist system will solve the problems of Eastern Europe. In fact, argues Joan Phillips, the market has already arrived in the East, and is wreaking havoc on the lives of millions

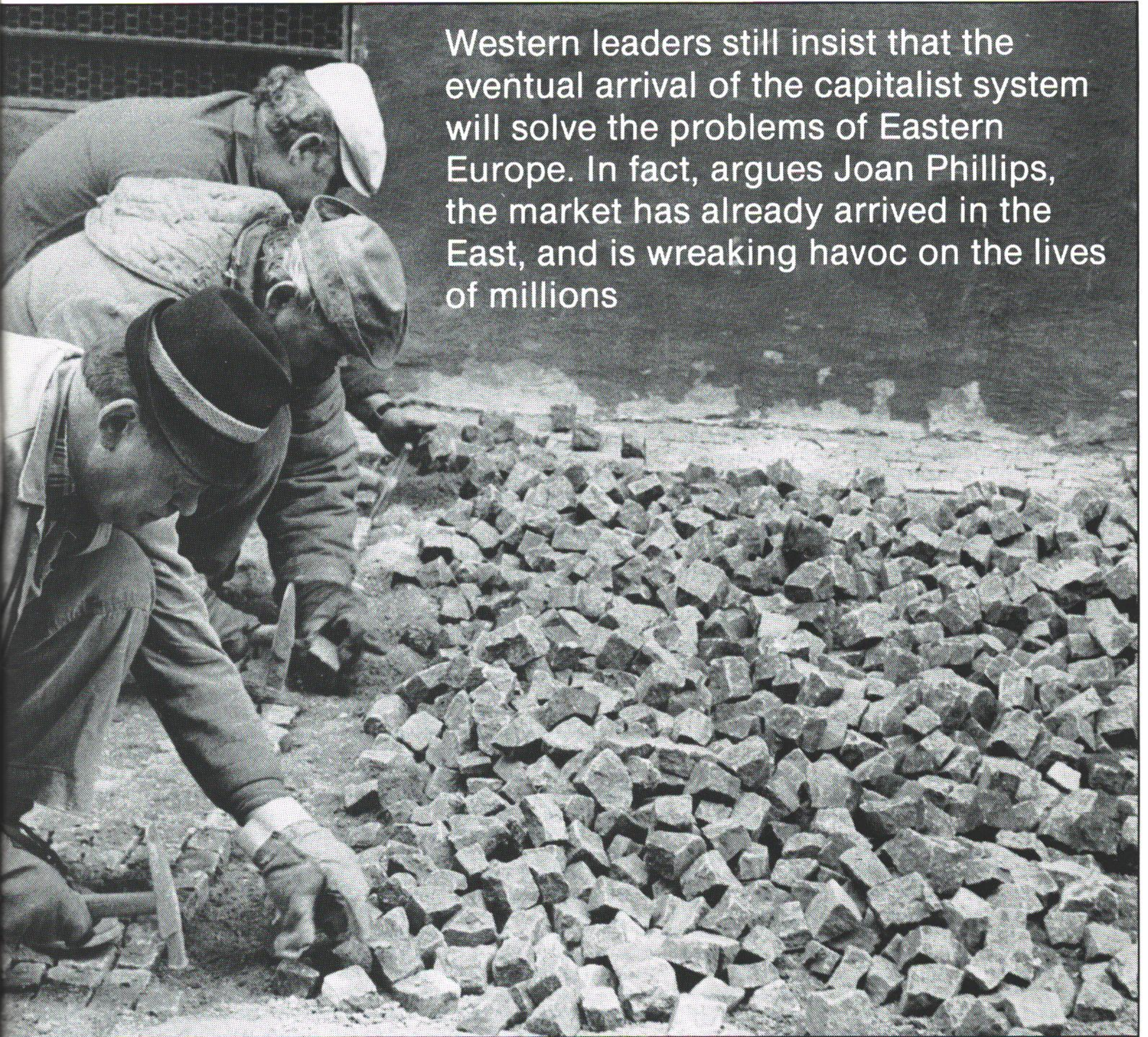


PHOTO: Simon Norfolk

government's shock therapy reform programme. The virtual abolition of external tariffs opened up the highly monopolised domestic market to foreign competition. This was designed to help the process of structural reform by exposing the state sector to the rigours of world market competition.

The liberalisation of trade was accompanied, at the start of 1990, by a substantial devaluation of the zloty and the introduction of internal convertibility. The official exchange rate remained virtually unchanged for the rest of 1990, at around 9500 zloty to the dollar, despite an annual inflation rate of 250 per cent. This was necessary to make Polish exports competitive and extract the trade surplus needed to service Poland's foreign

debt. A further devaluation of the zloty in May this year aimed to maintain export competitiveness.

These measures had an immediate effect on economic activity. Poland's foreign trade was transformed, with hundreds of trading companies springing up. Spurred by a deliberately undervalued currency, Polish traders raised exports to hard currency markets by 34 per cent, to over \$11 billion last year. The combination of higher exports and a 17 per cent drop in hard currency imports led to a \$4.2 billion hard currency trade surplus in 1990.

The other side to the liberalisation of foreign trade was less successful. Western imports flooded into Poland, where shops are full of

imported consumer goods, clothes, electronic equipment, luxury food (yoghurts and coffee) and fruit (bananas and oranges) from Europe and Asia. However, low real wages have kept overall demand for imports low, with the result that the impact on the state sector has not been as dramatic as originally envisaged.

Nevertheless, Poland's inefficient state industry could not avoid being affected by this sudden exposure to market pressures. The opening up of the Polish market to foreign competition happened at the same time as the removal or reduction of state subsidies to industry. This further shock to the system also aimed to expose the state sector to the pressures of world prices and competition and hasten the

restructuring process.

The ending of state subsidies was also imperative in order to reduce government expenditure and balance the state budget. This posed obvious difficulties, because it meant a drastic rise in prices at the same time as the government was trying to combat inflation. The manoeuvre could only be effected through a ferocious squeeze on domestic consumption: enter the government's reviled wage freeze policy, popularly known as *popiwiek*.

Altogether these measures added up to a pretty dramatic economic transition in the sense that the Polish economy was immediately exposed to the workings of the international market. In this light, the debate in Western circles about privatisation being the yardstick by which to measure the transition to a market economy is misplaced. The state sector may not have been privatised to any significant extent, but it has been exposed to market forces and is suffering the consequences.

The issue then is not whether there has been a transition, but how the new market economies of Eastern Europe will survive the transition which has taken place.

Short, sharp, shock

The most obvious difficulty is how to transform the state sector and make it competitive. Exposure to world competition has certainly come as a shock, but has not so far wrought great changes. Incredibly, production fell by 30 per cent in the state sector in 1990 without one state company going bankrupt.

State enterprises survived by shedding workers, and official unemployment rose from zero to 1.5m, although this yielded minimal savings given the low cost of paying wages. In fact, most firms discovered that it was cheaper to keep workers on, but pay them lower wages rather than pay out redundancy money. Many companies have created what are known as labour reserves, which involves keeping workers on the books but paying them only a half or a quarter of the monthly wage.

Most companies also took advantage of lax controls to obtain easy credit. When the government clamped down on soft lending by the commercial banks, firms bypassed high interest rates by extending credits to each other. Enterprises also continued to function by not paying their bills, or by continuing to deliver goods on credit to insolvent customers, thus creating a mountain of interest-free debt. Other companies survived by drawing on previously accumulated reserves and by taking advantage of low-cost, soft currency

energy and raw materials supplies from the Soviet Union to produce for export to hard currency markets.

Since the start of this year life has become more difficult and these survival strategies are reaching their limits. The most traumatic change has been the switch to hard currency accounting in trade within the Eastern bloc from 1 January 1991. This has reduced the scope for state enterprises to use cheap Soviet supplies to compensate for their lack of competitiveness on Western markets. Now that the Poles are having to pay world prices for their oil and gas, manufacturing costs are being pushed up, making exports to the West less competitive.

Rotting exports

In addition, a contraction of more than 50 per cent in Soviet imports from Eastern Europe has had a staggering impact on industry. The five East European states have accumulated exports worth more than £10 billion contracted to Soviet enterprises, which are now undelivered and rotting because of the hard currency famine in the Soviet Union. Polish exports to the Soviet Union were down 60 per cent in the first quarter of this year.

Hundreds of enterprises which once worked exclusively for the Soviet market are on the brink of closure, unable to find alternative markets for the shoddily manufactured goods taken by the undemanding Soviet market in return for oil, gas and other raw materials. More than 60 per cent of Poland's exports to the Soviet Union were made by large enterprises which have specialised for decades in dealing with the Soviet market. At least 165 of these are expected to collapse unless they are radically restructured. Most at risk are those making obsolete consumer electronic goods which Soviet buyers can now obtain more cheaply from south-east Asia. A host of arms and engineering firms face a similar fate.

Showcase no more

Even those showcase state companies which have been privatised are feeling the pressure. The Krosno glassworks was one of the first five state sector companies to be privatised in Poland at the end of last year. It is now having to sack a fifth of its 7000-strong workforce to avoid bankruptcy. It exports 40 per cent of its output to Western markets, but has been hit by a massive increase in energy costs as a result of new hard currency trade with the Soviet Union.

The new governments throughout Eastern Europe are

reluctant to act ruthlessly, and close down state sector companies verging on bankruptcy, fearing a huge rise in unemployment and an explosion of unrest. The Polish government has stated that it is prepared to liquidate up to 1000 companies this year. But it is already coming under pressure to bail out companies on the brink of closure.

Rescue operation

This has already happened in Czechoslovakia, where state subsidies to industry were originally slashed to Kcs19 billion in 1991 from Kcs50 billion in 1989 as part of an austerity budget approved by the IMF. The government then mounted a huge company rescue operation costing Kcs165 billion (treble the 1989 subsidies) in response to a colossal collapse in Soviet and domestic industrial orders.

In a panic

Whether the Polish government will submit to the same pressures remains to be seen. But there are signs that it too may be in a panic at the prospect of a wholesale collapse of the state sector under the impact of market forces. Already protectionist voices are making themselves heard: the biggest complaint of businessmen in the state and private sectors is that the government is allowing too many cheap imports on to the domestic market.

At the end of April, Polish industry minister Andrzej Zawislak demanded that the government raise import tariffs to protect domestic industry. In other words, he advocated a step back from trade liberalisation in an attempt to cushion the state sector from market forces. The government is also under pressure from farmers angry about the devastation of agriculture as a result of imports of EC-subsidised food. The government gave in and increased food tariffs by 10 per cent, counter to its policy of forcing the agricultural sector to become efficient through exposure to external competition.

EC, keep out!

A pressing question for the new political elites is whether they can sustain growth in exports to Western markets sufficient to compensate for the collapse of the Soviet market. The prospects do not look good. The first problem is the protectionist policies of the EC member states which pose a formidable barrier to increasing trade with Europe, especially to the export of agricultural produce. The EC is being lobbied hard by Poland and other

East European states but is loath to lift tariff barriers and suffer an influx of cheap goods.

However, a far greater problem in terms of sustaining export growth is the slowness of industry to restructure and increase the supply of domestically-produced exportable goods. This is the paramount problem for Poland and the other East European economies. How are they going to move from the production of shoddy goods to the production of saleable commodities?

Although things are not as bad as in the Soviet Union, most of the goods now produced in Eastern Europe are not fit for sale on the world market. Most of the products which could easily be reoriented to Western markets already have been. So even if EC tariff barriers were lifted, it is debatable whether any benefits would accrue to countries whose industrial output simply cannot compete on the world market.

The debt cycle

In the absence of significant foreign capital investment, Poland's business leaders are sceptical about the possibility of restructuring industry to make it competitive. The total value of foreign capital invested in the form of joint ventures in Poland is \$400m, a fraction of that enjoyed by south-east Asia or southern Europe (*ECE Trade Division*, 1 April 1991).

The total Western commitment to Poland and Hungary is \$21 billion. But we should question the use of the term 'aid' to describe these monies. More than 40 per cent of new credits (\$5.3 billion) from the West have been offered on a commercial basis; enterprises are loath to use these facilities because of the high interest rates (8 to 12 per cent). Most assistance is debt-creating: non-debt-creating support offered to Hungary is less than \$500m and to Poland \$2.5 billion, the bulk consisting of debt-forgiveness (\$903m) and agricultural deliveries (\$700m). In other words, Eastern Europe is being drawn into a relationship with the world economy as an increasingly indebted appendage of the West, just like the third world.

As a result, the discussion taking place in Eastern Europe about prospects for the future is extremely pessimistic. The Solidarity regime in Poland is faced with the collapse of its domestic market due to the government's deflationary policies and the collapse of its external market due to the switch to hard currency trading. The chances of making Polish industry competitive with Western economies through

restructuring are negligible given that nobody expects foreign capital to come into Poland on the scale required. Already, many are drawing the conclusion that Poland will never bridge the technology gap, never restructure its industry, never privatise the state sector and never overcome the backwardness which has kept it on the margins of the world economy for the whole of the twentieth century.

Loss of hope

This explains why the biggest fear of state and private sector managers is the permanent loss of the Soviet market. This fear reveals that there has already been a loss of hope in the idea of the West coming to the rescue of Eastern Europe or of Eastern Europe closing the gap with the West. This loss of hope was captured well by the Romanian politician Silviu Brucan who recently launched a vitriolic tirade against the West. Brucan stated that Western claims to have helped Eastern Europe establish a market economy are 'a big hoax', and that the East-West divide is alive and kicking. He argued that the market was bringing only economic misery, class divisions, social tensions, ethnic conflict and political instability. (*Guardian*, 2 July 1991)

If Eastern Europe's entrepreneurs and politicians are pessimistic about the future, the mood of ordinary people is swinging towards a despair verging on the nihilistic. In Poland, an OBOP poll carried out in June revealed that only eight per cent of people believed there had been a definite change for the better since the Stalinists were ousted from power two years ago. For Polish workers the past two years have brought only hardship and disillusion.

Breadline Poland

Most people have a lower standard of living than they ever had under the Stalinists. Real incomes fell by 30 per cent in 1990 and by a further 17 per cent in the first six months of this year. The average wage is about £120 a month, but many workers are earning far less. At some Warsaw factories, workers who have put in 20 years service are earning £60, which it is impossible to live on. The creation of labour reserves at many factories means that tens of thousands of workers are only receiving 50 or even 25 per cent of their monthly wage. Some 70 per cent of workers believe their jobs to be at risk and are tortured by uncertainty about the future. As unemployment creeps up towards two million, the cost of living soars,

and wages remain frozen, consumption is moving towards third world levels.

A new dictatorship

In Poland and throughout Eastern Europe, workers are embittered by the changes they see all around them. Poland is becoming a class society, divided between a minority of old party bosses and sharkish businessmen who are enriching themselves, and a mass of workers who have nothing. At least the old rulers tried to hide their wealth and privilege. The new rich parade it in front of workers who are losing their jobs by the hundreds of thousands. It is little wonder that one in four workers believes that the old Stalinist dictatorship has been replaced by a dictatorship of Solidarity.

As social unrest and political disenchantment grow in Poland, president Lech Walesa has stated that he is prepared to rule by decree and use force to prevent anarchy. In June he put an end to an air controllers strike by threatening to put the controllers under military command. The people of Eastern Europe will soon be living under the same type of authoritarian regimes that prevail in the third world, as well as suffering the same levels of poverty and immiseration.

Poor excuses

Meanwhile, Western leaders are preparing their excuses for the failure of Eastern Europe to thrive under the market. A few years ago it was possible for them to blame the Stalinists for the backwardness of the region. Then when the Stalinists disappeared they started to blame the new political elites for not moving fast enough towards the market. Then when the political elites did what they were told they started blaming the popular mentality for being more disposed towards ethnic feuding than free enterprise. But however it is couched, the excuse is a lame one: it amounts to saying that Eastern Europe is backward because it is Eastern Europe.

The defenders of the capitalist order should not be allowed to get away with these excuses. What recent developments really expose is the failure of capitalism to develop the region or deliver on its promises to the people of Eastern Europe. The capitalists have had their chance. And they've blown it (for the second time this century). Capitalism cannot fulfil its promise in Eastern Europe; not in two years, nor in 10 years, not even in 100 years. ●

Western leaders are preparing their excuse for the failure of the market: it amounts to saying that Eastern Europe is backward because it is Eastern Europe

Some home truths from the Soviet Union

Mikhail Gorbachev's desperate pleas for Western aid in transforming the Soviet Union have strengthened the view that capitalism is the only system which works. In contrast, Rob Knight, author of a new book *Stalinism in Crisis*, argues that both the survival of the Soviet system in the past and its collapse today reflect the failure of Western capitalism



President George Bush has set out a list of requirements to be met by the Soviet Union before it can qualify for 'membership of the world community'. At the Moscow summit in July, he announced that the Kremlin would have to free the Baltic states, return the Kurile Islands to Japan, end military aid to Cuba and

make big new cuts in defence spending. These demands are in addition to the stipulation, made at the earlier G7 talks, that the Soviet Union must reform its economy to introduce capitalism.

It must have been a disappointment to Mikhail Gorbachev. By withdrawing the Soviet Union from the third world,

turning his back on the Stalinist system and embracing capitalist values, he had hoped to secure a place in the West's good books. But no, new barriers are being created all the time, new reasons being found as to why the West cannot offer the Soviet leader any more than rhetorical assistance.

A charade

Bush's Moscow statement was the latest move in an elaborate charade. Western leaders constantly emphasise that the Soviet Union cannot be helped because the conditions there are not right for capitalism. Yet the truth is that world capitalism is in no shape to transform the Soviet economy. Indeed, far from offering a solution, the West is largely responsible for the mess in the Eastern bloc today. The failings of capitalism brought the Soviet Union into existence in the first place, and now the weakness of capitalism is preventing the Soviet Union's successful integration into the world economy.

This is not a very fashionable view. The West has avoided taking the blame for what has happened in the east for a long time. Western commentary on the Soviet Union has always been clouded by mythology and propaganda. Western analysts have never been motivated by the quest for truth about what is really happening inside the Soviet Union. They have been far more concerned with what the existence of the Soviet Union means for Western capitalism.

At any given moment, the predominant Western view of the Soviet Union will tell us more about how the West feels about itself than about what is really going on in the Soviet Union.

On the defensive

Take the inter-war years. After the 1917 Revolution the West was very much on the defensive against the new Soviet state, as the example of the overthrow of capitalism in Russia inspired workers to revolt across the industrialised world. By the mid-twenties the revolutionary tide had ebbed and the Stalinist bureaucrats had taken power within the Soviet Union. Yet even then the West felt itself under pressure from the Soviets. This was especially so in the thirties, when the temporary expansion of Soviet industry coincided with the Depression in the West. The apparent dynamism of the state-run Soviet system contrasted sharply with the exhaustion of laissez-faire capitalism.

There were growing calls in the West for state intervention to revive capitalism. Liberals like Keynes and Fabian socialists like the Webbs

began to see Stalin's state socialism as a model that showed the way forward for the West. Delegations of Western dignitaries went to the Soviet Union, and returned echoing the cry 'I have seen the future and it works'.

The Webbs and other visitors ignored the real situation in the Soviet Union. They ignored the famine, created by forced collectivisation, which caused the death of millions in the Ukraine. They ignored the near slave-labour conditions suffered by the mass of Soviet workers in the factories. They ignored the fact that, in what was supposed to be a workers' state, there was a growing differentiation between the ruling elite and the mass of the people. They ignored all of these things, just as later in the thirties, they ignored or condoned the mass terror and the wiping out of all opposition to Stalin. Their purpose was not to discover the real Soviet Union. Their purpose was to find proof for their belief in state intervention as a cure for the problems of capitalism.

The Cold War years provide further evidence of the West's distorted views of the Soviet Union. During the Cold War, the priority for the USA was to cohere the Western camp behind its leadership and to rebuild the shattered institutions of capitalist Europe. The West needed a common enemy against which it could unite and the Soviet Union fitted the bill.

On the offensive

For this to work the Soviet Union had to be seen as a worthy enemy. Western writers presented the Soviet bloc as a mortal threat and a growing menace. The strength of the Soviet economy and armed forces were continually overestimated throughout the Cold War. In the late eighties the CIA admitted as much, and cut its estimates of the strength of the Soviet economy by three-quarters. Even then they were exaggerating the true state of affairs.

Today, when the Soviet system is visibly collapsing, the West is no longer able to project the image of the 'Red Menace' in the old way. While the Iron Curtain separated West from East it was possible to maintain the illusion of the Soviet Union as a superpower. Now that the walls are down, the weakness of the Soviet Union is impossible to hide. But this does not mean that we are being told anything like the truth. Instead the West is creating new myths.

The most pervasive new myth is that the Soviet Union is itself responsible for the failure of capitalism to take off there. Several

reasons are put forward to justify this. One is the resistance of old bureaucrats to new ways. Another is that Gorbachev is too weak or, sometimes, too strong and dictatorial. Alternatively there is the idea that old and dangerous patterns of ethnic conflict are re-emerging which make the Soviet Union an uncivilised and uncivilisable place, unfit for Western investment.

Weakness and fear

Why is the West responding in this way to the collapse of the Soviet system? The Western authorities know within themselves that they do not have the potential to transform and modernise the Soviet Union. At the same time they are afraid that they cannot contain the instability which will result from this failure in the Soviet Union, and which could well spill over into the West. The combination of weakness and fear makes all of the West's dealings with the Soviet Union fraught with anxiety.

The West has spent most of this century calling for an end to the Soviet system. Now that the system is collapsing, the West cannot respond positively. It can only stand by and wring its hands. But we should not be surprised by this. Through the twentieth century, capitalism has been characterised by its impotence.

The 1917 Revolution itself took place because of the dreadful conditions that the growth of capitalism in Russia created for the mass of the Russian people. Lenin spoke of Russia as the weak link in the capitalist chain, and it only took one hard pull by the Bolsheviks to separate it entirely. The combined efforts of all the capitalist powers, using economic sanctions and military invasions, failed to force the Soviet Union back into the Western camp. By the late twenties the entire Soviet Union was cut off from the world economy.

West in trouble

At the end of the Second World War, the defeat of the Nazis led to the collapse of pro-Hitler regimes throughout Europe, either because of their collaboration with fascism or their inability to withstand it. It required a massive, concerted military and economic intervention by the USA in Western Europe to revive the capitalist system. But even the USA could not save capitalism across the entire continent, and in Eastern Europe it was replaced by a system modelled on Soviet Stalinism. There were no popular revolutions in the countries of Eastern Europe. Capitalism was so weak there, and the ruling classes so discredited by the fascist experience, that the

PHOTO: Simon Norfolk

Stalinists were able to walk in and take over. Then, in 1949, China too fell out of the capitalist sphere. Chinese capitalism had been unable to develop the country's economy. The defeat of Japan gave the Chinese, under Mao Zedong, an opportunity to escape from imperialist control.

The domino effect

Throughout the fifties, sixties and seventies one third world country after another fell out of the West's orbit. The failure of capitalism to develop their economies made even Stalinism seem attractive by comparison. Korea, Vietnam, Cambodia, Cuba and much of Africa joined the Soviet camp and tried to model themselves on the Soviet system. As late as 1979, the Sandinista revolt tried to break Nicaragua away from US domination.

The general trend through much of the twentieth century has been for capitalism to lose influence in the world. The Stalinist system may also have proved itself inefficient and unviable. Yet it came into existence, and extended its influence, because of the failures of capitalism. The ultimate collapse of Stalinism did not take place because of the successful advance of the West; it happened in spite of the retreat of capitalism.

The general euphoria created after the collapse of Stalinism in Eastern Europe, in 1989, induced temporary amnesia in the West about its earlier problems. But now that the Soviet Union and the East are

demanding help, the West's weakness is coming back into focus.

The widely held assumption that capitalism can develop the old Soviet bloc has no rational basis. There is no more reason why Western capitalism should be able to transform the Soviet Union into a developed industrial democracy than there is for it to be able to transform Brazil or Nigeria. For decades, countries in the third world have been pleading for Western assistance in developing their economies. But where the West has invested in the third world, it has done so for a quick profit. The result has been to intensify the immiseration and suffering of the mass of the people there.

Today, the Soviet Union is not in the process of transition to a modern and thriving capitalist economy. The Soviet Union will enter the world market, but on the same terms as other third world countries exploited by the Western powers. It will be able to sell energy and raw materials on the world market, in exchange for goods that cannot be sold in the West. Capitalists will invest in selected low-cost industries which have worse wages and working conditions than in the West.

Out on a limb

The Soviet Union certainly will not get the kind of resources that are necessary to develop a modernised economy; to invest in a wide range of heavy and light industries; to build schools, hospitals, roads and

railways. This is so far beyond consideration that it has not even been costed in relation to the Soviet Union. The enormous sums of money that are being sucked into rebuilding the old east Germany give an indication of the scale of what would be necessary to transform the Soviet Union.

No hope future

The weakness of capitalism brought the Soviet Union into existence, and allowed it to survive despite the failures of Stalinism. Now the Soviet system's lack of dynamic has brought it to the point of collapse. All sections of Soviet society have lost faith in their past and are crying out for the West to prove its superiority and come to their aid. At this moment capitalism is failing once again. Far from being successfully transformed, the Soviet Union is being forced to carry on in the same old way.

The main difference in the Soviet Union today is that it now has no hope for the future. The Western Messiah has failed to materialise. Both capitalism and Stalinism have failed the Soviet people. Given the West's inability to intervene decisively, the Soviet Union could stagger on in something like its present form for an indefinite period. It will be unstable, poor and open to foreign exploitation at any time. Sounds familiar? It is the story of all third world countries which enjoy the benefits of being dominated by Western capitalism.

PHOTO: Simon Norfolk



Handshakes but no handouts: John Major meets Mikhail Gorbachev at the G7 summit in London, July 1991

Out, out, out?

'Outing'—the tactic of dragging famous gay men and lesbians out of the closet—hit August's headlines with a flourish. There's nothing the media like better than a sex scandal, and a scandal about people who are gay *and* famous is enough to give the hacks a multiple orgasm.

You might have thought salacious tabloid editors would be all for gay activists fly-posting notices revealing which pillars of society are 'queer as fuck'. But no. Suddenly overcome by concern for 'the privacy of the individual' the press took up the cudgels in defence of those who would rather be 'in' than 'out'.

■
'The decision about whether a homosexual wishes to go public should be private', said the *Daily Mail*: 'To expose those who wish to keep their sexual orientation to themselves must in many cases be wantonly cruel. For it is likely to damage their relationship with family friends and colleagues and harm their careers.' The *Sun* protested that 'mincing militant[s]' had 'no right to use other people's lives for their own warped political ends'.

This seems a curious response from the papers which could claim to have pioneered 'outing'. Labour MP Maureen Colquhoun was 'outed' by the *Daily Mail* way back in the seventies. They accused her of leaving her husband to live with another woman. When she confirmed that she was indeed a lesbian, she was deselected by her constituency Labour Party and so lost her parliamentary seat. Tory MP Harvey 'spanker' Proctor was 'outed' by all the press. And the *Sun* (never a paper to use people's lives for its own warped ends) has employed the tactic more than anybody.

■
Given the high moral ground taken by the tabloids, it was strange that 80 hacks turned up to a press conference billed to reveal the names of three gay MPs. The press conference was later claimed to be a hoax planned to expose the hypocrisy of the media—which it did rather nicely.

The gutter press have got no moral authority to condemn the tactics of militant gay groups. Nor for that matter have the radicals who have jumped on to platforms offered by the 'quality' press. Andrew Puddephat, former Labour leader of Hackney council, now director of Liberty (formerly the NCCL), used the *Guardian* to explain that the European Convention on Human Rights,

which enshrines the right to 'respect for... private and family life', is being 'breached by outers'.

Perhaps if parties like the Labour Party, council leaders like Andrew Puddephat and organisations like Liberty had done rather more to fight for gay and lesbian rights, then 'out' homosexuals wouldn't be victimised. And lesbian and gay activists who were confident that there was an organised fight for their rights, wouldn't feel the need to resort to radical name-calling.

■
Nor is it appropriate to blame the 'outers' for exposing gay men and lesbians to anti-homosexual prejudice and discrimination. Militant gay groups like Outrage aren't responsible for the denial of rights to lesbians and gays. Nor are they responsible for the existence of discriminatory attitudes. The authorities, helped along by the bigoted media, manage that all by themselves.

Having said that, and at the risk of attracting a sack of hate mail, I admit that I think that 'outing' is a ridiculous performance that serves no useful political purpose. More than that, I think it's downright reactionary. Instead of challenging prejudice against gays and lesbians, the outing strategy encourages it.

■
'I can guarantee', promised a member of Outrage at a recent conference on sexuality, 'that in the next general election, one Tory MP is going to lose his seat because we are going to tell his constituency that he's "queer as fuck".' One morning, according to this speaker, this closet backwoods Tory is going to wake up to find posters proclaiming his sexual proclivities plastered throughout his constituency. 'Then', she announced with glee, 'we'll see if they'll elect him'.

I fail to see how a Tory being defeated by anti-gay prejudice is a victory in the fight for gay rights. Radical lesbians and gays may 'out' people for different reasons to the *Sun* and the *Mail*, but the effect is much the same. And imagine the effect of this brouhaha on other closet homosexuals in the constituency. The reaction to the forced outing of their MP is unlikely to give them confidence to be open about their sexuality.

■
Outing plays to, depends upon and even encourages an anti-homosexual backlash. After all, if the outers weren't expecting a hostile response why out this Tory MP? To win him votes from gay men and lesbians in his constituency? Hardly.



Ann Bradley

Radical lesbians and gays may 'out' people for different reasons than the *Sun* and the *Mail*, but the effect is much the same

In the *Guardian*, Malcolm Sutherland of Outrage and film director Derek Jarman argue that, 'by outing people we are claiming our own...[and]...by outing those politicians, policemen and members of the judiciary who are like us but actively discriminate against us, we are trying to expose a form of hypocrisy which is dangerous for gay men and lesbians'.

This is a strange argument. Why assume a sexual preference for his own gender will make an MP progressive on gay rights issues? Margaret Thatcher, Anne Widdecombe and Dame Jill Knight are all women, but you wouldn't expect them to act in the interests of women on an issue like abortion rights. It's as possible to be homosexual and agree with Section 28 as it is to be heterosexual and against it.

As for claiming 'our own' ... I'm not sure what kind of role model Jason Donovan and Cliff Richard provide for young gay lads, especially while they're desperately proclaiming their proclivity for women. Even a leading advocate of outing has admitted that if Cliff is to be a role model for young gays, he'd rather he was 'inned'.

■
The majority of gay men and lesbians, will only feel free to 'come out' when they are confident that they won't suffer discrimination and prejudice. An effective campaign for gay and lesbian rights has to start with a challenge to the source of that discrimination—the pro-family values of the establishment. The important thing about reactionary gay MPs or judges is that they're reactionary, not that they're gay. It is their politics, not their sex lives, that need exposing.

Despite 'Inkathagate', De Klerk's in charge

It's official: the South African regime has secretly funded the Zulu-based organisation Inkatha, and has been heavily involved in the township violence between supporters of Inkatha and the African National Congress. The scandal, now known as 'Inkathagate', should have been a serious setback for the De Klerk government. However, as Charles Longford points out, the response of the ANC has allowed the racist authorities to retain the initiative in dictating the shape of post-apartheid South Africa

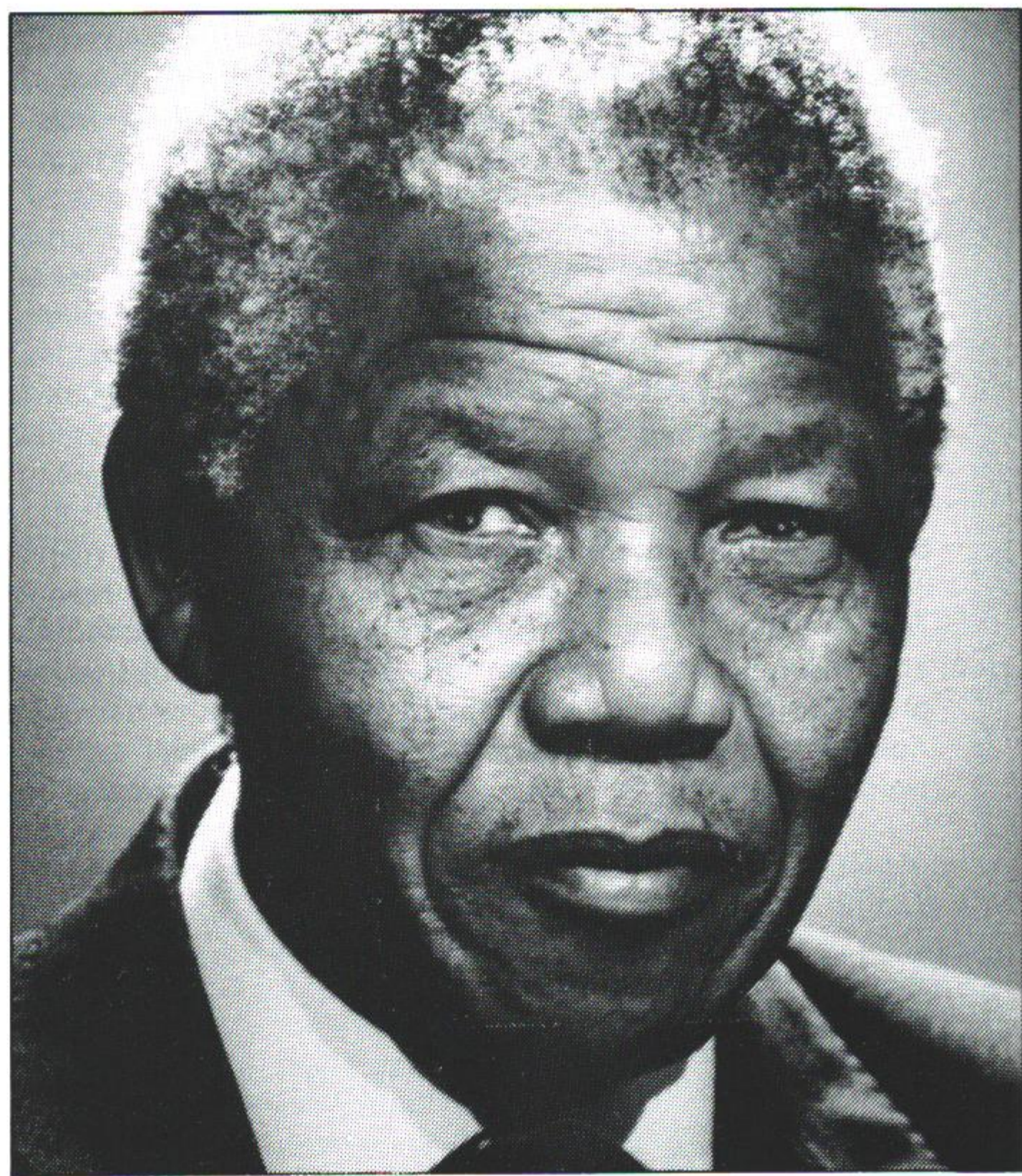


PHOTO: Simon Norfolk

'Inkathagate' has been widely interpreted as proof that right-wing extremists within the government are trying to derail the South African peace process. This view appeared to be confirmed by president De Klerk's speedy demotion of defence minister Magnus Malan and law and order minister Adriaan Vlok after the scandal broke.

Despite appearances, however, the secret funding of Inkatha does not go against the grain of the government's reform programme. It fits perfectly into the De Klerk regime's strategy.

The aim of everything the government has done—from releasing Nelson Mandela to fomenting township violence between the ANC and Inkatha—is to secure a neo-colonial settlement in South Africa on terms dictated by the ruling elite.

Those who see the dirty tricks campaigns and secret slush funds as evidence of a far-right backlash against De Klerk's concessions to the ANC are ignoring one thing: the government is not making concessions to the liberation movement. It has scrapped apartheid

legislation unilaterally, not as a consequence of any negotiations. Government reforms such as the release of Mandela, the unbanning of the ANC and the dismantling of apartheid laws have been introduced in circumstances where the mass opposition movement has been demobilised. Far from giving into popular pressure, the De Klerk regime has retained the initiative throughout the reform process. So what is the government up to—and where does the skulduggery revealed in the Inkathagate scandal fit into the strategy?

No alternative

The De Klerk initiative is a consequence of the international consolidation of the forces of capitalism. The collapse of the Soviet bloc has discredited the Stalinist economic model, which many black South African workers previously looked to as the alternative to the apartheid system. These developments have boosted the authority of the market economy, and given the South African ruling class new confidence that it will not

in the evolution of De Klerk's strategy. The revelations of Nico Basson, a former major in the South African Defence Forces (SADF) in Namibia, confirm that the collapse of Stalinism was the critical new factor which tipped the balance in South Africa's favour. Basson told how, throughout the eighties, the South African military (under cabinet supervision, not the private tutelage of Magnus Malan) had tried to develop a 'winning the hearts and minds' (Wham) counter-insurgency strategy to deal with Swapo in Namibia and the ANC at home. But the deal between Pretoria and Moscow after the end of the Cold War sealed the fate of Namibia.

Basson exposed how, in the run-up to Namibia's independence elections, the apartheid regime orchestrated an Inkathagate-style campaign against Swapo. It funded anti-Swapo parties, intimidated the radicals, executed guerrillas and ensured Swapo failed to achieve a two-thirds majority government, which would have entitled it to change the constitution. Meanwhile, the Soviet Union, formerly Swapo's major international ally, pushed the liberation movement into laying down its arms and accepting Pretoria's terms. The 'blocking two-thirds' strategy cost South Africa over R100m. That was considered money well spent when Swapo president Sam Nujoma came to power committed to upholding the constitution and the capitalist economy, both of which had been imposed upon Namibia by the apartheid state.

Test case

Namibia was the dry run. Pretoria had managed to grant independence without losing control over the country. It was now conceivable that something similar could be done in South Africa itself, allowing apartheid to be relaxed without endangering the power of the ruling class.

In the April 1990 issue of *Living Marxism*, we identified the government's strategy, pointing out that the De Klerk regime was hoping to 'neutralise the liberation movement by drawing the leadership—or at least sections of the leadership—into a protracted process of negotiations':

'Its aim is to moderate the leadership of the black majority. To this end the regime is prepared to make concessions to cooperative African nationalist leaders. De Klerk expects to draw a section of the African leadership into a relationship with the state, while isolating those who prove immune to compromise.

The carrot will be used to reward moderation while the stick will be used to repress and isolate militants.'

Over the past 18 months, *Living Marxism* has consistently argued that the government's reform strategy is designed to split the black population, and to isolate the most determined opponents of the racist regime. The Inkathagate revelations, about the government funding anti-ANC parties and trying to provoke a civil war within the townships, are the latest events to vindicate our analysis.

Slush funds

The South African government had been backing Inkatha from the mid-eighties. It gave more than R5m to Inkatha leader, chief Gatsha Buthelezi before 1989. Nico Basson has confirmed that this was part of the SADF's Wham strategy inside South Africa: to counter the growth of the pro-ANC United Democratic Front in Natal and the emerging black trade union federation Cosatu. However, the reasons for bolstering Buthelezi changed after the release of Mandela last year.

The *Weekly Mail* recently published a memo from one senior policeman to another about the importance of providing clandestine funding for Inkatha rallies to boost Buthelezi's credibility immediately after Mandela's release. It highlighted Buthelezi's fears of being swamped by the ANC and its overtures for unity, and pointed out the importance of keeping the chief independent of the ANC, maintaining him as a conservative player who could 'take part in the game later on'.

The memo ended with a plea for R120 000 to help fund Inkatha's rally at King's Park on 25 March 1990, where Buthelezi was to speak against sanctions, armed struggle and nationalisation. The rally was a failure—only 10 000 people attended. However, clashes between Inkatha and ANC supporters before, during and after the rally resulted in what became known as the 'Maritzburg War'—the incident which sparked off the 'black on black violence'. The government then took advantage of this conflict and encouraged its spread to all of South Africa's black townships, by training Inkatha thugs and sending in *agents provocateurs* to provoke more fighting.

Boosting Buthelezi

The police chief's memo gives a glimpse of the strategic thinking behind these actions. The government funded Buthelezi and Inkatha to divide the anti-apartheid movement and to boost Buthelezi as

By boosting Inkatha chief Gatsha Buthelezi (below), the South African regime put pressure on ANC leader Nelson Mandela to be even more moderate



PHOTO: Simon Norfolk

face an anti-capitalist challenge. Reforming apartheid and stabilising South Africa, without fear of a challenge to the socio-economic system, has now become a realistic option for De Klerk.

The experience of granting independence to Namibia was crucial

a credible but moderate political figure. Ensuring that Buthelezi is able to 'take part in the game later on' means using him to put pressure on the ANC—pressure for moderation. The ANC-Inkatha violence involved in the government's pursuit of this policy has played a key role in disorienting the liberation movement, and provided a screen behind which state-sponsored death squads can assassinate ANC radicals—those who are proving immune to compromise.

ANC on side

The response of the ANC to the recent revelations suggests that, despite the initial embarrassment which Inkathagate caused the government, De Klerk's strategy is still on course for success. Walter Sisulu, ANC deputy president, said that the government had become 'an obstacle to negotiations' and called upon it to resign. But the words are unimportant. What matters is that, despite all that has happened, in practice the ANC remains tied to De Klerk's negotiations process as the only way forward.

The ANC's continued faith in De Klerk's peace process shows that it has no alternative strategy of its own. Despite Inkathagate, the government retains the initiative over the liberation movement. De Klerk has not only redeemed himself since the scandal, but, by demoting the hardline ministers, has even been able to improve his image as a reformer facing down the recalcitrant right. Thus an opportunity to expose what the South African ruling class is really up to, and to forewarn the resistance movement of the troubles ahead, has been wasted. Instead, Inkathagate has served to endorse the authority of De Klerk's reform process, while strengthening the illusion that the ANC is in the driving seat and liberation is around the corner.

Grown-ups

De Klerk does not think that he can destroy the ANC. His government's strategy seeks instead to transform the ANC, from a liberation movement with close links to the black masses into a moderate political organisation which relies more on its relations with the state machinery. If Inkathagate confirms the content of this strategy, the ANC's first legal conference in three decades, which took place in July, starkly revealed its effects upon the liberation movement.

The media were unanimous in their praise of the ANC conference. They congratulated the movement for having grown up, and for replacing the old singing, dancing, and rhetoric with sober talk of

compromise. This praise for the ANC from establishment newspapers is well-founded. The conference was conducted with the aim of showing South Africa that the ANC is a moderate organisation with which the builders of apartheid can now do business. Gone was the old talk of nationalisation, replaced by the new slogan 'Forward to a democratic mixed economy'. Despite the rising death toll of its supporters in the government-sponsored civil war, nobody suggested that the ANC should take up arms again.

The ANC's strategy has left the masses on the political sidelines

Although this was supposed to be an internal, strategic conference, the ANC threw it open to outside supervision. Among the distinguished guests were five Democratic Party MPs, apparently invited 'in recognition of their contribution to the struggle'. The delegation was led by Dr Zac De Beer, a former director of the huge Anglo-American mining corporation, one of the major pillars of the apartheid economy, and a man whose most famous contribution to the struggle was to deny that there was any connection between racism and capitalism in South Africa. The ANC also brought in a distinguished panel of outsiders—including a university vice-chancellor, a top barrister and a former homeland leader—to supervise its internal elections.

The conference discussion of the ANC's relations with the South African Communist Party (SACP) gave an important clue as to the way that the wind is blowing. During a closed conference session (later leaked to the press), Alfred Nzo, the outgoing secretary-general, argued for the first time that the ANC's links with the SACP had lost it support in non-black areas. Nzo was responding to press stories about De Klerk forming an 'alliance of moderates' which would include Inkatha, leaders of some of the black homelands, and the conservative black churches—a

Christian Democratic alliance. Nzo expressed what every moderate inside the ANC was thinking: their association with the SACP would cost them votes in 'coloured', Indian and white areas.

Goodbye SACP?

The fact that Nzo should even raise this issue was significant enough; the way in which Mandela himself publicly endorsed these sentiments, a few days later, showed how far things have moved inside the ANC. The link with the Communist Party has been crucial to the ANC in the past, allowing an essentially middle class nationalist group to make a militant appeal to black workers. Now that anti-capitalism is off the agenda in South Africa, however, ANC leaders feel more free to question the role of the SACP as they focus on the need to win votes.

The elections to the ANC executive provided some telling results. Several members of the SACP were elected. But they won support as known figures from the struggles of the past, who accepted the turn in ANC policy towards capitalism and compromise. The only SACP member to insist that De Klerk's negotiating process could not bring freedom was Harry Gwala. In the election for vice-president, he was crushed by Mandela's moderate ally Walter Sisulu.

Man of the moment

The election of miners' union leader Cyril Ramaphosa as secretary-general also indicated the shift within the ANC. The *Financial Times* applauded Ramaphosa as a man who, unlike some of his ANC colleagues, was not 'locked in the politics of struggle' but had learnt 'to compromise from a position of strength'. Ramaphosa is still a compromiser, but he no longer has the strength that came from the support of striking miners when he negotiated with the mining bosses. Today, the ANC's strategy has left the masses on the political sidelines as passive spectators of a peace process dictated by the De Klerk regime.

Now we can see where Inkathagate fits in. By boosting Buthelezi and strengthening moderation, the authorities have been able to intervene in the internal affairs of the liberation movement. From overseeing ANC elections to defining what is proper political discussion, the government has set the terms. 'Inkathagate' reveals how ruthlessly the ruling class will act to ensure that any change in South Africa's political system does not threaten their power and position in society. ●

Don't be caught out

Has the international sports boycott advanced the cause of black liberation in South Africa? Moses Dube thinks not

The readmittance of South Africa to international sport has been welcomed in Britain. Although those concerned with English cricket and rugby were a little guarded in their response (no doubt anxious about future English prospects against the 'Boks'), the news was greeted as a breakthrough by politicians and anti-apartheid activists. They claim that sports sanctions played a big part in forcing the Pretoria regime to reform apartheid, and are patting themselves on the back for a job well done.

To listen to British politicians and the media, you would think that the struggle of the black masses against apartheid has been less important than the action of the sporting establishment in denying white South Africans access to the long room at Lords. That is insulting enough. Worse still, the British establishment, which now wants to take credit for advancing black liberation via the sports boycott, has always been the biggest international backer of the apartheid state.

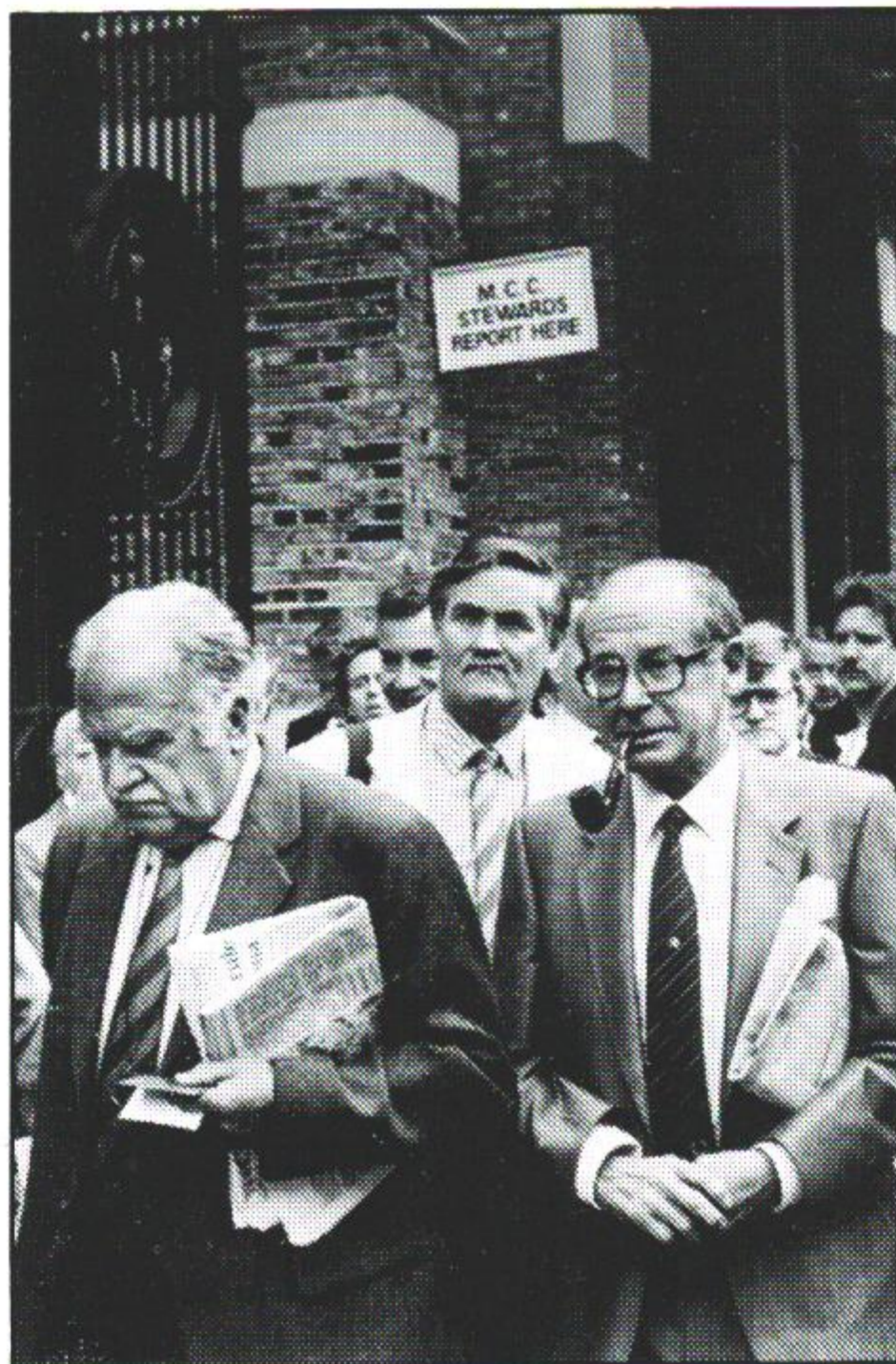
All about sport?

The idea that the sports boycott has changed South Africa is based upon the spurious assumption that apartheid was simply a product of Afrikaner prejudice. After the ban was lifted, the *Financial Times* reported that 'reaction in the white community, at whom sanctions have been aimed, has been predictably euphoric':

'Generally sports-mad, being denied the pleasures of international participation has been bitter. The hunger for participation was always underlined by the way in which the few sports stars of stature who did come to the country were fawned over.'

Fawning over Mike Gatting may or may not be a sign of 'sports-madness'. Either way, it is ludicrous to suggest that the denial of 'the pleasures of international participation' in sport led whites to a change of heart about apartheid.

Surely, after 21 years of isolation, 'sports-mad' whites would have converged on Pretoria, demanding an end to apartheid and the satisfaction of their 'hunger for participation'? Yet the only whites I can recall converging on Pretoria were those attracted by Eugene Terreblanche's paramilitary Afrikaner Weerstandsbeweging movement and its attempt to abort the government's reform programme. Far from forcing a change of heart, the sports boycott hardened attitudes. 'Sports-mad' whites drew in their wagons and attempted to hold the laager



Were these MCC members really responsible for overturning apartheid

tighter together in the face of isolation abroad and at home.

Despite this hardening of attitudes, however, the De Klerk government has gone ahead and abolished apartheid legislation. That should suggest that what happens in South Africa cannot be explained by reference to the views of 'sports-mad' laager louts. Apartheid was not simply the result of Afrikaner prejudice. It was essential to the development of South African capitalism. The black majority were denied the vote and subjected to a strictly regimented labour market, not because 'sports-mad' whites thought God wanted it so, but because 'profit-mad' capitalists, both inside and outside South Africa, wanted more wealth. These white capitalists gave some crumbs and segregated sports stadiums to 'sports-mad' white workers, and thereby won their allegiance against the black majority. That does not alter the fact that capitalism was responsible for creating and sustaining apartheid.

Blaming apartheid on 'sports-mad' whites has

obscured the fact that Western governments have backed the South African regime, and have plenty of black blood on their hands. British governments and corporations have particularly sordid records of investing in and supporting the apartheid system.

The sports boycott was never intended to bring down the apartheid regime. The decisive factor in making sporting sanctions bite was the threat by third world countries to pull out of international meetings that included South Africa and fixtures with countries that retained sporting ties with the apartheid state. The key agreement was drawn up at the Gleneagles Hotel in Scotland during the weekend break in the Commonwealth heads of state meeting in June 1977. African and other third world leaders had threatened to withdraw from the 1980 Commonwealth Games unless Britain and other countries cut sporting links with South Africa. Unlike economic or military sanctions, a ban on sport with South Africa cost the West nothing. The West decided it was a worthwhile gesture to keep the third world on side.

Policing blacks

Although the Western powers have no right to claim that they have advanced the liberation of the black majority, they do have good reason to be pleased with what is happening in South Africa. The Western powers have never been interested in ending black oppression and exploitation. Their aim in pressing Pretoria to reform apartheid was to replace a provocative and unstable form of capitalism with a slightly less objectionable system. President De Klerk now feels able to do what they wanted. His reform of apartheid is not intended to liberate the millions of impoverished blacks, but to rely more on market forces than police forces to keep them in their place. The West has rewarded De Klerk with readmission into world sport, and into the banking and financial system too.

Those who claim success for the sports boycott are in effect applauding the success of the West's strategy for containing the black revolt against the apartheid state. Western capitalism has always been a major part of the problem in South Africa. Now, Western powers like Britain and the USA are paraded as part of the solution, and even supporters of apartheid like Margaret Thatcher are deemed to have 'earned' a place at South Africa's negotiating table through such actions as the sports boycott. The 'negotiating table' is looking more and more like a banquet table where the black masses will be present, but only as waiters and dessert.

Phil Murphy sees the Bank of Credit and Commerce International scandal, and the government's role in it, as a far better guide to the way that capitalism works than all of the Tory lectures about free enterprise and the evils of the nanny state



PHOTO: Simon Norfolk

They have called it 'the biggest banking scandal in world history'. In its short history since 1972, the Bank of Credit and Commerce International carried out fraud amounting to perhaps £10 billion in more than 60 countries. The bank moved huge amounts of illicit money around the world to fund bribery, drug-running, corruption, arms dealing and many other scams.

Since the BCCI scandal broke, government ministers, top bankers and other establishment figures have all declared their determination to ensure that it never happens again. The BCCI collapse has provided the powers that be with another excuse to have a go at 'the unacceptable face of capitalism'. These criticisms complement nicely the ongoing campaign to scapegoat greedy and sometimes corrupt bankers for the capitalist slump.

Scratch the surface of the BCCI

scandal, however, and a very different picture emerges. BCCI is not a one-off case of corruption. The affair reveals some important characteristics of the entire capitalist economy in the nineties. In particular, BCCI confirms two aspects of modern day capitalism which the scapegoating of the banks is intended to disguise.

First, BCCI could carry on for so long partly because its type of global financial wheeler-dealing is completely in character with the parasitical way that the world economy works today. And second, despite all the Tory talk of 'pushing back the frontiers of the state', the BCCI affair shows the extent to which the government will intervene in the economy to keep banks and businesses afloat. Taken together, these two points expose some of the myths of the free market economy. Let's look at them in turn.

Late twentieth century

capitalism is mostly about financial speculation involving huge cross-border money and credit transactions. The system has stagnated to the point where many capitalists are unable to make profits out of producing things. More and more economic activity is now about making money out of money in speculative markets. This applies to well-established industrial corporations as well as the big banks and the newer financial institutions set up in recent years.

Industry has tried to compensate for falling profitability in its traditional operations by playing the stock, property and money markets. For example, last year Maxwell Communications Corporation made almost nothing from the media business which is supposed to be its area of operation. Instead, more than half of its profits came from foreign exchange dealing, and most of the rest from property and other

BCCI

and the myth of the free market

financial speculation. This sort of performance has tended to become the rule for industry. It is symptomatic of the increasingly parasitic character of a capitalist economy which is becoming more and more like one huge globetrotting stock exchange.

International financial flows of about £600 billion *each day* provide the resources for the money-making operations. A bank like BCCI could get away with being just one of the gang. Its collapse, following the other recent financial scandals, reveals the instability of this vast financial house of cards. BCCI also shows how blurred is the line between legitimate and illegal banking practices, and how easily that line is crossed. BCCI got caught out because, as the director of the British Serious Frauds Office noted, in the recession frauds 'tend to come to light because there is less money to keep the fraud going'. Far from being peculiar to BCCI,

corruption is common capitalist practice. It could be concealed during the credit boom of the eighties, but is being exposed as the money dries up in the nineties.

The BCCI affair has also revealed the lengths to which governments go to keep the financial system afloat. Today, the Bank of England is being scolded for not acting fast enough on BCCI, and for not doing enough to restructure and salvage the bank. This is turning things upside down. The Bank, acting as the arm of the British government, has done all it can to keep BCCI going. The Bank has known about BCCI's fraudulent activities at least since 1986, when some BCCI officers were prosecuted for laundering drug money. In 1988, a federal grand jury in Florida charged BCCI itself with the same offence. In May of that year the Bank of England took charge of an international committee of central bankers set up to oversee the

affairs of BCCI.

The concern of all the Western governments and bankers was not to close BCCI down but to keep it going. The British secret services and the American CIA certainly wanted BCCI to survive as a source of information on wanted individuals and groups, and as a front for their own undercover operations. With more branches in the third world than any other bank, BCCI was just what they needed. More importantly, the British and other Western authorities were concerned to keep BCCI in business because of the disruptive effect which its collapse would have on the rest of the financial community. The Tory government and the Bank of England stepped in to oversee a lengthy survival operation.

More than any other major capitalist nation, Britain relies upon profits made by the banking and financial sector, centred on the City



PHOTO: The Guardian

Bank of England boss Robin Leigh-Pemberton (right) acted as the government's right hand by keeping BCCI in business

of London. This makes the British authorities especially sensitive about covering up financial scandals. As Bank of England governor Robin Leigh-Pemberton said after the BCCI collapse: 'if we closed down a bank every time we found an incidence of fraud we would have rather fewer banks than we do at the moment.' And fewer banks would mean fewer 'invisible' earnings to compensate for Britain's terrible balance of payments. That is why the Bank of England pressurised Gulf sheikhs to pour in more than £1 billion to keep BCCI afloat. When the scale of the fraud could be contained no longer, the Bank stepped in to close BCCI and assume direct control. The Bank also made clear that it expected the major high street banks to prop up the smaller secondary banks which might be adversely affected in the fall-out from BCCI.

State aid

This scale of state intervention stands in sharp contrast to the Tory rhetoric, with which we have become so familiar over the past decade, about the dynamism of the free market and the need to tame the 'nanny state'. The government's desperate efforts to keep the financial system going give the lie to such talk. The British authorities may boast of their success in defeating outdated Keynesian notions of state intervention in a mixed economy. But when capitalism needs it, the state still steps in. The government's attempts to bail out the banking system are a primary example of the Tory school of nationalisation.

When they came to power, in 1979, the Tories denounced high public spending as being 'at the heart of Britain's present economic difficulties'. State intervention in the economy was out of fashion, replaced by a nostalgic look back to an idealised nineteenth century laissez-faire capitalism. Tory thinkers tried

to revive Adam Smith's classical view that the 'hidden hand' of the market held the solution to economic ills.

The problem was that, however many think-tanks joined this crusade, however many speeches they made and pamphlets they published, they could not turn back the clock of history and make capitalism dynamic again. The free marketeers argue that the state has encroached on the proper functioning of capitalism and inhibited the workings of the market system. In fact, things are the other way around. State intervention has not corrupted the market. The failure of the market has increasingly forced the state to step in to support the capitalist system.

Over the past century, and particularly since the Second World War, state intervention has become like a life supporting drug for the ailing market economy. Although by the seventies the patient was responding less and less well to treatment, it could not survive without bigger and bigger fixes of state support. This is why the Tories, and every capitalist government which espoused the free market philosophy of the eighties, has failed to turn their words into action. Despite all of the boasts of a free market revolution, real state spending in Britain has risen in every year since 1977, with the exception of one year when it was static. And since the beginnings of the current economic downturn, state spending has risen again as a proportion of national output. So much for taking the state off the back of the entrepreneur.

Buzzwords and lies

The Tories could sell off large chunks of nationalised industry but this never meant taking the state out of the economy. The government has simply reorganised its role, relaxing state ownership but replacing it with a barrage of regulatory controls and more subtle forms of intervention. The government no longer officially carries the losses of former nationalised industries. Instead, it subsidises corporations through government contracts, debt write-offs, export promotions, and various other backhanders.

State intervention has even intensified in what is supposed to be the showcase of the free enterprise economy: the financial and banking system. The last two decades have been the age of financial deregulation, starting in Britain and America and spreading more recently to the rest of Europe and Japan. Deregulation became a buzzword signifying that the market was being freed from state interference. In reality, the market economy

remained dependent upon government aid. Deregulation was itself an example of this, as Western states passed laws to make it easier for hard-pressed capitalists to indulge in lucrative financial scams. And, as the BCCI affair has confirmed, when the financial sector runs into trouble the state has to step in to keep the show on the road.

Rescue operations

The countries where governments talk loudest about the benefits of the free market are those in which the state has had to take most action to ensure capitalist survival. Britain is one example, and the USA is another. The explosion of state spending and debt in America since the early eighties is the clearest modern case of the state having to sustain a 'free market' economy. The US administration has also had to bail out the financial system, taking over the Savings and Loans institutions (the equivalents of British building societies) at a cost approaching £500 billion. Earlier this year, Washington had to assume control of the Bank of New England. Even in dynamic Japan, the government recently had to prop up two banks and has been as concerned as the British government to cover up the scandals in its financial community.

The BCCI affair is the latest example of increased state intervention in the market economy. Whenever it deems it necessary, the government will set aside the free market rhetoric and orchestrate a rescue operation for banks and businesses. It seems that when capitalists are in trouble, the supposedly discredited notions of the nanny state and dependency culture come back into fashion. The laws of the free market seem only to apply to the jobs and wages of working class people.

Bosses first

We are told that 'you can't buck the market', and blamed for pricing ourselves out of jobs. When public services are put out to private tender, we are assured that the most competitive (ie cheapest) bid must win, and that the workers will have to accept the pay cuts and deteriorating conditions which market forces demand. But when it comes to preserving the profits of British capitalists, the state will ensure that market forces aren't allowed to do too much damage. After the decade of the free market revolution, it is clearer than ever that the capitalist state is there to look after its own.

The end of enterprise culture

If big corporations are having trouble surviving the recession, what chance is there for the small businesses set up on £40 a week under the Tories' Enterprise Allowance Scheme? Chris Allen attended an enterprise training course

The Restart counsellor apologised for the tatty photocopy. In case I couldn't decipher the instructions, she informed me that my two-day Enterprise Awareness course would take place in the crypt of St John's church in Bethnal Green, East London. 'Maybe it will be the place of my resurrection', I said. She smiled sympathetically. I had made her job easier by ticking the 'information on starting my own business' box. She had no reason to give me a hard time. We were going through the motions and we both knew it.

It was pouring with rain as I walked down the steps to the crypt. The Crypt Centre had been opened only a few months before by a worthy royal, and the red and white paint was still fit for a royal visit. I signed my name in the visitors' book—without my less than regal imprint, the dole office would stop my giro. A man at reception gave me a name tag and escorted me to the seminar room where I sat and waited for the other would-be entrepreneurs to arrive.

First there was Jim, thirtysomething, who wanted to set up a market stall selling soap and other toiletries. Then there was Derek, another EastEnders, who described himself as 'a former licensee' and acted Jack the Lad. He had his eyes on a sandwich bar. Alison was a victim of cuts in local authority spending. Previously employed in the voluntary sector, she planned to freelance as a bookkeeper-cum-financial adviser for ailing agencies and small charities.

Streetwise and cynical

Mohammed was going to open a restaurant. He said he had the money to do it, although he was dressed in thin trousers and inexpensive trainers. David was an artist, fresh out of college. Joanna was a singer, currently unemployed, who wanted to set up an agency to help other artistes find work. Clive said he had spent the last two years developing a new line in clothes: 'It's not a skirt, or a coat, or a pair of trousers. It's an entirely new type of garment.' Later we learned that Clive has been to a succession of business awareness courses. When the staff at one training centre have no patience left, he moves on to the next.

There were eight of us altogether. We were to spend the next two days in the Crypt, preparing to enter the Enterprise Allowance Scheme. Introduced in 1983, the scheme offers free advice and £40 a week, for a year, to unemployed people setting up their own businesses. Billed as the dawn of a new era of entrepreneurship, the scheme was never more than a ruse for getting people off the dole and fiddling the unemployment figures. In the nine years since it began, less than one in four of the start-ups outlasted the 52-week grant. Nowadays, the £40 allowance remains the same but the chances of going bust are even higher.

Max introduced himself as our business awareness tutor. He was a former rag trader in the East End, who sold his business before the recession could close it down. Mid-fifties, streetwise and slightly cynical, he warned us that

running a small business is a 24-hour occupation. Did we have the commitment? He didn't say so outright, but you could tell he found us unconvincing. When Joanna revealed her business idea, he found it difficult to keep a straight face. He was dying to ask her how she was going to find work for other musicians if she couldn't get a gig herself.



Richard was our other tutor. Younger than Max by 20 years, he wore the suit-and-striped-shirt uniform of the Enterprise Eighties and spoke in matching jargon. 'Think of your business plan as ammunition to fire at banks', he declared, as if one of us was about to knock 'em dead in the Rothschilds' boardroom. When Richard announced that 'the five-year plans in Russia and China were business plans just like yours', he genuinely seemed to believe that societies can be judged by the way

they treat small businessmen. He ducked out for a fag while we sat through a rags-to-riches training video (featuring a group of Scousers hoping to get rich by recycling rags).

The third man in the team was Tim, the business adviser who saw us individually at the end of the course. Tim didn't conform to the stereotype image of a businessman. He was black for a start, and there was a copy of *The Revolution in Africa* on his desk. He told me that people could empower themselves by setting up in business. He sounded sincere enough, but with hundreds of established businesses now going bust every week, the sales line wasn't entirely convincing.

The Crypt Centre provided a business lunch. If any of the trainees thought that being in business meant lingering over brandy and cigars, they were quickly disabused of the fantasy. My first meal as a businessman consisted of a sandwich and an apple on a paper plate, and coffee in a plastic cup. The centre manager said he used to include a packet of crisps, but, owing to the recession, he's been forced to cut down on expenses. It wasn't a meal to lift your spirits, but there was nothing else on offer so we made the best of it. I suppose that just about sums up our attitude to the whole two-day event.

Then there were five

Our tutors were not convinced we would become successful entrepreneurs. Neither were we. David didn't want to know about cashflow diagrams and profit and loss accounts. 'I'm an artist', he said. 'I don't see how this applies to what I want to do.' Joanna walked out when she heard that national insurance contributions would be deducted from the £40 allowance. She thought she would be getting the same as the dole without having to sign on or be harassed. Mohammed didn't come back for the second day. At lunchtime on the second day, Alison made her excuses and left. Jim stuck it out but didn't seem too confident. I could have done without Derek's brand of self-assurance, especially when he started talking about 'disadvantaged whites'. He hadn't even set up in business and he was already blaming the blacks for making him go bankrupt.

Only one of us was absolutely convinced he would make it: Clive, the training day groupie. He wanted to know about franchising and how to float a public limited company on the stock exchange. Richard tried to rein in his grandiose ambitions while the rest of us covered our mouths and tried to stop giggling.

We all laughed at Clive. But he was no wackier than the Enterprise Allowance Scheme itself. The idea that market stalls and sandwich bars could make Britain great again is especially ludicrous now that the niche retailers of the eighties are finding their places in the dole queues of the nineties. Nobody with any sense believes in enterprise culture these days—not even, if our tutors are anything to go by, the people who are selling it.

(Names in this article have been changed.)

ILLUSTRATION: St. John

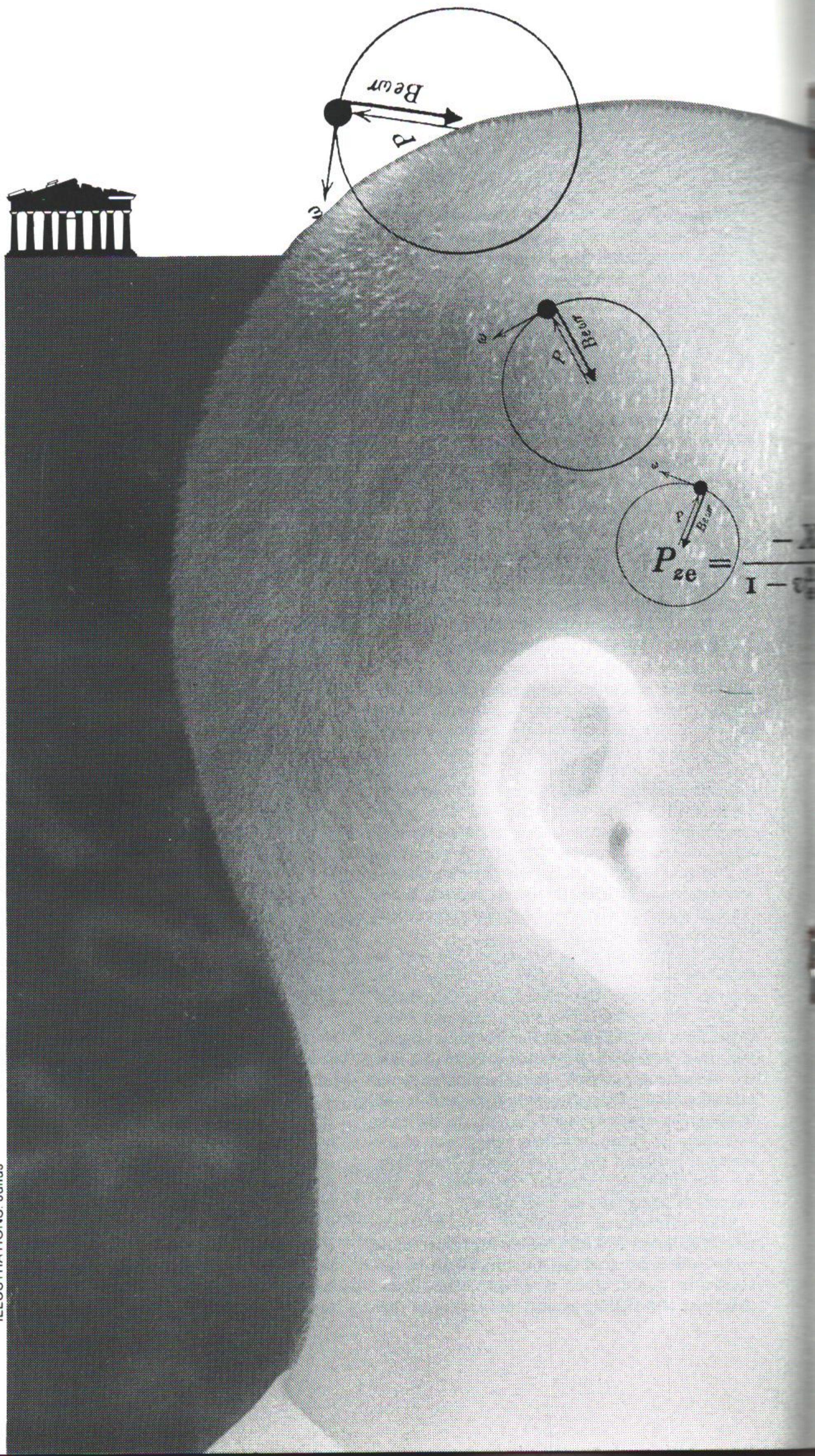
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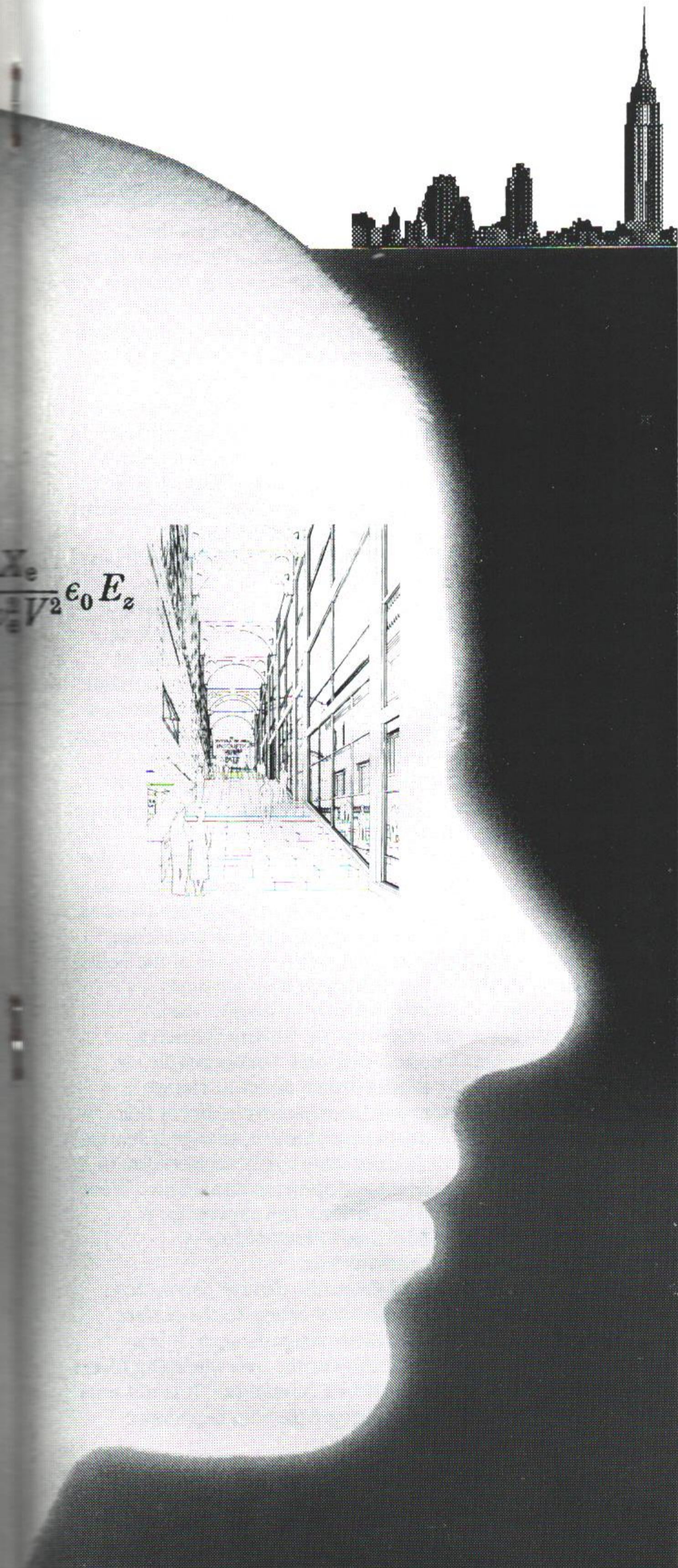
The events of the past few years have done much to discredit Marxism and socialist revolution in the popular imagination. But that's not all. The far more basic belief that it is possible to change society for the better has also been discredited. In short, many people have lost all faith in the ability of men and women to influence their own destinies.

In an edited version of his keynote speech to the Towards 2000 conference in July, Frank Richards argues that those who want to change the world must first try to alter the way in which people perceive the question of change and human action

ILLUSTRATIONS: Julius



human potential



Most of the time, when we talk about change what we really mean is our own view of change. The way we feel—individually and collectively—often shapes what we think about the past, present and future. That is why, at different times in our lives, we can have different reactions to the same event. For example the painful experience of our youth can retrospectively acquire an heroic dimension and come to look like a time of joy.

Society too has a shifting memory and a fluctuating attitude towards change. Today capitalist society exudes a mood which clearly indicates that it does not like change. The present period is characterised by a nostalgic attitude towards the past and a downbeat attitude towards the future. A balance of opinion overwhelmingly in favour of the past can be seen at all levels of society. It is systematically represented in culture and the media. The way that 'antique' means good while 'modern' automatically equals bad is a symptom of the relationship between the past and the future in the contemporary imagination.

Our society lives in the past. It is saturated by the past in all kinds of ways. It strongly resembles an elderly grandparent, waiting to ambush innocent passers-by with photo album in hand. Old people, especially the very old and poor, have a tendency to live in the past. The past provides an escape from the indignities of the present and offers a haven to those without a future. That is why grandparents have the very irritating habit of continually lecturing us on the virtues of the past. This romanticisation of the past is

understandable, since people who have no future are unlikely to enthuse about what lies ahead.

Western societies too seem to have grown very old. The good old days, when doors could be left open without inviting the attention of criminals, are sharply contrasted to an unspecified but unknown future. In adopting this backward-looking orientation society appears to have settled for the least attractive feature of the ageing process. A sense of exhaustion pervades the Western world. There seems to be no question of imitating the young who live for the future, who ignore the past and the present in the expectation that nothing is beyond reach. Such 'childish' attitudes, which have characterised societies in different circumstances, would today be denounced as dangerously naive.

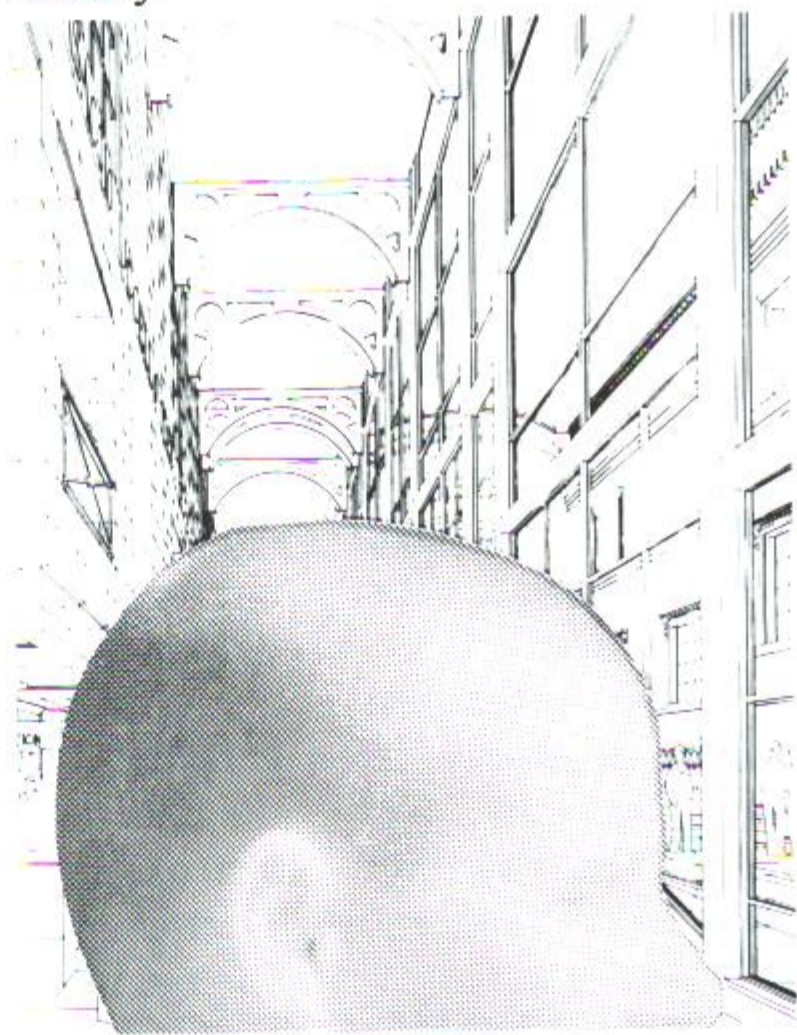
There is a distinct absence of enthusiasm for change in society. On the contrary, the ruling class exhibits a strong desire to freeze the present. That is why the West even regards change in Eastern Europe and the Soviet Union in such ambiguous terms. There is no appetite for the new 'post-communist' world. If anything there is nostalgia for the good old days of the Cold War. This reversal of attitude shows how elastic is our view of change. For decades, Western leaders prayed for change in East Europe; yet now that it has happened the stable old Cold War looks far more comfortable to them.

The West's curious reaction to the end of the Cold War is based upon the understanding that the world was far more predictable during the past 40 years than it has been during the past two years. Furthermore, during the past

40 years the ruling classes of the dominant powers have felt far more in control of the world than they did during the 50 years before that. From this perspective any change represents at least a potential threat to what used to be a satisfactory arrangement.

So what do we mean by change? Change should not be equated with the passing of time. It is not merely about new events, but about the perception that things are temporary. Change is inseparable from the *consciousness of change*. The subjective aspect of change explains how there can be such differing attitudes towards the same phenomenon. For example two people can look at the same series of events, and yet one sees only fluidity and newness while the other perceives continuity.

Perceptions of change are not just the passive assimilation of an event. Perceptions of change can allow individuals to see new possibilities or to give up on experimentation altogether. Our perceptions of change can encourage us to make new changes; they thus have the potential for altering the circumstances of human life. Conversely our perception of change is influenced by the previous experience of the attempt to alter society.



Today the sense of change is weak because the effects of change have been disappointing. Attempts to improve life through reforms and revolutions do not seem to have worked. Gorbachev's begging bowl visit to the G7 summit meeting in London in July just about sums up the popular image of what happens to societies which seek to change. Disappointment undermines any orientation towards change. As a result, people become less concerned with the future.

It is truly astounding just how much disappointment can change perceptions. People can look at an

old, discredited phenomenon, and decide that it does not look as bad as it used to because what followed it has proved to be a disappointment. So today private health does not seem as bad as it did 50 years ago. Why? Because with the decline of the NHS and the disillusionment with public health care, what constituted a problem in the past seems acceptable today.

People stop thinking about change when their experience tells them that it does not work. This leads to the psychology of low expectations. More seriously still, intense disappointment leads to the conclusion that change makes the situation even worse than it already is. The failure of attempts to change society brings with it a reappraisal of the meaning of change. It helps to shape perceptions which are imbued with anxiety about the future, and which fear the consequences of change.

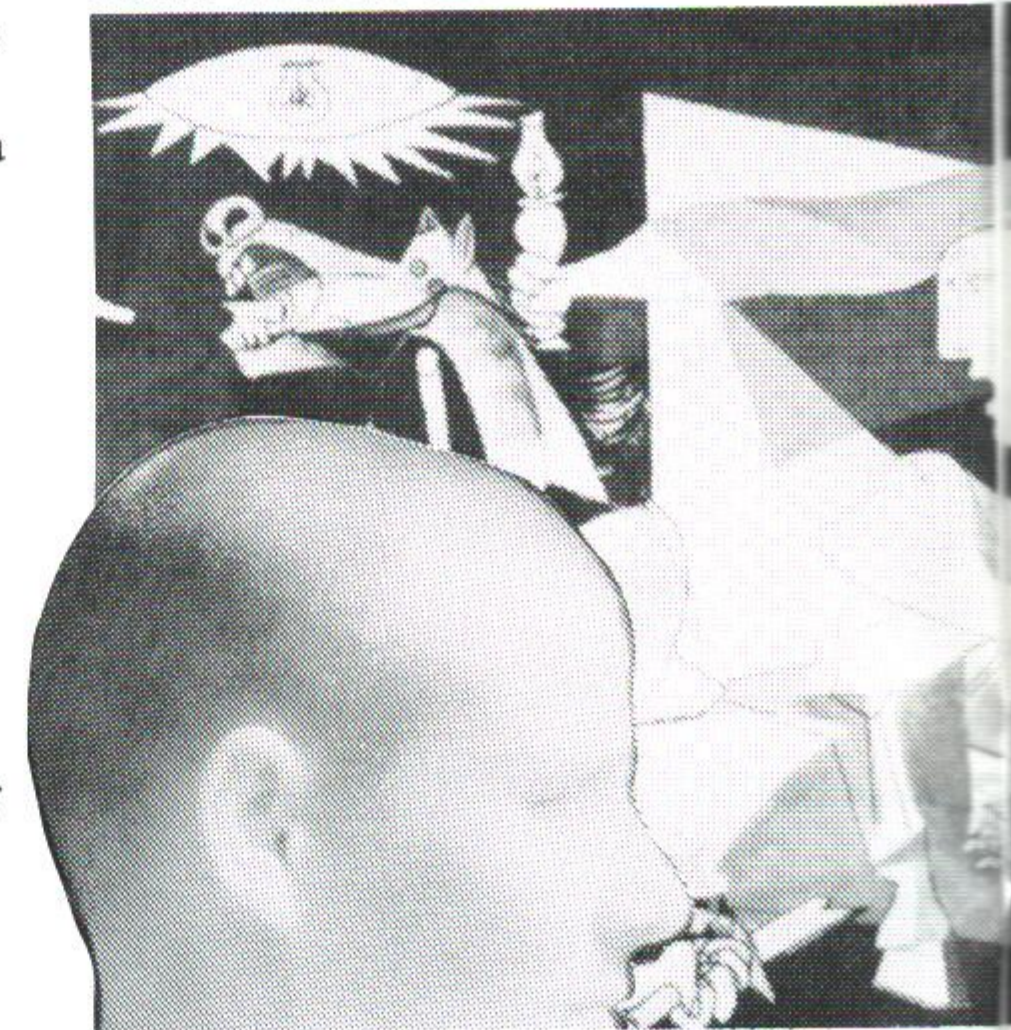
The sense of disappointment which endows change with such negative attributes is a major problem for us. In the end, what we think of change is decisive for the future of society. Change is not some abstract force that we simply comment on or react to. Perceptions of change are always linked to the role that men and women play in relation to society. Positive attitudes to change represent an invitation to action and to problem solving; negative ones only demand resignation to what happens.

For the better

If change is not perceived as a positive thing, it makes no sense to take the initiative even over matters which affect us personally. Take the example of the relation between disease and society. Until there was a positive view of change, disease was looked upon as an act of God. It was a misfortune which had to be accepted fatalistically. But once change was perceived in a positive light, and the effectiveness of human intervention through science demonstrated as a fact of life, the attitude towards disease underwent a transformation. Death was no longer inevitable, human intervention could make a difference. Instead of fatalism people went to remarkable lengths to cure disease.

Our view of change determines the scope for human action. It represents the difference between human beings letting things happen to them or attempting to make things happen. Today, in practical terms it means accepting unemployment and the recession as inevitable or trying to alter the society within which these economic facts are the norm. The

perception of whether or not unemployment is inevitable or natural is clearly linked to the wider consideration of whether change is desirable. Perceptions of change are about what we think we can do.



Society is too fluid to lose the sense of change entirely, even today. Rather change is seen as a process that is outside our control. Once the role of men and women as the agents of change is rejected there are two other possible views of what constitutes change. The first view is to regard change as the act of some kind of god. From this perspective there is a predestined meaning to whatever happens and change follows the pattern ordained by the Almighty. The second possible view of change is to regard it as an accident. Change in this scenario is random and contains no meaning.

Both of these conceptions of change devalue the human potential. In neither case can men and women influence the outcome. That privilege is assigned either to a God or to chance. Human beings are merely there as observers of forces which are entirely beyond their control.

It is not possible to suspend the sense of change altogether, because the world moves too fast for there to be no consciousness of transience. However, in the absence of the belief that change can be pursued purposefully by people, the experience of fluidity is often a disturbing one. Unless people are attempting to direct it, change is experienced *passively*. From this passive perspective, change is felt as fragmentation. Any acceleration of new developments threatens to blow things apart. The experience is negative; a sense of loss is characteristic.

From the passive perspective, change only brings to the surface individual insignificance. It is a testimony to the overwhelming forces that dictate human life. It is not only ordinary people who experience

change in this way. The ruling class is no more in control of circumstances. As a result it lives in constant fear that the new will be a bigger problem than the predictable way of doing things. Because it has so much at stake, and therefore so much to lose, the ruling class becomes consciously committed to conserving what exists.

Today, the ruling class is pleased that at least there is no widespread demand for change. The working class and movements which have consistently fought for change in the past are relatively inactive. There is no credible programme for change which enjoys popular support either in Britain or in any other advanced capitalist society. But, although change has been pushed off the political agenda, there is a big question mark about the future. There is no usable vision of the future available. Capitalist society does not seem capable of generating new ideas for the running of society. This explains the sense of intellectual malaise that typifies our era.



The best antidote for fatalism is a dose of human reason

In the past, if people were not entirely satisfied with their lot, they could at least be mobilised around a programme oriented towards the future. Today, when society is overwhelmed by its past, capitalism is too exhausted to conceptualise about the future.

To turn things around it is necessary to alter the existing balance between the present and past. That means above all the re-establishment of the authority of human practice. We need to take every opportunity to uphold the idea that men and women should make what changes they deem necessary today, regardless of whether or not their action is sanctified by the traditions of the past.

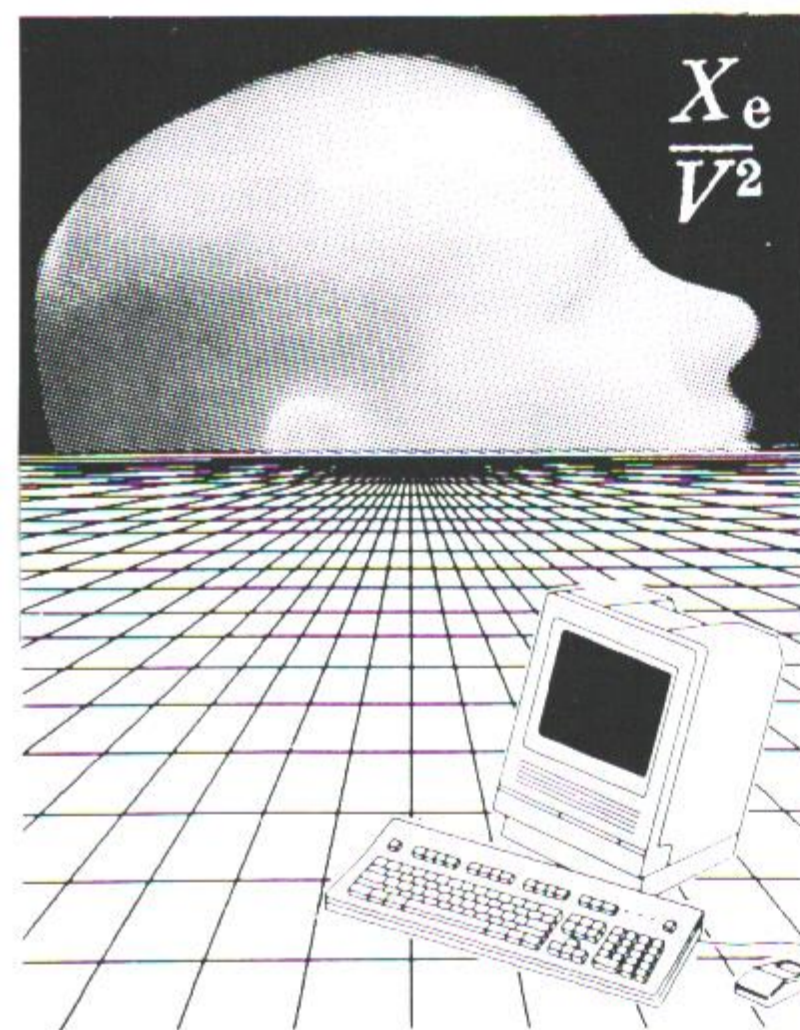
At present tradition and the customs of the past are presented as the arbiters of human action. The wisdom of the past is favourably contrasted with the insignificance of any one generation of men and women. But the past does not provide lessons or answers. It provides a lot of excuses for not

confronting reality. We should say this loud and clear. And we should intellectually reject the morbid nostalgia for the past, insisting instead that answers to today's problems will emerge when we try to shape the future through change.

The best antidote for fatalism is a dose of human reason. An intellectual defence of the power of reason is essential for combating passive attitudes to the future. Those who contend that change just happens as an accident or as an act of God logically narrow the field for human action. They assume that history is made beyond the bounds of human knowledge. If change is indeed beyond understanding, then any possibility of conscious intervention by humanity to shape its destiny is ruled out. The disparagement of reason represents the intellectual defence of the futility of human action.

Time and again the ruling classes point to contemporary events to illustrate their argument about the limits to reasoning. Thus they explain the recent eruption of ethnic violence in Yugoslavia as the re-emergence of irrational forces with strong roots in the past. This explanation suggests that human reason is powerless before the forces of irrationality and of an unspecified legacy from the past. Here irrationality and tradition conspire to expose the irrelevance of reason.

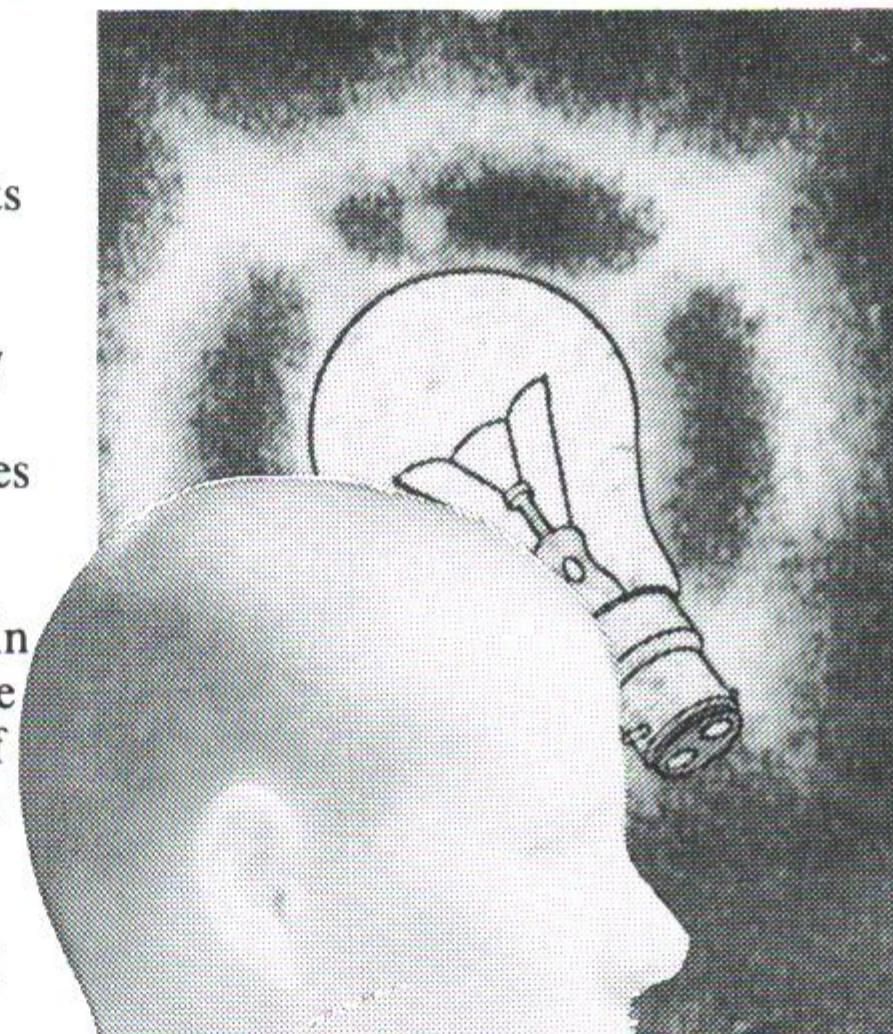
Without a recognition of the power of human reasoning, history becomes an objectified force entirely separate from human control. The power to reason represents the application of human consciousness to the solution of problems. The application of reason to problems implies that humans are not separate from history. On the contrary, *they make history*. Which is why reason is the irreconcilable foe of fatalism.



Challenging the authority of the past and affirming the powers of reason leads to the third component

of our alternative: the intellectual promotion of the human potential.

Those who seek to restrain the application of reason are obviously devaluing the human potential. In capitalist society it is suggested that the pursuit of individual self interest is the way to succeed. This perspective expects little of humanity. The pursuit of self interest by the individual does not require very much understanding. Indeed it is argued that individuals who blindly follow the incomprehensible dictates of the market will do the best. This fatalistic relationship to society is all that is asked of men and women.



In fact the human potential is capable of tremendous feats through attempting to solve problems. It is precisely through trying to change existing circumstances that people can change themselves and develop their potential, and so realise their true self interest. Without the expenditure of that potential, humanity just covers the old ground and stagnates. When humans are seen as capable of acting together to make history, change loses its strange alien character. It becomes an extension of human activity and the realisation of potential. Conversely, without change, men and women become trapped fragments, just passing time.

The difference between two terms, *change* and *to change*, sums up the alternatives on offer. Change is what happens to us, without human input. It is the fatalistic recourse to observing the passing of time. By contrast, *to change* means to act, establishing an interactive relationship between humanity and the future. It means experiencing life not as a fragment but at least as the partial realisation of human potential. Retrieving the ability of men and women to make history, through establishing the case for a revolutionary humanism, is the principal task facing Marxist theory towards the year 2000. •

When class struggle becomes 'human resources development'

Debra Warner decodes today's fashionable management theories, and finds some familiar capitalist designs disguised in the new egalitarian language of HRD and PRP



PHOTOS: Simon Norfolk

The key goal at Rank Xerox in 1991 is to 'improve employee satisfaction', according to Peter Long, manager of Human Resources at Rank Xerox UK. He is conducting a company-wide attitude survey to assess morale and has set up meetings between workers and managers to discuss management practices, team-work and communication. Rank Xerox is not the only company in the UK to be changing its managerial style. At Toyota's new plant in Burnaston, just outside Derby, all aspiring production-line workers have to spend a weekend undergoing rigorous psychological testing before they are considered for the job. These sort of management methods are often called 'Japanisation'. In fact they are largely based upon the ideas of American management theorists, such as Elton Mayo's human relations school and Walter Deming's quality circles. Nor are the Japanese the only ones trying to introduce them into Britain.

Darkness and light

Across the country, companies as diverse as Kwik-Fit and British Airways are discarding their industrial relations policies in favour of 'human resources development' (HRD). Ilford Ltd is typical. Managers at this Cheshire-based photographic film manufacturing company have spent the last year in consultation with workers over pay, conditions and a training package. Named 'Impact', the programme promises to introduce into the darkness of the plant more enlightened management-worker relations. By collapsing the existing hierarchy and introducing specific 'career development' plans for each employee, managers hope to put behind them the past 20 years of

workplace conflict, which led Ilford to become the first company to use the Tories' 1984 Trade Union Act to frustrate strike action.

Reports of such experiments in consultation and consensus-building in the workplace have become common in the journals of British management theory. Conferences, such as the Human Resources Development Week at the Barbican Centre in London, are packing in eager managers at £750 a head. But wait a minute. We are in the middle of a recession. The reality is unemployment and cuts in real wages. So why are British managers trying to develop a philosophy—HRD—which talks about the 'enabling', 'empowering' and 'facilitating' of workers?

The fact is that, behind the egalitarian rhetoric, human resources development is about 'empowering' the employers and strengthening management's ability to impose its will on the workforce.

In 1988, Graham Mather, director of the right-wing think-tank the Institute of Economic Affairs, and Charles Hanson, economics lecturer at Newcastle University, published a booklet entitled *Striking out Strikes*. In it they argued that workers create unemployment by clinging to collective bargaining, something which prevents companies from adapting to change and surviving in today's harsher economic climate. While Mather and Hanson's overtly Thatcherite style may have been unpalatable to many of the sensitive professionals running British company personnel departments, their ideas have caught on. They proposed, for example, that traditional job demarcations be replaced by flexible contracts in which employers are 'free to exclude terms which would otherwise be

implied into the contract by employment legislation'. This position has been vindicated by the rapid increase in the use of individual contracts to supplement, or do away with, collective pay deals over the past year.

Catching on

Since Mather and Hanson's outburst was published, their enthusiasm for 'introducing the flexibility of the self-employed and part-time and temporary workers to the employed workforce' has caught on in the NHS, the electricity supply industry and BT. In a speech to the Institute of Economic Affairs last year, Mather suggested that the eighties revolution in share-ownership and home-ownership would be supplemented, in the nineties, by 'job-ownership'. Individual contracts would place ordinary workers on an equal footing with managers and directors, giving every person on the company payroll a stake in the success of the business. In practice his proposals would mean that a worker has to take as much responsibility as the chairman for making sure that the company is profitable, but without any of the rewards which go to the employers and executives.

Double jeopardy

Most personal contracts have two key elements. Performance-related pay (PRP) penalises workers who do not achieve certain targets. Flexibility clauses insist that employees work any hours and, often, in any place. As well as increasing flexibility in pay and conditions, such contracts can be ended more easily than collective agreements. Although personal contracts are still largely restricted to the echelons of senior management, the past year has seen a trend towards their use in the wider workforce, most notably in health, the newly privatised utilities and in the newspaper industry. The NHS, which proudly claims to be the first employer in Britain to have introduced personal contracts among employees previously covered by collective bargaining, is bypassing negotiated pay deals with personalised performance-related pay agreements. And at Associated Newspapers, which publishes the *Daily Mail*, *Mail on Sunday* and the *London Evening Standard*, personal contracts have been accompanied by total union derecognition.

Performance-related pay schemes covering whole companies or groups of workers are also on the rise. Often applauded as a way of encouraging reskilling and

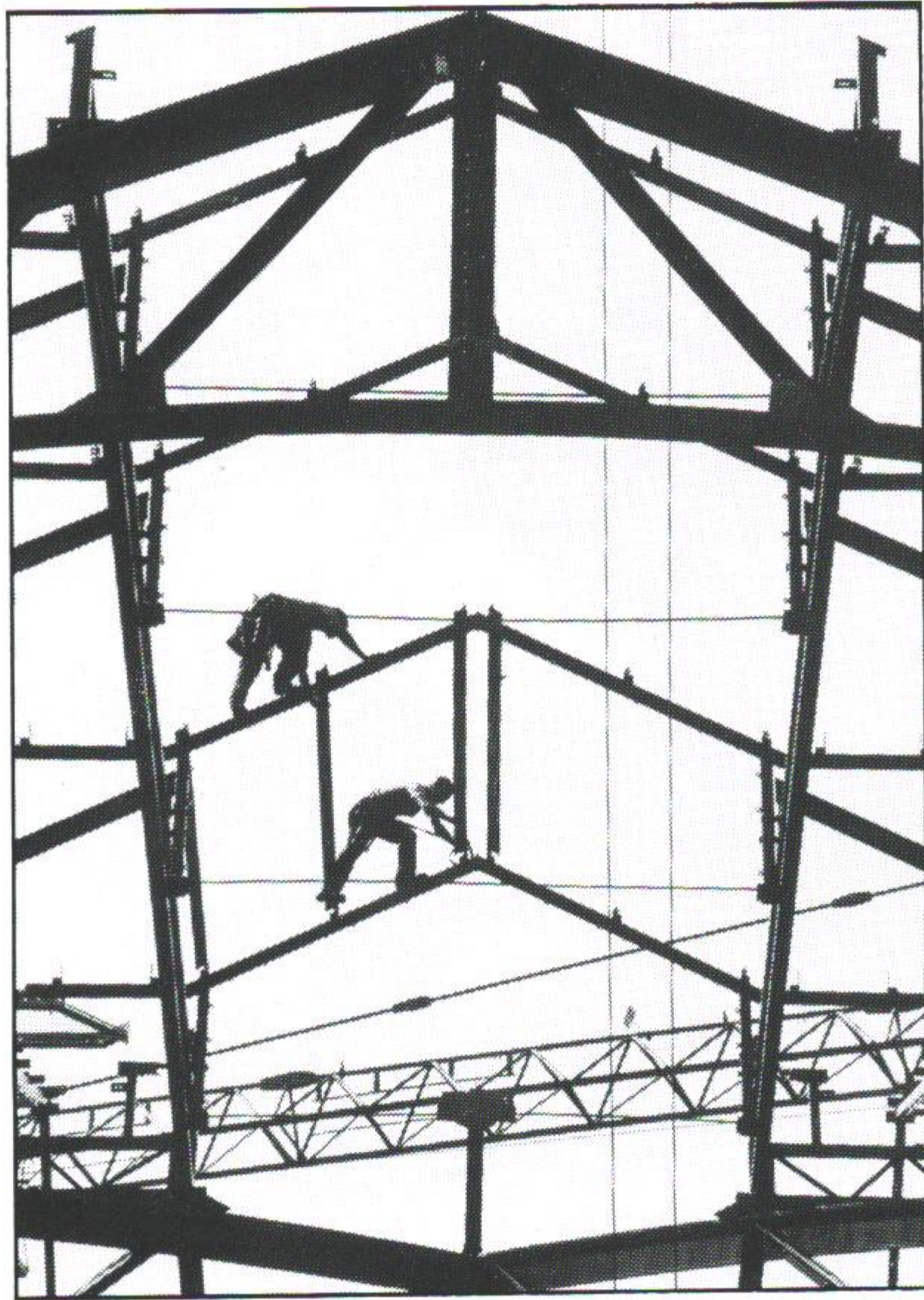


innovation, their main benefit has been to reduce wage bills while increasing productivity. In a growing number of organisations, bonuses, 'merit pay' and 'gainsharing' are becoming the sole source of pay awards (*Personnel Management*, June 1990). At Black and Decker's Spennymoor plant, PRP can account for up to seven per cent of salary, with bonuses only awarded for increases in the proportion of orders which are correct and delivered on time. And, as with personal contracts, performance-related pay schemes act as a mechanism for increasing flexibility in the workforce. Following the introduction of PRP at Birds Eye Walls in Grimsby, two-thirds of the 1500 strong workforce were made part-time, while up to four per cent of pay is tied to performance.

Although highly unionised, the threat of closure, four years ago, left workers at the plant feeling they had little choice but to accept the new terms. After all, in Grimsby, half a job seems better than no job at all.

The response of union officials has been pragmatic. After initial concern about derecognition and the undermining of their role in pay bargaining, some have found that membership goes up following the initial introduction of personal contracts and performance-related pay schemes. Why? Because baffled employees are seeking advice from their unions on how to interpret the small print. As one manager involved in the introduction of a shopfloor PRP scheme noted in a recent survey: 'Most people working on the shop floor feel they have everything to lose and nothing to gain—this is at





the heart of their disquiet about the whole system and why, in principle, they infinitely prefer a collective system for security. They also fear they will have the wool pulled over their eyes, and are not skilled negotiators.' To avoid confrontation with management, unions have said one thing and done another. While not supporting personal contracts they have not opposed their introduction. Nalco, for example, offers legal and contractual advice to its membership on their contracts, while still officially not recognising them. Some unions have instituted appeals procedures for workers unhappy about their performance assessments. In practice, this has helped management by lending a veneer of fairness to its pay-cutting schemes. In sum, human resources development has helped to push the unions further along the road towards becoming extensions of personnel management rather than combative workers' organisations.

Taylorism

Nearly 100 years ago, the American engineer Frederick Taylor invented 'scientific management' in an effort to intensify work. He carefully timed each move a worker made in a job and then set punishing productivity rates which were tied to pay. Today, the process of assessment with performance-related pay is leading to a new Taylorism on the shop floor. But instead of sneaking around factories with a stop-watch in the traditional manner of Taylor's time-and-motion studies,

his contemporary followers are busy measuring 'competencies'. These are defined as an 'underlying characteristic' of an individual which can be shown to have a 'causal link with high performance in a defined role'.

Non-stop subservience

In other words, to attain performance-related bonuses means not just reaching given output targets or a predefined standard of quality, but involves less tangible goals such as the worker's capacity for innovation, or the quality of his liaison with customers. Such subjective measures place workers at the mercy of their bosses' whims. In the service sector and among white collar workers such criteria make bonuses harder to attain, and also promise non-stop subservience not just to the boss but also to the customer—just the job for John Major's Citizen's Charter. And to prevent the acquisition of competencies creating what management buffs term 'wage inflation', more demands are made on fewer workers. They don't mind if individual salaries increase a little, providing the overall pay bill shrinks.

Discussions of human resources development all emphasise the need to integrate personnel issues with business strategy. Hence the concern with morale back at Rank Xerox. To implement the necessary speed-ups, redundancies and pay cuts, HRD professionals explain, it is necessary to generate a sense of company 'vision', a mission statement or designer logo which the workforce can share in. Rank Xerox's Peter Long tells us, 'People like to be part of a winning team'. More importantly, one of the main aims of introducing performance-related pay has been to give workers a vested interest in increasing the company's profits (see 'Pay Cuts and Company Culture', *Living Marxism*, April 1991). Thus 'total quality management' and 'customer care' initiatives such as Impact at Ilford and Black and Decker's total customer service programme, while forming part of an attack on pay and conditions, are couched in the language of reconciliation. Human resources development consultants don't talk about the workforce any longer, they talk about 'our people'.

So can the trend towards introducing HRD solve the problems facing capitalists in Britain, and perhaps even pull them out of the slump? It certainly demonstrates that the employers have the upper hand in industrial relations today. Over the past decade, the defeat of traditional trade unionism and the collapse of

old-fashioned Labourism has given the capitalists considerable scope for experimenting in the workplace. They are now taking advantage of this situation to make their employees work more intensively, more 'flexibly', for longer hours and lower real wages. Human resources development represents an attempt to codify this process. Far from spelling the end of class struggle, the language of HRD disguises an attempt to boost profits by making working class people submit more completely to their employer's will.

At the same time, however, all the highly-theorised talk of human resources development in Britain can be seen as little more than hocus-pocus, distracting attention from key problems for which the employers have no solutions. The international decline of the British economy means that capitalists here are dependent on developments in the world economy. They have lost all control over such important matters as imports and exports, and even their interest rates are largely dictated by German bankers. In this situation British companies continually seek solutions in the one area where they do have some control—the workplace. Hence the attraction of the ideas of human resources development.

Hocus-pocus

The problem is that a fundamental restructuring of working practices cannot be brought about by fancy theories alone. It requires a massive investment of hard cash in new technology—something which British capitalists simply cannot afford. In the absence of such investment, all they can do is to impose more speed-ups and punitive performance-related pay deals on the workforce. But there are strict limits to how far these skinflint measures can go in turning the economy around. The hocus-pocus of HRD cannot alter the fact that British capitalism is in a crisis for which it has no solutions.

The employers' attempt to promote human resources development as a panacea to the problems of the British economy may be doomed to failure. But we can be certain that working class people will have to pay the price for the experiment. ●

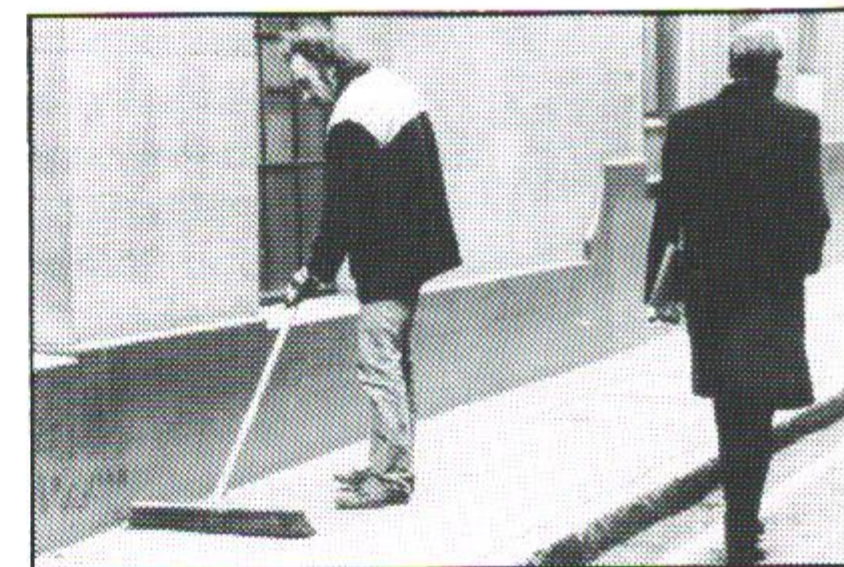


ILLUSTRATION: Nat



Private lives on the line

American workers are being sacked for smoking at home, fined for being overweight, having their pay cut and their workload increased. James Malone reports

In the USA you can be fired for smoking cigarettes—off the job. So Janice Bone recently discovered when her employer, the Ford Meter Box Co of Wabash, Indiana, gave her the sack after a urine test revealed nicotine. She now can be found smoking on her new job at a video store, as well as at home.

More and more American employers are monitoring their workers' after-hours activities, and disciplining employees if they don't like what they see. U-Haul fines overweight workers, while Southern California Edison gives incentive awards to those with low-cholesterol levels. Xerox and Agency Rent-A-Car have fired fat people. Even motorcycle riders have been refused jobs, on the grounds that they are too costly to insure.

One fashionable way to keep an eye on workers' behaviour is through drug-testing (which British Rail is now planning to introduce too). Many people assume that such testing is simply to help prevent accidents. In fact it serves far wider purposes of controlling employees.

Nosy employers

The proportion of companies testing their employees for drugs has grown from 22 per cent in 1987 to 63 per cent this year, according to an American Medical Association survey. 'Not only are more companies testing, but many more are testing even when there is no suspicion of drug use and no obvious case for testing', says Eric Greenberg, research editor for the AMA. Drug-testing has become a deliberate exercise in disciplining the workforce.

New technology in the workplace has also facilitated an extended watch over employees' lives. Through 'electronic monitoring', employers can count the number of keystrokes that typists make, and listen-in on telephone conversations without the employee knowing. Bosses are also known to spy on messages sent via electronic mail. A study by the Communications Workers of America union found that 'electronic performance monitoring is seen as a major cause/promoter of psychological and physical health complaints' among workers.

Nosy employers argue that they need to keep closer tabs on their workers' lifestyles to reduce their healthcare costs. In the USA many people have to rely on private healthcare insurance and company health benefits. This has always meant

poor health; 34m Americans have no health insurance, and a further 60m are underinsured. Now, employers hit by the recession are out to boost profits by cutting back on health benefits. Last year, 80 per cent of all labour disputes in the USA centred on medical benefits that companies were trying to cut.

Drug-testing has become a deliberate exercise in disciplining the workforce

Bosses could not give a toss for their workers' health. Cholesterol and nicotine-conscious employers seem oblivious to the fact that workers are much more likely to become sick on the job than off it. The current trend towards speed-ups at work, which goes alongside the crackdown on workers' lifestyles, only increases the likelihood of serious accidents and injuries. And accidents are much more likely to be caused by fatigue and illness among overworked employees than by drug use.

The new lifestyle issues which American managers are taking up offer a lot of scope for arbitrary decisions. The employers are able to use them as they please to single out and get rid of 'troublemakers'. They are aimed at picking off individuals one by one, rather than having a go at large groups of workers at once. In an earlier age the prohibition laws were used to witch-hunt individual workers accused of illicit drinking. Now

drug-testing provides a moralistic cover for intimidating another generation of American workers.

The attempt to use drug tests and other individual lifestyle checks to discipline the workforce depends for its success upon the lack of collective organisation and resistance among workers. American society has always been characterised by an accentuated individualism. In recent years, this has been underlined by a concerted effort to break down trade unionism.

Over the post-war era, the percentage of American workers in unions has steadily declined; it now stands at only 16 per cent. The number of strikes and lockouts, and the number of workers involved, were at near-record lows last year. After Ronald Reagan set the tone by sacking striking air traffic controllers and banning their union in 1981, many employers set out to de-unionise their firms. At a giant corporation like American Telephone & Telegraph, for instance, unionised jobs have fallen from more than 240 000 in 1984 to some 140 000 today, while non-union positions have increased by 8000 to 19 000.

Lifestyle attacks

The capitalist offensive has also cut deep into US workers' living standards. Average weekly earnings fell by nine per cent in real terms over the eighties. In some cases, such as in the auto industry, there were cash wage cuts. By the end of the decade, some 70 per cent of collective bargaining agreements included some kind of 'concession' by workers to their employers, chipping away at benefits and working conditions. This year's pay round has once again involved increases well below the rise in the cost of living. A recent survey found that 12 per cent of companies had frozen pay, 21 per cent had delayed pay increases and 20 per cent had reduced pay rises.

The more innovative 'lifestyle' attacks by American employers are another step in the offensive. The trend is towards management trying to get more and more control over workers' lives, while giving them less and less in return. Employers may claim that their aim is to create a more fatherly atmosphere in the workplace, but the reality is that the latest management techniques give more power to Big Brother. And what's tried and tested on the other side of the Atlantic is often picked up by bosses over here.



Hard times in the high street: the 'consumer revolution' of the eighties turned out to be a brief credit-financed boom

Whatever happened to 'post-Fordism'?

Radical theories of a newly dynamic consumer-led capitalism have been destroyed by the reality of recession, says Tony Kennedy

When the first issue of *Living Marxism* carried a critique of 'post-Fordism' in November 1988, the theory was all the rage among radical academics. The advocates of post-Fordism argued that capitalism had shown impressive regenerative capacities in the eighties and was set to embark on a new era of development. They concluded that the left must abandon its traditional focus on exploitation, class divisions and the crisis-ridden nature of capitalism in order to remain relevant in the nineties.

Decadent and dilapidated

Less than three years on, economic slump has made a nonsense of the idea that capitalism is striding forth into a new age of growth. Far from the technology-driven new times envisaged by the post-Fordists, the capitalist system looks decadent and dilapidated. Meanwhile, the publicity over British bosses voting themselves six-figure pay hikes while pushing through mass redundancies and lecturing us on the need for pay restraint, suggests that class divisions are not confined to the past.

Part of the attraction of post-Fordism lay in its attempt to come to terms with the changing world of the eighties. The collapse of Stalinism in Eastern Europe, and the ascendancy of a free market outlook, threw up major challenges for left-wing politics. While much of the left has backed away from confronting these changes, the post-Fordists at least seemed to have a forward-looking analysis.

Pro-market consensus

The main reason why post-Fordism made an impact, however, was its willingness to go along with much of the right's case about capitalist success. The theory proved attractive to a liberal intelligentsia seeking a vehicle for coming to terms with the new pro-market consensus. The post-Fordist outlook fitted the bill because it conceded the Thatcherite argument about capitalism striding forward, while maintaining a pretence of critical independence from the free market lobby. It also had the additional

appeal of being dressed up in highly obtuse language—always regarded by liberal academics as a sign of deep thought.

The post-Fordists argued that capitalist society was undergoing a fundamental transition. Against the traditional left-wing emphasis on the trends towards decay and stagnation in the capitalist system, the post-Fordists identified this transition 'with the revolutionary energy of modern capital' (S Hall, 'Brave New World', *Marxism Today*, October 1988).

A new stage

Capitalism was supposed to be moving into a new stage which would replace the Fordist system that had been dominant since the Second World War. Fordism was characterised as an epoch of mass, standardised, assembly-line production. Under Fordism, workers were typically semi-skilled. They tended to work together in large numbers producing, as well as consuming, similar products. Social services such as health and education were provided in a similarly standardised form by large, centralised state bodies. The homogeneity characteristic of life under Fordism was apparently reflected in big industrial unions, mass labour parties and working men's clubs.

Diverse society

The theorists of post-Fordism argued that Fordism had become exhausted by the seventies. The new production techniques needed to sustain economic advance—comprising automation, information technology and product specialisation—were generating a greater diversity in society. The multi-skilled technician rather than the semi-skilled operative was set to become the typical worker of the post-Fordist age. The new worker would carry a political baggage closer to the individualism of the middle class professional than the collectivism of the Fordist labourer. The post-Fordists claimed that shorter working hours were generating greater freedom of choice in leisure and consumption. In

tandem, new production methods, going by buzz-words such as 'flexible manufacturing systems' and 'computer-aided production', were unleashing a new potential to fashion output to meet the much more diverse demands dictated by individual taste.

End of class

The theoreticians of post-Fordism announced the end of class politics. They imagined that without workers filing through factory gates in their thousands to perform the same menial task, there could be no basis for a common identity or solidarity. The diversity of lives under post-Fordism would be the prime factor forming opinions about the world. As a result they urged the left to develop a new politics far removed from the focus on class.

The post-Fordist predictions about the future direction of capitalist development have proved to be as fanciful as the Tories' talk of economic miracles.

The theory of post-Fordism was the product of a time when the British establishment was heralding an economic revolution and making extravagant claims about future prosperity. The Tories promised a 'property-owning democracy' to level up the populace. They saw in the plastic money mania, a new age of 'all power to the consumer'. Meanwhile, the privatisation giveaways were supposed to mean that 'we're all capitalists now'.

Swallowed the line

When Nigel Lawson—nowadays a name to avoid in polite company—announced his tax-cutting budget, in March 1988, he had them dancing with delight on the backbenches and in the City wine bars. Few appreciated the party-poopers pointing out that it had all been paid for on credit and that the bills were due at any moment.

The post-Fordists swallowed the Tory line. They endorsed the view that the economic developments of 1987-88 constituted a progressive departure for capitalism, and echoed the arguments about the beneficial social implications of the credit-driven boom. In particular, they

PHOTO: Simon Norfolk

identified the 'empowerment' of the consumer as a key social trend; in a post-Fordist society, they insisted, power would reside in the arena of consumption. People would act as individual consumers rather than as members of a collective class of producers.

The post-Fordist theorists argued that Fordism had created a society of mass consumption, but was unable to provide sufficient choice. Fordist production was seen as repressive, since its inflexibility meant that consumption norms were imposed. Consumers were unable to make their particular preferences an effective consideration and were forced into narrowly determined, standardised patterns of consumption.

The new technology of post-Fordism would, according to the new thinkers, enable individuals to exercise power over the production process. Consumption would subordinate production through the new potential to tailor the production process to the particular psychologically-determined preferences of individuals. In a post-Fordist society, consumption would become an active, creative process rather than a dictated, passive result of production. It would be nothing less than a realm for the realisation of human potential and individual aspirations. Through consumption individuals would be empowered. Social production would henceforth conform to the demands of individual consumers.

The recession has wrecked the credibility of the post-Fordist model. The expectation of a technology-driven new age seems ridiculous when set against the reality of collapsing investment. Indeed, even at the height of the eighties boom, overall investment in Britain remained modest—in the manufacturing sector it was awful. And what of the new age company, exemplified by the likes of Next and Sock Shop, which was supposed to pioneer the transformation in consumption? The fact that most of them have either collapsed or been put in the hands of their bankers is a clear enough testimony to the fanciful nature of such hopes.

The boom of the eighties was little more than an opportunist move by the City to reap some advantage from the excesses in the world financial markets. Far from anticipating a new stage of development, the late eighties were a brief pause along the path of stagnation and decay. The new age of individual consumption turned out to be a brief credit-sponsored boom in the sale of the same old, boring consumer goods under flashy new labels.

Contrary to the outlook of the post-Fordists, only a very special kind of consumption facilitates the exercise of power under capitalism—namely the consumption of the labour of others. This option is only open to the select few who control the money and resources required to hire labour and set people to work.

contradicted by the reality of economic slump. The incoherence is illustrated by Robin Murray's recent discovery that the British state was never Fordist after all, but 'semi-Fordist'. According to Murray, the 'Thatcher revolution', far from anticipating the evolution towards a new post-Fordist society, 'is at its core the attempt to impose the control structures of Fordism on the state' ('The State after Henry', *Marxism Today*, May 1991). Thatcherite policy, which in *Marxism Today's* New Times manifesto of 1988 was presented as 'radical, innovative, and brimming with confidence and ideas about the future', is suddenly reinterpreted as narrow-minded and backward-looking.

'Spivvy culture'

In an equally striking change of tack, Charlie Leadbeater condemns the 'spivvy enterprise culture' that spawned Sock Shop, Next and the like. He also makes explicit the anti-working class character of the post-Fordist outlook.

Forgetting the previous celebrations of consumer power, Leadbeater now declares that there 'must be a shift from a culture of consumption to a culture of investment'. He maintains that the expectations and aspirations of workers 'are not fully sustainable given the weakness of our economic base'. He writes enviously about 'a considerable social discipline about work, education and investment' in Germany and Japan ('Britain's Day of Judgement', *Marxism Today*, June 1991).

An old euphemism

The operative word is 'discipline' and the vision of the future is Japan—the most regimented of all the major capitalist economies. Japan, a society of high profits for business and grindingly low living standards for the mass of the population, is now identified by the post-Fordists as an example to follow. Leadbeater's 'shift from a culture of consumption to a culture of investment' could have been taken from Norman Lamont's budget speech. It is an old ruling class euphemism for lower wages and higher profits. It all seems far removed from the post-Fordist vision of an open society founded on the empowerment of individuals. But just as the radical intelligentsia based their theories on the Tory line about economic miracles in the eighties, so now they are adapting their ideas to take in the hard-headed capitalist response to the recession of the nineties.

The expectation of a technology-driven new age seems ridiculous when investment is collapsing

The implications of the post-Fordist outlook were far-reaching. If the focus of power was shifting from production to consumption, then the question of power would cease to revolve around class divisions. The issue of who owned the means of production, or the relationship between capital and wage-labour, would cease to be significant in determining the exercise of power in society. Power was becoming a matter of individual motives and aspirations rather than social divisions.

The wave of redundancies sweeping through the British economy shows how rigidly the ability of an individual worker to consume is constrained under capitalism. With profitability falling, capitalists are desperate to save money by shedding labour. It is absurd to talk about the power of consumers divorced from any consideration of their class position in the production process.

The recession has made the theory of post-Fordism more incoherent, as its exponents attempt to sustain a model which is

A royal knockout

'Ladies and gentlemen, Her Majesty the Queen...'

A burst of applause and then 'We are the Champions' by the other Queen thundered out. The backdrop parted and an open-topped limousine glided into the massive auditorium. Out leapt the Duke of Edinburgh, dressed in a Lillywhite's three-piece shell suit (on approval) and waving excitedly.

'Yo! Dook!'

'Over here, man!'

Behind me two black GIs waved and pointed to their disposable cameras, distributed free by Kodak to all Gulf heroes. A tanned Californian beauty poured a frothing bottle of Miller beer over herself and pulled off her t-shirt, waving her breasts at Prince Philip, who squinted up at her through the spotlights. 'C'mere, honey!' she screamed, 'C'mon baby!'

It was pandemonium out there. War—the world's strongest aphrodisiac, they say. And here I was in the middle of a carnival of war...

Never write your story in advance. That's a lesson I learned visiting the 1991 Royal Tournament at Earl's Court.

'Ladies and gentlemen, Her Majesty the Queen...'. Applause. A liveried black car drives into the auditorium and a drab little grey-haired lady steps out. Everybody stands up. National anthem. Everybody sits down. The 'glorious' Royal Tournament commences.

The Royal Tournament claims to be 'the greatest show of its kind on earth'. It's only when you get there that you realise what 'its kind' is; and it soon becomes obvious that nothing of its kind could exist anywhere except Britain. There are military parades the world over, but only the British would try to pass them off as a day out for the family, or a bit of fun for the kids.

Then again, 'a bit of fun for the kids' is a loaded phrase. It has a long and distinguished record of service as an excuse for dragooning children into the Cubs and Brownies and packing them off in minibuses to see *Crackerjack!* or schoolboy matches at Wembley stadium. It was once the 'soft' side of a hard and soft approach to discipline—the hard side involving subjecting boys to pudding basin haircuts and keeping them in shorts until they were 16, as a precaution against sex.

Years of saying 'it didn't do me any harm' has produced a throwback gene in the British middle class. You may think that the days of jellies, conjurers, school caps and catapults are gone, but a subconscious yearning persists. The *Daily Mail's* junior letters page bears testimony to the gene's resilience: too much pocket money is bad for us! More homework, please! Bring back the cane!

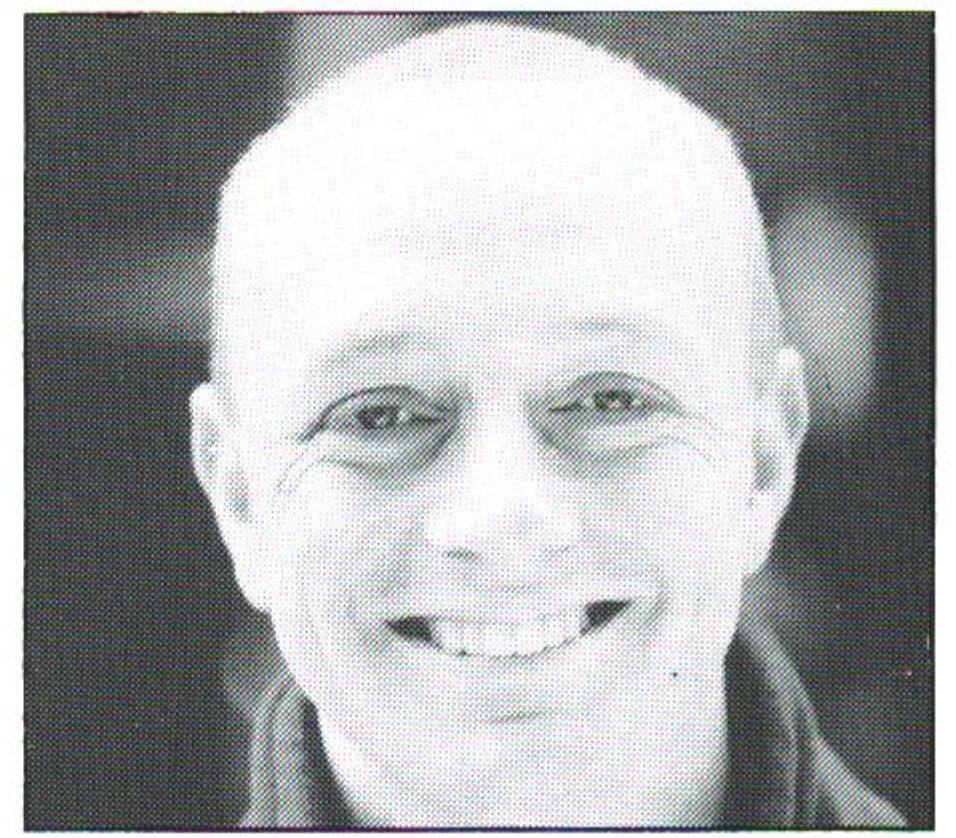
There's always room for such youngsters in the forces. At the Earl's Court recruitment stand, they are advised to 'Join the Cubs or Scouts, and if you like it, you can become a Cadet when you're 13'. In the meantime there are tanks to be crawled over and horses to be patted. Older boys chat in impenetrable military jargon with the lads from the Gulf who sell programmes for charity. All around sunburned faces beam from under regimental berets and pipes jut from jaws clenched in proud grins. If you took the tanks and guns away you could be at a church fete.

Inside the auditorium, happy-go-lucky makes way for ceremony and education. There's the pageantry of the marching bands and synchronised riding, and the instructional tank displays and historical re-enactments. A plummy commentator ensures that the tone remains in the light tradition of the *Horse of the Year Show*. The mortality of war is touched on only briefly, in a moment of pathos during the RAF police dogs display. The dog Prince is awarded the highest medal for dog bravery for 'apprehending a burglar in the Middle East' and sacrificing his own life in the process. The crowd claps and bounces happily throughout, and when the massed bands break into the theme from *Steptoe and Son*, the world famous forces' sense of humour is cheered to the rafters. Time flies by and too soon the interval is upon us. Thermos flasks are retrieved from tartan shopping bags; sandwiches unwrapped from greaseproof paper. 'You can't beat cheese and pickle, can you?' winks a canny pensioner, and soon he is making new friends.

The second half is like an old-fashioned school sports day, much to the delight of the older members of the audience who yearn for a long-lost musty world of baggy navy shorts and black plimsols. All the competitors look like Alf Tupper ('the tough of the track') whose lantern jaw used to grace the pages of the *Victor*, and whose athletic prowess was fuelled by a strict diet of fish and chips for every meal. No fancy cycling shorts for these boys, thank you very much.

There are two events—one for Tupper and the second for sub-humans. First up it's the tug-of-war. The rules are simple: best of three pulls, and every British team has to have one member called 'Taff'. The Canadian navy won. Boo.

The second event is the field gun competition, popularised after sailors relieved the besieged army at Ladysmith in the Boer War by carrying the ship's guns overland. It has been described as 'the toughest sport in the world', but anyone who has seen it will know this is untrue. Not because bareknuckle no-rules fighting is tougher, but because field gunning cannot possibly be described as a sport. It fits into the rest of the programme like a pit bull section at Crufts.



Toby Banks

There are military parades the world over, but only the British would try to pass them off as a day out for the family

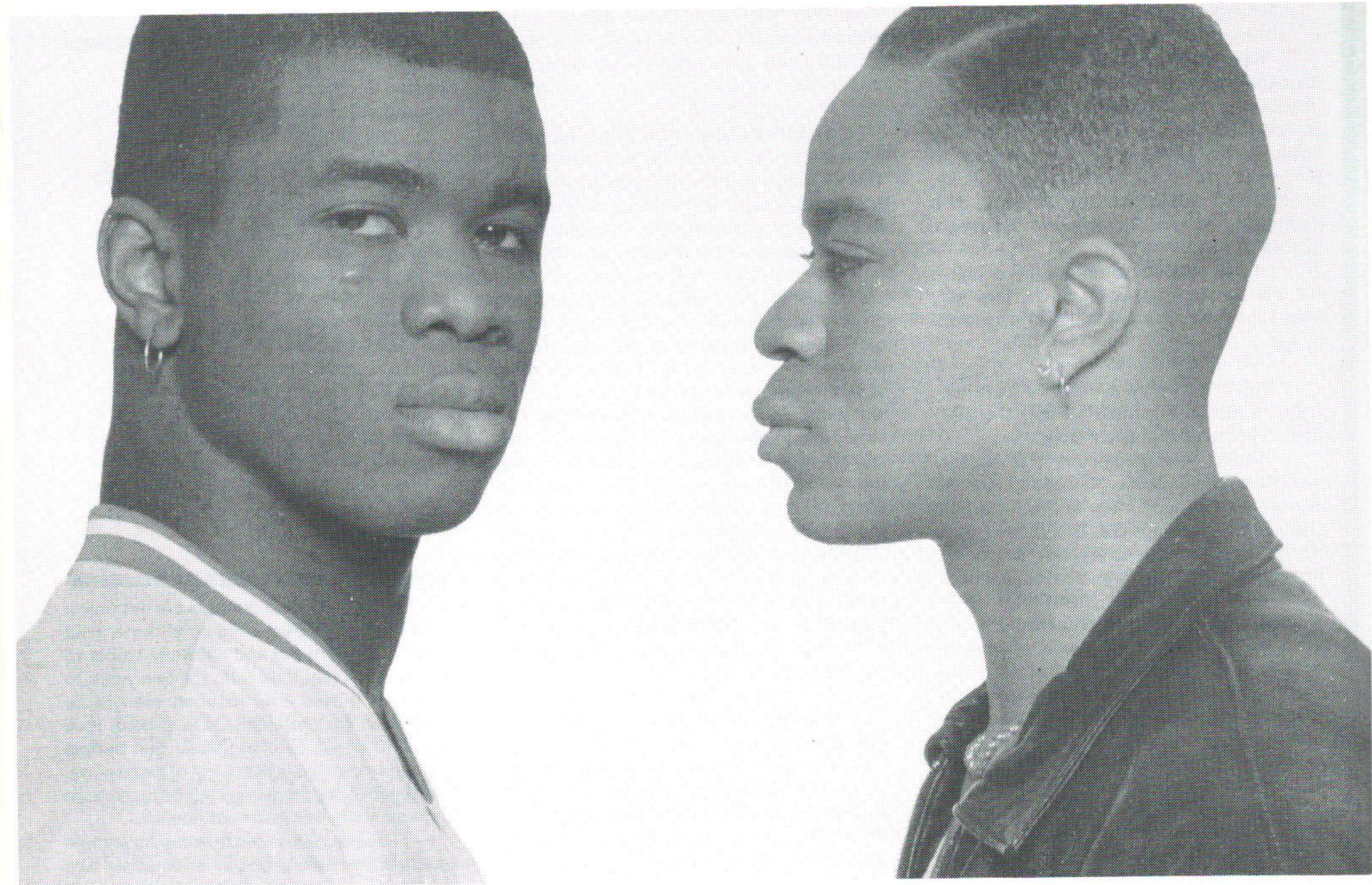
In fact, the field gunners are not unlike pit bull terriers. Often sired by a former field gunner, they are big and naturally stupid to begin with. They then train for two years to reach the fitness level required even to be considered for the team. Once picked, they spend 10 weeks catching 900lb gun barrels and diving over walls with a ton of metal parts. Like the RAF dogs they are 'trained to a level of understanding that is almost human'.

The rest of the time they run on shingle beaches in heavy boots and drink like maniacs. Unlike pit bulls, they are not suspended by their teeth from rubber tyres and beaten with sticks. Instead they have their fingers severed by iron wheels and then hidden (for a laugh). Field gunners have to be impervious to pain and willing to tear their mates apart if they let the side down. By the end of Royal Tournament fortnight, Devonport, Portsmouth and Fleet Air Arm have dressed up in nineteenth century outfits and raced each other 28 times for their port's honour. Guilty members of the losing teams are locked up for their own protection.

As Rear Admiral Cooke-Priest points out, the navy faces a severe manpower shortage, and sacrifices have to be made elsewhere to train field gunners for a theatrical showpiece. But, as he rightly remarks, the Gulf war showed 'the continued relevance of the qualities required'.

living

young soul rebels



Is Isaac Julien Britain's answer to Spike Lee? Emmanuel Oliver talked to the black British director about racism, homosexuality and his latest film, *Young Soul Rebels*

This year seems set to be an important one for black cinema. Black America is enjoying notoriety and success with John Singleton's *Boyz N the Hood*, Mario Van Peebles' *New Jack City*, 20-year old Matty Rich's *Straight Out of Brooklyn* and Wendall B Harris' disturbing *Chameleon Street*. Harris' film, a study of a black man's attempt to fit into white American society and the resulting neurosis/racial psychosis, is an example of

black cinema which no one wants to know for obvious reasons.

Black Britain is also taking a few more steps towards the mainstream. Isaac Julien's creatively constructed debut feature, *Young Soul Rebels*, has recently been in the spotlight. But other black directors, producers and writers are also making their mark. Trix Worrell was executive producer of *Hardware*, Nadine Marsh-Edwards produced *Young Soul*

Rebels and Ngozi Onwurah is shooting *Yundundi's Gymkhana*.

This spurt of activity has led to confused comparisons between black British cinema and the black American variety. Isaac Julien prefers to emphasise the differences between the two: 'The context of black American film is different....Spike Lee is a Hollywood film-maker, his *Jungle Fever* is being distributed by Columbia pictures and released at 948 cinemas across America. The question of distribution is fundamentally important. What we do in Britain is work with budgets, up until now, of £100 000. The form of our films are dictated by the political, cultural and economic context of Britain. To say that's black and this is black is a nonsense. We work in different contexts and with different resources.'

Working in Britain is undoubtedly a problem. Economic blight means that only 25

feature films are to be made here this year. With no Hollywood and no easily identifiable black film audience, film-makers like Julien see it as the role of government to create a cultural space for film making.

Over the eighties, the government's frightened response to the uprisings of 1981 enabled an increasing number of black film school graduates to develop their craft. In 1981 thousands of angry blacks took to the streets nationwide to register opposition to racism and police harassment. The ferocity of the street fighting terrified the government to the extent that it tried to overcome the exclusion of blacks from mainstream society by funding black community projects, youth clubs, education units, in short anything which kept blacks off the streets and promoted a dependence on the state, however tenuous. Black film and video workshops like Sankofa, Ceddo, Black Audio Film Collective, benefited from this strategy.

Today funding has been cut drastically throughout the arts, and the black independent film sector is suffering along with the rest. In the absence of significant private sponsors, the emphasis is still on the government coming up with the goods. Hence last year's delegation to Downing Street of the revered figures of British film—Puttnam, Attenborough and others—included Julien ('tokenism', as he put it). The objective was to convince the government of the need for a cultural policy in Britain. The exigencies of economic crisis and a more brutal political climate mean that even that nice Mr Major is unlikely to heed such requests.

The other difference between black British and black American cinema concerns content. Black American cinema's main concern is with now. Spike Lee's *Jungle Fever* looks at interracial relationships and comes down against them, confirming the notion that black and white can't mix. This is undoubtedly a strong feeling, not just within the black

community but in a society defined by separate development and, in the case of large numbers of black Americans, separate underdevelopment. John Singleton stresses that *Boyz N the Hood* is authentic to the brothers and sisters of Compton, South Central and Inglewood, and that is his main concern.

Black British cinema appears to have a more antagonistic relationship with the black community. Black Audio Film Collective's *Handsworth Songs* is a complex, pensive look at racism and the response of blacks. Hanif Kureishi's *My Beautiful Laundrette* and *Sammy and Rosie Get Laid* do not reflect the prevailing consciousness of the black community. Julien's *Young Soul Rebels* contains scenes which both visually and verbally are a direct challenge to the widespread black hostility towards homosexuality. Julien's position is clear: 'Who says because you're black you have to make films which black people are going to like, what's that if it's not totally patronising?'

Conservative Spike Lee

There is a tendency in recent discussions of the new wave of black film to confuse militancy with radicalism, which Julien instinctively understands. The pioneer of the recent crop of black American films, Spike Lee, is often thought of as a dangerous man. But the content of his films is often, and particularly with *Jungle Fever*, a conservative response to the problems black Americans face. In *Do The Right Thing* the message was ambivalent, but it was possible to discern the need to fight racism. In *Jungle Fever* there is little to suggest anything other than the futility of fighting oppression; more the pointlessness of fighting and the need to stick to your own.

So far Julien's films have set out to challenge and provoke the black community. Despite the overt politicking of his work, he is

fully aware of the pressure to be more conservative. 'The issue of censorship comes in very early on, when you're script writing. As you come closer to the mainstream, politics works on you in an unconscious way and making the film you are always under pressure to portray young people as institutions would like to see young people and not as they are. When you work through the fifth and sixth draft of a script you have to struggle to hold on to the political statements you want to make. Censorship is covert.'

Despite his success, Julien still has a strong relationship with Sankofa, the independent film workshop he helped to establish. The sort of money and contracts being offered are minimal compared to a black American director like John Singleton, who had \$6m to make *Boyz N the Hood* and now has a three-year contract to make as many films as possible with Columbia.

Even in television it is possible for blacks to make a mark in the States. Ignoring the *Cosbys*, *Winfreys* and *Pryors*, Keenan Ivory Wayans (of *Hollywood Shuffle* fame) is rumoured to have received a very large sum to make a black programme for Rupert Murdoch's Fox TV. The recent success of blacks in film and television suggests a changing America, in terms of the shifting social weight of white America and the increasing importance of Hispanics and blacks as social and economic groups. In Britain, the situation is just as complex but of course in a different way.

Artistically the short term future of black British cinema looks good. *Young Soul Rebels* is an excellent debut. Black Audio Film Collective is producing a film about Michael X as part of Channel 4's 'Television with a Difference' project, which ensures funding until March 1992. Beyond that, most British film-makers are worrying about their futures. Perhaps the Hollywood dollar might lure today's generation to tinsel town.



Chris and the brothers stare down the police (from left to right: Valentine Nonyela, Eamon Walker, Gary McDonald)

the film

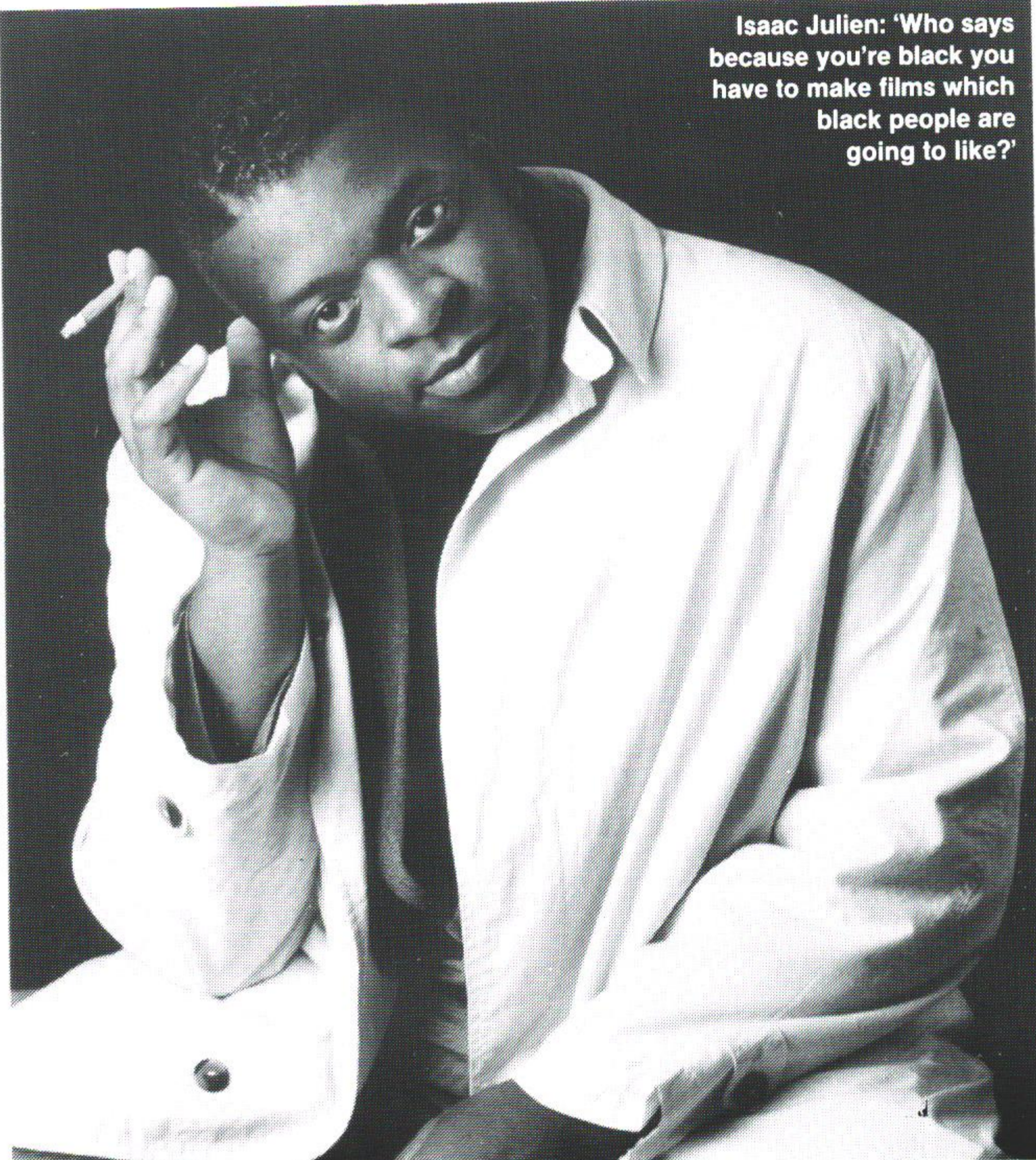
Shot on a budget of £1.25m, *Young Soul Rebels* is Isaac Julien's first feature film. Set in London's north east in 1977, *Young Soul Rebels* is based on Chris (Valentine Nonyela), mixed race and straight, and Caz (Mo Sesay, to my mind star of the film and a name for the future), black and gay. Together they run Soul Patrol, a pirate radio station. The film begins with the murder of TJ, a close friend of Caz. TJ expects a brief sexual encounter in the park, but ends up dead at the hands of an unseen white male. The stage is set for what could be an interesting buddy thriller. The two friends, both affected by the killing, see their friendship tested in a variety of ways as they try to live their lives as two young blades about town.

The most successful aspect of *Young Soul Rebels* is Julien's direction. Set during the celebrations of the Queen's silver jubilee, an uncomfortable time for most blacks in Britain, Julien captures the sense of exclusion felt by many at all those jubilee street parties. He captures the complexities of the black British urban existence in a way which is as true in 1991 as it was in 1977.

Julien's two soul rebels are very much part of working class life in a way which is both indigenous and external. Racism is part of their lives, as is homophobia for Caz, police harassment for Chris. Yet at the same time, Caz and Chris interact with white working class people all the time. Julien has woven a rich tapestry of urban life which includes blacks and repels them. This social conflict is illustrated in many ways, perhaps most pathetically by the mixed race member of the local fascist gang.

Young Soul Rebels is at its most challenging in its treatment of black homosexuality. Soul music was always considered effeminate by the more macho reggae scene and generally by ordinary people. Julien's treatment of the love scenes is powerful, as is Caz's attempts to challenge the homophobia of his garage-owning brother and friends. It will be interesting to see how this affects the commercial success of the film. *Young Soul Rebels* deserves to be a success.

Emmanuel Oliver



Isaac Julien: 'Who says because you're black you have to make films which black people are going to like?'

the music

The scene is a youth club in deepest south London. The age group is from 14 upwards. The girls are dressed in bright fluorescent mohair jumpers and straight leg elephant cords. The blokes are in carpenter jeans and plain white bouffant shirts and flat pointed shoes. Out of two 18x36 speakers the Clash's 'White Riot' screams for attention above the voices of the black and white youths who jibe each other with stories about the previous weekend's events in Lewisham and the half bricks they had lobbed at the fascists and the cops in Ladywell, place of the latest electoral thrust by the NF.

Joe Strummer's pleas give way to Roy Ayre's 'Running Away'. The serious movement on the dance floor begins, led by a small male contingent. Brass Construction races in with 'Movin' and bodies begin to activate. Then the tortured tones of Evelyn 'Champagne' King, the premier 12-inch of the moment, set the

place alight and the club becomes a heaving mass of bodies. For the next three hours the pressures of the world outside are shut out and 4/4 time rhythms take over. This is the mood atmosphere that Isaac Julien tried to capture in *Young Soul Rebels*; and to a large extent he has succeeded.

While the music press was absorbed in dealing with the after-shock of punk rock's emergence in the seventies, it ignored developments in the inner cities. The offspring of the black immigrants who came here in the forties and fifties were already shaping new music interests based on imported records from the States, Europe and Jamaica, a handful of clubs (Crackers, 100 Club, Goldmine and the Powerhouse), and pirate radio stations (Invicta, JFM, DBC) broadcasting mainly on bank holidays.

The music being integral to the plot of *Young Soul Rebels*, a soundtrack accom-

panies the promotion of the film. On it there are some absolute gems which are more than just nostalgia from 14 years ago: much of the material is still played in the current booming club scene of the nineties. *Young Soul Rebels* highlights some of the contrasts in both the mainstream and underground youth culture of the late seventies. Here jazz collides with funk, German disco with US R'n'B, X-Rayspecs cynicism meets George Clinton's 'Chocolate City' (Washington) destruction of the American dream.

Asked about the music of the period, Isaac Julien says 'There hasn't been anything since'. An over-the-top comment maybe, but I defy anyone to convince me that a whole week of Kiss FM is more exciting than Invicta on a bank holiday afternoon in 1977.

Kunle Oluremi

living

Viva! Madonna ♦

Pat Ford
on why
Madonna
is the greatest

PHOTOS: Rank Film Distributors Limited

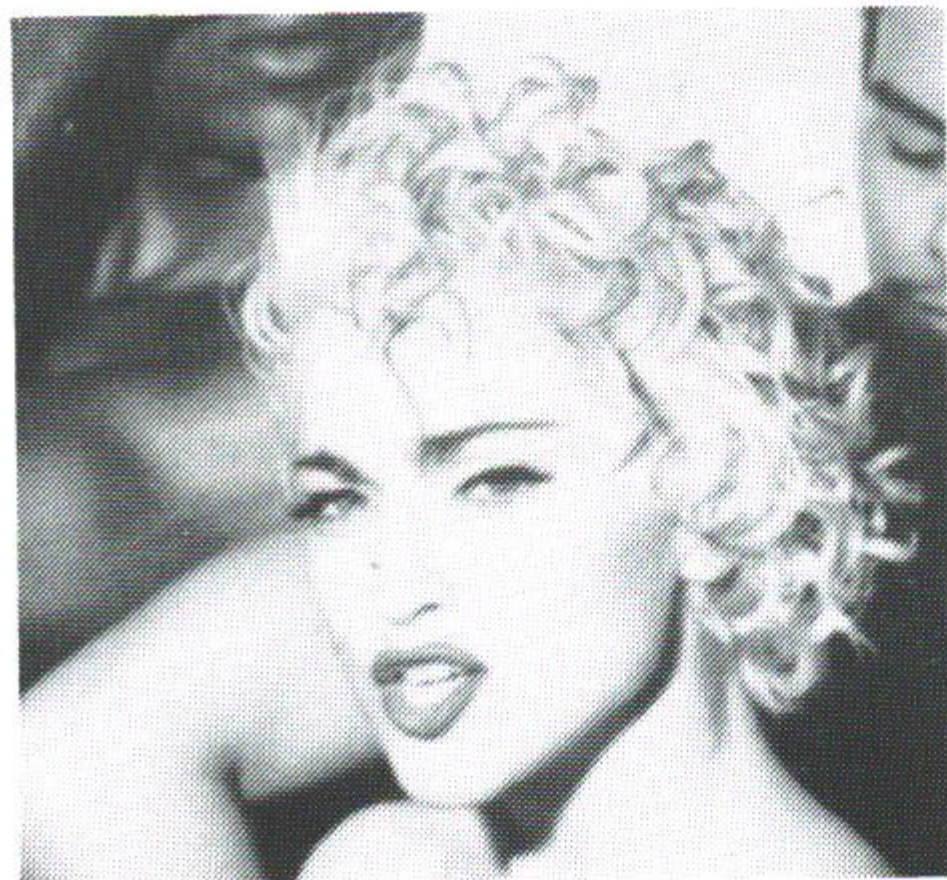
'I didn't make this picture so that everybody could see and understand the real me. It's not supposed to be a movie just about me, it's about the insanity of celebrity, about families, about challenging the sexual mores of society and the taboos and stuff, and about the issues and problems of everybody's life which nobody normally deals with in cinema, on TV or in popular anything.' It should come as no surprise that the most perceptive and comprehensive comment on *In Bed with Madonna* was made in off-the-cuff exasperation to the *Guardian's* Derek Malcolm by the film's star, executive producer and prime mover, Madonna Louise Ciccone herself.

After years of typical star seclusion, in 1991 Madonna has told all. All includes *Rolling Stone* magazine, Terry Wogan, Derek Malcolm in the *Guardian*, *The Face*, a BBC *Omnibus* special and of course the millions who will flock to her latest film. What has she told them? To anybody prepared to listen she's told them that she's an intelligent,

sensible, direct, shrewd, ambitious, hard-working, impatient and remarkably ordinary extraordinary woman with a good sense of humour. We might have guessed as much I suppose, but here was confirmation. Hype? Of course, but let's have a bit more intelligent, sensible, etc, etc, showbiz hype.

There's more too. 'I'm getting the flak from people I mostly don't respect at all. In fact if I wasn't criticised by them, I'd be mortified. They are trying to influence the people I play to, and so am I, in a completely different direction. I don't know how much I can do, but I might as well try. All the things I find shocking, they don't find so at all. Like poverty, exploitation and conventional morality, which actually makes people accept these things. If they are shocked by me, they can go to hell. I don't owe them anything. I'm always trying to challenge the accepted way of behaving, the "right" way of running your life, and other people's.' Hype? I like that sort of hype.

Madonna has for years been in the elite superstar class occupied by the likes of Prince, Michael Jackson, Bruce Springsteen and David Bowie. Unlike any of them however she's a woman. This simple fact has been behind most of the outpouring of commendation and condemnation. It is still fashionable to praise Madonna's achievement as a woman and yet bemoan the fact that she employs the stereotypes of bondage, such as basques and fishnets; or to admire her sheer guts but regret the way that she flaunts the single-minded ruthlessness with which she conducts her personal and professional affairs—pre-nuptial contract for Sean Penn, slick changes of persona to keep ahead of her audience; or to admire her talent (she co-writes and co-produces many of her songs and dances) but condemn her rampant celebration of individualism—'How many people here think they're the greatest dancer that ever lived. Cos I think I am.' The way they tell it you'd think Mick Jagger never wiggled



his hips or that David Bowie naively stumbled through the various stages of his career or that the boys never manipulated an image in their entire lives.

Again and again the question has not been how good an entertainer is she, but rather how appropriate is she as a role model for the young women of today. And the pundits recoil in horror at yet another case of female strength taking its place alongside sex as the basis of star appeal. Madonna's glamour may hark back to Marilyn Monroe, but just one glimpse of those rippling muscles as she strides across the stage leaves no doubt that this woman is no pushover. She is typically succinct on the point. 'Marilyn Monroe was a victim and I'm not. That's why there's really no comparison.' Like Tina Turner and Joan Collins, Madonna exudes authority and control in equal measure to a very blatant sex appeal.

She has been 'going for it' in a culture imbued with individualism and achievement, imbued with the perception of women as sex objects. She has to be ruthless and strong. She has to be seductive and sexy. Thus the incongruity of that power-packed body in such feminine underwear which struts and prances, pouts and dances across every newspaper in the world. She is not successful despite this contradiction but because she embodies it so well, so openly. The space for a less strident, more modest career of this sort, like the space for another version of female sexuality, does not really exist, and nobody makes the best of a bad job like Madonna.

Working girl

Of course, like every rags-to-riches, 'if you can't beat 'em, join 'em' merchant, Madonna serves to reinforce the dominant values of the culture which produced her. She could do no less, but note how radically she exposes these issues of power and sexuality in the process. Note too the studied populism of her appeal. More than any of her role models, past or present, she continues to project the image of a very ordinary girl from any town's back streets. She's sexy, but she's also very rude—rubbing her discarded knickers between her legs before throwing them into the audience. She's glamorous, but she's also pretty vulgar—bawling at the crowd to behave themselves. Above all in spite of her success and her cockiness, she also strains and strives and tries as hard as any working girl. Like them she wants to get on.

Perhaps the most remarkable and admirable thing about her is that she has survived. This more than anything must gall the moral majority in the States and the gutter press in

this country which have been unremittingly hostile towards her. She has remained in control, physically and psychologically, eschewing the familiar retreats of drink, drugs, religion, eccentric isolation and so on. Indeed the latest round of self-exposure may well be her way of earthing those wild currents which surge through the 'insanity of celebrity'. It will also make her a few more million dollars, and keep her profile up as she manages a career shift from music to films.



She has done more than survive. I thought her safe sort of outrageousness would mellow into family entertainment. But she has kept ahead, brassier and classier than ever. The scale and stamina of her fame bring out the sociologist in everybody. You can't just have a view about Madonna, you have to have a theory. Mine goes back to basics. She is a good singer (and even better when enhanced by Nile Rodger's production) and a great dancer. She makes excellent dance records, with straightforward pop appeal: frothy, yearning, driving, striving and suffused with sex. Rhythm and soul. Bubblefunk. She has an acute sense of what her young public in particular want to hear, and what they want to aspire to. She understands the need for a chameleon persona, teasing and defying an easily-bored, image-wise audience. She is careful to crossover, to the Hispanic audience in particular. She judges better than anybody else how far to push the tacky vulgarity of her stage act, how to provoke and tease and get away with it. Mixing religion and sex was a typically bold and fruitful stroke.

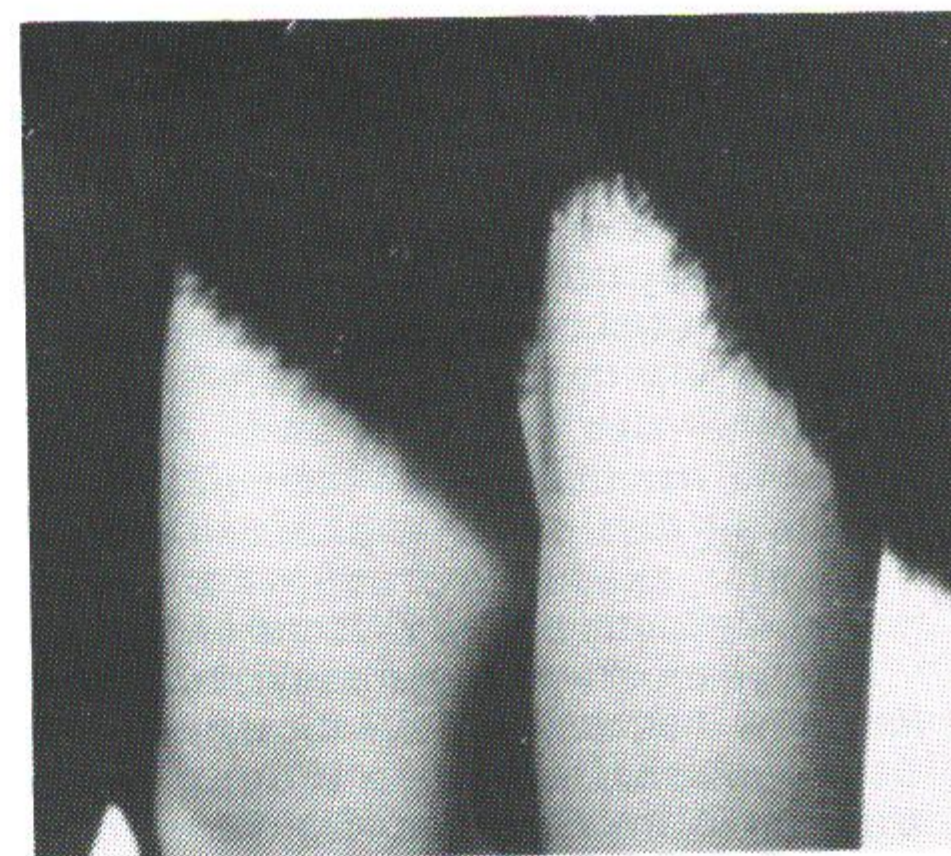
She has other genuine talents too: don't forget her creditable *Desperately Seeking Susan* and *Dick Tracy* performances; her less successful but respectable Broadway debut in David Mamet's *Speed the Plow*; the number one hit she wrote and produced for Nick Kamen, 'Each Time You Break my Heart' (a first for a woman); and the quite brilliant late single 'Justify my Love'.

Her early career, recounted in Robert Matthew-Walker's biography, sheds considerable light on the present phenomenon. It is remarkable for two things—the amount of pre-stardom training she put in, and the decisiveness with which she tacked and weaved. At 17, she won a four-year full scholarship to the Performing Arts School of the University of Michigan at Ann Arbor. She left after a year, grabbing a chance to study at the Alvin Ailey Dance School in New York.

Two years later she decamped for Paris at the invitation of two French promoters who offered to groom her to be the next Edith Piaf. She fled, chastened, within months to join, as drummer, a band called the Breakfast Club in New York. Over the course of a year, she learned drums, keyboards and guitar, and quit the band when they balked at her becoming the lead singer. She formed her own band, with differing names and personnel, under her control and her management. She signed first, disastrously, with a small music company and then in 1982 with Sire Records, a new wave label distributed by Warner Bros. She agreed to make three 12-inch singles for \$5000. Having signed the contract she is reputed to have said to the president, 'Take me I'm yours. Now give me the money.'

Even given the gloss of the biography, it does appear that it was always Madonna who made the move. She certainly went on changing managers, producers and collaborators whenever she felt a move was necessary. Again, even allowing for the compulsory violins, it is clear that in the five or six years after she left college she knew fairly sustained poverty, and spent much of the time living in the squalid Lower East Side. This, together with a very close attendance of the clubs, must have given her a genuine feel for her audience, not to mention a tough schooling in show business.

Fame of course is self-fulfilling after a little while, and Madonna brings so many aspects of our culture into focus that she is likely to be famous for a good while yet. She is famous, she is sexy, she works hard, she works out, she is successful, she was poor but is rich, she is brash and unapologetic about her achievements. She is just 33 years old. In many ways that is a widely acceptable role model these days. On the other hand she is coarse, tough and refreshingly honest and smart; and her sheer energy and bravado forever threaten to spill right out of control. It was all too risky for Pepsi, who dropped her in 1989 from their advertising campaign, after the 'Like a Prayer' video. (To her credit, she went on to make the even more controversial 'Justify My Love' video.) It means there are many people out there waiting for her to fall on her face, so that they can get the victim they crave. I think they are going to be disappointed.



Robert Matthew-Walker, *Madonna: The Biography*, Sidgwick & Jackson, £12.95 hbk

Low spirits

Nothing demonstrates more clearly the difference in morale

between the middle and the working class than the current state of their respective superstitions. Middle class superstitions—crystals, IQ, the *I Ching* and so on—are addressed to the individual and have the effect of setting their consumer down on the horizon of an eternal landscape, such as the wisdom of Gaia, or Objective Intelligence. They are often sold as aids to personal ambition. They motivate, empower or 'centre' the user who thus becomes more successful in work and relationships. One of the most abiding working class superstitions, on the other hand, is spiritualism and, as James Randi showed on *James Randi: Psychic Investigator* (Granada, Wednesdays), it is in a pretty depressing state.

Randi's approach is in the great tradition of Harry Houdini who used to expose spirit mediums by laying on spectacular psychic events himself and then explaining how he had done it. One week's investigation into psychic surgery began with Randi pulling yards of intestine and a couple of tumours out of a patient's stomach without making an incision. It was a lot more impressive than the performance of his subject that week: Mr Turoff, a carpenter from Essex who claimed to be in touch with a surgeon 'on the other side', who bore the highly original name of Doctor Khan.

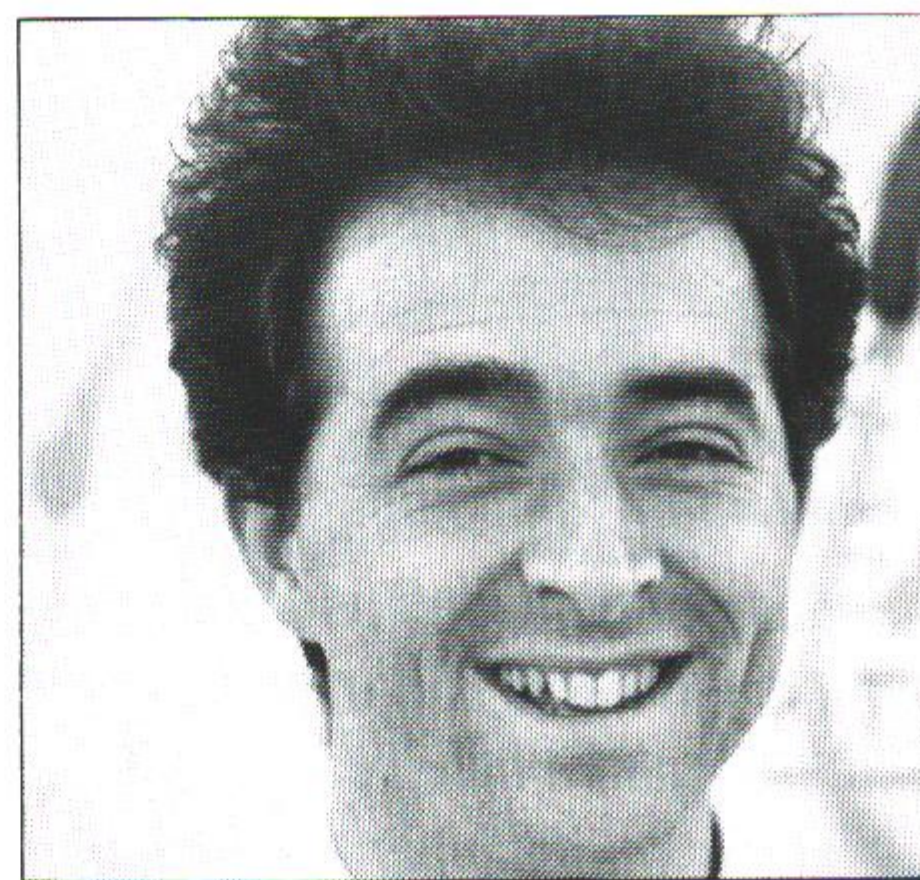
In his own person, Turoff spoke like Pete Beale. When working he spoke like a bit part in *It Ain't Half Hot, Mum*. Neither voice was especially convincing. He carries out surgery on a big table in his front room, in front of a stone-clad fire place, behind a set of net curtains and under some very phoney looking wooden beams. He wears a Rolex. His patients tend to be old people with vestigial perms and the diseases of poverty, loneliness and boredom. He is a last resort. Where the middle class superstitions are aimed at people on their way up, spiritualism is for people with nowhere else to go. In fact, spiritualists use the 'last resort' angle as a defence when they are accused of quackery: no one comes without trying conventional medicine first; no one comes who has anything left to lose. Where middle class superstitions allow the individual access to powerful knowledge, spiritualism asks the individual to deliver themselves into the hands of a medium, (in Turoff's case, the clients were not just passive but actually prostrate), who is also supposed to be passive—a mouthpiece for a spirit guide, like Turoff's Doctor Khan or Doris Stokes' Tibetan monk, Ramonov (an oddly Tsarist name for a Tibetan monk I always thought).

Nowadays mediums deliver words of personal consolation ('I'm getting a message from someone called Harry; he says he's forgiven you for what you did to his clematis') and personal guidance (one of Doctor Khan's gems was 'Don't stick things up other people's noses'). But it was not always like this.

Spiritualism once had a political project of its own. Its appeal was to autodidacts, working class intellectuals, teetotallers, vegetarians, free-lovers and so on. They were highly organised—formulating rules, setting up schools, and occupying a place in the history of the labour movement not too different from that of Methodism. John George Henry Brown, founder of 'The Spiritual Dispensary', received messages from the other side not about other people's noses but about the millenium itself. He saw this as a revolutionary opportunity and tried to raise an army. Of course, not all mediums were politically progressive—Aimee Semple McPherson, for instance, claimed to have nobbled Upton Sinclair's chance of becoming the first radical US president by means of a huge psychic assault—but they were always politically ambitious. There can be few more depressing testaments to the shrunken ambitions of the British working class than the dreary lack of confidence evident in current spiritualism.

Mediums don't even talk to the famous dead any more. Doctor Khan sounds nice enough but he's no Genghis (pal of Madam Blavatsky). If they do get through to anyone of note, nowadays, they tend to send them packing. Rosemary Brown was approached by the newly dead John Lennon who asked her to copy out his first posthumous composition but in the course of the negotiations he used the word 'crap' and was sent back to the shady glades of silence. George Orwell made the mistake of calling Doris Stokes 'my good woman' and was similarly dispatched. These stories—like Doris' courtship of Ronnie Kray—aggrandise the medium but do not, I feel, further the revolutionary interests of the organised working class.

Stokes was exposed shortly after her death by Ian Wilson. Her own fame was the key to her brilliance—she used to get letters from admirers, telling her all about their bereavements and anxieties. She would write back and thank them, enclosing tickets for her show. She would thus know where they were sitting and it was a simple matter to recite their own confessions back to them. When she died, her manager, Laurie O'Leary, took on another Doris—Doris Collins, the *Sun's* own psychic. Doris' known connection with the



Frank Cottrell-Boyce on TV

Where the middle class superstitions are aimed at people on their way up, spiritualism is for people with nowhere else to go

other Doris did not deter her followers. In 1988, the *Sun* published a centre spread of her eyes and asked their readers to stare into them for a given time, then phone a hot-line with their resulting psychic experiences. They got 10 000 calls in the first hour.

People who want to believe this stuff are every bit as unshakeable as the loopy educationalists who are currently trying to revive the fortunes of Cyril Burt. And that's the only problem with Randi's otherwise riveting show. The victims of the fraud want to be victims and will not stop falling for it no matter how often James enlightens them. The frauds he exposes are simply not important enough for the format, which takes the form of a *Question Time*-style studio debate. Certainly none of them is likely to raise an army. The programme therefore has to manufacture its own outrage.

In the case of Turoff, for instance, there was a lot of fuss about rusty implements and lack of hygiene and then an interesting legal argument about whether his surgery constituted an assault. Turoff could not be done for fraud because he really wasn't claiming much. But if he nicks you with his psychic knife, that is technically an assault, no matter how much permission you give him. Apparently, only doctors, tattooists and ear-piercers can draw blood with impunity. Would the prosecution be brought against Turoff or Khan? According to Turoff, 'Khan could cut you open with a rusty knife covered in blood and you still wouldn't get an infection'. Of course, it wasn't Khan we were worried about, it was his chippy mate with the Rolex.

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the marxist review of books

As the Cold War comes to an end in Europe, **Daniel Nassim** explains why Japan is still living in the past

The coming war with Japan?

Books discussed in this article include:

George Friedman and Meredith LeBard, **The Coming War with Japan**, St Martin's Press, \$24.95 hbk;

Shintaro Ishihara, **The Japan that Can Say No**, Simon & Schuster, £12.99 hbk;

Makoto Itoh, **The World Economic Crisis and Japanese Capitalism**, Macmillan, £40 hbk;

Phillip Oppenheim, **The New Masters: Can the West Match Japan?**, Business Books Limited, £20 hbk

While Europe slowly forgets the Cold War, the ice has not yet melted in Asia. Sitting in London or Lyons it is difficult to imagine the Soviet Union threatening anyone. Yet 46 years after the Second World War, and despite a recent visit by Mikhail Gorbachev, Japan has yet to sign a peace treaty with the USSR.

The division of Germany—the most striking monument to the Cold War in Europe—is slowly being overcome. But on the other side of the world, the Korean peninsula remains split between the capitalist south and the 'communist' north. The division entrenched by the bloody Western intervention in the 1950-53 Korean War may be fraying at the edges but it is still intact. Some 1.5m troops, including 40 000 Americans, still scowl at each other across the 150-mile long demilitarised zone.

In Europe, 1989 was a watershed year. In short order the Stalinist regimes in Eastern Europe collapsed and German unification became an inexorable force. By early 1990 it was clear

that the map of Europe had been redrawn. In Asia the change is far slower. Japan had clearly emerged as a great power by early 1989, before the process of change in Europe had begun to accelerate. Nevertheless, more than two years later many contours of the old order remain the same. The old order in Asia is certainly breaking down. Japan is emerging as a more self-confident and assertive power, and there are signs that the Cold War is thawing. But what is striking is the slowness of the change.

Japan's new status as a major international power was acknowledged, in early 1989, by the attendance of the world's top leaders at the funeral of Emperor Hirohito, previously branded as a war criminal for his role as head of state during the Second World War. As Phillip Oppenheim, a Tory MP and fervent Japanophile, observes in his useful book on Japan's economic rows with the West, Hirohito's funeral was a turning point in Japan's emergence as a major force: 'When in February 1989, American television news superstars like Dan Rather accompanied president George Bush to Emperor Hirohito's funeral *en masse*, it was obvious to even the most blinkered observer of world events that Japan had "arrived". American and European newspapers were full of analyses of Japan's growing influence and its implications; television networks all over the world sourced their evening bulletins from Tokyo; while CBS devoted considerably more time to the imperial funeral than it did to the coverage of president Bush's inauguration.' (p297)

In fact, public discussion about the rise of Japan as a world power had taken off in the USA at least a year before Hirohito's funeral. It was one of the main themes of the early stages of the 1988 US presidential election campaign. One candidate in particular, Richard Gephardt, ran a virulently anti-Japanese campaign. When the Bush administration came into office, in early 1989, it immediately upgraded the importance of Japan in US strategic thinking.

This debate was reflected in the publication of a host of books about Japan. Paul Kennedy's *The Rise and Fall of the Great Powers* (1988) clearly had the challenge from Japan in mind when it warned of the dangers of America's 'imperial overstretch'. In the same year, some books with telling subtitles became bestsellers, for

example Daniel Burstein's *Yen: Japan's New Financial Empire and its Threat to America* and Clyde Prestowitz's *Trading Places: How We Are Giving Our Future to Japan and How to Reclaim it*. In 1989, influential studies by Karel van Wolferen and James Fallows expanded on the Japan-bashing thesis. The following year, Pat Choate's *Agents of Influence* contained allegations that Japan was influencing the American political process by lobbying in Washington DC.

There had been earlier American studies of Japan's growing importance in world affairs. In 1970, Herman Kahn's *The Emerging Japanese Superstate* had warned of the coming threat to US power. And in 1979, Ezra Vogel's *Japan as Number One* became a best-seller in Japan and in the West. But the context in which the debate about Japan took off in the late eighties meant that it was very different in tone and content from earlier discussions. On the one hand, American pundits were openly debating the consequences of the USA's decline from its hegemonic position. On the other, Japan was gradually raising its political profile in line with its increasing economic leverage.

A striking indication of Japan's growing importance is the reception given to *The Japan That Can Say No* in America. The original version, jointly authored by Shintaro Ishihara and Sony chief Akio Morita, was published in Japanese in 1989. Its basic message was that Japan should stop being so obsequious to the USA. The Pentagon prepared a pirated translation which was seized upon by American Japan-bashers.

The English version of *The Japan That Can Say No* contains Ishihara's original half of the book, supplemented by additional chapters. Akio Morita, perhaps afraid of the commercial damage the book could do to Sony, refused permission for his chapters to be translated.

Ishihara is famous in Japan, both as a novelist and as a prominent figure in the ruling Liberal Democratic Party. He is generally considered to be a maverick—far more likely to speak his mind than most of Japan's dull politicians. Yet his isolation should not be overstated. As Ezra Vogel, Harvard professor and leading Japanologist, notes in his foreword, *The Japan That Can Say No* was illustrative of a more general attitude towards America in Japan: 'Ishihara's book should not necessarily be read as a guide to how present-day Japanese politicians are likely to behave, but rather as a reflection of deep currents of popular Japanese thinking about the United States.' (p9)

The most controversial aspect of the book in the USA was Ishihara's argument that the Pentagon is totally dependent on Japanese computer chips in its military equipment. Ishihara may have overstated his case slightly. But the 1991 Gulf War served to demonstrate the large element of truth in this charge. Indeed, much of Japan's consumer electronics technology is more sophisticated than that used in American weapons in the Gulf.

Ishihara's assertiveness should not be overstated. Even this outspoken critic of Japan's subordinate relationship with America is cautious about the prospect of renegotiating relations with Washington. This hesitancy comes out in his discussion of the US-Japan security treaty, the agreement around which the

Japan wants its importance in the world to be acknowledged by the USA, but has no desire to challenge the USA's leadership

relationship has turned since 1951 when the formal peace settlement between Japan and the USA was agreed in San Francisco:

'I am not suggesting we abrogate the security treaty immediately. That is not realistic. Our relationship with the United States is of fundamental importance and we owe much to the treaty. My point is that to rule out this possibility—not even to think about it—deprives us of an important bargaining chip.' (pp55-6)

Ishihara is really arguing that Japan should push the USA to

recognise Tokyo as a senior partner. In his view, Japan's economic success means that its political importance should be more fully acknowledged. He is careful not to argue for a complete break with Washington.

A similar cautiousness is apparent in every attempt by Japan to assert its interests in its relationship with the USA. Take, for example, the row over Japan's contribution to the Gulf War. On 19 January the Japanese finance minister, Ryutaro Hashimoto, promised that Japan would pay ¥1.1 trillion towards the allied war effort. James Baker, the US treasury secretary, was under the impression that America had been pledged \$9 billion—the equivalent to the yen value at the exchange rate prevailing on that day.

Unfortunately for both sides the yen fell against the dollar in the time it took the *diet* (Japanese parliament) to disburse the money. As a result, the USA was left with a \$500m shortfall. What was even harder for Washington to stomach was Tokyo's decision to donate \$700m of the money to European and Arab members of the coalition. The USA insisted that it had been pledged all the money. Japan agreed to make up \$500m of the claimed \$1200m total shortfall, but was unwilling to make up the rest.

The row over the financing of the Gulf War effort followed the pattern of several recent disputes between Japan and the USA over trade and finance. They all indicate that Japan wants its importance in the world to be acknowledged by the USA, but has no desire to challenge the USA's leadership role in a broader sense.

The impact of the end of the Cold War on US-Japanese relations is also the subject of George Friedman's and Meredith LeBard's *The Coming War with Japan*. Despite the sensationalist title and the warship on the front cover, this is a serious study of the complex relationship between the two powers. The authors argue correctly that the Cold War with the Soviet Union masked the true character of the US-Japanese relationship. With the collapse of the USSR and the regionalisation of the world economy, they suggest that the USA and Japan are once again heading for war.

The main merit of *The Coming War with Japan*—which has yet to be published in Britain—is its attempt to grapple with 'the underlying forces that have conditioned the choices nations have made' (p17). For example, the two authors show how Japan, a resource-poor set of islands heavily dependent on international trade, has made the securing of raw materials a consistent priority in its foreign policy. Before the Second World War, this took the form of establishing direct control over a 'Greater East Asian Co-Prospersity Sphere'. After 1945, Japan looked to the USA to provide it with a security umbrella. Today, growing tensions between the two countries are calling the post-1945 relationship into question.

The main weakness of Friedman and LeBard is the technical and ahistorical nature of their analysis. They do not, for example, make any qualitative distinction between imperialist powers and backward capitalist countries. This leads to discussions such as whether India is a potential challenger to the USA or Japan for dominance in the Indian Ocean.

If the renegotiation of the relationship between Japan and America is taking place only gradually, a similarly slow pattern of social change is evident in relation to the Cold War in Japan and the neighbouring Korean peninsula. In September 1990, Japan's defence ministry removed the traditional reference to the 'Soviet threat' in the annual defence white paper. Another signpost to the changing times was Mikhail Gorbachev's visit to Japan in April 1991, which would have been inconceivable a few years ago.

However, the changes have been limited in scope. In Japan there is none of the Gorbomania which has been such a feature of political life in Europe in recent years. Gorbachev came away from Tokyo without any kind of agreement or promise of aid. Furthermore, Japan was the least keen of all the leading capitalist powers to invite Gorbachev to the G7 summit in London in July. In the summit discussions Japan was most resistant to providing any aid to the Soviet Union.

In the USA, some old cold warriors have even commented favourably on Japan's frosty attitude towards the Soviet Union. *The Wall Street Journal*, the hawkish voice of American finance, wrote two editorials congratulating Japan on the icy reception it gave to Gorbachev: 'Japan takes a refreshingly sober view of Mr

Gorbachev's charms.' (*Wall Street Journal*, 16 April 1991)

Some important changes have taken place in Korea. South Korea has embarked on a policy, dubbed *nordpolitik*, of improving relations with North Korea. The two governments have engaged in high level negotiations, including a meeting of prime ministers. The two states have also organised a series of cultural exchanges, and agreed to put forward a unified table tennis team to compete in an international tournament.

On the international front, the isolationist North Korean regime announced in May that it was planning to join the United Nations. South Korea and the Soviet Union recently restored diplomatic relations and exchanged ambassadors. Relations between China, North Korea's main backer, and Seoul are also improving.

These moves are as yet tentative. Negotiations between Japan and North Korea on the reopening of diplomatic relations have broken down. And the prospects for unification in the near future are being played down. For example, Choi Moon Hyun, South Korea's assistant minister for unification policy, recently stated that 'We have put aside state unification for the moment. Complete unification cannot be achieved in the near future.'

There are several reasons why elements of the Cold War have lived on in Asia. Significantly, the most important ones are not directly linked to the relationship between Japan and the Soviet Union. Easily the most common explanation cited for poor Soviet-Japanese relations is the dispute over the Kurile Islands. In the closing days of the Second World War the USSR seized four islands in a chain off northern Japan. Tokyo insists on the return of the islands before relations between the two countries can be normalised. Yet the islands themselves have little significance. They are of negligible economic worth and minimal strategic importance. Their importance lies in the fact that they can be used as a focus for hostility against the Soviet Union.

Another explanation advanced for the longevity of the Cold War is the long-running geopolitical rivalry between Japan and the Soviet Union. This regional competition has taken different forms at different times. But conflict over the Korean peninsula has often been a focus for these rivalries.

Before the Russian Revolution of 1917 the rivalry was one between two relatively weak imperialist powers. Indeed it was the surprise victory of Japan in the 1904-5 Russo-Japanese war that confirmed Japan's emergence as an imperialist power. Much of the fighting in the war took place in Korea. As a result of its victory, Japan won freedom of action in the peninsula which it subsequently annexed in 1910.

After the Second World War, the conflict between Japan and the USSR took on a new significance. The Japanese establishment reinforced its traditional anti-Russian posture by espousing a virulent anti-communism. Indeed, anti-Soviet sentiment helped provide Japan's post-1945 rulers, devastated by losing the war, with a certain amount of legitimacy.

The Korean War was a formative event in the development of the Cold War in Asia. Japan followed the USA in backing South Korea against the nationalist forces of the North, who were labelled as communist subversives intent on spreading the Soviet empire throughout Asia. Indeed, Japanese military forces played a role in the fighting, a fact that is generally glossed over today. The Korean War also provided the pretext for the rebuilding of Japan's armed forces after the demilitarisation imposed by the American occupation.

Perhaps the most important reason why things are so slow to change in Asia is the fact that Japan benefited enormously, arguably more than any other imperialist power, from the Cold War. One tangible measure of Japan's attachment to it was the collapse on the Tokyo Stock Exchange when news of Stalin's death became public in 1953. The direct benefits to Japan from the preservation of the Cold War could be seen in the economic boost it enjoyed during the Korean and Vietnam Wars. The indirect benefits were less tangible but equally important for Japan's development: Tokyo has been a major beneficiary of the relative stability of the post-1945 order under American leadership.

The Japanese economic miracle began several years after 1945. It was largely American aid and military-related spending in Japan that provided the basis for the economic take-off there. A typical

example was Toyota, which was about to go bust before American orders for military trucks saved the company. The Vietnam War provided an additional economic fillip.

Even more important were the immense advantages afforded by the USA's global hegemony. The alliance between the USA and Japan, propagated under the banner of anti-communism, provided both parties with a strong element of continuity. As a result of this alliance, the military turmoil on Japan's doorstep had little domestic political impact. An added advantage for Japan was that America could play the role of policeman in Asia.

If Japan does come into open conflict with the USA, the possibilities for compromise are limited

The broader importance of the Cold War for Japan's development has generally been underestimated, even by the left. For example, *The World Economic Crisis and Japanese Capitalism*, by leftist academic Makoto Itoh, clearly identifies the direct benefits to Japan of the Korean and Vietnam Wars. Itoh spells out the economic advantages Japan accrued from the Cold War order—the transfer of industrial technology from the USA, favourable terms of trade with the West and relatively cheap workers from Asia. Yet he too tends to underestimate the political advantages involved, and the importance of anti-communism in Japan's post-1945 development.

Given the advantages accruing to it from the Cold War, it is not surprising that Japan should be reluctant to let go. Tokyo senses that the increasing fluidity of the world order poses problems as well as opportunities. For the time being at least, it is in Japan's interest to keep a low political profile and concentrate on developing its economic strength.

Japan had no interest, for example, in intervening directly in the Gulf War. The course it pursued of letting the USA do the fighting while handing over a few billion dollars for a quiet life made perfect sense. It was only after the fighting had finished that Japan agreed to send minesweepers to the Gulf.

Both the USA and Japan are fearful of the consequences of a break in their alliance, as *The Coming War with Japan* argues:

'Neither the US nor Japan actually believes that there is any longer a possibility of a Soviet attack in the region. Rather, as long as both sides can pretend there is a Soviet threat, neither needs to fear that the other will begin re-evaluating their relationship.' (p224)

Japan's future geopolitical choices are likely to be stark. Already, the USA is less willing or able to protect Japan and more desperate to protect its own economic base. The Japanese establishment is likely to be forced by circumstances to find new ways of defending its place in the world.

The consequence of all these factors is that Japan is very much an all or nothing power. At present it is to Japan's benefit to capitalise on its economic strength. Yet if it does come into an open conflict with the USA, the possibilities for compromise are limited. Neither the USA nor Japan relish the prospect of a conflict between them. Both recognise that such a clash would be likely to have devastating consequences. Yet the end of the Cold War means that the stability of the past few decades is bound to break down, making competition and conflict more likely.

Unlike *The Coming War with Japan*, we should not expect an action replay of the Second World War. A conflict between the two powers would not necessarily start with a Japanese attack on Pearl Harbor. There could equally well be an American attack on Okinawa, Tokyo or some other Japanese target. Alternatively, Japan and the USA could form an alliance against other world powers. It is impossible to predict precisely how the relationship between these two powers will unravel or develop in future. One thing is certain however. Unless the imperialists are stopped they will, eventually, go to war against each other again.

Read on

Morality and Modernity

by Ross Poole

Routledge, £8.99 pbk, £35 hbk

Of all the people who now use the word modernity when they are talking about capitalism, Ross Poole, a radical Australian professor of philosophy, is one of the few worth reading. In this intelligent, refreshingly fluent book he sets out to explain 'that the modern world calls into existence certain conceptions of morality, but also destroys the grounds for taking them seriously'.

The best thing about this book is Poole's emphasis on the social as at once the foundation and the limitation of bourgeois conceptions of morality, with their correspondingly narrow conceptions of rationality and identity. Right and wrong, good and bad, in a society dominated by market relations, are externalised. Poole elegantly outlines the basis for the separation of rationality from morals in this framework.

He is on shakier ground when he looks at Nietzsche's and the feminists' attempts to counterpose a particular outlook to the corrosive rationality of the modern world. He finally struggles through to argue against founding morality on the basis of nationality or femininity, on the grounds that they are irrational: 'They provide a basis for morality just to the extent that they are experienced as natural and inescapable—as beyond reason.' Poole's account of Nietzsche's insanity both before and after he went mad is an entertaining read.

Poole makes a resolute attempt to resist the calls to return to the past and celebrate tradition, and insists that a totally new society is required to solve the problem of morality. Yet it is here that his ahistorical treatment of 'modernity' really hinders him.

His own radical insistence on the moral necessity of social identity, forged in the process of a common project to revolutionise society, loses its content. He resorts to putting forward a version of Marx's conception of class consciousness, literally without the class. He substitutes 'inter-subjectivity' for solidarity. The desire for social change becomes an arbitrary affair which may or may not be thrown up out of the many different conflicts between the individual and society.

Morality and Modernity is both useful in its insights and revealing in its limitations. Its clarity of style and critical approach make it a good introduction to this area of contemporary thought.

Wystan Massey

The Privatisation of China

by William Hinton

Earthscan Publications,
£7.95 pbk

The privatisation of Chinese agriculture from 1980 dramatically altered the lives of over a billion peasants. Arguably it represents the largest single piece of social engineering ever undertaken by any state. Yet it has been largely ignored in the West.

William Hinton's book does not examine the

process systematically. It consists of separate essays, dating back to 1979, on different aspects of the process. Some are academic in character, others are impressionistic and anecdotal.

Hinton is an American farmer, the author of two classic books on Chinese peasant life (*Fanshen* and *Shenfan*) and has worked with the Chinese government as an adviser on various agricultural projects. This book is strongest when looking at the negative effects of privatisation. Hinton is aware of how irrational the whole privatisation process is, with land being divided into minute strips: 'noodle land—strips so narrow that not even the right wheel of a cart could travel down one man's land without the left wheel pressing down on the land of another.' (p16)

With such a system any form of mechanisation is impossible and the chances of raising the chronically low productivity of Chinese agriculture seem remote. It is startling to realise just how low this productivity really is: 'Each full-time labourer could produce about a ton of grain a year, one eight-hundredth of the amount I harvested farming with tractors in Pennsylvania.' (p17) It is likely that at least some of the devastation caused by the recent floods can be ascribed to deterioration in the rural infrastructure, which has been neglected since privatisation.

Hinton's attitude to the collectivised farming of the Mao era is more suspect; at one point he describes how 'China's peasants had finally managed [by 1978] to create a scale and an institutional form that held some promise for the future' (p16). After 25 years of collectivisation, 'some promise for the future' seems a poor reward. In fact, the privatisation of Chinese agriculture stems precisely from the stagnation of collective agriculture in which peasants were largely excluded from decision-making and were merely the passive subjects of endless campaigns.

However, unlike other Western commentators who celebrated the backwardness of peasant life, Hinton realises how the failure of the Chinese Communist Party to introduce mechanisation perpetuated the immiseration of the peasantry: 'Without mechanisation, peasants slip into the category of second-class citizens who cannot gain a foothold in modern society because they cannot produce or, as a consequence, consume enough to qualify as participants.' (p111) This book provides a useful, if uneven, introduction to this important subject.

Mark Wilkes

Talking it Over

by Julian Barnes

Jonathan Cape, £13.99 hbk

Talking it Over by Julian Barnes is a story of love and deceit; the love of three characters for each other and the eventual betrayal of that love. Not in itself a very original starting point, but what makes this book different is that Barnes recruits the reader as collaborator, compelled to sit silently and listen to the confessions of the three principal characters.

Barnes is an accomplished novelist and his skill as a writer is to approach his subject from an interesting and unusual viewpoint. In his earlier works we see the story of Noah's Ark through the eyes of a woodworm, examine the relationship between a famous French author and a stuffed parrot, and suffer the growing pains of a voyeuristic English schoolboy. In his latest offering we are presented with what at first seems to be a straightforward sexual triangle, a *ménage à trois*, a

retelling of the *Jules et Jim* story. But Barnes is too innovative to be satisfied with simply reworking an old theme.

In this witty and original novel, Barnes has created a tale of modern manners. Stuart, a grey, plodding banker, requires the services of a dating agency to meet his wife, Gillian. While Oliver, a handsome narcissist, who on leaving school abandons the name Nigel and sets out to lead a freewheeling existence, is happy to sponge off his best friend.

Stuart and Oliver, their life-long friendship at first strengthened but later destroyed by Gillian, discuss their relationship with the reader. Subtle differences when recalling incidents cleverly give insights into the personalities of the three main characters.

Barnes is always less convincing with his women characters, and Gillian is no exception. That Stuart should fall for her as his fantasy of womanhood is understandable. But that Oliver, man of the world and womaniser, should be attracted to her, or indeed, she to him, is the most difficult aspect of the story to accept.

Barnes' thesis is that women are easily won over with obsession, and that despite all else the obsessive love of Oliver overcomes the dutiful love of Stuart. Or does it?

Rod Hepworth

Please Don't Call it Soviet Georgia: A Journey through a Troubled Paradise

by Mary Russell

Serpent's Tail, £9.99 pbk

At first sight, this is just another travel book. But its exploration of Georgian nationalism has an ironic twist. Mary Russell is an Irish writer who has adopted England as her home. Since she fears all forms of radical nationalism, this account of her trip to the southern Soviet republic of Georgia in the summer of 1990 is more critical than the title would imply. Her gentle probing of the extravagant claims of Georgian nationalists is usually met with revealing silences.

Most Georgians she met were astonished that Irish people could speak 'the language of the oppressor', English. She in turn was amused to discover that, despite their nationalist pretensions, many Georgians are enthusiastically learning English so as to flee their beloved Motherland as soon as they get the opportunity. Russell has no qualms about puncturing their often naive illusions about life in the West. When one young Georgian asked her if she ever flew over Dublin in an aircraft, she was exasperated: 'I can't. I haven't the money.... Look, [the West is] not like that at all. If you were there, you'd probably be on the dole.'

Russell is far from being a Stalinist. Her socialism has a romantic quality. She is religious, but due to her experience of Catholic Ireland, she is suspicious of all but primitive faiths. We learn from one of her guides that Georgians don't really believe in Christianity either: 'They just go to church to be seen, dressed up in their good clothes. They're hypocrites. Everyone has to be seen to be anti-Russian at the moment and going to church is an easy way to do it. It's not dangerous or provocative, like holding meetings or carrying banners. It's *respectable*.' Russell's exposure of respectable Georgian nationalism is more informative than a hundred textbooks.

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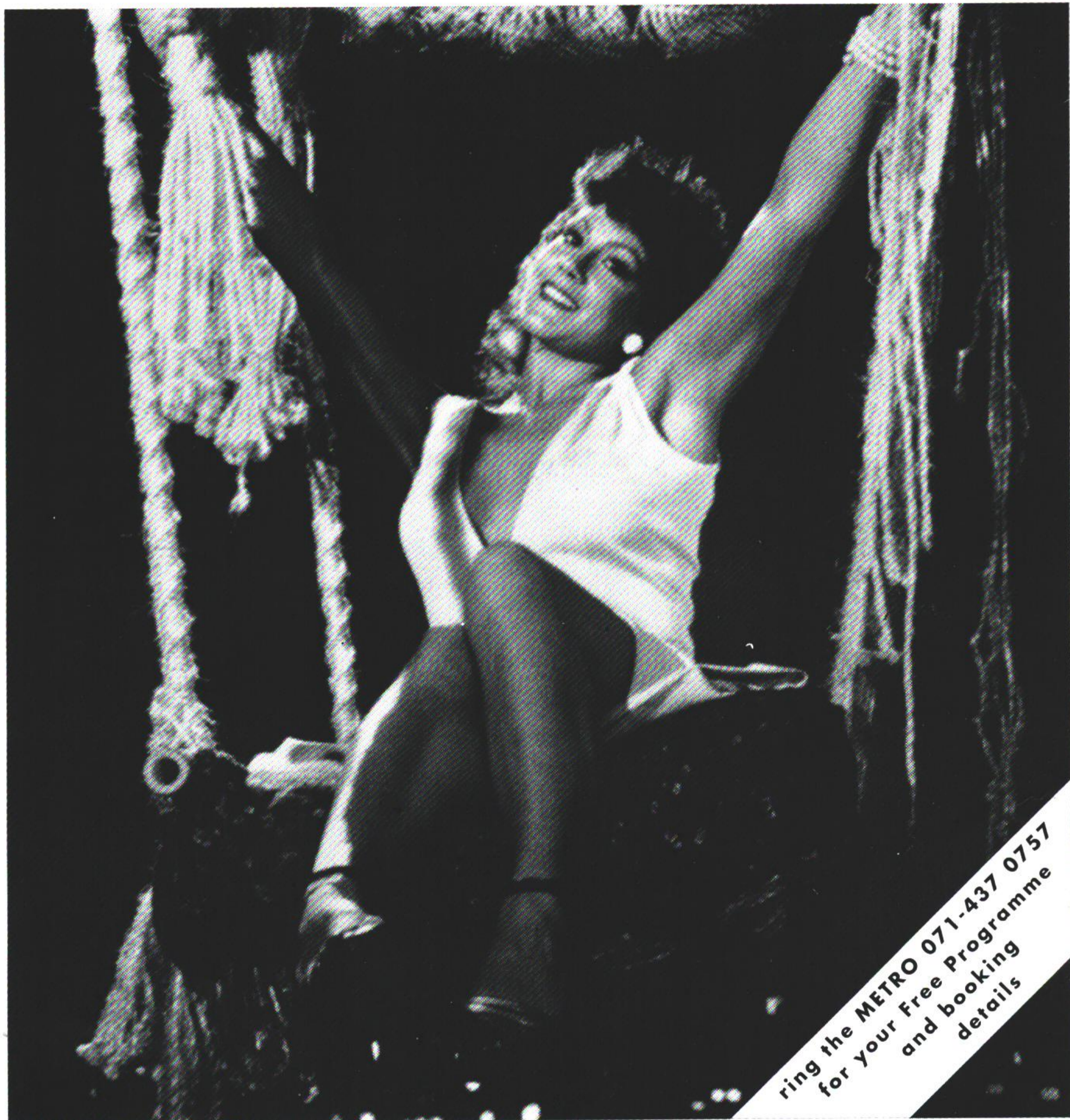
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