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**VIEWPOINT**

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A decade of worker passivity may be coming to an end...

# Labour's modest moves

350,000 demonstrate in Bonn • U.S. Labor Party formed • Social Democratic vote up 400% in Prague • NDP win in British Columbia



The new "social" protectionism



# Contents

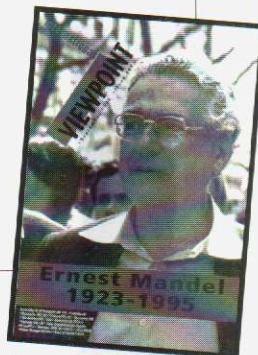
- 3 **Germany's uncertain future**  
*Manuel Kellner*
- 5 **Russia: How Yeltsin stole the election**  
*David Mandel*
- 9 **Czech Republic: Big boost for social democracy**  
*Adam Novák*
- 11 **South Africa: Going all the way?**  
*Pierre Baudet*

## Social clauses *the new protectionism?*

- 15 **Social clauses don't help**  
*Maxime Durand*
- 17 **Green protectionism**  
*Luis Miguel Sánchez Seseña*
- 28 **The Indian case**  
*Sharit K. Bhowmik*
- 31 **Solidarity? What solidarity?**  
*Anke Hintjens*

- 25 **Polynesia: Tahiti's radical trade unions**  
*Interview*
- 27 **USA: History in the making**  
*Jane Slaughter*
- 29 **Canada: NDP victory in BC – relief but little joy**  
*Harold Lavender*
- 31 **World economy: Global capitalism's weak revival**  
*Maxime Durand*
- 34 **Book and conference notes**
- 36 **News reports**

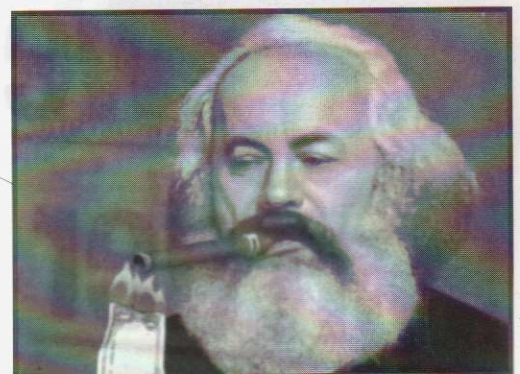
A seminar on the contribution to Marxist theory of Marxist thinker and activist Ernest Mandel, one of the founders of **International Viewpoint**, was held in Amsterdam on 4-6 July, 1996. Read Salah Jaber's report on page 35.



Cover picture  
Germany's uncertain future



Social clauses:  
the new protectionism?  
p. 25-28



World economy  
p. 31

News deadline: August 10th



# Germany's uncertain future

Helmut Kohl is still very much in charge. But recent labour unrest in this rich, powerful country is proof of what Marx called the "structural crisis of capitalism."

## Manuel Kellner

One symptom of this structural crisis is the way mass unemployment (7-8 million workers) exists independently of the economic situation at any precise moment. This is "structural" unemployment.

This reserve of labour is an instrument which capital exploits to push all salaries down, weaken working conditions, and force working people to accept the dismantling of social gains won by previous generations. When the emancipatory alternative is absent, mass unemployment discourages solidarity, and encourages feelings of vulnerability and despair, even of radicalisation behind reactionary demands.

But mass unemployment is not simply the result of a conscious bourgeois strategy. It is also a symptom of the tendency for the rate of profit to fall. This obliges capitalists everywhere to raise the rate of surplus value they extract from labour. In other words, the long-term crisis which obliges capitalists to intensify the exploitation of working people. This carries a number of risks:

- **Economic:** the erosion of buying power makes it increasingly difficult for Germany's capitalists to realise profits. In the long term, neither exports nor consumption of luxury goods, nor speculation can compensate for this trend. And, as we have seen in recent months, speculation carries its own risks of synchronised collapse of financial markets.
- **Social:** In Germany, in particular, the trade unions are a real obstacle to attempts to reduce the standard of living of the working population. Particularly the (relatively) privileged "battalions" where the unions are strongest. Recently, we have also seen a growing capacity for autonomous mobilisation among several sectors of the working population which are not under the direct influence of the trade union bureaucracy.
- **Political:** Expansionist pressure towards Eastern Europe and the former USSR, Germany's growing influence within the European Union, and the growing inter-imperialist rivalry with Japan and the USA is all increasing the risks of destabilisation in central Europe. While the short-term gains for Germany are insufficient to solve any of the fundamental problems of the capitalist class.



The globalisation of the world economy is also reducing state control over a sector of grand capital operating within Germany and its closest partners. This is causing increasing insecurity. And no-one can rule out the emergence of a new anti-capitalist force, even in the heartland of European capitalism. The bourgeoisie's exaggerated fear of the PDS (former ruling party in Eastern Germany) is hard to explain, given the party's current influence and policies. But the PDS is clearly the only German party which can articulate a socialist project, and be heard by at least a part of the masses.

• **Moral crisis:** Germany's social consensus rests on the economic success which floated on the long wave of growth since the reconstruction of the country after WW2. This consensus includes the "social partnership" between unions, employers and the state, which has proved to be a very efficient mechanism for bourgeois control. But today, the bourgeoisie and their political servants find themselves obliged to break the country's politico-moral equilibrium, and re-establish it at a lower level of salaries and social security. This comes after a period when the credibility of political parties, and of "politics" as such has fallen to a new low point. The capitalist system is not threatened by this change in thinking, but the current leadership team, and the party system is!

The second aspect of Germany's structural crisis is the divide between the East and the West of the country. The population has realised that there will be no economic upsurge in former Eastern Germany. Nor will the standard of living in the East rise to meet

the western level. Quite the opposite. Chancellor Kohl's austerity measures also necessitate the dismantling of a number of programmes which camouflaged the true depth of the collapse in the East. Make-work (*ABM-Maßnahmen*) and fake training programmes will be reduced or cancelled, as will a number of Western transfers to the East. Failure to realise the promised "inner unity" (*innere Einheit*) of the country will be a major blow to the credibility and stability of the current ruling elite.

Germany's elite is also struggling to accommodate the same process of fragmentation of society as is affecting the other imperialist powers, and the same multiplication of expressions of existential and lifestyle insecurity. These changes are not just a challenge for the proponents of social transformation. They are also a challenge to the hegemony of the bourgeois project. There may not be a feminist movement on the scale of the 1970s, but the penetration of fragments of anti-patriarchal consciousness into large layers of society has created a consciousness which disturbs the status quo.

PDS Deputy Winfried Wolf has seen the effect of this consciousness, in the success of his initiative to have the country's ambassadors to Haiti and Columbia replaced because of their "racist and sexist" statements. The PDS group in parliament has now called for an examination of the attitudes of Germany's ambassadors in other parts of the third world, including the examination of rumours that some of these men have prevented the local prosecution of German businessmen suspected of the sexual abuse of children in these countries.



Another, particularly German crisis of the 1990s is the relationship between pure *raison d'Etat* of the system, and the public political sphere. Between excessive police powers, racist violence, right extremism and the Nazi past, the "phantoms" can re-emerge at any moment.

### The Zwickel initiative

A major turning point occurred when Klaus Zwickel, President of the powerful IG Metall trade union proposed, without the slightest mandate or consultation, a "pact for jobs". He said that he (i.e. the unions) would accept wage increases no higher than the rate of inflation (currently less than 2%) in the metal working sector, provided that the employers and government create 110,000 jobs in 1996, and the same number in each of the next two years,



including 30,000 hires of the long term unemployed. He also demanded more commitments to apprenticeships and professional training for the young, and a halt to cuts in those social security measures which concern the most defavoured in society.

This proposal unleashed an avalanche. Mass unemployment became the n° 1 issue of public debate, overnight. Public opinion on the employers was intense. They too were exhorted to break their "taboos" and meet Zwickel in the "pact for jobs". After all, he had taken a crucial step forwards (from their point of view). For the first time, a trade union leader accepted the employers' claim that "high" German wages were a cause of unemployment.

Tripartite negotiations were quickly held. And, when the smoke cleared, all that was left of Zwickel's initial proposal were the 330,000 jobs. Except that the optic had changed. Employers and the media argued that existing plans called for cutting 100,000 jobs in 1996 alone. So, they argued, if these cuts were delayed, then Zwickel, in effect, had already "won" his new jobs. Now it was time for the trade unions to make their contribution! Across Germany, local "pacts for jobs" were created. The workforce was exhorted to make concessions on flexibility, surrender existing advantages and conditions, "in exchange" for management's promise to implement smaller cuts than those which would otherwise have been "inevitable".

### Government tactics

Chancellor Kohl manoeuvred superbly. Under the pressure of public opinion, the government presented itself as a peace-maker and a negotiator. For the first time, it won the support of the Trade Union Federation (DGB) for a specific cut in the welfare state, a 3% cut in low income support (*Sozialhilfe*). Unions claimed that their support was motivated by the government's willingness to retract its initial proposal for a 5% cut!

Kohl also won union support for a "Pact for Employment and for Germany as a Production Site" This document proposes to reduce unemployment by 50% or create two million new jobs by the year 2000. But it also

includes almost all the neo-liberal dogma which has justified the policies which have pushed unemployment up. It also ties the trade unions to a nationalist conception of protecting the motherland's position as a production site, against the competition of the rest of the world.

Until March this year, the government had been in a rather more difficult situation. The Free Democrats (FDP), the minor partner in the Christian-liberal coalition, seemed likely to fall below the 5% minimum vote in a series of regional elections. This would have threatened the government majority and strengthened the confidence of the Social Democratic Party opposition.

In the end, the FDP did better than most people expected. This encouraged Kohl to launch a hard anti-social austerity programme, with the goal of "saving" 50 million DM (£21.6 m./\$33 m.) in the federal budget and the budgets of the states (Länder). At this point, the Trade Union Confederation left the negotiating table at the federal level as a protest. But the unions remained tied to the regional, local and enterprise "Pacts".

### New mobilisations

Public protest against the dismantling of the welfare state and working practices had been growing since April. There began to be a dialectical relationship between the actions of the trade unions, and the autonomous mobilisations of students, unemployed groups, and the marginalised, often supported by opposition platforms in the trade unions, and by radical and/or revolutionary left groups. The 350,000 strong demonstration in Bonn on 15 June was the culmination of the first wave of such protests.

The trade union leadership is in a difficult position. The "Zwickel method" has failed, and discontent with the leadership is growing among the rank and file, who have started to express themselves publicly without waiting for the trade union leaders. This has obliged the union bosses to do their own mobilising, so as not to lose face. But, while mobilising enough to be credible, they cannot afford to let the struggle get out of hand, and lose control over the radicalisation.

Half a dozen collective bargaining agreements have been signed (textile, construction, banks-insurance-retail, steel, etc.). These have included Zwickel-style wage increases averaging 1.8% (1.3% in the public sector), which, when all things are considered, means a reduction in real salaries. And all this without a single new job being created. All the bosses have done is to "renounce" a number of cuts, while the government has stopped talking, for the moment, about reducing sick pay.

The Bundestag (parliament) may approve a package of new cuts on 13 September. Further cuts will presumably be approved in the Bundesrat (Federal Council),

which represents the regional governments, mostly dominated by the Social Democrats.

Measures under discussion include cutting (employer-paid) sick leave during the first five weeks from 100% of the average basic wage to 80% (or cutting one day of holiday for each five days of sickness). From the sixth week, reimbursement (from the health insurance "Mutual Funds" would be cut from 80% to 70% of basic wages. Workers would only be entitled to sick pay after four weeks in a new job. Protection against summary dismissal would only apply in enterprises with 10 employees or more (rather than five or more at the moment). Workers will need to work more years to build enough contributions to entitle them to a retirement pension. The tax on personal fortunes would simply be abolished.

The SDP will probably say "No!" to some of these measures, which will therefore be blocked by the Bundesrat. But they will come to a "realistic" compromise. After all, they accept the economic logic behind the cuts.

The Kohl government has a great sense of timing. It is not worried about new trade union demonstrations, or social movements



in September and October. Nor is it frightened about a new spirit of resistance among SDP and Green deputies. The austerity measures which have been proposed have been spaced out so that the victims will not all revolt at once, and so that the most determined opponents will eventually be weakened and defeated.

The political and trade union opposition is in a very weak position. They have no ideological alternative to propose. There is no alternative project to the pro-capitalist, neo-liberal logic of the government. Because alternative might mean anti-capitalist, and the respectable opposition wants nothing like that!

Even the neo-Keynsian, reformist alternative economic strategy is dead in Germany today. The entire "opposition" can be defeated at any moment, by the basic arguments of the enemy camp, arguments which they accept to be true.

The socialist left, particularly its emancipatory and revolutionary components, and the opposition within the trade unions, face a very important challenge. Can they develop and articulate a new, common, credible alternative, to give direction to the growing social radicalisation? Can they convince people to fight the enemy, rather than collaborate with him? ★



# How Yeltsin stole the election

Six months before Russia's presidential elections, polls gave Boris Yeltsin an approval rating of around 5% and a negative rating of 80%. (*Time*, May 27, 1996 p.31) Two-thirds of the population believed he was corrupt and had ruined the economy. Liberals were urging him not to run again, to leave the field to someone who had a chance. Even a month before the first round in June, well-informed, sober Russian leftists were convinced Yeltsin could not win. But they were equally certain he would not relinquish power.

**David Mandel-Seppo** explores the corrupt machinery of Russian power-politics, and identifies the real decision-makers in the transitional society.

Even by purely formal liberal standards, these were grossly unfair elections. Incumbency usually offers some advantage, but Yeltsin was no ordinary incumbent. As a result of his bloody coup d'Etat of October 1993, he became an autocrat, free of effective oversight or control.

He made good use of this arbitrary power in his electoral campaign, which was marked by numerous gross legal violations, including the diversion of public facilities, personnel and money. Yeltsin disbursed (or at least promised) state funds freely to bolster his popularity. He gave away an unplanned \$11 billion US in everything from tax breaks to enterprises to a cultural centre for Muslims, from writing-off farm debts to a veterans home and a telephone for a pensioner. His formal campaign expenditures also greatly surpassed the \$3 million spending limit.

Genadii Zyuganov, candidate of the Communist Party of the Russian Federation (KPRF), would have been crucified for even the smallest infraction.

Another advantage was an overwhelmingly and unashamedly biased press in Yeltsin's favour, especially television, on which most Russians now rely exclusively, newspapers having become a luxury item. But even the vast majority of the printed press was blatantly slanted toward Yeltsin and against Zyuganov. As a result, ordinary citizens had very limited access to objective

information about the candidates. The monitoring team of the European Institute for Media found in the two weeks separating the first and second rounds that Yeltsin scored 247 positive mentions in the electronic media as opposed to Zyuganov's 240 negative points. (OMRI, July 9, 1996)

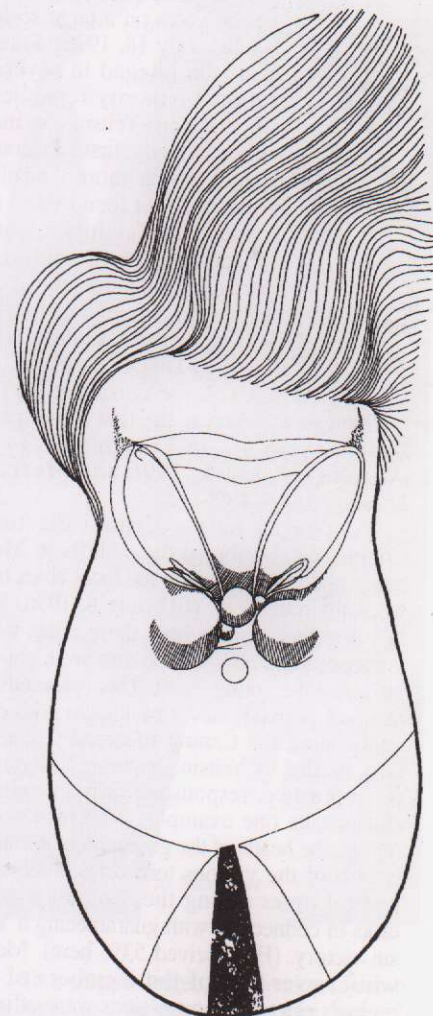
The press's attitude resulted from a combination of ideological affinity to Yeltsin, state administrative and financial pressures (two television channels are state-owned, and the head of the third was a member of Yeltsin's campaign team), as well as outright bribes to journalists. \$100,000 was paid out each month to journalists in Moscow alone. (*Washington Post*, June 30, 1996).

Apart from the backing of the new Russian bourgeoisie, Yeltsin enjoyed strong political and financial support from the major capitalist states. Yeltsin's illegal American campaign or Clinton's likening the state terrorism against the Chechen people to the American civil war might not have been much real use to Yeltsin, but Western money undoubtedly played a significant role in the campaign. This took the form of the IMF's \$10+ billion U.S. three-year loan (the fund's second biggest ever, after the recent loan to Mexico), which was granted in February, on the strong urging of the U.S. government. France and Germany followed in April with \$400 million and \$2.7 billion respectively.

Most remarkable about this money, apart from its timing, was that contrary to IMF rules and traditions, it was made conditional on the government meeting strict economic targets (not so far, at least). An agreement stipulating conditions was indeed signed, but Yeltsin issued no decree making this package binding on the spending ministries. IMF officials said and did nothing, even when the budget deficit began to exceed agreed levels and structural reforms were placed on hold. (*The Economist*, 13 July 1996, p. 71.)

**"If you think rationally, Yeltsin didn't have a chance. He has wrecked the reforms. His physical condition is awful. He started the war in Chechnya. He hasn't kept a single promise. Instead of a personnel policy there is a personnel merry-go-round. He has given society no clear prospect. In other words, Yeltsin lacks everything that is valued in a human being and a politician."**

Genadii Zyuganov,  
Communist Party (KPRF) candidate  
(*Sovetskaya Rossiya*, 11 July, 1996)



Direct intimidation of voters by the Yeltsin side also played a role in the outcome. Presidential appointees in the regions were led to understand that their jobs were at stake if Yeltsin did not come out ahead. In most cases, local officials merely had to ensure a high electoral turnout, since this generally favoured Yeltsin's chances. (Those who felt uncomfortable with both choices were more likely to support Yeltsin, if they voted.) This was achieved by various methods, from providing free public transport (including suburban trains to entice city dwellers back from their cottages and garden plots) to free lotteries and prizes for voters. But in the "red belt" regions, where a higher turnout favoured Zyuganov, less innocuous methods were used. According to a Yeltsin advisor, 8000 Yeltsin supporters descended upon polling stations in villages in southern Russia, challenging voter documents, and even calling in the police. They were thus able to intimidate potential voters and depress the turnout. (*Washington Post*, July 4, 1996)



Outright fraud also had its place. In Chechnya the falsification was so obvious (74% voted, of which 73% for Yeltsin), that even liberal newspapers omitted the results from their tabulations. In Kalmykiya, a depressed rural region in the southern red belt, official returns gave Yeltsin 69% to Zyuganov's 27%. Eyewitnesses charged that votes

for Zyuganov were counted as Yeltsin votes on a large scale. (OMRI, July 18, 1996). Fraud has been alleged in several national-minority republics, where the pro-Yeltsin vote increased from the first to second rounds by far more than the combined first round votes of Lebed and Yavlinskii, candidates who transferred support to Yeltsin in round two. In Tatarstan, for example, the second round yielded the highly suspect result of 63.97% for Yeltsin and 30.1%

for Zyuganov; whereas the first round gave Zyuganov 38.9% to Yeltsin's 37.34%. (*Segodnya*, July 5, 1996 and *Moscow Tribune*, July 6, 1996).

An analyst for the Central Electoral Commission attributed these shifts to Moscow's ability to influence the local elites between the rounds. (OMRI, July 8, 1996) But this does not explain how these elites were influenced and how they in turn were able to influence the voting result. This is something that will probably never be known with certainty, since the Central Electoral Commission, headed by Yeltsin supporter N. Ryabov, is, in practice, responsible only to Yeltsin. But to take one example, the Krasnoyarsk region, the heads of the government administration of the various territorial levels met several times during the campaign to set tasks in connection with guaranteeing a Yeltsin victory. (He received 53% here). Meanwhile, over half of the members of the region's electoral commissions were officials in these administrations, and so Yeltsin subordinates. (*Segodnya*, July 9, 1996.)

L. Radzikhovskii, a liberal journalist, gave the following candid, if cynical,

evaluation of the role of media bias in Yeltsin's victory. But his evaluation can be extended to all the unfair aspects of the campaign.

"There are two ways to influence the electorate. There was the way of force, and there was the way of Malashenko [head of the private NTV channel, who was a leading member of Yeltsin's campaign team]. In essence, Malashenko's way saved hundreds of lives that might have been lost to the tanks and guns that would have been used in the cancellation of the elections. [...] It's true that in a truly fair election [Yeltsin] might have lost. He violated various rules in the end. So call it the softer variant of what might have been. Yeltsin plays cards only when he knows he can be a winner. He always requires a fifth ace up his sleeve. Otherwise he'll take out his Smith & Wesson [revolver] and start firing. In the election, Malashenko played the role of the fifth ace. Let's at least praise Malashenko for that." (D. Remnick, "Yeltsin to the Brink and Back," *New Yorker*, July 15, 1996, pp. 49-50.)

Yeltsin repeatedly told his aides that he would not let the Communists take power, even if they won a majority. (ibid.) He said as much even in public, though in slightly more ambiguous terms. No sober observer could doubt his seriousness.

### Campaign promises

One cannot say with any certainty whether Zyuganov would have won in reasonably fair elections. However, in several countries of Eastern Europe successor parties to the Communists have won elections, and none of these has national roots as strong as the KPRF. On the other hand, the Yeltsin regime has brought so much hardship to the great majority of people, he has lied so often and murdered innocents (October 1993 and Chechnya), he was viewed so negatively by so many at the start of the campaign, that it could be argued that Zyuganov should have been able to overcome almost any amount of unfairness. A complete explanation of the electoral outcome requires, therefore, that one also look at the content of the two campaigns.

The real battle was for the approximately 50% of the voters who in the December 1995 Duma elections supported neither liberal candidates, who received about 22% the voting according to electoral list, nor the "left", who received about 28%. These were people dissatisfied with "shock therapy" and other aspects of the Yeltsin regime but unwilling to vote for the Communists or related groups. Instead they supported a variety of "centrist" parties, none of which won more than a few per cent.

Yeltsin based his campaign on the calculation that if these voters were made to perceive the choice as one between two evils, they would opt for the evil that they already knew, especially if he offered some hope that he was changing his ways. To this end, Yeltsin adopted a three-prong strategy. On the one hand, his propaganda played on fears that a Zyuganov victory would bring back the worst features of the Communist past. At the same time, it exacerbated the voters' already deep sense of insecurity, arguing that any attempts to undo the struc-

tural reforms he had made, however, unjust and distasteful they were, would lead to even more suffering and injustice and even provoke a civil war.

The other thrust of Yeltsin's campaign was to show the voters that he was indeed changing his policies of the last years. Thus, he concluded a cease-fire in Chechnya and flew there to announce that the war was over. He gave signs of a abandoning "shock therapy" for a more "socially-oriented" policy: increased social allocations, payment of back wages (at least in the state sector) and pensions, the beginning of compensation for lost savings, state supports and tax credits for industry and agriculture. In January, he publicly criticized and dismissed Anatolii Chubais, the head of privatization, viewed by the mass of Russians as a gigantic swindle. Yeltsin even spoke of reviewing some of the cases of privatization. The person who had been most responsible for dismantling the Soviet Union, a very unpopular move with many Russians, signed a treaty for a confederal union with Belarus and closer ties with a number of other former Soviet republics. In an appeal to Soviet and great-power nationalism, he reintroduced the Victory Day military parade (May 9) and, surrounded by red flags, even addressed the assembled veterans from the top of Lenin's tomb as "comrades." The man who had proposed replacing May Day with Easter as a national holiday now addressed the trade-union's May Day rally. In an appeal to youth, he promised to end conscription by the year 2000, after having earlier abolished student military deferrals and lengthened service from 18 to 24 months. And so it went.

Since many of these changes were more symbolic than real and they came so suddenly before the elections, one would normally have expected the citizenry to react with cynicism. But Yeltsin counted on the "centrist" voters' fear of the Communists and of new social and political upheavals, which would make them want to believe, even if it went against their common sense.

The third prong of Yeltsin's strategy was to enlist former general Lebed, a nationalist, law-and-order, "tough", "centrist" candidate, to draw off a part of the opposition vote that would otherwise have gone mainly to the Zyuganov in the second round. In the Duma elections, Lebed's party won only 4% of the vote, and observers wrote him off as a non-starter. But in March, the Yeltsin camp began lending advisers and pouring money into Lebed's. Suddenly, he was a familiar presence on television, whereas Zyuganov barely got any coverage, and little of that was positive. In the first round, Lebed received 15% of the vote. Yeltsin immediately put him in charge of the state repressive apparatuses and declared a war on corruption. In the second round, most of the Lebed voters did, in fact, support Yeltsin.

Until recently, this had been extreme right nationalist Vladimir Zhirinovskii's role, but buffoonery and repeated support for Yeltsin on critical issues had caused his star to fade. (Zhirinovskii called on his voters to vote "against Zyuganov" in the second round.)



## Remember this?

- Russian left demonstrates against Chechnya war
- Salvador's FMLN becomes a single party
- Indian feminists debate the UN Conference on Women
- 1 million African Americans march in Washington DC

The bound collection of International Viewpoint costs only £5/\$ US 10 per year (1982-1995), plus 20% postage charge for orders of less than 5 volumes.



### Zyuganov's campaign

Zyuganov's economic platform was traditional social-democracy: capitalism, but with a strong state sector, much social spending, protection of the domestic market and support for industry. The great majority of the population should normally have found this programme an attractive alternative to "shock therapy". (One can ask if Zyuganov would have been able in practice to carry out this programme any more than his Eastern-European counterparts. On the other hand, the size and potential strength of the Russian economy and state would have given him somewhat more leeway.) However, several aspects of Zyuganov's campaign played directly into Yeltsin's strategy. The main one was his failure to give a central place to the issue of democracy, that is, to popular control over state policy and administration. This would have made him much more attractive and credible to "centrist" voters. Instead, he promised vaguely to abolish the autocratic presidential regime in two or three years. His position on Chechnya was ambiguous, and he did not recognize Chechnya's right to self-determination.

But even if Zyuganov had taken up the cause of democracy, his efforts would not have been credible as long as the KPRF failed publicly to come to terms with Russia's Stalinist past. But this failure is closely linked to Zyuganov's strong, sometimes mystical, emphasis of patriotic themes at the expense of socialism, which leads him to emphasize continuity, rather than a break, with the past. In a 1995 book, he praises Stalin for transforming Soviet ideology along patriotic lines after the war (1945-53 was, in fact, a period of extreme official xenophobia and Great-Russian chauvinism, not to mention the waves of terror!) and he criticizes Khrushchev's de-stalinization for reversing this patriotic trend. (*Za gorizonton*, Moscow, 1995, pp. 47-48)

Pursuing this nationalist line, Zyuganov forged a "national-patriotic" coalition which included such unsavoury elements as Viktor Anpilov, leader of Toiling Russia, whose views sometimes seem closer to fascism than to socialism. This, of course, put wind in the sails of Yeltsin's anti-Communist campaign.

Various observers noted the rather lacklustre, even seemingly half-hearted nature of Zyuganov's campaign, especially during the two-week interval between the first and second rounds, and wondered if Zyuganov, in fact, wanted to win. While Yeltsin overspent the legal limit by many millions, Zyuganov spent slightly less than half the limit. (After the defeat, he explained that this money was saved for the coming regional elections.) (OMRI, July 24, 1996.) Before the second round, he even proposed a coalition government with Yeltsin forces, something that lent support to the idea that Yeltsin really had changed.

Zyuganov possibly did not want to win. After all, any realistic observer knew that Yeltsin would do anything to hold onto power and that a Zyuganov victory would mean an end of Zyuganov's political career and possibly of the KPRF. This points to the most basic shortcoming of Zyuganov's campaign. For there was only one way to over-



Gennadi Zyuganov, Communist Party (KPRF) candidate, votes in Moscow

come Yeltsin's unfair advantage and at the same time survive politically: Zyuganov had to use the electoral campaign to build a mass movement for democracy, for popular living standards and social rights.

But although the KPRF has a membership hundreds of thousands, many of whom went door-to-door, the party itself is a bureaucratized structure in which the rank-and-file have little direct influence. Nor has the party made any systematic attempt to involve itself in the day-to-day struggles of workers and other victims of shock therapy. It did not make significant use of its predominant position in the Duma following the December elections to publicize and support these struggles. Instead, the high point of its opposition work was the symbolic denunciation of the dismantling of the USSR.

### The working class

So why has the "patriotic" KPRF become the main opposition force in Russian society? And why have all attempts to build a democratic, socialist movement, as a popular alternative to Yeltsinism, failed. Ultimately, the answer lies in the weakness of the working class, the objective core of any democratic alternative.

To a certain degree, this weakness can be attributed to a failure of leadership. But only in the sense that leadership, in one way or another, reflects the state of the base, which at present is demoralized and quite passive. The relationship between the leadership and the base is a dialectical one, itself conditioned by the objective economic situation. (For a more detailed analysis, see my "The Russian Working Class and Labour Movement in Year Four of 'Shock Therapy'", in D. Mandel, *The Former "State Socialist" World*, Black Rose Press, Montreal, pp. 46-68.)

### • Failure of Leadership

The leadership of the "traditional" trade unions (mostly affiliated to the Federation of Independent Trade Union of Russia, FNPR) officially supported neither Zyuganov nor Yeltsin, even though Zyuganov's economic programme corresponds closely to the FNPR's "social reorientation of the market reforms." The official reason was that some of the KPRF's coalition allies were calling for revenge and even dictatorship. On the other hand, Yeltsin's sudden conversion to a "social market economy" could not be taken seriously. And, finally, to support one of the two candidates would only deepen the



political divisions in society (as if the Yeltsin were not conducting a war against the working class).

Logically, this analysis should have led to an appeal to vote "against all", a real option on the second-round ballot, which many democratic socialists were advocating. Instead, the FNPR appealed to its members to exercise their right to vote, an appeal that, as everyone knew, favoured Yeltsin. Nor was the FNPR leadership ever able to explain how Yeltsin ended up speaking at its May Day rally, which the federation organized separately from the (much larger) Communist rallies.

Apart from the inconsistency of the FNPR's position and its de facto leaning toward Yeltsin, it never questioned its own role in creating a situation where all the alternatives were bad. In fact, the FNPR bureaucrats, after toying with the idea, long ago rejected the idea of working toward an independent political expression for labour. Instead, they repeatedly entered coalitions with "centrists" from the so-called "directors corps", all of which failed miserably.

The FNPR position vis-a-vis the government is one of "social partnership", although the "partner" is conducting a vicious offensive against the workers' living standards and rights. M. Shmakov, president of the FNPR, has admitted that in these conditions "social partnership" can achieve little for workers, but he justifies the policy by the threat of repression that hangs over the unions. (*Solidarnost'*, no. 12, 1995, p. 8.) In other words, the organization and its (considerable) financial and real-estate holdings are to be protected at any cost, even if that requires sacrificing the goals of the organization.

As for the "alternative" unions that arose after 1990 (and whose membership has stagnated in the past years at a small percentage of the total unionized workforce), their leaders obligingly accepted Yeltsin's invitation to a two-day all-expenses-paid gathering in Moscow, where, once again, they fell in behind the president. Some did so out of visceral anti-communism; others because they were bought off.

#### • The Base

Today, there are no insurmountable political or organizational obstacles to a democratic change of union leadership. But the rank-and-file of the unions suffers from a deep sense of powerlessness, and, despite the formal 85+ per cent union membership rate, is quite atomized. The level of solidarity and identification with the unions is generally so weak that it is almost an exaggeration to speak of organized labour. Moreover, relatively few workers have any direct experience of independent collective struggle, and even fewer – of struggles that have ended in victory.

The profound economic crisis, the

dramatic decline in real incomes, and the mass unemployment, both formal and de facto, have created a profound sense of insecurity and have weakened workers' social and economic ties to the enterprises. In many plants work is episodic, and income has to be supplemented, where possible, by other jobs and/or by the garden plots. (Some speak of the new phenomenon of the "urban peasant".)

Moreover, as de-industrialization proceeds apace (especially in the secondary-processing sector – machine-construction and consumer goods), the large enterprises are quickly losing their most active, independent workers. Those who remain are often older people who stay only because they look forward to some social benefit (pensions, housing), expectations that serve to increase their dependency on management, or else they stay simply because they fear that they lack the skills or initiative to improve their situation in the "market place".

The decline in the industrial work force has predominantly taken the form of leaving "of one's own will", i.e. quitting "voluntarily" because one can no longer feed one's family. Yeltsin's policy has been so far not to force bankruptcies and closures, even though a very large number of enterprises are insolvent. Activists often

say that mass layoffs would be better, since this would provoke a collective reaction. As it is, a significant part of the workers is becoming *declassé*, making them an easier prey for manipulation by the propaganda machine. This surely was a factor in the elections. How else can one explain why Yeltsin won 53% of the vote in the second round (with 39% to Zyuganov) in the Ivanovo region, a major textile manufacturing centre and one of the most depressed areas of Russia, with the highest unemployment rate and widespread child malnutrition?

#### Immediate prospects

Yeltsin's re-election, regardless of how it was achieved, is a defeat for the working class. The labour movement at present plays no active role in shaping the social and political evolution of Russian society and there are no signs of a revival in the near future. In June, one activist at the Kirov Factory in St. Petersburg expressed a widespread view: "The situation puts constant psychological pressure on workers. People are so depressed that they let themselves be fired without complaint. Before, it seemed to me that some kind of protest was maturing. Now I fear people are totally crushed..."

Of course, things could change quite suddenly through a combined crisis "at the top" and a major increase in popular hardship, especially on the background of

Yeltsin's electoral promises – both as far as possible, even likely, in Russia today. Yeltsin's death, which seems likely while he is in office, will certainly touch off a political crisis within the elite, especially given Lebed's ambitions and the insecure nature of the bourgeoisie, with its very personalized relations to the state administration.

On the other hand, a further deterioration of the economic situation is likely to occur in the fall and winter, bringing new hardships to the mass of the population. The GDP continued to decline in the first six months of 1996 (a trend that began in 1990), falling by 5% over the same period last year (and by a full 9% in June as compared to June 1995). (July 16, 1996, OMRI). Although Yeltsin in a recent speech promised to change economic policy to give priority to raising living standards, strengthening social protections, and to providing factories with orders, this is a familiar post-election refrain that has never been realized. Almost immediately after the elections, the IMF withheld its monthly payment of the \$10 billion loan (after paying for months in a row) and is insisting that the government reduce its budget deficit (which stands at roughly twice the agreed-upon amount (July 8, 1996).

This will certainly mean a return to "shock therapy" – strict monetarism, reduced state spending, continued economic decline. With privatization effectively achieved, Yeltsin will be under pressure finally to force the enterprises to "rationalize". This would mean bankruptcies and a sharp rise in open unemployment. That it will be "shock therapy as usual" is also indicated by the retention of Chernomyrdin as prime minister and the new appointment of Chubais as presidential chief-of-staff. (Yeltsin certainly lost little time in renewing the war against Chechnya.)

Many observers feel a looming banking crisis, and that had been artificially held back for electoral purposes. (*The Economist*, July 13, 1996, p. 72) With Yeltsin's power now secure and as the government makes good its intention of opening the treasury bill market to foreign capital, the predicted drop in the hitherto astronomical interest rates on these securities will wipe out the banks' major source of profits.

It is possible, therefore, that the coming fall and winter will see a rise in social protest. However, given the labour movement's present weakness and the insecurity caused by the economic crisis, this protest will probably not be translated into effective action on the political level, the only level on which significant improvement can be won. If a real threat to Yeltsin's policies does emerge, he will not hesitate to use repression.

Yeltsin's death, on background of an economic crisis and a rise in labour protest, could lead to an open dictatorship. Lebed, an admirer of Pinochet, might then find an appropriate role for himself. Once hated and feared by liberals for his outspoken criticism of the Yeltsin regime, his recent appointment was hailed as yet another "brilliant move" on Yeltsin's part. Lebed describes himself as "half a democrat." But for Russian liberals, the main half was always the market. ★





# Big boost for social democracy

Elections on June 1st consolidated the strong pro-capitalist consensus in Eastern Europe's most "advanced" transitional society. But they also show a polarisation of the vote on class lines, and the growth of social-democratic resistance.

by Adam Novák

The incumbent conservative coalition of Prime Minister Vaclav Klaus won 44 per cent of the vote, slightly more than in the last general election in 1992, but found itself two seats short of an absolute majority in the country's 200 seat parliament.

While one in three Czechs strongly approves of the conservative government, almost the same number chose to support the centre-left. The Social Democratic Party (CSSD) increased its vote from 6.5 per cent to 26.4 per cent. The gain came mainly from the evaporation of the centre ground in Czech politics. The votes for 10 parties, which polled less than five percent of the vote, were redistributed among the larger parties, mainly the CSSD and Prime Minister Klaus' own Civic Democrats (ODS), who took 29.6 per cent of the vote, the same as in 1992.

But the social democrats did not just win votes from the evaporating center-ground. Elsewhere in the region, resistance to neo-liberalism is dominated by former Stalinists and nationalists. But in Prague, the west-European style Social Democrats have managed to capture the votes, sometimes the imagination, of most of those who are unhappy with the restoration of capitalism and the growing influence of Germany, which dominates the Czech economy more than the Soviet Union ever did, in terms of markets, investments, and role models for the country's ambitious youth.

The unreformed Communist Party won 10.3 per cent of votes. Five years after losing power, the Party has neither shed its nostalgia for the past, nor reached out to those younger workers alienated by the restoration of capitalism. Their audience is overwhelmingly senior citizens, and declining steadily. In 1992 the party scored 14.1 per cent.

Only the social democrats have managed to combine demands for more social justice with proposals to deepen the democratic transformation of society, and increase personal liberties. These reforms may be very moderate, but they have exposed the

authoritarian way in which capitalism is being restored, and widened the space in which rational, progressive alternatives can be discussed.

The far-right Republican Party scored 8 per cent, compared to only 6 per cent in 1992. But electoral mechanics mean that there are now 18 neo-fascist Deputies, compared to only five in the previous parliament. The immediate victims will be the country's half million black population, Romani ("Gypsies") of distant Indian origin. Republicans advocate forced assimilation or expulsion; "They can either behave as we do, or they can go. We don't care where, how, and who pays for it," says fascist leader Miroslav Sladek. One Republican pre-election TV commercial ad condemns Premier Vaclav Klaus for courting the Romani vote by "sending his wife to a Gypsy ball," and that "Sladek would not even send his dog" to such an event.

## Economy

The outgoing government based its election campaign on the economic "miracle" of the last four years. Their combination of neo-liberal rhetoric and gradualist transformation of the state sector has taken the Czech Republic further towards capitalism than any of its neighbours, but with less social upheaval.

This process was based on a unique combination of three policies: a key economic management role for the state, a particularly slow and gradual transformation of ownership of the means of production, and the high priority attached to social stability.

Like in Japan and South Korea in the 1950s, the Czech state made key strategic decisions, substituting itself for the fledgling capitalist class. When analysts suggested that the country's auto industry was too small to survive in global markets, it was the cabinet which chose to sell Skoda auto to Volkswagen, rather than Renault. But when studies showed that high quality breweries in neighbouring Germany could be profitable outside the multi-nationals, strict quality control legislation and a "Czech investor first" policy were enforced without hesitation, despite Anheuser-Busch's astronomical offer for the original Budweiss brewery (which has exclusive rights to the name "Budweiser" in most of Europe).

Legal ownership of 70 percent of state property was distributed fairly evenly among the country's 6.5 million adult citizens through the "coupon privatisation." This atomisation of ownership left effective control in the hands of about 20 bank-owned investment funds. And because shares in the banks were also split between millions of coupon-holders, the lines of control of the

whole economy pass through a restricted elite of top civil servants, bankers, and the managers of the country's largest enterprises.

Corruption was evident at all levels of the process, but, as one Social Democrat deputy says in private, "as long as there was enough corn in the bucket, no-one stopped guzzling long enough to complain". In a symbolic "clean hands" operation, Jaroslav Lizner, former head of the Center for Coupon Privatization, was recently sentenced to six years imprisonment. He had been arrested on 31 October 1994 as he left a meeting with businessmen interested in buying shares in a dairy firm. He was carrying his "commission" of 8 million koruny (\$300,000) in a briefcase.

But corruption is not the defining feature of the economy. More importantly, and quite unlike the savage "new capitalists" of some other parts of the post communist world, Prague's central European bankers have aimed to reform management practices, labour relations, and investment patterns over a period of years. So, whereas Russian capitalism has produced hyper-inflation, massive criminality, and astronomical profits, the Czech economy has displayed modest, stable growth, with foreign investment geared towards long term production rather than short term profits.

This careful transformation has enabled enterprise managers to eliminate the massive wastage which characterised the Stalinist system. In countries where neo-liberal policies were applied to the letter, this potential was frittered away or destroyed. The clearest example is Russia itself, where the economy is actually considerably less industrialised than in the "bad old days".

Careful use of these windfall profits, and the proceeds from Prague's tourist boom allowed the government to maintain the purchasing power of wages and pensions, while allowing prices to rise towards West European levels.

Unlike the other countries of the region, a large section of the working class has felt some improvement in its living conditions. Jobs are less secure, and management is more authoritarian, but real wages are 30 per cent higher than in 1989, and unemployment is only three per cent.

The result of these reforms has been to win the middle class, and many skilled workers, to a pro-capitalist consensus, linked to intense nationalist pride in the country's relative stability compared to the other countries of Eastern Europe. Opinion polls consistently place Czech National Bank Governor Josef Tosovsky as the country's most popular personality, pushing Trade and Industry Minister Vladimir Dlouhy into second place. Vaclav Havel, the "chain-



smoking ex-playwright president of Bohemia" as the Western media loves to present him, comes a poor third.

Frustration with rising prices and job insecurity is captured by the Social Democrats, who propose change within the system. Their election campaign promised more social justice, higher spending on education and health, and devolution of power to regional and local government. Their programme reflected the concerns of health workers, teachers and transport workers, all of whom have engaged in industrial action to block or modify pro-capitalist reforms.

The media, overwhelmingly supportive of the conservative incumbent, ridiculed these priorities as "outdated," and "impractical." Though there was rather less scepticism about Vaclav Klaus' campaign promises, including a pathetic populist promise to double the income of workers and pensioners within the lifetime of the new government.

According to the influential British business magazine *The Economist*, the result is a unique picture of stability. "The new government has inherited a country without debt, a balanced budget, and an economy that is growing at a healthy 5 percent a year." Once the conservatives and social democrats reach consensus, "the country might easily wander down [neighbouring] Austria's road — into a cosy arrangement between a faintly right-wing party and a faintly left-wing party to share power and patronage" (June 8th).

### Trouble ahead

This complacent picture is unjustified. Because the very success of the Czech Republic's capitalist reforms creates the same kind of tension as exist in other countries with the same intermediate role in the world economy. After only a few years of profitable sub-contracting work for German and Italian firms, the Czech Republic's low-wage advantage is slowly eroding, and even Czech companies are starting to source the labour-intensive part of their production further to the east and the south.

At the macro-economic level, the constant increase in production costs is leading to a decline in exports. At the same time, demand for imports, partly for machinery and computers but also for luxury consumer goods, is increasing rapidly. For the first 11 months of 1995, the cumulative trade deficit was 86.7 billion koruny (\$3.26 billion), more than seven times higher than for the same period in 1994. In November, imports were 29.6% higher than in November 1994, while exports were only 10.7% higher.

Sooner or later, the new capitalists will be unable to play with comparative advantage and marginal efficiency gains. They will be obliged to confront labour, and impose their will over the working class in a direct conflict. The only thing that will then differentiate the Czech Republic from the other post-Stalinist countries is the response of its workers movement. For the moment, that is an unknown quantity. ★

## European Union Marches against unemployment

Marches from several parts of the European Union will converge on Amsterdam during the June 1997 Inter-Governmental Convergence. Radical trade unionists from across the continent will meet in Paris on 21 September to finalise details of the campaign. Ideas under discussion include public hearings on unemployment, low-security contracts and marginalisation in Brussels in January 1997, and a "black book" on the link between unemployment and the EU's neo-liberal policies, coordinated by Michel Husson of the French group AC! ★

Following the initial network meeting in Florence, the French delegation is acting as the secretariat of the campaign. For more information contact Christophe Aguiton, SUD, <aguiton@sud.unions.eu.org>

### March vs. unemployment The Florence Declaration

There are 20 million registered unemployed in the European Union today, and 50 million people are living below the poverty line.

We could all, one day, be affected by unemployment and poverty. The breakdown of the welfare state, increasing unemployment and the onslaught of poverty are attacking people's dignity, as witnessed by lower standards of working conditions, dropping incomes and welfare benefits to the lowest possible level, and inciting racism by encouraging inequality.

At the same time, the people are not in control of capital, land or the means of production.

This situation is totally unacceptable.

The European Union has started discussions on the future of the Union, through the "Intergovernmental Conference".

We refuse to let these discussions be limited to institutional questions, allowing

measures which claim to favour employment actually contribute to job insecurity. Everything suggests that the real social problems which preoccupy people will not be tackled at all.

We believe that, on the contrary, the only way forward is a targeted attack on the causes of unemployment with a radical, political solution.

Above all, our immediate objective is for all the unemployed, those on low incomes and the disadvantaged to be allowed a dignified life-style, and for small-holders to live off their land. This includes, for both nationals and immigrants, the right to housing, education, health, freedom of movement, sexual equality and a decent living wage...

This programme reiterates:

- A Europe of full employment where anyone with the will to work can do so, in return for a decent living wage.
- The creation of new jobs, in professions including health, education, and environment, which respond to needs of society.
- A different distribution of wealth, ensuring taxation of financial speculation.

A massive drop in unemployment can be brought about during a period of increased productivity, by a substantial reduction in working hours, without a drop in wages, and an immediate increase in recruitment.

To ensure that this programme is acted on by politicians, all those who sense the menace of exclusion and insecurity — workers, the unemployed, small-holders, the young, the retired — must act as a single group throughout Europe.

We are calling for European Marches Against Unemployment, Job Insecurity and Exclusion.

To continue the campaign for the Spring of 97, the signatories call for:

- the creation of national committees to organise the marches, grouping together unions, the voluntary sector and individuals committed to action at a European level.
- participation of all interested groups and individuals at the Seminar called to launch the campaign in Brussels, during January 1997. ★



# Going all the way?

South African labour is increasingly restless. **Pierre Beaudet** explains why.

A FEW YEARS AGO THE SOUTH AFRICAN workers' movement seemed to be the pivot of the struggle for the construction of a socialist post-apartheid South Africa. Many revolutionaries thought that, together with Brazil and the Philippines, South Africa was becoming the theatre of a new political configuration, combining anti-imperialist national liberation and the construction of a socialist pole. Acting inside the ANC and the South African Communist Party, the popular and working class left hoped that the election of the ANC would be a significant stage in the realisation of these goals. But, nearly two years after the election of Nelson Mandela and his team, the situation looks somewhat different. The trade unions, who constitute the central sector of the workers' movement, seem unsettled, or as Enoch Godongwana, leader of the powerful metalworkers union, NUMSA, puts it; "the bosses say to the ANC that it must choose between the market and the people. One has the impression that the ANC is effectively in the act of choosing, and it is not choosing the people." In a marked contrast to the past discourse on the "transformation" of the South African economy, the ANC now preaches the virtues of the "market" and of "fiscal austerity". Meanwhile, workers' struggles seem to be levelling off. In this context, the left is asking itself: what is the future for socialism in south Africa?

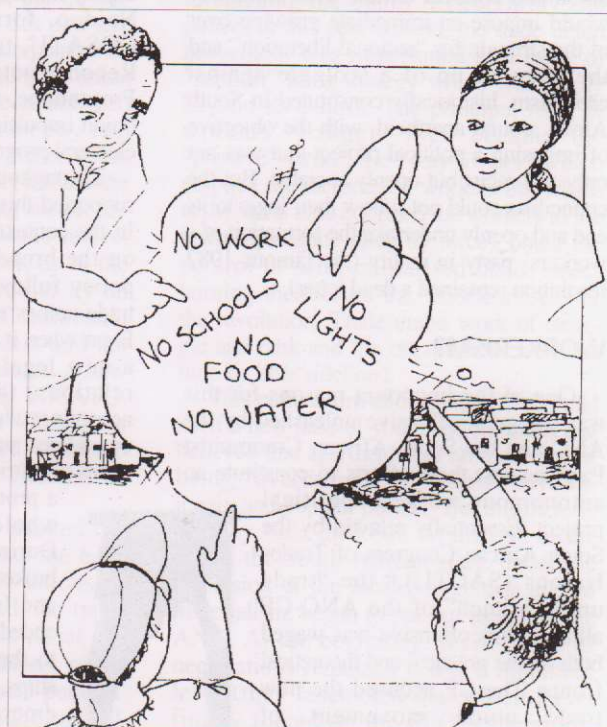
During the 1980s, apartheid South Africa seemed to be faltering. Repeated strikes, semi-insurrectional movements in the townships, a generalised rebellion of the black petty bourgeoisie and uninterrupted mobilisations of the student movement, were several indicators pointing in the same direction; the South African situation was becoming "pre-revolutionary". For many South Africans, the "new" organised workers' movement<sup>1</sup> constituted not only the spinal column of this resistance against apartheid, but also the bearer of a radical project. The trade union federation FOSATU, at its 1982 congress, placed the working class at the centre of the political dynamic of the country.<sup>2</sup> This potentiality, which terrified the state and a large portion of the employers, also disturbed the leaders of the nationalist movement, principally the ANC, who distrusted the movement's strength and independence of spirit. From

being a decaying and relatively small force at the beginning of the 1970s, the trade union movement had indeed succeeded in acquiring a considerable strength in the course of a few years. At the beginning of the 1980s, several hundred thousand black workers were organised in militant and openly politicised trade unions, notably in manufacturing industry and the mines. In 1984 a virtual general strike paralysed the great metropolitan region of Johannesburg, the industrial heart of the country.

It was in this context of qualitative and quantitative growth at the end of the 1970s that a great debate began on the role of this workers' movement in the struggle against apartheid. A number of studies and theoretical research were then carried out on this question, inside the trade union movement as well as in academic milieus, reflecting a range of political options. Around *South African Labour Bulletin*, for example, which then played a significant role in political debates in South Africa, several argued that the trade unions would be a "school of democracy" allowing the workers to "take their place" on the political and economic scene. Whatever the political regime in place, the organised workers' movement should constitute itself as a serious "interlocutor" towards the state and the government. Eddie Webster (one of the principal figures around the SALB) proposed that the South African trade union movement, in the style of the Brazilian and Philippine workers' movements, should become a "social movement", a force capable of determining, in a relation of equality with the political organisations, the revolutionary strategy. The trade union organisations should then be "more" than simple intermediaries in the negotiation of the price of labour, but should play two roles at the same time, political and economic.<sup>3</sup>

## AUTONOMY

Confident in its own growth and supported by these theorisations, a good part of the trade union movement affirmed its will to play an autonomous political role, not necessarily against the nationalist organis-

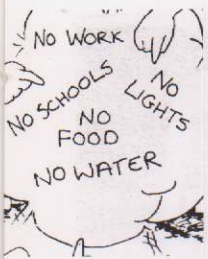


ations like the ANC, but in all independence, on the basis of the "interests of the working class". This position was notably defended during the 1982 FOSATU congress, at which the federation declared its support for the establishment of a "workers' party".<sup>4</sup>

These theoretical elaborations, which accompanied the quite spectacular growth of South African trade unionism, in particular from the end of the 1970s, did not for all that sketch out a clear orientation, as has been pointed out by Claude Jacquin.<sup>5</sup> The organisations oscillated between several options. "Radical" social democratic ideas were advanced by some trade union sectors, notably in textiles, envisaging poli-

Pierre Beaudet is a southern Africa specialist based in Montreal. He writes regularly for *Le Monde diplomatique*. This article is reprinted from *Imprecor* n° 396, November 1995





tical action under the form of "pressure" to influence the political actors, including the ANC, but without posing the question of power. "Socialism" remained a far off utopia and not a political programme to struggle for. The working class should then content

itself with improving its lot, reforming the institutions and imposing a new, "post apartheid" political framework, in which its "rights" would be better recognised.

Parallel to this, and in a partially convergent manner, a "councilist" or "autonomist" tendency, proposed by the metalworkers and chemical trade unions among others, was formulated to envisage a workers' movement "free of all affiliation", expressing a full class autonomy in the trade union and political terrain. This autonomy would impose an immediate growing over of the struggle for "national liberation" and the opening up of a struggle against capitalism, historically constituted in South Africa around apartheid, with the objective of imposing a political project that was not only anti-racist but openly socialist. But the councilists could not follow their logic to its end and openly undertake the formation of a workers' party in reality (the famous 1982 resolution remained a dead letter).

### WORKERISM?

One of the important reasons for this was the great offensive unleashed by the ANC and the South African Communist Party against these efforts to constitute an autonomous workers' political project. Essentially relayed by the South African Congress of Trades Unions (SACTU),<sup>6</sup> the "trade union branch" of the ANC-CP alliance, this offensive was waged both on the practical and theoretical fronts. The CP accused the new trade union movement of "workerism," leftism and reformism. For the Communists, the struggle for national liberation against the system of "internal colonialism" set up by apartheid should take priority. From this struggle against apartheid and uniquely from this struggle would emerge a "second phase" of the combat, around explicitly socialist objectives. Meanwhile, the trade unions should not propose an autonomous socialist and working class programme, but take their place in the great alliance against apartheid.<sup>7</sup>

In reality, the political forces around the ANC and the CP inside the country, notably in the United Democratic Front, a coalition of community groups and some trade unions, insisted that the trades unions follow their slogans, for example in the organisation of general strikes of a political character. Before this concerted offensive, the workers' organisations, including the left, were forced

to fall back. In 1985, the constitution of COSATU, which was the result of negotiations between the trade union left of FOSATU and forces aligned to the ANC and SACP, was marked by a rallying to nationalist theses and orientations (symbolised by COSATU's acceptance of the Freedom Charter, the central programme of the ANC).

At the end of the 1980s, this turn was accentuated when several trade union militants, including some who had been at the head of the autonomous left, announced that they were joining the Communist Party. During the last phase of the transition, the process accelerated when some trade union leaders became members of parliament as part of the ANC bloc. Some months later when the ANC government was set up, Alec Irwin, former leader of the metalworkers' union and a former "organic intellectual" of the trade union left, became deputy minister of finance. Meanwhile, Jay Naidoo, former general secretary of COSATU, took responsibility for the Reconstruction and Development Programme, which had been, with trade union impulsion, at the heart of the ANC's electoral programme.

Throughout this period, COSATU had supported this evolution without hesitation. In the context of the post-electoral debates on the broadly conservative economic policy followed by the government, the trade unions remained largely marginalised. Even when it was a question of formulating a new legal framework for industrial relations, the trade unions ended up accepting what had not so long ago been considered unacceptable, notably a whole series of restrictions on the right to strike and

a pronounced "legalisation" of the whole process of negotiation. During this time, the strikes that broke out in 1994 by metalworkers and food workers, among others, ended up by fizzling out. In response to the inertia of the union leaderships, spontaneous movements have emerged in a number of sectors (transport, services, education). In the face of the evolution of a macro-economic policy aligned around the priorities of the IMF and the GATT, the trade unions have contented themselves with protests of principle.

With these changes, a cycle seemed to have been completed. The hypothesis of a workers' movement constituting itself as the principal and autonomous protagonist of the struggle for political and social transformation seemed put off to much later. The South African

working class that, according to some theorisations, was to constitute, along with the workers of Brazil, Korea, and the Philippines, the vanguard of a new international workers' movement, seemed to have fallen back into line, at least temporarily.

The reasons for this recent evolution are multiple and complex. This incapacity to

"go all the way" can no more be explained simply by the "treachery of the leaders" than by the more strictly structural account (according to which the South African working class has not been sufficiently "de-peasantised"). A rereading of the history of these struggles and organisations is necessary.

Already in 1991, Robert Fine, in a history of workers' resistance in South Africa,<sup>8</sup> proposed the parameters of such a critical rereading. In contrast to the official historiography, Fine traced the line that goes from the reinforcement of the workers' movement in the 1930s to its disintegration at the end of the 1950s. For Fine, the Communist Party sought first and foremost to subordinate all struggles to the anti-apartheid movement. If the role of the CP is correctly stressed, Fine does not however neglect the sociological analysis of the workers' movement, its origins and its peasant roots, and the impact of the type of industrialisation that occurred in South Africa. The rapid rise of the manufacturing sector between the two world wars allowed the numerical growth of a young proletariat. But in the aftermath of 1945, a new turn took place. The embryonic industry entered into full stagnation while the traditional role of South Africa as provider of minerals returned to the first level. Those unions rooted in the young industrial proletariat were thus the big losers, while the South African state, even before apartheid, consolidated the system of unqualified migrant labour, destined to work in the mines. In 1946, a powerful but badly organised strike in the mines led to catastrophe (the miners took more than 30 years to recover from this defeat).

### SUBORDINATION

At the beginning of the 1950s, the CP, proposing to align the workers' movement with the national struggle, seemed to put the sole alternative proposition on the table. But, unlike the Vietnamese or Chinese communists, the SACP persisted in seeing the action of the party as a simple cog of the nationalist movement. In other words, there was no question of struggling for the party to replace the nationalist leadership and itself take in hand the organisation of the national struggle. The racial factor in this evolution was not negligible in that the CP was still at this time an organisation dominated by whites and to a lesser extent by Indians and Coloureds. But this situation was itself the result of a lack of audacity on the part of the communists who had, in Fine's view at least, the opportunity of taking the leadership of the national movement in the 1920s and the beginning of the 1930s, when the ANC was without influence, dominated by a black elite that was very narrowly based and in its majority conservative.

Would a turn of the Maoist type (comparable to that of the Chinese communists after the defeat of the Shanghai insurrection, towards prolonged people's war in the countryside), based on the mobilisation of





the peasants, have been possible in South Africa? The question remains posed. For his part, Fine, who does not believe in such a possibility, explains that the strategy adopted was the worst of choices. On the one hand, the embryo of a militant workers' movement, already established in the manufacturing sector and seeking to implant itself in the mines, was destroyed by the CP's advocacy of the nationalist turn and the over-politicisation of struggles (it was more important to plant the ANC's nationalist flag than to organise viable trade union sections). On the other hand, by subordinating itself to the ANC, the CP prevented itself from developing a popular and militant nationalism, rooted in the rank and file resistance.

## DEFEAT

This turn of the 1950s and 60s resulted in a formidable defeat, not only for the workers' movement but for the whole of the South African national and democratic movement — a defeat covered up by the SACP. Thus, according to intellectuals close to the CP, the defeat of the 1946 miners' strike was transformed into a "victory" leading to the "radicalisation" of the nationalist movement.<sup>9</sup> At the beginning of the 1950s the ANC proclaimed a new orientation, based on contemporary African experience, based around the armed struggle. On the ground, however, the movement remained confined to a very moderate line. On the other hand, the leadership of the ANC (and the CP) envisaged a strategy based on a "professionalised" ANC, involved for example in the preparation of an armed struggle, in a conception of the "foco" type, isolated from the masses and centred on small groups of supposedly professional guerrillas. This derisory attempt to launch the armed struggle in conditions of ill-preparedness and adventurism provoked a new catastrophe through which the whole of the democratic movement was led astray. Decapitated or forced into exile, the resistance experienced a formidable regression, which persisted until the 1970s.

More than 15 years later, the old mole resurfaced. But changes in the organisation of South African capitalism had to be taken into account. The defeat of the workers' resistance in the 1950s catalysed a significant capitalist boom, first in the mining sector, secondly in the expansion of a manufacturing sector based around import substitution. Little by little a "new" semi-qualified proletariat stabilised itself around this process in the factories, and a "new" trade union movement took root and appeared in broad daylight in Durban in 1973. Trade unionist in the correct sense of the word (close to and emerging from the rank and file), impelled by the struggles and animated by a new generation of militants (from white and Indian leftists to young blacks educated by Christian worker activism), this movement, organised from the outside of the political and organisational influence of the ANC-SACP alliance, grew



incessantly. At the end of the 1970s, as mentioned before, the most militant organisations, like FOSATU, began moreover to pose the question of organisation and political power. All the more so given that the links built between the factory and the township had an effect of drawing in the new generation of youth movements rejecting the passivity of the ANC and attracted by the militant discourse of the Black Consciousness Movement.

Faced with these changes, the CP unleashed a battle royale against this new left. In certain townships, youth manipulated by the CP even physically attacked trade union militants. The CP meanwhile established several "trade unions" without any real existence on the ground but presented as alternatives, with broad support outside the country. Meanwhile, the mining sector, unorganised since 1946, was able to revive, not through rank and file work as in the manufacturing sector, but rather by an "understanding at the summit" between a new generation of black leaders and the bosses of the mining conglomerates. A new trade union dynamic (involving FOSATU, the trade unions created by the CP and the mining union) then developed, until the negotiations that led to the creation of COSATU in 1985.

The creation of COSATU marked the apotheosis and at the same time the beginning of the decline of trade unions in South Africa. On the one hand, the trade union left of FOSATU, with its social democratic and councilist orientations, could not genuinely elaborate a coherent political project and oppose the ideological hegemony of the ANC and CP. On the other, the centre of trade union gravity shifted by dint of numbers towards the mining sector, which represented both the least organised sector and the most susceptible, because of its composition, to sympathise more with populism and nationalism than with a socialist project based around a perspective of workers' power. The final factor, which played a considerable role, was that South African capitalism entered into crisis from the end of the 1970s, putting an end to the expansion of the manufacturing sector and thus limiting the reproduction of the semi-qualified proletariat in the factories. This recession led to thousands of dismissals and consequently a considerable downturn in industrial struggles.

## DEMOBILISATION

The leadership of the Communist Party understood this evolution very quickly. To capture the latent radicalism, the CP ado-

pted a militant populist language, speaking of popular insurrection, of mass armed struggle, of the "Vietnamese model". With these impractical and premature slogans, several hundred black youth launched themselves into "insurrectionism" in a totally disorganised and destructive manner. This evolution has the same effect as the guerrilla-ism of the 1960s, by demobilising the masses to benefit small badly organised groups that were incapable of seriously threatening the South African army and police. In this new context, the trade union movement was imprisoned in a logic of "support" for a strategy which was totally beyond its control. The principal form of workers' struggle then became the "passive" strike, the "stay-aways" which emptied the factories of workers but which at the same time confined the workers to the townships (quite often by force), under the control of semi-militarised bands proclaiming themselves the "shock troops" of the revolution. Trade union work of struggle and rank and file organisation was thus little by little sidelined.

This radical turn allowed the CP to build itself a new base of youth and militants that believed that apartheid was on the verge of being "overthrown" by a new "revolutionary and popular power." But this rhetoric little by little died out. At the end of the 1980s the South African state, under the impulsion of the local bourgeoisie and of imperialism, began to put out feelers to the ANC. At the beginning, these offers of negotiations remained below a minimum level (they resembled that which Israel finally forced on the PLO leadership), offering the ANC an unequal share of power while preserving the white regime. But little by little, a more serious compromise emerged, when Nelson Mandela, who was still in prison, proposed to the white regime substantial concessions in relation to the historic demands of the nationalist movement. After some hesitations, the conditions were then in place for the "great compromise". Freed in 1990, Nelson Mandela took the nationalist movement in hand. Quite rapidly, the leadership of the CP around Joe Slovo dropped the historic perspective of "overthrowing the state" and restructuring the economy.

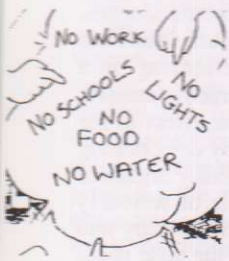
Faced with this new context, one part of the trade union left attempted to develop an alternative model of development. Supported by a network of academics, they tried to find responses to two problems: the consolidation of the neo-liberal discourse within the ANC, which now rejected virtually every perspective of economic transformation.





The main response on this trade union left was to propose an alternative, Keynesian-inspired programme.

Claude Jacquin's book criticises this evolution as a "useless" capitulation which did not even allow the trade union left to influence the ANC while losing out also "to the left" (the trade union rank and file which has been destabilised by the new orientation proposed, which abandoned the historic discourse of the "liberation"



and of "socialism"). In practice however, the choices were not unlimited. To remain pertinent in the South African context (there was also the international context of the collapse of "socialism" in the ex-USSR) the left should have advanced concrete propositions necessarily inscribed in a reformist perspective (the conditions were not met, obviously, for a revolutionary rupture in South Africa).

The second obstacle with which the trade union left was confronted was precisely linked to the Stalinist heritage, re-interpreted in the 1980s in the language of insurrection and revolution. The "radical" turn of the CP has been an objective catastrophe, in the sense of leading astray a struggle which potentially could have become revolutionary. It has also been a subjective catastrophe. This populism of a demagogic type has led to support for insurrectionism, a totally erroneous view of the transformation, the revolution and of socialism. A significant part of the population of the townships, terrorised by the bands of hooligans paying lip service to the "revolution",<sup>10</sup> has ended up by assimilating the idea of revolution to that of terror and violence. For others, principally the generation "without hope" of the young unemployed, the revolution was only a means of asserting their place in a society that rejected them. The ultimate conclusion of this process could only be a degeneration into populist violence, in a south African version of Sendero Luminoso (the hypothesis is still posed, in the framework of the development of a populist opposition to the ANC, around Winnie Mandela in particular).

Because of this second obstacle, the trade union left proposes an alternative based on organisation, the raising of consciousness, and education, but also a radical-

reformist change, based on the demands of the rank and file and in the framework of an analysis that accepted that a process of revolutionary rupture was not on the agenda.

The recent evolution of the workers' movement is in continuity with its history, a radicalisation intercepted and derailed by a communist party experienced in political struggle but with no desire to orientate the mobilisations towards a rupture of the revolutionary type; an organisational effort broken by crisis and capitalist restructuring; a militant generation sacrificed by years of hard struggle, without any real political openings at the end of it all.

Today in South Africa, the workers' movement is disoriented. A good part of its cadres have been re-deployed, some to join the ANC government, others to be absorbed by private enterprise, which is seeking to change the colour of its spokespersons. The leadership of COSATU now enjoys practically no credibility, neither at the base nor at the summit, where the government and the employers are aware of the real strength of the trade union movement. Powerful trade unions, like the metalworkers, have been shaken by a series of successive defeats. Spontaneous and unorganised wildcat strike movements reflect the combativity that exists, bit above all the despair of a growing section of the working class.

Two significant differences are however to be noted between the current situation and that which existed in the previous cycles. On the one hand the Communist Party has fulfilled its historic role. Not that the organisation as such is going to disappear, at least in the short term. Important sectors of the masses, including trades unionists, remain attached to the CP as the ultimate "rampart" of the struggle. Nonetheless in practice, the CP has already self-dissolved inasmuch as its structures are not operating, a good part of its leadership is openly liquidationist and in essence, the party refuses to have an activity and discourse independent of the ANC. It remains to be seen if this liquidation will become official. It is probable that the leaders of the ANC, starting with Mandela, are against this dissolution inasmuch as it would reopen the road to an explicitly and fiercely independent party of the left.



For the trade union and popular left, the dilemma is the following; a break with the ANC is indispensable, but the costs of this rupture, in the short term at least, would be very high. Splits would be numerous. The implicit hostility of certain sectors of the ANC could become explicit and violent, the masses would be

disorientated. The debate is however open. The key question remains the elaboration of a left programme anchored in South African reality and capable of connecting the short term (the immediate demands, of a reformist nature) with the long term (the conditions to pose for a rupture of a revolutionary type).

It will also be necessary to rethink the domain of politics and the organisational questions and to break with the authoritarian and elitist schemas of the past (*the vanguard party*), to elaborate alternatives appealing more to decentralisation, to networks, to the broadest democratic participation. NUMSA General Secretary Enoch Godongwana says the left should use the space it continues to enjoy, notably in the popular and trade union movement, and "reinvent" itself: "the revolutionary struggle to transform society does not begin with the capture of the state, it is also carried out every day in dispersed battles". ★

Notes

1. Starting in the 1970s and in particular 1973, a new wave of trade union organisation swept the country and was reflected in a multitude of organised movements. This process led in 1985 to the formation of COSATU. But the trade union movement in South Africa has a history stretching back to the 1920s, when organisations were set up following some very hard struggles. This first wave reached its zenith during the second world war. Subsequently, in the 1950s, the workers' movement weakened to the point of virtual disintegration by the beginning of the 1960s. The Communist Party, whose influence remained determinant in some union sectors, then adopted the option of armed struggle which led its militants to practically cease any trade union work.
2. Founded in 1979, the Federation of South African Trade Unions was the principal vehicle of the trade union left in the 1970s and 1980s. In 1985 FOSATU, like the other union federations, dissolved itself to create COSATU.
3. Eddie Webster, "The Rise of Social Movement Unionism: The Two Faces of the Black Trade Union Movement in South Africa" in P. Frankel, N. Pines and M. Swilling, *State Resistance and Change in South Africa*, Croom Helm Publishers, 1988.
4. The proposition came from FOSATU's general secretary, Joe Foster. The report he submitted to the FOSATU congress is reproduced in the appendix to Claude Jacquin, *Une gauche syndicale en Afrique du Sud*, (1978-1993), L'Harmattan, 1994.
5. Claude Jacquin, op. cit.
6. SACTU, set up in the 1950s as "the" union federation of the ANC and the SACP, was unable to establish itself as a trade union federation, and the turn towards the armed struggle of the 1960s led the trade union cadres to abandon union work for guerrilla warfare. Reconstituted in exile as a "trade union federation", SACTU was content throughout the 1960s and 70s to be the "trade union" spokesperson of the ANC and the SACP in international congresses and tribunals, while claiming to lead the struggles in south Africa through a clandestine apparatus. In fact SACTU was to a large extent isolated from the trade union wave of the 1970s, which structured itself around totally independent unions that were foreign to the organisation and tradition of SACTU. The CP leadership finally decided to liquidate SACTU in 1991.
7. See in particular "The danger of legal Marxism in South Africa", signed by Ruth Nhere, in *African Communist*, the theoretical review of the CP, and reproduced in Jacquin (op. cit.).
8. Robert Fine (with Dennis Davis), *Beyond Apartheid, Labour and Liberation in South Africa*, Raven Press, 1991.
9. The worst example of this historical falsification was published under the form of a history of SACTU, *Organize or Starve, the History of SACTU*, written in 1980 by Ken Luchart and Brenda Wall, two SACTU sympathisers. The entire workers' history of South Africa is here reduced to the effort of the CP to return the trades unions to the "correct line" from Trotskyist and leftist conspiracies. A no less distorted, but at least more intelligent, history, has been put forward by Jeremy Baskin, a CP and COSATU cadre, in *Striking Back, a History of COSATU*, Raven Press, 1991. For Baskin, the history of the workers' movement is totally linear, without contradiction or debates, in a movement of growing progression where the working class unceasingly approaches power without ever arriving at it!
10. The "com-totsies" as they are called in South Africa, an amalgamation of "comrades" and "totsies" (bandits).



# Social clauses don't help

Many products sold in Europe, North America and Japan come from non-union sweatshops in the third world. Minimal health and safety regulations and the savage repression of organised labour ensure low prices and maximum flexibility for ruthless employers. And, far from disappearing with industrialisation, child labour is an essential part of production in many countries. Some Northern trade unions argue that restricting imports from this kind of company would help third world workers win better conditions, and reduce the incentives for northern companies to "relocate" to cheap-labour countries. **Maxime Durand** believes that this new protectionism is the wrong strategy.

The debate on social clauses only reflects the damage being done by capitalist globalisation. The bosses are more and more relying on the simple strategy of "everyone for himself". Liberalisation of currency regulations, speculative capital, speculative investments are all destroying everything which could hinder competition between different parts of the world, with very different levels of productivity.

The idea of the social clause is to organise the rules of the game a bit more. To try to prevent a global levelling down of the working conditions of the proletariat towards the "standards" of the most exploited countries.

A complex debate. And the positions taken by the organised workers' movement are less than clear. We present here two articles which set out the questions we need to deal with.

The International Labour Organisation (ILO) has five "social clauses". Every socialist, every democrat would defend the right to free association of workers (Clause #87) and the right to negotiate with employers

(#98). We support the respect of ILO clauses forbidding discrimination based on "race, sex, religion, political opinion" etc. (#111), child labour (#38), and forced labour (#29 and 105).

There is a second, wider definition of "Social clauses", linked to the idea of social dumping. The low wages, poor working conditions and weak social security systems give the Southern and Eastern countries an "unfair" competitive advantage in trade with the Northern countries, the argument goes. Why not put a special import duty on goods produced in these disgraceful conditions? This would not only reduce the incentive to employ children at low wages, but, the advocates of "social clause" legislation argue, this tax could finance a range of pro-labour aid programmes in the countries concerned.

The problem is that such a tax could never be anything more than a new justification for extremely selective protectionism by the Northern bourgeoisies. The excitement about "social clauses" is a new script for that tired old story of national unity in hypocrisy between the workers and the bosses of the rich countries.

In economic terms, this new "social" protectionism is absurd. The main element in the salary difference between the USA and Bangladesh is the difference in the rate of productivity in the two countries. Because of decades of investment in machinery and training, and because of the supporting infrastructure provided by public funds. An import duty corres-

ponding to the difference in salary or social security provision would simply eliminate the Bangladeshi product from the US marketplace.

Another problem: Who will enforce the WTO legislation, and how? The fact that we are talking about clauses rather than principles or rights testifies to the fact that the "social clause" movement sees itself as a pressure group on international bodies like the World Trade Organisation (formerly GATT). Why? The struggle to defend wor-





★ Social clauses

kers' basic rights is suddenly reduced to a "social" definition of what conditions ought to be considered as "fair competition". But workers' rights exist independently of competition. They also exist in the large part of each national economy which is not based on international trade.

The WTO might be willing and able to attack the "social deformations" of the free trade system. Which would, at the same time, reinforce the dominance and the legitimacy of "free" trade — the *raison d'être* of the WTO, and the fundamental strategy of the imperialist governments.

What ordinary socialists like us ought to be doing is rephrasing the debate in terms of social norms, rather than legalistic clauses. We should oppose all expressions of Northern protectionism towards the Southern countries. We have no reason to trust the WTO to act on our behalf. It is the co-ordinated struggle of Northern and Southern workers which can best affirm and defend our rights to decent working conditions.

In previous decades, the world economy was more or less compartmentalised into national and regional blocks. In consequence, the workers' movement could, more or less, defend itself through a series of national struggles. The result was a real, global improvement in the conditions of working people. But a very unequal improvement.

The current long wave of depression in the world economy, coupled with the globalisation of industry, is changing all this. From Switzerland to South Korea, capitalists are threatening to displace production to another part of the world where salaries and working conditions are worse. Workers in each country are being forced into competition with each other. The result is a decline in conditions world-wide. A worsening of the

balance of forces between the oppressed and oppressor classes at a world scale.

International solidarity is no longer a subjective response to apparently similar struggles in different countries. The objective need for solidarity is increasing. For our class enemy has taken a decisive step forward. He is more capable than ever of striking against us in a co-ordinated fashion, in different parts of the world. His weapon is the unified, global market.

Wage earners around the world have little choice. Either we put up with this, or we do something about it. The key step now is to

organise ourselves better internationally, industry by industry, sector by sector, profession by profession. We need to develop solidarity and co-operation, and begin to define and agitate for our programme of norms on working conditions.

Such international organisation must be based on the principle of class independence. It is not our role to redraft a few clauses in the respectful hope of amending the treaties which define the powers of the WTO. Instead, we should be organising so as to impose new, universal social norms: transcontinental collective bargaining agreements. ★

## Transformation and regroupment

The collapse of Stalinism and the continuing capitalist crisis has contradictory effects. Myths and illusions connected to the restoration of capitalism in the post-Stalinist societies have dissipated, faced with the actually existing market economy. But reactions to the socio-economic crisis all too often take the form of reactionary tendencies of an ethnic, nationalist, racial or religious character. Hence the urgent need to rebuild a world-wide movement of anti-capitalist struggle, taking account of the recomposition of the workers' movement which is underway as a result of the double failure of social democracy and Stalinism.

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

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



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# Green protectionism?

by Luis Miguel Sánchez Seseña

It is clear that the principal problems facing the developed economies are environmental deterioration; serious unemployment and social exclusion. The globalization of the economy and the interrelationship of these social and economic problems is also evident. At the Rio Conference and the Copenhagen Summit, the principal culprits for the social-ecological crisis admitted the existence of increasing poverty, unequal distribution of wealth, strong environmental deterioration...

At the same time, the great economic orientations advance under the argument that these are the only possible policies, so that structural adjustment — deregulation, privatisation, liberalisation — become a universal recipe. The great transnational corporations — and international finance capital — are the protagonists of the global scene, controlling over 70% of world trade. Centralised decision making is the organising principle within these enterprises and at the heights there is a gigantic conglomerate quite resembling a centrally planned world economy. The institutions of Bretton Woods - the International Monetary Fund, the World Bank, and the World Trade Organisation - impose their plans of structural adjustment, their megalomaniac investment projects and their processes of colonisation, in absolute collusion with each other, under the vague rubric of the "free market" and "free trade." The solution to all problems, under the neoliberal vision, is a nightmare of social regression, which covers up an even worse nightmare, reality itself. Competitiveness becomes the supreme goal according to neoliberalism.

Even though it should be obvious that the same policies cannot be applied to countries with different social and economic structures and with diverging problems and priorities, at the international level power lies in the hands of institutions in charge of managing the world economy.

Concern about the environment surfaces, in the current state of affairs, in the developed economies. According to a Report produced by the European Commission, greater economic growth associated with economic liberalisation will produce an increase of emissions of SO<sub>2</sub> and NO<sub>x</sub>, of 9% and 12% respectively, which will exacerbate the problem of acid rain; residues of all kinds

will increase by 30%; there will be structural transformations in the transport systems, which will generate a 50% increase of heavy highway traffic by the year 2000 and an increase in the stock of automobiles of 17 million vehicles which, other effects aside, will contribute to the emissions of CO<sub>2</sub>, the principal culprit for climactic change, into the atmosphere.

One can conclude that the search for greater competitiveness will generate resistance to the internationalisation of environmental costs to prevent their impact on the final price of products offered in international markets. Hence the denunciation of the danger of environmental dumping, understood as the possibility of unfair competition through prices which do not reflect real costs of production if the norms for the protection of the environment which imply costs are very different between countries competing in the world market.

In parallel fashion, it seems, the developed countries are awakening to the fact that the world market cannot become a jungle, without any kind of social rules, and therefore, the GATT agreements should be complemented with respect on the part of all beneficiary countries towards the common freedoms and minimal labour conditions established in the basic agreements of the International Labour Organisation. Perhaps the slogan to be launched should be: GATT yes, ILO also!

The social and ecological clauses put forward by the countries of the developed North become a way of justifying protectionist barriers, while at the same time toning down the contradictions with the general liberalising discourse. They are a way of hiding the true motivations behind the proposed obstacles to commerce, which as usual are nothing other than the defence of specific economic interests. This apparent contradiction is not surprising, since the world economy is full of such examples. One of the most glaring examples is the opposition between increasing liberalisation of the traffic of goods and capital, and protection of the labour markets of the developed countries, which become sealed fortresses to the workers from the poorer countries. Once again, it is a matter of defending selfish economic interests because, if one were to pay attention to the neoliberal discourse, the

logical thing would be to open the borders to the free circulation of workers. Well being in the world economy would increase, according to orthodox theory. And, of course, it would not be necessary to have a social clause at all. But the practice of the rich countries goes in the opposite direction.

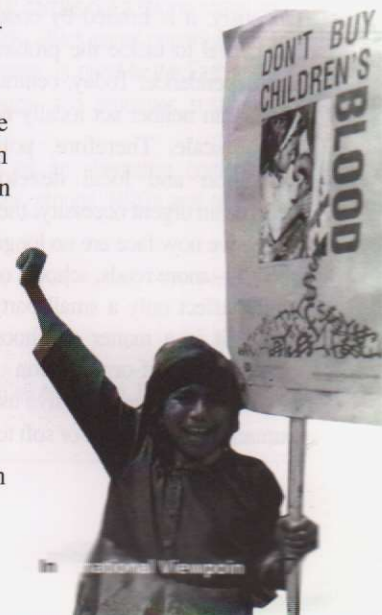
The discourse of the social and ecological clauses has also surfaced in the agrarian sector, in a shameless attempt to justify protectionism against the poorer countries. European cereal producers become ecologists and defend restrictions to the importation of cereals from Southeast Asia, arguing that long distance transport consumes fossil fuels and is therefore incompatible with the environment. A similar argument has been mustered by French groups to support the burning of Spanish trucks carrying apricots. They have even produced a novel variation, that of the "climactic clause", which attacks imports from more benign climates because they destroy the markets for local products.

In all these cases the defence of economic interests, which may in some cases be perfectly legitimate, ceases to be legitimate when they are not formulated clearly. The least one can ask from those who are defending their economic interests is that they stop camouflaging or attempting to hide them with reference to the health of the working children of the poor countries or the deterioration of the planet.

What is certain is that the levels of consumption and production of the North cannot be exported to the South, and on the other hand, that the crisis of the market economies — in their actual dynamic — demands

social regression in the developed countries. Are we for reform and regulation to better the social conditions and reduce the negative effects of the ecological crisis?

Perhaps, as an





immediate demand. That is, to attempt to transform the foundations of international commerce in the capitalist sphere through the establishment of more equitable exchange and the regulation of commercial relations taking into account social and ecological impact (environmental norms and social clauses in agreement with the recommendations of the WLO) is merely basic politics of resistance.

It is not possible to solve the social and ecological crisis without questioning the market economies (capitalism, to be precise). Internationalisation and globalization are the models of capital, where competitiveness acquires its true dimension. Internationalised capital desires full liberalisation—of capital flows—to be able to operate with maximum freedom at the world level. What we criticise is the GATT-WT, the Europe of Maastricht and the way in which economic relations are organised at a world level.

### What is our model?

Faced with the liberalisation of world commerce, it is necessary to demand autonomous projects, stressing the importance of internal demand in relation to exports. To sustain the pulse of internal demand is essential for economic stability, development and employment. It is not a matter of eliminating foreign trade, but a matter of focusing production towards internal needs and having the exports finance the necessary imports for the consumption pattern chosen by the economic model. Of course, we are thinking about a model of consumption with powerful collective demand: housing, health, education, environment, public transport... In sum, it is a matter of placing the external sector at the service of internal demand and not the other way around.

At the same time, the idea of a nation-state no longer serves as an efficient unit of government: it is too large to take care of the problems of local citizens and, simultaneously, it is limited by concepts that are too partial to tackle the problems of global interdependence. Today, centralised governments can neither act locally nor think on a global scale. Therefore, political decentralisation and local development have become an urgent necessity: the local options which we now face are no longer exclusively social—more roads, schools or hospitals—which affect only a small part of the population; it is a matter of choosing between principles of self-organisation - centralisation or decentralisation, intensive use of capital or human resources, hard or soft technologies...

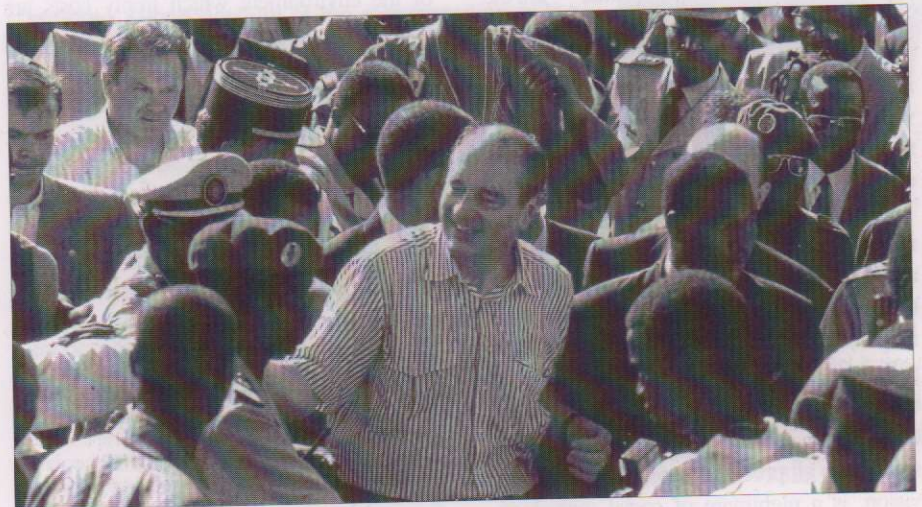
which affect the survival of all of humanity.

It seems convenient not to forget a simple rule: think globally, and act locally. For example, competitiveness, the increase of international trade and production destined for export, require the unstoppable growth of motorised mobility and therefore, massive consumption of non-renewable energy sources, which are cheap in cash prices but extremely expensive in social and ecological costs, and great networks of transportation. Obviously, the goddess of competitiveness also needs—in the interest of coherence—profound structural reforms (liberalisation of economic sectors, privatisation, gradual erosion of collective gains, reduced taxation for capital...) and absolute mobility for capital (which unleashes financial bubbles and speculation).

In addition, in an increasingly competitive world the “solution” to the problems of employment in Europe requires the elimination of the “rigidities” of the so called welfare state (working conditions, wages, and social benefits) or the deepening of

important function in the organisation of our economic and social structures. The Madrid Declaration of the Alternative Forum, “The Other Voices of the Planet,” (October, 1994) stated: “economic globalization and ecological globalization appear as two faces of the same coin, inseparable from the new configuration of the capitalist system (...) in consequence, it is necessary to oppose this process returning to the community the full capacity of decision over the responsible utilisation of its natural resources.” In the face of globalization the defence of the local economy is part of the struggle for a socially and ecologically sustainable economy.

Contrary to appearances, value systems and ethical systems are not peripheral or collateral to science and technology—in spite of the aseptic way in which they are presented to society—but are rather its foundation and its motor force. In large measure, hard technologies (centralised, capital intensive, with high consumption of raw materials and energy, and high production of residues) from the age of development are precisely



French President Jacques Chirac *en tour* in Africa

super-exploitation in the peripheral countries.

The dominant paradigm of neoliberal economics requires greater investments in infrastructure of high volume transport, as supports to competitiveness and economic growth, at the same time that it promotes processes of private accumulation of capital. It aims to promote communication between the great centres of finance, consumption and production, rather than balancing the territory, guaranteeing access or creating employment.

For all these reasons, and given the fact that our situation of imbalance is in great measure the consequence of indiscriminate growth, the choice of scale will fulfil an

those which spark environmental crises and massive unemployment. They are the cause of the irresponsible environmental mortgage we impose on future generations. They and their organisational-productive form, are the paradise of the ideals of productive and reproductive capital. We should judge technologies and economic activities in terms of their thermodynamic efficiency instead of their profitability, and social aspects can never be considered marginal when it comes to choosing between technologies.

Priorities should be set on activism in the field of consumption and production of energy, promoting vigorously energy efficiency and the utilisation of renewable sources



of energy. It is necessary also to consider a new industrial strategy which bets on democratisation, a transition to clean production, and moves toward the disappearance, reduction, reconversion, expansion or creation of industrial sectors.

High-priority elements for local sustainable development include clean production of non-toxic, useful goods which are lasting, repairable, recyclable, and require minimal packaging, and soft technologies produced on a decentralised and small scale, which are human-factor intensive and have reduced environmental impact because they are based on the use of renewable resources and on the constant recovery of materials which are easy to control socially. This is what we must research, if we are to advance towards a more democratic and free society. What we research and develop today will determine the life of future generations.

On the other hand, concerning employment, in present day societies work is for the great majority of the population a means of access to a wage, housing, some independence, and in places where such things exist, to social benefits. The right to a job determines the right to a dignified life if not to life itself. In the Spanish economy, for example, unemployment hovers around 24% of the economically active population, the highest of any country of the OECD. In the face of this situation it is argued that "all strategies aimed at reducing unemployment require significantly greater rates of growth" (Delors' *White Book*, EU Commission, 1993). Instead, it should be recognised that the main goal propelling development is not the reduction of unemployment, but greater profits.

Accordingly, in tune with the demands of this script, of this mode of production, in Europe and in Spain in particular there is a tendency to copy the characteristics of the American labour market, which is precarious and deregulated, cheap, unqualified, and lacking in social benefits.

To treat the problem exclusively within the limits of the market, of the capitalist environment itself, within the framework of the production, sale and consumption of commodities, places us under direct dependence on the system, side-stepping real social needs. The market does not generate social integration, nor do the production processes removed from the decisions of the workers themselves eliminate exploitation and pauperisation, nor does work in the market sector overcome the alienation of a productivist and consumerist value system. The cult of work is also a ruthless and perfect

formula for recovering the surplus for the employers, for increasing surplus value and the rate of exploitation.

Nevertheless, we all know that it is not the same to work calculating the profitability of financial investments, "placing" securities or selling endless products of dubious utility, than to work co-operatively on projects of solidarity, recovering the forests or lending assistance to marginalised collectives.

Therefore, it is necessary to promote socially useful and environmentally sustainable occupations in local activities, which will allow the improvement of the quality of life of the community. As G. Lunghini argued, in a paper presented at a seminar on unemployment and the spreading of work organised by the *Fundación de Investigaciones Marxistas*, in April of 1994, : "to search for the solution to the problem of unemployment, not in the market sphere of production of exchange values, but in the production of use values. There are many socially useful jobs which can produce things which are never found in the market but

which nevertheless are in urgent demand... Allocating more resources to education, health, social assistance and the care of nature(...) to pay the unemployed a salary not through the market, in exchange for jobs not of the market, although useful to society. One could recover then, in a world dominated by exchange value, the category of use value."

In summary, it is necessary to promote a more local economy in which economic activity is territorially linked, promoting the development of internal resources and therefore local jobs, and on the other hand, the countries of the North should select in a positive fashion their trade with the underdeveloped countries to set the foundation for harmonious economic development which will seek the preservation of the soils and forests, energy efficient technologies, housing, food, potable water, education and public health.

There will be no sustainable development allowing the survival of all of humanity in the global village, without a new value system. This is a challenge which cannot be postponed. ★

## Towards a different Europe!

### Alternative conference, demonstrations and other activities

The Dutch Committee for a Different Europe invites you to take part in debates and actions for a social, green, democratic and feminist Europe.

- preparations for the Economic and Monetary Union (EMU) are leading to the dismantling of public services and social security and rising unemployment in almost every EU member state.
- the Intergovernmental Conference (IGC) has begun: the fifteen member states are negotiating to revise the Maastricht Treaty, the treaty that has propelled the European Union into its current credibility crisis. According to plan, these negotiations are supposed to end with the signing of a new treaty by the heads of government during their June 1997 Amsterdam summit.

Together the EMU and IGC will largely determine the character of the European Union and thus the daily lives of Europe's citizens. But discussion of these developments is going on mainly among politicians.

For the moment there is no broad debate under way about the threats posed by European integration, like the plans for an EU defense bloc, with the "Europeanisation" of the nuclear arsenals of France and the United Kingdom. Our Europe must be a Europe that carries out a strong social and environmental policy, creates jobs, eliminates the democratic deficit, offers equal opportunities to women and men, safeguards the rule of law, is hospitable to refugees, is open to the East and in solidarity with the South, disarms in order to contribute to peace, and promotes sustainable development both inside and outside Europe.

Parallel to the June 1997 Amsterdam Summit, there will be an alternative conference, demonstrations and other activities. We invite all progressive parties, groups, NGO's and others to take part in this Summit for a Different Europe.

## Get in touch!

Committee for a Different Europe, c/o A SEED Europe, P.O. Box 92066, 1090 AB Amsterdam, The Netherlands  
E-mail: [ander.europa@aseed.antenna.nl](mailto:ander.europa@aseed.antenna.nl), Tel: (+31) 20/66.82.23.6



# Social clauses: the Indian case

The governments of the “developing countries” have deferred the imposition of social clauses in international trade agreements. But these same governments have done little else to safeguard the rights of labour.

by Sharit K. Bhowmik

INDIA IS ONE OF THE FEW COUNTRIES WHERE there is near unanimity between the government, the employers and the trade unions on opposition to linking the social clause with international trade. But most developing countries fear that whatever competitive edge they have in the world market will be offset by the imposition of the social clause. By unfairly highlighting the provisions in the social clause, the developed countries can create trade obstacles through issues like human rights and unfair labour practices. There is a lurking fear among the developing countries that in the present unipolar world these measures will be used by the developed countries, especially the US, to intervene in the internal affairs of the developing countries, thus eroding their political sovereignty.

These fears are without doubt well-founded. The US especially has linked trade with developing countries with human rights in a selective manner. For example, the US is spearheading the economic blockade of Cuba in the name of human rights, even though there is no concrete evidence of any major violation. At the same time, China is given the status of Most Favoured Nation, despite the fact that it has unabashedly curbed democratic opposition. Such examples of double standards are very common. Which makes one doubt the genuineness of the concerns voiced by many of the developed countries about the sad plight of labour in the developing countries. Are these countries taking up the issue of the social clause because they sincerely believe that this would enable a better deal to labour in the developing world or are they using it as a ploy for their own interests by raising non-tariff barriers to international trade and in the process causing greater harm to labour in these countries?

Reactions of developing countries towards the imposition of the social clause have been quite strong. They have unanimously rejected its linkage with international trade. The fifth conference of labour ministers of non-aligned and other developing countries held in Delhi on January 18-23 1995 rejected what it termed as the “west-sponsored” move seeking to link international trade and labour enforcement standards. The conference, which was attended by labour ministers of 57 countries, decided to oppose all international fora any attempt to link ILO conventions with international trade. Speaking at the valedictory function of the conference, India’s commerce minister Pranab Mukherjee said that the social clause was a means of depriving developing countries of all the opportunities provided to them by globalisation and free trade following the GATT agreement. This united opposition of developing countries has had some effect on the World Trade Organisation (WTO). It has temporarily decided to delink the social clause from international trade.

An immediate fall-out of the aggressive attitude of the developed countries in this matter is that the developing countries are becoming increasingly wary of any attempt by international bodies to grant protection to labour. This could be clearly seen in their attitudes towards a proposed convention on home-based workers by the ILO recently. While the international trade union movement was unanimous in supporting the move for a convention, most of the governments of countries with large home-based workers thought otherwise. Some, such as India and China, favoured a recommendation rather than a convention, while most others opposed both. Interestingly, countries like the US and Britain, which have been at the forefront on the issue of the social clause, opposed both convention and recommendation on home-based work. Perhaps they were worried that this protection would result in higher wages to the large section of informal sector workers (mainly immigrants who work in sweat-shops) in these countries. Here too, we can see double standards at work.

## Issues raised

The developing countries have for the present been able to defer the adverse effects of the social clause on international trade. Nonetheless, it is necessary to take an obj-

ective look at the basic issues raised by the controversy, namely, the sad plight of labour in the developing countries and to view the social clause from this aspect, rather than as a tool of the developing countries to suppress the developing world, which it has, unfortunately, become, due to its linkage with trade.

The six ILO conventions comprising the social clause have been passed at various times. Some have been in existence for at least two decades. Governments in most of the developing countries have endorsed these conventions. Yet, most of the provisions are not yet fully implemented in these countries.

Most developing countries, including India, have passed laws on the issues condemning the social clause, but these have made no significant difference on the actual conditions of work. In India, the Equal Remuneration Act was passed by the government in 1976, and the Child Labour Act was modified in 1985. Yet women in the unorganised sector still get wages lower than those of men, and children below 15 are widely employed in all types of hazardous work. Similarly, the right to freedom of association has been granted long since, but the overwhelming majority of India’s workers, especially those in the unorganised sector, are yet to know what trade unions are. The Constitution of India abolishes all forms of discrimination based on caste, religion and race, but we find that in public sector undertakings, the job quotas for scheduled [“low”] castes and scheduled tribes are never filled





up. Is it so difficult to find workers or Class Four employees belonging to these categories, or is it because the largely upper cast officers who dominate these services refuse to do so?

These are some of the issues which should have been discussed earlier by the government and the trade unions. Unfortunately, they crop up only when there is a threat to international trade. Hence it is ironic that while some countries in the developed world attempt to use the social clause to better their own position in world trade, developing countries are counteracting these manoeuvres by opposing any attempts to protect their workers. They now tend to view any move to improve conditions of workers as external threats. How else can one explain the government's opposition to the ILO convention on home-based workers?

Had the conventions embodied in the social clause been sincerely implemented by the government, the position of labour in India might not have been as helpless as it is now. In this respect, the support of trade unions, together with employers and the government, for opposition to the social clauses seems somewhat incongruous with the objectives of trade unionism. The trade unions have opposed the social clause in order to uphold the national interest. However, had the provisions of the social clause been implemented, the quality of life of the workers would have improved, and this too would have served the national interest.

The major trade unions in India have largely ignored the problems of workers in the unorganised sector. This sector covers 92% of all workers in India. It is by far the major employer of women and children. The problems of these workers have largely remained invisible to the policy-makers. Hence, it is not at all surprising that the sad plight of child labour in the country became an issue only after international exposure. The pressure for eliminating child labour was built up only after it became an international issue.

As a result, the labour ministers of the developing countries who met in Delhi gave sufficient importance to the elimination of child labour. The government of India too has announced an ambitious scheme for the elimination of child labour. The question now is, were not the government and the trade unions aware of the gross exploitation of children earlier? If yes, then why was it necessary for international pressure to mount before any substantive step could be taken towards its elimination? Why have the national trade unions not given enough

importance to the question of child labour in the past? The high incidence of child labour is not merely a reflection of poverty in the countryside. It also implies that hundreds and thousands of children have been denied elementary education, which in turn will affect the quality of the population in the future.

### The unorganised sector

Perhaps one of the reasons for the indifference towards implementing the provisions of the social clause was that they were relevant to the unorganised sector which has remained largely outside the interest of the national trade unions. The organised sector has implemented the provisions to a large extent. Here too the exception is the tea plantation industry which, with nearly one million permanent workers, happens to be the largest employer in the organised manufacturing sector. In the tea plantations of West Bengal and Assam, which collectively employ about 750,00 permanent workers,



wages are abnormally low, and child labour is officially permitted, through the Plantation Labour Act. The figures provided by the Tea Board indicate that these two states employ around 60,000 children (aged 12-15) as permanent workers. Though there is a high degree of unionisation among tea workers, these basic issues have never been on the agenda of any of the national trade unions, including the more radical ones like AITUC and CITU.

It is mainly in the unorganised sector that there have been violations of the ILO conventions. Because of the absence of trade unions in this sector, the meagre legal protection provided by government is hardly ever enforced. The workers are not organised in order to ensure that the legislation can be enforced. Their protection is left to the good offices of the bureaucrats in the government (the officials in the labour department).

At the same time, it can be seen that wherever agricultural workers or workers in the informal sector have been unionised, they have been able to improve their living conditions. Trade Unions like the Self-Employed Women's Association (SEWA), National Federation of Construction Labour, National Forum of Fishworkers and some of the unions of agricultural workers have been

fairly successful in making some gains for the workers in this sector. These attempts are limited, and are restricted to the areas of operations of these unions. They are also disparate and they seek to make sectional claims for the specific workers. These unions are unable to focus on the problems of the myriad occupations comprising the unorganised/informal sector. The national trade unions on the other hand are able to take up the problems of workers in the organised sector at the national level and thus force government to pass legislation in their favour. The recent move of the major unions in the unorganised sector to come together to form a national federation, the National Federation for Labour (NCL) is a promising development. The NCL has been formed precisely because the unorganised sector workers have no forum to raise their issues at the national level. This move will hopefully gain visibility to this large section of underpaid, unprotected workers. However, this move also exposes the failure, or more likely the indifference of the national trade unions in taking up issues confronting the majority of the working class in India. One can therefore hope that, with a national level union of unorganised workers, the issue of implementing the social clause with sincerity will be brought to the forefront. The point to be stressed here is that only the organisations of the working class can be effective in solving workers' problems. Neither the bureaucracy nor any other organisation can fill in this need.

The manner in which the developed countries (especially the US) have been using (or misusing) the social clause cannot be supported by any self-respecting people. The way in which some of these countries have utilised this issue will lead to worsening of conditions of labour in developing countries rather than improving them. At the same time, while opposing these moves should we oppose the social clause itself, for reasons of national interest?

Moreover, why should the working class alone make sacrifices for the nation? Reduction in costs can be achieved by lowering the profit rates of industrialists and not merely by cutting down wage rates but how come nobody sets this on the agenda? While on the question of national interest, it should be borne in mind that any move to improve the living and working conditions of the vast majority of unprotected labour should serve the national interest as these people too are a part of our country. ★

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# *Solidarity? What solidarity?*

Anke Hintjens

**THE CONTEXT IN WHICH THE DEMAND FOR** "social clauses" is getting so much approval is one of an increasingly global economy. International investments are increasing. International trade is growing faster than global production. World trade in goods amounted to \$3,485 b. in 1990. Trade in services, which accounted for \$50 b. in 1978, today represents \$810 b.

Although developing countries still depend on export of primary commodities, their share of world manufactures exports increased from 4% in 1955 to 19% in 1989.1 At the same time, the industrialised countries are devastated by structural unemployment, and "jobless growth". Unions are trying to find explanations and answers for this situation. Businessmen want to be able to compete without being threatened with competition.

As if by magic, everyone discovers the new term of "social dumping". GATT defines dumping as "exporting goods at a price below their 'normal' value (for example the price on the internal market)". Hence, "social dumping" is export of goods at a price below their normal price, as a result of low wages and inhuman working conditions which keep production costs low.

## **Scape-goating the III World**

Many unions in the industrialised countries have come to see "social dumping" as a partial explanation for unemployment in their countries. This scape-goating of the third world is nothing new. In 1881 the US Federation of Organised Trade and Labor which later became the AFL-CIO federation) demanded that the government introduce protectionist measures against competition from low salary countries. The US unions wanted a "cost equalisation" through import taxes.

The foundation agreement of the GATT in 1948 provided for commercial measures against countries which allowed compulsory (forced) labour. The 1984 and 1989 Lomé Agreements between the European Community and its ex-colonies in Africa, the Caribbean and Pacific, included some very general principles on social conditions. But these were not concrete enough to be mean-

ingful, and the agreements did not establish any means of control.

The new GATT agreement, in operation since January 1995, goes much further: it is a big leap forward in the deepening of global inequalities. This new GATT agreement is the crowning of a process of deregulation of exchange of goods and money. The opening of third world markets and the privatisation programmes which these countries were formerly obliged to apply under IMF structural adjustment programme's are now elevated into binding legislation, through the creation of the World Trade Organisation (WTO).

These negotiations, like any others, started from a certain relationship of forces between the different parties. The dependant countries did not gain. On the contrary. Their weak position led to an odd (if not tragic) situation, where the negotiations on tariff reduction resulted in a 19% reduction on the products which the least developed countries export, whereas tariffs on products important for the other countries were cut by 38%. The import taxes applied against manufactured products from Third world countries are still five times higher than the taxes on their commodities. This is only one of the ways whereby development is made difficult for third world countries.

Agriculture was not covered in former GATT agreements. This is because of its importance for the internal stability of the richest countries. For example, Europe has been transformed from a net importer of food in the fifties into a main exporter in the nineties. The European Community's part in the world market for beef increased from 0% in 1971 to 25% in 1990. For wheat and sugar the situation is comparable. The EC could only obtain this position through spending high amounts of money on subsidies (an average of 60% of EC budgets in this period went to the agricultural sector) and exporting the products beneath their "normal" value i.e.... dumping. This had bad consequences on sugar exporting third world countries, which lost income because they lost a part of the sugar market, and because of falling prices on the world market. Countries in the Sahel region of Africa saw their cattle sector destroyed because of dumping of cheap EC

beef.

The reduction of export subsidies, as agreed in the GATT, may seem positive for third world agriculture, but the part of the world market that the EC is losing is being taken over by the USA., not by third world countries.

Secondly, the agreement prohibits the cheapest way of defending internal agricultural production in the richest countries - i.e. through controlling imports. GATT now obliges third world countries to import sufficient foodstuffs to cover at least 2% of their internal consumption. Besides the pressure this measure will put on the balance of payments of these countries, it is also a clear attack on internal food production in the third world. What was until now only possible under the flag of food aid will be possible on a continual basis. With the integration of, as the agreement calls it, "trade related investment measures", GATT imposes the totally free circulation of capital, a principle which, in spite of many attempts, was never before accepted by the UN General Assembly. All countries are now forbidden to develop any policy restricting foreign investments. No priorities for local investments, no obligatory transfer of technology. National and foreign investment must be treated in the same way. "Repatriation" of capital has to be "free". And the agreement explicitly states that activities of multinationals (MNO's) should not be controlled. These enterprises control 70% of world trade, and 75% of investments. An incredible 40% of world trade takes place between the different branches of MNO's! Import substitution measures, or any real economic policy at all, becomes impossible.

Instead of being free for general use, science and technology are now strongly protected by patent rights. The firm that is able to register a piece of knowledge can make the others pay. The multinational Grace has patented toothpaste and medicines produced according to techniques which Indian farmers have been using for years to exploit the virtues of the neem tree. This industries will now be destroyed, because they are not able, and not willing, to pay Grace for the patents to carry on doing what they have always done.

With this GATT agreement any attempt



to construct a new economic world order, as pleaded for in UNCTAD, is buried.

The WTO can take sanctions when a country doesn't respect the rules. And sanctions can be taken against any sector of the country targeted. If India doesn't pay the Grace multinational its patent rights on neem tree products, the WTO can decide to take sanctions against the Indian export of towels. Or pencils.

Trade is an unequal fight. The GATT instruments serves the strong. Who will take reprisals against the European Union if they don't stop their dumping of beef in Northern Africa? No-one. This GATT agreement makes inequality into law. Workers' organisations and movements in solidarity with the third world should have fought with all their might against this agreement. But they didn't.

### Discovering unfair competition

Since the formation of the present international "division of labour," people in third world countries are subject to cruel exploitation. Nicaraguan plantation workers are sprayed with insecticides at the same time as the bananas. The word for coffee still used in south-west Uganda, "Chiboko" means the whip! As long as this was confined to the commodity sector, little protest from unions in the north was heard.

It's not an accident that the northern textile workers' unions are the first to be asking their governments to include "social clauses" in international trade agreements. Textiles is one of the rare sectors, (beside leather, iron, steel and chemicals) where some third world countries have been able to gain some competitiveness.

Normally, free trade "logic" would support the abolition of the 1974 Multi Fibre Agreement (MFA). This imposed quotas on textile exporting countries of the south and the east. The agreement affected at least 50% of the world trade in textile. The explicit aim was to give the industrialised countries the possibility to adapt their industry to the increasing competition of developing countries. Quotas for third world exports to the imperialist countries were only to be allowed to increase by 6% every year.

Although textile and clothing are important in the export earnings of some southern countries (India 22%, Sri Lanka 31%, Pakistan and Bangladesh 67%), only 18% of the commercialised clothes and 5% of textile in the EC comes from developing countries.<sup>2</sup>

Some researchers say that without the MFA, developing countries would have



exported 82% more textile and 93% more clothing. No surprise, then, that the GATT agreement prolongs the MFA for another 10 years! Textile remains one of the most protected sectors of the industry of the developed countries, and the fear of losing this privilege is great.

In 1993, as the GATT negotiations came into their final phase, the French Union of Employers of Textile Industry started a advertisement campaign against child labour in the textile industry in the developing countries. In October 1993, Belgian textile workers' unions and employers organised a joint demonstration, against child labour. Bosses and the unions joined together to ask consumers to buy Belgian goods, to save the children and the Belgian textile industry. In February 1994, the European Parliament asked for social clauses to be added to international agreements. At the same time, the three international trade union federations (ICFTU, WCL and ETUC) also asked for social clauses to be introduced into trade agreements, although some of the southern branches of these federations had questions on this strategy to fight for better working conditions. This opposition was particularly strong at the world congress of the WCL, where the unions of northern countries had to use all their influence to get the resolution voted.

The federations effectively accept GATT and the WTO, and the idea that trade brings welfare and jobs. This is not a new point of view. European trade unions had the same attitude towards the unification of Europe. They believed, or tried to make us believe, that unification would bring us lots of jobs. The reality shows the contrary. This may be

evident to revolutionary Marxists, but it is important to keep reminding people about this serious mistake, in the debates that go on in our movement about other international organisations, particularly those concerned with "free" trade.

The northern countries protect themselves twice as hard against imports from the south than from other "developed" countries.<sup>3</sup>

Protectionism through tariffs has gradually decreased, but non-tariff protectionism increased by 20% between 1987 and 1990. Import taxes against the manufactured products of the third world are five times as high as those applied against their primary commodities. Industrialisation of the third world is hampered by this protectionism, which costs these countries some \$500 billion every year.<sup>4</sup>







## Unemployment

One element in the increase of wages is the unionising of workers and the struggles they win. An other element is the industrialisation of labour. As long as wages are an important element in the cost structure of products, higher wages are difficult to obtain. Brand & Hoffmann argue that when the progression of wages exceeds the progression of productivity, the competitiveness of the III world country "would decrease and with it the rhythm of development itself."<sup>5</sup>

Martin Khor supposes that social clauses would lead to loss of jobs. "If... wages and other labour costs are forced up, far above the country's prevailing general level of incomes, and in a situation of large labour surplus or high unemployment, the result would be a loss of jobs in the companies, industries or sectors concerned, which would no longer be competitive against other domestically located firms or imports or other countries as an investment location. In other words, there is a correlation between labour costs and the "number of jobs."<sup>6</sup>

## Stopping child labour?

The ILO estimates that in the developing countries 18% of children between 10 and 14 years old work regularly. There is a general agreement that these children should be at school. But, since children work mostly in the informal sector and only very rarely in enterprises which produce for export, this phenomenon can not be combated by an instrument that, by its definition, only applies to the exporting industries. It is also important to note that the ILO convention on the prohibition of child labour not is ratified by one third of the European countries. These include Denmark, Great Britain, Portugal, and Austria. Other industrialised countries which didn't ratify this convention are the USA, Canada, Switzerland, Australia, New Zealand and Japan.

## The Belgian example

In Belgium the first demand for social clauses came from the textile trade union. The textile sector is in big problems. Since

1980 there is an annual loss of 115.000 jobs inside Europe. The textile unions are desperately seeking an explanation for this situation. Trapped in the capitalist logic and not willing to organise the workers to defend their jobs, they have "discovered" a scapegoat - the third world countries. Third world countries, in the social clause logic, are not only responsible for their own misery. They are now also responsible for the misery in the industrialised world!

In reality, the import of textiles from Asia into Belgium has risen only 0.3% since 1980. The cause of increasing unemployment does not lie in higher imports from developing countries. Neither are the much-discussed "run-away" factories responsible for unemployment in the "developed countries. Only 16% of implantation of Belgian enterprises in other countries are real de-localisation i.e. leading to a stop or a decrease of their activities in Belgium. And not less then 51% of such implantations take place in other European countries. 16% go to central Europe, 15% to the far-east and 7% to North Africa. Only 5% of Belgian direct investment goes to "runaway" countries. 80% goes to other European countries.

According to the World Bank, the three most important reasons for this situation are:

- the increase in productivity: 48 Belgian workers can now produce the same quantity as 100 workers back in 1975.
- competition between industrialised countries.
- reduction of demand.

After such arguments became better known, the textile union adapted its discourse. They now agreed that social clauses wouldn't save jobs in Belgian industry. But they went on pleading for them in the name of international solidarity with the exploited workers of the developing countries!

## What kind of solidarity ?

This might not seem such a bad consequence of the social clause debate. But when discussing a strategy to fight something, it's important to see where the causes lie. A recent phenomenon that significantly aggra-

vated the social situation of the people in the south is the question of the third world debt. Debt service made the financial flow from south to north since 1983 bigger than the total resources the south receives in investments, credit and public aid together. Austerity measures imposed by the multilateral organisations made it impossible for third world parents to continue paying their children's school fees. Structural adjustment programs make developing countries export more, against ever decreasing prices. To attract more foreign investments special "Free trade zones" are created. Research shows that workers' rights in these zones are less respected than in the rest of the country.<sup>7</sup>

Since the explosion of the debt crisis, the wages in the non-agricultural sectors of Latin America decreased by 45%. High time for the unions to fight for the cancellation of the third world debt! Perhaps the international federations could sign the international appeal against the policy of the Bretton Woods institutions?

In 1992, textile workers in India went on strike for higher pay. At the end of 1993 the (female) workers of Thai Durable Textile in Thailand went on strike and occupied their factory to protest the sacking of 376 workers. They won their cause. Where was the solidarity from European textile unions?

The demand for social clause is the consequence of a negative balance-sheet of the solidarity of the unions of the industrialised world with those of the south. We didn't mobilise enough. We are starting to see our fellow workers as our competitors. With the social clauses our unions want international institutions to do the job for them.

There is no short way to international solidarity. Sometimes it can be useful to boycott factories violating workers' rights. But only on the demand of popular organisations of the south. And a boycott is under our own control as consumers, and far more effective for the cultivation of public opinion. ★

## Notes

- For a more exhaustive explanation on the consequences of GATT on the third world countries, see *International Viewpoint*, issue 258 July 1994 1. Lang and Hines, *The new protectionism*, Earthscan, p.17.
2. UNCTAD, *Handbook of international trade and development statistics*, 1988.
  3. UNDP *Rapport annuel sur le développement humain*, 1993.
  4. UNDP estimate.
  5. Brand and Hoffmann, op. cit. p. 7.
  6. Khor Martin, in *Third World Resurgence* No 45, p.32.
  7. Brand and Hoffmann, op.cit. p. 8



# Tahiti's militant trade union

Interview with Roland Oldham, Secretary General of the Confederation of Independent and Democratic Unions of Polynesian Workers (CSIDTP).

## Q: What influence does your union have? What are its activities?

**Oldham** The CSIDTP was founded in July 1992. Its objective is to change the overall outlook of the Polynesian trade union movement which does not seem to understand certain aspirations of the people. The unions must begin an offensive and go beyond exclusively wage-related demands. They have to give particular attention to [military] problems which threaten world peace and which jeopardize the very existence of the entire human race. We are the only Polynesian trade union which has taken a clear position against the French nuclear tests on Moruroa atoll but also against all other militarist efforts everywhere else in the world.

Our union is also the first and the only one in Polynesia to clearly come out in favour of self-determination for the Polynesian people. The goal is to freely exercise national sovereignty — in accord with the spirit of the Declaration of the Rights of Man and the United Nations charter.

We are a young organization, scarcely three and a half years old. Implanting ourselves in the enterprises is not an easy thing to do. The employers, coming for the most part from France, behave like colonial conquerors. Despite these difficulties, we are well represented in large and small retail outlets, and the big hotels of Bora-Bora, an island which attracts many tourists. We have more than fifty unions in our confederation.

Since 1992 we have participated in the occupations of landed estates to protest against the multinational institutions. In the name of development and supported by a corrupt local government these institutions want to fill the pockets of foreign investors and strip the people of their natural resources. Our first strike began in the *Continent* supermarkets; where we achieved a complete shutdown of their business in order to reach a quick settlement. In 1993 we participated in the general strike against a wage freeze, proposed by the *A Tia I Mua* trade union organization. In '94 we joined a general strike against the new "solidarity" tax, which in reality shifts the burden of financing social security onto the workers. In reality the lowest paid were the most affected while the higher incomes of the bosses and the rich pearl producers escaped this tax completely.

Ever since the announcement by [French] President Jacques Chirac that nuclear tests on Moruroa would resume we have been playing a leading role in the protests of the Polynesian people. As members of the non-governmental network *Hiti Tau*, we joined in organizing several demonstrations. In July 1995 I was invited by Greenpeace to campaign against the nuclear tests in 13 large European cities. I also joined the "Peace Flotilla".

## Could you give us a general picture of the Polynesian union movement?

First there is the Alliance of Autonomous Unions of Polynesian Workers (USATP), which is affiliated to [France's moderate union federation] Force Ouvrière. USATP is mainly composed of civil servants working for the government and in defense-related establishments. Second comes the Federation of Unions of French Polynesia (FSPF) with a majority of those employed in the public sector. Third largest is *A Tia I Mua*, which is affiliated with France's CFDT. This union is divided: the secretary general took a clear antinuclear position, but he was not followed in this by the large majority of the membership during the strike of September 1995. That strike ended with the burning of the airport in Fa'aa and rioting in the capital, Papeete.

The large union organizations say they are apolitical, but in the end they are too often subservient to the government. They want to be viewed favorably by the state power, and to achieve this many unions are silent in the face of the contamination of the environment, natural resources, and the negative effects on the health of the population and of the workers on Moruroa. They dare not consider the question of national sovereignty — an important issue in terms of the rights of the Polynesian worker-citizen who must decide on economic development and what kind of society needs to be created. Those trade unionists imprisoned as a result of the events of last September are presently out on bail and await sentencing. They may wait a while longer. The state has every interest in letting this affair cool off a bit.

## Why did you participate in the creation of Hiti Tau, the National Council of non-governmental organisations?

This step seemed quite logical to us since we joined in considering and researching new alternatives, completely outside a system based on dependence, assassination, and corruption—things which only reinforce the territorial power and maintain colonialism.

Non-governmental organisations (NGOs)

have an important role to play in the economic development of Polynesia, in deepening respect for human rights and the rights of the Ma'ohi (Polynesian) people, who are continuously humiliated by the government and the colonial state.

During more than 150 years, colonialism's undermining of traditional values, the social problems, the exclusion which our youth experience, and the destruction of our natural resources compel us to believe that colonialism and the present system must be absolutely eliminated. We have to undertake the emancipation of the mass of the people and work on the following questions:

- small projects and sustainable development in island nations and states;
- protection of the natural and social environment;
- land reform;
- the right to a cultural identity;
- the right to self-determination of native peoples;
- the right to national sovereignty.

We think that to work in the NGO network gives us better means, wider solidarity to confront the problems which we face in our society today.

## What is the place of young people in Polynesian society?

The youth of a certain milieu, mostly Polynesians, drop out of the education system. The educational system is inadequate, drastically lacking in means, and their studies stop even before the end of primary school. They have no hope. They are without employment and have no chance of finding any. The events of last September reflect the moment when the excluded youth expressed their anger against an unjust society.

This is a very grave problem which the politicians do not seem to be much concerned with. Nevertheless, more than half the population in Polynesia is younger than 20. The unemployment rate among young people is not precisely calculated in the territorial statistics, but we estimate it at more than 30 percent among youth up to the age of 25. This is a serious situation which entails the risk of a social explosion in the near future, and an additional opportunity for the French state to send hundreds of soldiers and military weapons to teach the Polynesian people to respect public order.

## Economically, what have been the consequences of locating the French nuclear test center in the Pacific?

The transfer of France's nuclear test center from Algeria to Polynesia in 1962 was the beginning of "development without eco-



conomic growth" for the territory. The inflow of rent and other payments certainly enabled considerable infrastructure development, but it also encouraged an increase in commerce at the expense of agriculture and manufacturing, and the abandoning of traditional activities directed at export or domestic consumption (vanilla, coffee and copra). Imports have risen incredibly, and the price level is nearer that of France than that of other Pacific countries.

The traditional Polynesian family has been transformed. Traditional values like mutual assistance, reciprocity, sharing, and the spirit of community have declined. The growth in criminal activity (theft, prostitution, drugs, delinquency) can be traced directly to the fact that wealth is very badly distributed between the most privileged strata and those who are excluded from the system.

Concerning the environment, the growth in consumption [linked to the nuclear test programme] automatically implies problems of pollution: noise, poisons, and non-degradable products, which were not taken account of in the beginning. The public should have been educated about environmentalism, and a proper waste management system should have been implemented.

Instead, our lagoons have been polluted by the runoff from factories, hotels, and other establishments. Rivers have been upset by massive water use, authorized and unauthorized, destroying their natural course.

**What are your economic proposals for the islands?**

Development in our country cannot be conceived on the basis of a solely Western vision. Such an approach to development, and to the economy in general, is part of a purely capitalist notion.

We have to organize economically in Polynesia in such a way that the first preoccupation is people in general, not the individual. The objective must be development based on the identity, the culture of the people, our environment — and not its exploitation for money.

We want to be the ones who decide our own future, the principle actors in our own economic development according to our own choices. This is not actually what happens now since we submit too often to the pressure of money, and that obscures the realities we face. This neo-colonialism is becoming more and more difficult to escape, as artificially-created needs become real necessities which

people no longer seem able to do without.

Meanwhile, Polynesia is being stripped of its natural riches. These are exploited for the benefit of a few in the name of an economic development —when they are not stolen outright through legal or political maneuvers to benefit the state or a corrupt government. The territorial government and most of the politicians take part in large projects in partnership with foreign investors. The multinationals do not hesitate to slip a bribe to the decision-makers, who are able in this way to finance their election campaigns and buy votes. Nothing new, they are simply copying France. Though in Polynesia, corruption is certainly more serious. French water utility La Lyonnaise des Eaux enjoys the right to strip property owners of their land in order to install canals. The land-owner-users are then compelled to pay astronomical bills for water which had previously cost them nothing.

If we are going to limit class distinctions and return to the communal ancestral spirit then we have to refer to the ideas of Langi Kavaliku, the Pacific intellectual, who spoke of "the necessity of a multidimensional development, respecting the values and the

culture of the oceanic peoples. Not to raise the material aspirations of the islanders too high. Development must be a process in which the people and the society grow step by step, consciously and unconsciously, toward objectives designed to improve their well being—both quantitatively and qualitatively [...] Societies are differentiated by their scale of values, their objectives... The small island states of the Pacific must honestly consider the possibility of developing the quality of life without necessarily generalizing material abundance."

Polynesians must master the process of our economic and social development, not be subordinate to it.

**In 1994 you spoke at the congress of the [pro-independence] USTKE trade union movement in Kanaky (New Caledonia).**

Relations with the USTKE date from the creation of our organization in 1992. The Kanak comrades encouraged us, helped us, counselled us, in the difficult moments at the beginning of our existence. The USTKE remains for us a source of inspiration and an important support in our union life. Our philosophies mesh. Like the USTKE our union is an anti-colonialist organization, for the liberation of our people and opposed to nuclear weapons.

**In December 1995 you addressed the congress of France's [Communist-led] CGT trade unions.**

My intervention was strongly applauded, and published in the CGT's journal *The People*. My call for independence was well received. And the CGT, in its actions with regard to Kanaky and Polynesia, has always condemned French colonialism. I had already met the leaders of the CGT during the congress of the USTKE, and in July 1995 during the anti-nuclear campaign in Tahiti.

On the trade-union level I have surely drawn many lessons, notably from the history of the CGT but also from unions in other countries where the struggle is extremely difficult. ★

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# History in the making

Over 1,500 union members gathered in Cleveland June 6-9 to found a Labor Party. According to **Jane Slaughter** of *Labor Notes*, "nothing like this has been seen in the United States for decades."

A groundswell of interest in the last two months turned what convention organizers had expected to be an event of 500-700 delegates to one of twice that size. The 1,367 delegates were joined by over 200 observers.

There were tense moments, hot controversies, and inspiring bursts of unity as the five-year-old Labor Party Advocates (LPA) took its first step toward transforming itself into the Labor Party, as it will now be known. It was the first time a labor party had been placed on the agenda of the labor movement since the late 1940's. Some of the older delegates said that they had been waiting their whole lives for this moment.

The question now is what the new party, which is quite unlike what most Americans think of as a political party, will do with its momentum. In his keynote address, Bob Wages, president of the Oil, Chemical and Atomic Workers (OCAW), told the delegates, "We've got to organize to take our country back. This isn't rocket science—this is understanding simply that there are more of us than there are of them."

## Why we're here...

The new labor party's more-of-us-than-of-them philosophy was on display on the convention's second day. The press reported that Cleveland Mayor Michael White was seeking to change what he called obstructionist state labor law for public employees, to give himself more power in dealing with unionized city workers. White is a liberal Democrat elected with union backing. "Who would have thought," said Wages, "that as soon as we arrived in Cleveland, the mayor would give us an illustration of exactly why we're here. It's a classic case, where a political candidate stands up with you, pats you on your back, has his arm around your shoulder, and is drizzling all over your shoe."

The whole convention marched a block to City Hall to confront White, chanting and taking over the street, then followed a rumor that he was holed up in a nearby Marriott hotel and occupied the lobby. "We Want the Mayor Out!" turned to "Labor Party Now!" as delegates vented their frustration.

## The delegates

The OCAW, which was LPA's biggest backer all along brought the most delegates, followed by the United Electrical Workers

(UE). Both scheduled regular union conferences for Cleveland to help maximize attendance. During the convention, these two groups did most of the negotiating of language changes presented to the body.

Other sizeable groups were the California Nurses Association, the Farm Labor Organizing Committee with its red T-shirts and pennants, and various locals and individuals from the Service Employees International Union (SEIU). In the last month, both the American Federation of Government Employees (AFGE) and the United Mine Workers (UMW) endorsed, but did not bring contingents of any size. About three quarters of the delegates were men and around 90 percent were white, in part reflecting the make-up of the four initial endorsing unions (OCAW, UE, Longshore Workers [ILWU], and Brotherhood of Maintenance of Way Employees).



The party's new leadership body, made up of representatives of the principal unions at the convention, will add more members in order to reflect the diversity of the country as a whole. Diversity in this case is defined as including race, gender, income level, and rank and file versus officer status.

## Sweeney's no-show

Convention organizers had hoped that AFL-CIO President John Sweeney, who was in Cleveland for a different meeting, would address the gathering. Instead Sweeney told the *Cleveland Plain Dealer* that we should save the creation of a labor party to a non-presidential year.

This semi-supportive stance contrasts sharply with that of former federation president Lane Kirkland. LPA founder Tony Mazzocchi of the OCAW relates that when the Cleveland Central Labor Council, for

example, wanted to endorse LPA, it called AFL-CIO headquarters in Washington and got a green light. "Kirkland would have crushed us," said Mazzocchi, "the way he did the CLC's who wanted to support McGovern."<sup>1</sup>

In a forthcoming issue of *Labor Research Review*, Sweeney writes that although he is personally sceptical about the wisdom of a third party, he encourages labor party supporters to take their best shot and send a signal to the Democrats.

## No candidates

The most controversial question of the convention, and its most important, according to Mazzocchi, was what kind of organization the Labor Party is going to be, at least initially. The delegates voted to stay out of electoral politics: neither endorsing nor running candidates (although participation in ballot initiatives will be allowed).

Instead, the Labor Party's "organizing approach" to politics is designed to force existing officials and candidates to respond to its concerns. A rather vague resolution called for working people to engage in common non-electoral political activities throughout the year, not just on election day. It mentioned innovative organizing efforts such as a campaign to restore the right to organize a union and going door to door to gather support for the Labor Party's program.

Mazzocchi argues that the labor movement should learn from the success of the right in reshaping the whole national debate just by the use of language. "You create a climate," he said. But speakers from the floor argued that potential recruits won't take the Labor Party seriously unless it contends for power in the usual way — elections.

The policy formulation put forward by convention committees would have postponed any participation in elections till after hundreds of thousands of workers had been recruited and mobilized. Many speakers, though agreeing that the fledgling party is not strong enough to field candidates very soon, were unhappy with putting elections off until the indefinite future.

The UE, the ILWU, and a caucus of delegates from the SEIU attempted to work out a compromise. New language changed the "hundreds of thousands" to "significant numbers" and committed the next convention, in 1998, to reassess the question of elections. A motion from the ILWU to allow local or state Labor Party groups to run or endorse independent candidates straight away was defeated.

Labor Party organizers' chief selling point to hesitant union leaders, national and local, has been the argument that they can be pro-labor party and still support Democratic politicians. This is only possible if the labor



party does not field competing candidates of its own. When it reassesses in two years, the party will still face this central contradiction of union politics.

Clearly, a big chunk of members are far from ready to give up on the Democrats. A motion from the floor to ban endorsements of Democrats or Republicans was defeated overwhelmingly. One delegate from North Carolina argued that it would be "a slap in the face" to deny support to "good" Democratic members of Congress.

Martin Dunleavy, AFGE's political director, points out that both he and AFGE President John Sturdivant are members of the Democratic National Committee — and he sees no contradiction there. "The point where I will see a contradiction has to do with the endorsement of candidates, especially if that endorsement means the acceptance of exclusivity [i.e., endorsing only Labor candidates]," he said.



### Structure

The debate over structure and leadership bodies demonstrated the tension which exists between the leadership and the 36 chapters represented at the convention. Chapters have recruited most of the party's activists and have pushed the hardest for an activist orientation at the local level. The leadership, however, feels that the key to growth is the affiliation of local and national unions. It worries that members of the chapters are sometimes unrealistic, and can't mobilize the resources needed to sustain the organization.

The structure adopted reflects this tension, but does not resolve it. The Party will be governed by a National Council, made up mostly of representatives of endorsing unions. Chapters will hold their own annual convention, which will send five representatives to the National Council, each with one-fifth of a vote.

A final sharp debate concerned the language around abortion rights in the platform. The drafters had written a pro-choice plank, but, in an attempt to placate anti-choice delegates or potential members, did not use the word abortion. An amendment to add support for safe, legal abortion was defeated.

### What next?

The convention passed no action plan that would unite members in different unions and cities, nor did it discuss how to give the group some national visibility, giving rise to questions about what the party will actually do. Given the disparity in conceptions of the party, this lack was perhaps inevitable.

"I think being born is the common project," says Tony Mazzocchi. "We have to go back now and communicate to folks back home. Our best recruiting is going to come after the election... [with the] subsequent disappointments that are going to grow." ★

[Reprinted from *Labor Notes*]

# Independent Political Action?

by Alan Jacobson

Fledgling attempts at labor party building, small and localized, go back to the years immediately following the Civil War. In 1901 a number of groups, and key individuals, like Eugene V. Debs founded the Socialist Party (SP). For the next twenty years, the SP would be a major wing of the labor movement and would pose an electoral alternative within the American Federation of Labor (AFL), the country's main trade union federation. But, despite an official position of political neutrality, the top AFL bureaucrats were actually aligned with the Democratic Party apparatus, and deeply opposed to independent political representation for labor. Some more radical unionists also opposed the SP program, which they considered sectarian.

In some areas, unionists tried to build municipal labor parties. In Chicago the Cook County Labor Party won a number of minor posts. In the mid 1920's, a major attempt to fuse these local efforts combined with a similar movement amongst farmers. The result was the Farmer-Labor Party (FLP). While it was unable to hold together as a national formation, some state FLP formations took root and were able to win a significant number of offices. But eventually, even the strongest, Minnesota Farmer-Labor party gave up its independence by merging with the Democratic Party.

In some areas, especially in the Midwest, "Non-Partisan Leagues" became prominent. These committees were an outgrowth of the Populist/agrarian program of the 1890s. The NPL worked within both the Democratic and Republican parties as well as running independent candidates. Their efforts continued well into the 1930s.

The 1920s was a period of serious decline for the labor movement. A post-war wave of struggles, exemplified by the 1919 steel strike and the Seattle general strike, ebbed. Many unions almost disappeared. Needless to say, any idea of independent labor political action receded into the background — until the upsurge of the 1930s. But during the 1930s the formation of the Committees for Industrial Organization (CIO) trade union federation, and the establishment of a broad drive to unionize the auto industry focused labor's attention once again on the question of political power. At the 1936 UAW convention, radicals were temporarily able to win an endorsement for the formation of a national labor and farmer's party. The vote was quickly overturned in favor of an endorsement of Democratic president Franklin D. Roosevelt's reelection campaign. But rank and file sentiment was clearly in favor of independence on the political front. CIO leaders were compelled to form political

action committees which seemed to be an initial step toward labor party committees. In fact, they channeled this drive for independence toward the Democratic Party and Roosevelt.

The Communist Party also adopted a pro-Roosevelt perspective and helped to further stifle any real move to create a labor party in the U.S. During World War II U.S. union leaders, again with the CP in the vanguard, enforced a "no-strike" pledge. In the later stages of the war, however, rank and file militancy was on the rise and opposition to this "no-strike" pledge became linked with the idea of Independent Political Action. The idea of a labor party was symbolically part of Walter Reuther's faction within the CIO well into the 1950s.

In 1946 and 1947 major strikes rocked industry. In 1948, former Vice President Henry Wallace began organizing an independent party in opposition to President Harry Truman's bid for reelection. The program of his Progressive Party was essentially social-democratic and in opposition to the looming Cold War. Initially labor support was strong but diminished over time, mainly due to an unwillingness to sever ties with the Democrats and opposition to the increasing role of the CP in the Progressive Party's activity and leadership.

From that time on the story of organized labor in the U.S. is one of a deepening commitment to the Democratic Party. The idea of independent labor political action receded more and more from the consciousness of any significant layer of U.S. workers during the long post-war economic boom of the 1950s and '60s. It was kept alive only in the propaganda of small left organizations. But while most considered the call for a labor party in the U.S. a distant dream at best, there remained a few key individuals who did try to maintain it as a more practical vision.

Prominent among these was Tony Mazzocchi, a leader of the Oil, Chemical and Atomic Workers Union. In 1991, on the urging of San Francisco labor activists, Mazzocchi convened a meeting that endorsed the idea of forming an organization to propagandize for a labor party — Labor Party Advocates (LPA). In order to avoid debilitating faction fights in its infancy, LPA was held to a one-point program-building opinion within the union movement in favor of a labor party. While many were sharply critical of this limitation, enough support was eventually generated for LPA to call the founding convention that has just taken place.

Whatever the ultimate fate of the new party, it represents a radical break with the whole post-war tradition of the American union movement and makes a dramatic statement about how dissatisfied many working people in the U.S. are with their present political options. ★



# NDP victory: relief but little joy

By Harold Lavender

On May 28, voters in British Columbia, Canada's westernmost province, re-elected the social democratic New Democratic Party (NDP) with a razor-thin parliamentary majority. The NDP's share of the popular vote fell marginally to 39 per cent, which was less than the Liberals 41 per cent, but the NDP won more constituencies under the first-past-the-post electoral system. The election victory capped a major comeback for the NDP under new leader Glen Clark. Six months earlier, most people believed that the lacklustre NDP government was doomed to almost certain defeat. Its image was further tarnished by a scandal involving diversion of bingo monies intended for charity. But after Premier Mike Harcourt stepped down as leader, the NDP was able to regain the initiative in defining its issues.

Under Canada's federal system, provinces exercise powers in important areas, including health, education, social services, labour, natural resources and the environment. But this election was not just significant for the 3.5 million residents of Canada's fastest-growing province. It was widely viewed as an important test of the popularity of the right-wing "slash-and-burn" policies being adopted by many provincial governments, ostensibly in the name of deficit reduction.

The bourgeois offensive has been moving briskly forward in recent years. With the adoption of the Canada-US free trade deal and NAFTA there has been increased pressure for downward harmonization, that is to drive down the level of public services and social benefits to that of the United States and lower.

## Move to the right...

Gordon Campbell, leader of the BC Liberal Party, had moved his party well to the right in the hope of capitalizing on this new trend. But the tactic backfired. Enough British Columbia voters realized the danger of cutback policies like those implemented by the government in Ontario, Canada's most populous and industrial province. This played a major role in solidifying the NDP vote. In 1993, the federal Liberals won the federal election with a campaign focusing on job creation. However, once in office they adopted neo-liberal policies; cutting the public sector and social spending to meet deficit-reduction targets and win the approval of international money lenders. In successive budgets, the federal government sought to offload much of its deficit problem by making major reductions in transfer payments to the provinces for health, education and welfare. Cuts in transfer



payments, an incessant right-wing campaign against the deficit faithfully echoed by the media, and a tax system weighted against mid-income wage earners fueled support for cutbacks. In the last few years, all provincial governments including NDP provincial governments in BC, Saskatchewan and Ontario, bowed to the proclaimed "necessity" to fight the deficit.

But Canada is not the United States! The organized labour movement is much stronger. Over 35% of the Canadian workforce is unionized, compared to about 15% in the US). In Ontario, the unions have demonstrated some capacity to resist and mobilize, on occasion massively, against the cutback policies of the Harris government, although not enough to bring down the government. Canada also has the New Democratic Party, a social democratic party with links to the unions. The federal NDP was decimated in the last federal election and much of its traditional support evaporated (its vote fell from 20 to 7%, but it continues to be an important player in the western provinces of BC, Saskatchewan and Manitoba.

## ... and back to the left?

In the BC election campaign, Premier Glen Clark partially differentiated himself from the right-wing chorus proposing deficit (that is, public service) cuts as priority one, two and three of any "responsible" administration. The NDP leader argued that deficit reduction could be achieved while protecting education and health care (unlike US residents, Canadians are covered by a universal public medicare plan). On education, for example, Clark pledged a tuition freeze (extended to two years). This was in response to concerns that had led to Days of Action in 1995 and 1996 involving thousands of students. Clark contrasted his defense of "middle-class" working families with Liberal

Party plans to give major tax breaks to its corporate friends. "Whose side are they [the Liberals] on?" asked NDP ads.

Some media commentators and corporate leaders, apparently confused this left populist campaign rhetoric with reality, and accused the NDP of resorting to "class war" tactics. In fact, the NDP campaign also stressed that their last budget had been balanced, and even included a modest tax cut for working British Columbians. They also boasted that the finances of British Columbia were in good shape under the NDP. British Columbia currently enjoys the lowest per-capita debt of any provincial government.

For many years, BC was governed by the Social Credit, a de facto free enterprise coalition with many peculiarities due to their right-wing populist origins. The Socreds tended to prioritize development over social spending. BC is a wealthy province with a relatively high level of social inequality. During the 1980s, the Socreds made major cutbacks and launched a frontal assault against the labour movement and allied social groupings. The NDP's reformist record in overcoming this legacy has been very modest: some limited changes to the Labour Code and the Employment Standards Act, some increase in the minimum wage, etc.

## First Nations

The NDP was able to defuse opposition and win support of moderate environmentalists through a forest renewal plan and by setting aside increased lands, including contested areas, for preservation as parks. Most of BC's land has never been ceded by treaty with the First Nations inhabitants. The NDP sought to ameliorate this long-standing injustice against aboriginal people. Together with the federal government, BC's NDP government in 1995 negotiated the first modern treaty with a First Nation. Right-wing parties, especially the BC Reform Party, waged a hysterical campaign against native land claims that allegedly covered 110 per cent of BC. Aided by the media, they raised fears that settlement of the "Indian question" could cost unaffordable billions of dollars. The right-wing parties argued that "special rights" for First Nations would violate the sacred principle of one law for all British Columbians.

In the end, however, this issue had only a limited impact on the electoral result. The NDP government was extremely careful not to "give away the store" in negotiations, and the Nisga'a people settled for far less than they had initially demanded. They were well aware that they needed to reach a deal with the NDP or face a far worse settlement — or none at all — with a future Liberal or Reform provincial government.



The NDP government also covered its flanks by adopting a hard line law-and-order stance in the 1995 confrontation with native militants at Gustafsen Lake. But perhaps the worst example of the NDP's willingness to pander to backward right-wing sentiments involved cutbacks to welfare rates for single people judged "employable" and the imposing of a three-month residency requirement on out-of-province migrants and refugee claimants. This flew in the face of the

image of the NDP as a voice for social conscience and caused dismay among anti-poverty, refugee and immigrants rights advocates.

But even here the right-wing parties managed to make the NDP look like the lesser evil. The Liberals claimed that their own plans to crack down on welfare fraud would save taxpayers millions of dollars. To support this claim, they portrayed the fraud rate as many times higher than serious experts have estimated. The NDP at



least promised to periodically increase the minimum wage to keep pace with inflation. This scandalized Liberal leader Gordon Campbell, who promised an outright freeze, arguing that a high minimum wage could make BC uncompetitive.

#### A successful campaign, but a failure

The NDP ran a successful electoralist campaign. It pledged to serve the people's interest while offering reassurances of fiscal responsibility. The NDP was able to hold onto its working class constituency (the 17 poorest ridings in BC elected NDP candidates, the 17 richest ridings elected Liberal candidates) by claiming to protect basic needs of working families for jobs, health care and education. This emphasis especially appealed to women. More women voted NDP than Liberal, while more men voted Liberal than NDP. Right-wing populists from the Reform Party made inroads among the NDP's traditional base by pandering to prejudices against the undeserving poor, a tough line on crime, and an anti-elitist attack on the federal government.

But on election night, while some supporters at the NDP victory party chanted "NDP! NDP!", Clark made it clear that his government would represent all British Columbians and went out of his way to reassure business leaders that the NDP government would not be "anti-business." The bourgeoisie is very capable of exerting enormous direct and indirect pressure on social democratic governments. But they clearly prefer a government that is accountable to them from the very beginning. In that sense, the re-election of the NDP was a defeat.

For many years the NDP (and its predecessor, the Cooperative Commonwealth Federation) were kept out of office by the right wing uniting in the Social Credit Party. This election marked the death of the

Socreds and left the Liberals as the main standard bearers for the right. The Liberals are a more modern, more overtly elitist, urban, big business party than Social Credit. Their overconfident leader Gordon Campbell didn't bother to build a coalition with other rightist parties. And although he attempted to change his image by putting on a plaid shirt and even attempted to play a guitar song against the "Taxman," he couldn't cut it as a populist. Campbell looked and sounded like a big-league real estate developer. Many working class voters much preferred NDP leader Glen Clark, a scrappy, working-class East Vancouver boy made good, and a former union organizer.

In the more resource-centered and rural interior of the province, the anti-elitist rhetoric and hard-right populism of the Reform Party continued to have some appeal. But its extreme conservatism on social, gender and racial issues had very little appeal in the urban areas. Meanwhile, Campbell's right turn left some small-L liberals so disaffected they voted for a Liberal Party splinter group, which won six per cent of the vote. In short, there was just enough division among the bourgeois parties to allow the NDP to win another term in office. But this is hardly a sound or reliable strategy for the future.

#### An Example?

The victory of the NDP offers positive as well as negative lessons. On the positive side, it does highlight the fact that the NDP can win support by reaffirming its social democratic character and waging at least a minimally class-oriented campaign. Those forces within the NDP that wanted to abandon the NDP's ties to labour have been further marginalized. In fact, the tight alliance between NDP leaders in BC and the right-wing social democratic leadership of the labour bureaucracy worked well in uniting almost all organized labour behind the party (though it left an enormous amount to be desired from a radical left viewpoint). Compare this with ex-Ontario Premier Bob Rae's attempt to coercively impose a regressive "social contract" on public sector unions. That confrontation led to disaster for the Ontario NDP.

On the negative side, the campaign was largely fought on TV, in an atmosphere of little mass mobilization or struggle. The NDP government even went as far as to pass essential services legislation to make sure there would be no disruptions during the

election period. This has clearly given the capitalist forces the upper hand in the post-electoral period. And they have every intention of making sure Glen Clark keeps his promise to balance the budget.

For most people on the left, the election brought considerable relief but very little joy. Most social activists work in diverse movements such as the women's, lesbian and gay, anti-poverty, anti-racist, youth, environmental, international solidarity and peace movements. In general, they have little love for the NDP. During the previous administration, membership of the BC NDP plummeted from 30,000 to under 20,000. Nevertheless, the majority of socialist activists undoubtedly voted for and in some cases worked for the NDP as a lesser evil, potentially more open to their issues and demands than any other legislation on offer during this election.

In a reflection of the times, the Communist Party ran three candidates and received under 500 votes and the far left was more or less invisible. The Green Party chose to run candidates in virtually every riding and won about 30,000 votes — two per cent of the total vote. Their support is a little difficult to characterize. Some of it was clearly a left/ecological protest vote against NDP policies, while the rest may have reflected an anti-growth, neither-left-nor-right mentality, believing that class politics is irrelevant.

The NDP won the election not so much by expanding the base for social democratic ideas as by tapping working class insecurities and lesser-evil, vaguely anti-corporate, anti-elitist sentiments. And also by sending out peace feelers to former NDP supporters who voted Reform in the 1993 federal election. Although the NDP victory will be welcomed and carefully studied, especially by labour, it does not necessarily translate into wider gains for the NDP in other parts of Canada. There is no indication of a major recovery at the federal level. And the NDP remains hopelessly marginal in Quebec because of its Canadian nationalist opposition to Quebec nationalism.

The election victory in BC doesn't mean that the NDP is going to do well in the next federal election (which will probably be held in 1997) because they have not built a sound basis for their ideas. This was not a victory for social democratic ideas, but a popular decision to choose the lesser evil, to stop the right-wing offensive. Some of those same people might vote Liberal in the next election. ★

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### The Fragmentation of Yugoslavia: an overview

by Catherine Samary

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# Global capitalism's weak revival

Maxime Durand reviews the development of the world economy in the 1990s

**THE CONJUNCTURE AT THE BEGINNING OF 1996** was characterised by signs of a slackening off of economic growth in the United States and Europe. The economic perspectives of the OECD, published in December 1995, are already obsolete, at least for the French and German economies, which will only grow 1-1.5% in 1996. If the OECD is to be believed, growth rates in the advanced imperialist countries will converge from 1997 onwards, settling at about 2.7%! (See table one).

Even this rosy picture of growth is not sufficient to bring down unemployment in the big countries. The OECD estimates that 32.5 million people are currently unemployed, 18.3 million of them in the European Union. Mass unemployment is here to stay (see table two). The European Commission's White Book affirming that it was possible to half European unemployment through the creation of 15 million jobs, have been forgotten.

But, because unemployment is costly, the OECD — proclaiming aloud what the governments are probably quietly thinking — is proposing a downward revision of unemployment benefits "to improve incentives". As if unemployment stemmed from a lack of enthusiasm among the job seekers.

This stifling of the upturn should be put in perspective, through a review of the different phases of the conjuncture in Europe and, in a slightly different way, for the United States and Japan. After the recession at the beginning of the 1980s, there was an upturn in all the developed countries. Economic activity increased regularly until the beginning of the 1990s.

This period of upturn seemed to mark the triumph of the orthodox economists. Neo-

liberal recipes seemed to have worked in the end, and growth could be expected to resume. Their euphoria was all the greater because the financial crash of 1987 did not result in the recession that everybody expected. On the contrary, it had encouraged growth. In this period, new jobs were created and unemployment fell a little everywhere.

The shift came in 1990. It had something to do with the Iraqi crisis and the Gulf War. The situation deteriorated continuously through 1991 and 1992. It became a recession, and a very deep one, in most countries deeper than those of 1974-75 or 1981-82. Unemployment began to grow again. The results were particularly brutal in those European countries, like Sweden and Switzerland, which were traditionally best protected against unemployment. Capital's ideologues began to have doubts, and to talk of a "cyclical decline."

They were right. The upturn began in 1994, with great dynamism; growth recommenced as quickly as production had fallen. Capitalism's ideologues still speak of a cycle, but dare to hope that this cycle will be more of an upward spiral, bringing sustainable and durable growth. But then an unforeseen phenomenon intervened, namely a new dip in the cycle, after only 18 months of upturn. This is where we are today.

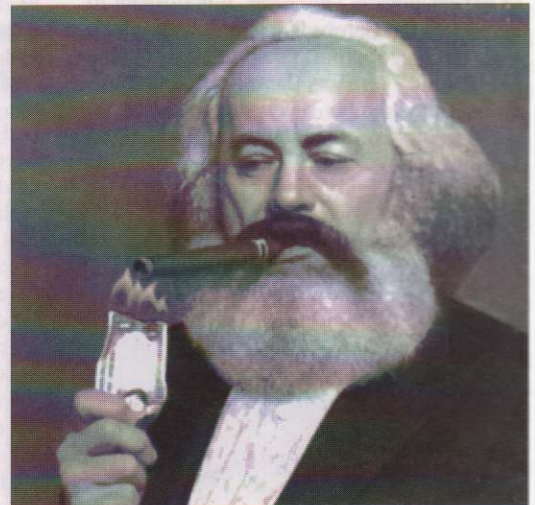
Faced with this disappointing situation, the official discourse remains curiously optimistic. "At the global level, inflation is at its lowest for thirty years," Michel Camdessus of the International Monetary Fund wrote in *Le Monde* on January 18th. "Growth continues [and] the major currencies have turned their trajectories towards more credible levels." In short, "if economists were to concern themselves with the macroeconomic questions alone, they would have some reasons to be cheerful"

The same serenity was evident at the G7 finance ministers meeting in Paris; "despite a temporary downturn in activity in most of our countries in recent months," they announced, "the underlying economic conditions necessary for a sustained upturn appear present". French President Jacques Chirac, who has expressed his confidence in "growth that will resume on a durable basis, in any case for a cycle of 20 or 30 years".

It would be wrong to attribute this discourse to pure ideological conviction. The

reason why the situation appeared "fundamentally satisfying" to the OECD and to those who run it, is that the reasoning of "those at the top" is not based on the same criteria as the humble reasoning of "those at the bottom". The principal criteria of official economic science are not unemployment and the conditions of existence of the workers, but the rate of interest, inflation and profitability. And indeed, from this strict point of view, it can honestly be said that things are not going all that badly.

World capitalism disposes of "vigorous fundamentals on the supply side." In other words, profits are high and inflation is low. The European Commission's economic



forecasts clearly advance this formula; "on the supply side, the fundamentals are then ready to respond to a resumption of demand" Arguing as if supply and demand were two separate entities, as if a healthy supply side could not have as its counterpart an intrinsic weakness of demand. Moreover, the "favourable financial and monetary conditions" are reflected by a lowering of interest rates, particularly on long term deposits. (*Economie européenne supp. A* no 12 December 1995)

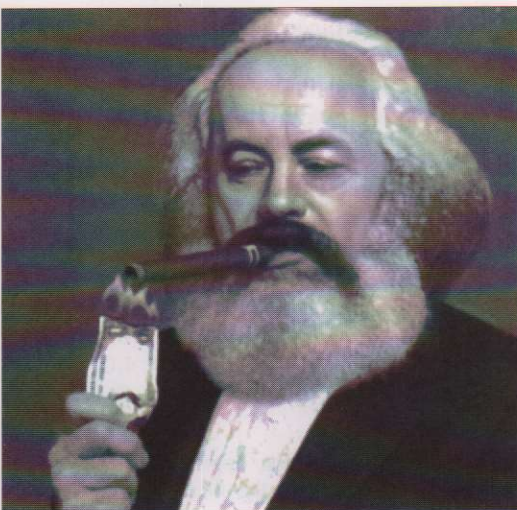
The great gap between the good health of the economy in general and the concrete situation of the people in particular is well illustrated by the graph opposite, which depicts the evolution of profit and that of growth for the seven richest countries. Here we can note the regular tendency towards an increase in the rates of profit since the entry into the neoliberal phase. It has now returned to its pre-crisis level (with the exception of

**Table One**  
**GDP Growth**

	'93	'94	'95	'96	'97
Germany	-1.2	2.9	2.1	2.4	2.7
France	-1.5	2.9	2.7	2.2	2.7
Britain	2.3	3.8	2.7	2.4	2.7
EU	-0.6	2.8	2.7	2.5	2.7
USA	3.1	4.1	3.3	2.7	2.8
Japan	-0.2	0.5	0.3	2.0	2.7
<b>OECD</b>	<b>1.2</b>	<b>2.9</b>	<b>2.4</b>	<b>2.6</b>	<b>2.8</b>

Source: OECD





Japan). Even the recession at the beginning of the 90s only temporarily reined in its progression.

On the other hand, the growth figures show very broad fluctuations without any signs of return to a more durable level. This gap sums up the regressive character of contemporary capitalism perfectly; the meeting of its criteria of efficiency in no way imply a better satisfaction of social needs.

**The reality gap**

In France and Germany, the scaling down of expectations is very clear. It is difficult to agree with the European Commission's claim that "the economic perspectives for the Community remains largely favourable". Even if the member states remained firm on the principles of budgetary rigour (and perhaps above all if they do so), the conjuncture in Europe is not favourable to the fulfilling of the Maastricht timetable. Here again, there is an astonishing gap between the official discourse and economic reality. The best illustration of this has been given by the connoisseurs, those businessmen who meet each year at Davos. 65% of them think that the implementation of the Maastricht treaty will be postponed, and 16% go so far as to say that the single currency will never happen. Only 17% believe in the proclaimed

To respect this timetable, it will be necessary to rein back the public deficit to 3% of GDP. For the European Union as a whole, the deficit was 6.3% in 1993. Officially, the 1996 level was 3.9%, which would allow nearly all countries, with the undoubted exception of Italy, to fulfil this Maastricht condition. In reality, the schema is out of kilter, for a reason that is fairly easy to understand. By cutting tax receipts, austerity policies have increased, rather than reduce public deficits. Because the essential source of these deficits is not an excessive growth of expenditure, but losses in tax income resulting from austerity, in particular the systematic policies of exemption of non wage incomes from taxation.

Reluctant to tax capital incomes, governments have been obliged to borrow from those who receive them, and this at real rates of interest higher than the rates of growth. This has generated a snowball effect. It is necessary to borrow a little more, to pay the interest on last year's loans... a little like the indebted countries of the third world. Even the OECD has to admit that, in such a context, the negative effects of the current climate of uncertainty "will be also amplified by the new measures of budgetary rigour — beyond of those currently envisaged — which would be required in a certain number of countries". Such uncertainties "present a threat to the prediction made by the secretariat of the OECD of a continued expansion in Europe, which relies on vigorous investment by companies and a rectification of consumption expenses". Others are more optimistic and attribute a key role to the lowering of interest rates, which would make budgetary rigour possible. Confidence will return, households will consume more, companies will invest more. According to Alain Vernholes in *Le Monde*, this scenario, explains has "at least a 50% chance of happening." But there is one little condition; that countries are "ready to pay the price, particularly where employment and minimum wages are concerned".

All these difficulties mean that even the most

fervent partisans of the "Euro" no longer believe in it. Either the "single" currency will be implemented around a French Franc-German Mark core, or the deadlines will be pushed back. This uncertainty has not yet led to a new round of financial speculation, since the financial markets have already burned their fingers in aborted and costly attempts to break the franc-mark axis. The preceding speculative episode had led to an explosion of the European monetary system. The British Pound, Italian Lira and Spanish Peseta all devalued by 20%.

Two years later, the balance-sheet of these competitive devaluations is that, far from having suffered, the bad pupils have won market share thanks to their cheaper exports.

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**Table Two**

**Unemployment**

	'93	'94	'95	'96	'97
Germany	8.9	9.6	9.3	9.3	9.1
France	11.7	12.2	11.5	11.3	11.0
Britain	10.2	9.2	8.4	8.2	8.0
<b>EU</b>	<b>11.1</b>	<b>11.5</b>	<b>11.1</b>	<b>10.8</b>	<b>10.5</b>
<b>USA</b>	<b>6.8</b>	<b>6.1</b>	<b>5.6</b>	<b>5.7</b>	<b>5.9</b>
<b>Japan</b>	<b>2.5</b>	<b>2.9</b>	<b>3.1</b>	<b>3.4</b>	<b>3.4</b>
<b>OECD</b>	<b>8.0</b>	<b>8.0</b>	<b>7.8</b>	<b>7.7</b>	<b>7.6</b>

Maastricht calendar, which envisages that the final decision will be taken at the beginning of 1998, on the basis of the performances of 1997, and that the single currency will enter into force on January 1, 1999.



And they have not fallen into the inflationary swamp that Maastricht fanatics predicted. The ultimate contradiction to the Maastricht message is that Britain may satisfy the Maastricht criteria in 1996 and 1997, thanks to a devaluation that enabled it to win markets, reduce the deficit and cut unemployment.

#### *Auf wiedersein, social market!*

At the same time, the Swedish and German models are in crisis. These shop windows of tempered capitalism seem unable to resist the hammer blows of globalisation. In December 1995 unemployment reached 8.6% in Germany and 9.7% in Sweden, compared to 5.6% and 1.6% (respectively) in 1989. German employers are particularly pessimistic, envisaging quasi-stagnation in 1996. These poor results are related to the poor export performance of the German economy, which has been losing both competitiveness and market shares. In 1995, German exports increased by 3.7%, compared to 6.2% for France. This poor performance challenges the German model. If it continues, it may even threaten the unchallenged supremacy of the Mark.

Europe's weak growth and high unemployment is often contrasted with the situation in Japan and the USA, the other great poles of the world economy. Apart from the fact that these comparisons have been falsified by differing definitions of unemployment, a number of things are changing. This is very clear in the case of Japan, which was able to "roll" with the recession of 1980-82 and maintain annual growth rates of 4-5% for several years afterwards. Since 1992, average growth has been only 0.4% per year. This is not just a recession, but a profound challenge to key components of the Japanese model, notably the existence of a stable, relatively well-paid and motivated core group of employees, and the strong (overvalued) Yen. Today, a deep financial crisis throws doubts on Japan's capacity to continue financing the USA's loan-based growth.

After three good years, with average growth rates of 3.5%, the United States economy ran out of breath at the end of 1995. One can speak of Europeanisation, to the extent that the increase in profits (+20% in 1995) has been achieved through high productivity gains that have as their counterpart a blockage of wages and a tighter management of the workforce. Ultimately, this can only reduce the growth of the internal market and thus smother the growth of the economy. This movement is largely underway, and growth is now sustained largely thanks to the dynamism of employment, (which increased by 30% between 1979 to 1995, compared to only 9% in the European Union) and redistribution of income in favour of the liberal professions and surplus value. Meanwhile, the purchasing power of the average US wage-earner has fallen almost continuously since the beginning of the Reagan era.

Thus it would seem that the conditions underlying the US' growth rate can not be reproduced eternally. The lowering of the rate of savings and the growing debts of households cannot continue indefinitely, any more

than the rise of mass poverty, which also affects those who are in work (the "working poor"). The widening of the current trade deficit (\$170 billion) is disconcerting at a time when the Japanese surplus is in decline and Germany has gone into deficit because of its reunification costs. All these changes emphasise the increasingly narrow limits to the Reaganite model of growth.

"The world indicators show a discernible slackening up of activity. The advance indicators of the United States confirm previous signs of a slowdown". A December 15 European Commission Note speaks of a "new darkening of the conjunctural climate". But the subtle dialectic already signalled allows the dissipation of worries: "Nonetheless, so far as the future is concerned, optimistic anticipations are valid at the world level". This optimism is based on a projected amelioration of the performances of countries outside the OECD, in other words the East and the South. Here, the picture is indeed less sombre than in the last decade, at least if we confine ourselves to official GDP figures, without raising the question of internal social inequalities.

Table three reveals the paradoxical state of the world economy. We seem to be witnessing a certain resumption of growth in Latin America (with the major exception of Mexico), sub-Saharan Africa and the Middle East; the maintenance of the global dynamism of Asia; and the end of Eastern Europe's free fall

Between 1989 and 1994, growth in the industrialised countries — although mediocre — remained superior to the global performance (1.8% against 1%). But in 1997-2002 the industrialised countries are expected to grow by only 2.2% per annum, compared to a global average of 3.2%. In other words, the countries of the South and east could play a locomotive role in the years to come, thanks to higher growth rates than those of the countries of the North.

This hardly seems compatible with the neoliberal model dominant throughout the world, which gives priority to exports to the detriment of the internal market, places the countries of the South in competition with each other, and compels them to open their frontiers so as to enlarge the north's market openings. This iron logic, imposed and codified by the World Trade Organisation (WTO), cannot lead to a positive dynamic on the world scale. The Mexican example helps us understand why: this model is fundamentally a source of external disequilibria and results in financial crisis. Even the OECD is

obliged to underline the risks that are engendered by the liberalisation of financial markets and by the badly controlled development of the "emergent markets". The organisation appeals for "changes in macro-

**Table Three**

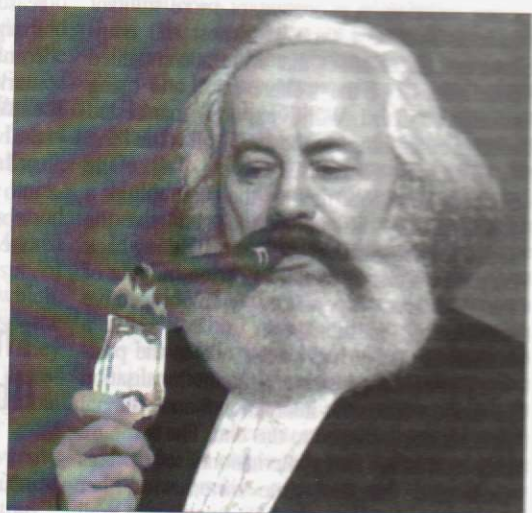
## Regional growth

	1989-94	'94	'95	'96	'97-02
L. America	3.0	4.6	2.3	3.8	4.4
M. East/N. Africa	3.7	0.7	2.9	4.7	4.0
Sub-Saharan Africa	2.1	1.9	5.1	4.5	4.0
Asia: Four "Tigers"	6.9	7.2	4.5	3.8	5.3
Asia: other countries	7.3	8.6	7.6	7.6	7.5
ex-USSR	-12.6-16.0	-5.6	3.2	4.2	
Central/Eastern Europe	-9.7	3.2	4.3	5.0	5.2
OECD	1.8	2.9	2.8	2.6	2.2
<b>World</b>	<b>1.1</b>	<b>2.5</b>	<b>3.0</b>	<b>3.2</b>	<b>3.2</b>

Source: OFCE

economic management and in financial institutions, so as to avoid economic difficulties that could, in extreme cases, lead to the disorganisation of the world financial system". As it is hard to see from where such changes could emerge, it is difficult to share the official optimism.

This rapid overview reveals the basic contradiction which confronts contemporary capitalism. All is well from the point of view of the logic of profit, but this is not sufficient to assure sustained growth and a renewed ability of the system to respond to



increasingly ignored social needs. The mass of wages on a world scale, is blocked by neoliberal policies. The contradiction that has become so evident in Europe will increasingly be expressed on a world scale: what is healthy for profits has as its counterpart a restriction on wages that affects market openings and the dynamic of capitalism. There can be exceptions, in time or space, but capitalist globalisation rests on the universal imposition of this model, which spreads unemployment and poverty. It is more futile than ever to expect solutions to these problems from within this model. ★



# book & conference notes

## Limits to globalisation?

by Robert Went

*Grenzen aan de globalisering?*, (Dutch), Het Spinhuis, Amsterdam 1996.

Globalisation is THE hot item for people who go in for economics. Dutch economist Robert Went digs deeper than the usual trendy literature, and uses long wave theory to explain and demystify the phenomenon. His book is a forceful plea for a different economic and social logic, and a valuable tool in the struggle against globalisation's dire consequences. Globalisation is not a natural phenomenon, Went argues, but capitalism's response of choice to its own crisis: a response that, left unchallenged, threatens to drag the world down into barbarism.

Went relies on the long-wave theory of capitalist development. There have only been four such waves in the history of capitalism, each with an expansive and a recessive phase. The end of the fourth (post-war) expansive wave and the beginning of its recessive phase, through which we are now living, constitutes a watershed. The current recessive phase began because of "over-accumulation in the midst of falling profits and slow productivity growth; increased competition among developed capitalist countries, leading among other things to the collapse of the Bretton Woods system; rising inflation in a context of more militant trade unions in a time of almost full employment; fiscal crises that were accompanied with reforms of the welfare state; and rising prices for Third World exports, manifested among other things in the 1973 'oil crisis'".

This first generalised recession since the Second World War marked the beginning of a fundamentally different period, and gave the signal for large-scale restructuring. Falling back on protectionism was not an option, in light of the disastrous experiences with competitive devaluations in the 1930s. In any event, a conscious choice had been made in the post-war years for expansion and internationalisation of world trade, with international and national policies being shaped to this end. The response chosen was still faster internationalisation. This took place at the same time as another fundamental change: the fall of the Berlin Wall and collapse of Soviet and East European bureaucracies, which in the early 1990s opened up a gigantic, previously closed market.

Internationalisation is of course not new to capitalism. But it is now taking a qualitative step forward, making use of relationships of forces that have been altered by the crisis as well as of the possibilities created by new technologies. Breaking through and transcending national frameworks, globalisation, Went writes, is the result of two interlinked but distinct processes: 1) the long-term development of capitalism (since 1914), with an uninterrupted accumulation; and 2) the policies of liberalisation, privatisation, dereg-

ulation, and dismantling of social and democratic gains beginning in the early 1980s.

### Myths and limits

Globalisation is a qualitatively new phase in the internationalisation of capitalism. But Went warns against exaggeration. "The tendency towards globalisation is not a linear process, and is not leading towards effective homogenisation of the world's economies. In reality we are seeing a vertical restructuring of the world economy around three poles" (the EU, Japan and the US). Even multinationals are only to a limited extent truly "world-wide". Of the 100 largest holding companies, not one is genuinely "global" or "footloose". And national states continue to have a regulatory function, for lack of adequate supra-national entities.

It is still too early to say whether a new productive order is taking shape. The end of the downward wave has not yet been reached, but on the other hand the rate of profit began gradually increasing in the early 1980s. There is no new expansive wave, but there is an evolution in the direction of a productive order in which for the first time in capitalist history a higher rate of profit is not leading towards faster economic growth. "The links between accumulation, rising productivity, economic growth and consumption have been broken".

Only a "systemic shock"—a sharp increase in the rate of profit (caused by an even sharper increase in the rate of exploitation)—combined with a substantial expansion of the market can lead to a new expansive long wave. This would require a major defeat for the working class and liberation movements and integration of the ex-USSR and China into the capitalist world market. Though big steps in that direction have already been taken, "the final outcome is still open".

Reviewed by Vincent Schlectens

## The poverty of neo-liberalism

Michel Husson

*Misère du capital. Une critique du néolibéralisme*, (French), Paris, Syros, 1996.

Michel Husson set himself an ambitious goal when he started to write his latest book on the poverty of capital.

- to analyse how capitalism functions today on a world scale;
- to explain why the harmonious expansionist functioning of the 'golden age' (1945-1973/4) is gone for good, since today's capitalism is leading to more and more misery and bringing us close to earlier periods of its history; and
- to sketch the outlines of a real alternative, a 'modern socialism that breaks completely

with the sinister experience of the countries in the East, and rejects (impossible) conciliation with the mechanisms of King Money'.

This is a lot for one 257-page book, but the author succeeds in what he set out to do. *Misère du capital* is an excellent work with many new ideas and arguments; it should be translated into English and Castilian for the many activists and researchers who don't read French.

In a recent issue of 'Foreign Affairs' Ethan Kapstein, Director of Studies at the Council on Foreign Relations, wrote: "The failure of today's advanced global capitalism to keep spreading the wealth poses a challenge not just to policy makers but to modern economic 'science' as well. For generations, students were taught that increasing trade and investment, coupled with technological change, would drive national productivity and create wealth. Yet over the past decade, despite a continuing boom in international trade and finance, productivity has faltered. Inequality in the United States and unemployment in Europe have worsened."<sup>1</sup>

Today even many economists who officially adhere to the neo-classical paradigm are cynical about the theoretical and empirical underpinnings and usefulness of what the overwhelming majority of economists is doing.

In the first part of the book, "The crisis and its regulation", Michel Husson shows concretely how a non-dogmatic, creative Marxist approach provides a superior understanding of the contradictory development of capitalism since the end of the last century. He makes use of the non-mechanical long-wave theory developed by (among others) Ernest Mandel, introducing some new considerations on the dynamics and arithmetic of the rate of profit. Taking up the debate with the Regulation School among economists, he explains how capitalism today has increasing difficulties in assuring that what the people want to consume (education, health, housing, public transport) corresponds to what capitalism sees as profitable and therefore wants to produce. The connection with the high levels of unemployment, one of the major themes running through the whole book, is obvious: "Capitalism is an economic system that prefers not to produce... rather than to produce without profit".

The second part of the book deals with globalised capitalism. 'The Maastricht trap' spells out the dynamics, contradictions and social consequences of capitalist European integration. And 'The planetary fracture' analyses some contradictory and uneven developments in the processes of globalisation: the changing role of the state, North-South relations, and the growing importance of the financial sector.

The last part of the book is oriented towards the future, with chapters on the changing role of work, full employment



“Why is what was possible twenty years ago no longer possible in an economy that has kept growing in the meantime?”), the emancipation of labour, the ‘socialist hypothesis’, and finally the central place of the fight for a shorter workweek in today’s radical project.

It says on the cover that this series is meant to stimulate debate. The last three chapters are clearly written with this goal in mind. Husson offers us important debates (old and new) with people like Andre Gorz, Alain Lipietz and Philippe Herzog. As well as discussing the debate in the socialist movement over the place of the market and planning) and the debates in social movements over social clauses, protectionism and “new internationalism.”

The final section, “Towards a concrete alternative”, is a good summary of the book’s main argument: “To lay the basis for a contemporary anti-capitalism, it is no longer necessary to ask for the moon. It is sufficient today to demand, stubbornly, and without getting lost at the cross-roads, the possible.” Michel Husson sees the French strikes in November and December last year as a first sign that the tide is turning and that at least some sectors of the social movements are going from a defensive attitude towards positive formulations of demands addressed to the system and its way of functioning.

Reviewed by Robert Went

1. Ethan Kapstein, “Workers and the World Economy” in *Foreign Affairs*, May/June 1996, p 16.

## Conference note Ernest Mandel and Marxist Theory

Ernest Mandel died last year, on the 20th of July 1995. The first anniversary of his death was commemorated by the first seminar organized by the Ernest Mandel Study Centre in Amsterdam from July 4 to July 6.

The seminar was intended as a tribute to a man who will certainly be remembered as one of the great intellectuals of this century. It was also an occasion for a critical examination of several aspects of Mandel’s work. In doing so, the organizers were convinced that they were faithful to Mandel’s legacy: his libertarian conception of democracy applied to the very ranks of the movement he led, which can be singled out among all brands of organized Marxism for the high tolerance for debate and divergence that it exhibited under Mandel’s leadership.

Thus, the best tribute to the democratic example set by Ernest Mandel is that this is perhaps the first time that the key leader and theoretician of a political movement is not sanctified by his followers and co-thinkers right away after his death. Instead, his important intellectual achievement was appraised and discussed in a truly critical manner. For Marxists, this is the only real way of grasping and testing the validity of theoretical production.

The seminar was a gathering of scholars sharing a common interest in the many issues in Marxist thought to which Mandel made a lasting contribution. Members of the Fourth

International, former members and non members alike squeezed together in the packed conference room of the International Institute for Research and Education in Amsterdam. Over two and a half days, they listened to eight presentations and discussed them in a way which, on the whole, achieved a delicate balance between an academic seminar and a meeting of political activists.

The first presentation on “**Mandel’s Revolutionary Humanism**” was by Michael Lowy (Sociologist, CNRS, Paris) who examined the philosophical stand underlying Mandel’s intellectual production: his “revolutionary humanist” commitment grounded in an “anthropological optimism” combined with a powerful “optimism of the will”. Lowy highlighted Mandel’s humanistic axiomatic principle, and the ethical categorical imperative of fighting injustice that stems from it. He also showed how Mandel’s fundamental optimism spilled over at times into over-optimistic expectations, despite his adherence to the “prophetic” view that if it does not achieve socialism, humanity will fall into barbarism.

Robin Blackburn (Editor of *New Left Review*, London) discussed “**Mandel’s Politics and Late Capitalism**” taking up some basic tenets of Mandel’s politics. He questioned the relevance for today of the classical revolutionary Marxist view of the break from capitalism through dual power and the superseding of bourgeois representative institutions by organs of workers power. Blackburn stressed the importance for socialist activists in today’s “grey capitalism” of addressing the issue of pension funds as one of the main keys to controlling the economic process.

Jesus Albarracin and Pedro Montes (Economists at the Bank of Spain and prominent activists in Izquierda Unida and the left wing of Comisiones Obreras, the country’s largest trade union) reviewed Mandel’s magnum opus, *Late Capitalism*. Their presentation, “**Mandel’s Interpretation of Contemporary Capitalism**”, offered a rounded presentation of the book, putting it in the framework of Mandel’s brand of “open Marxism”, his classical Marxist emphasis on the economic analysis of capitalism and the boldness with which, starting from Marx, he tried to grasp the specificity of post-WW2 capitalism. They ended with a discussion of Mandel’s assessment of the present protracted crisis of global capitalism.

Francisco Louca (Economist, University of Lisbon) gave a brilliant talk on “**Ernest Mandel and the Pulsation of History**”, presenting the theory of the long waves of capitalist development and Mandel’s role in reviving interest in it since the mid-sixties, as well as his key contribution to a Marxist interpretation of this theory. He highlighted the epistemological postulates underlying Mandel’s views, the richness of his overall conception of the historical economic process and the limits inherent to any prediction of the evolution of such a complex system as capitalism.

Louca’s presentation was followed by an additional talk by Alan Freeman (Economist, University of Greenwich) on “**Mandel’s Con-**

**tribution to Economic Dynamics**”. Freeman emphasised the key role of Mandel in rescuing the Marxist analysis of the dynamics of capitalism against both neo-classical and Marxist academic orthodoxy. His talk however was marred by very misplaced polemical assaults on Mandel and the Fourth International from the standpoint of the British splinter group to which Freeman belongs.

Catherine Samary (Economist, University of Paris IX) discussed “**The Transition to Socialism in Mandel’s View**”. She assessed Mandel’s analysis of the countries of the former “actually existing socialism” as “bureaucratically degenerated workers’ states”, following the tradition set by Leon Trotsky. In making a balance-sheet of this theoretical model of interpretation, she examined how it stands up to the process of unfolding restoration of capitalism in these countries. The second part of her paper dealt with Mandel’s own vision of the transition to socialism and the respective roles of the plan, the market and workers’ democracy in that respect. She described the evolution of his views on this issue, and sketched her own conception.

Charles Post (Historian, City University of New York) dealt with “**The Marxian Theory of Bureaucracy**” surveying Mandel’s writing on the bureaucratic phenomenon in parties and trade-unions within capitalist social formations, as well as his sociological interpretation of the ruling bureaucracy in post-capitalist societies. Post underlined Mandel’s analysis of the social roots of bureaucratic conservatism and his explanation of the evolution of labour formations and of the class struggle in Europe. He reviewed and discussed Mandel’s polemics against divergent theories of the nature of Soviet bureaucracy, pointing to Mandel’s emphasis on the necessity of democratic self-organisation of the working class.

The last presentation was that of Norman Geras (Philosopher, University of Manchester), which he entitled “**Trotsky, Deutscher, Mandel: Marxists before the Holocaust**”. Geras reviewed Trotsky’s prediction of the “physical extermination” of Jews and the contrasted attitudes of Deutscher and Mandel in dealing with the Nazi genocide. He criticized Mandel’s tendency to relativise the Holocaust, instead of stressing its historical uniqueness, and his reductionist explanation of it as a mere product, albeit extreme and verging on irrational, of the barbarism inherent in capitalism. Mandel’s attitude, he suggested, was influenced by his internationalist rejection of Jewish particularism, in the vein of Rosa Luxemburg’s attitude to the oppression of the Jews.

The major presentations will be published as a book, alongside some lesser-known texts by Mandel, in several languages by early 1997. The success of this first seminar has also convinced the directors of the Ernest Mandel Study Centre (EMSC) to organize a similar seminar every year, with the participation of socialist scholars of various opinions. Possible topics for next year’s seminar include the transition to socialism, and long waves of capitalist development. ★

Salah Jaber



## Taiwan

### Tension increases

Jun Xing

Official unemployment statistics in May 1996 recorded 218,000 people out of work (2.5%), an increase of 69,000 over the preceding year. Some academics estimate unemployment at 4%. This means 400,000 are without jobs in a system without unemployment relief.

Immigrant labour problems are also serious. In the first three months of 1996, visas were issued to 387,000 immigrant labourers from over 746,000 applicants. The government estimates there are currently 217,000 immigrant labourers in Taiwan, constituting 2.3% of the population. But the Taiwan Labour Front puts the number of legal and illegal immigrant labourers at 450,000. The labour movement in Taiwan is becoming more militant in struggles to fight the worsening labour conditions and wages due to vicious competition from immigrant workers.

Women suffer most in this situation. They constitute 80% of the unemployed. According to the Taiwan Labour Front *Labour Report 1996*, over 4.28 million women were unemployed last year. The Equality Law, passed on 10 April 1996, does little to protect women: no penalties are levied on the employers for sex discrimination. In 1995, women's average pay was only 67.8% of that of men.

The post-election thaw in relations between Taiwan and mainland China is giving President Lee Teng-hui some boost in his political position, and also causing a rise in the Taiwanese stock market. But this cannot draw attention away from the domestic problems of labour and inter-party politics. Opposition forces in the parliament have united, placing the ruling Kuomintang (KMT) of President Lee in a minority in the legislature for the first time in the country's history. ★

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G.P.O.Box 10144, Hong Kong  
e-mail address: or@iohk.com

## Alec Acheson: a convinced Marxist revolutionary

The Internationale closed Alec's funeral in May. Family, comrades and friends could read tributes offered by East Knighton Labour Party, Socialist Outlook, members of the Socialist Labour Party, the Troops Out Movement, and the Irish Study's group.

Alec spent the last 60 of his 84 years as an active supporter of the Fourth International. He was one of the tiny handful of pre-war Trotskyists who was still in the ranks of the International until his death.

My earliest memories of Alec go back to 1937. We were both in the Islington branch of the Revolutionary Socialist League (RSL). In those days we used to hold open air meetings in Highbury Fields. One evening, the speaker who had to follow me failed to turn up. Alec, who was selling our paper *The Militant*, but who had never addressed a public meeting before, mounted the platform and spoke.

He was clearly nervous, but there was a job to be done for the revolution, and he did it.

This was typical of Alec — his never-failing devotion to the fight for socialism, which to him was synonymous with the building of the Fourth International.

In 1939, Alec threw himself into the revolutionary opposition to the war.

On January 6 1940 he organised a conference of sixty delegates from the Labour Party, the Independent Labour Party Guild of Youth, the ILP, the Communist Party, the National Unemployed Workers' Movement, Leicester Trades Council and local trades union branches. It was addressed by Fenner Brockway and Starkey Jackson.

When he was conscripted into the army he continued his socialist activities as far as possible.

When he was sent to Egypt he contacted comrades living there. There was an election



going on, and the Trotskyist group supported the socialist candidates. Alec, in defiance of military discipline, took part in the election campaign, going round to the houses and tenements where the workers were.

Together with another British comrade Joe Pawsey, he drafted a leaflet on the developing situation in Greece, which was duplicated by the Egyptian comrades. It called on the soldiers in the British army not to fight against their working class brothers in Greece.

They were nearly caught by the military police.

After the war, Alec became an activist in the National Union of Teachers, eventually becoming honorary President. He was also active in the Labour Party and the anti-racist movement. He was a founding member of the Campaign for Nuclear Disarmament.

He will be remembered as a teacher, a good friend, a secularist and a leading representative of what he once called the "red thread" linking the present revolutionary movement to the experiences of the twenties and thirties.

Alec loved reading, particularly Irish literature and culture. We will all miss his friendship, experience, knowledge and personal warmth.

This was Alec Acheson, a Marxist revolutionary

[CvG, BH]

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