

# International VIEWPOINT

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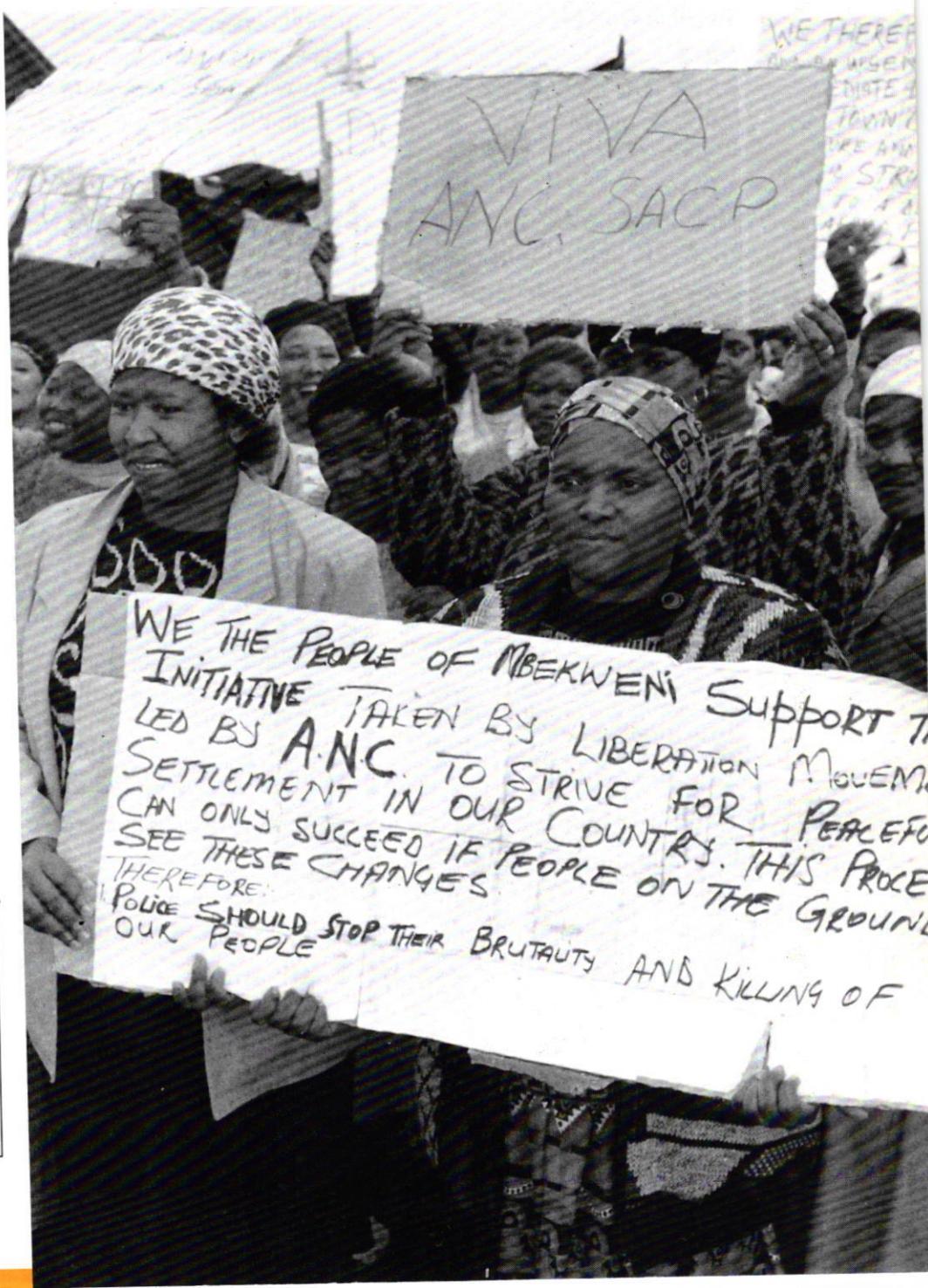
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# Whither Europe?

**ACCORDING to the rules of referenda, approval of the Maastricht treaty by 35.6% of the French electorate (51% of those who voted) gives the green light to the pursuit of European economic and monetary union. In the long term, the "yes" vote settles no more than a "no" would have done. But it provides the European governments with an additional margin of political manoeuvre within which to speed up the implementation of their austerity plans.**

**Each government needs to act quickly and decisively, partly to fulfil the criteria of monetary union but primarily to deal with the effects of the recession. A decisive "yes" victory in France would, in this respect, have helped the governments in Rome, Madrid, Lisbon and elsewhere. The narrow "yes" victory has rendered their ambitions more modest without however halting the overall dynamic. The way in which European union is being implemented means that the various "national" efforts to manage the crisis have a mutually reinforcing effect, to the advantage of the governments and the employers.**

**Effective opposition to the Maastricht Europe must therefore be based on both a determined challenge to the austerity drive in each individual state and attempts to build cross border links between movements of resistance.**

CLAUDE GABRIEL

**T**HE underlying question in this referendum was: "do you wish to rationalize the means of capitalist restructuring and to further the coherence of austerity policies throughout Europe" and the obvious socialist answer to this was of course "no".

A "no" victory would not, however, in itself have cleanly represented a new social polarization, so complex and contradictory were voters' motivations. Nonetheless, a French rejection of the Maastricht Treaty would have imposed a new and long stage of renegotiation, this time under the surveillance of populations much more watchful than in the past.

Nobody can prophesy the future of the monetary union; too many imponderables enter into play. The recent monetary crisis was obviously not brought about solely by the uncertainty of the French referendum. Capitalism continues to float on an ocean of debt and the recession has not yet been surmounted. The project can still be torpedoed. But in the final analysis it is the behaviour of the social classes themselves which will determine the outcome of the project: the resistance of the workers to violent attacks on the one hand; the convergence of ruling class projects to go beyond a simple free

trade area on the other. The technical questions of European Monetary Union will not outshine the venerable class struggle in importance.

The tranquil satisfaction of the French supporters of a "yes" vote on the evening of September 20 was accompanied by the obligatory paternalist remarks about those who had voted "no", whose concerns, it was said, "can be understood". Consequently, it is necessary to "explain" things better in the future and to concentrate more on the social dimension of European construction. But why on earth had they not thought of this before? The Single Act, ratified in 1987, was to be completed by a progressive social charter. This, indeed, was the "mandate" on which French president François Mitterrand congratulated himself during the period of the French presidency of the Community. So far the results have been zero.

## Minimal social measures

The only social measures have been some minimum regulations in the areas of rights, hygiene and security which, ten years ago, might have looked radical in countries like Portugal and Greece. This amounts to little more than regulating competition by limi-

ting the possible forms of social dumping in the sectors open to the world market. Nothing, on the contrary, has been done to stop the overexploitation of the expanding informal sector. Meanwhile, the argument of equality between the sexes has been used to reintroduce night work for women in industry. Above all, no measures have yet been taken to further rounding up social protection.

A lot of fuss has been made about the agreement between the European Trade Union Confederation (ETUC) and the European employers' organizations over the possibility of negotiating some "directives" without the arbitration of the Brussels Commission.

But this only reflects the "pure" relation of forces between bosses and the workers' movement in the current period, without the intervention of a political "third party": given the spinelessness with which the trade union bureaucracies making up the ETUC have supported Maastricht it can be easily understood why intervention by the political institutions is no longer felt indispensable to limit the pressure of union demands.

It is, moreover, incongruous to present this as the forerunner of imminent collective conventions on the European level at a time where such bargaining procedures are in decline in all the countries of the community, with a trend towards the growing fragmentation of negotiations.

## No revival of employment

The Single Act was to open a period of revival of employment. Now that this has been shown to be nonsense, we are being told that, without full scale monetary union and above all a single currency, the measures of the Single Act can only be incomplete and unstable. There is some truth in this. The European monetary system can only be a transitional phase in a regime of free circulation of capital. To prevent turbulence, a quick move to fixed exchange rates is necessary.

But fixed exchange rates cannot be achieved without the prior convergence of the economic performance of the countries involved. In a country like Italy, where the probity of the ruling class is well known, the public debt, now at 104% of the GDP, is to be brought down to 60%. The workers of this country are going to pay very dearly for the chaos of the regime.

The capitalist world is not out of crisis. It is once more afflicted by overproduction — with a crisis of market outlets, loss of solvency of indebted households, blockage of investments. And the criteria imposed to proceed to EMU could substantially aggravate this tendency.

This is what lies behind the current political uncertainty with its attendant poverty and unemployment. The advocates of a

“yes” vote in France have not said a word about the Europe that they themselves have been building for ten years, where 53 million people live in poverty — defined as having less than half of a country’s average income — and 9.5% are unemployed, accompanied by a growing crisis of public services and social disengagement by the state, and corruption and private appropriation of public goods. All this feeds a loss of social identity, prejudice and racism.

The crisis of the state, the institutions and parliamentary representation is going to continue. It will not be overcome by the great European plan, indeed the contrary is true. The decomposition of the bourgeois political system is intimately connected with the development of the world economy and its crisis. And the perspective of European political union is much too distant to offer a remedy at present.

### The sum of Europe's democratic deficits

Much has been said about the “democratic deficit” of European construction. But this finally only represents the sum of the “democratic deficits” in each state. Recall how the signing of the Single Act, on which the whole edifice of Maastricht rests, took place with only the most meagre democratic consultation in most countries. Or again, take the recent demand by the Italian government for special powers in economic matters for three years.

One should not, therefore, denounce “Brussels” (the seat of the European Commission) in a way which indirectly extolls our own institutions. The political dangers of the Maastricht project can best be combated by starting from the manoeuvres and attacks that each government is undertaking today against its own people. Governments know very well how to hide behind so-called Brussels directives.

But let us not forget that the European Council, representing each government by a mechanism of a confederal type, decides the essentials. This is a good example of the crisis of decomposition of bourgeois parliamentarism: the secrecy of the Council’s deliberations allows governments to take significant decisions and then attribute them to a strange abstraction, the Community administration — a convenient way of camouflaging the increasing power and authoritarianism of the executive in each individual state.

In France, the campaign for a leftwing “no” had a very propagandist content. This is the price to be paid for the deterioration of the relation of social forces and the great difficulty of giving a concrete idea of the Europe that we wish to construct. The weakness of the social movements and the difficulties of internationalism do not allow the

sketching out of the alternative anti-capitalist Europe we wish to build. This difficulty is only temporary.

In the face of innumerable attacks and rampant social violence there will be much resistance and many struggles. However, it is necessary to understand the objective circumstances, and the confused nature of the initial responses.

The rise of the extreme right is an example of the problems we face. The neo-fascists exploit, in their own way, the revolt and social distress of our societies. The monopoly on this should not be left to them. It is necessary to build social movements which present themselves clearly as subverters of the current system. We have to take up the whole range of issues, including the housing crisis, education, health, the environment, the fight for the reduction of the working week and the demand for civic equality of all the immigrants.

We need to expose the lies behind so-called citizenship and democracy in the current system. The Europe of Maastricht exists for the powerful and corrupt. The “invisible hand” of the market is perhaps less and less invisible, but it is, on the contrary, more and more totalitarian.

This indicates the need to show in each struggle the importance of generalized social control and direct democracy. It will be increasingly important to link the diverse social movements and make them converge towards a global objective of the overthrow of the established order.

We must counterpose our internationalism to their idea of European union. Here, things still progress too slowly. But coordination already exists between feminist movements. Contacts and meetings have already taken place between trade union lefts. The “network” of anti-racist organizations has taken its first European initiative by proposing demonstrations on the evening of November 9. The coordination of social movements and the working out of united responses should form the axis of our response. It is necessary to bring movements in Eastern Europe and the Third World on board.

### No compromise

But the battle will be very long. Those who will see it through will be those who make no compromise with the lobby mentality of the Brussels administration and remain faithful to the social and political interests of the great mass of people, workers, women and all the oppressed.

It is certainly necessary to avoid analytical simplifications. Nothing would be more fatal than to be content with the old reflexes of yesteryear to respond to such objective changes.

Leftwing political organizations, as much as the social movements, need to do everything possible to go beyond national impressionism at a time when capital itself is raising the barriers. Internationalism is more urgent than ever. ★

## Social democrat leaders back cuts

**“THEY looked like two songbirds sitting together on a branch — and with about the same brain power”.**

**This was one Swedish writer’s comment on the September 20 press conference of at which the “two blocs” in Swedish politics announced a “historic agreement”. The two live birds in question were Conservative Party leader Carl Bildt and Social Democratic Party leader Ingvar Carlsson.**

**After a weekend of panic negotiations, Sweden’s mighty Social Democratic Party (SAP) agreed to the biggest austerity programme in the country’s modern history.**

**DICK FORSLUND**

**E**VEN by some in the SAP itself, this is seen as a catastrophic capitulation to the right and the international money traders and loan sharks — coming one week after Carlsson denounced the “dictatorship of the market” in a rhetorical outburst against government policies.

Now, however, he has agreed to a cut in the government budget of more than 40 billion krona (SKR — about \$8bn) — equal to 2% of the country’s Gross National Product (GNP). For many workers, pensioners and the poorly paid this means a significant deterioration in living standards.

The panic and the resulting “national

unity" was caused by a sudden and massive run on the Swedish currency in the two weeks preceding the referendum on the Maastricht Treaty in France. This forced the Swedish central bank, the Riksbanken, to borrow 16 billion ECU (120 billion SKR) and put short term marginal interest rates up to a fantastic 500% for a few days.

Hundreds of thousands who took out big loans to buy apartments or maintain consumption in the 1980s are now faced with massive interest payments. Even after the moment of acute crisis and the austerity package, on September 23 the interest on an ordinary loan for an apartment is at 24.5% compared to 12.5% a year ago, while, even three days after the Grand Deal, the Riksbanken is still protecting the krona with a short term marginal interest rate of 50%, as against 16% two weeks ago.

It is thus clear that, despite the draconian onslaught on welfare, the "market" is still not satisfied, believing that Sweden will still devalue — or that the Germans will revalue the deutschmark upwards.

After a week of condescending media explanations to the "ignorant" public about what "the market" demands, signs of public anger and disbelief are beginning to appear.

The package is to be voted on at the opening of the autumn session of parliament on October 6. On the same day the blue collar workers' trade union confederation, LO — which is tied to the social democracy and has over two million members — is scheduled to hold a demonstration against rising unemployment (currently at 7%, the highest rate in Sweden since the 1930s)

and a year of the new rightwing government's austerity policies.

Leftwingers in the unions pushed for such a demonstration four months ago. However, the union leaders were not to know, when they called it in May, that when October arrived they would confront not only the four-party government coalition but also "their own" party, the SAP — LO chairperson Stig Malm is also a member of the seven-person inner circle of the SAP.

He has thus effectively put his signature to the chainsaw package, and must now protest against himself. Three weeks before the demonstration, Stig Malm is busy answering journalists' questions about what he will say on the big day, proclaimed as "the day of justice".

Meanwhile at a local level, the LO is busy building the demonstration, appealing to the workers to "go out in the streets and say what you think". The LO leadership thus finds itself in a somewhat delicate position. ★

## Where has all the money gone?

**"THE Swedish banking system is on the verge of collapse". This was the headline of *Dagens Nyheter*, Sweden's biggest daily, on September 13, giving a message that did nothing to ease the pressure on the Swedish krona.**

### DICK FORSLUND

**T**HE turbulence around the krona (SKR) was triggered by a decision by neighbouring Finland to let its currency float (and thus fall freely). The money traders expected that the Swedish currency would follow suit and started to sell SKR by the billion — which in itself tended to force the Swedish government to devalue.

In fact, there are many perfectly acceptable "bourgeois" reasons why the SKR does not deserve devaluation. The inflation rate is 2% — among the lowest in Europe.

The trade balance is positive for the second year running, with Sweden in the black by SKR 40bn or more this year. The budget deficit for 1993 is estimated at around 3.4% of Gross National Product (GNP). While this is higher than in some other European countries, if the total public debt is counted in relation to public assets you get a net asset corresponding to 1.5% of GNP. The European average is a net debt of 44% of GNP.

One reason for the sudden frenzy is the frenzy itself. In one day in Sweden it is estimated that goods and services to the value of three billion krona are produced; meanwhile on the international currency markets the equivalent of around 2,000 billion krona change hands in a day.

Since the start of the 1980s, this market has swollen to become one of the great economic forces. It usually pays little attention to small currencies such as the Swedish krona or the Finnish mark. But if some dozens of moneyholders decide to move their assets from one pocket to another, and if big business in the country concerned goes along with this then a currency like that of Sweden will start to reel.

The SKR has suffered speculation six times in the past two and a half years. Each time, the Riksbanken has increased interest rates to bring the billions back. In order to ensure a good result, the central bank tries to increase rates by too much rather than too little. After this has happened a few times a speculator knows he can earn millions just by moving to the German deutschmark (DM) and then being one of the first to move back again as the Riksbanken is forced to react — the speculator cannot

### The chainsaw package

#### THE CUTS package includes:

- A rise in the retirement age from 65 to 66 — at a time when there are 315,000 unemployed and a further 200,000 on government training programmes. Youth unemployment is running at 15%;

- A freeze on pensions and subsidies to families with children;

- An increase in petrol prices of one krona a litre;

- Cuts in subsidies on housing, and new energy taxes that will be passed onto rents. As soon as the package had been announced, the landlords' association made known its demands for forthcoming negotiations with the tenants league: 1,000 krona more for a three room apartment — an increase of about 20%.

- The introduction of one day's unpaid leave for sickness or to look after a sick child. This is combined with a three year plan for changing the whole sickness insurance system and insurance for injury at work. It is to be transferred from the state (where it is financed by special charges on employers) and will be subject to negotiations between unions and employers. The change has been applauded by the employers' association, the SAF, who of course, expect that the employers' fees will be lowered.

This austerity package, if voted through in October, will come against a background of high interest rates which are hitting households and bankrupting many small and medium-sized businesses. ★

lose. If Sweden gives up and devalues then he wins by cashing in his DMs as more SKRs. If Sweden does not devalue then he wins anyhow by moving back to SKRs at exceptional rates of interest.

And Sweden cannot devalue for two reasons. One is well known, while the other leaked out during the present crisis. The well-known reason is (or was) that devaluation means Goodbye to the European Community (or its inner circle). Sweden wants in and has tied the SKR to the European Monetary System.

### Banks insolvent

The other reason is more scary. It is connected to the fact that a hot dog in Stockholm is currently half the price of a share in the Scandinavian Enskilda Banken, the biggest bank in Scandinavia.

As in Japan, the Swedish property market started to collapse about 18 months ago. Then small finance firms went bankrupt. Now the whole Swedish financial system is disappearing into the same "black hole", with credit losses estimated at between SKR 75 and 90bn in the coming years.

Nobody really knows how much — it is possible that one bank, the Handelsbanken, is not drowning in the credit swamp. But every day new figures and discoveries fuel fear in the Swedish business world.

In the mid-'80s the then social democratic government decided to "release the creative powers of the market" and removed all restrictions on bank lending. With loans guaranteed by property assets, the banks handed out lorryloads of money to finance companies and speculators counting on the "estimated price increase" of their property assets. Thus a building worth 10 million on the market was the guarantee for lending out 12 million.

Over the past ten months, the new bourgeois government has already stepped in with SKR 20bn for the state owned Nordic Bank and close to that figure for two other banks — one of which, the Gotha Bank in Gothenburg, was declared bankrupt a few days before the French referendum, finally brought to its knees by the Riksbanken's 500% marginal interest rate.

Thus a total of around SKR 40bn of taxpayers' money has been spent to avoid a

breakdown of the country's financial system — the same amount as is to be saved by the crisis cuts package. And this crisis is not over yet.

And this is the second reason why the krona cannot be devalued. Swedish central and municipal governments have foreign loans for SKR 550bn (July) to cover their deficits. They have also borrowed heavily from Swedish banks. A devaluation of

10% would mean an increase in their

debts of SKR 55bn. This would end the death struggle of the banks with a gentle push over the cliff.

In the days after the crisis package, some commentators pointed out that the enfeebled condition of the SE bank was one reason for the unenthusiastic response of "the markets".

This bank is suspected to have around half of these foreign loans. Through a SKR 1bn loan it is the main owner of the Gotha Bank. It is harassed by rumours of more heavy losses from speculation in US dollars. ★



## "A fox in the henhouse"

ALREADY reeling from the economic effects of the collapse of the Soviet Union, Finland has also been hard hit by the latest bouts of market turbulence. In response, the Finnish government is proposing a swingeing round of austerity measures.

The proposals centre around the privatization of everything except rescue services like the ambulance and fire services. Education will now be free up until the age of 15 only, unemployment benefits will be cut drastically and the conditions for claiming them tightened, subsidies to companies and farms will be practically abolished, all tax benefits for single parents and families with children will disappear and the pension age will be raised and pensions cut in value.

Peter Lindgren spoke to two leading members of the Left League, the former Finnish Communist Party, on the extent of the crisis and how it might be resolved. The Left League won 11% of the votes at the last Finnish elections and has 19 of the 200 seats in parliament.

CLAES ANDERSON is a writer and poet and chairperson of the Left League.

### HOW serious is the present crisis in Finland?

Times are tough in Finland presently. The worst off must pay for the crisis — the unemployed, the sick, families with children.

On the other hand we have the speculators and the export industry. They get huge extra benefits. Yesterday the government started to discuss yet another proposal for new cuts.

■ So when the chairperson of the

Finnish trade union confederation says that "the whole country will soon be like a big soup kitchen" it is no exaggeration?

No. Above all you can see the misery clearly in the bigger towns. In Finland everybody takes out loans to buy apartments — we don't have the system of renting apartments. Now the unemployed have no chance of paying the loans they have taken out for their apartments.

We have 400,000 unemployed, each of whom is the breadwinner for two or three other people. In this way every third or fourth Finn is directly hit by unemployment. One in four young

people under 25 is unemployed. They are not in retraining or any public programme. Today one business is declared bankrupt every hour in Finland.

**■ In its crisis programme the Left League talks of "exceptional measures for an exceptional time". But how do you plan to control the flow of currency out of the country, for example?**

Well, is it really possible to carry out a national policy? The government must enjoy the confidence of the market, not the parliament. With the chiefs of the financial departments of the big companies and the currency traders at the front row — also on the international level — the market is protecting itself against devaluation. In my opinion it is not possible to go back to regulating the flows of currencies.

**■ Could you not propose the cutting of the working week in order to share out the available jobs?**

The government wants to prolong the working hours! We propose the opposite. But during the election campaign this demand does not play any big role.

**■ Last year 40,000 trade unionists demonstrated in Helsinki against the policies of the government (see IV 215, November 28, 1991). But now everything is silent.**

Yes, people are passive instead of wanting to fight. Many blame themselves for the unemployment and misery.

**■ What will happen to Finland during the 1990s?**

There will probably be growing polarization. The right want to tear down the welfare state and install a two tier society. We in the Left League want to defend the welfare state but also promote more decentralized structures. Finland is now becoming more integrated with Europe on all levels. I foresee a closer cooperation between the Scandinavian and Baltic countries as one road forward. ★

*ESKO Sääpänen is a Left League MP and one of the nine members of the political board of the Finnish Central Bank.*

**W**HY is Finland experiencing such a deep crisis?

During the period of the so-called casino economy Finland borrowed a lot of money abroad. This gave us the biggest problem. The money was invested in golf courses, supermarket palaces, and unproductive projects

which cannot pay back the debt. Today we have to pay interest on these loans. One third of the state budget consists of payments on the debt and 40% of the GNP goes to repaying it — and this figure is rapidly increasing.

**■ How can the crisis be resolved?**

We must adopt the Keynesian approach of the 1930s. Our economy does not function. Thus we must stimulate it and it is the state which must provide the motor force. State investments to build apartments, railroads, windpower stations and so on, in order to get the economy to function.

**■ But who will pay for this?**

Now, after the devaluation we can take the money from the export industry. They don't need more money. Taxing the higher income strata, the rich, is another way. The government have given them all kinds of gifts in the form of reductions of taxes on interest, incomes from rents, shares and other income from ownership of capital. We say tax the rich. They can pay.

**■ In the statement made by your party after its August conference you demanded state control over the banks.**

Personally I don't know if I want to go that far. But I think there is a need for state influence in the boards of the banks. They received 44 billion FMK in support and even after this they are almost bankrupt. So far only one bank has been taken over by the state.

**■ But how should market forces be controlled?**

We cannot control them! No country can do this, neither Sweden, Britain or Finland. The market forces are not elected, they are uncontrollable. It is only in a closed national economy that this would be possible. And we will be forced to this if the catastrophe develops.

The market is running around like a fox in a henhouse. Today we cannot shoot the fox, but we must subject it to some rules. At the same time we must protect social welfare, which the bourgeois parties don't want to do.

**■ So you mean the alternative is between the Soviet economy of, say, 1985 or that of Finland in 1992?**

No. But the mistake with "real socialism" was that it lacked a role for the market. The market is an economic, not a capitalist notion. The "blind forces" of the market are a catastrophe today, but the market must still have a certain role to play.

**■ So; capitalism?**

No, it is not the answer. And today we have in fact a mixed economy because we have social welfare. I want a social market state, market forces and social security. Other alternatives are not credible. It will take two generations before we can talk about socialism again. ★

***THE Swedish Trotskyist organization, the Socialist Party (Swedish section of the Fourth International) is distributing 25,000 copies of a leaflet putting forward its response to the Swedish financial crisis in the runup to the October 6 anti-austerity demonstration.***

AMONG the proposals put forward are:

- A special tax on the billions piled up during the '80s and which are now used to speculate against the krona.

- Abolish the business secrets of the banks, real estate and finance companies. Let the representatives of the bank employees scrutinize the transactions that have been made.

- No more privatization and cuts in state tax income "because we must adapt to the European common market". Our prosperity should not be sacrificed to please the will of top EC politicians and big business. The currency crisis shows that the people of Europe must build their own cross border cooperation against big finance.

- Society should take over the Swedish private banks and turn them into local savings banks, which serve the municipalities, their inhabitants and small business without the profit motive and under democratic control.

- Introduce immediately the six hour working day with eight hours payment. It is insanity to have people paid for doing nothing while others have to work overtime.

- Instead of giving further gifts to the rich, state subsidies to welfare at regional and local level must be restored to their level before the speculative merry-go-round started turning.

- Without inflated monopoly prices and with banks under social ownership rents and interest rates can be made more reasonable. ★

# Huge attack on welfare launched

**ON THURSDAY September 10, 1992 the two-month-old Italian coalition government of prime minister Giuliano Amato announced a sweeping series of austerity measures designed to shore up its credibility in the face of a foreign exchange crisis.**

**Italian workers have reacted with a wave of mobilizations unprecedented in recent history**

**LIVIO MAITAN — September 17, 1992**

ITALY faces its most severe crisis since the Second World War. The political situation has taken a sharp turn for the worse since the elections last April. These revealed both the exhaustion of the four-party government — comprising the Christian Democrats (DC), Italian Socialist Party (PSI), the Italian Social Democratic party (PDSI) and the Italian Liberal Party (PLI) and the absence of any credible alternative.

This situation marked the election of a new president by parliament and the laborious efforts to form a new government. The new president — Christian Democrat Oscar Luigi Scalfaro — was elected only after a long series of attempts in which a range of apparently more qualified candidates had fallen. The new government under PSI leader Giuliano Amato was finally ratified for lack of anything better and under cover of supposed changes in the procedure for handing out ministries and with the inclusion of “experts” who are meant to show the government’s increased independence of the parties.

The crisis has been made worse by the eruption of corruption scandals involving politicians and by a number of spectacular attacks by organized crime. Almost all the parties are implicated in the scandals, including the Democratic Party of the

Left (PDS — formed by the majority of the former Communist Party). However the main culprits have been the two main parties of coalition government, the DC and PSI. Also involved are business people, managers and bankers as well as a wide range of speculators and wheeler-dealers.

In fact, outright corruption aside, favours and bribery have been commonplace for a long time. They were only denounced when the ruling layers felt they threatened the overall functioning of a political framework serving their interests. However, as the economic situation has got tighter and the regime has demonstrated its utter uselessness, critical voices started to make themselves heard, even before the spectacular investigations of a number of Milan judges.

Crime, of course, is hardly a novelty either. However the mafia’s recent exploits, in particular a series of terrorist assassinations, have strikingly underlined the fact that whole regions of the country are still outside the control of the central government. In these regions an “illegal” — but far from marginal — capitalist accumulation is taking place, while a symbiosis is being created between criminal undertakings and official institutions at every level.

For as long as the regime enjoyed a certain stability, this situation could be tolerated, especially since the government parties, and above all the DC and PSI, enjoyed its electoral benefits. In the present generalized crisis, however, it has turned into a further source of conflicts and splits.

## Recession and public debt

The political crisis takes place against a background of persisting economic stagnation. As elsewhere, the expected recovery has failed to arrive and a further plunge by industry into recession is possible. Furthermore, the entire international press has noticed Italy’s massive public debt, which has reached more than 100% of Gross National Product (GNP) and the budget deficit, which is more than 11% of GNP.

To deal with this, the government and the most influential sections of business have taken or are contemplating drastic measures including increased taxes (and tax collection), attacks on social gains such as pensions and sickness benefits, a wage policy which implies a wage freeze and the reorganization of wage indexation so that it no longer compensates for inflation.

On the political level, they are promoting institutional reforms and changes to electoral laws to do away with proportio-

nal representation to allow coalitions with only a relative majority to form a comfortable absolute majority in parliament. The aim of all these operations is to increase the power of the executive both at central and local level.

A constitutional revision commission of members of the two chambers has already been set up. The idea is to hold new elections as soon as the changes have been adopted in the hope that these will produce stable governments at least in the medium term.

Meanwhile, the present coalition has increasingly resorted to government by decree and delegation, which have reduced parliament’s decision-making powers (without wholly abolishing them). On September 9 Amato went so far as to demand that parliament grant him special powers for three years to tackle the economy.

It is evident that such schemes cannot go forward or come to fruition without the connivance of the bulk of the political and union organizations that claim to defend the interests of the working class.

## Left parties implicated

Let us pass briefly over the PSI, which supports a government led by one of its members. The same attitude is shared in essentials by those Socialists who have come together to challenge — for the first time in years — the autocratic style of the party’s secretary and former prime minister Craxi.

However, the PDS is also paving the way for those who wish to install a reactionary regime. In fact, this party to a great extent accepts the proposed institutional and electoral reforms, for example, the direct election of mayors — who would thus be freed from any control by local councils — or the abandonment of proportional representation in its present form. On economic issues it criticizes some of the government’s decisions and proposals but has abstained from the fight to reverse them. Indeed the party’s right wing has even come out in favour of open support for Amato, in a perspective of participation in government.

All the trends came together at the start of August. On the last day of July — when most enterprises were closed or on the verge of closing for the holidays — the three union confederations signed a common declaration with the government. In this, the union side swallowed a whole series of government decisions, including the final abolition of wage indexation, the acceptance of wage controls and the abandonment of the traditional negotiating practices at enterprise level.

The first reaction of PDS leader

## An explosion of anger

THE measures announced by the Amato government include new rises in taxes and sharp cuts in the budget and social security — an increased proportion of the population will only be partly eligible for the latter — a rise in the age of retirement (65 for men, 60 for women) a wage freeze and a freeze on hiring in the public sector until the end of 1993. If these plans are implemented a middle income family will pay an additional \$1,000 in taxes.

Workers' protests came swiftly. As soon as the measures had been announced strikes broke out, whether spontaneous or called by union branches or rank-and-file committees, particularly in the Milan region. The pressure of these actions forced the union confederations to move. They accused the government of violating the July 31 agreement (see accompanying article) and called for a series of mobilizations including rotating regional strikes.

However, the widespread demands for a general strike have not been taken up by union leaders, who fear the dynamic this might unleash. Nonetheless, the first regional strikes in Tuscany, Lombardy and Emilia (the region centred on Bologna) have been strongly supported and have been accompanied by big demonstrations — 100,000 in Milan and Florence and about 50,000 in Bologna.

Almost everywhere the union leaders have been challenged, and in some cases were unable to speak. CGIL leader Trentin was violently denounced at the Florence rally. The government, bosses and political parties have made a hue and cry about this, talking about a return to the terrorism of the 1970s.

However, it is hardly reasonable to reproach workers for hissing at bureaucrats who have shamelessly violated democratic mandates or for refusing to accept that only these same bureaucrats can speak. In Milan a demand by Alfa Romeo workers to be able to address the assembly was turned down and they decided to organize their own meeting at the edge of the main crowd.

In any event, these mobilizations are the biggest seen since the 1970s, with a public sector general strike planned for October 2 — L. M. September 24, 1992. ★

Occhetto was to criticize the attitude of the union leaders. However the PDS rapidly toned down its criticisms and condemned the attitude of the opposition inside the unions which was demanding the cancellation of the agreement and a decision-making consultation of the workers. The PDS supported to the hilt CGIL general secretary Bruno Trentin, who explained he had signed to avoid a government crisis.

The July 31 affair marks an important turning point in the evolution of the union movement. Trentin signed even though his union leadership had come out against the agreement. This blatant violation of elementary democratic norms met with a fierce reaction from the minority *Essere sindacato* ("Being a unionist") tendency, which demanded a consultation of the rank-and-file with the power to accept or reject the agreement. This position was shared by many local and sectoral union bodies, and, after the holidays, by workers' assemblies in many enterprises. The CGIL majority was also split.

After the signature, Trentin resigned. However, this was a manoeuvre to force acceptance of the *fait accompli*. The

CGIL's Steering Committee, while continuing to put forward criticisms of the document, signalled at the start of September its decision to sign, rejected any notion of withdrawing from the agreement and appealed to Trentin to reconsider his resignation. Which, having got what he wanted, he duly did. The PDS leaders, meanwhile, assured Trentin and his bureaucratic majority of their support.

The Steering Committee also backed the idea of consulting the rank-and-file but in a form that emptied it of its content. The issue of the signing of the agreement was not to be on the agenda at such assemblies, whose discussions were to centre on future negotiations with the government and employers on wages and were to have no decision-making powers.

*Essere sindacato* rejected the Steering Committee decisions, announced that its representatives would be withdrawing from leadership positions and launched a grassroots campaign against the government's measures, for the cancellation of the CGIL's signature and for wage demands at enterprise level. According to this grouping the way Trentin had ridden roughshod over internal democracy justi-

fied their own repudiation of discipline from above.

It is not yet known if this will result in disciplinary measures against *Essere sindacato* supporters — some on the majority side have called for them — or if such measures would provoke a split. In fact, many of the most militant workers have resigned from the CGIL and some enterprise and other organizations have decided to cease dues payments to the confederation centre.

## Militants consider future

The discussion has been opened in *Essere sindacato* and it is possible that it will lead to a split supported by some hundreds of thousands of workers. In any case, in the sombre panorama of today's workers' movement, *Essere sindacato* is one point of support for organizing workers' resistance and creating the conditions for a counter-attack.

Another is the Party of Communist Refoundation (PRC) whose militants are involved in *Essere sindacato*. In recent months the PRC has been the only serious left opposition force. It is true that, apart from its participation in *Essere sindacato*, in independent union groupings, in the Cobas (rank and file workers committees) and its influence in some big workplaces — in particular Alfa Romeo in Milan — the PRC has not yet established stable social links despite its electoral strength. It continues, furthermore, to pay a price for a medium and long term strategy and an internal regime that does not permit it to use all the militant energies available.

Nonetheless, in the present battles the PRC has shown itself to be a class struggle force which is also able to wage a firm struggle in parliament against the government. Furthermore, on September 12 it organized a national demonstration against government policies, the capitulation of the union bureaucracy and for the defence of living standards and a general strike.

The success surpassed all expectations; around 100,000 people took part amid a militant atmosphere and a strong involvement of youth. *Essere sindacato* leader Fausto Bertinotti, still formally a PDS member, spoke.

A week previously the PDS organized a demonstration in Milan — in which the Milan federation of the PRC decided to participate with its own slogans. This brought out less than 50,000. This does not, of course, necessarily provide a reliable indication of the overall balance of forces, but it did show that the PRC has increased its ability to mobilize forces around quite radical objectives. ★

## Yes, but...

**THE vote in the September 20 French referendum on the Maastricht Treaty on European union ended with a victory for the treaty's supporters, albeit by a very slim margin. The "yes" vote was slightly over 51% and the "no" slightly less than 49% of the more than 25.6 million votes cast.**

FRANCIS SITEL

**W**HILE a sigh of relief went round the French political class at the result, attempts to present the result as a further proof of the genius of French president François Mitterrand or, alternatively, as a miracle given the three million unemployed and the total lack of credibility of Mitterrand's regime, are not very convincing.

When the referendum was announced by Mitterrand, victory for the "yes" camp seemed assured in advance, with opinion polls giving it around 60%. At that time everyone was praising this new demonstration of Mitterrand's political skills; the vote for Maastricht would also be a vote of confidence in his reign, while the pro-Maastricht alliance could form the basis of a new presidential majority of the centre to counteract the inexorable decline in the fortunes of the Socialist Party (PS).

There were two basic grounds for this confidence. The first was that for years opinion polls have shown the French public to be highly favourable to European unity. The present turmoil in much of the continent and the Yugoslav tragedy in particular have tended to reinforce this view, giving weight to the argument that European union could provide a pole of stability in the present and future storms.

The second is that the "yes" camp was a very broad coalition of the great and the good, based solidly on convergence between the PS, the (centre-right) Union for French Democracy (UDF) of former president Valéry Giscard d'Estaing and many ecologists, all presenting themselves as the face of openness and modernity. The "no" camp, meanwhile, could be presented as a ragbag of backward looking and chauvinist forces, ranging across the neo-Fascist National Front (FN), the French Commu-

nist Party (PCF) and various fragments of the far left and the Greens. The "yes" camp expected to enjoy a field day denouncing this unprincipled cartel of political marginals.

Between the two camps was the Assembly for the Republic (RPR — the other mainstream right-wing party apart from the UDF). Its leader Jacques Chirac, the mayor of Paris, could not risk seeming anti-European and had to argue for a "yes" despite the views of much of his electorate, who, imbued with the traditions of De Gaulle, are utterly hostile to any notion of supranationality.

With the overwhelming majority of the political class on his side and a solid majority already in place among the voters, Mitterrand seemed to have started the game with a winning hand. Indeed, much of the campaign seemed to underline the two basic strengths of the "yes" camp — public opinion continued to show strong support for European unity even among many hostile to the Maastricht Treaty as such, the PS-UDF alliance proved its solidity, the RPR split wide open, while the far right elements in the "no" camp served to repel many sceptics over to the "yes". However, somehow, things did not go as planned as an unknown quantity crept into the equation.

### Surge in public interest

This quantity was the unexpected upsurge in popular interest in the European question, and even in the convoluted text of the Maastricht treaty itself, matters hitherto perceived as a matter for the elites. Both the polls and the participation show this increased interest. The Danish "no" of last June had revealed that the mysterious workings of the Euro-bureaucracy in Brussels did not hide self-evident truths, and that, perhaps, the people could in fact decide.

Instead of the expected indifference, which had led the politicians to mount only the most feeble and banal campaigns, the sudden interest provided an opportunity for a number of ambitious outsiders, among them Philippe Séguin on the right and Jean-Pierre Chevènement on the left.<sup>1</sup> It soon became apparent that the no/yes division cut across all parties and society as a whole.

The politicians had two central concerns. The first, based on an attempt to identify the Maastricht Treaty with Europe, was to prevent voters on the left who supported European construction looking too hard at

the actual Treaty or daring to oppose it. The second, mainly affecting the right, was to stop voters from rejecting the Treaty in order to bring down Mitterrand. However,



to some extent at least, this framework broke down, exposing the real issues at stake.

And in the event it turned out that the self-styled "moderns" were remarkably short of ideas. Their response to the sudden rise in support for a "no" was marked by exasperation. A powerful whiff of arrogance and blackmail towards the "ignorant and badly informed" could be smelt in their speeches. It should also be admitted that much of the argumentation for the "no" was nationalist and chauvinist, with the RPR prioritizing its opposition to voting rights for foreigners from other EC countries in its interventions in the debate in the Senate. However, other, more significant questions were also raised.

### Defending the nation

One of the main points around which opposition crystallized was that of the nation. At first this, as was predictable, manifested itself in denunciations of the "European unity" process for its threat to "French identity". This was the keynote of the National Front as well as of the RPR's

1. Philippe Séguin, minister for social affairs in the 1986-1988 Chirac government is, like the former minister of the interior Charles Pasqua, opposed to the RPR's official position of support for the Maastricht treaty, combining populist and nationalist arguments. Séguin and Pasqua organized the "Rassemblement pour le non", the rightwing campaign for a no vote.

Jean-Pierre Chevènement, Mitterrand's former minister of defence, who resigned after the outbreak of the Gulf War, is the historic force behind an opposition current in the PS, called CERES and subsequently Socialisme et République. He campaigned against the ratification of the Treaty of Maastricht, employing both social and nationalist arguments. In September 1992, he launched the "Mouvement des Citoyens" which seems to be preparing the ground for his exit from the PS.

Pasqua; nor was this theme entirely absent in the speeches of Chevènement and the Communist Party.

However, underneath this question lay another, not wholly reducible to this nationalist approach: is the framework of the nation state obsolete, requiring the creation of a state-type supranational entity, and justifying a transfer of sovereignty?

A negative response to this question was common ground for otherwise antagonistic positions; there is in fact little in common between a reactionary obsession with a supposed (and always restrictive) "French identity" on the one hand and concern about the threat to democracy posed by a supranational oligarchy looking to construct a European imperialism.

The second question that increasingly came to the fore during the campaign was that of the social and economic model implied by Maastricht — one of neo-liberalism carved in stone. The cornerstone of the treaty is the single currency and the independent central bank. Or more precisely, the draconian conditions which must be fulfilled to implement the first and the massive powers granted to a group of powerful money obsessed bankers to form the second. The Treaty opens up a prospect of undiluted monetarism, a clear reduction in democracy and the certainty of policies that will make unemployment worse and mean cuts in all forms of social rights.

In fact, the denunciation of monetary policies exacerbating stagnation and unemployment struck a chord even in ruling class circles; even members of the National Council of French Employers (CNPF) voiced harsh criticism of these policies.

### Voting rights for who?

Many other issues were raised, among them that of voting rights for EC citizens resident in other EC countries (but not for non-EC immigrants); the German question in the light of that country's new strength and problems and the argument as to whether enhanced EC unity would provide a guarantee against rising nationalism in the light of the Yugoslav crisis. But throughout everything a basic theme was coming to the surface: Europe, certainly, but what kind of Europe?

On the "yes" side the basic idea was that of an economic superpower with the strongest currency in the world. Such a prospect certainly upset super chauvinists, but it was far more fundamentally in contradiction with a truly internationalist spirit. Those who opposed Maastricht from such a position were arguing: we do not want a Fortress (largely Western) Europe, jealously guarding its exclusive privileges, barricaded to keep out people from the East and the South while inside inequalities of all kinds swell providing fertile ground for

## A dynamic campaign

FROM its first discussion on Maastricht a remarkable degree of unanimity was to be found against the treaty and in favour of a "no" vote on the central committee of the French Revolutionary Communist League (LCR — French section of the Fourth International). A poster campaign was undertaken rejecting the bosses Europe and putting forward LCR policies such as a 35-hour working week, the right to vote for all those resident in France and free abortion and contraception on demand. Some forty meetings were held throughout the country in September.

At the start of that month, it became clear that principled united work against Maastricht from an internationalist point of view was possible. Other forces open to this approach came from critical Socialists, (including the Socialisme et République current), the dissident Refondateurs and Reconstructeurs currents of the Communist Party, anti-Maastricht greens, the Red and Green Alternative (AREV), the Libertarian Alternative as well as many independent trade union, feminist, and anti-racist militants. In Marseilles it was even possible to hold a joint meeting with the local Communist Party.

The Trotskyist organization Lutte Ouvrière ("Workers Struggle"), for its part, denounced the "masquerade" of the referendum and called for an abstention on the grounds that both "yes" and "no" camps were dominated by the bourgeoisie.

An appeal "for a leftwing no" signed by fifty representative militants and intellectuals made a significant impact. It served as a basis for many meetings, including one with some 1,500 people in Paris, which gave a platform for a left and internationalist "no"; it also laid the groundwork for future collaboration with new-found allies — F. S. ★

racism and fascism. They wanted a Europe open to all the peoples of the continent and on the southern side of the Mediterranean and indeed to the world as a whole. The very opposite of Maastricht.

After their slim victory, the ruling class sighed with relief. However, the alarm has gone off for the political class. Some 90% of parliamentary deputies voted yes to Maastricht as did most of the candidates in the 1988 presidential election (representing about 76% of the votes cast then), all the parties and leaders who have been in government over the past 20 years. But the same treaty got only 51% support in the country at large. Against the advice of party leaders some 58% of RPR voters, 38% of UDF voters and 20% of Socialist voters voted "no" — the latter despite the fact that a "no" vote might have meant the swift end of the present Socialist government.

Furthermore, 55% of those "without party" voted "no". This is at once a wounding repudiation of the politicians and a sign of social division. A majority of farmers and manual workers voted "no" (by some 60%), as did those under 50, the southernmost and northernmost regions, and the *banlieues* (suburban working class housing developments).

Majorities were cast for the "yes" among middle management (65%), senior management and the liberal professions (68%),

those between 50 and 64 (53%), over 65 (55%) and in the West and East regions, the Paris region and Rhône-Alpes bordering on Germany.

All commentators have noted the appearance of these "two Frances" — while often implying that this is really a division between "intelligence" and "broad-mindedness" on the one hand and "narrow-mindedness" and "mediocrity" on the other.

In fact, the France that said "no" is that of hard work and hard times, of people whose basic economic insecurity makes them less than mesmerized by the charms of the single currency. Those on the left who fought for a "no" addressed the central task of not leaving this constituency in the hands of reactionary forces. This France ought to be, and has in the past been, the bedrock of the left; if it is now influenced by the right, then this is a comment on the failures of the big left parties over the past years.

This vote adds yet another element of uncertainty to our contemporary world. On the strictly French level, Mitterrand's scheme for a centre realignment has been undermined.

We are approaching elections that will see the end of the Mitterrand epoch, the return of the right to government and a deep crisis in the Socialist Party. ★

# The unification disaster

**THE current crisis of the European monetary system has its roots in the fall of the Berlin Wall. Or, more precisely, in the high interest rates with which the German state is attempting to deal with the soaring cost of the absorption of the former non-capitalist East German state into the capitalist Federal Republic.**

**In the following article Hans-Jürgen Schultz reviews the history and current stage of the East German economic catastrophe.**

**HANS-JÜRGEN SCHULTZ — August 20, 1992**

**E**AST and West Germany were united in spring 1990 in the belief that the market economy could solve all the problems of the former German Democratic Republic (GDR — East Germany). Since then it has been part of the job of every responsible official to predict the “Eastern boom” for the near future. This has been true not only for the government or its paid experts. The press have striven to give the impression that these prophets are still in the know despite all the evidence before their own eyes.

Even the trade unions have joined in. When the DIW (German Institute for Economic Predictions) briefly mentioned that incomes in the “joined territories” would lag 20 years behind, it drew down the wrath of the president of IG-Metall, who considered such discoveries “irresponsible and highly tactless”, since they could result in a “mass exodus”. The illusion cannot be publicly exposed; nobody must disturb it, lest panic and confusion break out.

The left has in principle faced no problems in arguing against this; it has only had to refer to what is in front of everyone’s nose. However its own predictions have themselves turned out to be largely based on wishful thinking. The left said that the East German workers would not allow their enterprises to be taken away — and this would be even more true when it came to their jobs — and that they would stubbornly defend social benefits such as nurseries or low rents. Therefore, a “hot autumn” was forecast for 1990 and then continually re-forecast for the near future, until finally the prophecies faded away.

Today, the economy of the former GDR has been almost destroyed. Despite all its

defects, the GDR had been the tenth biggest industrial country on earth. In terms of GNP it was 15th — ahead of South Korea, despite having two and a half times less people. Individual incomes were almost as high as in Italy or Britain and 50% higher than in Spain. Within a year of the economic annexation, incomes had fallen by a half (1990: -14.4%; 1991: -30.3%) and industrial production had been cut by almost a third.

This catastrophe is not the result of “40 years of socialist economic mismanagement”. It is true that towards the end an economic crisis was becoming apparent in the GDR. However, the unprecedented economic collapse that the country has since suffered is the consequence of West German policies. Even if the East German economy were to grow 3% faster than that in the West it would take until 2060 for the East to catch up.

## Massive job losses

Apart from agriculture (1989: 920,000 employees); construction (560,000) and mining, industry (3.2 million) is the only basis for the country’s economic existence. Certainly, compared to West German competition it was inferior — labour productivity being only half as high. Nonetheless, it was still competitive compared to South European enterprises. (Which, of course, in terms of the old Stalinist theories about the “competition between systems” was itself a crushing defeat.)

Nonetheless significant wealth was created. The GDR’s fixed assets were worth 1.745 billion marks — in West German terms, 12,000 billion deutschmarks (DM) — of which 800bn in industry. Not all of this was “rotten”. A fourth of all plant had been installed in the pre-

vious five years and the proportion of new machines was certainly higher, since the figure includes buildings. The West German Ifo-Institut calculated that the building stock (worth DM330bn) was largely sound (DM265bn). These few figures give us some idea of the huge devalorization effected by the annexation.

An adjustment period of at least ten years is needed when a country which, at least from the point of view of labour productivity, is less economically viable, joins an economic block or the world market. The European Community can offer several examples of this. In the East German case, this well-known fact was pushed aside, with foreseeable results.

The East European market was lost, because the crisis there meant a drastic fall in effective demand. Certainly this no longer had the significance that many imagine (the share of GDR exports going to Eastern Europe fell constantly between 1980 and 1989, from 65.4% to 48.5%). But no country can brush off such a collapse.

Worse have been the losses on the Western and internal markets. Exports to the Western industrialized countries rose strongly in the 1980s (from 24.1% of exports to 48.5%). They were subsidized and propped up through customs’ barriers. Marketing was organized from the centre. With the collapse of the East German state the combines suddenly found that they had no sales apparatus any more. Furthermore, the currency union raised their costs threefold. Under these conditions there was, from one day to the next, nothing more to sell.

## Flood of products

As a result, West German products flooded into the former GDR. They were both/either cheaper and/or better. But the buyers from the big West German retailers were to say the least more restrained when it came to buying competitive products from the East.

Under these conditions, any national economy, even that of West Germany, would have crumbled. Already by spring 1991, industrial production had fallen to less than 40% of its former level. That could only have been avoided if an attempt had been made to modernize the East German economy (for which DM300bn would have been needed) and if it had been subsidized long enough for new products to be developed and a marketing structure built. This was not done.

The experts and politicians were well aware of what the consequences would be. Nonetheless, already by April 20, 1990, calls were being made in responsible circles for a “consistent reorientation towards a market economy”. Everyone

accepted this: the Federal government, the new transitional government in the GDR, the Social Democratic Party (SPD) and the unions, the East German citizens' movements and even the PDS (Party of Democratic Socialism — the revised version of the former ruling Communist party).

Everyone believed in the miracle of the market. The "employment" problem would be solved, after some transitional difficulties, through the sale of the enterprises to genuine entrepreneurs, through an influx of additional capital and the development of new service industries (which were to create a million jobs). Almost everybody believed in this fairy-tale (in spring 1990 almost 90% of East Germans were for economic union), which means that the implementation of this policy presented no difficulties.

The Treuhand<sup>1</sup> has only carried out a policy which had almost unanimous support. Indeed its first head was a social democrat and the unions sit on its board. The political responsibility does not therefore lie with that institution. Protests against its activities should rightly be directed at the ministers and party leaders in Bonn or at the DGB [German Trade Union Confederation] headquarters in Düsseldorf.

### The Treuhand takes control

The Treuhand took control of effectively the whole of the country's wealth producing assets, including retail, banking and hotels, with a total of 4.1 million employees. This amounted to the expropriation without compensation of the property of all those who had created this wealth over the past 40 years. Since then, most has been sold, put on ice or closed down. The Treuhand now employs less than a million people.

First, everything was devalued. The initial stock taking in DMs saw the value of the assets of the enterprises under Treuhand control marked down from DM940bn to DM230bn. Then the goodies were more or less given away. So far the sales have only raised DM28bn, of which, moreover, only DM10bn has actually been paid. The creation of 1.2 million jobs and DM140bn in investments have been promised, but this is worth as much as one of Kohl's election promises; nobody can be held to them. In reality only a half of the promised jobs exist in these enterprises and the number will decline further (from 773,000 to 553,000) while the promises on investments will be fulfilled well after the year 2000, if the present tempo is maintained.

The only success to the Treuhand's cre-



Proposed site for DM 500bn federal government highway. Donations welcome.

dit has been in the suppression of jobs — some three million of them until now. From an economic point of view privatization has flopped; only a tenth of full-time workers in East Germany work in the private sector.

Finally the Treuhand wound up with losses of between DM250bn and DM400bn (without taking into account property in the former GDR of which the Treuhand effectively controls half). The overall loss of assets of the former GDR amounts to around DM1,000bn. There are few states on earth that could cope with that.

West German capital has taken over the enterprises. Some 550 boards were set up to oversee the combines and other enterprises, on which sat West German bankers and industrialists along with their acolytes: lawyers, accountants and politicians — a mixed bag of worthies, competitors, opportunists and thieves. It was they who decided what happened. The Treuhand has merely rubber stamped their actions.

### Subsidies and corruption

Inevitably all this has been the setting for plenty of corruption. If big concerns were going to take over enterprises, they wanted proper incentives. The West German Carl Zeiss got subsidies of DM3.5bn when it took over the East's Carl Zeiss Jena. The takeover of the East German shipyards was sweetened with DM 6.2 bn. The workforce was cut from 34,500 to 7,600 and will probably shift some production from the West to the East — which has led the IG-Metall to occupy the shipyards. At the same time the distribution networks and infrastructure were taken over, including the electricity supply industry, retail, banking and hotels.

In general, West German capital has, as

could be predicted, shown little interest in East German productive industry. Firms are bought in order to win new technologies or markets. The first were not to be found in the former GDR, and the combines no longer had the second. There was no need to invest in additional capacity in the East, since there were still reserves in the West and the economic situation did not require expansion. The newly won East German market could be supplied through better use of existing capacity.

In these conditions only medium sized enterprises with a specific regional or local market to defend in East Germany could hope to cope. In any case, they were of little interest to big capital. Some 1,500 such enterprises were bought by their managements.

The remaining enterprises were dismantled, slowly but steadily. They were saddled with some DM85bn of so-called "old debt", on which they had to pay interest. This had been a form of planning control; in 1965 firms had raised only 4% of their financing from credit, but by 1989 this had risen to 60%.

They were thereby stripped of all their freedom of action. The decision was taken that these enterprises should not simply be set free without debt into the marketplace. It was, moreover, the Treuhand or the management boards which decided on policy, which normally meant liquidation.

First of all research and development was abolished. There was no money for modernization or new plant. There were

1. The Treuhandanstalt (known as the Treuhand) was formed in March 1990 to organize the privatization process in East Germany. It rapidly became the target for protests about the social and economic effects of that process. On April 1, 1991 its then head Detlev Rohwedder was assassinated by the Red Army Faction terrorist organization. The Treuhand has also been plagued by corruption scandals.

no means for redirecting production. In these circumstances replacements and even repairs stopped. As a result after two years the plant was in substance destroyed. The experts from McKinsey's have stated that soon there will be only 650,000 employed in industry.

Only where an enterprise was considered to be a possible purchaser was there credit. When it was a question of preserving markets for the future significant sums of money could be found. Otherwise production has declined still further.

East German industry has now been to a large extent destroyed and cannot be rebuilt. In the past year eight times as much was imported from the West as went in the opposite direction (DM114bn compared to DM15bn). If the workers were now to conduct a belated but successful struggle they could perhaps save about a third of the previously existing plant. Only 750,000 people are working full time in industry and trade; a quarter of the number two years ago.

Things are hardly better in other sectors. Employment in agriculture is projected to fall to a third of its level of two years ago. Even in construction there have been losses. The infrastructure (transport, telecommunications, trade and services) which currently employs 1.5 million faces rationalization, as do the public administration, education, the arts and science.

In 1989 there were 9.7 million workers. Some 500,000 have since left for West Germany or have been sent back to their countries of origin as superfluous foreigners.

In May 1992, there were officially 1.1 million out of work (13.2%), and 2.1 million on various kinds of social security (24.6%). A further 5.7% commute to work in the West. That means that since the change, 4.3 million or almost half of jobs have gone. And this process is far from over.

Experts expect that even if there is an economic revival another million and a half jobs are set to go, bringing the total down to around four million — 40% of the number two years ago.

### Rises in living standards

Thanks to massive West German subsidies, this economic disaster has not yet been reflected in living standards. Real incomes have been raised by 20 to 45% depending on the type of household. Moreover, savings were converted from East German marks to deutschmarks at a favourable rate. And people could suddenly travel. People have been better off and have felt freer. This explains the social peace. In addition, incomes are to be raised to West German levels by 1995. Those who have kept their jobs and old-

age pensioners can hope to profit from this. Nonetheless, today their average income is very low — those in paid work have only 45% of the West German income, while only a few pensioners get as much as the 1,500 marks a month (15% of men and 0.5% of women) needed to bring them above the poverty level.

Conditions are deteriorating noticeably. Price rises do not compare with those in the West. The rate of inflation in the East is rising (14.1% in the East compared to 4% in the West). The cost of transport, health, education and above all rents have risen strongly. As a result and because millions have lost their jobs, the real incomes of about a third of the population may fall. And more will follow them.

This type of unification has carried a high price; East Germans live by the grace and favour of the West. Two thirds of Eastern GNP is made up of Western grants (some DM130bn in 1991). This year the figure will be DM170-80bn — 6.5% of the West German GNP — more than double arms expenditure.

### State investment

No fundamental improvement in this situation can be expected. There will certainly be a lot of investment (the rate of investment is a third of GNP) — but not in accordance with holy writ. Some 60% is the work of the state (forecast for 1992: 54.5 of the expected DM94bn) and is directed towards the infrastructure. Although about half of the value of private investments is underwritten by the state by various forms of incentive and tax break, West German capital still plays only a secondary role. In 1991 DM25bn came from this source and DM43.4bn this year, only DM8bn and DM18bn respectively being invested in industry, creating some 70,000 jobs.

The only really significant exceptions are the plans for vehicle manufacture. At present there are only 250,000 industrial jobs provided by West German owned enterprises with another 200,000 in 3,000 privatized medium-sized firms belonging to West or East Germans — altogether a seventh of the total industrial workforce. Nor does it seem likely that this figure will rise sharply.

It is, furthermore, highly questionable to what extent this private capital is likely to stay. In any case, the West Berlin regional unit of the Federal German CID (investigating police) and the Berlin association of public prosecutors believe that a third of investments in East Germany are in fact money laundering exercises by organized crime.

In East Germany, state investment is undertaking the building of a new infrastructure, a slow clean-up of the long

neglected housing stock and perhaps a number of ecological improvements. Furthermore trade, banking and services are being modernized. At the same time, the country is being and will remain de-industrialized. It may perhaps be more beautiful, but it will certainly be poorer.

It seems likely that in the future there will be only around four million jobs. Certainly the number of job seekers will also fall — through extended education, emigration, early retirement and women resigning themselves to being housewives. Nonetheless, there will still be some seven million persons on the job market of whom almost a half will be unemployed.

This will hit different categories unequally. The elderly will be pushed out and the young will have a hard time finding their first job. Many women will be singled out. Already the share of women in the total unemployment rate has reached 64%, of which almost half (340,000) are mothers with sole responsibility for young children.

The income of those in secure public employment will probably reach West German levels in the next few years, but in other spheres this will only take place in a formal sense. The performance-related extra payments seen in the West will not be seen in the East. This means that a real drop in income will take place. Furthermore, there are and will be an increasing number of cases where the agreed union rate is renounced. In SPD-run Brandenburg teachers have accepted a 20% pay cut to avoid redundancies. In the printing industry the unions have accepted a clause renouncing wage rises. This trend will continue.

### Bleak future for pensioners

People living on pensions or unemployment benefit face a bleak future. These will be calculated on the basis of past incomes, which were low both before and just after the change. In the predictable future it is likely that some two thirds of East Germans will live either wholly or partly on social benefits. This means the concentration of a new poverty in East Germany.

There will of course also be winners, only rarely from among the wage-earners. Almost all East German enterprises will be branches of West German concerns. The new East Germany will be as free of homegrown big capital as the old GDR!

The Western centres have parachuted in enterprise managements and even middle managers. The banks are a good example: of the 19,000 employees, 4,600 are from the West and it is the latter who have taken every halfway decent job, leaving few prospects for the locals. Maybe we

should start demanding quotas for "Ossies" [slang for East Germans]!

There is nevertheless already a budding East German bourgeoisie, even if its importance has been over-estimated. Some 650,000 people have gone into business — although many have gone straight out again. Only some 180,000 have survived, that is 2% of those employed, and many of these will go under in coming years. However the overall figure is slowly rising, especially in agriculture where there were still only 6,000 private farmers in the spring of this year.

However this figure will remain lower than in the West, especially after all the claims for property restitution have gone through, creating a class of absentee small owners.

The economic collapse of East Germany has consequences. The financial ones are already apparent. The costs of pensions and unemployment payments are being met from West German taxes, that is to say by West Germany's wage-earners. In 1991 this cost DM23bn and in 1992 DM50bn — that means DM2,000 for each worker or almost a month's income.

The rest is being met by increasing public debt, which will rise by a third between 1991 and 1995, from DM1,458bn to DM2,225bn. Interest rates are rising and therefore rents. This will increase the pressure for a cut in public spending, and above all social spending. This will hit hardest in East Germany where the local and regional authorities are able to meet barely a fifth of outgoings from their own income.

### A dependent country

East Germany will remain a dependent country and its society will be cut in two between those with jobs and the rest.

This is not only of importance to East Germans. If the transfers constantly rise, the workers will have to pay ever more. If there are five million unemployed in Germany, then the reserve army will weigh far more heavily on the West German labour market than before. This at the very least requires an entirely new policy from the trade unions.

A self-generated recovery is as unlikely as a return to the old GDR. The united Germany has turned out to be something quite other than anyone imagined. Economic and social policies can soften the blows, the share of the burden borne by the West German working class increased and perhaps, after a time, some shift of industry to East Germany be achieved.

The problem of mass unemployment of five million, concentrated in the East, will remain. ★

# Mass actions and negotiations

**APARTHEID is not dead. This was the message of the clash at Boipatong on June 17 which left 42 dead — without doubt in an incident orchestrated by the "Zulu" Inkatha movement — and the police repression three days after which left three dead. In the true spirit of apartheid the Boipatong police felt able to inform the Goldstone commission of inquiry that recordings of police messages from Boipatong had, unfortunately, been wiped. And on September 7 the army of one of apartheid's homelands, Ciskei, massacred several dozen demonstrators at Bisho.**

**PETER BLUMER — September 17, 1992\***



**M**ANY both in South Africa and abroad have been satisfied by the current institutional reforms and negotiations.

However for millions of Blacks, apartheid continues in their daily misery and oppression. De Klerk, the reformer, is wholly responsible for the recent murders. It is his regime that has continued to prop up puppet regimes such as that in Ciskei, which is supposed to represent the "national" independence of the Xhosa people. It is De Klerk's police who have continued their complicity with Inkatha's murderous campaign. And it is the South African state which he heads that has shown itself incapable of bringing about the slightest improvement in the social conditions in the Black townships.

The negotiations (and in particular the CODESA conference<sup>1</sup>) have not escaped the framework of the old system. At the negotiating table De Klerk's regime sits surrounded by all the inheritors of "separate development" — all the Bantustan chiefs and ethnic parties. The escalation of violence and the deliberate stirring of ethnic tensions by Buthelezi's Inkatha party are all part of a struggle to influence the balance of forces at the negotiating table. They are not some

remnant of the past, but one of the ways in which the regime is trying to limit the scope of reforms.

### Hard core of the system

The aim is to ensure that universal suffrage and the formal ending of discrimination do not go so far as to threaten to the hard core of the system, its social relations of exploitation. To maintain the "gains" of apartheid, the De Klerk regime has thus tried to push the negotiations in the direction of a federalist blueprint. The regions this would create would, the regime calculates, maintain and reinforce ethnic fragmentation among Blacks and favour coalitions and collaborationism in local institutions.

In order to get his way De Klerk must build the Bantustans and ethnic prejudices into the new system. Insofar as Inkatha violence or the Bisho massacre force the Afri-

\* Since this article was written ANC/government talks have resumed and the rapid formation of an interim government promised. Bantustan leaders have declared that they will not be bound by these agreements.

1. CODESA — Convention for a Democratic South Africa.

can National Congress (ANC) to accept a federalist compromise that will lastingly weaken the struggle for a non-racial society, they serve De Klerk's policy.

The size of the country, regional social, economic and historic differences would seem to speak in favour of some form of federalism. The regime well understands how to use such a "commonsense" argument — flourishing at various times the Swiss, Nigerian or Yugoslav examples. However, all this is to overlook the fact that in the South African case there has always been racial oppression exercised by a white minority.

Reinforced federalism will therefore not address the basic democratic issue; on the contrary it will tend to further fragment and therefore weaken, the collective strength of the Black masses. Such a federalism would not mean a decentralization of power in order to ensure better social control to the Black population but would merely be a way of preserving the political weight of the white elites and owning classes under a new form.

### Talks broken off

The decision by the ANC on June 21 to break off the CODESA negotiations was the sign of deep disillusionment, as the ANC leadership realized that these discussions were leading to no reduction whatever in the level of violence directed against its own activists and supporters. They found out that each apparent retreat by the regime on this or that point was each time anticipated by a new offensive on some other terrain of the talks.

This was what happened when the government came up with its proposals for a second chamber while the ANC was putting all its energies into pursuing the question of an interim government. Nelson Mandela's movement thus found himself systematically dragged along in the wake of De Klerk's initiatives, as the latter bit by bit revealed new elements in a coherent constitutional project.

This could be seen at the time of the whites-only referendum of March 17, 1992. After some 69% voted "yes" to De Klerk's proposals, Mandela declared: "we hope that National Party leaders will stop regarding themselves as leaders of an ethnic group but that they will regard themselves now as part of the leadership of the total population" (*Saturday Star*, March 21, 1992).

De Klerk had certainly explained two days before that he considered himself "bound by his mandate" (*The Citizen*, March 19, 1992). But the mandate in question had equally clearly been given on the basis of a dozen "bottom line principles" which, taken together, amounted to a barricade of safeguards for keeping the white minority veto. The referendum had, without doubt, a

contradictory impact on the ANC's strategy, but Mandela's ambiguities, as shown in his above-quoted remark, also smoothed the way for the regime's attack.

There was growing discontent in the ANC, in particular among its intermediary cadres and inside the COSATU union confederation. Above all, the rank-and-file lost patience and confidence and the moment was approaching when the leadership risked repudiation. The CODESA trap was closing, gravely endangering the unity of the anti-apartheid movement. If the negotiations were to be continued then at least the rules had to be changed.

The mass campaign announced by the ANC/Communist Party/COSATU coalition, which was said to be aimed at bringing down the government and imposing a constituent assembly, led to the general strike of August 3 and 4. Other mass actions were planned such as the September 7 demonstration at Bisho and others subsequently.

Nonetheless, the ANC's basic perspective remains that of negotiations. It felt the need to make up lost ground, increase its ability to bring pressure and respond to the exasperation of the rank-and-file. Discussions with the government could only be resumed if they were seen to represent a new "stage" in the introduction of a "post-apartheid" society.

### Behind the scenes

An editorialist on the *South Africa Labour Bulletin* provides a good summary of the behind-the-scenes debates in the ANC, the Communist Party and the union confederation: "There is every indication that the tripartite alliance, or at least COSATU, and the militant wing of the ANC and the SACP, have done a fundamental rethink on negotiation. They intend the campaign to have such an impact on the balance of forces that it results in a new negotiating forum and a new negotiating agenda. If the campaign is successful, its leaders will probably demand a negotiating forum that reflects the role of mass organizations such as COSATU and the civics movement, in the process of political change" (*SALB*, July 1992).

It is necessary to underline the impatience of sections of the population radicalized by two years of negotiations and waiting. Each day the television told them of the great changes, while daily life was getting worse. Thus wages have lost ground against inflation of around 16%. However, the cost of a shopping basket of food for a family has risen by 28% and vegetables by 80%. The mines have seen 3,000 redundancies a month. The textile workers' union (SACTWU) has stated that 20,000 of its members have lost their jobs. In metal and engineering, 35,000 jobs went in 1991 and a further 13,000 in the first six months of this year.

Despite a rather disappointing turnout for May Day this year, there has been a sharp rise in union actions and strikes in recent months. One of the most significant was by healthworkers in June and July which affected 59 hospitals throughout the country in support of a rise in the minimum wage, an across-the-board 15.3% wage rise and security for long term "temporary" workers.

### August general strike

The general strike in August thus showed that, despite the weakening of organized social movements, popular combativity remains high. The strike was massively observed as broad sections of the Black population showed their continuing readiness to respond to calls for mobilization and action. This indicates a questioning amongst the most militant sectors: negotiate, of course, but with what attention to the social struggles and the balance of forces on the ground?

This problem is illustrated by an episode from the inner life of the engineering union. In May, the NUMSA leadership organized the distribution of a leaflet entitled "prepare the war" against redundancies and wage restrictions. Then came the success of August 3 and 4. On August 8, the union leadership met and proposed to the branches a compromise with the bosses which included the abandonment of the demand for a moratorium on redundancies, its replacement by the negotiation of various forms of short-time working, temporary plant closures and early retirement, or, simply, payment for 15 weeks of retraining after being made redundant.

Thus, in a few weeks, the union had passed from conducting a "war" against redundancies to a proposal for managing enterprise reform — despite a massive general strike. On August 11 the regional leadership in eastern Witwatersrand responded: "the proposals from the NEC are substantively unacceptable. Our members have consistently demanded... serious protection against daily threat of retrenchment. That is why we, as a union, put forward the demand for a moratorium... Our strike is supposed to threaten the bosses. It seems that, with this approach, we are more scared of our strike than they are... It is our members who are being tear-gassed by the police and threatened and even killed by Inkatha, risking their jobs and even their lives. More than 20,000 are on strike in this region alone. We therefore strongly believe that it must be those very members who must take any decision on a compromise".

This dispute is between a large regional branch of one of the main COSATU unions; thus this is an important affair, involving substantial forces.

In a general sense we have seen in recent months a union strategy centred on the search for compromise with the bosses and on

## **Nelson Mandela on the future of negotiations**

I THINK that in spite of the fact that we came very near to a disaster (after the Bisho massacre) the move that we have now jointly made — myself and Mr. De Klerk — has saved the country from that disaster...

I am saying therefore that it is urgent that the government makes some visible practical move to restore the credibility of negotiations. And once the government does that, by moving just on these three things [the hostels, political prisoners and dangerous weapons], we are prepared to reconsider the whole question of having pulled out of negotiations...

[Then] I will be able to go back to my people and say look, he has met us. Let us meet him. We would then be able to ask ourselves the question whether in that particular atmosphere, we should continue with mass action...

If at CODESA 2 in May the government had agreed that an interim government of national unity had to be introduced say within six or 12 months... there would have been no need for mass action.

An interim government is going to represent us all, and the ANC is not going to have mass action against itself... There will be no question of sanctions, no question of sanctions. There will be no question of isolating South Africa...

All that will remain are the arms and oil embargoes, to be lifted as soon as a democratic constitution is accepted. But even on that there can be compromise...

We want to break the deadlock because if we don't I fear that the economy is going to be so destroyed that when a democratic government comes into power it will not be able to solve it...

I think business has generally responded very responsibly during the period of mass action. I have thanked them for that and I have told my own supporters this view....

...You must understand that what happened in Bisho has not been the pattern of mass action. On August 5 I led a march in Pretoria. It was disciplined and the police said the crowd behaved magnificently.

That was the position throughout the country generally, although there were exceptions where there was intimidation and looting. When this was drawn to my attention I actually went to these areas to see businessmen and apologize...

If we cannot secure free (political activity) I am going to face a situation in which it becomes increasingly difficult to resist the demands of my own people to arm and defend themselves.

You know, when I went to Boipatong, I was met with placards "Mandela give us guns". And these were not coming from the youth, but elderly people, members of the branch.

Then I went to the rally and I went round as I normally do to greet people. And the song they were singing was "Mandela, you behave like a lamb while we are being killed"...

Now if we don't do something visible to show that we are fighting against oppression, those who are demanding resumption of the armed struggle are going to prevail.

Mass action is actually a peaceful form of channelling the anger of the people.

(Extracts from an interview in *The Argus*, September 15, 1992) ★

the working out of reorganization plans for specific branches of industry. This is in line with the spirit of the CODESA negotiations, but above all it corresponds to the ideas in the union leaderships on the means to employ to overcome the crisis, revive production and build a "post-apartheid" society.

This is essentially a neo-Keynesian conception based on the negotiation of a

new distribution of income and the search for new ways of being internationally competitive. Thus the miners' union (NUM) has presented a programme of measures to meet the crisis in their sector. This was presented as a "co-determination" project at the Mining Summit organized with the Employers' Chamber (Dot Keet, "Negotiation and actions towards the general strike, South Africa Labour Bulletin, July 1992).

However, in the present period in South Africa, the bosses take from these plans only what suits them from the point of view of tying in the unions. They make almost no concessions on social demands and pursue the restructuring of enterprises in their own way.

### **Charter blueprint**

We could see the unions' policy at work on the eve of the August strike when COSATU signed a blueprint for a charter with the SACCOLA employers' union.<sup>2</sup> The two parties announced that they were going to organize and call together on all South Africans to make August 3 a "day for peace, democracy and economic restructuring". "SACCOLA and COSATU intend to organize assemblies in all the major centres in South Africa together with the churches... (they) call upon employers and trade unions, in both the private sector and public sectors and all other South Africans to do likewise... To ensure success the parties will establish a steering committee to address the issue of adequate resources, planning, logistics and communications, including at the work place".

COSATU's plan was to challenge the employers to shut their enterprises on August 3 and 4. This would turn the general strike into a paid holiday. The *South Africa Labour Bulletin* modestly explains: "The draft agreement eventually floundered when SACCOLA was unable to win support for it from its constituent business organization".

The peculiar nature of the "leadership" of the employers' union played some role in the production of this document, which amounts to a plea for a negotiated solution to the social crisis and the establishment of a parliamentary democracy. As a statement of general policy it is far removed from the day-to-day approach of employers on such matters as jobs, training or wages.<sup>3</sup>

But one paragraph in particular highlights current union strategy. The two parties propose "an open and inclusive approach at both national and industry level to economic restructuring and to agreeing on an economic strategy which will deliver high and sustainable levels of growth and development. To this end, to seek to avoid unilateral economic restructuring and to seek consensus between government, labour and business in this regard". Aside from its wholly chimerical view, such a declaration by COSATU is in total contradiction with calls for war on the bosses such as that issued by NUMSA in May. But it is in fact the same leaderships who are responsible for both.

To understand the confusion that such

2. *South Africa Labour Bulletin (SALB)*, September 1992.

3. A good critical analysis of this is given by SACCAWU's Roseline Nyman in *SALB*, September 1992.

contradictions can cause we need to remember that the August strike took place against an economic background that makes the whole philosophy of the SACCOLA/COSATU agreement redundant. It should be recalled that the government's plan was to ensure a massive reentry of foreign investment through opening negotiations. On the basis of renewed "confidence" it also hoped that a lot of foreign financial aid would flow into social projects in the townships, calming popular expectations. In fact very little of all this has so far been seen. Worse still, the country has slid further into a recession made still worse by the drought that has struck some rural areas.

### Tide of bankruptcies

Bankruptcies rose by 37.7% in the first six months of 1992. An annual report from the Central Bank dated August 26 explains that the country may be into its longest recession since 1908. Gross Domestic Product (GDP) has fallen for the third consecutive year — by 0.5% in 1991 and perhaps 2 or 2.5% this year. It is hard to attract foreign capital when South African firms themselves do not believe in investment.

On August 13 — two days after the announcement by the diamond monopoly De Beers of a 26% fall in results in the first six months of 1992 the — Johannesburg stock market fell by 101 points.<sup>4</sup> Some banks, furthermore, have called for an agreement with the IMF on a structural adjustment programme. A Catch 22: In order to get the money to pay for socio-economic reforms and revive the domestic market the crisis needs to end, but economic shock treatment can only make the situation of the most deprived even worse.

That should be sufficient argument against any attempt to channel worker militancy into co-management schemes. The storm sweeping the economy leaves no room for social democratic or Keynesian projects and the bulk of the employers will continue to behave as before. There can be no other way out in a market economy driven by the profit motive and the needs of private accumulation.

However, to understand the thinking at the top of the unions we have to recall that they have, in two years, swung from a socialist perspective to "market socialism", then to the "mixed economy" and then growth through co-responsibility. The ideological development has been headlong, propelled by the deterioration in the balance of forces and the world situation. These two latter factors have gone together with the growth of a union and political bureaucracy.

The ANC leadership retains sufficient prestige to mount big shows of force but with very restricted objectives. The interview with Nelson Mandela from which

perfectly the imbalance between the breadth of the mobilizations and their political expression by the ANC.

Nonetheless, the mass actions of past months have a contradictory content. The ANC leaders have made a number of tactical calculations without abandoning their central aim — the interim coalition government. However, mass action tactics have effects independent of political manoeuvres; thus we also have to look at the former's impact above and beyond the supposed or apparent aims of the ANC leadership.

The mass mobilizations express a definite relation of the masses to the negotiations. It would thus be vain to engage in abstract denunciations of negotiations when millions of people hope they will put an end to their misery. The best policy in these circumstances is to accept this reality and put forward in the social movements demands that help them to take on a radical cutting edge, while also demanding absolute transparency in the negotiations.

The violence and social disintegration in some townships are certainly crucial problems. Nobody can believe that the movement is still on the offensive and that it is a candidate for power. But this does not mean that we are in a situation where it is necessary to reduce aspirations and demands. The problem that is thus posed for the ranks of the ANC and COSATU is: what are the negotiations really about?

An explanation is needed as to why a successful relaunch of mass mobilizations should lead in a few days to a retreat in terms of demands on the regime. One of the most revealing comments came after the publication of the interview with Nelson Mandela from secretary of COSATU's Western Cape region: "We know the people want action... Whatever he has said does not affect what we've planned for October 12 [the day when a special sitting of parliament begins]. We will have a day of action and are not thinking of deviating from our plans"<sup>5</sup>.

The negotiations are thus going to restart in a new framework — which has been reshaped in a way unforeseen by the two main protagonists. The regime has seen its position weakened by the economic crisis, while the ANC must deal with considerable questioning in its own ranks and beyond. ★

4. The value of De Beers' shares lost \$740 m and the firm paid out the second lowest dividend in its history.

5. *The Argus*, September 17, 1992. The same statement, furthermore, protests against the ANC's decision to cancel the planned march in the Bophutswana bantustan. It calls for a day of mourning for the 24 killed at Bisho. The local employers who were asked to close for the occasion stated it had "a sympathetic stance" and a "no work, no pay approach".

## POLAND

### Strike at FSM-Fiat ends

AFTER a strike and occupation lasting 55 days and supported towards the end by a hunger strike by some 20 workers (See *IV*, no. 235, September 28, 1991), the strike committee at the FSM (Fiat) plant in Tychy decided to suspend their action on September 15. The proposed agreement states that wages should rise towards a monthly average of 4.1 million zlotys (as against 3.1 million at the start of September.) However, management has not given firm assurances on this.

Furthermore, wage differentials are to be reduced from a ratio of 1:4.7 to 1:2.5. Finally, the 347 strikers sacked for disciplinary reasons will be allowed to appeal and their appeal will be "heard with understanding" by management.

Overall we can see this as a partial defeat for the longest and most determined strike of this summer. ★

## IV INTERNATIONAL

### Ninth international youth camp

AT the invitation of the Portuguese Revolutionary Socialist Party (PSR — Portuguese section of the Fourth International), more than 800 young people gathered close to the city of Coimbra in Portugal from July 24 to 31, 1992.

Thus, a good turnout for the ninth international camp of youth organizations in political solidarity with the Fourth International. The young revolutionaries have promised to do even better for the tenth anniversary camp next year.

The success of this meeting — this was the best attended camp so far — is based on the fact that the camp is not only aimed at youth who are already politically convinced. This was the first camp for 60% of the young people there. Themes that were discussed included European unity, the Yugoslav crisis, ecology, the pillage of the Third World, anti-militarism and feminism.

More than 40% of the participants were not members of the movement. They were often very young — the average age was 20, but many delegations had an average of about 18. These young people have different experiences from those who attended the camp in its early years at the start of the 1980s.

At that time, political experience was the fruit of student, pacifist and anti-racist movements which have subsequently found themselves in a radically changed situation. The change does not only mean different types of debate — tactics towards reformist currents are much less discussed

# AROUND THE WORLD



— but also a different type of revolt, which, while often very radical, has not yet led to new forms of organization.

The presence of young people from Eastern Europe over the past two years has added a new dimension to the camp, adding much to the ever-present discussion on the type of Europe we want.

For the first time this year the youth organizations decided to organize a central forum on the question of sexuality in which it was argued that, while sexuality is an individual choice, it is nonetheless a political question in our societies.

Social relations, claimed by the system to be "natural behaviour" impose not only a certain type of domination of men over women but also a certain type of sexuality considered acceptable, condemning others to marginality and repression. This normalization oppresses not only those who refuse to accept it, such as lesbians and gay men but also those who agree to put themselves through its narrow mill.

One of the best of the camp's social events challenged these taboos; the lesbians and gay men present organized a disco whose free atmosphere will remain in the memories of all those present.

Given the bourgeois offensive underway in all areas, these questions too will be part of our effort to project an alternative vision of society.

To sum up, the atmosphere at the camp was one of subversion of and insubordination to the established order — *Sophie Missouri*. ★



## NEW ZEALAND

### Kiwis vote for change

NEW ZEALAND held its third referendum since 1940 on Saturday, September 19, 1992 — 24 hours before the French vote on Maastricht. Two ballots were held: one asked voters to choose between keeping or changing the current "first-past-the-post" electoral system, the other asked them to pick between four variants of proportional representation.

The result was an overwhelming rejection of the status quo. In response to the first ballot, 85% of voters plumped for change. When it came to voting for the method by which they want to elect their representatives to parliament, 70% chose the mixed member proportional (MMP) system (the German model).

Currently party representation in parliament stands as follows: National (Conservative) 65; Labour 29; Liberals (a splinter from National during this term of office) 2; and New Labour (a split from Labour during its last term in office) 1.

Now, using the results of the last election political scientists have estimated that had MMP applied the allocation of seats to each party would have been as follows: National 60, Labour 44, New Labour 6 and 9 for the Greens.

In other words, if MMP had been in force in 1990, instead of an absolute majority of 13 (15 before the split) in a house of 98, the National majority would have been 1 and the Liberal split would have meant a minority government that could have been removed by a vote of no confidence.

It is clear that many New Zealanders voted for change on Saturday precisely as a protest against the two main parties and the sweeping "restructuring" (deregulation and privatization of the economy and erosion and elimination of democracy) that has been imposed without mandate and against party manifesto by both the Labour and National

governments in past years.

The result is a slap in the face for National, Labour and big business who openly campaigned against it. The prime minister went so far as to threaten that the four Maori seats would be abolished if a proportional system was selected. This cynicism was compounded just a few days before the referendum when a Labour activist accused Labour and National of collusion in a recent by-election. It seems the two parties traded computer data with the view that each should maximize its votes to defeat the Alliance (of the so-called third parties: the Green; the Liberal; the New Labour; the Democrat and the Mana Motuhake parties).

According to polls, National, Labour and the Alliance each enjoy around 30% of total support. Ironically, the two traditional parties have more to fear if proportional representation does not succeed — the Alliance came into existence with recognition that the first-past-the-post system under-rates third party votes in terms of parliamentary representation. Already a Green Party spokesperson has said that once a proportional system is in place there will be little reason to remain under the Alliance umbrella.

New Labour leader Jim Anderton described the referendum as a "tribute to the people of New Zealand... who have struck a blow for freedom". Helen Clark, deputy leader of the Parliamentary Labour Party saw things rather differently. She reckoned the results showed voters had "intellectual difficulty in selecting options". According to her, people who voted for change but did not tick a reform option "really wanted to preserve the current system". Prime Minister Jim Bolger explained away the size of the vote for change by pointing to the low turnout (just over 50% of eligible votes were cast).

Political scientists have responded to this by pointing out that, in addition to inclement weather, the main causes for low voter turnout were loss of faith in the parliamentary process and doubt that the current crop of politicians will actually respect the voters' choice in such matters. Saturday's referendum was non-binding and the matter goes to the vote again at the next general election. Between now and then, the politicians will have a lot of room for manoeuvre — indeed they have already started. On September 21 the prime minister raised the idea that support for the introduction of an upper house (senate) should also be canvassed at the next general election — *Geoff Pearce*, September 21, 1992. ★

# Lebanon's tainted parliament

**THREE-STAGE parliamentary elections took place in Lebanon — each stage corresponding to a different electoral district — between August 21 and September 6. They were the first elections for the Lebanese parliament since 1972.**

**SALAH JABER**

**P**ARLIAMENTARY life in Lebanon during these last 20 years — 17 spent in the shadow of war — has not been completely suspended, as one might imagine it would be. The 1972 parliament simply continued through the years with the inevitable result that the average age of its members increased significantly as they became increasingly representative only of themselves.

The Taef agreement (named after the Saudi Arabian city where it was signed) of 1990, made under the aegis of the American, Saudi and Syrian governments, laid out the political conditions for an end to the crisis created by the murderous rampages of General Aoun.<sup>1</sup> As a result, some deputies were co-opted into Parliament. Militia chiefs and the various henchmen of Damascus thus entered parliament by the back door.

As one can imagine, a parliament produced by the dual processes of prolongation and cooptation was wholly lacking in democratic legitimacy.

## Undemocratic parliament

But the new parliament is even more undemocratic. The legitimacy of these elections was challenged *a priori* by a significant proportion of the forces and personalities of Lebanese politics. The forces that can be labelled the “reactionary Christian camp”, that is, the proto-fascist Lebanese militia tied to Israel, the Phalange tied to the American embassy and the partisans of General Aoun, a political refugee sheltered by the French government

that was his main source of support, also challenged the legitimacy of these elections for several reasons, the most important being that they took place in the presence, and under the influence, of the Syrian army.

Of course it is easy to point out that these gentlemen have in the past been so concerned with national sovereignty that they supported the two presidential elections (in Lebanon the president is elected by the Parliament) held under Syrian bayo-

nets in 1976 and under Israeli rifles in 1982. But the lack of credibility of those raising the arguments does not remove all validity from them.

It would be naive indeed to believe that the Syrian regime, whose competence in matters of parliamentary democracy is well known, could supervise these elections without intervening. The first sign of Syrian meddling involved the choice of dates for the elections. The fact that the rump Beirut government refused to postpone these even for two or three weeks to allow at least part of the “reactionary Christian camp” to justify its participation in the eyes of the electorate — subjected to intensified pressure from General Aoun’s partisans — is incomprehensible unless we take into account that such a postponement would have seen the elections re-scheduled to a date after that set by the Taef accords

for the first stage for the retreat of Syrian forces from Lebanon, Beirut and the mountains to the Bekaa Valley.

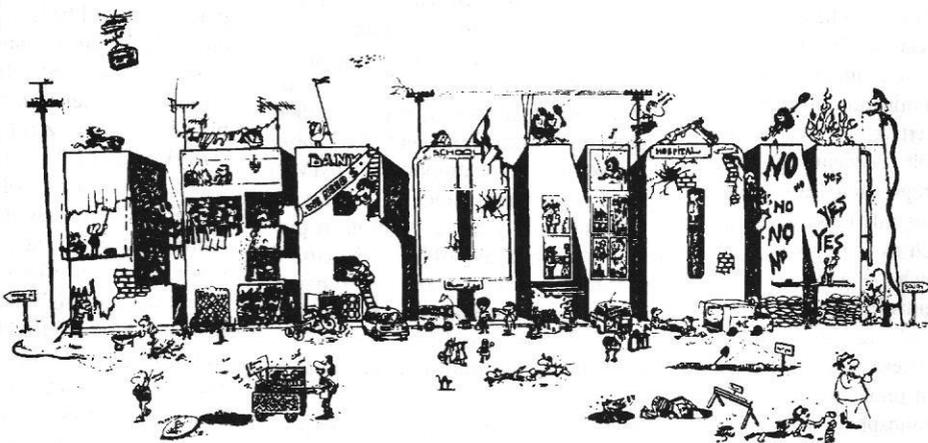
Damascus obstinately demanded the elections be over by the beginning of September, in spite of the parade of Lebanese governmental leaders and other political figures travelling to the Syrian capital to implore Hafez el-Assad to soften his position. Having failed to convince the Syrian president, the elections took place as planned in spite of the boycott called by the Christian opposition. The voting in the regions that were politically dominated by the Christian opposition was ridiculously low.<sup>2</sup> This, added to the weak enthusiasm of the population of all religions for elections called by decree and the low turnout of registered voters on (in any case highly suspect) electoral lists puts a question mark over the results.<sup>3</sup>

There is no doubt that the new Parliament formed out of these elections is unrepresentative of the real political composition of the population. Furthermore, its legitimacy is directly contested by an important fraction of the religious-political establishment — which was not true for the preceding parliament despite its 20-

year sitting. To top it all off, the great powers have not recognized the legitimacy of the new assembly for the same reasons. In a word, this is perhaps the first time that a regime has lost its “legitimacy” as a result of having held elections.

Given this, it is worth wondering about the

reasons why the Syrian regime felt the need to intervene so blatantly and to the detriment of its Lebanese vassals. For after all, Syrian hegemony in Lebanon does not strictly depend on the direct presence of Damascus’ troops on Lebanese soil. This was seen between 1982 and 1987 when Syrian troops had to evacuate Beirut and the mountains following the Israeli invasion. This did not stop Hafez el-Assad



1. See *International Viewpoint* no. 193, October 29, 1992. General Aoun is a Lebanese Christian militia leader who launched an ill-fated “war of liberation” against the Syrians in March 1989.

2. In one constituency in the Christian mountain area the election had to be postponed for lack of candidates.

3. Damascus’ key henchman in Lebanon, interior minister Sami el-Khatib, was not above fixing the results of the election in his own electoral district. He thus deserves the title “minister of the interior of ballot boxes” conferred on him by a Lebanese comedian.

from holding up the ratification of the Israeli-Lebanese treaty in May 1983, signed under the aegis of the United States and in the presence of the Zionist army on a large part of Lebanese territory. Nor did it stop them from radically changing positions from 1984 onwards — that is, a year before the Israeli withdrawal towards the border.

### Syrian hegemony

Damascus can exercise its hegemony over the Lebanese political scene through its influence over the majority of the country's political forces beholden to Damascus through a mix of fear and self-interest. Syrian hegemony over Lebanon is a mix of unobtrusive "big brother" methods, reminiscent of the relationship between Moscow and its former East European satellites, and "godfather" methods in the crudest Sicilian tradition.

In reality, Syria's attitude was determined by international factors. The Syrian regime was entirely dependent on Moscow on the military level, the Soviet Union being its main source of arms. Gorbachev's capitulation to Washington led Hafez el-Assad to seek aid from the same source by joining in the anti-Iraqi crusade in 1990-1991. This was not the first time that he had sought to establish an alliance with the United States, but he had never been prepared to go so far. Of course he was also motivated by Kuwaiti and Saudi petro-dollars. But the main motivation was his realization that there was little left to be gained from Moscow — a conclusion that he drew before the USSR's spectacular collapse. When that collapse did come, it was clear that he made the right choice.

However, the Syrian regime is not in a position to establish close reciprocal relations with the United States for the obvious reason of its conflict with Israel, Washington's closest ally in the mid-East, if not in the world. The growing animosity between the Bush administration and the Shamir government in Israel made things easier for Hafez el-Assad who was thrilled to be able to show that he could be more docile towards Washington than the "spoiled child" figure that Shamir cut in the course of the Israeli-Arab negotiations a year ago.

But two factors have intervened since then: on the one hand, Washington's attitude towards the Zionist state has warmed up following Rabin's victory in last June's elections. The latter was even able to obtain US support for the \$10bn in credits that Shamir failed to win and in doing so got the United States to give up its main means of pressure over Israel. The other element is the perspective of a Clinton victory in the November presidential elections in the US — the Democratic candidate is

one of the most ferociously pro-Israel American politicians.

Faced with such uncertainty in the short term, the leaders in Damascus are driven to consolidate their hold over their principal card in their relations with Washington — Lebanon. The other card — the threat of an alliance with Iraq — is, given the balance of forces, too risky, as an expert in *realpolitik* like Hafez el-Assad knows full well. He has therefore decided to concentrate on Lebanon, fully aware that, in the middle of an electoral campaign, Bush has other things to worry about. It was under similar circumstances and with the same urgency that the same Syrian regime launched a big offensive against Lebanon in the fall of 1976, on the eve of a likely defeat of Republican president Gerald Ford, with whom Damascus had reached an agreement, at the hands of the Democrat Jimmy Carter. In these circumstances it would be unwise to count on Syrian compliance with the 1990 accords calling for the withdrawal of its troops.

Once again the vagaries of world politics concerning the region will be played out in Lebanon — that unfortunate theatre of proxy wars. In this situation, constantly "over determined" by exogenous factors, the call by democrats (yes, they still exist!) for elections for a constituent assembly elected on a proportional basis with single electoral districts to counterbalance the weight of clericalism, provincialism and various militias has little credibility. Power in Lebanon, as elsewhere, comes not out of a ballot box but from the barrel of a gun — a Syrian gun. The fate of Lebanon is decided in Damascus. And any qualitative change in the Lebanese situation depends on as yet unforeseeable changes in Syria.

Such a political opening is needed if the revolt by workers crushed by the sharp and uninterrupted fall in their buying power and the vagaries of the Lebanese pound is to take a direct political form rather than the intermittent spontaneous explosions that have taken place up until now. This would also and first of all mean untying the hands of the Syrian workers' move-

## Martial law general takes presidency

**FOR the first time in its history, the Philippine presidency is now held by a military man. This is perhaps the most noteworthy result of last May's elections. General Fidel Ramos campaigned under the "democratic" banner of Corazon Aquino, who was put in power by the anti-dictatorship uprising of 1986. Nonetheless, this does not diminish the sense of an enduring legacy that one gets between the 1972-1986 martial law regime of Ferdinand Marcos and the arrival in power of the general.**

**Elected with only 23.5% of votes cast, the new head of state has devoted the first months of his presidency to strengthening his base of support and broadening his alliances. He has also begun a process of negotiations with the guerrilla forces of the National Democratic Front. The question of peace has once again become, as in 1986-1987, a major political issue for the Philippine Left.**

### PAUL PETITJEAN

**T**HE May 1992 general elections were the first of their kind since the fall of the dictatorship in 1986. As such, they provide essential data for gauging the evolution (or stagnation) of the political landscape in the Philippines. They mark the end of Corazon Aquino's reign (1986-1992) and set the stage for the beginning of the Ramos regime. At first glance, they leave an impression of comple-

te confusion.

This is not surprising, given the complexity of the exercise. Every elected post in the country was up for grabs, from the municipal level up to the presidency. Seven candidates bid for the presidency, while tens of thousands fought over the around 17,000 other positions. Voters had to write up to 40 names on their ballot and could distribute their choice of political party as they

wished, choosing representatives belonging to different lists for the various posts.

The ambiguity of the results is striking. Fidel Ramos is in power alongside a vice-presidential candidate (the actor Joseph Estrada) who received more votes than he (34%) and who campaigned on a competing list. He had to confront a Congress dominated by a rival party whose head, Ramon Mitra, scored a poor fourth place in the race for the presidency.<sup>1</sup>

The election results upset forecasts. Mitra had been groomed by the ruling LDP and was expected to win. All the bets were on Marcos era business tycoon "Danding" Cojuangco finishing second; in the end he had to be happy with third place, well behind the "anti-corruption" candidate Miriam Defensor-Santiago whose financial and organizational resources were relatively weak. Those who predicted the Ramos victory were very few and far between. Indeed, even though he had the blessing of Corazon Aquino, both the LDP apparatus and the powerful Catholic Episcopate (Ramos is a Protestant) were against him.

This explains why political analysts — such as Amando Doronila, editor-in-chief of the *Manila Chronicle* — have declared that these elections were characterized by a "popular rebellion against political machines founded on money, patronage and family clans: the entire traditional political system of power-sharing over the last quarter century is in a state of disintegration..."

Referring to this strident appraisal of the situation, journalist Philippe Pons adds a cautionary "up to a certain point".<sup>2</sup> Indeed, however unexpected the election results may be, they can — aside from the impressive results of Miriam Defensor Santiago — be fully understood within the usual boundaries of the Philippine political game.

### Divided electorates

The high number of presidential candidates (seven, all "serious") divided certain electorates. The candidacy of Imelda Marcos, theatrical widow of the fallen dictator, spoiled the hopes of Danding Cojuangco, who was fishing for votes in the same water. Mitra's surprisingly low score can be explained in part by the internal faction struggles of the LDP and by the particular nature of this electoral exercise: the regional heads of his party logically centred their efforts around their own re-election or that of their provincial entourage. This they did with definite success, while neglecting the interests of their national candidate.

Ramos was only a political "outsider" in a very peculiar sense. Before the imposition of Martial Law in 1972, the army, carefully controlled by the civilian regime, was not in a position to produce a president. The Marcos regime — Marcos being himself a civilian — transformed the situation. High-ran-

## Ramos: the General's path to power

**FIDEL Ramos demonstrated great finesse in the race for power. Marcos' cousin, member of a political family from the province of Pangasinan, trained as a military officer at West Point (USA), Ramos occupied key posts — police and intelligence — in the Police Constabulary of the martial law regime. With the regime in crisis, and he himself threatened with disgrace, he did an about-face in 1986 and joined the RAM rebellious officers' revolt at the last minute. Saved from Marcos loyalist forces by the people's anti-dictatorial uprising, he became the central figure in the Aquino government (Chief of Staff, Defense Secretary). He broke with the RAM, choosing to seek power via elections and not through a putsch. Though the target of several army factions, with the assistance of the Americans, he helped defeat the seven attempted coups d'Etat staged against the new regime. He co-opted many "vigilante" paramilitary groups (often Protestants, like himself) and integrated them into his counter-insurrectionary policy.**

**After resigning from his positions in anticipation of his succession to the presidency, he received Aquino's support — her way of re-paying her debt to him, against the LDP's choice and the will of a large part of the powerful Cojuangco-Aquino family. He won the support of important interest groups, such as the Makati Business Club and Cebu businessmen. Then he got himself elected to the presidency with only 23.5% of votes cast (but a record in the country's history) — and went on to win the support of a Congress initially dominated by opponents.★**

king officers of the armed forces are now to be found in the office of the presidency and its corridors (Ramos' private advisers), firmly entrenched in the government (particularly in the Ministry of Defense, which wasn't even the case before 1986), elected as mayors of large urban centres (including the capital Manila), named to the head of important administrative bodies (including the reputedly lucrative Customs division) and enterprises. Thus, the supposed "modernity" of the new Philippine regime puts it in the same league as Thailand and Indonesia, while not endowing it with anywhere near their level of military perfection.

Beyond this, Ramos had become and has remained a traditional politician (known in Philippines as a *trapo*<sup>3</sup>). He demagogically rode on the democratic coat-tails of Corazon Aquino, incessantly invoking the "February Revolution" of 1986 and his visible role in it. This doesn't change the fact that he was a work horse for the martial law regime under Marcos and a major player in the counter-insurrection under Aquino — and that he remains one of the heads of the far-right wing "vigilante" paramilitary groups.

Ramos has become a master in the art of doublespeak and psychological manipulation. As a general, he swore that he was only a "professional" without political aspirations, even though nobody could ignore his presidential ambitions. During the election campaign, he swore that he was merely a "politician", even though everyone was aware of the links he maintained with his old comrades-in-arms and the armed forces behind which these were hidden.

With the wind of Aquino's support in his sails, Ramos hoped to become the official

LDP candidate. The government apparatus preferred Mitra over him, and that forced him to launch a new formation late in the game. This is the history of Ramos' Lakas-NUCP. But he had been preparing his rise to power for years, and to make sure this continued on schedule he did what every *trapo* does: he siphoned off the administration's financial and organizational resources, established alliances with provincial clans and enticed away politicians who were members of rival parties.<sup>4</sup>

The May 1992 elections opened up a debate — which may already have been overtaken by events — in the Philippine left about the meaning of votes for Ramos and Santiago and about the degree to which the traditional clientelist networks have been weakened.<sup>5</sup>

Ramos benefited from "anti-*trapos*" votes because he was supported by the outgoing president, because he cultivated his image as a "different" candidate, and because he was running against two archetypes of the

1. Based on the American model, the Filipino Congress is made up of a Senate (24 seats) and a House of Representatives (200 seats). This body recognized Ramos as the winner on June 22, after sifting endlessly through the ballots — the general elections ended on May 11. The new president didn't actually take power, however, until the day of the institutional transfer of powers, June 30. For party acronyms, see the box accompanying this article. For a useful collection of articles on the election campaign (most are in English), see *Filipijnenegroep Nederland: Informatiemap, De Filipijnen Verkiezingen in mei 1992*, FGN: Utrecht 1992.

2. *Le Monde*, June 11, 1992.

3. The word "trapo" comes from the English "traditional politician". But in Tagalog (Filipino) it also means..."rag". Coincidence is the author of great works!

4. Men Sta. Ana, "Trapos Still Rule", *Conjuncture*, May 1992.

traditional politician, Cojuangco and Mitra. But his real identity is more important than the tales he spun for the benefit of a small section of the electorate. His victory is that of a military man-turned-trapo.

The success of Miriam Defensor-Santiago is the most significant of all the changes in the electoral field.

She campaigned as an "outsider" whose sole programme was the fight against corruption. A self-proclaimed "Terminator II", she ran an aggressive populist campaign, both "vulgar" and "prophetic" in tone, invoking God in her fight against "the forces of evil", declaring that she would "rip out the teeth" of thieves. Accusing Ramos of massive fraud, she challenged him to sort out their differences in a boxing ring.<sup>6</sup> In this way she won the support of young voters sickened by the corruption, hypocrisy and nepotism of those in power.

### Division between youth and political elite

This division between the youth — urban youth in particular — and the political elite (which is not restricted to the Philippines) is the harbinger of a crisis of credibility for the regime. It reflects the impact of the long social crisis, the growing urbanization which weakens the power of the big provincial families and the exasperation of the middle classes faced with the inefficiency of the administration — but it also reflects the experience and critical-mindedness many popular sectors have achieved over the course of numerous struggles. However, all these factors do not translate automatically into a change of the political system itself.<sup>7</sup>

The activist left has not been able to provide a perspective for this wide-ranging discontent. The protest vote crystalized around Defensor-Santiago. Here, too, we should separate myth from reality. Defensor-Santiago did not fall unexplained from the heavens, nor did she emerge from the people. Under Aquino, she occupied important posts in the civil service (in Immigration, Justice and Agrarian Reform). Although she didn't have the same financial resources as her principal rivals, she received the support of the "traditionalist" press (the *Manila Bulletin*) and the financial support of a part of the Filipino Chinese business community. Her political leanings were in the direction of the far-right, and certainly not in the direction of the self-organization of popular sectors. In other words, she could, in the future, help the system to win over the very electoral base which today escapes its control.

Another feature of Filipino "modernity" is the increasing number of elected representatives coming from the world of popular cinema and television — one into the vice-presidency, others into the senate. There is nothing surprising in this, given that the ins-

## The jungle of acronyms

**KBL:** Kilusang Bagong Lipunan (New Society Movement), Imelda Marcos.

**Lakas-NUCD:** Lakas ng EDSA (Edsa Force)-National Union of Christian Democrats, Fidel Ramos.

**LDP:** Laban ng Demokratikong Pilipino (Struggle of Filipino Democracy), Ramon Mitra.

**LP:** Liberal Party; Jovito Salonga.

**MNLF:** Moro National Liberation Front, Nur Misuari.

**NDF:** National Democratic Front, Manuel Romero.

**NP:** Nacionalista Party, Salvador Laurel.

**NPA:** New People's Army, Romulo Kintanar.

**NPC:** Nationalist People's Coalition, Eduardo "Danding" Cojuangco.

**CPP:** Communist Party of the Philippines, Armando Liwanag.

**PDP-Laban:** Partido ng Demokratikong Pilipino-Laban (Filipino Democratic Party of Struggle), Aquilino Pimentel.

**PMP:** Partido ng Masang Pilipino (Party of the Filipino Masses), Joseph Estrada.

**PRP:** People's Reform Party, Miriam Defensor-Santiago.

**RAM:** Rebolusyonaryong Alyansang Makabansa (Revolutionary Patriotic Alliance), Lt. Col. Gregorio Honasan.★

titutional game is played out with personalities not programmes, and given the amount of discredit the professional politicians have heaped upon themselves. But the *trapos* know how to adapt to this trend: they have the means to win entertainment superstars into their camp.

"Family dynasties" are therefore not the only things that count. But their institutional weight is far from being decisively reduced. They dominate the Congress today, as they did yesterday. If the fortunes of one or the other may vary, the system remains.<sup>8</sup>

This continuity sometimes borders on the ridiculous. Of the seven presidential candidates, five are, by and large, products of the Marcos era. This is obviously true for Imelda and Danding. But it is also true for Ramos, Salvador Laurel (prime minister of the dictator before becoming Aquino's vice-president), and Mitra (though detained in 1972, he hooked up with Cojuangco and made his fortune under martial law).

The first steps of the Ramos regime confirm just how much tradition remains in control: there has been a spectacular number of turncoats, and new alliances have been as legion as they have been lucrative. This has allowed the new president to take control of the House of Representatives (but not — yet? — of the Senate).

Against the LDP, and to Aquino's dismay, Ramos has made a bloc with the heirs of the former dictatorial regime. Imelda, the first heir, announced that "the Marcos family is willing to help [the new president] in every possible way."<sup>9</sup>

Many elected representatives have been lured without great difficulty into the new regime. The LDP parliamentary caucus had 87 members after the elections; at the beginning of September this figure had fallen to 35! As a result, the Lakas-NUCD secretary, Jose de Venecia, was elected speaker of the

House of Representatives, with the notable support of Marcos' KBL and Danding Cojuangco's NCP.

Ramos has put together a government which the journalist Rigoberto Tiglao has described as being one of the "military-industrial elite". Indeed, the majority of its members are businessmen; the others are (former) high-ranking officers, such as the Secretary of Defense Renato de Villa. The advisor on National Security is the former RAM ideologue Jose Almonte. As a senator belonging to a rival party has observed, "Both groups [business and military] share the same authoritarian style of undemocratic organizations that arises from a monopoly of either money or arms".<sup>10</sup>

Very early in his reign, Ramos has forgotten certain major themes of his electoral campaign (people's power...). There is nothing new about his economic programme: economic liberalization, submission to the diktats of the International Monetary Fund (IMF), a stabilization and austerity plan, "respect" for the debt in its entirety, the re-establishment of good relations (of dependence) with the United States. He promises a return to order, and that top priority will be given to the fight against crime. He

5. See for example Alex Magno, "Defining the May 11 Mandate", *Kasarinlan*, second trimester 1992. Strangely, he describes Ramos, that old master of the power game, as an "outsider" of Filipino politics.

6. Philippe Pons, op.cit.

7. This is something Alex Magno highlighted, several months before the elections: "In the grip of elite politics", *Manila Chronicle*, December 14-20, 1991.

8. On the character and influence of the political clans — or large families — in the Philippines, see Gutierrez, Torrente and Narca, *All in the Family, a study of elites and power relations in the Philippines*, Institute for Popular Democracy: Quezon City, 1992; John McBeth, "Power to the patron", *Far Eastern Economic Review*, January 17, 1991.

9. June 13, 1992 declaration, *Philippine News Digest*, July 2, 1992.

has earned the favour of the army by increasing soldiers' allowances and the number of opportunities for promotion of officers with the creation of 245 new positions.

However, all is not peaches and cream for Ramos. Ideological conflicts may be absent in this government (unlike the Aquino government which included in its ranks — due to the ambiguous heritage of the "February Revolution" of 1986 — human rights lawyers and left-wing personalities alongside business and military leaders well-versed in the art of repression). But there are already increasing conflicts around patronage and influence-peddling. Ramos was compelled to accept the resignation of one of his top aids, Peter Garrucho, only two and a half months after assuming office.

Ramos had to give his vice-president a position commensurate with his cinematic ambitions. He has put him in charge of the new Presidential Anti-Crime Commission, which may turn out to be a bitter-sweet appointment for the consummate actor Estrada.

Indeed, Estrada's first undertaking in his new post was to call a press conference at which he abruptly ordered the arrest of the high-ranking officers in attendance, including the head of an anti-kidnapping task force, who was himself accused of being involved in criminal abductions.

### Large-scale banditry flourishes

The incident created some embarrassing fallout for the regime. It revealed the extent to which large-scale banditry is flourishing in the Philippines. It also throws some light on the shady dealings of the police, who are always quick to point a finger at the guerrillas and rebellious elements in the army.

All this creates considerable disorder and has thus tarnished the image of the Ramos regime.

The situation of the activist left has not radically changed over the past year. It remains characterized by the contrast between the vitality of a series of social movements in which it plays a central role (women's movement, non-governmental organizations, struggles around specific demands) and the absence of nation-wide, unifying perspectives.

Worse, the debate inside the CPP — kicked off with the publication in early 1991 of an exceptionally "open" issue of *Ang Bayan*, organ of the Central Committee — has been cut off. The editorial board of *Ang Bayan* announced, "in the January-February

1991 issue, the *AB* editorial committee decided to open the publication as a forum for debate on major and burning issues affecting the revolutionary movement. The Executive Committee of the Central Committee has clarified that it is *Rebolusyon*, the theoretical journal of the CPP, which is the proper and official



forum for inner-Party debate. However, *AB* will continue to provide background material and hard data on the various issues being debated..."<sup>11</sup>

However, to our knowledge, no issue of *Rebolusyon* published thus far has done anything more than hammer out the official line — a fact which does not augur well for the future of the internal debate.

A certain collective reflection has certainly taken place in several publications of the activist left (*Debate*, *Conjuncture*, *Kasarinlan*, and others). But the continued postponement from year to year of discussion inside the CPP has a negative effect on the whole progressive movement, and makes it that much more difficult to establish a clear approach to the major issues of the day. This was demonstrated during the May elections, for which the people's organizations had a veritable pot pourri of electoral positions.

There are objective difficulties which make the intervention of the popular and revolutionary movements in Philippine-style elections quite difficult. To have a real impact on the results — or just to get a real hearing — they have to build alliances. But no established party is without its "dubious" personalities. This is even true of the tiny Liberal Party of Jovito Salonga, former senator and a nationalist figure respected for his fight against the American bases.<sup>12</sup> In

order to avoid being used for electoral and clientelist ends, the activist left must at least unite its own forces.

But if all organizations now concede that an intervention in the electoral terrain is admissible, the importance attributed to such an intervention by each organization (and inside each organization) still varies considerably.

Armando Liwanag, president of the CPP, complacently asserts that his party "will not place any obstacle in the way of legal democratic forces wishing to participate in such elections".<sup>13</sup> Accordingly, the CPP did not invest any energy in the campaign nationally, depriving even its sympathizers of support. René Ciria-Cruz, on the other hand, estimates that from now on the Left should seek to "attain political power through parliamentary means" — using to this end its traditional extra-parliamentary methods.<sup>14</sup>

These are two extreme positions, which while appearing opposed to one another in every aspect actually offer the same unique alternative: either a protracted people's war or the parliamentary road. In this regard, both approaches belong to a common framework of thinking.

Others are looking for a more fluid and dynamic way of integrating the electoral issue into a strategic outlook. They are trying, for example, to sink their organizations' roots in mass social and political activity and to achieve the best possible mix,

10. *Ibid.*

11. *Ang Bayan*, May-June 1991, p.31. On the debates in the PCP and the Philippine left, see Paul Petitjean, "New debates on Philippine left", *IV* no. 211, July 22, 1991. *IV* will return in future issues to the debates taking place in the Philippine left.

12. A significant part of the activist left (above all its non-"national-democratic" wing) supported Salonga's presidential candidacy; many, but not all, also supported the PDP candidate Pimentel for the vice-presidency. Salonga came second last in the presidential race, ahead of Salvador Laurel.

13. Armando Liwanag, "On the Conduct and Outcome of the 1992 Presidential Elections", June 1, 1992, p. 3.

14. René Ciria-Cruz, "Why the Philippine Left Must Take the Parliamentary Road", report given to the forum on the elections organized by Bisig in The Hague (Netherlands) on February 7, 1992. See *Debate*, March 1992, p. 5 and *Kasarinlan*, second trimester, 1992, p. 52.

depending on circumstances, of different forms of struggle.

Divided and sometimes paralyzed, the activist and revolutionary left was not able to have any nationwide effect in the May elections. But, in the framework of the new "code" adopted in 1991 on the subject of "local governments" — which decentralized administrative powers — local campaigns were carried out, often with some success it seems.<sup>15</sup>

### Ramos promises reconciliation

Ramos is out to maintain the initiative on the political front. He has promised a general amnesty, national reconciliation and the legalization of the Communist Party. He has constituted a National Unification Commission, headed by Haydee Yorac, as his advisory body. He needs to overcome the problem of the insurrectionary forces, which risk paralyzing his regime.

He probably feels that it is a favourable time to try to impose his solution to the crisis. He knows that the CPP is riddled with internal differences on the question of the party's orientation; that over the last two or three years it has lost a significant number of members and that the NPA has had to give up territory (although the situation continues to vary depending on the region). And he certainly calculates that the Philippine revolutionary movement is eventually going to feel the effects of its international isolation.<sup>16</sup>

Trained in the art of psychological war, Ramos obviously hopes to divide the national-democratic movement. But the counter-revolutionary motivations of the new president are not the decisive factor. War exhaustion is beginning to take its toll in the conflict zones. Thus the question of peace is a major political issue.

The NDF is fully aware of this. It tried in 1990-1992 to re-start negotiations before the end of Aquino's mandate. It had therefore demanded that informal meetings — particularly those in Hong Kong — become official. Aquino refused. However, there seems to have been some wavering in the CPP after last May's elections.

To this effect, Armando Liwanag wrote in the beginning of June that it was "absolutely contrary to the interests of the Filipino people and the revolutionary movement to entertain at this time any offer of 'reconciliation' or 'peace talks' with the US-Ramos regime. To do so is to assist the new ruling clique in consolidating its position."<sup>17</sup>

Nevertheless, the NDF quickly responded and took over the peace initiative in its own name. A delegation of the national-democratic movement met an envoy of the government on the first of September at The Hague in Netherlands. A joint five-point declaration was published the same day, calling for the opening of "formal peace nego-

### The freed activists

(the date of their release is in parentheses)

**Rafael Baylosis** (July 1992), former Secretary General of the CPP  
**Aldo Gonzales** (September 1992)  
**Rhodora Gonzales** (September 1992)  
**Romulo Kintanar** (September 1992), leader of the NPA  
**Antonio Lacaba** (September 1992)  
**Bobby Malay** (November 1991), NDF negotiator in 86-87  
**Satur Ocampo** (September 1992), NDF leader  
**Benjamin de Vera** (July 1992), former CC member of the CPP

About fifty others have been freed these last weeks, but most still face charges. Among them, former chairman of the CPP Rodolfo Salas, who has spent six years in detention. He was scheduled for release four days after Ramos' show of magnanimity, having completed his sentence.★

tiations" aimed at "resolving the armed conflict". To ensure a "just and lasting peace", the two parties must prepare an "agreement on substantive issues" through independent meetings of "working committees". As for the formal negotiations, they must be committed to resolving a fairly wide range of questions (human rights; socio-economic, political, and constitutional reforms; the future of the armed forces and so on).<sup>18</sup>

This joint declaration has been formally accepted by the National Council of the NDF, though not yet by Ramos who seems to have changed his former position, which made the handing over of arms a pre-condition to any negotiations. The question of peace will be among those which dominate the political scene in the Philippines in the coming period.

### Legalization of Communist Party

The same goes for the question of the legalization of the Communist Party. On September 22, Ramos signed into law a bill approved by the Congress repealing the 1957 anti-communist law (RA 1700). This is presented as a spectacular measure, a constitutional legalization of the CPP. Indeed, it was necessary to repeal this anti-communist act to open serious negotiations. But the impact of such a decision is not as significant as it sounds. Indeed, the great majority of political detainees (estimated at 641 at the end of the Aquino regime, while it was 591 at the time of Marcos' fall) are not in jail as a result of this law, but rather — for example — for rebellion or common law crimes. Ramos has requested the introduction of the death penalty for "heinous crimes" including rebellion.<sup>19</sup>

On September 27, the chairman of the NDF issued a press statement in which he declares, "the repeal of RA 1700, by itself, is of small consequence" and "will not attract CPP members and members of other NDF-allied organizations to abandon [their] revolutionary struggle and surface above-ground". Manuel Romero, for the National

Council of the NDF, goes on by contrasting the actual functioning of the Philippine regime to its claim to the "rule of law".<sup>20</sup>

A small number of political prisoners have been freed (see box), but still face charges. In this situation, these leaders of the democratic movement have had the rare opportunity to meet the press and make their point of view known. But at the time this article was written, we were still a long way from seeing a general amnesty. Obviously, this would be an essential first step.★

15. See *Philidhra Notes*, "The Local Government Code of 1991, Opportunities and Challenge", November-December, 1991 and two articles in *Conjuncture*, June-July 1992: Soliman M. Santos Jr., "A Success Story. The Local Face of the National Campaign" and Francisco Cinco, "Kilusang Elektoral sa Bataan. NGOs-POs sa Halalang Panloka" ("The electoral movement in Bataan. NGOs and mass organizations bet on the local elections").

16. The impact of the disintegration of the Soviet Bloc on the PCP and NPA has not been as quick and devastating as on the revolutionary movements of Central America. They are benefiting in a way from their previous isolation: it had been a long time since they stopped receiving aid from China, and they hadn't yet succeeded in procuring aid from the Soviet Union — and so suffered no diplomatic or logistical cut-off. But the evolution of the world situation means that Philippine revolutionaries are having to question their theoretical conceptions and traditional strategies.

17. Armando Liwanag, op. cit, June 1, 1992, p. 8. *Balitang Malayang Pilipinas* (BMP) published a special issue (no. 1, September, 1992) devoted to the question of the peace negotiations, with the notable contributions of Manuel Romero (president of the NDF) and of Armando Liwanag (president of the PCP). Although Romero does not exclude talks in his June 29 statement, his tone remains very pessimistic, given the conditions set out by Ramos, conditions which the NDF equates with surrender. On the other hand, in the June-July issue of *Conjuncture* an article by Men Sta. Ana ("Prospects for Peace Under Ramos") cites the long-term impasse of the popular war and calls on the NDF to "meet the challenge" of the peace negotiations in the name of the "broad progressive movement".

18. "Joint Declaration" signed by member of parliament Jose Yap for the government and Luis Jalandoni for the NDF.

19. Rafael Baylosis (Secretary General of the CP at the time of his arrest) — in his August 25, 1992 letter to the Committee on Constitutional Amendments — details the restrictions that would remain even after the abrogation of the anti-communist law.

20. "Repeal of Anti-Subversion Law is of Small Consequence", Manuel Romero, Chairman, National Council of the NDF, Press Statement, September 27, 1992.

# One year after the coup

**EVEN before being elected president of Haiti, Jean-Bertrand Aristide called for a "marriage" of the army and the people. For the first seven months of his term the army allowed him to attack the remaining strongholds of Duvalier's supporters. But one year ago all of his illusions collapsed in a hail of bullets.**

**ARTHUR MAHON\***

**N**OBODY really saw the coup d'état coming. Launched on the night of September 29, 1991, it ended the next day with the capture of Aristide and his forced exile. During the coup, several vehicles full of soldiers and armed civilians patrolled the poor quarters of the capital terrorizing the inhabitants.

During the day of September 30, small groups of soldiers were posted along the streets of the capital, Port-au-Prince shooting at everything that moved. In a sweep towards the National Palace they killed many of the thousands of young protesters who were congregated there.

However, throughout the the 30th, the people of Port-au-Prince still thought that the coup was the work of supporters of the former Duvalierist dictatorship and a small section of the army. In fact, during the initial stage of the coup, relatively few soldiers took an active part in the coup — mostly the police (who are part of the army) and the tank corps. These sectors had been bought off by millions of dollars.

## Sympathy for Aristide

The putschists who were highly placed in the army probably feared letting too many soldiers and officers in on their secret for fear that many of them had been sympathetic to Aristide. But the determination of the coup leaders rapidly whipped the army into line.

Throughout that day, the population waited for the army general staff and the loyalist sector of the army (which they believed represented the majority) to launch an offensive against the putschists. Prime Minister René Preval cal-

led on the people to avoid "provoking" the army. This was because he thought that the presidential guard would remain loyal, which is why when the putschists attacked his house at the end of the afternoon, Aristide headed for the National Palace where instead of being protected, he was arrested. The outcome of the coup could have been different if he had sought refuge in a shantytown or had tried to reach the south of the country. Throughout the south barricades were set up along the highways and army barracks were attacked as soon as news of the coup was announced.

## First coup attempt thwarted

What accounts for these striking and widespread illusions? Aristide was to a certain extent a victim of his own initial success. Even before he was sworn in, an attempted coup d'état was easily defeated thanks to an extraordinary popular mass mobilization. But the attempted coup had only aimed at capturing the National Palace which was rapidly encircled by the population. Some military personnel were certainly involved but the army as a whole did not take the side of the putschists. The popular response to the January 6 events gave Aristide and his supporters a false sense of confidence which was matched by an underestimation of the lessons drawn by their enemies.

As was shown by their attitude before and during the coup Aristide and his prime minister thought that they had the army — especially the general staff — under their control.

After all, they had successfully brought about significant reforms of some of the repressive units. But in fact the retired generals and Duvalierists were only awaiting an opportune moment to take their revenge. Their

allies in the army were smart enough not to expose their sympathies prematurely.

In a word, the Aristide camp underestimated all its adversaries. On an international scale these were drug traffickers, the United States and the Vatican. Within the country they were the bourgeoisie, the army, the Duvalierists and the political class. Leaders of most of the parties, including part of the social democracy and the Communist Party, took part in the plot. Perhaps some of the politicians thought that the coup would be "clean" and would not bring the Duvalierists back to power. They were badly mistaken.

Since the coup d'état, the army and the Duvalierists have held the reigns of power. The successive governments that have been set up since then have only served as a smokescreen for the army. Ferocious repression continues and several thousand people have been killed.

## Thousands flee repression

Hundreds of thousands of city dwellers have sought refuge in the countryside. Then, when the repression turned on the peasantry, an inverse movement took place. Over one hundred thousand peasants have migrated to Port-au-Prince. It is estimated that nearly eighty thousand peasants have been forced to pay caution money to avoid being arrested and beaten.

Over the last year there have been many attempts to negotiate Aristide's return. The deposed president even offered to name a prime minister from the opposition. He figures that even at such a price his return to Haiti would allow the Haitian people, who have not been totally demoralized, to take the offensive. However, his adversaries are totally opposed to his returning. In an interview with *Haiti Progrès*, a "wealthy supporter" of the coup explained that the putschists have been advised by their American and Dominican friends to "to take advantage of the negotiations to gain time and to use as many stalling tactics as possible until everyone gets tired and leaves us alone."

It seems as if the policy of the Bush administration, which has outraged many in Haiti by forcibly returning thousands of refugees who had fled in flimsy boats across the ocean in hope of reaching the US, is to do nothing and let the situation degenerate. The French state has followed the US example by refusing asylum and expelling Haitians without proper immigration papers.

A year after the coup d'état such scandals must be stopped. ★

\* This article first appeared in the September 24, 1992 issue of *Rouge*, weekly paper of the French Revolutionary Communist League (LCR)

USA

## Tahan Jones — the last of the Gulf War anti-war fighters

OF THE 27 U.S. Marines whose opposition to the genocidal Gulf War led them to file applications for Conscientious Objector (CO) status, all were subjected to General Court-Martial proceedings.

Their refusal to report for duty while their CO applications were pending was, according to government interpretations of the Uniform Code of Military Justice, an "unauthorized absence". They were rail-roaded to jail, with some receiving jail sentences of more than four years. Initially, they faced trumped-up charges of "desertion in time of war" with the threat of death sentences.

All other Marines who were convicted of unauthorized absence but who were not conscientious objectors were given Special Courts-Martials, a slap on the wrist, and a minimum term of a few months or less in the brig.

But Jones was singled out for special persecution because he took his opposition to the Gulf War to the court of the American people. Jones, a Black, working class youth, became a featured speaker at many of the events organized by antiwar coalitions and local groups.

In mid-June, a Marine Corps court martial in Camp LeJeune, North Carolina, sentenced Jones to six months in the brig and a dishonorable discharge. With time off for "good behaviour" he is expected to be free in six months.

Jones's attorney, John Murcko, said that all seven motions to dismiss the charges against his client were denied. The most important of these was a motion to free Jones immediately on the grounds that his right to a speedy trial was denied. Murcko has demonstrated, to no avail, that the Marines' own rules regarding time limits to proceed against Jones were grossly violated.

Being both judge and jury, the Marines managed to lose Jones's CO application and misfile charges against him, all in an effort to delay proceedings in order to maximize the time Jones was confined to camp LeJeune while he awaited his "day in court".

Similarly, Jones's motions regarding the use of "illegal command influence" and "selective persecution", were also dismissed.

Appeals of these decisions have been filed by Murcko, but a positive result is doubtful. Friends and supporters can write to Jones as follows:

Corporal Tahan Jones USMC, Social Security Number 564-43-9533, Confinement Facility, Marine Corps Base, Camp LeJeune, NC 28542.

— Jeff Mackler (Reprinted from the July issue of *Socialist Action*). ★

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"Nothing going on — just some bother on the London stock exchange"

**Looks like they need to subscribe to *International Viewpoint* !**  
(apologies to *Lidové noviny* cartoonist Vladimír Jiránek)

27

# Elections prolong uncertainty

**"COMMUNISTS tap well of nostalgia in Romania" ran the headline of the *International Herald Tribune* on September 30, 1992, commenting on the results of that country's parliamentary and presidential elections the previous Sunday.**

**Incumbent president Ion Iliescu won some 48% in the first round of the presidential elections — well ahead of his Democratic Convention rival Emil Constantinescu with about 30%, while Iliescu's Democratic National Salvation Front, with 28% is also the biggest party in the new parliament.**

COLIN MEADE

**I**LIESCU and his party are widely seen as resting on the remnants of the former Stalinist regime inherited from dictator Nicolae Ceausescu, executed in 1991. Since then Iliescu and former prime minister Petre Roman, the two main figures of the anti-Ceausescu coup that gave rise to the National Salvation Front (NSF), have fallen out; in September 1991 a massive descent on the Romanian capital Bucharest by discontented miners forced Roman out of office. Subsequently the NSF divided into a pro-Roman (the NSF) and pro-Iliescu wing — the Democratic National Salvation Front (DNSF).

The terms of the Iliescu/Roman debate were summed up by Roman's replacement Theodor Stolojan who explained to a Romanian paper (*Adevarul* November 4, 1991, quoted in *Radio Free Europe report*, January 10, 1992) that the so-called benefits of speedy privatization were nothing more than an "imported myth fraught with ideology".

## Against "speedy privatization"

In fact, even if a proportion of Iliescu's (still provisional) victory can be attributed to the mobilizing power of inherited networks, he can also count on real support for his promise to defend the peasant and worker masses of Romania from the horrors of "speedy privatization".

Romanians have already had a sharp taste of what this is all about. In 1991 Gross Domestic Product (GDP) fell by 13.5% compared to 1990 and industrial production by 21%; the inflation rate was around 10% a month and real wages were estimated to have lost some 20% of

their value. By the spring of 1992 significant unemployment had made its appearance. Votes were cast for Iliescu and his party in the hope that they would stop the descent.

However, the anti-privatization vote is also a purely defensive vote. Iliescu and his party do not have any alternative perspective to market reforms. In the absence of any programme for revitalizing the Romanian economy, Iliescu will probably end up relying on that old staple, nationalism, and in particular nationalism directed at the country's Hungarian minority which is concentrated in Transylvania. DNSF election material showed a Romania without Transylvania — "lost" by the opposition, which includes in its ranks the Democratic Union of the Hungarians of Romania. Party propaganda presented Iliescu as the man "who can avoid the dismembering of the country".

The new parliament is highly fragmented and it will be difficult for Iliescu to form a new government. He has two sources of support for a stable majority: one would be elements of the "democratic" opposition willing to ally with him. The other is the Romanian nationalist parties, the Party of National Unity of Romanians of Gheorghe Funar and Romania Mare (Greater Romania).

The latter alliance is fraught with dangers, including that of conflict with neighbouring Hungary where nationalist forces would inevitably be strengthened by a crackdown on the rights of Hungarians in Transylvania. A sign of the rise of ethnic tensions inside Romania is the significant wave of emigration of the country's large Gypsy population — given as 409,723 in the 1992 census.

The former Soviet republic of Moldo-

va, whose population is Romanian, presents a particular problem for the regime in Bucharest. So far, Iliescu has resisted the temptation to make political capital out of the issue of reunification with Moldova for a number of reasons. Firstly, in Moldova the majority seems to be in favour of independence rather than fusion with Romania. Secondly (an argument raised by the Romanian nationalists), for Moldova to leave the CIS and join Romania would provide a precedent for Transylvania to leave Romania and join Hungary.

Thirdly, and most importantly, Romania sees Russia as a vital strategic and economic ally — or, more precisely, Iliescu and the forces that support him have much in common with the Moscow based military industrial complex (and, indeed, with the Milosevic regime in Serbia). One possible variant would be for a division of Moldova, with the western part going to Romania and the so-called Transdnestr Republic in the east becoming independent.

Apart from its lack of popular appeal, the "democratic" opposition in Romania cannot count on the same level of political and material support from the West as some of its counterparts elsewhere in Eastern Europe. In the eyes of Western capital, Hungary, Czechoslovakia and Poland form a first division that can be drawn closely into the "European" orbit. Russia merits attention because of its strategic importance for the way things develop throughout Eastern Europe. The rest will have to look after themselves.

## Lifting trade restrictions

Despite the ideologically motivated dismay in the press over the election result, the United States administration has already announced its desire to lift trade restrictions on Romania (at the same time as making clear its opposition to any form of intervention in Bosnia).

Politics in Romania in the near future may be increasingly focussed on the Transylvanian question. Efforts to break the nationalist impetus will only be successful if they can also address the economic concerns that have favoured Iliescu in this election.

Trade union protest against the economic implications of a war economy can play a crucial role in the formation of a new opposition without illusions in the West and the free market. The highly fragmented Romanian trade unions are, it seems, divided over support for Iliescu, for the opposition or for the creation of an independent labour party. It is down such a third way that a better future lies. ★