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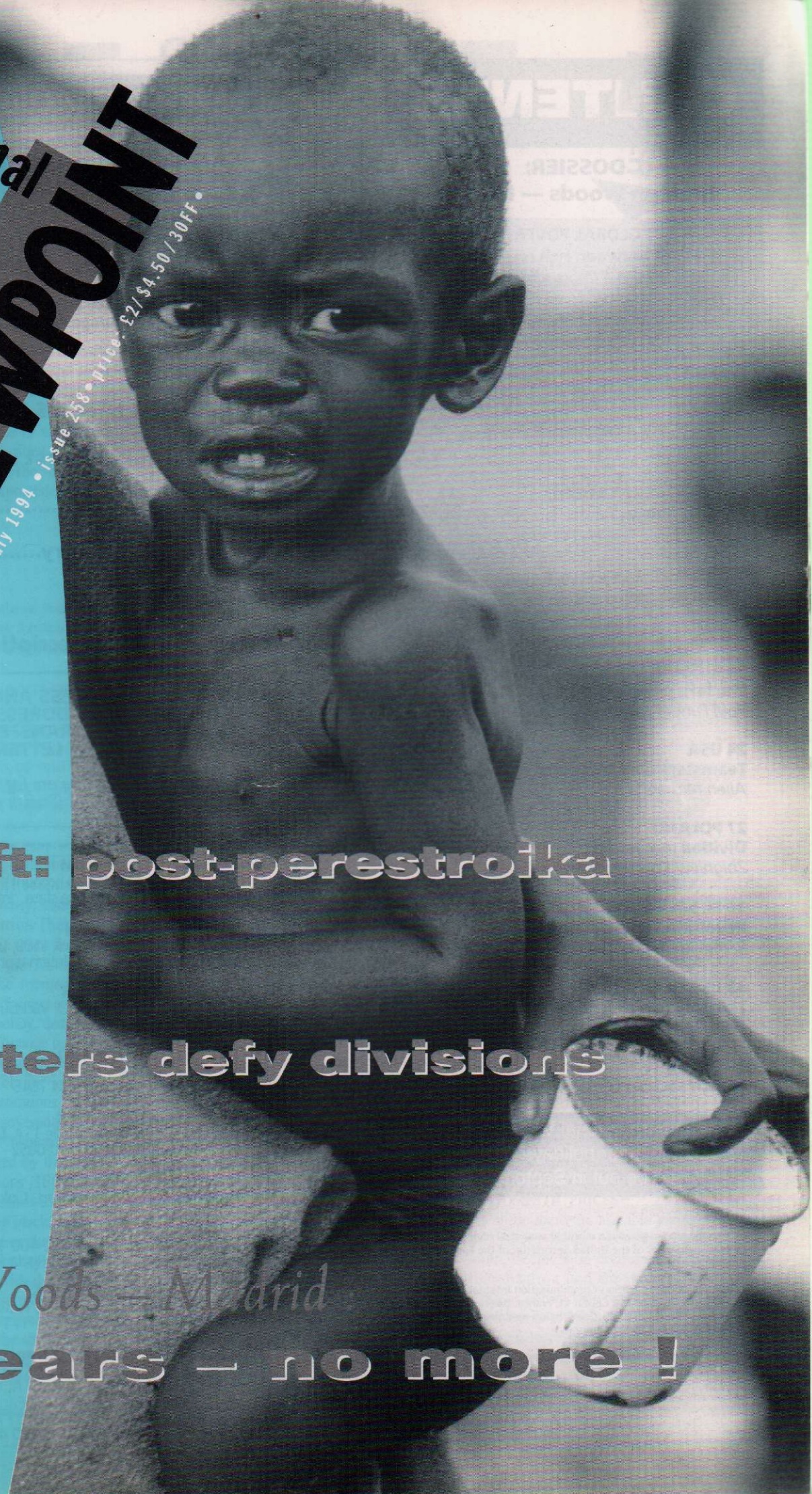
The left: post-perestroika

USA :

Teamsters defy divisions

Bretton Woods – Madrid :

50 years – no more !



CONTENTS

DOSSIER:

Bretton Woods — Madrid

3 GLOBAL POVERTY

Gulf between rich and poor

Michel Chossudovsky

6 MADRID ASSEMBLY

50 years — no more!

Document

10 GATT

Hypocrisy: GATT style

Anka Hidgeis

14 UNIONS

Cheap labour preferred

Roland Wood

15 WORLD BANK

Bankers on trial

Maxime Durand

18 RUSSIAN LEFT

The left: post-perestroika

Poul Funder Larsen & David Mandel

24 USA

Teamsters defy divisions

Allen Michael

27 POLAND

Divided movement

Zbigniew Kowalewski

30 EL SALVADOR

Revolution to parliament

Sergio Rodriguez Lascano

33 BRAZIL

The only real alternative

Document

36 BRIEFS

French section congress ● Rwanda

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Gulf between rich and poor

THE 1980s will be remembered as the decade of global impoverishment initiated by the 1981-82 world economic recession and the collapse of world commodity prices. The disparities in income and life-styles between the "rich" and "poor" have reached unprecedented proportions: an average middle-class family in Paris has an income more than one hundred times higher than a rural household in Southeast Asia; a Filipino peasant has to work for two years to earn what an average New York lawyer earns in an hour. (...)

MICHEL
CHOSSUDOVSKY

The IMF-sponsored macro-economic stabilisation and "structural adjustment programmes" (SAPs) are a powerful instrument of economic restructuring which affects the livelihoods of millions of people. The SAPs bear a direct relationship to this process of global impoverishment. The application of the IMF's "economic medicine" has led to the compression of real earnings and to the reinforcement of the cheap labour export economy: the same (...) budgetary austerity, trade liberalisation and privatisation [has been] applied simultaneously in more than eighty indebted countries in the Third World, Eastern Europe and the former Soviet Union. Debtor nations forego economic sovereignty over fiscal policy, their central banks and ministries of finance have been re-organised, State institutions are undone and an "economic tutelage" installed. Bogus parliamentary institutions are established in the name of "governance" [and] a "parallel government" which bypasses civil society is established by the international financial institutions (IFIs). Countries which do not conform to the IMF's "performance targets" are blacklisted.

Neo-liberalism requires the strengthening of the internal security apparatus: political repression — with the collusion of Third World elites — supports a parallel process of "economic repression". Throughout the Third World, the situation is one of social desperation of populations impoverished by the interplay of market forces.

Anti-SAP riots and popular uprisings are brutally repressed. (...)

ECONOMIC GENOCIDE

Structural adjustment is the contemporary expression of economic genocide carried out through a controlled market process. Its social impact has been devastating — it potentially affects the livelihood of four billion people.

The application of SAPs in a large number of individual debtor countries favours the "internationalisation" of macro-economic policy under the direct control of the IMF and the World Bank, acting on behalf of powerful financial and political interests (for example, the London and Paris Clubs, the G7). This new form of economic and political domination — a form of "market colonialism" — subordinates people and governments through the personal interplay (and deliberate manipulation) of market forces. (...) At no time in history has the "free" market — through the instruments of macro-economics operating at a world level — played such an important role in shaping the destiny of "sovereign" nations.

THIS October, the general assembly of the IMF and the World Bank will be held in Madrid, Spain — coinciding with the 50th anniversary of their foundation (and also of GATT) at the Bretton Woods conference.

We believe that the many years of struggle and resistance against the policies and programmes of these institutions is worth celebration. However, we also need to argue more effectively for change — and for this reason this month's dossier centres around their effects upon poverty world-wide.

Michel Chossudovsky, Professor of Economics at the University of Ottawa (Canada), has allowed us to publish extracts from the introduction to his forthcoming book, *The Globalisation of Poverty*, where he identifies its root causes.

We are also reprinting extracts from the manifesto produced by the **Aedenat** network in Spain, which forms part of their campaign against the Madrid assembly.

Anka Hidgens, a worker with Oxfam (Belgium), examines the hypocrisy behind the recently concluded GATT agreement and its repercussions for the South.

Roland Wood, a former spokesperson for the Cancel the Debt campaign (Britain), explains the context in which the international union movement has called for a "social clause" in defence of minimum labour standards.

And the French economist, **Maxime Durand**, concludes by arguing that it is time to put the World Bank on trial. ☉

CAUSES OF GLOBAL POVERTY

At the heart of the debt crisis lies an unequal structure of trade, production and credit which defines the role and position of developing countries in the global economy. The restructuring of the world economy under the guidance of the Washington-based financial institutions increasingly denies individual Third World countries the possibility of developing a national economy: the internationalisation of economic policy transforms countries into open economic territories and national economies into "reserves" of cheap labour and natural resources. (...)

DOMESTIC PRICES

While there are sizeable variations in the cost of living between North and South, devaluation combined with trade liberalisation and the deregulation of domestic commodity markets (under SAPs) is conducive to the dollarisation of domestic prices. Increasingly, the domestic prices of basic food staples are brought up to their world market levels.

This new world economic order, while based on the internationalisation of commodity prices and a fully integrated world commodity market, increasingly functions in terms of a watertight separation of two distinct "labour markets". In other words, this global market system is characterised by a duality in the structure of wages and labour costs between rich and poor countries. (...) Whereas the cost of living in many developing countries is now comparable to that prevailing in Western Europe or North America (that is, because domestic prices are aligned with world market values), the levels of earnings are up to seventy times lower.

Income disparities between nations are superimposed on extremely wide income disparities between social-income groups within nations. In most Third World countries, approximately 60% of national income is concentrated in the upper 20% of the population. (...) These vast disparities in income within and between countries are the consequence of the structure of commodity trade and the unequal international division of labour which imparts to the Third World and more recently to the countries of the former Soviet bloc a subordinate status in the global economic system. These disparities have widened in the course of the 1980s as a result of the "remoulding" of indebted Third World countries under SAPs. (...) The application of the IMF economic medicine tends to further depress the terms of trade because it forces individual countries to gear simultaneously their national economies towards a shrinking world market.

It is worth noting that the share of developing countries in world income (has) declined substantially since the onslaught of the debt crisis. For instance, the group of low income countries increased its share of world population by more than 2% between 1988 and 1991 while reducing its share of world income from 5.4 to 4.9%. (...)

The end of the Cold War has also had a profound impact on the global distribution of income. Until recently, Eastern Europe and the Soviet Union were considered as part of the developed "North" — that is, with levels of material consumption, education, health, scientific development, and so on broadly comparable to those prevailing in the OECD countries. While average incomes were on the whole lower, Western scholars nonetheless acknowledged the achievements of the Soviet Eastern bloc countries, particularly in the areas of health and education.

Impoverished as a result of the IMF-sponsored SAPs, the countries of the former socialist bloc are now categorised by the

World Bank as developing economies, alongside "low" and "middle income" countries of the Third World. (...) This shift in categories does not solely result from a change in the treatment of international income statistics; it reflects the outcome of the Cold War: the market oriented reforms are intent upon the "thirdworldisation" of Eastern Europe and the former Soviet Union and the concentration of income and wealth in a small number of "developed" market economies.

ECONOMIC IDEOLOGY DISTORTS CAUSES OF GLOBAL POVERTY

In parallel with the "remoulding" of the global economy, the dominant economic discourse has, since the early 1980s, reinforced its clutch in academic and research institutions throughout the world: (...) social and economic reality is to be seen through a single set of fictitious economic relations which serve the useful purpose of concealing the workings of the global economic system. (...) The universities' main function is to produce a generation of economists who are incapable of unveiling the social foundations of the global market economy. Similarly, Third World intellectuals are increasingly enlisted in support of the neo-liberal paradigm. (...)

The realities of world poverty are increasingly concealed by the blatant manipulation of income statistics. The World Bank "estimates", for instance, that in Latin America and the Caribbean only 19% of the population is "poor": a gross distortion when [even] in the United States (with an annual per capita income of \$20,000) one American in five is defined [by the Census Bureau] to be below the poverty line.

Following the precepts of marginal productivity theory, the IMF and the World Bank view these disparities in income between countries as being caused by differences in productivity; "Income in the Third World is low because labour is unproductive". Because factors of production in the developed countries are so much more "productive", the group of OECD countries "contributes" nearly 80% of total world production.

While there are substantial differences in labour productivity between rich and poor countries, the wide disparities in real earnings between countries are not attribu-

table to differences in productivity. (...) For each dollar of output and income generated in the Third World, between three and ten dollars worth of "value added" accrues to the rich countries without there being any explicit "productive" activity taking place in the developed countries.

APPROPRIATION OF INCOME BY NON-PRODUCERS

The recorded value of rich country imports (for example, in the United States) from developing countries is small in comparison both to total trade and to value of domestic production. (...) Yet as soon as these commodities enter into the rich countries (for example, through the wholesale and retail channels) their prices are multiplied several-fold. A corresponding "value added" is created within the services sector of the rich countries without any material production taking place. This value is "added" to the Gross Domestic Product of the rich country. (...) GDP growth in the rich countries is in this regard "import led": cheap labour imports generate a corresponding increase in economic activity in their services sector. The application of the IMF-sponsored SAPs in a large number of individual countries consolidates this rentier-type economy: each country is obliged to produce (in competition with other developing countries) the same range of staple primary and industrial commodities for the world market.

STRUCTURE OF INTERNATIONAL COMMODITY PRICES

The structure of international prices and their regulation by powerful commercial interests directly affects the livelihood of millions of people in developing countries. 80% of world trade is controlled by 500 global corporations. (...) Since the early 1980s, overproduction at a world level has depressed the prices of both primary and manufactured goods. This structure of over-supply is in turn supported by the macro-economic policies imposed on indebted countries by the international financial institutions: export promotion policies, engineered by the Washington-based international financial institutions and applied simultaneously to the same commodities in a large number of individual developing countries, contribute to maintaining this structure of over-supply. Under the guidance of the Washington-based institutions, a large

It is the structure and hierarchy of prices ... which is central to an understanding of unequal exchange

number of countries are encouraged to shift into non-traditional export crops or develop cheap labour manufactures. These policies tend to (a) further depress the price paid to the direct producers, and (b) increase the distance between the price [paid] to the producer and the final sale price.

TERMS OF TRADE ARGUMENT

Powerful commercial monopolies purchase primary commodities from competitive Third World producers appropriating income through the act of buying in one market at one price and selling the same commodity in another market at a higher price. Each of these markets in the hierarchy (of prices) is characterised by a particular set of social relations: for example, at the local level, the farmer sells to the merchant, credit is provided by the village money-lender, the landlord extracts rent from the farmer, and so on. There is at each stage of this hierarchy a social process of price formation characterised by the action and interaction of powerful commercial [social] interests. Mainstream economic theory denies both the movement of a single commodity through several distinct markets as well as the existence of several distinct prices for the same commodity.

The commodity's movement is, therefore, divided into several distinct and separate transactions. (...) Primary agricultural commodities, for instance, are purchased from the farmer by a local merchant who in turn sells them to wholesale merchants and to the large export houses. The social interaction between the social elites in developing countries and international corporate capital supports the integration of Third World production into the world market system. Transacted on the Chicago and London exchanges, our commodity (now in the hands of international agrobusiness and commodity dealers) will "move back" into "national" and "local" level markets for final [retail] in the rich countries.

(...) The disparity between the price paid to the direct producers (...) and the final sale price of the commodity in the developed country markets has widened since the debt crisis. (...)

PRIMARY COMMODITY EXPORTS: THE CASE OF COFFEE

The international price of coffee is US\$1.00/kg for green coffee yet roasted coffee retails for approximately US\$10.00/kg in developing countries' markets. The farmer in the Third World will receive approximately 25-50 cents/kg whereas 50-75 cents will be appropriated

by non-producers in the Third World country in the form of profits, commercial margins associated with transportation, storage, processing and export of the coffee. (...) Of its retail price of US\$10.00, US\$9.00 will be appropriated by international merchants, distributors, wholesalers and retailers in the OECD countries. The surplus appropriated at this phase — essentially by non-producers — is more than twenty times the farm-gate price. However, only a fraction [of the farmer's 25-50 cents] will actually accrue to the farmer for the work put in: rent must be paid, agricultural loans must be reimbursed, farm inputs must be paid for, and so forth. (...)

Similar patterns of price formation exist with regard to most primary commodities produced by Third World countries.

APPROPRIATION OF SURPLUS FROM THIRD WORLD INDUSTRIAL EXPORTS

It is the structure and hierarchy of prices for any single commodity (...) which is central to an understanding of unequal exchange. The farmer is confined to the local market; he cannot transact directly with the large export houses. Similarly, the local merchant may sell to urban merchants and exporters but does not normally deal on international commodity exchanges. Each market in this hierarchy is a relatively closed compartment (characterised by specific social exchange relations), mark-ups in price occur at each stage in the hierarchy, appropriation of surplus occurs and earnings accrue to non-producers. The direct producers are excluded from higher-level markets. Commercial profit to merchants and intermediaries accrue (...) at each market transaction, [and] earnings are realised by non-producers. Only a small share of these payments — associated with the real costs of transport, processing, and so on — constitute a real "value added" to the commodity (for example, in the form of payments to transport workers, retail personnel, and so forth).

TOWARDS AN INDUSTRIAL STAPLE ECONOMY

The development of [their] manufacturing sectors was viewed in the post-war period by many developing countries as a means of building an independent national economy. Since the debt crisis and under the direct supervision of the Bretton Woods institutions, Third World countries increasingly produce "industrial staples" for the world market. The movement of the prices of manufactured goods on the world market responds to the same global mechanisms. As in the case of primary

commodities, the world market for cheap labour manufactured goods is also marked by a structure of overproduction which depresses the terms of trade and ensures the transfer of income to non-producers in the rich countries. (...)

The flow of imports from the Third World also constitutes a means of generating fiscal revenues for the State in the rich countries. The value added tax (which applies to consumer goods imported from developing countries) is in excess of 10% of the retail price in most OECD countries. (...)

In the global economy, the services of labour are purchased by capital in several separate and distinct national labour markets, i.e a part of the labour costs associated with transport, storage, wholesale and retail trade are incurred in the "high wage" labour market of the rich countries. For instance, retail salesmen in the developed countries receive a daily wage which is at least forty times higher than that of factory workers in Bangladesh. A comparatively much larger share of the total [dollar] labour costs of producing and distributing the commodity will accrue, therefore, to service sector workers in the high wage countries (one cannot however say that there is a relationship of "unequal exchange" between factory workers in Bangladesh and retail personnel in the US, [as] service workers in the rich countries are heavily underpaid). (...)

The net industrial profit accruing to the competitive Third World entrepreneur (...) is slightly more than 1% of the total value of the commodity. Third World factories operate in a global economy marked by oversupply, [and] factory prices tend to push profit margins to a minimum. ★



50 years — no more!



CONFIGURATION of "World Economy" and the new international division of Labour

IN OCTOBER 1994, the general assembly of the International Monetary Fund (IMF) and World Bank will be held in Madrid — coinciding with the 50th anniversary of their founding. Controlled by countries from the North, responsible for dictating the rules which govern the relationship between the Centre and Periphery, the IMF and World Bank are the two most powerful institutions in the world. One only has to pay attention to the media to understand the real nature of the relationship between Centre and Periphery. The news we receive overwhelms us: famine in Africa, misery and epidemics in South America, the brutal exploitation of the inhabitants of South-east Asia, the downfall of the majority of the former Eastern Bloc countries... But how did all this come about? Where do we stand? And what are the perspectives for the future?

DOCUMENT*

THE gap between the North and South began to forge itself in the fifteenth and sixteenth centuries, when the possibilities for colonising other areas in the world were realised after the circumnavigation of Africa and the "discovery" of America. The differences in development between European societies and those in the Periphery were limited, even though the military superiority and navigational capability of the colonial powers was far superior.

The process of colonisation, which in many cases resulted in the subjugation or extermination of entire nations and cultures, transformed these Peripheral territories into providers of raw materials — minerals, wood, cotton, rubber — to furnish the needs of the North. This trend was further intensified by the industrialisation of the Northern economies and continued until the second half of this century, notwithstanding the decolonisation process which began last century.

In 1944, the winners of World War II designed a new economic world order at the Bretton Woods Conference, creating the IMF, World Bank and the General Agreement on Tariffs and Trade (GATT), under the hegemony of the United States of America (USA).

As a result Peripheral territories became increasingly integrated in and dependent upon a world market which caters to the interests of the Centre; a market which demands increasing quantities of natural and agro-alimentary resources. More concretely, in agriculture there has been an intensification of monocultures controlled by "agro-business", which adopt techniques which are both polluting and ener-

gy-consuming. These monocultures are destined to become the food reserves of the Centre, to the detriment of a more diversified type of agriculture destined for self-consumption. (...)

(Further), a new international division of labour has been developing since the late 1960s, when the Central industrialisation model of the post-war era became obsolete. This division consists in transferring certain labour-intensive, low-tech and highly-polluting industries to the new industrialised countries located in the Far East (Hong Kong, Singapore, South Korea, Taiwan, Malaysia, Thailand, Indonesia, and recently China) and to a lesser extent countries such as Mexico, Brazil and Chile. The hyper-exploitation which exists in these countries, especially of women, and less stringent environmental safeguards, help lower production costs and thus allow the Centre to maintain its level of consumption. The end result has been a decrease of employment in the Centre. The growing numbers of unemployed in the highly mechanized agricultural and industrial sectors cannot be absorbed by the service sector, thus converting unemployment into a structural trait in these countries, in deep contrast to the full employment situation of the 1950s and 1960s.

In this new "world economy", a result of the intensification of global economic ties and in particular the new Centre-Periphery relationships, the institutions created at Bretton Woods play a vital rôle.

The IMF ensures that the exchange rates remain fairly constant in order to assure the growth of international trade,¹ and provides financial liquidity for international transactions.

The World Bank, which financed the reconstruction of Western Europe after the Second World War, is in charge of financing huge transportation, hydraulic, energy and agricultural projects, which have

* The manifesto was first produced by the Aedenat network in Spain in June 1993. They can be contacted at AEDENAT, C/ Campomanes 13, 28013 Madrid, Spain. It has been edited for reasons of style and space.

1. The IMF is the international organisation which validates depreciations and appreciations of foreign exchange rates, establishes the conditions for conversion of weak currencies into strong ones and provides short term loans to consolidate trade balances.

enormous environmental impact in Third World countries.² These projects allow the South to play its new rôle in the North-South relationship.

Last, but not least, GATT establishes new world trade rules which oblige local markets to open up to world economic interests, thus benefiting the growth of the great multinational companies.

PROBLEM of foreign debt: a crushing burden for countries of the Periphery

The two energy crises in the 1970s led to skyrocketing oil prices. The enormous influx of capital — petrodollars — into the OPEC countries obliged them to place a large amount into the Western world's financial system. Commercial banks in the Central countries began to advance loans to countries from the Periphery, because the massive amounts of capital could not be absorbed by the Centre, which was in the midst of applying adjustment policies in order to cope with the economic and energy crisis. The loans were either diverted to Swiss bank accounts, financed colossal public works which did nothing for local development or used to buy weapons.

The careless expenditure of these loans was ultimately responsible for the foreign debt crisis of the 1980s, when many countries found themselves unable to repay. In 1982 Mexico was the first country to declare itself insolvent, but nearly all the countries of the Periphery became trapped by the "debt problem". The consequences were serious for Third World governments, which had to inflict hardship upon their populations.

The reaction of the Centre to this state of affairs was to order the IMF to advance new loans in order to maintain the influx of money into the Periphery. The purpose was two-fold: firstly, to dispel the danger of insolvency for the international finance system and secondly to enable the recipient countries to repay accrued interest. Another consequence of the crisis was the adoption of structural adjustment policies by the indebted countries. Further, the loans which originated in the private sector of Central countries were gradually transferred to their public sector, thus making their governments responsible for this huge debt.

The implementation of strict structural adjustment policies had a devastating effect on the Peripheral countries. The policies served further to open up the markets to world trade, thus benefiting the

Centre. However, the World Bank and IMF consider them necessary for future development. To summarise, foreign debt, which cannot be repaid, has become a mechanism of subjugation, enabling the Centre to impose its dictates on the Periphery, and making Third World economies increasingly dependent on the "free" world market.

INCREASING world inequality and the underlying causes for growth in the Central countries during the 1980s

The world situation is worsening each year. The 1980s saw the widening of the gap between the Centre and the Periphery. In respect of Latin America, they have been called the "lost decade"; the "stolen decade" would seem more appropriate, given the acute worsening in the economic situation. Further, Africa has been completely abandoned, and Asia subjected to severe exploitation within the realms of the new international division of labour. All this is in contrast to the Centre's euphoria during the 1980s.

The "good" years experienced by the Centre cannot be attributed to an increase in industrial productivity, nor to increments in quality. There is also doubt concerning the role played by "new technologies" in its economic growth.

The Centre's euphoria was more coincidental with the so-called "financial bubble" — which began with the recycling of petrodollars and liberalisation of world financial markets — than with industrial production, thus creating an increasing gap between the world financial economy and the "real" economy. In addition, growth in the Centre has been aided by the increasing exploitation and pillage of Third World countries. (...)

UNFEASIBILITY of sustained growth in the Centre and the growing chaos of accumulated imbalances

Western growth in the past decade is both a direct and indirect product of the degradation and exploitation of countries in the southern Periphery. This growth has created unmanageable economic, social and environmental imbalances, not only in the Periphery but also in the Centre. More specifically, the environmental imbalances created by the present world productive model are beginning to hinder its own growth.

Unfortunately, this world economic model needs to grow continually if it is to concentrate wealth in certain social sectors in the Centre. Instead of reconsidering the whole situation, the chosen way out is a further globalisation of markets, as in the new GATT agreement, which pretends to liberalise local markets, thus converting the whole world into a huge free market benefiting large transnational companies, which will operate uncontrolled.³ This opening of world markets is selective because the Centre's markets are not open to products from the Periphery which could compete. Meanwhile the USA, the European Union (EU) and Japan are trying to extend their own areas of influence in the world markets.⁴ The same thing is happening in certain areas of the southern Periphery.

The present economic, social and environmental world imbalances will be further increased by (1) the tendency to reduce and restructure public expenditure in Central countries, according to IMF recommendations (its view being that public deficits must be reduced if sustained growth is to be promoted), (2) the obligation upon governments to spend public money on "productive" projects, such as public works (highways, engineering projects, telecommunications) and to reduce "unproductive" social expenditure (unemployment benefits, social aid, health, education) which hinders economic growth, and (3) changes to the financing of public expenditure, with the purpose of lessening the tax burden on those with large capital or private income, and shifting it on to wage earners and individuals with only moderate capital.

The official position is that liberalisation of labour markets will promote investment, activate growth and create jobs, allowing the redistribution of wealth — the "trickle-down" theory. However the contrary is true: increasingly, wealth flows in an upwards-only direction.

Consequently, internal imbalances within Central societies are threatening their "welfare states"; there has been a clear decrease in social aid. This is an extremely serious trend in large cities,

2. The World Bank does not finance the totality of the projects, but its backing allows other sorts of financing.

3. The new GATT agreements liberalise sectors which until now were protected, such as agriculture, services, intellectual property, foreign investments, banking systems etc. This has meant the plundering of entire sectors which were previously free from control by large transnational companies.

4. The Free Trade Treaty between the USA, Canada, and Mexico; the European Monetary Union as defined by the Maastricht Treaty and the European Economic Area-EC + EFTA; the Pacific economic area comprised of Japan, Taiwan, South Korea, Singapore and Hong Kong, plus the ASEAN countries, Australia and New Zealand.

where social structures are falling apart, new forms of poverty are appearing and the numbers of homeless and excluded are increasing. In addition, inequality between the Centre and the Periphery is now growing at an alarming rate. The World Bank actually considers this as the only way to achieve "development" in the Periphery, on the basis that only by opening-up Third World economies to the international market will growth be guaranteed — meaning a concentration of wealth in the Centre.

Economic growth cannot be triggered by this strategy, for the problems affecting the economic production model cannot be treated by using "therapeutic" remedies. This attempt to re-apply 1980s policies will throw the whole system off-balance.

The Rio summit was a complete disaster. The "green" veneer which was applied to international economic policies, in order to appease public opinion in "Central" countries, in no way addressed the grave environmental and development problems which affect the whole world. Global Environmental Facilities (GEFs) were created to finance the costs of implementing the agreements incorporated in the Global Climate Change and Biodiversity Treaties signed in the Earth Summit; however, these agreements were not binding nor have they yet been ratified. The GEFs (which happen to be controlled by the World Bank) have only a tiny budget.

TRANSFORMATION of Eastern Europe in the market economy: A time-bomb activated by the IMF and World Bank

ANOTHER threat is looming on the horizon in the form of the Eastern countries. These were heavily industrialised for the benefit of their governing elites and as a result have suffered enormous environmental problems. The long struggle for world domination after the Second World War⁵ has ended in favour of the West, following the fall of the bureaucratic socialist regimes, and the transformation of their centrally planned economies into "free" market economies is having tremendous social impact.

During the 1960s and 1970s the USSR assisted national liberation movements in a number of Third World countries, such as Vietnam, Cuba, Angola and Mozambique, thus decreasing Western influence in the southern Peripheral countries. The USA's financing of the arms race, which it precipitated in the 1980s, and which led to the

collapse of the Eastern European economies, increased debt-related problems in the Third World, due to its raising of interest rates and also the appreciation of the American dollar. The situation in the 1980s obliged some Eastern countries to open up to the "world economy". They were then forced to borrow money which they were unable to repay. The foreign debt in Eastern countries, although substantially less than that of the Third World, still amounts to US\$200 billion, and is controlled by the IMF, which has thus been able to impose its structural adjustment policies on their economies.

Further, the G7 countries have delegated to technocrats from the IMF and World Bank the task of ensuring the transformation of the centralised Eastern economies into free market economies within the "world economy". These institutions are partly responsible for the misery emerging in the Eastern countries and are secretly conniving with the institutionalised mafias which are selling industrial infrastructures and raw materials to the Centre at bargain prices. It is rather strange to observe how the last "aid measures" approved by the G7 meeting in Tokyo included investment to improve the infrastructure for the exploitation of oil and gas fields in Siberia by Western companies. The rest of the aid package was for the privatisation of Eastern companies or the buying of surplus products from the Centre for their benefit.

Accordingly, in spite of their former military power, the rôle which these countries will play depends entirely upon the Centre. There will be a new Peripheral area: The "Eastern Periphery". The future role of these countries could be foreseen when they began their transition to free market economies. The mass media helped to mislead the Eastern European population into believing that it could achieve levels of Western consumption.⁶ The resulting euphoria helped to facilitate a rapid transition to a market economy and the rejection of the collapsing bureaucratic regimes. The new situation will foster ruthless competition between the eastern and southern Peripheries in the sale of raw materials or finished products to the Centre.

"DEMOGRAPHIC explosion", hyper-urbanization in the Periphery and the increase in immigration to the Centre

The southern Periphery, and in particular Africa, is experiencing a massive increase in population. This "demographic explosion" is a result of both technical

advances and a disruption of the traditional endogenous mechanisms which control population growth in these societies. In addition, hyper-urbanization is flourishing in the Third World,⁷ creating huge Megacities — urban settlements with a population exceeding 10 million inhabitants (such as São Paulo, Shanghai, Calcutta, and Bombay). These Megacities are a product of rocketing birthrates and the destruction of local agrarian economies and communities. The rules of the international market are forcing people to flee to the cities in an attempt to survive, creating all kinds of social conflict.

However, a new type of immigration is appearing on the world scene: Environmental migration, due to deterioration of habitats in the Periphery, which has forced millions of people to leave their countries,⁸ creating unprecedented problems. To this must be added economic immigration, triggered by the vast differences in the pyramidal age structures between Centre and Periphery. This alone will be responsible for an enormous influx of cheap labour from the southern and eastern Peripheries into the northern fortresses, which will try to prevent it by economic, physical and even military means. Some influx will be allowed, however: the least appealing jobs will be carried out by immigrants and the best minds will also be recruited.

The IMF obliges the main recipient countries to adopt an extremely repressive demographic policy as part of their structural adjustment policies. The policy is dictated by the Centre. It does not aim to eradicate poverty but rather to eliminate the poorer sectors of society. Demographic policies in the Periphery do not attempt to improve welfare levels, public health and education regarding birth control methods, to enable women to decide how many children they want. The most common birth control method in the Periphery (45%) is sterilisation. Meanwhile, the Centre is concerned about its declining birth rate and extinction of the "white race", and their

5. Capitalist and bureaucratic production models, in spite of their substantial differences, are both based upon the continual concentration of political and economic power, which means increasing growth and expansion.

6. Clearly, 410 million people from the Eastern European countries could not enter the First World — the OECD countries comprise 850 million people — simply because the demand for raw materials and consumer products would be such that the world market would collapse.

7. According to UN sources, the present 1.4 billion inhabitants of the southern Periphery will increase to 4 billion by 2025; 90% of this increase will be in urban areas.

8. 10 million Africans have abandoned their homes due to severe drought and 1 million Haitians (1/6 of the entire population) have fled their country in boats, leaving it deforested.

own demographic policies are geared to promote higher birth rates using the most advanced medical technology.

IMF and World Bank policies as creators of an increasingly unequal world, with growing insecurity and environmental problems

To summarise, the IMF and World Bank are instrumental in imposing the interests of the Centre on the rest of the world. A world is being created in which there is no justice, where there are huge inequalities of wealth and which has adopted an economic model which is voracious of energy and raw materials and which has enormous negative environmental impact. A very unstable situation is developing with the proliferation of "low intensity conflicts"⁹ in the Periphery, social unrest developing in the metropolises of the Centre, Megacities in the Periphery becoming unmanageable, chaos taking hold in Eastern Europe and increasing tension in the boundaries between Centre and Periphery. To these must be added large-scale military conflicts such as the Gulf War. These will become more common in the future as the Centre will have to guarantee the increasing demand for scarce natural resources, for example oil, which are, to a large extent, located in the Periphery.

The world is becoming an extremely insecure place in which to live, despite huge global expenditure upon the police and military.

The solution to this dire situation is to redistribute wealth, implement a more self-sufficient productive model, confer more autonomy on the Periphery, use more renewable resources and reduce social inequality. Only then will it be possible for there to be more equitable development, in equilibrium with the environment, and with more safety and solidarity for our troubled world.

We must therefore condemn the policies of the IMF and World Bank and accuse them of responsibility for present world disorder and unjust Centre-Periphery relationships. There will be a golden opportunity to denounce their activity when the general assembly of the IMF and World Bank takes place in Madrid this October.

This meeting will be attended by the world's main white collar thieves; presidents of large banks, IMF and World Bank executives, Ministers of Finance and directors of large transnational companies.

WHY Madrid was chosen as the venue for the IMF and World Bank General Assembly

Every three years the General Assembly is held outside Washington. In 1994 it will be the turn of Madrid. Madrid is the capital of Spain, a country which could be considered as on the periphery of the Centre and halfway between the South and the North (even though it belongs to the economic, political and economic structures of the Centre), enjoying the more banal aspects of Western consumption but with a lesser quality of life.

Spain is a good example of how a country which belongs in some way to the Periphery can bridge the gap between the North and the South. Spain's readiness to carry out the structural adjustment plans proposed by the IMF and World Bank has been noted and has placed it on the list of "aspiring" countries. Its submissive attitude, geographical location and the fact that since the mid-1980s it has been a member both of NATO and the EU, converts it into a strategic region for Centre-Periphery relationships. This is probably why Madrid was chosen as the seat for the General Assembly.

The effects of Centre-Periphery relationships have become increasingly evi-

now Spain's image of economic growth has attracted a large number of immigrants from both the East and the South, escaping from economic hardship in their own countries. This has created outbursts of racism and xenophobia which in the past were relatively rare.

Our attack on the IMF and the World Bank is directed at revealing the ultimate goals of these international organisations and initiating a debate on Centre-Periphery relationships amongst the active sectors which are attempting to bring about social change in Spain. The problems and solutions both have to be seen in the context of global inter-relationships. It would therefore be very helpful if other groups, organisations or indeed individuals can participate in this campaign. This would enable such actions to be carried out, for example, as a Counter-congress, a "trial" on the fifty years of IMF and World Bank existence, public demonstrations and so forth. The preparations for these would also enable links to be made.

The final goal of our campaign will be to demand the abolition of foreign debt, the dismantling of the IMF and the World Bank, and the creation of a new international economic order which will enable countries from the Periphery and the Centre to achieve self-sufficient development. However, the outcome of these demands will depend on the collective effort of all those participating in this endeavour. ★



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Aedenat

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dent in Spain. The economic policies sanctioned by the IMF and OECD have created an unemployment rate of over 22% within the active population, with 34% of its working population having only temporary jobs. The negative effects of the crisis are especially worrying for those on lower incomes, who are having to deal with reductions in unemployment benefits, health care and education. Yet up until

9. Euphemism for conflicts which do not involve the use of nuclear weapons.

Hypocrisy: GATT style

DOSSIER

AFTER eight years of negotiations the latest GATT agreement was signed in April. It is hardly surprising that the negotiations took so long. This time, not only reductions in import tariffs or import quotas were at stake. For the first time, agricultural liberalisation, the struggle for liberalisation in investment and the opening-up of the service sector were also in issue, together with the elaboration of an existing arrangement concerning rights in intellectual property. Due to the agreement's expansion to include these new areas, the power of the strongest has been similarly expanded — all in the name of free trade.

The scene is familiar. The signing of the Single European Act in 1992 led to "Euphoria" in which Europeans were promised an end to the economic crisis, including millions of extra jobs. Yet the year was not over before it worsened still further.

We could, perhaps, believe the study by the Organisation of Economic Co-operation and Development (OECD) which states that the new agreement will lead to a world-wide increase in wealth of US\$200 billion a year and that there will be some kind of "trickle-down" effect. However, the truth is that extending the present method can only lead to a worsening of the already unequal distribution of wealth.

Protectionism

The economically strong determine the rules of the world economy. Protectionism works against developing countries.¹

With no choice due to their burdens of debt and the structural adjustment programmes imposed upon them by the IMF, Third World countries have had to open up their markets to import and investment from the industrial countries, with no benefit in exchange. In fact, in its 1993 report, the United Nations Development Programme (UNDP) states that the industrial countries exert twice the degree of protectionism against developing countries as against other industrial countries. In recent years, protectionist import tariffs have diminished. However, non-tariff import restrictions, such as import quotas and the introduction of hygiene or environmental requirements, have increased by 20 percent between 1987 and 1990.

ANKA HIGGENS

This uneven state of affairs served as the point of departure for negotiations. There was on average a reduction by 19 percent in import tariffs for products from the least developed countries while products from other countries had an average reduction of 38 percent.

The present international division of labour has not been touched and developing countries have been kept in their rôle of supplier of raw materials. These still represent more than 98 percent of Bolivian, Ghanaian, and Nigerian exports, while for the USA and Japan these represent only 24 percent and two percent respectively. If the developing countries wish to export processed goods, they are faced with import tariffs five times as high as for raw materials.²

When the least developed countries signed the agreement in Marrakech (Morocco), they did so with no alternative. It was either sign or become completely isolated on the world market.

When two elephants fight, the grass suffers

Due to the implicit recognition that agriculture is essential to countries' food provision, it was previously kept out of negotiations. By means of import restrictions and mechanisms for subsidy, the European Union (EU), at the beginning of the 1970s a net importer of agricultural produce, succeeded in becoming an important exporter. Between 1972 and

1986, wheat exports grew by 38 percent, beef exports quintupled and, instead of importing sugar, the EU now provides the world market with 4 to 5 million tons a year.

As a result, it now has an enormous share of the world market in agricultural produce. Between 1971 and 1990 its share of the world market in wheat grew from seven to 22 percent, in beef from 0 to 25 percent, and in sugar it is almost 20 percent.³ This development had fiscal and competitive consequences.

Its agricultural budget makes up 60 percent of EU expenditure, with 80 percent of subsidies going to only one-fifth of agricultural businesses. The numbers active in agriculture fell by 35 percent between 1975 and 1989 and during this period, their incomes hardly increased at all, although farmers received prices 35-45 percent higher than those in countries where they did not enjoy a protected market. The policy of production and expenditure control pursued since the mid-1980s was only partially and temporarily successful. Expensive stocks, butter mountains, milk lakes and so forth, continue to accumulate and expenditure is soaring. Not only did the EU realise that measures had to be taken to control expenditure but also the USA, its greatest competitor, wished to protect its own position.

The USA demanded that the EU cut up to 75 percent of internal subsidy and up to 90 percent of export subsidies. Agreement was reached in the "Blairhouse Text" during bilateral negotiations. This agreement has an impact on the entire GATT agreement and therefore on all signatories.

For developing countries, the reduction by the EU in internal subsidy and export subsidies, would seem to be positive, in that both have led to dumping on the world market, threatening the agricultural production of developing countries. The agreement states that industrial countries are to reduce internal subsidies by 20 percent and export subsidies by 36 percent within six years. Developing countries are to reduce internal subsidies by 13.8 per-

1. Here, we are using expressions which are presently used in the Third World movement, even if we realise their theoretical limitations.

2. SUNS (Special UN Service), 7 December 1993.

3. Brian Gardener, 'The GATT-Uruguayround, implications for exports from the agricultural superpowers', CIIR and SAFE-Alliance, December 1993, p. 1.

cent and export subsidies by 24 percent in ten years. However, due to lack of money, external subsidies in developing countries have never reached any significant extent and further, in recent years, as a result of structural adjustment programmes, the internal subsidies which did exist have been largely cut back. The "preferential treatment" of the South does not make up for this.

Furthermore, subsidies which are not directly linked to farmer-produced quantity, such as "top-up" and USA compensation to its farmers for the low prices received from the food multinationals, are not included. In the USA, minimum prices are fixed by the government. They are based on what the large grain concerns regard as competitive, and so are far below the actual costs of production. The OECD estimates that these contributions allow the EU, USA, and Canada to subsidise their agriculture by 49, 30, and 41 percent respectively.⁴ Developing countries cannot afford to subsidise agriculture by either method.

However, in future it will be impossible for them to restrict imports in order to protect their own agriculture, a measure which has hitherto been within their reach. All countries, except the very poorest must now throw open their markets. While in developing countries "only" at least two percent of food produce must be imported, as opposed to three percent in industrial countries, this percentage will affect them more. Secondly, while far more of the developing countries' budgets are spent on agricultural-produce they already spend one third of their export receipts on food imports. Thirdly, while they export "luxury" goods such as coffee and cocoa, the agricultural produce exported by the North is basic produce, which compete directly with national production of food crops. John Block, USA Secretary of Agriculture put it like this: "The idea of the developing countries feeding themselves is an anachronism of days long gone".

Liberalisation of the food trade will not result in an increase of wealth, but in an increase in food insecurity for the poor. The OECD calculated that the liberalisation imposed on India by structural adjustment programmes, will lead to production of

more calories and proteins by the year 2000, but that food consumption itself will decrease by some 26 percent. An increase in trade will only advantage multinational companies (MNCs). Again to take India as an example, farmers are already cultivating maize by contract for the food MNC, Cargill, while in the Punjab one is growing tomatoes and potatoes for Pepsi-Cola.

Investment — the same war by other means

The GATT agreement also covered new ground by agreeing TRIMs — Trade Related Investment Measures. These cover all regulations on investments which could have an effect on trade transfers.

By and large there are two types of TRIMs being applied by developing countries, the first aimed at attracting foreign investors and the second at imposing conditions on them. The aim behind them is to provide for:

- Foreign investment corresponding to the needs and priorities of the country in question;
- The country's balance of payments not being affected by repatriation of profits and payment for goods and services;
- Control over the commercial practices of MNCs and restriction of their negative impact on the national economy.

- Demanding transfer of technology as a pre-condition for investment;
- Restricting repatriation of profits;
- Setting a minimum level for national capital investment.

For the industrial countries, not least the USA, unlimited investment abroad and repatriation of profits has always been a major concern. Throughout history, the USA has tried to protect American investment whether by violence or by way of bilateral treaties. However, it has never succeeded in having free import and export of capital recognised as a right by the United Nations.⁵

For capitalist companies, important recent developments have further increased their need to invest freely. Firstly, economic growth has slowed in the non-planned economies. In the 1960s, the capitalist world witnessed growth of 4.9 percent. In 1970 it slowed down to 3.8 percent, and fell back to 2.9 percent in the 1980s.⁶ Accordingly it now wishes to subject other countries to the rules of the free market.

A second reason is the explosive growth in the number of MNCs. From no more than 7 thousand MNCs in 1970, numbers rose to 35 thousand in 1990. They now account for 70 percent of world trade and control 75 percent of investment. More than 40 percent of trade is carried out by MNC subsidiaries and the fifteen largest MNCs have a turnover higher than the Gross National Product (GNP) of 120 countries. More than half the MNCs are based in only four countries: USA, Japan, Germany and Switzerland.⁷

The MNCs ensured that they had a large say in the GATT negotiations. A number of them placed advertisements in economic reviews and daily newspapers to state that the agreement was of vital importance both to the business community and developing countries. MNC representatives formed part of the USA negotiation team. The EU negotiator, Ray McSharry, works as a commissioner with Cargill.

Liberalisation of the food trade will not result in an increase in wealth, but in an increase in food insecurity for the poor

Some of these measures are:

- Imposing a minimum percentage for exports, in order to compensate for the deficit in foreign currency and to prevent transnational companies dividing markets amongst themselves;
- Production involving at least some local products;

4. *The Ecologist*, vol. 23, no. 6, Nov/Dec. 1993, p. 220.

5. C. Raghavan, 'The future of the Third World and the GATT negotiations', Harmattan (Paris), p. 12.

6. Lang and Hines, 'The New Protectionism', Earthscan, p. 26.

7. *Ibid.*, p. 34.

**GATT Director,
Peter
Sutherland,
demonstrating
to the poor
what they
will get
if they
don't
shut up**



THE industrial countries, as capital exporting countries and home of the MNCs, defended attacks on the TRIMs. Developing countries resisted cutting back of the right to control investment, but their view was not taken into account. The MNCs have not been subjected to any restrictive regulations. In the Act presented for signing in Marrakech, the least developed countries have seven years in which to cut back restrictions on investment, while other countries have five years. The United Nations (UN) "code of conduct", formulated some twenty years ago, calls for MNCs to respect the host countries' economic priorities, stop price policies which deprive countries of income, protect the environment and promote international environmental and consumer standards. This will now have even less importance than before.

The service sector

It was the USA which first raised the issue of the service sector, on the basis that since the end of the 1970s there has been enormous growth. In 1978, commercial services were worth some US\$50 billion. By 1990, they were worth US\$770 billion, and trade in services now constitutes 20

percent of world trade.⁸ Services being commercialised world-wide include tourism, telecommunications, the legal, banking and financial sectors, advertising, transport, construction, and labour itself.

Services make up 22 percent of exports from the South, mainly originating from tourism, air and shipping traffic and emigrants' wages. In 1990, the South received US\$213 billion from export services while importing services worth US\$299 billion.

The USA argued (and was later supported by other industrialised countries) that the growth of trade in services demanded that this sector should also become subject to GATT. The GATT agreement had to reflect the new realities of world trade. Trade in services had to be liberalised. Barriers had to be removed and foreign companies treated the same way as national ones. Furthermore, it demanded an international structure of inquiry into national arrangements concerning services, whether or not they applied to trading. This inquiry was to examine the consequences of restrictions on the market in services and on treatment of foreign suppliers, and governments should be compelled to publish and adjust all regulations if assessed as being incompatible with free trade. Third World countries

were opposed to this unlimited interference with their national policies and demanded that they should first be able to develop their service sectors. Because Third World countries again lag behind in this sector, liberalisation at this stage would bring few benefits. The EU explicitly opposed free circulation of workers, and without this the Third World will not gain any advantage. The United Nations Development Programme (UNDP) cautiously estimates that cancelling restrictions on immigration could increase these countries' receipts by 20 percent.

Because the service sector in Third World countries is still young, only two jobs in ten are in this sector, as opposed to six in ten in the industrialised countries,⁹ and so few barriers have been raised to investment. GATT wants to freeze this situation, which again will be to the detriment of the Third World.

Know-how is private property

While the Third World was only exploiting its work force in the raw materials' sector, there was no protest against inhuman wages and labour conditions, either from employers or from trade unions in the North. The share of developing countries in the export of processed goods, predominantly in textile, leather, iron, steel and chemical products, increased between 1955 and 1989 from four to 19 percent,¹⁰ although this growth is concentrated in only a few countries.

Now that these countries have won a share in the processed goods markets, the industrial countries have decided that urgent action must be taken on "unfair competition" based on low wages, by the introduction of "social paragraphs". In commercial agreements imports of these goods are prevented. International rules for protection of intellectual property are aimed at preventing developing countries from catching up, despite the fact that the know-how capable of contributing to each country's development should be accessible to each. Using the pretext of the protection of brand names, the GATT agreement will concede far-reaching monopolies on products and production processes to the MNCs.

This will enable, for example, a multinational pharmaceutical company to appropriate therapeutical plants in a given country, and then to charge it heavily for medicines derived from their extracts,

8. Madder and Madeley, 'Winners and losers', Christian Aid, 9 December 1993, p. 20.

9. Ibid, p. 20.

while, through the protection offered by patent rights, it will be prevented from producing them itself. The extension of monopoly rights will result in huge price rises. To give another example, until recently it was forbidden in Italy to claim patents on medicines and their production processes, while in Britain, this protection did exist. As a result the British National Health Service was sold by Roche-Products, the British subsidiary of the Swiss MNC, Hoffmann-La Roche, two products for a price forty times as high as that paid by Italy.¹¹ The extension in patent rights is not only important in relation to crops and medicines, but also to production and items which may increase productivity, such as computers. The Third World will have to pay hard currency for all this.

The Multifibre Agreement

One of the few sectors in which developing countries could gain advantage through liberalisation of trade is the textile and clothing industry; yet more than half of this is subject to import quotas, fixed in the Multifibre Agreement (MFA). The MFA was conceived as a temporary settlement to give the industrial countries time to adjust to increasing competition from the South, but has now been in force for over twenty years. The latest GATT agreement has prolonged it for another ten years and under certain circumstances, industrial countries can prolong this for a further eight years. The EU is still the world's largest clothing and textile exporter. Whose development receives preferential treatment in this case?

Deprived of any democratic leanings

Aside from some "hot" issues such as agriculture and the cinematographic industry, the GATT negotiations attracted very little public or political attention. The complexity of the issues played a part in this, but more important was the way in which negotiations were carried out. To give two examples:

● By the start of the so-called final phase of negotiations in December 1991, not all countries concerned had received

the discussion documents. For instance Tanzania had not received the text on agriculture and even Japan had not received all the documents.

● In 1991 and 1992, many informal negotiations took place between the large economic powers. An African delegate who wished to participate in the drafting of the agreement on intellectual property rights (TRIPs) was rebuffed on the basis that Africans had nothing to do with TRIPs.¹²

A new World Trade Organisation

With the signing of the GATT agreement, there is now a new international institution with exceptional powers. The World Trade Organisation (WTO) will have legal status and will be able to intervene in all spheres of trade. Just like GATT, it will function on the basis of consensus.

Countries which do not comply with WTO rules in one sector can be hit by punitive measures in another sector which is of greater importance to that country. For example, if India produces a medicine developed by Hoffmann-La Roche, there could be a doubling of tax on Indian towel exports. Countries with little economic power will never be able to mete out sanctions to other countries and therefore rules in their favour will not be respected.

Hypocrisy

This GATT agreement is catastrophic for Third World development and any plea for insertion of social paragraphs so as to improve the situation of workers in the South smells suspiciously of hypocrisy. A campaign for the right to use technological know-how or restriction on repatriation of profits, to give just two examples, would be both more sincere and more useful. ★

The legislation on patent rights will prevent third world countries from producing their own medicines

10. 'The New Protectionism', p.17.

11. 'The future of the Third World and the GATT negotiations', p. 112.

12. Vander Stichele, 'The democratic deficit in the Uruguay round', European Ecumenical Organisation for Development, 1992, p. 6.

Hypocrisy: GATT style

Cheap labour preferred

THE preamble to the recently concluded GATT agreement states that: "...relations in the field of trade and economic endeavour should be conducted with a view to *raising standards of living, ensuring full employment and a large and steadily growing volume of real income...* (our emphasis)."

Of course, what happens in practice is quite another matter, and in no way does the above amount to the adoption of a "social clause", which is what sectors of the international trade union movement (and not just those in semi or late industrialising countries) have been arguing for in relation to all international trade agreements. Indeed, this latest declaration of intent does not even go so far as those of the past. For example, the 1948 Havana Charter, which laid the basis for GATT, included a far more specific defence of workers' rights in so far as it stated that "...all countries have a common interest in the achievement and maintenance of *fair labour standards* [and] *the improvement of wages and working conditions...*" It was, however, never ratified. Nor has anything comparable been incorporated into international trade agreements since then.

"...fair labour standards ... improvement in working conditions..."

Question

By and large, for the international union bureaucracy the question is not whether GATT (or indeed the IMF and World Bank) should interfere in national policies — it accepts that it should — but whether minimum labour standards are (1) a legitimate element in international trade regulations and, (2) at least one guarantee that "fair" trade will ensue. This latter point is of particular concern since it involves a wholesale acceptance of the framework for the

restructuring of the international economy which is in progress. A briefing paper produced last year by the International Textile, Garment and Leather Workers Federation (ITGLWF), on the campaign for a social clause, goes so far as to welcome the liberalisation of world trade precisely because it will provide considerable incentives to

countries to be more competitive. Their support for a social clause is based on the belief that minimum labour standards "will ensure that competitive pressures have a floor which all countries should be expected to respect", and further, that "by enabling unions to press for wage increases, [they] encourages employers to seek productivity improvements. [A social clause] would therefore help to ensure that demand and output [are increased for] the benefit of both employment and trade."

Advocates

On that basis it is little wonder that the USA, for example, has been one of the strongest advocates of the social clause. At the Ministerial Meeting in 1986 which launched the Uruguay Round of GATT, it was the US representative, undoubtedly acting on pressure

from the domestic union movement, who proposed that workers' rights be included as a subject for negotiation.¹ Since GATT operates by consensus, minimal

opposition was sufficient to stall the proposal. However, following indications that the subject would be taken up at a later stage, in both 1987 and 1990 the US proposed at the GATT Council that a Working Group be established to consider "the relationship between international trade and respect for internationally recognised worker rights."

The US already operates such a scheme under its 1974 Trade Act. Its General System of Preferences (GSP) legislation provides "duty-free entry to eligible products from beneficiary developing

countries"; but eligibility for GSP benefits depends, among other things, on whether a country "has taken or is taking steps to afford to workers in that country, including any designated zone in that country, internationally recognised worker rights."

The social clause proposed for GATT was the following: "The Contracting Parties agree to take steps to ensure the observance of the minimum labour standards specified by an Advisory Committee to be established by the GATT and the ILO."

Among the ILO Standards to be put forward were:

- freedom of association;
- the right to bargain collectively;
- freedom from forced labour;
- protection from child labour; and
- non-discrimination on the basis of sex, race, religion, etc.

These are amongst the most widely ratified ILO Standards — principles which governments of all countries, regardless of their stage of economic development, should legitimately be expected to observe. The minimum rights which the US operates under its GSP are identical save that the last is excluded, while included is "acceptable conditions of work with regard to minimum wages, hours of work and occupational safety and health."

Legitimacy

There can be little argument about the legitimacy, and necessity, of including (at least) minimum labour standards in international trade agreements. We do, after all, live in the real world. But this should not imply subjugation to the economic framework of those same agreements. This is the real problem which should be tackled by the international union movement.

One union which *has* raised this question is the left-wing Ceylon Mercantile, Industrial and General Workers' Union (CMU) of Sri Lanka. At the 19th

1. "Union pressure" will have been channeled through the national federation, the AFL-CIO, which since the end of World War II has, often quite perversely, acted as if it were the international union movement in totum and, further, an ambassador for USA foreign policy. We can only hope that a number of the recent progressive developments within American unions will bring change in time.

DOSSIER

Bankers on trial

IT IS time that the World Bank was placed on trial. For more than fifteen years this institution has been the pernicious instrument of a neo-liberalism which seeks to impose upon the planet its regressive social order, and contempt for human needs.

MAXIME DURAND

HANS Singer, one of the pioneers of development economics, has best explained what happened at the beginning of the 1980s: "From the moment when it became clear that the debt lay at the heart of the Southern countries' instability, in other words from the moment when the financial question acquired the importance which it has today, the structure of interests altered and the relationship between the Bretton Woods institutions and the United Nations suffered the repercussions. (...) The creditors of the Third World have more power in the World Bank and in the IMF than they would in any UN organisation."¹ Perhaps Singer has some illusions about the UN but in any case his meaning is clear: there was a shift towards liberal economic policy in the World Bank at the beginning of the 1980s because the number one problem had become repayment of interest upon the debt. The structural adjustment programmes were set up as cover for a very simple project: the guaranteeing of repayment. The World Bank is therefore in reality a giant debt collection agency.

The shift largely came about due to change in personnel, as Singer clearly underlines: "I do not think that it can be said that economists have always been so favourable to neo-liberal ideas. The chief economists at the World Bank in 1981, in Macnamara's time, were Paul

Streeten, Hollis Chenery, and Mabbud Ul Haq — not one neo-liberal amongst them! They did not take up liberal ideas, but were replaced by people such as Anne Krueger, Deepak Lal, and Bela Balassa. It is the decision-making structure of the Bank which has taken a turn towards liberalism, not its economists."² There being an almost unlimited number of economists ready to be paid comfortable salaries, the theoretical basis for adjustment programmes should not therefore be taken too seriously.

The theory only came later

Of course, it is still necessary to look at the programmes to show that they do not lay out the true route to development, there being a different objective behind the ideological window-dressing. The first rule of structural adjustment is that the internal market must no longer be regarded as the motor for growth: its principal recommendations are all aimed at re-orienting productive capacity towards export. As all adjustment programmes are in the same mould, it is easy to examine their three mainsprings: devaluation, deregulation and privatisation.

Devaluation is the radical method of re-orienting an economy outside its borders. While at first it improves productivity, in lowering the price of exports, this has risks. In reality, devaluation is aimed mainly at smashing the internal market and making the export sector appear the only one which is dynamic. Deregulation, internal as well as external, is aimed at clearing away "rigidities", which means minimum wages, guaranteed prices or subsidies. This also contributes to the smashing of growth in the internal market.

1. *Alternatives économiques*, February 1994 (France).
2. *Ibid.*

Congress of the International Federation of Building and Wood Workers (IFBWW), the CMU submitted a resolution entitled "For a new democratic world socio-economic order", which was adopted unanimously. The resolution's concluding passage is a succinct summary not only of an alternative framework for day-to-day struggle around minimum demands and standards, but also for an alternative future.

Resolution

"...the international trade union movement, in association with other democratic social forces, should address itself to the increasingly vital question of providing a way out for humanity from its present state of widespread poverty, unemployment and disease, with resulting social discontent and disorder, as manifested by the spread of organised crime, terrorism and armed conflict, as well as alcoholism and drug abuse, by bringing about the establishment of a 'new democratic world socio-economic order', in which the world's resources may be controlled and utilised on a democratic basis, to satisfy human and social needs and to guarantee all human rights, with proper protection of the environment, instead of these resources being appropriated and utilised for private profit."

Just fine words on paper? Given the long-standing predominance of class-collaboration as a way of life for much of the union bureaucracy,² such small victories should not be underestimated. Instead they must be built upon. ★

2. See R Wood, 'Taming the new unions', *International Viewpoint*, no. 249, October 1993.



THE CEYLON MERCANTILE, INDUSTRIAL & GENERAL WORKERS' UNION

This is to satisfy demand; on the supply side, the opening of frontiers has put pressure upon agriculture and traditional industries, which have been brutally exposed to competition with those countries which are more advanced in terms of productivity. Entire sectors which are incapable of competing with goods from those countries may be eliminated, or abruptly suffocated by the abolition of subsidies.

Lastly, there is privatisation, which accompanies the shrinking of the public sector and permits the obtaining of fresh sources of capital.

When these orientations of political economy are viewed together, they are all consistent in that they allow countries to obtain maximum returns in terms both of currency and of repayment of the debt.

An entire neo-liberal theory has been constructed, with the end of better disguising the real function of the Bank by giving it a global language. However, none of the recommendations contradict the principal objective, and indeed

a r e

The chief economists at the World Bank in 1981 were Streeten, Chenery, and U Haq — not one neo-liberal amongst them!

complementary objectives. Take for example the importance placed upon the elimination of internal budget deficits: stress is placed upon the need for monetary stability, the dangers of runaway inflation should the internal debt soar, and so on. But this strictness can also be viewed as applying to external debt. Consequently, because it is a question of public debt, the interest paid, whether on internal or external debt, come from State budgets. In other words, all reduction in internal budget deficits lessens the weight of internal debt and increases proportionately countries' ability to repay external debt.

An odious balance-sheet

After twelve years of adjustment programmes, it is possible to begin to draw up a balance-sheet of results. To quote Singer once more: "Neither the World Bank nor the IMF have reason to celebrate: the results of their policies known as structural adjustment have been poor, indeed negative. The social costs have been enormous (...) and they have been endured in vain: growth has not happened, the debt has not disappeared and investment has fallen. It is a balance-sheet hard to justify. To give one example, it is estimated that the failure rate of World Bank development projects is today almost 30%, as opposed to 10% a few years ago. This is largely due to (...) the priority taken by structural adjustment to the detriment of projects."³

The results of the most detailed survey cannot be reproduced by independent researchers and must therefore be treated cautiously.⁴ A study carried out on twenty-four African countries led to very negative conclusions: it would take too long to set them out in detail, but basically local private sectors have disappeared and institutional structures have failed. The critique also applies to those Eastern European countries on which identical policies have been imposed: all the programmes rest on the implicit principle that private initiative, once unleashed, will instantly fill the space opened up by State withdrawal and by privatisations. There is unwillingness to understand the social roots of economic efficiency: this results from a technocratic and idealised vision of capitalism — the common approach of adjusters throughout the world.

Things are turning out otherwise. In Africa, adjustment has resulted in reductions in public spending on salaries, the number of State employees, the elimination of unprofitable public industries and a squeeze on subsidies. Even if it is admitted that an excessive State is an important factor in misdevelopment, hatchet programmes are not the best way to proceed. The so-called "experts" completely ignore the importance of State employees' salaries, which support

the economy. In reducing their living standards, they are not looking below the surface. Improvements in balances are paid for by the dismantlement of those networks of solidarity which hold societies together, making them vulnerable to coups by the police or military. In thoughtlessly applying textbook formulas, the Bank missionaries are playing with fire. Witness the cynical report of two experts linked with the OECD: "We know how many bloody riots have broken out because subsidies on basic goods were suddenly abolished so to reduce the budget deficit; and how these riots have paralysed adjustment programmes."⁵

It was two World Bank economists who finally stated, in a most synthetic manner, the social effects of adjustment programmes, writing that "they have not had 'a human face'". The poor have suffered disproportionately the effects of contraction. Cuts in public expenditure have affected programmes aimed at protecting the poor. The reforms have worsened inequalities in income.⁶ Of course, the two experts hasten to add that things would have been even worse without adjustment; but at least doubt has been expressed.

Towards adjustment with a human face?

The 1987 UNICEF report on "adjustment with a human face" played an important rôle in placing the World Bank on the defensive. It was forced to remodel its approach, as seen in its reports upon poverty (1990), development (1991), the environment (1992) and health (1993). Faced with the poverty which, on its calculations, affects more than 1.1 billion people (those who earn less than US\$1 per day), since its 1991 Bangkok (Thailand) conference, the World Bank has advocated a "system of transfers and safety nets." While it has imposed drastic reductions on budget expenditure, it today recommends to the developing countries that they should "increase their public expenditure upon health."⁷

3. *Alternatives économiques*, February 1994.

4. Moshin Khan, 'The macro-economic effects of Fund-supported Adjustment Programs', IMF Staff Papers no. 2, June 1990.

5. François Bourguignon and Christian Morrisson, 'Adjustment and equity', *Le Monde*, 26 January 1993.

6. Lawrence Summers and Lant Pritchett, 'The Structural-Adjustment Debate', *American Economic Review*, May 1993.

7. World Bank, 'Investing in health', Report 1993.

In a further recent report, on Latin America,⁸ the World Bank places emphasis on the increases in inequality and poverty, and it is paradoxical that the Bank has now discovered that a fairer distribution of the fruits of growth is "perhaps more important" than growth itself. This has not prevented the Bank from defining poverty so narrowly that it appears to apply to very few. On their definition there would be the same proportion in the United States of America as in Latin America!

Nor is the Bank prevented from holding to its distinctive criteria for aid. As was underlined in a UNDP (United Nations' Development Programme) report, donors seem "to prefer authoritarian regimes, taking the view (without blinking an eyelid), that these regimes favour political stability and are better at managing the economy. When Bangladesh and the Philippines put an end to martial law, their share of total World Bank loans diminished."⁹ The burden of military expenditure no longer seems to be taken into account: it seems that it "scarcely makes a difference to the redistribution of multinational capital, for example that of the World Bank."¹⁰

An agent of imperialism

In a general way, the structural adjustment policies mirror exactly how capitalism operates today. The offensive against the State as a purveyor of public services, and against systems of social protection — but in favour of private initiative, the law of the market, and the forcing into competition on the world market without protection or rules — is not just reserved for the Third World nor even for the countries of Eastern Europe. It is a universal approach, which is leading to the splitting-up of the world economy, through a capitalism based on exclusion. The infernal World Bank-IMF partnership plays an important rôle in the installation of this model of world economic organisation: it is able to impose its views, as shown by the recent devaluation of the Central African Franc.¹¹

This is why projects aimed at "democratising the Bank", such as the idea floated by Susan George,¹² are, properly speaking, utopian and return to the idea that it should really be for the service of development. Conversely, critiques of the Bank should not found a new form of Third-worldism which would lead to the bourgeoisies in the South being let off the hook. Certainly, neo-liberal formulas are imposed in

well-known forms: loans, whether from the Bank or the IMF, are packaged with the view of putting in place modernisation programmes which conform to the new orthodoxy. These plans are in connivance with the interests of the local ruling classes which find in them a way of restructuring relationships between internal forces to their advantage, as well as a pretext for doing so. We have still never seen a government call on its people to resist the demands of the IMF. The demands made by structural adjustment fulfil almost the same function as the rules on competition in Europe: they are restrictions imposed deliberately by the bourgeoisies, which shelter behind the pretext of greater demands and external constraints. As never before, the struggle for human development is undergoing an anti-imperialism which implies a double rupture: both in its relationship with the world market, and also with local bourgeoisies. ★



US Trade Rep., Micky Kantor, and EU Commissioner, Leon Brittain, shaking hands and looking smug

8. World bank, 'Latin America and the Caribbean — A decade after the debt crisis', Report 1993.

9. UNDP, Report 1994, p. 80.

10. Ibid.

11. Claude Gabriel, 'The crisis in the CFA franc', *Inprecor*, no. 378, March 1994.

12. Susan George, 'Democratising the Bank', *CADTM Bulletin*, no. 11, 1994 (Belgium).

The left: post-perestroika

A BASIC knowledge of the history of the left in Russia from the time of Perestroika is vital in order to understand its present state. While its real impact on State policy has been small, its evolution and manifestations have been extremely varied and complex. In their second article our correspondents combine historical survey with analysis which focuses primarily on the obstacles (besides those "objective" factors already cited last month) to the democratic left acquiring a mass social base.

POUL FUNDER LARSEN &
DAVID MANDEL

IT WOULD not be entirely true to claim that the labour movement and the various left organisations and groups which emerged during and after Perestroika developed along totally separate paths. In fact, over the years, various attempts have been made by the left to forge links with the workers' movement. Following the miners' strike of 1989, their efforts met with some temporary success; in particular, there was considerable left influence at the founding of the Confederation of Labour in May 1990. However, the Confederation itself never really got off the ground.

Since then, apart from a few regional political groupings consistently oriented toward workers (such as Rabochii, a socialist association of workers' clubs in the Volga and Urals regions), and some groups of socialist intellectuals (such as the Moscow-based *KAS-KOR Bulletin*

on the Labour Movement and the Committee to Support the Labour Movement), most left-wing organisations have gradually given up making systematic efforts directed toward workers.

In 'Movement in retreat',¹ we tried to understand the isolation of the left by focusing on the politics of workers and their ("non-political") labour organisations. In this article, we will approach the problem from inside the left itself.

Before August 1991

THE "INFORMAL" LEFT

For the sake of clarity, we will treat separately the early stages of the development of the "informal" left from that of the left within the Communist Party of the Soviet Union (CPSU). These currents did interact to a large extent, in their political dynamics as well as in a direct organisational sense, since the CPSU and Komsomol (youth organisation) structures often gave tacit support (political and even material) to many of the "informal" groups, whose members were themselves frequently recruited from these structures. Nevertheless, until 1991, open and direct collaboration between the "informal" and "formal" structures was very limited, as the former feared manipulation and being discredited, while the latter were wary of encouraging potential competitors.

Many of the "informal" left groups had their roots in the pre-Perestroika era, when discontent with the regime was growing in intellectual circles. By the time Perestroika was put on the official political agenda in 1986-1987, many of these small groupings already had several years of discussion and even *samizdat* publication behind them. However, for obvious reasons, their practical experience of political intervention and campaigning was next to non-existent. When liberalisation made open political struggle possible, this lack of experience was telling, especially when it came to contest with the shrewd tacticians of the party apparatus (given that the average age of an "informal" socialist club member at that time was less than twenty-five).



1. P F Larsen & D Mandel, 'Movement in retreat', *International Viewpoint*, no. 257, June 1994.

The multitude of clubs and currents which emerged in this period was the manifestation of a genuine, if limited, anti-bureaucratic movement which posed vital social and political issues hitherto exclusively restricted to the jurisdiction of the bureaucratic authorities or completely outside the bounds of legitimate political consideration.

The formation in August 1987 of the Federation of Socialist Clubs was a major breakthrough for the "informal" democratic socialists. A key player in this was the Moscow Social Initiative Club, whose leaders included Boris Kagarlitsky, who had been arrested in 1982 as a leader of the Young Socialists, and Gleb Pavlovsky, a former *samizdat* journalist. The Federation was founded with the formal aim of "consolidating the left-wing of Perestroika", a phrase obviously designed to calm the fears of the authorities, but which also reflected the political outlook of many of the "informal" political activists in the "first wave". The declaration of the founding conference was carefully worded to avoid any head-on confrontation, but it nevertheless signaled the two concerns which would come to dominate the political struggles on the left in the following years: the struggle for democratic rights and the introduction of the market mechanism as a regulator in economic relations.

Yet if the Federation of Socialist Clubs was a step forward, both in terms of its own organisational ambitions and the winning of somewhat broader public recognition for the left, it soon became obsolete due to its ideological and structural amorphousness in a period of extremely rapid political evolution and differentiation. In less than a year it vanished from the political scene.

As the "democratic movement" gained momentum, Popular Fronts — uniting heterogeneous groups and organisations which professed a democratic orientation — were created, first in provincial centres (where the political scene was less factionalised) and then finally in Moscow in the spring of 1988, where socialists played an important leadership role. These Popular Fronts typically had broad democratic, social and environmental programmes, uniting substantial layers of activists. However, they were unable to transcend their formation as coalitions for the defence of a radical version of Perestroika. Consequently, when against the background of Gorbachev's economic reforms official Perestroika entered its terminal phase in the winter of 1989/90, and a series of alter-

native, mainly liberal, options, came to dominate the political debate, their underlying basis disappeared.

Although the experiences of the Popular Fronts varied from region to region, some general statements can be made about the problems faced by the left operating inside them during this period. The forces involved in these movements were of such a heterogeneous, sometimes even mutually contradictory nature, that it was impossible to develop anything even resembling a clear political platform or ideology. This tended to restrict them to a "lowest common denominator", which, in practice, would be the goal of winning concessions from the more progressive elements of the party apparatus. As Kagarlitsky, then a prominent leader of the Moscow Popular Front, stated: "We are realistic and don't demand the impossible. We make radical but realisable demands." However, the movement did show some radicalism, and did have some success in setting the political agenda, notably in its single-issue campaigns, for example around the environment and the treatment of Soviet history.

Incoherence

The political incoherence of the Popular Fronts also helps to explain their inability to develop lasting organisational structures. Further, despite a high level — particularly in the Soviet historical context — of rank-and-file activity in these movements, there was never any effective control on the leadership. As a result, when ideological and political winds blew towards liberalism, many "informal" leaders aligned themselves with the liberal forces which were coming to dominate the State apparatus and took with them sizeable parts of their organisations.

The rapid succession of events, the constant internal struggles within the Popular Fronts and their permanent organisational flux left little political space, time or energy for the socialist currents inside them to organize themselves efficiently. Thus, for example, even though the Confederation of Anarcho-Syndicalists had perhaps one thousand activists and the New Socialists several hundred, neither could pose a real alternative to the liberals when the Popular Fronts collapsed, as they had neither organised structure nor a regular press.

Despite attempts to link up with the emerging new workers' organisations,

the "informal" movement remained largely confined to student and intellectual circles in the major urban centres. The links made with the miners after the 1989 strike soon disappeared, and the attempt to give the "informal" movement a working class wing by creating Sotsprof, "an association of socialist trade unions", ended with the left being ejected from Sotsprof and the national leadership aligning itself with the liberals.

THE LEFT WITHIN THE CPSU

Contrary to the simplistic, latter-day liberal myth of a prolonged show-down, from 1987 onwards, between "communists" and "democrats", the real political process was far more complex, and even a partly symbiotic relationship between the members of the party-state apparatus and the democratic movement. Indeed, it was to a large extent initiatives originating in the party-state leadership which opened up the political space for the rise of the "informal" movement.

As the independent democratic organisations declined or became incorporated into the pro-Yeltsin Democratic Russia organisation, discussions on a socialist alternative continued mainly among the oppositional currents within the CPSU (although these often remained within a framework set down by the apparatus, which was still paying lip service to a "renewed socialism").

The conservative wing of the apparatus, which itself was a very heterogeneous entity, rallied around the so-called "Leningrad Initiative" for a "Russian Communist Party within the CPSU". This movement, whose key orientation towards a Russian CP already gave a foretaste of the nationalist tendencies which would later come to dominate it, was to a large degree a movement originating from within the apparatus, with its stronghold in Leningrad as well as in some provincial centres. However, it also attempted to organise its own "independent" popular base, notably the United Front of Toilers, a conservative front organization which borrowed its methods from the "informals", organising rallies, drafting petitions, distributing leaflets, and so on.

Yet despite the real support the conservative opposition to Gorbachev enjoyed both within the party apparatus and even among part of the rank and file, it failed to put forward a clear political programme. It tried to make up for this with nostalgia for the past and the promotion of traditional values of "statehood" and "recentralisation of the eco-

nomy". The lack of a concrete programme greatly facilitated the humiliation of this opposition, first by the Gorbachev leadership at the 28th Party Congress in the summer of 1990 (despite its strong presence among the delegates), and later by the liberal reformers who succeeded Gorbachev.

During the months leading up to the 28th Congress, two other opposition currents were formed within the party: the Democratic and Marxist Platforms. The former united a broad range of supporters of "radical Perestroika", from Yeltsinites through social democrats to socialists. The latter was founded by Marxist social scientists from the Moscow University but soon came to be dominated by more conservative forces.

Although the Democratic Platform had the support of tens of thousands of Party members, it suffered many of the same problems which had made the democratic "informal" movement a dead-end for its left-wing participants. Its platform had been formulated in very broad terms in order to reconcile the diverse tendencies which co-existed within it, with the result that in its programme, the perspective of a "transition to democratic socialism" stood alongside the obviously utopian call to transform the thoroughly bureaucratised, ossified CPSU "into a modern democratic party". Such contradictions ruled out the Democratic Platform becoming anything more than a discussion club which loosely united oppositional delegates to the Congress, and once the major liberal leaders left, in July 1990, its influence quickly declined.

The Marxist Platform clearly distanced itself from both the liberals (at that time, still parading as "social democrats") who tended to dominate the Democratic Platform and the party conservatives, proposing a return to "classic Marxism". Most of the academic leftists in this group had actually joined the party only in the late 1980s. Before becoming active in the movement of Moscow party clubs, they had organised educational and research activity within the non-party Club of Marxist Researchers.

Nevertheless, soon after the publication of its manifesto, the Marxist Platform received a large influx of activists with a very different background: rank-and-file party members as well as lower-level functionaries who saw it as a way to voice their more conservative opposition to Gorbachev's leadership of the Party. While these new members strengthened the Platform in terms of num-

bers, they also rendered it useless as an instrument for crystallising a principled Marxist current within the party. This was confirmed in August 1991, when a significant minority of the Platform supported the conservative putsch. Although it was abortive, the Platform split as a result.

"Communist" orientation

All the organisations which arose after the dissolution of the CPSU and openly profess a "communist" orientation draw their membership overwhelmingly from the former conservative opposition within the CPSU. They all believe, at least to some degree, that the bureaucratic past was essentially a socialist one, even if they also admit that the system suffered from deformations. In contrast, the democratic socialists inside the CPSU failed to rally any significant forces after its demise.

There are several reasons for this, the main one being that in many respects the CPSU was a microcosm of Soviet society, some of whose main traits we discussed in our first article.² The CPSU had ceased to be a living party almost six decades earlier. Until Perestroika, it was devoid of even the suspicion of democracy, with no possibility of any independent rank-and-file activity. Even after Gorbachev relaxed the leadership's hold on the party, the vast majority of the rank and file remained passive. It has been estimated that at the time of the 28th Congress, of the 4,683 delegates, those from the Democratic Platform numbered little more than one hundred, while the Marxist Platform had only a handful.

The supporters of the two opposition platforms were by and large concentrated in Moscow, Leningrad and a few other major cities. Moreover, their social composition made it difficult for them to enter into dialogue with the millions of (generally politically inert) working class members of the Party. By 1990, the CPSU had some 19 million members, of whom approximately 20 percent were manual workers, 15 percent peasants, and 40 percent white-collar employees. The remaining 25 percent were pensioners and employees of the so-called "power ministries" (the repressive apparatuses). At a joint conference of the Democratic and Marxist Platforms following the 28th Congress, 30 percent of the delegates were university or institute teachers, and twenty percent party functionaries, while only three percent were workers.

After August 1991

With the elimination of Article 6 of the Soviet constitution in winter 1990, the CPSU's claim to political monopoly came to an end. Dozens of new "parties" were subsequently created, typically being groups of a few hundred followers of a recognised leader. Almost all soon disappeared without trace. After the decline of the popular democratic movement, the serious political players remained the former nomenklatura cliques and their allied "democratic" luminaries. To a large extent it was the emergence of a liberal consensus within leading bureaucratic circles which profoundly altered the framework and tone of public debate.

As previously stated, the democratic left was ill-prepared for this rapid turn of events, which found its members isolated in small, more or less ideologically defined but badly organised groups. This was true both of those democratic left currents which came out of the "informals", as well as of the opposition in the CPSU. None of these groups numbered more than a few hundred members, nor did they have organic links with the workers' movement.

Several attempts were made to establish a broader framework for left-wing co-operation but had no success beyond common declarations. For example, while in autumn 1990, a Moscow initiative group "For People's Self-Management" brought together representatives of all major left groups — social democrats, socialists, anarchists, and the CPSU opposition — the meeting failed to take any decisions on united campaigns nor did it create an organisational framework for future discussions. Within a few months the initiative had petered out.

Meanwhile, the political scene was polarising between the liberals, who were increasingly gaining the upper hand in the central party-state apparatus (although their mass popularity had already peaked and their Democratic Russia movement was on the decline), and the conservative bureaucratic tendency which still retained strongholds in various regions and levels of the apparatus and was trying to organise a mass movement.

The failure of the August 1991 "opetta putsch" gave a further impetus to this polarisation: the "centrists" of the apparatus (Gorbachev, Lukyanov, Pavlov) were rapidly outflanked by the libe-

2. *International Viewpoint*, no. 257, June 1994.

rals, led by Yeltsin. Yeltsin's suspension and later outlawing of the CPSU in Russia following the putsch left the party's Central Committee apparatus in a state of paralysis. Not one prominent party leader called for the creation of a new organisation which could rally those party members who wanted to continue their political activity under the changed conditions. The Central Committee secretariat did not meet again until mid-September and even then, according to one report, "the only problems being discussed are those linked to the creation of jobs for former party officials."

It would be another eighteen months before any group originating from the former Central Committee leadership took an initiative toward recreating a Communist Party within the Russian Federation. By that time, a majority of the former high party officials had already migrated to the Russian state administration or to business (and often to both) and had little use for a party which still identified itself, at least nominally, with "communism".

Marginal

The breakdown of the old party leadership opened the way to a rise to prominence by formerly marginal forces and personalities. However, only two structures managed to acquire a broad following: the Russian Communist Workers' Party (RKRK) and the Socialist Workers' Party (SPT). The former's supporters were recruited primarily from the conservative wing of the CPSU, while the latter attracted many former middle-level party functionaries around what could be termed a "left-Perestroika" platform.

The RKRK, founded formally in November 1991, soon became the organizational expression of a narrow but real enough mobilisation of activists and former low-level arty functionaries with neo-Stalinist, and often strongly nationalist, inclinations. This nationalism, which came to dominate all the political groups which came out of the CPSU, draws on widespread values of "statehood" (*derzhavnost*), which trace their roots far back into pre-revolutionary times and was resurrected with a vengeance by the bureaucratic counter-revolution in the 1920s and 1930s, as well as on the reaction to the obviously comprador nature of the new Russian ruling circles, whose policies have led to the rapid decline of the country's economic and cultural wealth, not to mention its military might.

WHEN it was founded, the party had 5 thousand registered members; by the spring of 1992, its numbers had reached 50 thousand, making the RKRK the most important of the post-CPSU formations. It was the driving force behind the creation of Toiling Russia, with affiliates in major cities, which front organisation united the neo-Stalinist "communist" organisations with the growing "patriotic" movement. Although it lacked any positive political programme — save for the resurrection of the USSR, possibly in the form of a Greater Russia — Toiling Russia was able to bring tens of thousands of people on to the streets in the aftermath of the dissolution of the USSR at the end of 1991 and the launching of "shock therapy" in January 1992. With access to broad-circulation dailies like *Sovetskaya Rossiya*, as well as having their own press (with a circulation of tens of thousands of copies), it could reach broad layers of frustrated and embittered former party members.

In 1992, the RKRK claimed that 30 percent of its members were workers. Certainly its leaders put much effort into the creation of its own workers' organizations, such as the Union of Workers of Moscow. Yet while the mass demonstrations in early 1992 undoubtedly had a working-class element (although the majority were pauperized white-collar employees and pensioners), its attempts to organise separate working-class structures largely failed. In many places these organisations still exist, but nowhere do they have more than a few hundred (albeit highly politicised) activists. Nor do they command any real authority among the broad masses of workers, who have ignored their frequent calls for strike action.

Indeed, the virtual hegemony of the RKRK in the political protest movement against "shock therapy" probably played a role in dissuading workers from participating in such activity. It predilection for abstract, patriotic slogans and the evident lack of seriousness on the part of its leaders (for example, the flamboyant Viktor Anpilov — former *Pravda* correspondent in Cuba — called for the overthrow of the "fascist" Yeltsin regime through a spontaneous uprising) did much to discredit the idea of a serious socialist alternative to "shock therapy". The RKRK's more concrete campaigns, such as the collection of a million signatures for a new "Soviet Constitution", left workers cold and did not show any way forward for the movement.

The SPT (Socialist Workers' Party) was also founded in the autumn of 1991, but had a quite different political and organisational profile. The Brezhnev-era dissident Roy Medvedev (who was semi-tolerated by the old regime) was among its founders, but it was dominated by former middle-level Party officials of the younger (35-50) generation who shared an orientation toward a regulated mixed economy, market reforms without "shock therapy", and moderate nationalism. The new party adopted the last draft of the CPSU programme, which had been endorsed by Gorbachev and the Central Committee a month before the demise of the CPSU.

The SPT had an official membership of 50-70 thousand, thirty deputies in the now dissolved Supreme Soviet of Russia (although they belonged to five or six different factions!), regular access to *Pravda*, and its own bi-monthly with a circulation of around 15 thousand. Nevertheless, it could not count on any significant active support from its membership, which, in any case, it made no serious attempt to mobilise, preferring instead to lobby in the corridors of power. Indeed, there was really little with which its members could identify, and so when the project for recreating a Communist Party of the Russian Federation (KPRF) was launched at the start of 1993 (by Valentin Kuptsov, former chairman of the Russian CP, which was created in 1990 and dissolved by Yeltsin after August 1991), over 80 percent left (as did most members of the smaller "communist" organisations) to join the new party.

Network

The KPRF immediately became the largest party in the country, with half a million members and a network of regional organisations. This new/old party was from the outset a compromise between moderate reformist forces from the old Central Committee apparatus (led by Kuptsov, a Gorbachevite) and an increasingly assertive nationalist current which also originated in the old Party apparatus but had close links with the entire spectrum of "patriotic" organisations, as well as with "nationally-oriented" businesses. In a clear sign of the shifting mood amongst the party's supporters, Gennady Zyuganov, a former Central Committee apparatchik who had become co-chairman of the ultra-nationalist Russian National Assembly and leader of the broad "patriotic" alliance, the National Salvation Front, beat Kupt-

sov in the leadership elections to the party's Central Committee.

Under Zyuganov's leadership, the KPRF adopted a rather conciliationist policy toward the liberal regime, presenting itself as a reform-oriented, but socially conscious opponent of "shock therapy". The party's leaders now claim to be "left social democrats", but with a higher profile around the issue of Russian "statehood". Judging by statements made by Zyuganov (and in today's Russia, the leader generally equals the party), it is difficult to qualify the KPRF as socialist in any traditional sense. For Zyuganov, the key concepts are not "social justice" or "popular democracy" but "statehood" and (Russian) "spirituality" (*dukhovnost*). His points of historical reference are more Peter the Great and Stolypin than Marx or Lenin. This shift to the "patriotic" wing of Russian politics has not hurt the party's popularity: together with the closely allied Agrarian Party, the KPRF took around 25 percent of the vote (by party slate) in the December 1993 elections to the Duma (the new parliament created by Yeltsin's constitution). (However, it is important to keep in mind that according to official figures 48 percent of the electorate did not vote, and the real figure is probably even higher.)

While the KPRF, and what was left of the SPT after the mass defections to the KPRF, participated in these elections, most of the smaller "communist" groups called for a boycott, arguing that participation would legitimate Yeltsin's state coup. This was one of the signs of a rapidly growing split between, on the one hand, those "communist" groups oriented to parliamentary activity and reform, and, on the other, those which have more radical goals and advocate more militant tactics. Moreover, although the "patriotic" current clearly dominates the "communist" camp, there are today some signs that certain elements of its more radical wing are reconsidering the wisdom of allying themselves with the nationalists.

Crisis in the democratic left

While the organisations which came out of the CPSU could draw on inherited structures and networks, had access to a mass press ready to publicise their activities and positions and could rely on a pool of thousands of former party activists, the democratic socialists had no such resources. Faced with an official ideological climate completely hostile to any talk of democratic socialism or a

"third way" between an increasingly authoritarian liberalism and a potentially even more authoritarian nationalism (in official discourse, you are either "for reform", that is to say the liberals, or "against reform"), the small groups of the anti-Stalinist left reacted in various ways.

One tactic was to attempt to regroup their scattered forces within broader left-democratic coalitions. This tactic, which had already been tried in 1990-91 by the anarchists who founded the radical Green Party (which today has no discernible presence on the political scene), was chosen by socialists, anarchists and Marxist activists from the dissolved CPSU, who formed the Party of Labour (PT) in the aftermath of the August 1991 putsch. It was tried again in autumn 1992 when a broad range of moderate and more radical leftists (from the SPT to small Trotskyist groups) assembled at the first Congress of Democratic Left Forces.

Despite the fact that the Congress was a remarkable success in that it gathered over a thousand participants, it failed subsequently to develop any real activity. At present, elements in the PT are attempting to form a Union of Labour, including parts of the former trade-union apparatus, as a moderate coalition of left forces. Its immediate function would be to run candidates in the forthcoming regional and local elections.

To date, none of these attempts at broad democratic left coalitions have succeeded in their goals, that is, to win new adherents to their movement, establish lasting structures, or extend their influence beyond the essentially Moscow-based left-democratic intelligentsia. Their main contribution has been to raise the public profile of this current, which is still little known in the population at large.

A second tactic was to create small, ideologically well-defined propaganda groups. But this has hardly fared any better. Various anarchist and Marxist groups have been attempting to create their own small "parties", complete with national leaderships, programmes and minuscule presses. None have been able to reach out much beyond their original circle of founders. Most are actually on the decline, and none have national importance even in Russian left politics, although some have relative strongholds in one or two regions.

A third tactic, in the face of the failure to win a popular base, has been to try to win the support of more progressive

elements in the former trade-union apparatus for what is termed a "British-style labour party". At various times, there were hopeful signs of a favourable response to such overtures made by the PT, in particular from the Moscow and Leningrad regional trade-union federations, but no progress was made, as the dominant circles in the union apparatus preferred more substantial, and less radical partners, such as the Civic Union, or even different factions from the ruling liberal elite. Thus, the head of the Moscow Federation of Trade Unions (and presently also of the Russian Federation of Independent Trade Unions, FNPR), Mikhail Shmakov, who was long seen as favouring a labour party, has apparently now turned in favour of developing some sort of working relationship with the Yeltsin regime, as he did earlier with the Moscow government.

CONCLUSION

In reviewing the fate of the Russian left during the past seven or eight years, it is tempting to try to assign responsibility to "objective" factors (the "masses", for reasons outlined in our first article,³ simply not being ready to respond to a left alternative) or to "subjective" ones (such as the weaknesses and errors of the political left, some of which have been mentioned here). However, while this may be useful in terms of analysis, in reality they are all part of the same totality and ultimately merge. Put simply, the Russian left was not able to transcend the nature of the society from which it emerged.

Despite the upsurge of popular activism in the 1987-1990 period, almost no permanent, really popular democratic structures emerged. The impression held at the time by many Western and Soviet observers, that the Glasnost era was fast creating an independent civil society, with genuine social movements and organisations and a lasting space for public democratic debate, proved deceptive. As we noted earlier, sixty-odd years of Stalinism has bequeathed an atomised society, lacking any experience of self-organisation and with a deeply ingrained tendency among the population to look to patrons and "leaders" to act on their behalf. The sudden collapse of the former official ideology and the almost as rapid loss of the old social guarantees left people deeply insecure and disoriented.

3. *International Viewpoint*, no. 257, June 1994.

In these conditions, a socialist programme based upon self-organisation and genuine popular democracy was unlikely to find many ready takers. Once liberalism had disappointed, nationalism (always a central feature of Stalinism) proved much more accessible to broad strata of the impoverished population. The majority of the remaining active elements of the former CPSU readily embraced this, further discrediting socialism as a real alternative in the minds of workers and leaving the democratic socialists to explain what socialism was really about from an isolated position. In one bizarre, but very telling twist, the leadership of the SPT opted out of a joint left-wing slate with democratic socialist groups in the December 1993 Duma elections to ally with a moderate nationalist bloc which included, among others, the Cossack Union and managers in the oil industry! (The list failed to collect the required number of signatures to present candidates.)

External

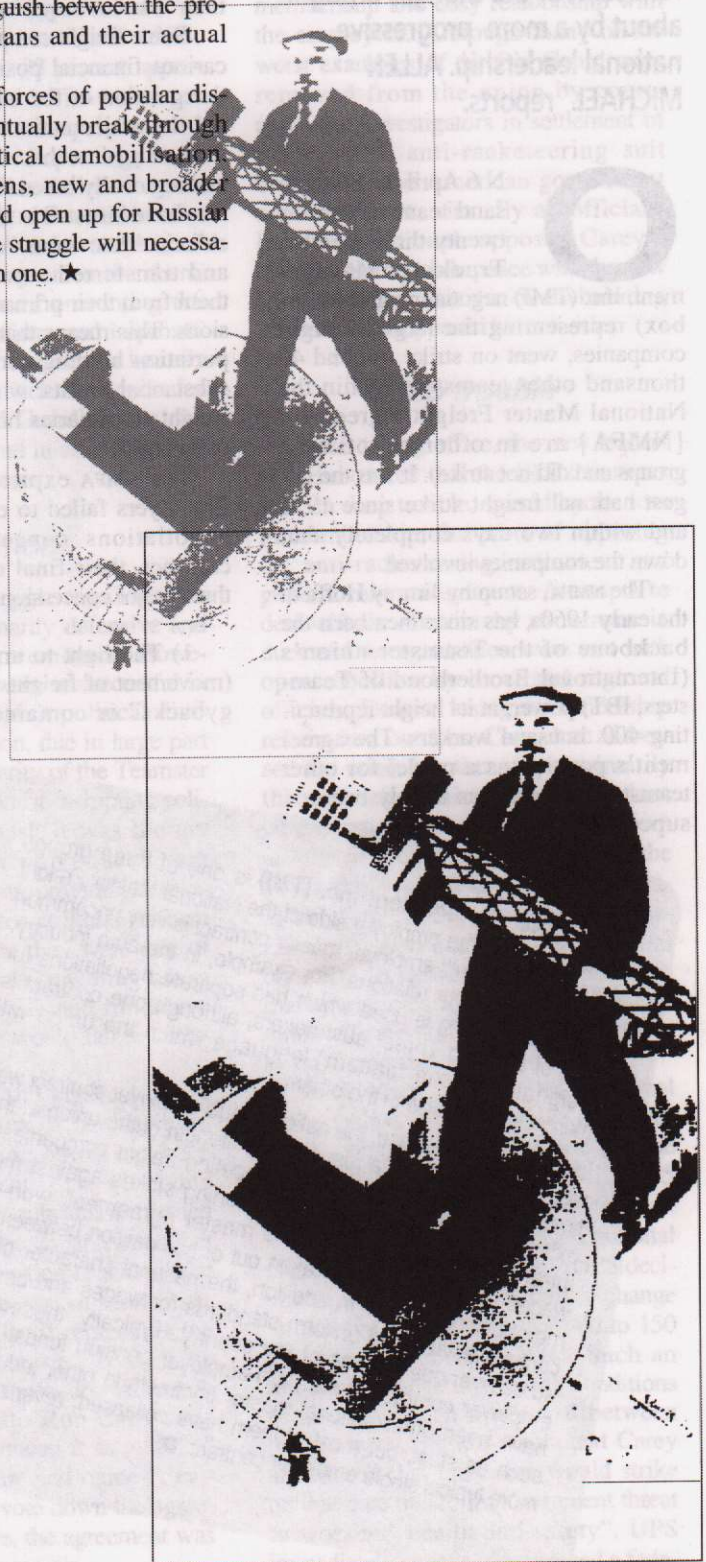
The weakness of the democratic left was to a large degree a product of these external developments and pressures. Yet equally most activists failed to appreciate the importance of these factors and to draw appropriate conclusions for what would have to be a long-term strategy in order to achieve success. The momentous developments of the Perestroika period stimulated a certain "spontaneist" tendency in the thinking of the democratic left, an expectation that increasingly broad layers of the population would (following their objective interests and in the wake of the loosening grip of the old structures), come to embrace their cause. With a few exceptions, most of the democratic left suffered from a related "vanguardism" which had its roots not only in its social and political isolation but also in inherited Soviet traditions.

This led to a very distorted view of the real correlation of forces and to a failure to appreciate the need for a long-term strategy involving organic organisational and propaganda work among the general population, and particularly among workers. Such a strategy was not of course very attractive to socialist activists given the rapidly evolving situation, since it could not hope to bear much fruit in the short term (for reasons we outlined in our first article).

Russia is in what will undoubtedly be a lengthy period of major social and economic upheaval, with no stabilisation

yet in sight. The contradictions within Russian society are constantly deepening, and have yet to find their adequate expression in the political sphere. However, as bleak as the picture now seems for the democratic left, many ordinary people have gained, and are still gaining, valuable political experience, gradually shedding long-held illusions about the paternalism of State authorities and the rôle of political patrons and leaders — learning to distinguish between the promises of politicians and their actual practice.

The pent-up forces of popular discontent will eventually break through the present political demobilisation. When this happens, new and broader possibilities should open up for Russian socialism. But the struggle will necessarily be a long-term one. ★



Teamsters defy divisions

FOR the first time in many years the Teamsters' union, the IBT, supported striking members — a reflection of the changes brought about by a more progressive national leadership. ALLEN MICHAEL* reports.

ON 6 April the 80 thousand teamsters in the twenty-three member Trucking Management, Inc. (TMI) negotiating group, (see box) representing the largest freight companies, went on strike (around 40 thousand other teamsters within the National Master Freight Agreement {NMFA} are in other negotiating groups and did not strike). It was the largest national freight strike since 1976 and within two days completely shut down the companies involved.

The NMFA, set up by Jimmy Hoffa in the early 1960s, has since then been the backbone of the Teamster union's (International Brotherhood of Teamsters, IBT) power, at its height representing 400 thousand workers. The agreement's position as a model for other teamster contracts has largely been superseded by the

United Parcel Service (UPS) master agreement, but it is still extremely important given the strategic role of road freight transportation in the "just-in-time" US economy.¹

Some freight companies are in a precarious financial position. Since 1980, deregulation of the industry has benefited the major national companies and worked against those which are smaller and regionally based. The major companies have invested in non-unionised subsidiaries (known as "doublebreasting"), and transferred assets and freight to them from their primary, unionised divisions. This means that the freight transportation holding corporations realize substantial profits, while the unionized freight subsidiaries hover on the verge of collapse.

The NMFA expired on 31 March. Employers failed to engage in serious negotiations concerning the new contract, their final offer demanding three major concessions:

1) The right to unlimited "railing" (movement of freight via railroad "piggybacks" or containers), which pre-

viously had only been permitted to move excess freight. It was estimated that 10 thousand drivers could lose their jobs if this occurred.

2) The right to hire part-timers at a substandard \$9 per hour. The freight companies claim that this is necessary as UPS, the largest US package delivery company, where fifty-two percent of employees work part-time, is attempting to compete directly with the freight companies (see below). Acceptance would lead overnight to a majority part-time, low-wage, few-benefit workforce.

3) Abolition of the open-ended grievance procedure. This procedure (established by Farrell Dobbs and the revolutionary Minneapolis Teamsters in the first area agreement during the 1930s, and introduced into the NMFA by Hoffa), gave the union the right to strike nationally where there is deadlock, in contrast to the binding arbitration clause in most union contracts. Although it had never been used it potentially gave the union great power. Now that there was a more militant national leadership, the employers were eager to discard it.

Inevitable

The employers were in such a favourable position that they could probably have dealt with their key concerns through negotiation. They chose to make a strike inevitable on the basis that any demonstration of weakness on the part of the union could be exploited to break up the NMFA. However, their demands were so unreasonable that all shades of opinion were against their final offer, and while initially success was seen in terms of defeating doublebreasting and maintaining the agreement, it soon became seen as the survival of the union as a whole.

* The author is a member of the revolutionary socialist organisation Solidarity, and an activist in the Teamster reform movement.

1. "Just-in-time" refers to a system of production which is increasingly supported and implemented by management in industrialised countries, whereby, for example, the numbers of supervisory staff and the time in which particular production targets are to be met is dramatically reduced. In 'Working for the Japanese: Inside Mazda's American Auto Plant' (Free Press 1992), J Fucini and S Fucini described how JIT created a factory where "everyone minds everyone else's business."

TRUCKING Management Inc. (TMI) is one of three groups which make up the employer side of the National Master Freight Agreement. A multi-employer master contract is very uncommon in American labour relations. For example, in the auto industry, pattern bargaining is used which has separate negotiations for each of the "Big Three" automakers, although one contract is designated as the "pattern" language which the union will attempt to achieve with the others.

In the Teamsters' case, the national multi-employer contract was won in the 1960s, as a result of the strength of the union at that time. Jimmy Hoffa compelled competing freight companies to exist under one contract by threatening strikes against more intransigent companies. In the master agreement, workers' wages and benefits were taken out of competition between the member companies. In addition, the national character of the contract established uniform standards for wages and benefits across various regions of the country. Typically, these multi-employer contracts have multi-employer pension funds. There have been other national master contracts in other industries, such as steel, but most of them have collapsed, reverting to a more typical single employer contract. ☼

By the end of the first week, the employers had returned to the bargaining table. Although they continued to demand these three concessions, conflicts and dissension appeared amongst them. For example, a number of smaller TMI companies sought release from the strike and pledged to abide by the final results of negotiation, not being inclined to watch their profits evaporate on the picket line, when the concessions would be more to the benefit of the larger companies.

Solidarity strong

Meanwhile, union solidarity remained strong, with mass demonstrations, sit-ins at major banks, and leafletting of non-union trucking companies being pursued in some areas. Although the media stated loudly and repeatedly that the strike was having no major impact on commerce, in fact the freight companies lost large amounts of revenue, and states such as Alaska and Hawaii, which are dependent on teamsters for the movement of basic goods from their ports of entry, called upon the Federal government to facilitate an agreement. On 29 April a tentative settlement was reached, and a ballot subsequently carried out.

In the end, the union defeated the demand for part-time workers, so preserving tens of thousands of full-time jobs with full benefits. The economic package of wages and benefits in the new agreement was significantly higher than in the employers' final offer and a number of job security issues were also addressed. Some long-sought democratic demands were won, such as the right for workers to retain their seniority when they take leave to work for the union — making it easier for militants to run for office. More importantly, changes to the grievance procedure will allow workers to remain at work (with the exception of certain specified offences), until a disciplinary hearing takes place.

The final agreement did not roll back past concessions to the employers and some ground was lost on the question of raiting (twenty-eight percent of total miles may now be raited instead of the current ten percent). The union also lost the right to strike at a national level over deadlocked grievances.

One controversial issue is the elimination of overtime for dock workers. Before a company can use casual workers on dock operations, it must provide forty hours' work for all its full-time

workers. However, the agreement provides that after this list is exhausted, it may bring in casuals, instead of paying full-time employees overtime. Some workers feel that they should have an automatic right to premium pay overtime.

The results of the ballot on the contract were released on Sunday 5 June. 67,784 voted in favour (81%) and 15,729 against. In 1991, the contract received 67 percent approval and in 1988, only 37 percent. Until 1988, contracts only needed 33 percent approval to be put into effect. The wide margin of approval was surprising and reflected a number of important points. Primarily, it reflected a desire to return to work. Secondly, it reflected that the final contract addressed a number of concerns held by many union members, especially the issues of preventing the use of part-time workers and improvements in pensions and health benefit financing. Despite a lack of support for the contract by "Old Guard" forces, the contract was approved in all but a small handful of local unions.

Division

The IBT's struggle against the employers was primarily defensive and no significant gains were made. However, the employers were unsuccessful in their attempt to exploit political divisions within the union, due in large part to the resolute solidarity of the Teamster rank and file. Instead of disrupting solidarity, as in the past, it was the IBT which now built it. It produced over twenty strike bulletins, providing a source of information for strikers. Reform activists ensured that they were part of information networks, enabling direct distribution to the rank and file where local union officials would fail to circulate them.

The result of the strike largely reflects the balance of forces in an industry where union power has been allowed to weaken. To give one example, non-union subsidiaries owned by unionised freight companies had met neither serious opposition or attempts at organisation on the part of the former Teamster leadership. It represents the first signs that the union can again be effective against employers. Although officials opposed to Ron Carey, the union leader, denounced it as a "folly" and a "waste of time and money", calling on workers to vote down the agreement, as seen above, the agreement was approved by a large margin.

At the beginning of his term of leadership, Carey and the new administration attempted to co-exist with the anti-reform factions and officials from these. The Old Guard represent continuity with the previous union regimes. Some of them are implicated in organised crime and violence against union dissidents, while others simply enjoy their bloated lifestyle: high salaries, several pension schemes, limited accountability to the membership and cosy relationship with the employers. Although many of the worst examples of the Old Guard were removed from the union by court-appointed investigators in settlement of a landmark anti-racketeering suit brought by the American government against the IBT, virtually all officials, local and national, opposed Carey's election. Some made peace with the new administration, but the overwhelming majority have opposed his activities.

Deep trouble

Upon taking office, the new leadership discovered that the IBT's finances were in deep trouble, caused by the loss in membership, the costs of opposing the anti-racketeering settlement and general mismanagement. Attempts to deal with the situation by an increase in dues and re-organisation were met with open rebellion by local and regional officials. Despite losing a membership referendum on dues, Carey has addressed the crisis in other ways, primarily through abolishing the redundant bureaucratic layers of the union known as "the area conferences". (During the 1930s these reflected the regional character of inter-state trucking. They organised and also administered regional contracts. However, they are now primarily vehicles for the enrichment of union officials and thus centres of opposition to reform.)

In February, Carey called a national strike against UPS, one of the most profitable corporations in the world and the largest teamster employer, with 165 thousand workers in its master contract. Despite just having completed national negotiations in October 1993, UPS decided to implement unilaterally a change in package weight limit from 70 to 150 lbs, from 7 February 1994. Such an important change in working conditions should have been negotiated between the company and the union, and Carey announced that the union would strike on that date due to the "imminent threat to workers' health and safety". UPS immediately sought and obtained a fede-

Teamsters defy divisions

ral (nationwide) court injunction barring the union from striking.

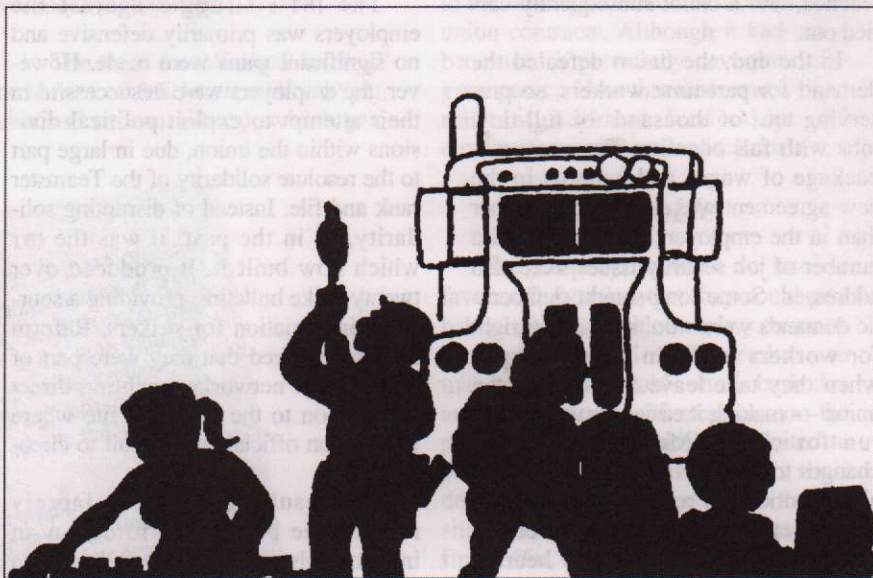
The strike proceeded despite the injunction (and a no-strike clause in the contract) — an extraordinary act of resolve on the part of the IBT. The strike was concentrated in the Northeast, where pro-Carey local branches in New York City, northern New Jersey, Pennsylvania and Massachusetts effectively shut down operations. Reform-minded branches in other parts of the country, including Georgia and Florida, were able to give the strike a national character, and in all approximately 70 thousand workers walked off the job during the one day strike. The strike was powerful enough to force UPS to accept an Interim Agreement governing the procedures by which overweight packages would be handled, until permanent agreement could be reached. (However, there was widespread scabbing by Old Guard-controlled local branches, primarily on the excuse that violating the injunction would result in huge fines for the union.)

Militants

This was the first national strike called by Carey and was very important in winning back the support of militants who felt that the UPS contract agreement was less than satisfactory and that Carey was not being swift enough to advance the reform agenda.

Throughout these events, the reform current, Teamsters for a Democratic Union (TDU), has maintained its role as the political voice of the rank and file. Branches where TDU members or supporters are in office played key roles in both the UPS and the freight strike. In the internal struggles, TDU has combatted the Old Guard propaganda and ensured that material from the IBT is circulated on a local level. The leadership of the TDU, which includes IBT vice-presidents, has been discussing different approaches to the financial crisis and is very supportive of Carey's move on the area conferences. Increasingly, the TDU will be focusing on and establishing the political agenda for the 1996 IBT convention.

Carey and the other reform leaders in the IBT face re-election in 1996. Already various Old Guard personalities are starting their campaign rhetoric, including Hoffa's son, James Hoffa, Jr., a Teamster attorney in Detroit, who tried to run in the 1991 election but was ineligible. Although he is an Old Guard figure with no independent power base, the Hoffa legacy still has influence. As with most major struggles, the balance of forces is clear. The reform movement faces very serious challenges. However, the Carey administration and TDU is building a solid basis of struggle and mobilisation in the fight for the hearts and minds of the rank and file. ★



Divided movement

SEVEN months after taking power, the "centre-left" coalition government has come up against a wave of social discontent, led by the trade union Solidarity, while the body of affiliated trade unions OPZZ, previously so swift to criticise the misdeeds of the preceding capitalist governments, has maintained a careful reserve. The new government has retreated in the face of the miners' demands, but the strike movement has, above all, once again highlighted divisions in the working class.

ZBIGNIEW KOWALEWSKI

FOR four years the leadership of Solidarity legitimised and protected the anti-worker and pro-capitalist policies of the right-wing governments which succeeded one another after the fall of the bureaucratic regime. This support was probably critical to the success of the "shock therapy", the demolition of workers' social gains and the pursuit of a market economy. However, with the passage of time it became more difficult for the Solidarity leadership to hold an "umbrella" over rightwing socio-economic policies.

In search of a lost basis of support

The working-class base of the union reacted against the rise in unemployment, the slashing of social services and the privatisation of the economy in two ways — both equally undesirable from the point of view of the union bureaucracy. Many simply left Solidarity. Its huge fall in numbers¹ was all the more disturbing for its leadership as union competition was strong, particularly from the national alliance of unions OPZZ (made up of the former official unions), which today is in the majority, but also from the dissident minority union Solidarity '80. Others became radicalised and this was accompanied

by the calling into question of their leadership. Divisions appeared within the heart of the leadership, as shown by the rivalry between the national president, Marian Krzaklewski, regarded as "soft", and the president of the Warsaw region, Maciej Jankowski, viewed as a "hard-liner".

So as to regain legitimacy in the eyes of its rank and file, in 1992 the Solidarity leadership felt obliged to launch warning strikes and on one such action found itself outflanked in spectacular fashion: In December that year a national protest led to a three week-long strike by 100 thousand miners. In June 1993 its motion of censure on the government led by Hanna Suchocka resulted in the Diet (Parliament) dismissing the government and President Lech Walesa dissolving the Diet.²

It is characteristic of the Solidarity leadership that while obliged to distance itself from liberal policies and even to organise protest movements against them, it did not itself move to the left. It sought its references and political solidarity within the radical anti-liberal right — that same right discredited to the point of finding itself (like Solidarity) a loser at the September 1993 elections. One can imagine the confusion which this course provoked amongst the radicalised wing of Solidarity. In any event the Solidarity leadership has produced a true ideological masterstroke: it has persuaded large numbers of its rank and file and militants that the social disaster which has occurred since 1989 is a result of the so-called "post-commune",³ in other words, a political force which throughout the whole period was in opposition!

When a significant number of workers voted for this same "post-commune" the division amongst the working-class became glaringly obvious. During the parliamentary elections last September the Solidarity leadership had threatened that in the event of victory by political forces born of the former regime it would use all legal methods of mass mobilisation to overturn the "post-communist" government. Marian Krzaklewski even accused these forces of representing an "oligarchy of capital" — an example of the ideological masterstroke referred to previously.

Contrary to the views of Krzaklewski and the radical right, the Social Democratic Party of the Republic of Poland (SdRP), which originated from the Polish United Workers' Party (POUP),⁴ does not politically represent the capital referred to as "nomenklaturist", that is to say capital which was accumulated fraudulently by Stalinist bureaucrats at the end of their power. Primitive private accumulation of capital necessarily passing through the State apparatus, most former bureaucrats who became capitalists rapidly turned away from their former party, and were driven from power and ostracised by the new political elite. Further, capitalists do not just recruit from the old elite, but also from the new.

The trap closes

The coalition Polish Peasants' Party (PSL)-Democratic Left Alliance (SLD) government,⁵ led by Waldemar Pawlak, has done everything possible to create favourable conditions for a counter-attack by Solidarity. Despite the SLD making vague electoral promises of a change in favour of workers, absolutely nothing has been done after seven months of government. Immediately after its stunning victory the SLD started referring to "change within continuity". In reality there has been continuity but no change. Continuity means the restoration of capitalism. Zbigniew Siemiatkowski, spokesperson for the SLD, recently made the cynical observation: "Through the will of the electors, the

1. Solidarity, which had almost 10 million supporters in 1981 and still 2.5 million at the time it was re-legalised in 1989, today has no more than 1.5 million. By way of comparison, OPZZ claims to have more than 4 million supporters, while Solidarity '80 has around 350,000.

2. See *International Viewpoint*, nos. 248 & 251, September and December 1993.

3. During the 1980s some of the opposition press adopted the term "komuna" ("commune") to designate the political forces aligned with the regime of General Jaruzelski. It is this term, with its perjorative connotation, that the right-wing in Solidarity now use to describe the left.

4. The POUP (Polish United Workers' Party) was in power from 1948 to 1989. At the beginning of 1990 it dissolved itself, with the majority of its leadership forming a new party, the SDRP.

5. The SLD was formed from the SDRP and twenty other organisations, including the OPZZ. By far the majority of these have their historical roots in the old regime.

SLD has taken the baton from the former government in the race to a market economy.⁶ He is perfectly aware that those who gave the SLD victory did so for completely opposite reasons, but this means nothing to him and his colleagues. Mieczyslaw F. Rakowski, Prime Minister at the end of the General Jaruzelski regime and the last leader of POU, has written: "Prime Minister Pawlak and his entourage do not speak of continuity. The leaders of the PSL clearly know their base well. They know that on seeing the ruin of his farm the peasant would be angry to hear from the mouths of his leaders that they were thinking of continuing the economic policies of preceding governments."⁷

Since its entry into government the SLD has been concerned solely with appearing credible in the eyes of both the international bourgeoisie and capitalists within Poland. In this it has had some considerable success, even if this is mitigated by the permanent conflict within the coalition and in its relationship with the presidency. Economic policy, including the privatisation of State industries, is entirely decided and carried out by the liberal wing of the SLD. The anti-liberal tendencies of the PSL, corresponding to the interests of its peasant supporters, still present certain obstacles, but are limited by a rather original trade-off. The PSL has given the SLD free rein in exchange for freedom to act as they choose concerning the running of the State apparatus and the treasury. Thus the peasant bureaucrats have achieved their desire: to take root in the upper echelons of the State administration, which deals with huge sums of money.

"Historical paradox"

In his recent public indictment of his comrades Rakowski wrote: "The trade union Solidarity, so its leaders stated, would oppose the exploitation of workers in whatever form. One would like to say: 'What times, that the language of class is over!' But [the truth is that] our social-democrats [choose to] use this no longer. (...) One of the most prominent leaders of the sdrp has declared that the historic task of his party is to form a middle class. (...) The attitude of the sdrp with regard to privatisation of State industry has caused much confusion both amongst the electorate and left-wing sympathisers. A social-democrat minister directs his ministry to transform ownership. That means that the social-democrats are actively participating in

the building of capitalism in Poland. It is a historical paradox because, in general, until now, the left-wing parties supported restrictions on large-scale private ownership. (...) If to all that we add the agreement of the SLD (including deputies belonging to the sdrp) that there should be the right to evict tenants and if we hear ringing cries that 'We want to join NATO', (...) then the remark made by one of my friends, that our social-democrats wear liberal trousers, could seem justified." Rakowski is also extremely disturbed by the fact that "The social-democrats do not have significant bridgeheads amongst the workers." The only organised workers' base on whom the sdrp can count is the OPZZ. "It seems that the sdrp is becoming an electoralist party, only active during electoral campaigns. The sdrp leadership do not appear to realise that if the party claims (in its programme) to draw its inspiration from traditional Polish socialist thought, then who, if not the workers, will form its main base? The semi-mythical middle class, the State bureaucracy, the liberal professions?"⁸ For Rakowski, the present course of Polish social-democracy, "closer to a liberal-democratic orientation than a left-wing one", shows that it is only a transitory conversion, and that sooner or later it will be necessary to form a true left-wing party. In his view, an example to follow could be that of the pre-World War II Polish Socialist Party, which was a mass reformist workers' party.

Clear

Zbigniew Siemiatkowski has replied to Rakowski in very clear terms: "The sdrp is in a very uncomfortable situation. It must participate in the process [of privatisation], partially undermining its credibility. It must take part in forming conditions for the development of a healthy market economy, which will only benefit most wage-earners in the future. (...) To put it bluntly: for there to be a true social-democracy there must be support for the building of a market economy. (...) A middle class is necessary as a stabilising force, one which is invulnerable to any kind of demagoguery and open to the world and its experiences. There is no democracy without a strong middle class of this kind. It is what makes civil society. We do not deny our support for the formation of a middle class. On the contrary, it is within that class that we see an important part of our social-democratic electorate. A left-wing position cannot be

based upon groups which are pauperised, exasperated and who always lose out."⁹

It was precisely one of these groups which in the last elections returned those formerly in the POU to government, while another has now mobilised behind the Solidarity banner so as to drive them out. Anti-liberal splits within the SLD — several times announced as imminent by numerous political commentators — have not occurred. The liberal elements are still in firm control of the SLD and the OPZZ is not budging. Only four SLD deputies voted against the budget, which made deep cuts to social spending. As a result they were expelled from the parliamentary group. They included three representatives of the small Polish Socialist Party (PSP), including Piotr Ikonowicz and Stanislaw Wisniewski, vice-president of the OPZZ. It is significant that Wisniewski was not followed by any of the sixty SLD deputies who belong to the OPZZ.

Broad strikes

The Solidarity leadership is politically motivated by right-wing considerations. However, it is a workers' union and its engagement in mass struggle is on the basis of real working-class claims. Abolition of the special tax paid by State industries on "excessive" wage increases, reduction in the working week to forty hours (with Saturdays off), reduction in gas and electricity rises, reduction in tax on low income, State social assistance for poor families — these are national claims. Solidarity is also demanding a swift vote in parliament on the group of laws which make up the "social pact on State industries", the distribution of profits made from privatisation for the benefit of workers and the fulfilment of all the agreements made with preceding governments.

The successive phases of the strike movement were planned in a secret, centralised fashion and announced only a short time before being put into effect so as to be a surprise and to avoid dissuasive action by the government. Often those most surprised by an order to go on strike were workers themselves. In any event, during the last ten days of April Solidarity was able to hit hard. It paralysed four lignite (brown coal) mines, on the production of which

6. Gazeta Wyborcza, no. 119, 24 May 1994.

7. Polityka, no. 17, 23 April 1994.

8. Ibid.

9. Polityka, no. 19, 7 May 1994.

depends a third of national energy production. The country found itself on the verge of massive cuts in energy supplies to both homes and industry. Twenty other mines, principally (black) coal mines, also went on strike — which paradoxically reduced the demand for electricity. According to Solidarity, on 29 April eleven-hundred workplaces took part in a national day of strike action. Even if this figure is exaggerated, there can be no doubt that the movement is very wide-spread. On 6 May (again according to Solidarity's somewhat unreliable figures), 200 thousand workers in 190 businesses stopped work.

Opportunism

While purporting to support the demands made by Solidarity, the OPZZ leadership stuck behind the government, condemning the strikes as political opportunism. For its part the government made partial concessions. It abandoned its plans to restructure the lignite mines and accepted the social claims of workers in this sector. It also later accepted all the demands put forward by Solidarity on behalf of the miners in black coal mines, save that it refused to pay wages for those days spent on strike. The union strike fund is empty and so could not compensate the workers. The tough stance of the government on this last point hastened the tailing-off of the movement even before the Solidarity leadership decided that national claims should be dealt with by negotiations. Strikes have now been suspended and some differences have arisen concerning where the movement should go now.

At the beginning the right-wing parties believed that they could benefit from a test of strength but later became increasingly worried: in their eyes the strikes blocked their plans for industrial restructuring, re-asserted the social importance of workers in the large-scale State industries and put a brake on pro-capitalist reforms. The pursuit of liberal and restorationist policies has proved more and more difficult, but there is still deep division within the workers' movement. This division is not only on the level of the union leaderships; between the Solidarity leadership which wants to be seen as the right-wing opposition to the centre-left government, and the OPZZ leadership, seeking to support this government in the same way as its "brothers" supported the various right-wing governments. There is also division within the heart of the working-class itself. The re-establishment of unity in

struggle, around immediate and class-based demands, is a precondition for the liberation of a true left-wing political alternative. In Poland no such alternative is apparent at either pole of the workers' movement. ★



Lech Walesa in 1980:
would the workers now drive him through the streets — or off them?

Revolution to parliament

// ...there has been a painful and regrettable event in the revolutionary camp — the voluntary withdrawal of the National Resistance (RN) from the United Revolutionary Leadership (DRU)... the reason given was that they did not accept decisions should be made by majority. They fought to the last for the DRU to adopt decision-making by consensus. This was unacceptable given that the issue was one of united leadership and not simply of co-ordination.” (communication from the DRU to the Salvadorean people, September 1980.)

SERGIO RODRIGUEZ LASCANO

History is repeating itself. After twelve years of war and two of transition we seem to be returning to 1979-80, in respect of the differences between the various political projects.

The election results have been the catalyst for the crisis. This is not easy to explain when the FMLN reached the second round, coming second in the first round with 24.9 percent of the vote and putting the Christian Democratic Party (PDC) in third place with only 21 percent. The problem is that it was not so successful as expected.

From revolution to parliament

While the FMLN won twenty-one seats in parliament (having aimed for between eighteen and twenty-two) there were disasters in the municipal elections, where it thought it would have most success. While it had hoped to win sixty-two town councils (25 percent of the total of 272), it won only sixteen. Most significantly, it lost in areas which had formerly been strongholds.

The FMLN leadership knew that it would be impossible to win the presidential elections. However, to win a large number of the municipalities would not only give flesh to the idea that power is a relationship constructed from below (an idea taken up with enthusiasm by the rank and file) but would also give continuity to political work carried out in areas controlled by the FMLN during the war. However the people did not vote for the FMLN. They voted for the PDC, or worse, for Arena. Or did not vote. Why did this happen?

The peace accords signed in Chapultepeo guaranteed a more or less peaceful transition but started from the position of retaining the Arena

State apparatus. The FMLN was transformed into a legal political force, in return for the inviolability of those principally responsible for the worst crimes against the people. The “Truth Commission”¹ showed beyond doubt that top military officials authorised actions against the population, but at the same time there was reference to co-responsibility.

Complicated transition

In this way was neutralised one of the most complicated aspects of the transition. In contrast, there has not been adherence to the few points contained in the accords. For example, the forum for Economic and Social Reconciliation was ignored by business, to the extent that in 1992 a number of unions held stoppages and strikes with the sole objective of showing the bosses that they should come to the table to make the Forum reality. The bosses responded cunningly by calling on the unions to sign a Pact for Transitional Agreement”, in which they set out a number of compromises which workers should make in return for a promise. This was that if for the sake of the “reconstruction of the country” workers promised to be efficient and productive, when there was growth and development their living conditions would be re-examined. Accordingly workers promised not to organise strike movements. The result was that on 1 May this year the Union federation UNTS could only mobilise 4 thousand people.

This is the sad reality of the democratic revolution (for some the end of the struggle while for others the launch-pad in the struggle for socialism). Some of the FMLN leadership are comparing this stage of the revolution to the conclusion of that which took place in Mexico between 1910 and 1917, when the political system was democratised, there was an (eventual) end to militarism and wealth was redistributed through land reform. However, in relation to this last the end of the Salvadorean revolution bears no comparison. Mexican land reform was far more thorough-going. For example,

1. The “Truth Commission” was established following peace talks — the aim being to investigate past human rights abuses.



all land and subsoil was considered the property of the nation and its redistribution smashed the hacienda (large estate) system of ownership. In this country, the fundamental mechanisms of the agro-producing oligarchy still exist. The Salvadorean peasants went to war, gave logistical support to the FMLN and endured siege by the army to finish in the same place from which they started, without a scrap of land (or without the economic ability to cultivate it). This lay behind all the problems which confronted the FMLN in the last elections.

On the political terrain, although according to the agreement made in Chapultepeo, 60 percent of the leadership of the new police force was to have been comprised of people with neither army nor FMLN backgrounds, the remaining 40 percent being divided on a 50:50 basis between the FMLN and members of the army not named by the Truth Commission as having violated human rights, the result has been the reverse: thirty members are from the army, thirteen are from the FMLN and 19 are supposedly independent. The new police force has already begun to suppress demonstrations.

Accordingly, just as in the elections held during the war, the abstention rate was high — 55 percent. The Salvadorean people could not see the difference between these elections and those of the 1980s. The abstention rate again reflected rejection of a political system which does not represent the people. The difference now is that whereas before abstentions reflected support for the FMLN the opposite is now the case.

Swift move

Faced for the first time with the possibility of electoral triumph due to the collapse of neo-liberal policies, the FMLN moved swiftly to the centre. One can partly see the point in this — it is extremely difficult to develop social and economic policies for the people when the global change in the correlation of forces between labour and capital has resulted in the total absence of any alliance which can at least help in this. Capitalist restructuring carried out from the imperialist centres has condemned a large part of the world to even greater poverty. The idea that if a large number of countries and indeed the world population were to disappear the world economy and trade would not be affected is a constant in the theory of “the globalisation of the economy”. It would be totally impossible for a country such as

El Salvador to carry out even a moderate autonomous economic project.

However, because the left has not placed itself, as a political force, on the side of the poorest and most exploited, it does not have their trust. At the same time it has not convinced business owners that it is a moderate force; for them the traditional oligarchical parties can better guarantee the gains they have made.

“There has been a revolution which has expressed itself in the elimination of all components of dictatorial power — dissolution of the National Guard, reduction in the size of the army, and its subjection to civil power. All this has brought about vast democratic change. Perhaps we made concessions in terms of ideas...” (Joaquín Villalobos)

Impossible to win war

Immediately following the impressive but unsuccessful offensive of November 1989 the leadership of the different forces which make up the FMLN began to reach the conclusion that it would be impossible to win the war militarily. This belief became even more firm when the pro-capitalist character of the fall of the bureaucracies in Eastern and Central Europe became clear. There were also four decisive events in Latin America: the defeat of Lula in the 1989 Brazilian elections (although with an impressive second round vote), the invasion of Panama in December of the same year, and, fundamentally, the electoral defeat of the Nicaraguan FSLN in 1990, and the beginning of isolation of the Cuban leadership, as a result of the fall of the Soviet bureaucracy. And then came the war against Iraq.

Political and economically it became more and more difficult for the FMLN to continue the war. Accordingly it chose a more complicated and difficult route than that of maintaining the armed struggle — that of transforming itself into a legal political force.

The FMLN signed the peace accords in Chapultepeo with the aim of creating a new political framework, in which it was still strong and with social influence, and also able to build legitimate civil power which would gradually challenge the dominance of the Salvadorean oligarchy. This was not a mistaken aim. However there was a problem. There were at least two other visions behind the signing of the accords. On the one hand there was that expressed most clearly by Joaquín Villalobos, who stated that the main objectives for taking up

arms in 1980 had been fulfilled, and that the revolution was about to triumph completely, but that it would be a new type of revolution, which would not separate Salvadoreans but unite them — it was the first “civilised” and “negotiated” revolution, which would not end with the destruction of the State-military apparatus but with the fusion of both State and FMLN apparatuses. On the other hand, there were those, such as the Popular Liberation Forces (FPL), Communist Party (PCS), and Central American Revolutionary Workers’ Party (PRTC), who felt, albeit in a very unclear and contradictory manner, that this could only come about if there was a change in the correlation of international forces.

At the same time theories began to be formed to justify these changes in position. Once again, it was Villalobos who took the initiative and set out a series of clear and extremely interesting ideas, called “The new concept of power”. He began with an arrogant and baseless critique of revolutionary processes in other countries, according to which they always begin from a vanguardist vision which concludes with the taking of power as a result of a “divine leadership” from above which relies on military support. In this way, with one stroke of the pen was crossed out the significance of the workers’ councils of Tsarist Russia, the communes during the Chinese revolution, the civil committees in the Cuban and Nicaraguan revolutions and so on. The revolution was to be understood merely as a modification of the relationship between capital and labour.

Concrete results

It is correct that power is a social relationship and not simply the taking of the State. The problem is that this social relationship must achieve concrete and specific results, not simply in the form of government but, fundamentally, in the redistribution of wealth.

There was once basic agreement between all the FMLN forces concerning how transition should take place, and in particular how the counter-insurgent State should be transformed into one which was democratic. Their differences more concerned future development, in so much as the FPL, PCS, and PRTC did not abandon the idea of a revolutionary transformation of society. Leonel González, leader of the FPL, put it thus: “Without political power it will be impossible to build a true and stable

democracy. For this reason the FMLN and other democratic and revolutionary forces claim political power to guide the nation towards a system of peace, democracy and social justice. From this comes the obligation on the democratic revolutionary movement to guarantee the triumph of the political and social revolution."

It became obvious that the internal differences in the FMLN were going to deepen. Whether these become concrete depends on the degree of social democratic conversion undergone by the RN and People's Revolutionary Army (ERP). The problem with their conception is that it treats El Salvador as if it were Sweden. It has been said that the FMLN colours should be changed from red and black to something more "modern"! What some really want is to "modernise" the FMLN. A day after it was made public that the FMLN had expelled the seven deputies who had voted with Arena, Villalobos said: "The ERP, as much as the RN, want to modernise the left with the end of joining the system, so that we can reclaim the logic of contest and confrontation. What has happened is democracy and more democracy." Eduardo Sancho (Fernán Cienfuegos) stated: "For the first time we have shown the nation that we are for democratisation... We cannot show two faces, given the necessity for debate on democratisation and the fulfilling of the peace accords."²

It is within this framework that the present crisis of the FMLN has erupted. The undisciplined attitude of the seven deputies, from the RN and the ERP, is not just a parliamentary but a political problem. They want to change the FMLN into a force which puts pressure on the present oligarchical system. This requires ceasing to act like guerillas and starting to act like yuppies.

The problem is that the death squads themselves are acting just the same. On 19 May they carried out a second attempt on the life of Nidia Díaz (a PRTC militant). On this occasion the ex-commander and now deputy said: "They don't like us to call them death squads, because they walk around with ties and briefcases, but they are around; and untouchable."

The squads are known to have operated during the FMLN split, publishing a pamphlet in the name of the "Revolutionary Salvadorean Front" (FRS) which threatened Villalobos, Sancho and Ana Guadalupe. The FRS immediately denied that the threats came from its ranks. However, both Villalobos and Sancho

had already made high-flown declarations which inevitably deepened the divisions within the FMLN, Villalobos stating that: "These threats are the result of the polarised and confrontational attitude of the PRTC, FPL and PCS leadership", while Sancho continued, referring specifically to the FRS, "It is time that these groups ceased to exist."³

The situation within the FMLN could not be any more contradictory. In practice almost all the organisations within it have had a series of splits. Most important is what is happening within the ERP, where a large number of militants have organised themselves as a tendency, for which, although in reality outside this organisation, they have demanded recognition as part of the FMLN. This current has suffered a series of very fierce attacks by the ex-commanders. Although they deride "Marxist-Leninist" authoritarianism and speak of the necessity for an open and participatory society they will not admit the least disagreement within their own ranks.

An anniversary and a conclusion

We did not begin by looking at internal differences in 1980 purely to highlight changes in ERP policy. In any event it has always held a position of preventing an agreed outcome, whatever the cost. As much in the "insurrection" in Mejicanos at the end of 1979, as in its condemnation of the RN in May 1980, it has been the motor for a confrontational line. When the RN separated from the DRU, it did so mainly due to their support for Colonel Majano. Majano, at this time leader of the army, had decided to imprison Daubisson, made a call to the popular forces to isolate the most right-wing sections of the government and proposed the setting-up of a centre-left government. RN decided to support this and was immediately condemned by the DRU as trying to effect an hegemonic and anti-unitarian coup. The question arises today: "What would have happened had the DRU supported Majano against Daubisson?" Would we have won more than we have now, saving twelve years of war and 75 thousand deaths? Immediately after the signing of the peace accords so many have said the same that it seems that it should be recorded that this objective which Villalobos now says he had could have been achieved much earlier, with less blood spilt.

Of course, it is clear that this was not the objective of the Salvadorean revolu-

tion (the broadest in terms of participation since the Mexican revolution). The social-democratic paradigm can be adopted, in the belief that it still has something to do with a redistributive vision of wealth. This is the central problem. Villalobos and Sancho are referring to a paradigm which no longer exists. Capitalist restructuring did not only apply to those closed societies which existed in Eastern Europe and which they consider "Marxist-Leninist" but also to reformist social-democratic utopias.

Tirado López, Sergio Ramírez, Villalobos, Sancho and sections of the right-wing of the Brazilian PT share a common view, that of the Brazilian economist Hélio Jaguaribe: "In these (Latin American) countries the only viable democracy is a mass social democracy. The social-democratic model (...) with a market economy, subject to social programmes or plans of a breadth which will hasten the entry of the broad masses into higher standards of living (...) it is clear that this is the best formula for meeting these countries' needs."⁴

This model does not exist in France or Spain and has entered into crisis in Sweden. It is completely unable to compete with tougher neo-liberalism and is therefore even less viable in countries such as El Salvador and Nicaragua. There is enormous difficulty in setting out an alternative project, but without doubt it is always preferable to start from the position of trying to solve the greatest problems of the masses.

The globalisation of the economy has not only deregulated the forces of labour, made most of the world even poorer and increased the cynicism of former Marxists and revolutionaries, it has also clarified the relationship between the tribal problems in Rwanda, the struggle of the indigenous Zapatistas in Mexico, and the prospects for keeping hope alive in El Salvador. Jacques Derrida spoke of a new International (of the poor and the excluded, and so of most of the world), but there will be no new International without struggle by the workers in imperialist countries. ★

2. La Jornada, 5 May 1994.

3. Ibid, 7 May 1994.

4. Cited by J. Castañeda in *La Utopía desamada*.

The only real alternative

AT THE end of April the 9th national assembly of the Workers' Party (PT) took place in Brasilia. The meeting adopted "Bases for a programme of government", dealing with popular participation and social control, land reform, the external debt, abortion rights and rights for lesbians and gay men amongst other themes. We publish below the introduction to this document.

DOCUMENT

São Paulo, April 1994*

BRAZIL has been in an unstable situation for more than ten years. Workers have achieved a number of victories since the mid-1970s when they took up industrial struggle and then united to end the military regime. The growth in popular organisations, including the PT and the Central Union of Workers (CUT), the campaign for direct presidential elections,¹ the end of the military dictatorship and the dismissal of Collor are some examples of these.

The ruling class have had to retreat on several occasions, since the economic model which underpinned the famous "Brazilian Miracle" ran out of steam. In addition to the presidency of the Republic, they control the vital State and social organs — the National Congress (Parliament), judicial power, the armed forces, the means of production and the major means of communication — and still have powerful agents in the union and popular movements. However, they still do not have a national project to put to society. This explains the rise in estimation of the PT in the eyes of the people during recent years—even if this rise is not reflected in terms of organisation and mobilisation. To overcome our organisational weakness we must look at how PT militants within the social movements act out our Party line, so as to unlock the door of the electoral campaign and of government.

Great political impact

The mobilisation by militants around the Lula campaign and programme, even if with an electoral objective, had a greater political impact than economic or partial struggles — despite the fact that at times these would be more radical. The principal aim of mobilisation in 1994 must be the struggle for the installation of a democratic popular government capable of enacting the structural reforms and changes which the Brazilian people have demanded for the past twenty years. However, these elections must also be the backdrop for a great campaign of mobilisation for reforms and to give a sense of transformation to both the electoral and political struggles.

This shows both our major weaknesses and the possibilities for consolidating that support which we have received from the most aware and organised workers as well as from youth. It also shows that we can convince, or at least neutralise, the majority of Brazilians. Here, in contrast to Argentina and Chile, the ruling class have not been so successful as they have wished in advancing neo-liberal "reforms". This is thanks to the resistance of the democratic and popular movements. The Lula campaign will take place in a context where, in order to recycle their system,

the tenants of capitalism must create a consensus around the idea that economic growth will only be possible through the exclusion of the majority of the population and indeed of whole continents. However, due both to economic circumstance and electoral results world-wide (but in particular in Latin America) there are signs of retreat from the predominant neo-liberal ideology. The São Paulo Forum, the victory of Nelson Mandela in South Africa, the strengthening of the broad left fronts in Uruguay and Argentina, the election victories of the Radical Cause in Venezuela, and the possibility of victory by the Party of Democratic Revolution (PRD) in Mexico are just some examples. It is within this framework that the Lula campaign must serve as a platform for the denunciation of exploitation and oppression and the reflection of democratic and popular victories.

In Brazil, the October 1994 elections could create a new balance of forces in favour of the popular camp. Victory by Lula and his government in favour of democratic and popular reforms will mark a grave defeat for the neo-liberal project and for the hegemony of the ruling class over Brazilian politics. (...)

Only alternative

The neo-liberal offensive, reinforced by the election of Collor de Melo, was sharply checked by his dismissal. Following this it became clearer to Brazilians that only a Lula candidacy can overcome the crisis and lead to renewal with development, through redistribution of income, wealth and power. Aware of this, conservative forces have mobilised since 1992, with the sole objective of preventing us from achieving victory.

This explains why the ruling class wore itself out in their attempt to stop the "Fora Collor" (Collor Out) movement from going beyond ethically-based political demands and also from critici-

* See also *International Viewpoint*, no. 251, December 1993. A special dossier includes the 'Party's Guiding Principles'.

1. The first democratic legislative elections at the time of the democratic opening-up "controlled" by the military dictatorship were marked by a mass campaign led by opposition parties, from the bourgeois PBDM to the PT, for direct presidential elections. The PBDM finally accepted the principle of indirect elections by an anti-democratic electoral college.



sing neo-liberalism and the privatisation of the state. It was also for this reason that they attempted to compromise the PT within the Itamar Franco government, with the purpose of damaging its image of opposition, in the name of unity of "pro-dismissal" forces, as if there were between them programmatic affinities justifying a governmental coalition.

Even so, while the ruling class was divided concerning the proposal for a presidential or parliamentary regime, some significant sectors pronounced that they were for parliamentarianism — with the goal of draining any Lula government of power and blocking reforms by way of a Cabinet system where the government would be under the control of Congress. This was one of the reasons why our party rejected the parliamentarist proposal.

Faced with the certainty of electoral defeat in 1994, the leaders of the ruling class called for the Congress elected in 1990 to "revise before the people make reforms". The PT resisted this further attack on democracy and against a future popular government. Despite a lack of understanding, both within society and the Party itself, we were able to do so because we never viewed revision as something to which we had to submit. Despite the majority in favour of revision, the authoritarian regime, the putschist manoeuvring of Humberto Lucena (president of the commission for constitutional revision), the massive support of the media, the millions spent by big business, the weak popular resistance to the "revisional coup d'état"; despite all this revision did not get off the ground. After five months, the only significant decision taken by the commission has been the reduction in the presidential term of office from five to four years, proposed by the Commissioner for the Budget, the deputy Generaldo Correia (of Bahia state's PMDB).

The "toucans"

Throughout these events — the dismissal movement, national unity around the "Itamar" government, the referendum on the system of government, constitutional revision — our Party did well on the whole, putting either a total or partial halt to the manoeuvres aimed at preventing us from victory or simply obscuring what we stand for, trying to transform us into a left-wing guarantee of the agreement made between the elites. The trajectory of the Brazilian social-democratic party (PSDB) has been completely different.² Defined by

our 8th national assembly as "political terrain on which to fight" the PSDB subsequently made completely opposite choices to those of the PT. We were in opposite camps on the Collor government, in which the "toucans" had ministers. While we opposed the "Itamar" government, the PSDB took part, pressing upon him an economic policy in perfect continuity with that of the preceding government. The "toucans" were the principal defenders of the parliamentarist option and of the new electoral law, clearly intended to curry favour with the popular camp. However, it was the parliamentary "toucan" group — with its allies in the Liberal Front Party (PFL) and the PMDB — which was defeated over constitutional revision.³

The trajectory of the PSDB proves that the PT was correct to establish, as a criterion for alliances, the necessity of agreement on a programme of government and support for Lula.

The sensible choice

If we had made any other choice, we would have found ourselves in the demoralising situation of having as an ally a party chosen by the Brazilian ruling class as the main alternative to Lula. The infatuation by big businessmen and conservatives with Fernando Henrique Cardoso, the former Minister for Finance and the favourite candidate of large capital, who followed the economic policy of Collor, is well-known. With his left-wing past, his popularity amongst the middle classes, his aura of honesty and the complicity of Mário Covas (the president of the PSDB) Henrique Cardoso has made a coalition with several conservative parties including the Brazilian Workers' Party (BWP), the Progressive Party (PP) and especially the PFL — with the goal of defeating Lula a second time.⁴

The rapprochement between the PSDB and the PFL was not new: in 1989 Mário Covas, then a "toucan" presidential candidate, chose as vice-presidential candidate Roberto Magalhães, the PFL governor of Bahia. When the Collor government showed its neo-liberal and corrupt face, the PSDB debated the possibility of entering. The "toucans" were our principal opponents in the São Paulo municipal administration during Luiza Erundina's period in office between 1989 and 1993. In response to the economic and political commands of the Franco government Henrique Cardoso adopted an anti-popular economic plan, subject to the interests of large capital

and the financial system. But Henrique Cardoso's prospects for success, which was conceived as an electoralist ruse, are not great: "favouring the rich" decidedly lacks popular legitimacy.

Paulo Maluf — the mayor of São Paulo and leader of the right-wing Progressive Renewal Party (PRP) — the traditional alternative for the most right-wing sectors — has decided not to put himself forward for the presidency. His disastrous administration of São Paulo, his disputes with the vice-president — which did not guarantee him control of the party's electoral machinery after their "divorce" — and his implication in a politico-financial scandal certainly weighed on his decision. (...)

Orestes Quércia, president of the PMDB, and former governor of São Paulo, has also submitted to pressure to withdraw his candidacy from the same sectors which did not wish Maluf to be a candidate. In addition, a minority current within the PMDB threatened not to support him during the electoral campaign. To counter this resistance, Quércia adopted an "anti-elites" approach, constitutional revision, against the economic plan and, of course, the PT. (...)

The difficulty of the conservative sectors in finding even one candidate shows that the ruling class, despite imminent defeat, are still not able to overcome their internal differences. This can equally be seen in the attitude of employers to the economic plan — where success is dependent upon the signing of an agreement between the monopolies to reduce price rises, if only for a few months. However, it is the sinking of the constitutional revision which shows most clearly the gap between the will to fight Lula and the inability to unite to do so.

Confirming the analysis of those of us who never regarded it as a fait accompli, the paralysis of the constitutional revision, when added to the advance of Lula in the opinion polls, leaves an disarmed ruling class. This explains the views expressed by certain layers of the army. Their expression of a real pheno-

2. The PSDB, contrary to what its name suggests, is not linked to the democratic and popular movement. Rather it is situated between social-democracy and traditional liberalism. Its logo is (the bird) the toucan.

3. The PFL is a rightwing party which originated from a split in a party which operated during the dictatorship. It is supported particularly by big business and was the principal supporter of the Collor candidacy.

4. The PTB is a small rightwing party led by José Andrade Vieira, a banker and Minister for Trade and Tourism in the "Itamar" government. The rightwing PP has members who are leaders of the union sectors most bitterly opposed to the CUT.

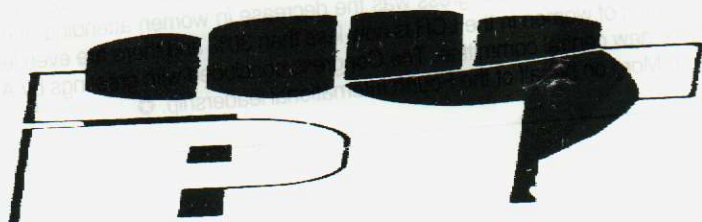
menon — the difficulty of uniting the ruling class against a democratic popular alternative — with the spectre of the institutional crisis serves to intimidate certain sectors of the left, who have turned to extolling “institutional solutions”, even going so far as to try to resuscitate revision in order to exorcise the threat of a coup d'état.

Reaffirming our profile

In 1994's Brazil, the sole guarantee of institutionality is the Lula candidacy. Our party must bring out all its forces. For this reason we must reaffirm our commitment to socialism and to democratic and popular reforms. (...)

The elections on 3 October, and especially the Presidential elections, will dominate the positions taken by the different political forces. The economic plan evolved with them in view; the rhythm of social struggle depends on them, as does the stance of the municipal, state and federal governments; candidates and alliances can no longer be clearly defined. Finally, constitutional revision still has a place right at the heart of the politico-electoral game. Presented

Further, the administration of the economic plan has been disastrous: on the one hand the government has refused to negotiate or to integrate the criticisms and suggestions made by Congress and civil society (notably the union movement) but on the other it has not stopped giving concessions to the monopolies — allowing them complete freedom to fix the price of their products — and to those of private means, through a policy of absurdly high interest rates. These concessions constitute attacks upon national dignity and efforts towards sovereign development in the same way as the recent agreement on renegotiation of the external debt between the Franco government and private creditors. It should be recalled that during the first phase of the economic plan, at the time of the so-called fiscal adjustment, expenditure on health, education and transport were slashed by billions of dollars, causing an already precarious social situation to deteriorate still further. At the same time, the government squandered almost 17 billion dollars in payment of interest and principal of the internal debt, to the benefit of the leaders of the financial markets.



as a reliable weapon of struggle against inflation, the monetarist approach taken by Henrique Cardoso has fallen into the same trap as its predecessors: he has reduced wage-earners' purchasing power, decreased consumption, increased interest rates and freed prices from all effective controls. As was foreseeable, from the first day of March, the introduction of the “unit of real value” (RVU) has aggravated the outward signs of instability while worsening even further the living conditions of most of the population.⁵ Inflation in the cruzeiro real has only accelerated, particularly in relation to basic necessities, and day after day workers feel the erosion of their purchasing power. A minimum wage has been fixed provocatively by Henrique Cardoso with the lowest value ever in the history of our country. It is even lower than the value of the minimum wage in countries where conditions of development are worse than in Brazil.

On the brink of panic

The Henrique Cardoso candidacy is consistent with this setting of irresponsibility, social insensitivity and privatisation of the state: As a good adventurer, he abandoned ministerial responsibility not long after having launched his economic plan, to put himself at the service of the reactionary forces, with the aim of avoiding at any cost, as in 1989, a Lula victory. The PT reaffirms that inflation is a serious problem requiring the immediate operation of a programme of stabilisation. Rather than simple fiscal adjustment it must be a programme involving huge structural reforms to the state economy, which lays the basis for a new model of growth, and social development, which will begin a new process of redistribution of wealth, and even a new kind of sovereign intervention on the international scene. (...)

The senseless putting into operation of the economic plan has led to a sharp rise in inflation of the UVR. (...) It is this which has caused the conflict between the government and its economic team on the best moment to introduce the real — up until now fixed for July, the latest that the measure can bring forth electoral fruits.

The attitude of the popular and union movement is decisive — not only for the success of the economic plan, but also for the putting into place of conditions allowing the application of a government programme after a popular victory. Some strikes have broken out in the ABCD region⁶ of the country but it is still too soon to measure the breadth of the reaction to the erosion of wages. Most likely social struggles will remain at the present level, and even increase in severity during the electoral campaign. We now have the heavy responsibility of achieving a national movement for structural reforms.

The unity of workers

The consolidation of workers' political and organisational unity and the strengthening of their representative organs, in particular the unions and the CUT, is a task which must be taken up by all those who struggle for a Lula government. The union movement must work to strengthen workers, in consolidating large, powerful and deep-rooted unions in the workplaces. In this way they will play an essential role in a national movement of workers' struggle for immediate victories and for the structural reforms which we propose, and also in the struggle for socialism.

Large sections of the population believe that real improvement in their living standards depends upon the result of the elections on 3 October. Even if that is evidence of support for Lula, a policy of “wait and see” is dangerous. This is why the orientation of the Party and of our union and popular leaders must be towards pushing for mobilisation against the degradation of living standards as a result of Henrique Cardo-

5. The introduction of a new currency, the real, destined to replace in July the present cruzeiro real, has been prepared by the establishment of an index linked to the dollar, the “unit of real value” to which the real should be equal. This is the fifth change in currency in eight years caused by galloping inflation.

6. ABCD designates the industrial belt of São Paulo, which includes the towns of São André, São Bernardo do Campo, São Caetano do Sul, and Diadema.

so's monetarist reforms. It is vital that the PT, its economists and parliamentary deputies go on the offensive around the economic plan, not just in relation to its electoral aspects.

Supported by the majority of big business (who also have Quercia in reserve), the candidacy of Fernando Henrique Cardoso is beginning to benefit conspicuously from favours from the governmental machine. It is this which explains the pressure by Itamar Franco on the members of his government who would incline towards Quercia, and who today oppose him, through electoralist self-interest the economic plan and the President himself. It is a clear signal to the opposition sectors of the PMDB that they will have official support in their pro-Henrique Cardoso rebellion. The announcement of benefit for workers on minimal wages is a declaration of support for Henrique Cardoso.

Support by the state machine for a candidate is nothing new in Brazil. However such support will not in itself overturn the relationship of the electoral forces, because up until now Henrique Cardoso has appeared as a "bought" candidate, clearly benefiting from government support. What is new for us is the necessity to show more clearly our opposition to Itamar Franco.

(...) In short, we must — while profiting from the halt to revision — clearly state that it is now time for real reform. This approach must dominate both our electoral campaign and our programme of government, which must include the institutional reforms which we will make from 1 January 1995. ★

Correction

In our last issue we inadvertently forgot the credits for **Natal el Saadawi** and **Sherif Hetata** ("Safety valve set to burst"). Both are established Egyptian writers. Natal El Saadawi is particularly renowned in the Arab world for her reputation as a prominent feminist fighter and theoretician. Several of her books have been translated in to English, of which 'Hidden face of Eve' is probably the most well-known. ☺

French section congress

The 11th Congress of the Revolutionary Communist League (LCR — French section of the Fourth International) took place from 16-19 June at Saint-Denis, north of Paris. 150 delegates took part and there were numerous observers from both French and foreign organisations (Brazilian PT to mention one). The French Communist Party (PCF) was present for the first time. The aim of the Congress was to build a new anti-capitalist force in France with the support of currents from the PCF, Socialist Party (PS) and left wing Greens. This position ("Tendency A") won 52% of delegates votes, with an amendment gaining 5%. Concerned that this policy might end in the League changing from a revolutionary organisation into a new force made up of diverse currents around a reformist programme, "Tendency B" obtained 26% of votes. The tendency "Democracy and Revolution", which wanted a return to a united Workers' Front to take on the right, and which complained of a lack of democracy in the League, gained 9%. A group of comrades from the former majority who believed that the analyses of Europe were inadequate and reproached the outgoing leadership for having exaggerated the political situation and proposing initiatives for recomposition too swiftly, gained 7%. The Congress decided that they will argue for a joint critical left/progressive Green candidate for next year's Presidential elections. It was also decided that if this should come to nothing then Alain Krivine will be the League's candidate, the necessary collection of Mayors' signatures beginning immediately.

Even if the number of League members has not increased, the Congress demonstrated that it now has amongst them a significant proportion of leaders of mass organisations (associations and trade unions). The success of the national demonstration against unemployment and the rôle played in this by League militants have made this initiative a central point of discussion, not to mention, of course, the League's intervention in the Air France mobilisations, or that around education. Finally, the number of young delegates attests to the progress made in this area in recent months. However, a negative feature of the Congress was the decrease in women attending: the proportion of women in the LCR is now less than 30% and there are even less in the new central committee. The Congress concluded with greetings by Alfonso Moro on behalf of the Fourth International leadership. ☺

Rwanda

Declaration from the LCR Congress

The French government is complicit and coresponsible, through its support for the dictatorship of the Rwandan government, for hundreds of thousands of Tutsi and Hutu deaths. The criminals have found refuge in France, while the French army has instructed and equipped the Rwandan military forces responsible for the genocide.

The French government has shamelessly declared that it now wishes to send in its army, aided by the dictator Mobutu (under the pretext of "humanitarian action"), so that the assassins are not placed on trial.

The LCR calls on all democratic forces to take action to demand:

1. The withdrawal of French troops from Rwanda;
2. An end to protection and asylum for those responsible for the killing;
3. The exclusion of the Rwandan government from negotiations towards a political solution.

The LCR wishes to make links with all democratic forces which refuse to stay silent upon the responsibility of the French government for some of the most horrible massacres of recent years.

It proposes that in the days and weeks to come there should be meetings and demonstrations in Paris and other parts of France in solidarity with the people of Rwanda. ☺