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international
 May 1998 • No. 300
VIEWPOINT

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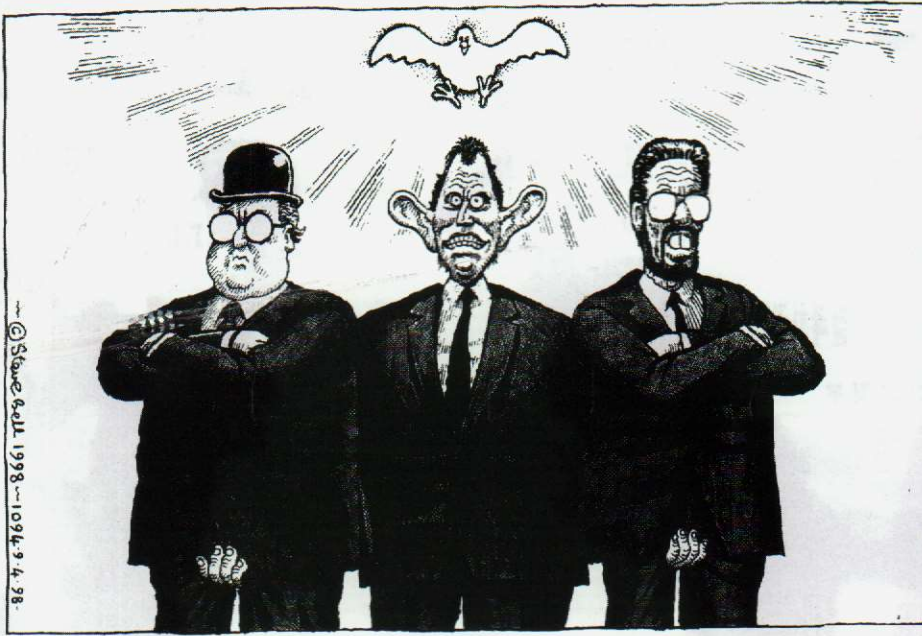
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The Northern Irish Agreement

A new phase of struggle

While recognising that last month's agreement between Britain and Ireland has "broken the stalemate," in the Irish conflict, Sinn Fein will only adopt a definitive position on the document when it reconvenes its Congress in several weeks.

In his Presidential Address, Gerry Adams outlined the thinking of the Sinn Fein leadership.

"On April 10th, when these talks concluded in their last plenary session, I spelt out the Sinn Fein position. I made it clear that the presence of the Taoiseach Bertie Ahern and the British Prime Minister had created a focus which broke the stalemate. I said that 'This focus could have brought even greater forward movement and in the months ahead it can deliver further progress.'

I outlined our view that British policy in Ireland has manifestly failed, that partition has failed, and that the days of unionist rule are gone forever. I made it clear that there can be no going back to the failed policies and structures of the past, to the domination of a one-party unionist state supported by the British government. [...]

It is not enough to read this document on its own, line by line or word by word. Parts of it are ambiguous and contradictory. It needs to be examined in the context of strategy and struggle. And in preparing for the next phase we need also to examine the positions and strategies of our opponents and enemies.

While our goals and principles must not change, our strategic objectives, strategies and tactics must be constantly reviewed and rooted in objective reality. [...]

In the last 30 years the struggle so far has come through a series of phases from the civil rights days and the mass and popular uprising of the early seventies through periods of intense armed conflict and the prison struggles including the hunger strikes into electoralism and the Sinn Fein peace strategy.

That struggle goes on but it could be moving once more into another defined phase because whatever else this document does, it has the potential to redefine the relationship between these islands, thus concluding one phase of our struggle and opening up another one.

A transitional programme

If we are to learn the lessons of the last 30 years, if we are to have confidence in our own strength and in the achievability of our goals, then we must continue to build our political strength and while winning friends for our position, we must also confound our opponents.

We have argued that the movement from today's inequality, division and conflict must be transitional. We have argued that progress can be achieved through a rolling process which builds a bridge into the future. In fact, in a document of that name, I presented a case for transitional and other arrangements into a peaceful and democratic Ireland. It is my view that many of these ideas should underpin our strategy in the time ahead.

Such a transitional process could provide a pragmatic route to our ultimate goal but only if the dynamic for such change is

stronger than the resistance to it. In assessing the outcome of last week's deliberations, and our own positions, we need to explore whether this is a possibility.

The IRA ceasefire

The background to the Agreement was the IRA cessation of August 1994. The republican objective was to genuinely explore the possibilities of a just settlement.

The IRA initiative was abused by those politicians resisting change and by securocrats who cannot accept the fact that the IRA is intact, strong and undefeatable. Nor could they contemplate a resurgent nationalist community asserting its rights, because the existence of the northern state was founded, first, on the denial of the right of the Irish people to independence and, second, on the denial of fundamental civil, national and democratic rights to Irish nationalists in the North. Their obstructionist approach led to the breakdown of the first IRA cessation.

It should not be necessary to stress that these people are still in positions of power in the British establishment and still working to a unionist and militarist agenda.

There is no big secret about republican strategy, just as there is no big secret about British government and unionist strategy. They want to maintain the union and we will always want to end it in order to push for our objective - Irish reunification and independence.

The talks process has not settled centuries of British interference in Ireland. Major issues remain unresolved. As Irish republicans we believe that Britain's involvement in our country has been disastrous for us and for them also.

We were bequeathed conflict and death, we were bequeathed division. Britain has never had any right to be in Ireland. Britain will never have any right to be in Ireland.

But the British government can play a positive role before leaving by trying to redress some of its wrongs and by helping to create the conditions for a peaceful transition to a just settlement.

Unionists for a united Ireland

We knew from the outset that other parties had already subscribed to a unionist veto described euphemistically as 'consent'. That veto led to partition and to great suffering by nationalists. It was a great historical wrong which allowed a national minority to veto progress by the Irish nation.

That veto, and the pandering to that veto, has fed unionist intransigence to this day. It did so at the talks. It continues to feed intransigence and to delay a just settlement. Significantly, that veto has also been the pretext for continued British involvement in Ireland.

Republicans seek agreement between the people of this island as a way of resolving this conflict. That means winning unionists, or at least a sufficient number of unionists, over to the goal of a United Ireland. Is that possible? Have we confi-

dence in our republican analysis, in our arguments and in our vision of the future? Of course, how quickly we can do that depends on nationalism and republicanism building on the limited political consensus which has marked recent events.

Into the new phase of struggle

But consent has to be a two way street. We have not heard much about the principle of nationalist consent.

Nationalists have had to struggle long and hard for our rights and we republicans have been in the vanguard of that struggle and will remain in the vanguard of that struggle throughout the challenging period before us. [...]

Much has been said about the Agreement. [...] On the one hand it upholds the unionist veto over the constitutional position of the north, and, on the other hand it reduces the British territorial claim [and] compels unionists to accept key and fundamental changes involving all-Ireland dimensions to everyday life.

So while the Agreement is not a settlement, it is a basis for advancement. It

heralds a change in the status quo. And it could become a transitional stage towards reunification but only if all those who express an interest in that objective, especially the powerful and influential, move beyond rhetoric to build a real, dynamic for national democratic change.

But they must move beyond rhetoric. It was never and it will never be enough to say the nationalist nightmare has ended. And we, who are in the vanguard of this struggle, those risen people throughout this island and abroad are the guarantors of that.

So Sinn Fein will subscribe to what we view as positive in the Agreement, to those aspects which contribute to moving us towards our overall objectives, and it is you, the activists, who with the leadership, shall decide on that.

Some of our critics will say: 'You can't do that! You have to buy into it, all or nothing!' But they are wrong. [...] We will not be caged in, psyched out, intimidated, cajoled, patronised or bought off. We have our eye on the prize. The prize of freedom. ★

Sinn Fein strategy at the talks

Martin McGuinness*

Sinn Fein peace strategy is the dynamic which led to the Irish peace initiative and led to the total cessation of military operations by *Oglagh na hEireann* in August 1994.

The Downing Street Declaration and the Joint Framework Documents were formulated as a counter offensive to this; to buy time, to constrain and delimit the possibilities which had been opened up.

In parallel, the wreckers went to work; the securocrats and the political recidivists who would countenance no change; for whom the new situation simply meant the pursuit of war objectives by other means. And while they were successful in pulling the new situation apart they failed to extinguish the hope that had been inspired in popular opinion on this island and in Britain. [...]

Sinn Fein has not been naive in any of this. We were fully aware of the many flaws built into the talks process. Not least of these was the permanent government of securocrats and civil servants who have ruled the north for a quarter of a century. A bureaucracy which sought to impose a classical pacification programme when what is required is a conflict resolution process.

Nor were we naive about the possible outcomes to the talks process itself. These were ring-fenced by the positions of the two governments.

And, of course, as was evident to all observers of the unfolding situation, we

were fully aware that the blocking tactics of the unionist leaders would have to be thwarted. These included, preventing a talks process from getting off the ground at all. In this, they were ably abetted by John Major. Preventing Sinn Fein from participating when talks eventually began and trying to drive us out once this had failed. A purely tactical approach to the situation.

In all of this a united Ireland was not on the British agenda. Everyone knew that, especially republican activists. But it is and was on our agenda. Our remit was to negotiate an agenda for change - political and constitutional and in the matters which effect people most in their everyday lives, equality, rights, justice and demilitarisation. Our agenda for change in this limited but important short-term agenda were outlined in our Bridge into the Future document in March and our Future as Equals document submitted to the talks.

A united Ireland was not attainable in this phase. Because of Unionist opposition, and because, of all the participants, only Sinn Fein was advocating and promoting that objective. To the extent that our political strength permitted us to promote all of our positions we did so.

A stronger electoral mandate would conceivably have effected the outcome of the talks in any number of ways. We need to learn the lesson of that. We need to build on our electoral mandate to shape the many negotiations which challenge us in the future. ★

*Martin McGuinness led Sinn Fein's delegation to the talks.

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Workers at Olympic Airways (left) are first in line as the Greek government tries tough new policies to "free the labour market." Socialist Prime Minister Kostas Simitis gave Olympic workers one week to accept a packet of cuts, or face the sack. Despite protests, the trade union (OSPA) has accepted a compromise" which reduces salaries, increases the working week to 48 hours, and allows the generalisation of part-time work at the nationalised airline.

The government and media are trying to present public sector workers as "privileged," and the main barrier to Greece's economic development.

More than one third of economic activity in Greece takes place in the underground economy, and the official unemployment rate is 10%.

Despite its declarations of support for public sector workers, the Greek Communist Party is refusing to work alongside former party members who split to form the left-reformist party *Synaspismos*. [TA/JD]

Denmark Half million private sector workers on strike

Denmark was shut down on 27 April by the most widespread labour protest since 1985. Private sector workers in industry, transport and construction stopped work in protest at a new collective bargaining agreement proposed by employers and trade union leaders.

Anders Lange and Katrine Toft Mikkelsen

Employers and union leaders had insisted on combining the voting in several sectors, representing 500,000 workers (Denmark has about 5 million inhabitants), in the hope of drowning protesters in a sea of apathy, and making it more difficult for any one sector to oppose the collective bargaining settlement.

This time, the manoeuvre backfired. Anger and mobilisation, by shop stewards and workers in the steelworkers, unskilled workers (SiD) and women's unions (KAD) meant that the deal was rejected overall. This means that graphic workers, who voted to accept the agreement, have still been drawn into the conflict.

Benefiting from a more democratic voting procedure than in previous years, the campaign for a "No!" vote was able to build itself nation-wide, and find roots in the transport, metalworking and construction workforce.

Many rank-and-file workers, who had supported the demand for a sixth week of annual paid holiday, were outraged by the employers miserable offer. In the construction sector, the offer is for 1.5 extra days vacation, paid at a maximum hourly rate of 100 Dkr (US\$14.60),

which is less than the average salary in the sector. Leaders of the Metalworkers Union settled for an extra holiday on December 24th – which in many workplaces is already a holiday. In those years when December 24th falls at a weekend, there would be no compensation.

Denmark has one of the highest productivity rates in the world, and, after a decade of extreme moderation, workers are increasingly frustrated that they do not receive a fair share of the profits they generate. Industrial wages have risen in recent years, since the decentralisation of the bargaining process. But workers are also demanding an increase in the minimum wage, and improved working hours, which are still negotiated centrally.

As well as these specific protests, many workers are fed up at the circus which dominates the evening news for three months every second year, when men in suits drone on and on about the importance of the agreement, and the difficulties involved, only to come out with such miserable proposals at the end of the negotiations. Working people feel – correctly – that they have little influence over "their" negotiators.

On the other hand, it is clear that many trade union leaders have responded more-or-less positively to the strike movement, in an attempt to justify their status and position. With more and more employers keen to negotiate directly with their workers, the central trade union apparatus is under pressure from below. It is also being squeezed "from above," as more and more European Union directives are

being integrated into collective bargaining agreements. Since these directives are not negotiable, union leaders have little room for manoeuvre.

Denmark's political, economic and media elite find it hard to accept that the agreement was rejected. The agonised questioning in the media ("what went wrong?", "How could they do that?") brings back memories from June 1992 when Denmark voted "No!" to the Maastricht Treaty (and won the European football championship, but that's a different story).

The parallel with 1992 is particularly relevant since Denmark will hold a referendum on the EU's Amsterdam Treaty on 28 May. This is a difficult situation for Poul Nyrup Rasmussen, the recently re-elected Social Democratic Prime Minister, since many social democratic voters are against further EU integration. Many voters are increasingly frustrated that the entire establishment, including the leaders of the trade unions, are so pro-EU.

A new agreement between trade union leaders and employers is unlikely in the short term. So the government may have to intervene some time in May. Probably not too close to May 1st, the symbolic labour holiday, but not too close to the EU referendum on 28 May either.

One problem for the government is that employers will insist that any new settlement cost no more than the existing proposal.

Progressive currents in the trade union movement are working to maximise active participation in the protests, so as to maximise the possibility of real gains for private sector workers. ★

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Cardiff Counter Summit

A Counter Summit is being organised by the Reclaim Europe coalition, in response to the Summit of European Union leaders, which opens in Cardiff on June 15th. Like the June 1997 Amsterdam counter summit, it will host a range of debates, criticisms and discussions of the EU aimed at national and international campaigners. This will include:

- Friday evening: Meeting with international speakers and updates on campaigning.
- Saturday: Forum on the EU and the consequences of its present agenda. Speakers panel on four broad themes: Employment, social welfare, the environment and implications for the rest of the world, followed by workshops and discussions.
- Sunday: Discussions and workshops on the theme of "alternatives to the present EU and campaigning strategies".

On Saturday 13th at 1.30pm the counter-summit will be suspended for the demonstration "No to a big business Europe - Yes to Jobs, Public services and Democracy." This mass demonstration is organised by the Cardiff Euro Summit Demonstration Committee. It will focus on Welfare cuts, employment, equality, environment and social exclusion/racism. It will start and finish with a rally with a panel of national and international speakers.

A Fourth International meeting will also be held. For details contact Alan on +44 181 800 7460, fax 880 1846, e-mail <outlook@gn.apc.org>

Other events on Sunday 14th include an Animal Rights demonstration organised by "Uncaged", and a "People's vigil for peace and justice," Organised by the People's Vigil Steering Group, on the theme "Jubilee 2000, and the cancellation of 3rd world debt. Speakers include Glenys Kinnock MEP. This is not an explicitly religious event, but it is supported by the churches of the Cardiff Churches Form and other religious bodies of Cardiff Interfaith Forum and was initiated and is been underwritten by Church in Wales.

Free sleeping bag accommodation in Cardiff is being organised for those travelling from abroad. University accommodation is also available, at £15 (\$22.50) a night.

Contact: Reclaim Europe!, 1 B Waterlow Rd, London N19 5NJ Tel: +44-171-272 9333 Fax: 561 0800, E-mail: europ@globalnet.co.uk or europ@astra.global.net.uk

Web site: <http://www.geocities.com/Rainforest/5581/>

Ireland: Socialist Democracy statement "Reject the politics of imperialism"

The Northern Ireland Agreement is being hailed as a new beginning, and a defining moment in the search for peace and healing of division. It is nothing of the sort. It cannot promise a lasting peace.

- The deal calls for the amendment of the Irish constitution to include an endorsement of partition and support for the sectarian northern state. The British claim to the six counties is actually enforced.

- A Northern Irish Parliament will be set up at Stormont. It will institutionalise and strengthen the sectarian basis of the state. Sectarian patronage will be dispensed by a majority unionist assembly which will be called upon to share some of its sectarian privileges with the representatives of the Catholic middle class. The unionist veto in the new parliament will ensure that there will be no attempt to dismantle or challenge the sectarian fundamentals of northern society.

- The demand by the "nationalist family" for powerful, meaningful and free-standing cross-border bodies has been brushed aside. Cross-border bodies will be utterly subordinated to the assembly's unionist majority who will have a veto over any decisions. The proposed functions of these bodies are pathetic: animal and plant health, teacher qualifications and exchanges, water quality, waste management, and so on.

- Prisoners are to be kept as political hostages, with their release dependent on the good behaviour of their movements. There is no recognition of their political

character, and the struggle against British rule continues to be defined as a terrorist conspiracy. The Royal Ulster Constabulary (police) will not be disbanded. There isn't even a promise of reform. Instead, the British once again promise "independent commissions" to report back later. We have already seen that these "representative" bodies are staffed by middle class Catholics who work for the RUC, and prominent loyalists. There will be minimal change.

This rotten deal is a blow against democracy and the unity of Irish working people. It has been pieced together by two reactionary governments and a host of right-wing parties. Despite this, it may not satisfy the most bigoted sections of a unionist movement that is not prepared to wait two years for republicans to hand in their guns, and does not want to share their partitionist assembly with them anyway. The destruction of the deal by unionists would not represent a step forward, but only shift the agenda of the debate further to the right and lead to further steps to appease orange reaction.

Despite all this, the leadership of the republican movement cannot bring itself to oppose the deal, despite the demand for decommissioning within two years. In fact, Gerry Adams has claimed that 1998 is "a high point for republicanism." It is quite clear that the leadership of the republican movement has no intention of breaking from its reactionary alliance with the "nationalist family." It continues to

proclaim its goal of a United Ireland while attempting to persuade its supporters to accept a deal that strengthens partition. It has promised to pursue a "peace" strategy that must shoulder a heavy responsibility for the new partitionist settlement.

What is needed now, above all, is a clear analysis that explains the reactionary nature and consequences of the deal, and voices a clear alternative to it. Such an alternative must break not only from the failures of the "peace process," and the nationalist family, but also from the failures of physical force republicanism. Republican critics of the deal are clearly seen as offering no political alternative and no viable strategy for achieving the ending of imperialist rule. The promise of a return to armed struggle will only lead many potential opponents of imperialism to despair and demoralisation.

What is needed is a start to the construction of a new movement based on the demand for an end to British rule and an uncompromising assertion of the right of the Irish people to self-determination. The new movement must be based on seeking the unity of the Irish working class, north and south, and on working class struggle against injustice and exploitation. We need to begin the creation of a new mass campaign that can go beyond earlier movement for civil rights and political status.

Division can only be overcome by unity. Peace can only be meaningful and secure if it is based on justice and an end to inequality. This rotten deal promises neither. ★

This statement was published by the Socialist Democracy group on 15 April. For more information write to PO Box 40, Belfast BT11, Northern Ireland.

The power of mass action

The Australian “wharfies” have shown that strong, internationalist trade unionism can win against armies of cops, the political establishment and the media.

John Tully looks at the lessons of this exemplary struggle on Australia’s docks.

The evidence shows that the bosses and the government had become so complacent that they thought the wharfies could be crushed within a matter of days. First they would be evicted by the dogs and goons. Secondly, scabs would move in to carry out their work and sow demoralisation. Thirdly, the wharfies would respond in blind anger, and their union would suffer massive damages under the terms of the draconian Workplace Relations Act (modelled on Margaret Thatcher’s anti-union laws in Britain). Fourthly, civil law would be invoked to force the lifting of mass picketing.

And finally, softened up by massive doses of propaganda in the bosses’ press, which has cast the wharfies as overpaid ‘bludgers’ (Australian slang for shirkers or lazy people), public opinion would applaud the death of trade unionism on the waterfront.

The conspirators began plotting some



time ago – possibly even before the last federal elections – and they might still have some tricks up their sleeves yet. The conspiracy involved the training of scab labour in Dubai and the use of corporate law to set up bogus shell companies to deal with employment on the wharves. These companies were then asset-stripped by the parent company, Patricks.

The plotters assembled armies of black-clad and hooded security goons. The goons, sometimes clad in full riot gear, and toting batons, mace gas and savage dogs, descended on the wharves in the dead of night from launches and helicopters to evict the wharfies from their legitimate employment.

And all of this in the name of ‘waterfront reform’!

It was all a massive miscalculation. The goons and scabs did move in, but the scabs were plainly incompetent and the tremendous discipline of the wharfies’

Impact on the labour movement

Although the Australian working class has a long history of militancy, the union movement entered 1998 in a considerably weakened state. Union membership has plummeted. After World War II over 65% of workers were in unions, compared with under 30% today – and these mostly concentrated in the public sector. The inspiring victory of the wharfies may well have the power to turn this situation around.

Paradoxically, many workers drifted out of the movement during the 1980s, a decade when the Australian Labor Party (ALP) was in office. The ALP years were marked by the ‘accord’ – close, corporatist collusion between the government and the top union leaders. This was supposed to ensure that the restructuring of industry did not result in undue hardship for the workers – indeed that they would benefit via an increased social wage and improved job security and reskilling.

The accord failed to deliver. On the contrary, real wages fell constantly even

before the recession of the early ‘90s, and the dole queues lengthened as the government encouraged ‘downsizing’ and ‘outplacing’. The traditional award structure, which had allowed the wage increases of stronger unions to ‘flow on’ to the less well-organised, was jettisoned in favour of ‘enterprise bargaining’, which cut across solidarity and left the weakest to their fate – including contracts between individual workers and employers.

Throughout this period, profits have skyrocketed, and Australia now has the greatest disparity of wealth and poverty in any of the OECD countries. For example, the personal wealth of Australia’s richest man, Kerry Packer, grew from \$100m in 1983, to \$4500m in 1993.

Hopefully the wharfies’ victory will inspire other sections of workers to throw a spanner into the works of the “economic rationalist” (neo-liberal) steamroller that has crushed all resistance to date. [JT] ★

Maritime Union of Australia (MUA) ensured that any violence that occurred came from the other side.

Patricks terminals were shut down in every port around the nation, with hardly a container moving in or out. The union also resisted the urge to close down the operations of Patricks’ rivals, thus cleverly splitting the employers’ ranks. As a result P&O’s tonnage increased by over 30% whilst Patricks’ cargoes were rotting on the wharves.

Overseas unions also rallied to the wharfies. Maritime unions in North America, Europe, South Africa and Japan ‘blacked’ ships coming from Patricks’ operations and in some cases even called for a boycott of Australian goods. Ships loaded by scabs, they said, could sail around the world “until their bottoms rusted out.”

Nor did the MUA listen to the shrill advice of the various self-appointed ‘workers’ leaders’ in the ultra-left sects, who claimed that any use of the courts was tantamount to high treason. The courts were seen as one avenue of action, at all times subservient to the weapons of class solidarity: the picket line, the demonstration, the strike and the boycott.

The level of support from other unions and from the general community must have astounded the bosses. For many working and middle class people, this dispute was where we had to draw a line in the sand and say ‘you go no further’. For many of those who swelled the picket lines, this was their first experience of struggle and they were clear about the reasons that had impelled them into action.

They knew that if the wharfies were picked off, they would be next, and they could quote Prime Minister John Howard, who admitted that what he had done on the wharf was a blueprint for the rest of industry.

Perhaps the employers’ final miscalculation was to obtain an injunction from Victoria Supreme Court judge Barry Beach ruling that the pickets were illegal and that anyone who participated was guilty of ‘serious criminal behaviour’ and would be removed.

Beach’s name will go down in history as that of a petulant ruling class fool. His ruling could not be enforced due to the enormous numbers of outraged people who came to show their support for the wharfies even if it meant breaking the law.

The one time that the police did attempt to clear the pickets at Melbourne’s Swanson Dock, they had to be escorted away by union officials when the pickets were swollen by the arrival of thousands of construction workers.

Among those who came to defy the courts were a number of Labor Party poli-

ticians, various musicians and TV celebrities, and even footballers, who are revered in Australia. But we should not single out these people. More important were the tens of thousands of 'ordinary' men and women without whom this struggle could not have been won.

This struggle has been a vindication of the old slogan 'if you don't fight, you lose'. Those reactionaries who have smugly opined that unions are dinosaurs and that the class struggle is dead, had better think again.

The very future of trade unionism was at stake, and the ramifications of victory or defeat cannot but spill over into the international maritime industry. The Maritime Union of Australia (MUA), which covers seafarers and wharfies (dockers) occupies a strategically powerful position in an island-continent nation. Almost all imports and exports pass through its members' hands and it can thus bring tremendous leverage against the bosses. But its significance does not end there. The MUA and its predecessor organisations have always been militant, and have never shied away from lending a hand to workers with less industrial muscle than themselves - including workers in other countries. (See article on previous page.)

The employers and the Australian government know that to break the wharfies would be to open up an immense crack in the union movement as a whole. Weaker unions would be a pushover in comparison.

Justice North, of the Federal Court was only restating the obvious when he ruled that the wharfies had been illegally sacked and that there was clear evidence to suggest that Patrick Stevedores and the federal government had conspired with the reactionary agrarians of the National Farmers' Federation to sack their workforce and crush the MUA.

Although the government never tires of beating the drum of 'waterfront reform', its arguments are threadbare. The Australian waterfront already has 'world's best practice' in the bulk handling of agricultural and mineral exports, and any inefficiency in the container ports can be put firmly at the door of incompetent managers and antiquated machinery.

Industrial relations Minister Peter Reith repeatedly claimed that wharfies are over-paid. Leaving aside the enormous salaries paid to stevedoring executives (Patrick boss Chris Corrigan owns a \$5m villa in Italy with its own private chapel attached), and the profits paid to shareholders who sit on their bums and never do a day's work, one must question Reith's 'evidence'.

He claims that wharfies are paid between A\$70,000 and A\$90,000 per year, but this is a lie. Such sums are theoretically possible, but only on the basis of working massive amounts of overtime. Economist Alan Davidson also calculates that even if wharfies' earnings were cut by half, this would result in a saving of only half a cent per kilo on the cost of Australia

beef to Japanese consumers. The bulk of the slashed wages would be transferred directly to stevedoring company profits.

Reith is well aware of this. His hidden agenda has always been to crush the power of the MUA. Now, after a huge upsurge of working class solidarity, he has been decisively rebuffed. The repercussions will be massive, as other workers gain confidence that they too can fight and win against a ruling class that has had things its own way for far too long.

Recent opinion polls show that in the space of one week, as a direct result of the MUA struggle, support for government

plummeted 6% to 46.5%, whilst that of the opposition Labor Party rose to 53.5%.

The government is already locked into holding a double dissolution election later this year as a result of its racist legislation being rejected by the Senate. Although the Labor Party, which ruled for over a decade throughout the 1980s and early '90s, has no solutions for working people, the downfall of the conservative coalition would mark a new era for Australian politics. Workers would be in no mood to cop any more attacks and would expect a 'Labor' government to govern in their interests. ★

Key dates...

December 1997: Former SAS commando Mike Wells assembles a secret team of serving and former soldiers to train as non-union waterside workers in Dubai, United Arab Emirates. This was in direct collusion with Patrick Stevedores and the Australian Federal Government, particularly Industrial Relations Minister Peter Reith. The UAE government is warned of the risk of international union bans on their port and the scheme is cancelled.

February 1998: Nevertheless, scab workers are trained and hired by the reactionary National Farmers' Federation, and appear at Webb Dock in Melbourne. Supreme Court action by Patrick Stevedores prevents a strike by MUA members at the dock. Union begins a site by site industrial campaign, including strikes, and bans on overtime and consecutive shifts.

March 18: Patrick refuses to pay workers respecting these bans, citing the Workplace Relations Act.

April 7: Patrick Stevedores sacks its union workforce and sends in security goons and dogs to clear docks in the middle of the night. The company and government had previously claimed that the union was lying when it warned that the sackings were imminent.

April 8: Mass picketing of Patrick Stevedores sites around the country. Federal Court Justice Tony North grants an interim order preventing the sackings, but wharfies are barred entrance to the docks. Patrick Stevedores appeals immediately, and the interim order is suspended.

In the following days, Patrick Stevedores are shut down by pickets across Australia. Over the weekend of 17-19 April, mass pickets force police to retreat at Melbourne's E. Swanson Dock.

April 20: Justice Barry Beach of Victoria Supreme Court grants an injunction barring the union and its supporters from a 200 metre radius of Patrick Stevedores' operations; ordering the lifting of the blockade; forbidding people from taking photographs; and forbidding pickets from trying to persuade people not to scab. The judge warns that

pickets are guilty of 'serious criminal behaviour.'

In the following days, unions ignore Beach's order. Right-wing politicians, Patrick Stevedores, and the National Farmers' Federation call for pickets to be 'dragged off the docks'. Some warn of 'bloodshed on the wharves'. Police in Victoria refuse to move against pickets. Elsewhere there are mass arrests and police violence, particularly in Brisbane and Fremantle.

Nevertheless, the blockade holds firm. The entrance to East Swanson dock, in Melbourne, Victoria, is barricaded behind a pile of welded railway lines and sleepers. A tent city mushrooms outside, and a massive stage is erected by members of the construction union. Michelle Shocked is just one of the bands which entertain the pickets.

Church leaders declare their support for the union and services are held in an improvised chapel at the picket. Maori workers host a huge traditional 'hungi' and Vietnamese restaurateurs donate thousands of spring rolls.

April 21: Justice North finds that "there is an arguable case" that the MUA has been subjected to an unlawful conspiracy and that Patrick's illegally dismissed the union workforce. He orders that the workers be reinstated, but Patrick's appeals immediately, and the order is suspended.

April 23: A Full Bench upholds North's decision. But Patrick applies for a delay in the High Court. The reinstatement order is suspended until 27 April.

April 26: The High Court warns that Patrick's might be liable to pay enormous damages - up to \$1million per wharfie, or over \$2billion in total.

For the latest developments:

If you have Internet access, consult the apc.labr.global conference, or the website www.users.bigpond.com/Takver/soapbox/index.hat.

Or contact the MUA directly at 46 Ireland Street, West Melbourne, Victoria 3003, Australia. Fax: +613-9328 1682.

<http://mua.tcp.net.au/Pages/war.html>

The Maritime Union of Australia A proud history of internationalism

By John Tully

In *The Enemy Within*, his book on the 1984 British Miners' strike, Seamus Milne explained why the British miners have been viewed with loathing and horror – almost as 'morlocks' – terrible creatures from underground – by the British ruling class. They were the symbol of everything the Tories hated: militant, internationalist, socialist, and capable even of bringing down governments, as they did in the early 1970s to Ted Heath. For Margaret Thatcher, it was axiomatic that they must be crushed.

The Australian ruling class has the same relationship towards dockers or "wharfies." Industrial Relations Minister Peter Reith is always boring people with his father's tales of how wharfies allegedly refused to load tanks for Allied soldiers in Borneo during World War II.

The mere mention of the word 'wharfie' is likely to cause apoplexy in right-wing circles. My own school principal would suddenly burst into wild invective against wharfies during school assemblies in the 1960s. They were 'reds', he ranted. They got fabulous wages for doing next to nothing, the 'bludgers'. They were always 'holding the country to ransom', they had refused to load supplies for 'our boys' in Vietnam, and they were daring to tell the government of South Africa how to run its affairs!

What is it about this section of the working class that inspires such hatred?

At the beginning of this century, the countries wharf labourers were organised in a myriad of local unions. Gradually, they were welded together into a national union, the Waterside Workers' Federation (WWF). In those days the work was physically arduous and often dangerous. Ships were unloaded and loaded by hand. Cargoes were shovelled or loaded onto skips or pallets and winched out of the holds. Deaths and injury from shifting cargo were commonplace, particularly when ships discharged or loaded onto lighters in the open sea.

Wages for wharfies were low and employment was on a casual basis. Conditions worsened drastically after 1928 when the WWF lost a bitter strike. Scabs gained a permanent place on the waterfront and many good unionists were either blacklisted out, or else took years to get back into the industry. The union

remembered, too, its members who were bludgeoned by the police, or thrown into gaol. Most of all, they remembered those who were shot in the back by the cops at Station Pier in Port Melbourne.

Old time Melbourne wharfie Arthur Neville remembers that, when he first came to the waterfront, in the 1930s, "the labour force was divided into four different sections. The compound... resembled the Newmarket cattle yards. Members of the Federation were herded into one pen, members of the Permanent and Casual Wharf Labourers' Union in another and the second preference men were enclosed in the third. The rest, called "brumbies", "stiffs" or "blanks", were



allowed to roam in the open paddock – out on the road.

"With the support of an anti-working class government, the shipowners had complete control. They selected their own labour in what was called the open pick-up or bull system. Every day, thousands of men were herded into the compound like slaves in a slave market. When work was scarce the pick-up boss only picked up his pink-eyes or bulls.² The competition for work was so keen that good unionists with family obligations often became demoralised."

During the 1930s, however, militants from the Communist Party of Australia (CPA) gained control of the union in a number of ports. Foremost among them was an English immigrant called 'Big Jim' Healy, who became General Secretary of the union in 1937 and welded it into a strong national organisation. From this time, by dint of extraordinary struggle and sacrifice, the wharfies were able to make great improvements to their pay and conditions. From being a despised and marginalised section of the workforce, they became industrial pace-setters. One of their greatest victories was permanency and the closed shop for members of the WWF.

Yet the WWF was never inward-looking. Bonded together by common danger and the experience of struggle, they were among the most class conscious workers in the country, if not the world. Dealing as they did with maritime workers from across the globe, they needed little tuition to realise the truth of the words of Marx and Engels: 'Workers

of the World United! You have only your chains to lose, you have a world to win!'

Nor was this a mere formal position. In 1938, for instance, wharfies in Port Kembla refused to load scrap steel onto the 'Dalfram'. The steel, pointed out the union, was headed for Japan, from whence it would be re-exported as bombs and bullets against the people of China. This action enraged the conservative government of the day and earned Prime Minister Bob Menzies the lasting and derisive sobriquet of 'Pig Iron Bob'.

During World War II the union was in the forefront of securing decent pay and conditions for the Indonesian crews of Dutch ships which had fled to Australia before the Japanese advance. In fact, Australian wharfies and seafarers have taken action thousands of times since then to ensure decent wages and the payment of back pay to overseas maritime workers.

In 1945, after the fall of Japan, the wharfies and seafarers black banned all Dutch shipping in solidarity with the Indonesian war of independence. Similarly, when Pig Iron Bob's government was supporting the United States' war of aggression against Vietnam in the 1960s and early '70s, the WWF refused to load any ships bound for Vietnam.

The pattern continued with the wharfies often taking direct industrial action in support of the anti-apartheid struggle in South Africa. Wharfies have also taken extensive action against the export of Australian uranium and against the import of rainforest timbers from South East Asia and the Pacific. Ironically, given the role of the reactionary National Farmers' Federation in putting scabs on the wharf in the current struggle, the wharfies have also given tens of thousands of dollars to farmers for drought relief!

Small wonder, therefore, that the ruling class so loathes and fears the waterside workers. They are the symbol, for them, of everything workers should not be: class conscious and socially aware, internationalist to the bone and militant trade unionists in an age when the ideology of the market is at its zenith.

The ruling class thought that it had the wharfies by the throat, but they have been 'seen off', with the chant of tens of thousands ringing in their ears - 'The MUA is here to stay'. ★

Notes

1 The present-day MUA was formed by the amalgamation of the WWF, the Seamens' Union, the Firemen and Deckhands' Union, the Ships' Painters and Dockers and a number of smaller unions in the late 1980s and early 1990s. Eventually the scabs of 1928 had to form their own union, known for short as the P & Cs. This was eventually absorbed into the WWF, although when this was done there were very few of the original scabs left in it. It is not accidental that the bosses called the company set up to hire the scabs in the current dispute the P & C! It is a calculated insult to the wharfies and testimony of the strength of ruling class collective memory.

2. 'Pink-eye' is Australian slang for a 'bosses man' or 'crawler'. 'Bulls' are hard-workers, especially those who don't care for safety and have no solidarity with older, slower workers.

Time for change

The left regroupment party **And Jef-PADS** is preparing for parliamentary elections on May 24th.

Speeches alternated with songs and dance at the second *African Party for Democracy and Socialism (PADS)* congress in Dakar on February 14th. The 2,000 participants approved an anti-capitalist and anti-imperialist programme, and a series of urgent measures for dealing with the misery oppressing the people of Senegal. They chanted the Party's central slogan, and the title of its new bi-monthly magazine, "*Foly!*" (Throw them out, make the change!).

President since 1981 (and Prime Minister since 1970) Abdou Diouf is one of Africa's most veteran and corrupt leaders. His *Parti socialiste*, (Socialist Party) is one of the main African pillars of the Socialist (2nd) International of world social democracy.

Encouraged by their remarkable 9% score in the 1996 municipal elections, the PADS is determined to overthrow the corrupt and discredited regime.

The PADS hopes to win 20% of the vote in parliamentary elections later this month and form its own parliamentary group. But this will require a massive effort, particularly in the face of the regime's widespread electoral fraud.

The congress decided to place two PADS militants in each of the 8,200 voting stations, and create self-defence groups of about 10 comrades in each of the 1,200 electoral districts, to ensure that citizens can exercise their right to vote. Delegates also voted to work for the construction of "popular committees for electoral control."

This second PADS congress was front page news in the written media, but only

received one minute of (soundless) television coverage. The Diouf regime is determined to prevent the PADS presenting its message to the 70% of the population who cannot read.

The regime is particularly frightened of the personal popularity of PADS leader Landing Savané, who will challenge President Diouf in the 2002 presidential elections.

In the face of the regime's television brainwashing, the PADS is increasing its network of local meetings and public debates. Reflecting the importance of the spoken word in Senegal, the PADS programme was read from the tribune, so that illiterate delegates could participate fully in the debate.

The PADS has already won considerable public support and sympathy. The task facing it now is to organise this support. One step forward was the December 1997 formation of a PADS youth movement.

Another was the creation of a PADS women's movement, launched at a pre-conference caucus of 500 women delegates, which also fixed as its goal male-female parity in the leading bodies of the party.

What kind of party?

In effect, the PADS is both an avant-garde organisation and a mass party, searching for an appropriate model of organisation, education and expression. The tendency in internal debates is to avoid polarisation, and to adopt positions once they have won the support of all components of the party.

As a result, rather than accepting the suggestion of some leading members that the PADS should join the Socialist (2nd)

International ("to have more support abroad"), delegates voted to delay a decision on the proposal indefinitely.

Sometimes voting cannot be avoided. A proposal to create a post of party president, as well as a general secretary, was rejected by delegates after a long debate.

The PADS faces a real challenge. A growing part of the population recognises the party as the kernel of a political alternative to the neo-colonial Diouf regime.

But, like the people who place their hopes in them, the PADS is poor, and without resource. International solidarity is crucial if the party is to confront the power of the regime in this month's elections.

Internationalism

And Jef-PADS was created in 1991 as the fusion of three far left groups. *And Jef* (Act Together!) was founded in 1974 as an underground, Maoist group. The *Union démocratique populaire (UDP)* was a smaller ex-Maoist group, and the *Organisation socialiste des travailleurs (OST)* was the Senegalese section of the Fourth International.

Few in number, the members of the former OST are widely appreciated for their active role in building the PADS at every level. Fourth International supporter Amadou Guiro, was elected to the PADS political bureau, as Secretary for Political Life.

There was a standing ovation for the French revolutionary Alain Krivine, who delivered messages of solidarity on behalf of the Fourth International. [G/JD] ★

Senegal readers' fund

Many PADS militants read *Inprecor*, the French version of *International Viewpoint*. But the gap between our production costs and their resources has always been a barrier to wider circulation.

In response to the repeated requests of our Senegalese readers, we have established a special fund to subsidise *Inprecor* distribution. British cheques should be made payable to Outlook International. US Cheques payable to *International Viewpoint*. Other countries please consult your *International Viewpoint* subscription agent. Mark all payments "Senegal *Inprecor* fund."

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Senator-for-life Pinochet



On March 11 Chile's former dictator, general Augusto Pinochet surrendered control of the armed forces in exchange for a lifetime seat in the senate.

Under the constitution he himself drafted, this will guarantee him immunity to prosecution for his role in the 1973 coup and subsequent repression.

Pedro Brieger

The ceremony for the transfer of powers took place on Tuesday, March 11 in the Military School, which is located in the heart of Las Condes, the wealthiest and most pro-Pinochet neighbourhood of Santiago. This was very symbolic. Almost everyone attended: the soldiers that carried out the coup, the civilian leaders that accompanied him in government, the businessmen that were able to profit because Pinochet took care of eliminating all political and trade union opposition and the educated economists from the University of Chicago that brought their "magical" remedies. The wives of the military leaders who, thanks to Pinochet, went from selling tortillas to becoming high society "ladies" also attended the activity.

Since the ceremony took place in the Military School, all the regiments that had permitted Pinochet to be the head of the Army for 25 years were also in attendance.

Five thousand soldiers marched in homage to the Captain General and "saviour" of the fatherland, administrator of the "last Prussian army in the world", as Pinochet, proud of his masterpiece, liked to say.

Outside, a few demonstrators invoked the ghost of communism and happily waved a few Chilean flags. More symbolically, there appeared in the foreground a flag with a black eagle and a swastika, the famous emblem of nazism. But inside the Military School, nothing was left to chance.

"Mission accomplished!," the outgoing Chief of Staff General Pinochet proclaimed to Chileans and the rest of the world, "Always the conqueror, never the conquered!" exclaimed the incoming commander in chief of the Chilean army, Ricardo Izurieta.

These emblematic phrases unambiguously reflect the history of Chile since 11 September 1973, when Augusto Pinochet sent tanks into the streets of Santiago, bombed La Moneda — the presidential palace — overthrew the radical President Salvador Allende and imposed a terror that filled the prisons and sent thousands of Chileans to exile or death.

Pinochet's paradoxes

After overthrowing the *Unidad Popular* government, persecuting, jailing and assassinating thousands of socialists, communists and other opponents of the dictatorship, Pinochet also drafted a constitution to suit his needs. Article 45 proclaims that "ex-presidents who have held the position for six consecutive years" will become senators for life. He has been the only one who fills this requirement.

Chilean history at the end of the century is filled with paradoxes. Perhaps the greatest is that the ex-dictator will spend his last years in the Congress, the same one that he shut down. From there, he will be able to show off his new democratic education and argue — for example — with the president of the Senate, Andres Zaldivar who he persecuted and exiled in 1981. This "luxury" can only be permitted by a person who, for 17 years, governed at will and ordered the execution, burial and hiding of the cadavers of thousands of his opponents. This is a person who, at being informed that there were two cadavers found in a grave, answered "but look, what an economy..."

Pinochet transformed Chile. And he wasn't overthrown by popular mobilisations like Somoza in Nicaragua. Neither did he leave by the back door like Stroessner in Paraguay. In Argentina, military officials had to leave the political scene after the defeat in the Malvinas (Falkland Islands). They were publicly humiliated in the "Trial of the Commanders." In Chile, after 25 years, Pinochet marches through the front door with all honours, and a party with champagne included.

Pinochet's partial popularity

Although the 17 year dictatorship left Chilean society with deep wounds, it would be wrong to think that the overwhelming majority of Chileans are opposed to Pinochet occupying a seat in the Senate. In the first place, it must be remembered that *Unidad Popular* never had an absolute majority in the Congress between 1970 and 1973. Also, the Chilean right had a great capacity to mobilise, not only the middle and upper classes, but also some trade unions. This was a unique case in Latin America.

Secondly, macro-economic growth in Chile is real, as are the benefits from consumption, although income distribution is evermore unequal. This makes it possible to understand why the two principal rightist parties, Renovacion Nacional (RN) and the Union Demócrata Independiente (UDI) have only two senators less than the

centre-left government in the Senate. It also helps to explain how, on the same day as the ceremony in the Military School, an article — almost an editorial — entitled "Simply... Thank you!" could appear on page 2 of the most important Chilean daily newspaper, *El Mercurio*.

Government failures

Pinochet didn't get to be a senator only on his own merit. The centre-left government allowed it. In power since 11 March 1990, the "Co-ordination for Democracy", led by Christian Democracy, the Socialist Party and the Party for Democracy, have always feared "awakening the ogre". In the name of a "realism" that ended up being a sort of dogma, *La Coordinación* has always rejected any initiative that would involve street demonstrations or provoke the military apparatus.

The central argument was that this could weaken the "transition to democracy". With this logic, the Co-ordination accepted Pinochet's new Constitution, which provided for the existence of senators appointed at will and for "life", benefiting from immunity from prosecution.

The presence of the nine appointed senators and the one senator "for life", prevents the government party from gaining a majority in the Senate and thus, changing the Constitution.

The best person to explain this situation is the sociologist Tomas Moulian, author of the book *Chile Today, Anatomy of a Myth*, (1997) the first rigorous and serious analysis of Pinochet's regime. Moulian received this correspondent just hours after the ceremony in the Military School in his office on the first floor of the ARCIS University. A few blocks away, in the Alameda, the main avenue of Santiago, the police were still chasing demonstrators shouting anti-Pinochet slogans.

According to Moulian, "the ideological changes in the parties that comprise the *Coordinación* allowed them to adapt to the task of governing the society constructed by the dictatorship. But they were also condemned to being the administrators of the social order inherited from Pinochet."

Moulian recognises that "struggling against a dictatorship that is successful in its class project and that has no scruples in its use of terror is a difficult endeavour."

However, he also adds that above and beyond the military regime's own influence, the ideological transformations of some leaders of the *Coordinación* mean that many of them now consider this transition to be the ideal and not a lesser evil.

"They changed the heads of power, but not the society," he adds. "The fundamental idea that leopards don't change their spots (*gatopardismo*) has been fulfilled: everything appears to have changed so that everything continues as it is."

After almost ten years of governing, the last attempts by the present government to prevent Pinochet from taking his place in the Senate in Valparaiso was more of a farce than a real political offensive.

Too little, too late

Having lived with Pinochet for ten years, a few of the deputies in the Co-ordination now proposed measures that would prevent Pinochet from taking a post in the Senate. Their attempts included constitutional accusations, proposing referendums to introduce reforms into the Constitution, juridical arguments that Pinochet had never been President of the Republic, but only the Chief of State, and requests for an inventory of his belongings. All of this, however, came too late.

La Coordinación in crisis

Although the last minute efforts to prevent Pinochet from taking a seat in the Senate were not successful, they did provoke a crisis within president Eduardo Frei's Christian Democracy party (DC), which is the main pillar of the *Coordinación*. At 11:00pm on the night of March 10, after a heated discussion, Frei's proposal to end the constitutional accusations against Pinochet was defeated by only one vote. The president argued that the accusations could affect the transition.

With the defeat of his proposal, Frei found himself more isolated than ever before. His party was divided, DC youth were in the streets of Santiago and Valparaiso shouting slogans against Pinochet and being repressed by the police, and the "senator for life" was voting in the Senate with the eyes of the world watching.

Who represents the people?

All of this was happening in the framework of apathy and disdain that people feel toward the traditional political parties. By 10:00pm Monday night, the ratings war between the television soap operas mattered more than the ceremony taking place in the Military School.

It should be remembered that in the last elections, on 11 December 1997, one and a half Chileans did not register to vote, more than a million abstained, and another million nullified their vote or left the ballot blank.

A total of 700,000 votes were shared among the greens, the Communist Party and other smaller groups. In other words, almost 50% of all Chileans registered to vote do not have representation in Parliament.

Marta Lagos, a columnist for the Christian magazine *Mensaje* says that "this is a symptom of a democracy which has failed to transmit its most fundamental idea: that sovereignty rests with the people. This is the fate of civic illiteracy."

Twenty-five years of Pinochet have had profound consequences for Chilean society. The majority of those who at one time struggled against the dictatorship became worn out during the government of the *Coordinación*.

Perhaps a change will come with the youth that is now pouring out into the streets in protest — people who had not even been born in 1973. With a new generation comes a new hope. ★

Peace – but in what shape?

On 2 December 1997 representatives of the United Peoples Party of Chittagong Hill Tracts signed a peace agreement with the Bangladesh government.

After 25 years of armed struggle, the Jumma people of the Chittagong Hill Tracts accepted a promise of peace from the state, which occupies their land with a military presence unimaginable in any other part of the country.

Joyoti Grech*

The signing of the agreement, and the amnestied return on 6 February of the *Shanti Bahini* (Peace Force) guerrillas, received full media coverage throughout Bangladesh. The BBC World Service has carried extensive reports on the situation since December – one of the rare events other than a flood or a famine to bring Bangladesh into the BBC spotlight.

But it remains unclear what this peace agreement means. Right-wing nationalists and fundamentalists of the BNP and *Jamaati Islamis* have taken to the streets of Dhaka protesting what it calls a government sell-out to “secessionists”.

At the same time, there has been vocal and organised criticism of the agreement by Jumma groups within Bangladesh, who point out that the three major demands of the movement for self-determination are left unaddressed.

- There are no provision for military withdrawal from the CHT

- There is no promise to reverse the illegal settlement of Jumma lands

- There is no commitment to constitutional guarantee of any of the terms of the agreement. In other words, even this limited accord could be blown away like so much dust by a future administration.

Basically, the agreement provides for the three districts of the CHT to be administered by a Hill Council, under advice of a new government “Tribal Affairs Ministry”. The problem is that more than 50% of the CHT (“the reserved forest, Kaptai Hydroelectric Project area, Betunia Satellite Station area, state-owned enterprises and lands recorded in the name of the government”) will be beyond the jurisdiction of the Council.

The agreement also promises a process of containment of military personnel within cantonments in the CHT rather than being scattered throughout the region, and the return of the estimated 50,000 Jumma refugees currently living in camps in the



Indian state of Tripura.

There is a promise to ensure the basic livelihood of returning refugees, but it is difficult to imagine how they will be able to survive. The vast majority will never be able to return to their rightful homes and livelihoods, as these are now occupied by settlers from the plains, historically sponsored and protected by the Bangladesh state.

There is an amnesty for members of the United Peoples Party of Chittagong Hill Tracts (JSS) and the *Shanti Bahini* guerilla movement. But the ban on the JSS has not been lifted. The Bangladesh government has signed an agreement with an still-outlawed political party!

The signing of the agreement does mark a crucial stage in the history of Bangladesh and of the Jumma people's struggle for self-determination. There can surely be no more accusations of secessionism directed at a movement which has always upheld the basic democratic rights of the people of the CHT.

What moves the government?

But maybe the very notion of national sovereignty needs re-examining in the context of capitalist globalisation. Moves towards the signing of the peace agreement have accelerated rapidly since India agreed to release water from the Farrakha Dam for use by Bangladesh, nor that the World Bank is keen to push ahead with its development of Chittagong Port and the building of a trans-Asian highway stretching from India to points east of Bangladesh. Over the last two years the Bangladesh government has agreed contracts for mineral exploration in the CHT with more than one multinational corporation, including United Meridian.

Bangladesh may be living through the closing of one era, but the shape of things to come remains to be seen. ★

* Joyoti Grech is a CHT solidarity activist, playwright and poet, living in Britain.

Mrinal Chakma's soft spoken ways and calm exterior contrast with the horrors he has witnessed and endured, and his tireless activism on behalf of the Jumma people, the indigenous inhabitants of the Chittagong Hill Tracts of Bangladesh.

“Since my childhood I have seen the atrocities and repression of the Bangladesh military,” remembers Mrinal. “I have seen my friends killed in front of me, I have seen my uncles dragged into military vans and later killed... In the Chittagong Hill Tracts (CHT) there are human rights abuses of every kind, from arbitrary arrest, killing, arson, rape to forcible displacement of population and forcible occupation of indigenous peoples lands.”

Mrinal, who now lives in exile in India, spoke to B. Skanthakumar about the historical background to the twenty five year old conflict between the *Shanti Bahini* rebels and the Bangladesh military, and the conditions and experiences of state oppression which fuel resistance to it.

The interview took place in early November 1997, before the latest peace accord was signed.

Under the British...

Before British colonisation the region was independent. There are ten communities traditionally resident there. The largest single group are the Chakma. Each group had its chieftan structure and land was communally owned though managed by village elders and chiefs. The people are known as the Jumma from the *jum* or ‘slash and burn’ cultivation that they carry out. Between 1772 and 1787 there were wars between the British and the local rulers. These ended in a peace treaty guaranteeing the people of the Hill Tracts a quasi-independent status in return for

their recognition of the authority of the East India Company.

In 1900 the administrative system changed slightly when the British legislated the Chittagong Hill Tracts Rules Act. This "Hill Tracts Manual", is considered to this day to be the legal foundation of the Jumma claim for autonomy and self-government.

However on the Bangladeshi side, the (Muslim majority) Bengalis consider it as symbolic of colonial domination and therefore do not feel bound to honour it.

...East Pakistan...

In 1947 the partition of the Indian sub-continent led to controversy whether the CHT was to become part of India or East Pakistan as it then was. "Since 97% of the people are non-Muslim (mainly Buddhist, Hindu and Christian as well as animists)," says Mrinal, "the majority wished to join India, but this didn't happen. Our preference being well known, the loyalty of the Jumma to the new state of Pakistan was considered suspect right from the start. Discriminatory policies against us began and there was a steady erosion of our political, economic and social rights."

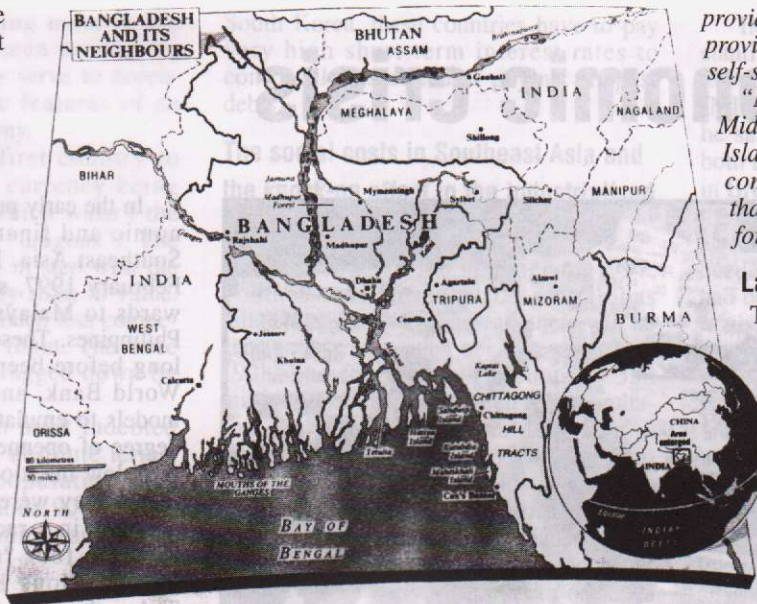
One of the main grievances was the construction of the Kaptai hydro-electric dam in 1960. This project flooded fifty-four thousand acres: one tenth of the CHT and 40% of its arable land. Over 100,000 people were displaced. Forty thousand crossed over to India and settled in Arunachal Pradesh. Tens of thousands also fled to Mizoram in India and more recently fifty thousand fled to the Indian state of Tripura, where they are still living in make-shift refugee camps.

Each intensification of the military's activities in the CHT provokes a fresh exodus of Jumma across the border. In India too they face discrimination and hostility from local communities who fear diversion of scarce resources to the newcomers and competition for jobs.

...and Bangladesh

"During the 1971 war of liberation in which the Bengalis fought and won their freedom from West Pakistan the CHT supported and participated in the struggle. We believed that in an independent Bangladesh we would recover our identity and regain our lost autonomy. However our hopes were misplaced." Initially the political process and non-violent methods were used without success. Meanwhile, the oppressive policies of the previous governments were continued and intensified.

A new generation of youth emerged after 1973 forming a resistance movement



provide them with shelter and with ration provisions because these settlers are not self-sufficient."

"Meanwhile money is solicited from Middle Eastern countries in the name of Islamisation for the support of the new communities. The Jumma people feel that we are being made into objects for forcible cultural assimilation"

Land shortage

The Bangladesh government argues that the Chittagong Hill Tracts are 10% of the total land area and scarcely populated in comparison to the rest of the country and that there is enough land for all.

This is a misconception among the Bengalis and false propaganda from the government, responds Mrinal. "Only 3.2% of the CHT is cultivable. According to government statistics the ratio

per person to cultivable land in the rest of Bangladesh is 0.2 whereas in the CHT its 0.14. In other words, its much lower than in the flatlands of Bangladesh." The hilly terrain, the soil composition, the Kaptai dam and the protected lands for environmental conservation account for the low figure.

Solidarity

"There is very little awareness in the rest of the country as to the real situation in the CHT. The media doesn't publicise or investigate the human rights violations and the roots of the conflict.

The Left parties are sympathetic but they haven't been very active on this issue and have yet to integrate an analysis of the CHT question and indigenous rights into their theoretical framework. They could be doing more to inform the Bengali people about the atrocities of the state and the plight of the Jumma."

What can be done outside of Bangladesh? "There are already support groups in a number of Western European countries and in Japan but they are small and working in isolation from each other. There needs to be better co-ordination among them and the development of an integrated campaigning strategy to force concessions out of the Bangladeshi government.

"We need more awareness abroad about our struggle through the media and other forums to raise the consciousness of the general public.

"There should also be greater unity and common action among indigenous movements throughout the world in Asia, Australia, Africa and Latin America and a concerted campaign for our rights."

"The pre-conditions for peace in the region include the demilitarisation of the CHT; constitutional protection of our land rights, laws and customs, with genuine autonomy for the CHT; an end to state settlement schemes and return of Jumma lands; and voluntary return of refugees with a satisfactory rehabilitation package." ★

called the *Shanti Bahini* (Peace Force) and committed to armed struggle for the self-determination of the CHT. The Bangladeshi government responded with counter-insurgency operations and flooded the area with military forces. "For every ten non-combatant Jumma people there is one military cadre in the CHT making it perhaps the most militarised region in the world!

"The military intervene in all aspects of civil administration. The CHT Development Board is headed by the General Commanding Officer of the Chittagong Division. Development funds get channelled for military infrastructure. The military controls logging permits. Even when our people want to move around the CHT or to gain admission for their children in university, the permission of the army must be obtained."

Transmigration and assimilation

Since 1975 there has been a state sponsored scheme to resettle landless and poor peasant Muslim Bengalis from the densely populated and land scarce delta region, in the Hill Tracts. The objective has been to change the demographic composition of the CHT and it has worked. In 1971 Bengalis comprised 11.6% of the CHT population but by 1991 they were 48.5%. The birth rate among the non-indigenous people is twice as high as that among the indigenous and higher than the national average too. The settlers are grouped in cluster villages which are protected by army camps. This has not prevented reprisal attacks between the migrant communities and the Jumma who have been dispossessed of their lands or whose remaining communal and protected lands are being encroached upon.

According to Mrinal this trans-migration programme is intimately connected with the militarisation of the Hill Tracts. "The military use the helpless settlers as pawns and as a justification for their presence and activities in the region. They divert development funds to the settlers to



Asia's economic crisis



As the New York Stock Exchange reaches new records, people across Asia are facing the consequences of a savage economic crisis which exploded in the second half of 1997. Countries once praised as examples of dynamic capitalism are told that they must allow Western multinationals to take control of their financial and industrial sectors.

Meanwhile, governments, bankers and journalists in the imperialist countries reassure their citizens that the crisis is over. But, as this special dossier argues, the worst is yet to come.

In our first article, Eric Toussaint, co-ordinator of the Brussels-based Committee for the Cancellation of Third World Debt, gives a blow-by-blow account of the storm that has destroyed jobs and savings across Asia, and exposes the role of the International Monetary Fund in creating, then exploiting the crisis.

In a second article (pp.20-23) Maxime Durand looks at the impact of the Asian economic crisis on the rest of the world, and debunks the myth that Western Europe and North America are at the beginning of a new cycle of technology-led growth.

To conclude (pp.24-27), Jesús Albarracín and Pedro Montes explore the workings of global financial markets, and explain the causes and consequences of the growing role of speculative capital.

In the early part of 1997, a major economic and financial crisis erupted in Southeast Asia. It began in Thailand in February 1997, spreading from July onwards to Malaysia, Indonesia, and the Philippines. These four countries had not long before been cited by the IMF, the World Bank, and private banks as the models to emulate, thanks to their major degree of openness to the world market, their low inflation and their high growth rates. They were Asia's four "dragons", engaged in a race to catch up with the region's four "tigers" (South Korea, Taiwan, Hong Kong, and Singapore). Today, the very same institutions criticise these countries for having given the state too strong a role; they say the state had made the error of allowing private financial and industrial concerns to accumulate exaggerated levels of debt and to speculate.

In the five years leading up to the crisis, these countries' external debt had more than doubled. The 1997 crisis unleashed a renewed explosion of debt, suddenly making it very difficult for the countries to meet their financial obligations. Taiwan and China are exceptions to the rule, but for how long?

Growth in the "dragon" countries (Thailand, with a population of 60 million; Indonesia with 203 million; the Philippines with 73 million and Malaysia with 20 million) was driven by foreign capital, imports of goods and machinery, and by low salaries.

This soon led to the appearance of two negative factors. First, the external debt - largely in the form of short-term loans contracted in financial markets - grew rapidly; second, the trade deficit continued to rise. Indeed, imports were systematically higher than exports. In other words, these countries' productivity remained structurally lower than that of the industrialised nations with which they were trading.

The four "dragons" have retained the characteristics of Third World economies and therefore suffer the effects of unequal trade. The relative price of their exports is lower than the relative price of the goods they must import to reach their growth targets and to satisfy the consumer needs of the wealthiest sectors of the population. It is only these layers of the population that have the necessary purchasing power to buy high-quality consumer durables. A large section of the population did not benefit from the fruits of growth, which explains why the gap between rich and poor within the countries in question actually grew in size, despite an overall increase in national income. Now that the crisis has hit, the richest sectors of the population continue to amass wealth while

the majority – including most in the middle classes – has seen its income plummet. This will only serve to accentuate the characteristic features of an “underdeveloped” economy.

Thailand was the first country to plunge into crisis, its currency being pegged to the dollar (which wasn't the case for the other three “dragons”). The Thai bhat therefore kept in step with the dollar, which had strongly risen in value. This made Thai exports much less competitive, provoking capital flight. The three other “dragons” were dragged down by the Thai collapse.

Thailand is the fifth most indebted Third World country in absolute terms, just behind Brazil (population 170 million), Mexico (population 90 million), China (population 1.2 billion) and South Korea (population 45 million).

The global stock market crisis

The crisis was not limited to the four “dragons”. In October 1997 it hit Hong Kong hard and began to undermine South Korea. It deepened the economic crisis already affecting Japan. By late October and early November, all the world's stock markets were shaken.

The large institutional investors – pension and mutual funds, insurance companies and banks – panicked in the face of the monetary and stock market instability for which they are largely responsible. They deepened the crisis by selling off some of their stocks to convert them into liquidity or to buy bonds from governments in the most industrialised countries. These bonds were seen as safe havens, although their yield immediately dropped in response to the flood of money in their direction.

Capital flight out of Southeast Asia began in early 1997. From July onwards, the scale of this flight forced the “dragons” to progressively devalue their currencies relative to the U.S. dollar. The outward flow of capital eventually affected Hong Kong, the main stock market in the Third World and the sixth largest world-wide.

The Latin American bourgeoisies had hoped to attract this capital outflow from Asia into long-term investment in Latin America, but this was not to be. On October 27, the Mexico City, Sao Paulo, and Buenos Aires stock markets – Latin America's three main financial centres – crashed simultaneously. By December 1997 the Mexico City stock market had recovered, but for how long?

On October 27 and 28, the crisis spun out of control; all the world's stock market plummeted. Under the combined effects of the huge devaluation of their currencies, and the emergency loans from the IMF, World Bank, other financial institutions, and some governments, the weight of the external debt of the four “dragons” increased dramatically. Now that the two U.S. credit-rating agencies Moody's and Standard and Poor's have downgraded the country-risk rating of the “dragons” and

South Korea, these countries have to pay very high short-term interest rates to contract loans aimed at paying off past debts.

The social costs in Southeast Asia and the knock-on effect in the industrialised countries

Beginning in the summer of 1997, Southeast Asian industrial growth has fallen significantly. It appears there will be zero and perhaps even negative growth in 1998. The four “dragon” countries' 350 million inhabitants have seen their purchasing power tumbling down. According to the World Bank, by early 1998, 2.3 million Indonesians had already lost their jobs (*International Herald Tribune*, January 12, 1998). One million Malaysians and 1.7 million Thais were in the same position. We are in the early stages of an out-and-out social catastrophe.

The slowdown in the “dragon” countries' industrial growth will lead to a drop in their imports from the industrialised countries, which will suffer as a result. The effect on each industrialised country will be proportional to the amount of exports they had been selling to Southeast Asia prior to the crisis. The Asian countries affected by the crisis (including South Korea) took in no less than 19% of U.S. exports in 1996. Japan, the United States, the Netherlands, and Germany will be most seriously affected. But since 60 percent of French and Belgian exports go to Germany, these countries too will be seriously affected.

A failing grade for the IMF

The IMF had sworn it would never again be caught off guard by a financial crisis characterised by the massive outflow of capital from a given country. Following the 1994 Mexican crisis, the IMF had established a monitoring system for each country's national economy, aimed at eliminating the possibility of another Mexico-like crisis. But this system proved to be of no use.

The IMF Board of Directors' *Annual Report* for the year ending April 30, 1997, was written up during the summer of 1997, while the Southeast Asian crisis was gathering steam, and published in September. It reveals an IMF steeped in illusion about its own ability to pinpoint the beginnings of a crisis on time. “[We] note that consistent progress has been made, especially concerning the IMF's ability to detect the appearance of financial tensions at an early phase” (*IMF Annual Report 1997*). The actual course of events soon showed how baseless these self-satisfied comments had been.

The IMF did not foresee the major financial crisis that hit the four “dragons”. Worse, in its World Economic Outlook, written during late 1997, the IMF did not foresee the crisis that would hit South Korea, the world's 11th most powerful economy, only days later, in November 1997.

IMF President Michel Camdessus constantly changes his explanation for what is happening. At a press conference held at IMF headquarters on December 18, 1997, he said that the IMF had underestimated both the danger and scope of the crisis. Yet in Brussels on January 21, 1998 he blamed the crisis on the leaders of the countries affected. He accused them of not having heeded IMF warnings! He added, “If we had been able to act six months earlier, the crisis in South Korea would never have happened” (*Le Soir*, January 22, 1998). What nonsense!

The IMF and the Asian “dragons”

Beginning in the 1980s, the IMF and the World Bank had pointed to the four “dragons” as models to be emulated by all Third World countries, and even Eastern Europe. This posture was maintained right up until the outbreak of the crisis.

On Thailand, the 1997 Annual Report includes a summary of a working meeting held between the IMF and Thai officials in 1996. According to the report, the country's external debt had risen sharply between 1991 and 1995, rising from 39 percent to 49.5 percent of GDP. Furthermore, it says, half of this external debt was contracted on a short-term, high-interest basis, and the trade balance was increasingly in the red. The report highlights other causes for concern. Nevertheless, it draws the following balance sheet: “The managers enthusiastically praised Thailand's remarkable economic performance and its strict application of sound macroeconomic policies. They noted that financial policy had been tightened in 1995 in response to the increase in inflation and in the current account deficit, and that these measures had begun to bear fruit, although they warned Thai officials against being complacent” (*IMF 1997 Annual Report*).

Indonesia also earned IMF praise. “The managers congratulated Indonesian officials for the country's economic performance in recent years, in particular for the significant reduction in poverty and improvements in a wide range of social indicators (...)” (*IMF 1997 Annual Report*). IMF managers praise Indonesian officials for prioritising “the free circulation of capital”, though they highlighted some of the dangers this entailed. “Massive capital inflow has raised a number of challenges for government officials,” the report says. The analysis continues with praise for Indonesian officials, indicating that they would handle the new challenges with comparative ease. “One of the ingredients of Indonesia's success has been the flexibility with which officials have adapted economic measures to changes in the situation. This will be an essential asset for tackling new challenges” (*IMF 1997 Annual Report*).

As for Malaysia, the report congratulated Malaysian officials for the country's ongoing remarkable economic performance, characterised by robust export-oriented growth, low inflation, and noteworthy social progress in the reduction of



poverty and improvement of income distribution. Sound macro-economic policies and broad structural reforms have boosted these results" (*IMF 1997 Annual Report*).

Once the crisis began, these very same Thai, Indonesian, and Malaysian officials became the targets of criticism from the IMF and neo-liberal ideologues. Malaysian Prime Minister Mahathir was a particular source of irritation to the IMF for a number of reasons. From late July 1997 onwards he attacked the criminal role of large speculating financial institutions; he attacked the IMF and refused its assistance; he visited Fidel Castro in September 1997; and Malaysia hosted the G15 Summit in the fall of 1997, bringing together the main countries of the Third World in a (sadly) failed attempt to put pressure on the industrialised countries.

As previously stated, one of the main causes for the crisis in the "dragon" countries was a high growth rate based on a massive inflow of foreign capital and on imports levels that consistently surpassed exports. This led to a rising current account deficit, accentuated by the increase in the value of the dollar in 1996 and 1997. These countries pursued a low-wage and high-interest policy aimed at attracting foreign direct investment and speculative capital.

This policy created a distorted domestic market in which only a small wealthy minority enjoyed high consumption levels, and in which speculative investment exploded in sectors such as real estate. Financial and industrial concerns in the "dragons" all took on high levels of debt to undertake major development projects



and to engage in speculative investment practices. Local banks and brokerage firms made huge loans without requesting adequate guarantees from their debtors.

When the vanguard among international and local financial speculators - led by George Soros' Quantum Fund - determined that government officials would be unable to defend their currencies, they unleashed their attack, starting with the Thai bhat. The first round of attacks proved to be a success, a wave of

panic selling followed. Those local capitalists who could, also exchanged their local currencies for dollars, which they invested in safer markets far away.

For this reason, Mahathir's condemnation of international speculators is inadequate; he has had nothing to say about local capitalists who behaved in exactly the same way, sheltering their capital from regional turbulence.

The Malaysian PM seems more interested in finding a scapegoat to redirect the population's anger, to protect the region's home-grown capitalists. Indeed, like his Thai counterparts, he seems to have found another category of scapegoats - the large number of migrant workers both countries have decided to expel.

The crisis has awoken the region's governments to the disadvantages that come with a massive inflow of volatile capital. This inflow feeds a speculative financial bubble and pushes up the value of the local currency (due to the enormous quantity of strong currencies in circulation on the domestic market).

An example of the change in thinking in the region came from Cesar Bautista, Philippine minister of commerce and industry. While not jettisoning his neo-liberal creed, he told the French paper *Le Monde* that "our currency was never pegged to the U.S. dollar. We always let the market determine the exchange rate. The problem was - and the same goes for other countries - that the market was functioning abnormally due to the excessive influx of dollars. When dollars flood into your economy, your currency is probably overvalued." Further on, Bautista engages in self-criticism. "We should have applied much stricter measures over the past two years to control the enormous influx of U.S. dollars. We could more closely track portfolio investment, we should also encourage these investors to make a longer-term commitment to the country by penalising short-term speculative operations." (*Le Monde*, January 13, 1998). But for the moment, the IMF remains hostile to such measures.

The IMF and the South Korean crisis

The crisis erupted in South Korea in November 1997. In its October 1997 quarterly bulletin on economic prospects for the coming two years, the IMF makes absolutely no mention whatever of the crisis that would hit the world's 11th most powerful economy a few days later.

After the fact, the IMF did exactly the same as the army of neo-liberal editorialists and economists. Having praised South Korea to the skies until 1996, it changed its tone overnight. The South Korean system, it now said, was based on too much overlapping between state employees and institutions, financial establishments and industrial houses. These financial and industrial establishments form huge conglomerates - the chaebols - that finance political leaders in exchange for continued economic privileges.

The neo-liberals also criticise South

Korea for upholding a highly protectionist arrangement, an overly strong public sector and a social insurance system seen as too favourable for workers.

The causes of the South Korean crisis

South Korea's industrial development is more advanced and began long before that of the four "dragons". Some South Korean multinationals had even managed to compete head-to-head with powerful companies from the advanced industrialised countries in a number of sectors (computer semiconductors, automobiles, shipbuilding, industrial goods). South Korea's share of the world market continued to grow until 1996.

The South Korean development model was in many ways the antithesis of the neo-liberal model. It involved a radical agrarian reform in the 1950s, industrialisation fostered and protected by the state, military dictatorship and repression of the trade union movement, followed by significant concessions to labour in the face of powerful working-class mobilisation. South Korean workers have the second highest wages in Asia, after Japan.

The causes of the South Korean crisis correspond to three distinct factors.

First, the country experienced a decline in the terms of trade between the relative value of its exports and that of its imports. In 1996-1997, the volume of South Korean exports rose by 37 percent but brought in only 5 percent more revenue. The dollar value of South Korean exports dropped by about 15 percent in 1996 and 12 percent in 1997. The weakening of the Japanese yen made Japanese exports more competitive. South Korea was also confronted with competition from China and the four "dragons", whose competitiveness was linked to a low-wage policy. Finally, South Korea had carved out a specialised niche for itself in the production and export of semiconductors, and was hit hard by the drop in prices in this industry.

Second, South Korea had grown increasingly dependent on the recent, massive inflows of foreign capital in its most volatile form - portfolio investment and short-term loans. To compensate for export losses, South Korean companies took out huge short-term loans in expectation of an economic recovery that never came.

Third, South Korean employers failed in their attempt to make workers pay for losses suffered in export markets. They tried to shackle industrial workers (whose wages had risen at an annual rate of 16 percent between 1987 and 1996) by getting the government to hurriedly adopt modifications to the labour code in late December 1996, in the absence of the parliamentary opposition. This measure provoked a general strike, which was victorious inasmuch as the workers obtained a two-year moratorium on layoffs.

Under the combined effects of the Southeast Asian crisis, the continued rise

in the value of the dollar and depreciation of the yen, the accelerated outflow of volatile capital from the country (which had begun in earnest in the spring of 1997), the South Korean economy was plunged into a major crisis — placing it at the mercy of the IMF and the United States.

IMF-imposed structural adjustment

A thorough structural overhaul is under way. A number of financial establishments have been shut down, and extensive layoffs have occurred. The central bank has been made autonomous of the government (making it easier for the IMF to exercise its influence), while interest rates have skyrocketed, sinking local industry and consumption into recession. Major investment projects have been abandoned. The major South Korean conglomerates (the chaebols) are being dismantled, and the country's labour code is being modified to allow for extensive layoffs. Indonesia has abandoned its ambitions in the aviation and automobile industries. These countries have been plunged into a deep recession.

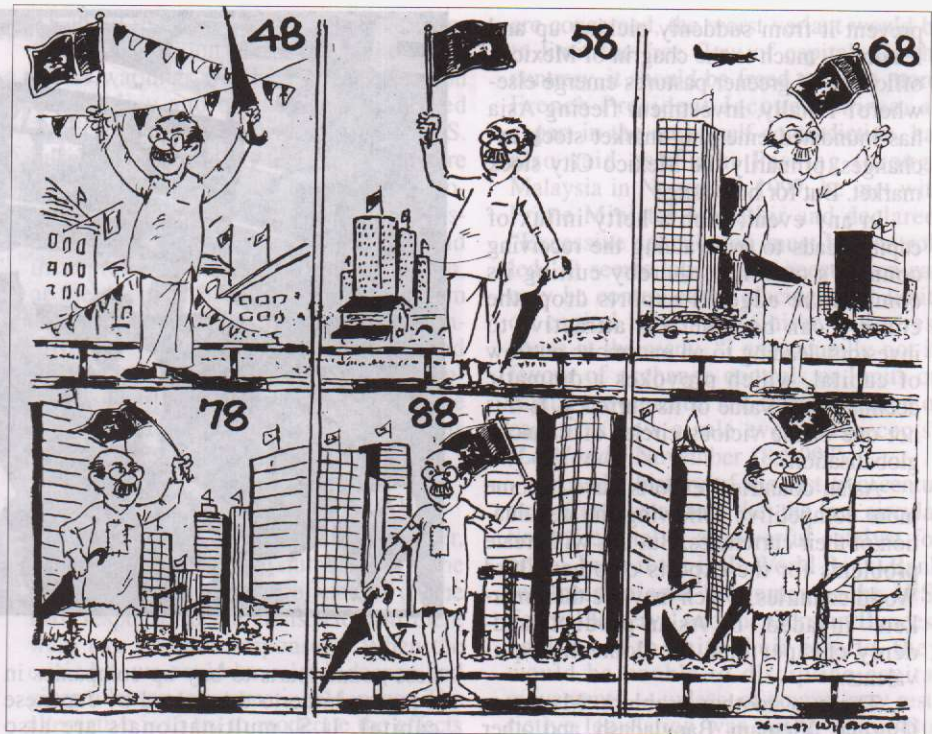
Governments have been placed under the supervision of the IMF, the World Bank, and the G7 countries, particularly the United States. They must make regular reports to their overseers, who can at any time threaten to stop the flow of loans the countries need to pay back private creditors. This represents nothing less than a loss of national sovereignty.

The loans provided by the IMF, the World Bank, and private banks all include a risk premium tacked onto the market interest rate (except for a small number of the World Bank loans, which target the most vulnerable layers of the population). These institutions will make huge profits. IMF head Michel Camdessus recognised as much at a December 18, 1997 press conference.

The tens of billions of dollars contracted in loans were immediately used to pay back the banks and other international financial outfits. Each of the contributors to the so-called rescue package will be paid back, thanks to the countries' export revenues and savage cuts in public spending. Tax revenues will also go towards paying off the external debt.

Openings for foreign investment (with no limit on the repatriation of profits) will clear the way for U.S., European and Japanese multinationals to buy up Asian companies at rock-bottom prices. The IMF convinced Seoul officials to allow foreign companies to acquire 100 percent ownership in South Korean companies.

International financial institutions will now be able to return to the region to invest a part of the funds they had previously withdrawn in a panic. George Soros acknowledged having done so in 1997, yet he was welcomed back to the country like a visiting dignitary by the new South Korean president, Kim Dae-jung, who promised he could lucratively pursue his interests in the country. The



new president announced that foreign investors were welcome to buy up the 71 institutions comprising the country's domestic financial sector.

Hong Kong and China

The crisis in the region has also affected Hong Kong and reduced the influx of capital into China. In 1996, China had attracted more than half of total foreign direct investment (FDI) earmarked for East and Southeast Asia.

Beijing took in 42 billion dollars, the four "dragons" attracted 17 billion, while Singapore received 9 billion that year. (For purposes of comparison, all Latin America took in only 39 billion dollars in FDI that year. Worse, India attracted only 2.5 billion dollars, the same as Hong Kong.)

Capital flows into China dropped by 50% during the first half of 1997 compared to the previous year. It is very likely that this decline will continue in 1998.

If China finds itself faced with a dramatic fall in foreign capital inflows, it will have to reduce its imports. This could have a depressive effect on the world economy.

In its desire to keep its exports competitive with those from the "dragon" countries, whose currencies have significantly dropped in value, China will be tempted to devalue its currency. It might resist doing so, to avoid sharpening its trade disputes with the United States, which consistently registers a strong trade deficit with China and accuses Beijing of unfair trading practices. Also, such a devaluation would be seen as an admission of weakness by global markets, and would tarnish China's image in the eyes of foreign investors.

Before the outbreak of the crisis, Chinese officials had adopted a programme of large-scale privatisation for 1998. Will they stick to this plan in a context where all their competitors are privati-

sing, thereby driving down the price (and therefore the privatisation revenues) of the companies for sale?

Not surprisingly, China's growth rate has begun to weaken.

Recessionary effects throughout the Third World?

The first Third World countries to be affected by the crisis will be those whose main revenues come from the sale of raw materials. Prices for these raw materials have dropped considerably, since the countries of East and Southeast Asia are major importers of these products.

Those Third World countries that depend heavily on exports of a few raw materials will be hit harder by the Asian crisis than the most industrialised nations. Take the example of copper. Asian countries are major copper importers. What will be the impact of the drop in copper prices on Chile, which receives much of its revenues from copper exports? The negative effects could be particularly dramatic given that Chile has recently invested in increasing its copper-production capacity.

Secondly, countries like Mexico and Brazil hope to profit from the Asian crisis by being the new El Dorado for global investment flows. Funds fleeing Asia have gone in various directions. Some have gone into bonds issued by the governments of advanced industrialised countries to finance payment of their public debts. But another part has gone into short-term loans with interest rates that are particularly high thanks to "country-risk" premiums. In this second category, large quantities of investment flooded into Mexico from Asia, primarily in renewable 28-day government paper.

This is highly volatile money. How long will it stay in Mexico? Who can

prevent it from suddenly picking up and leaving – much to the chagrin of Mexican officials – if greener pastures emerge elsewhere? Finally, investment fleeing Asia has inundated emerging-market stock exchanges, primarily the Mexico City stock market. But for how long?

In any event, such a hefty influx of capital leads to overvaluing the receiving country's currency, thereby cutting its competitive edge. If exports drop, the country can become less attractive to investors, leading to an enormous outflow of capital, which provokes a dramatic decline in the value of its currency. Is this not one of the vicious circles of financial globalisation?

Asian countries' exports have become more competitive following the devaluation of their currencies. But this will create problems for the exports of other Third World countries, which may see their markets "invaded" by Asian products suddenly cheaper than the domestic equivalents.

There is another problem. Myanmar (Burma), Vietnam, Bangladesh, and other countries in the region depend on the remittances regularly sent by migrant workers in the "dragon" countries. Yet officials in the "dragons" are planning a massive expulsion of these immigrants. What consequences await the poorest Asian countries? And in the "dragon" countries themselves? Are we heading for an escalation of "inter-ethnic" conflicts?

Protectionism shields India and Pakistan

In its 1997 Annual Report, the IMF insisted that "globalisation has contributed to global prosperity." It warned those governments that might seek to control capital flows and partially protect their economies that "the threat of marginalisation increasingly hangs over those who resist globalisation."

This assertion has been refuted by real life. India and Pakistan, the two giants of South Asia, have not yet been seriously affected by the financial storm in Southeast Asia. Both countries are experiencing serious economic problems (Pakistan devotes 40% of public spending to servicing its external debt), but the relative slowness with which they have embraced globalisation has protected them from the speculative domino effect. Far from "marginalisation," the maintenance of protective barriers and controls on capital flows, as well as the slow pace of privatisation, have shielded India and Pakistan from the constant threat of destabilisation.

Japan and the United States

Japan's long running domestic economic crisis has been so serious that the country's officials and capitalists have been unable to implement measures that might stabilise East and Southeast Asian finances. Rather, the United States – with the IMF in tow – have taken control of the situation.

Thanks to a strong dollar, U.S. multinationals are better placed than their Japa-



nese counterparts to buy up companies in a region hitherto dominated by Japanese capital. U.S. multinationals are also looking to boost their previously weak presence in Japan.

Japanese capitalists have one way of putting pressure on U.S. officials – they hold one third of all U.S. Treasury bonds. If they were to decide to sell a part of these securities to provide some liquidity for their financial system and to buy up companies in the region, this would create serious problems for the Americans. Indeed, it would increase global financial and monetary instability. It is unlikely, however, that Japanese capitalists will want to bear responsibility for such an outcome.

Lastly, the United States has a strong military presence in the region (particularly in Japan and South Korea), and they have shown no intention of changing this state of affairs.

Who will pay for the damage done?

In a cynical editorial, the *Financial Times* (January 5, 1998) wrote, "profits are for private owners while losses, when sufficiently large, are covered by the taxpayers." International bankers are asking Seoul (and the "dragons") to nationalise the astronomical short-term debts contracted by private South Korean firms. This is exactly what happened during the 1980s Latin American debt crisis. Striking the same posture as they did during the Latin American crisis, private bankers are threatening to cut off all loans to Asia – to South Korean capitalists in this case – if the Seoul government does not step in on behalf of private companies through a public bond issue aimed at paying off their debts.

The *Financial Times* editorial continues, "Creditors who granted high-risk loans will be saved – first by the IMF, then by South Korean taxpayers – for the simple reason that they and their debtors are too big to be allowed to go bankrupt. To add insult to injury, some creditors are going

to make a fortune." No further comment is needed, except perhaps to point out that this process will accelerate the tendency towards a reliance on financial markets for credit. Up until now, Asians had preferred to contract direct short-term loans; now they will have to issue bonds on international financial markets.

A double standard on bail-outs

In their talks with Asian governments that have requested assistance, the IMF and U.S. officials conditioned their aid on shutting down a large number of badly managed financial institutions. What an incredible contrast with the way in which, during the 1980s, U.S. officials organised the re-floating of bankrupt Savings and Loans institutions to the tune of some 200 billion dollars doled out by the federal government. Does IMF head Michel Camdessus, from France, recall the recent 20 billion dollar bail-out of *Crédit Lyonnais*? In Asia, however, financial institutions in the same position are being forced into bankruptcy – at which point banks from the wealthy industrialised countries will be able to snap them up for almost nothing.

Arms sales

The official line of the IMF is that Asian countries engulfed in the crisis have to undertake drastic cuts in state budgets, especially in the area of arms spending. As is often the case, reality is very different from the IMF's hypocritical posturing. South Korea and the four "dragons" are the main customers of U.S. arms dealers. In the *International Herald Tribune* (January 14, 1998), Steven Lee Myers of the *New York Times* writes about how U.S. Secretary of Defence William Cohen "is seeking ways to maintain the military orders" placed by the countries in crisis. In January 1998, close on the heels of Camdessus and U.S. Treasury representative (and former World Bank head) Larry Summers – making their tour of Asian countries subjected to IMF austerity



conditions – was another delegation following exactly the same itinerary and led by William Cohen, accompanied by Todd Crawford from the U.S. Treasury. South Korea wants to cancel its order for AWAC planes, and Thailand wants to cancel its order for eight F/A 18 fighter jets. Washington, however, wants Malaysia, Thailand, South Korea, and Indonesia to maintain their orders, and has offered a special line of financing to this end.

Contradictory reactions in the USA

In early January 1998, former U.S. Secretary of State Henry Kissinger threw a spanner in the works of the U.S. delegation led by Summers just as it was about to begin its diplomatic rounds in Asia. In a piece in the *International Herald Tribune* (January 12, 1998), Kissinger said Washington was behaving as if it intended to recolonise Asia. He warned against an overly arrogant and aggressive approach, which could provoke an anti-U.S. backlash in the region. He writes, "We must ensure that economic realities do not provoke a wave of nationalism and perhaps anti-Americanism, which would mean that the cure is worse than the illness." Adding, "We should avoid using this opportunity to recolonise Korea." Kissinger might be right.

In the *International Herald Tribune* (January 12, 1998), David Hitchcock, a former U.S. diplomat with considerable experience in East Asia wrote, "For the moment, Asians seem to be blaming their own leaders, bankers, and businessmen. But if harsh economic measures lead to further bankruptcies and layoffs, their anger might cross the Pacific."

And in the January 16, 1998 edition of the *International Herald Tribune*, the number two Democrat in the U.S. House of Representatives, David Bonior, criticised the IMF rescue package. "We must provide aid. But this aid should not be a rescue package for bankers, speculators, and repressive dictators (sic!). We cannot support a rescue package that strangles working people, ignores the causes of instability and then asks the American taxpayer to foot the bill." He says that the U.S. contribution to the IMF package should go towards expanding democratic rights, increasing salaries and improving Asian living conditions.

In all respects, Washington has strengthened its position as a result of the crisis. These warnings will have little impact on U.S. policy and on the U.S.-controlled IMF. The American government and U.S. businesspeople clearly feel they have more to gain than to lose by taking their economic and political offensive as far as possible. They want to qualitatively expand their presence in the Asia-Pacific region, at the expense of Japanese imperialism and of those countries subject to IMF conditions — primarily South Korea and Indonesia. Countries such as the Philippines, Thailand, and even Vietnam, are already under U.S. control for all intents and purposes.

The IMF bails out the speculators

On January 22, 1998 Stanley Fischer, an American citizen and number two at the IMF, gave a report to U.S. bankers on the IMF response to the crisis. He said there were two possible responses. "When the crisis hit, we could have let it deepen and given a lesson to international lenders. The alternative is to try to moderate the effects of the crisis on a regional and global level in a way that spreads the burden between borrowers and lenders. However, we cannot rule out undesirable side-effects. This latter approach makes more sense. The general interest, and therefore the interest of the United States, is reliant upon a strong Asia that can import and export in a way that drives world growth" (*The Asian Crisis: A View from the IMF*, IMF press release, January 22, 1998).

Although a bit more subtle than is usually the case, the statement clearly reveals how the IMF has once again played the role of protector of the interests of large international financiers. The IMF refused to teach them a well-deserved lesson. What's more, Fischer leaves no doubt that, in the IMF's view, what's good for the United States is good for the world.

Some final questions

1. If inter-ethnic troubles erupt in Indonesia, the Philippines, Malaysia, and Thailand, will world economic and political leaders continue to refuse to see the link with the current economic crisis? Or will they merely be chalked up as "undesirable side-effects"?

2. The Asian model, often described as the Asian "miracle", no longer exists. Camdessus and others have declared this publicly. Did this model – in particular that of the four "dragons" – ever create the conditions for long-term human development in the countries of the Periphery? Or rather, did it reproduce in its own way the characteristics of dependent countries, dominated by the capitalist Centre? If the Asian model is "out of fashion", to quote Camdessus, what do the high clergy of the IMF and World Bank, and the plethora of neo-liberal development experts, have in mind as a replacement? What is the way forward for poor countries now?

3. As far as the IMF, the World Bank and almost all the world's governments

are concerned, the worst variant would be to limit the free flow of capital. On the contrary, it should be freed up even more. French President Jacques Chirac, an expert in the art of self-contradiction, has also said as much. Passing through Malaysia in November 1997, he met with Prime Minister Mahathir and declared, "Excessive speculation must be controlled." It seems logical that speculation can only be controlled by placing strict limits on capital flows, but Chirac had a response at the ready. "I am naturally not in favour of exchange controls or limits on capital movements. The free circulation of capital is now a rule everyone accepts" (*Le Monde*, November 18, 1997).

Yet, the history of the last two centuries offers clear proof that the free circulation of capital is a powerful catalyst for crises. Even if the IMF, World Bank, Bank for International Settlements, the U.S. Federal Reserve, and the German Bundesbank were to unite their efforts, they would be unable to discipline capital movements — unless, of course, new restrictive legislation was put in place. But these institutions are opposed to such measures.

The IMF and those who run it have plainly shown that, whatever they may say, they are the cause of this and other crises, and not the cure. Camdessus even had to admit this, discreetly, during his negotiations with Indonesian President Suharto, when he agreed that the closing down of 16 Indonesian banks, as decreed by the IMF in November 1997, had provoked a panic and deepened the crisis. He was obliged to offer an apology, so that the old dictator would agree to sign the agreement with the IMF on January 15, 1998.

If indeed the Asian model is "out of fashion", isn't this also true for the free-circulation-of-capital model? ★

* Eric Toussaint is the co-ordinator of the Brussels-based Committee for the Cancellation of Third World Debt. This text is extracted from "La bourse ou la vie" ("Your stock market or your life"), published in French in March 1998, and due to appear in English by the end of 1998. (Translation from French by Raghu Krishnan)

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The ambiguities of the international conjuncture

Over the last nine months we have seen a major economic crisis in Asia, and new record highs on Wall Street and other western stock exchanges. How to make sense of the uncertain and ambiguous economic situation?

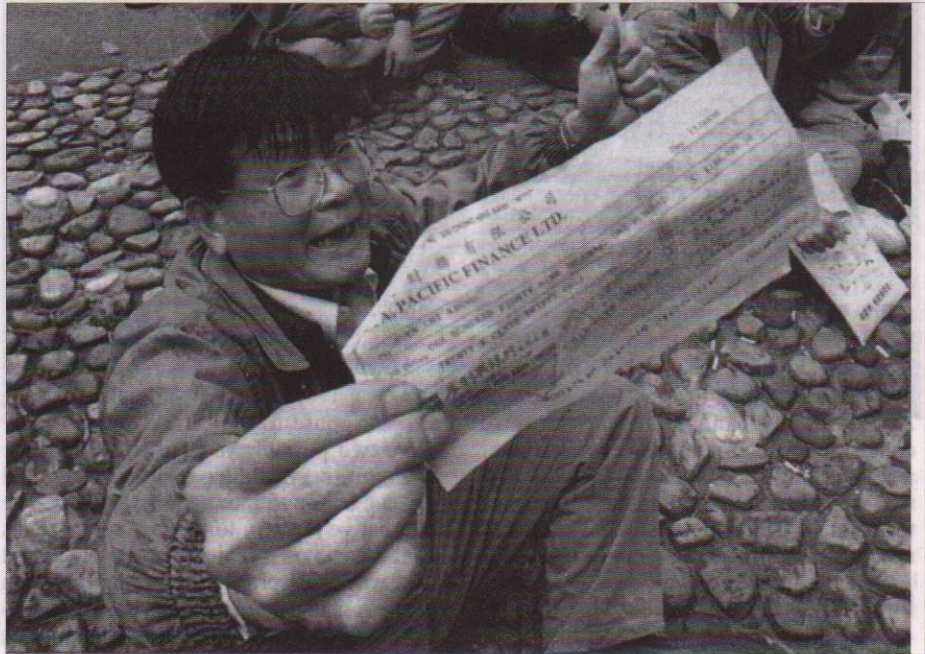
Some radical economists forecast a new wave of expansion, others predict a major financial crash. Our own specialist, **Maxime Durand**, argues for a middle position.

There is an open debate as to whether the United States has entered a new wave of expansion, based primarily on the high-technology sectors. The relatively long duration of the current cycle is one point in favour of this thesis. Growth has been steady since the 1991 recession, and there was a new burst of growth – 3.8% – in 1997. Having said that, these performances are not at all exceptional – average growth between 1992 and 1997 was 2.8%, compared to 3.9% between 1982 and 1989. Furthermore, population growth has been 1% per year in the US, three times higher than Europe, so that the growth trend of per capita production is the same on both sides of the Atlantic.

Nevertheless, the US has created much more employment than Europe, and the unemployment rate has not shown the same tendency to rise. Indeed, US unemployment is as low as it was before the 1990-1991 recession. There is, however, a clearly polarised structure of job creation, with “MacJobs” on the one side, qualified jobs on the other, and a relative decline of intermediate categories. This leads to a slowing, but not a reversal of the principal regressive tendencies, such as a rise in inequality, or an increase in the proportion of the “working poor.”

Arguing against the durability of this model of growth is the social contradiction upon which it rests – the reinforcement of inequality. Per capita growth has not exceeded 1%, implying that salary raises have been limited, even for the most skilled jobs. Dynamic consumption patterns have been based as much on an increase of the workforce as on a recovery of wage income. Strong US consumption is also financed by household debt, which has reached alarming levels.

One of the peculiarities of the U.S. economy in recent years has been in fact the weak growth of its global productivity, which also explains its capacity to create employment based on the very marked “dual” economy. Similar rates of growth



thus have higher job creation levels in the U.S. than in Europe.

The hypothesis of a new model of growth comes back to a proposition that the current revival of growth is based on a leap in productivity, at least in the manufacturing industries, based on a quantitative increase and a qualitative transformation of the productive apparatus. It's true that private investment has risen considerably since 1993, and that it currently accounts for a record 14% of GDP – higher than at the beginning of the 80's. But this upward spurt can also be interpreted as recuperation after the steep decline that occurred from 1986 to 1993. In any case, this growth in private investment has not resulted in a noticeable rise of productivity in the manufacturing industry, which continues to grow at a steady rhythm of 3% per year. The current rise of profit indicators apparently underestimates this tendency of over-accumulation.

The international configuration on which this growth rests is the main problem. The turning point was at the beginning of the 80's, with a rapid increase in interest rates that was initially accompanied by a major appreciation of the dollar – a nearly 50% rise from 1980 to 1985. This large movement had the effect of increasing the U.S. external deficit, which, at 3% of GDP, is significant, given the relatively small extent of external trade. In September 1985, the “Plaza Accord” (from the name of a New York hotel) was signed by the five major economic powers. It marked a significant devaluation of the dollar, imposed on the other imperialist powers in the name of “international monetary co-operation.” In the

three years from 1985-88, the yen appreciated 46%, the mark 40%, the franc 37%, and the pound 28%. Under these conditions, the trade deficit declined at least 1.5% in 1991, a recession year.

The new US economic cycle of the 90's benefited from this advantageous exchange rate for the dollar. But the rapid increase in exports led to a new rise of the trade deficit, reinforced in recent years by the appreciation of the dollar by about 15%. The U.S. sold about \$660 billion worth of goods in 1997, but imported about \$860 billion. Despite a surplus in the service category, the current account deficit was \$179 billion.

Such a deficit might be sustainable if external financing led to a growth in productivity, which could in turn enable the U.S. to regain its position in some market sectors. But this is not happening. And so, the most likely outcome is a downturn of the cycle, rather than its diffusion to the world economy. The bad news is that the financial fragility of the dominant world economy could prevent a “soft landing.”

Will the “Euro” reduce unemployment?

There is also a profound ambiguity in the European conjuncture. On one hand, the partisans of the Euro can claim victory, since all of the countries involved have been able to satisfy, at least formally, the Maastricht criteria – notably, the condition of maintaining the public deficit below 3% of GDP. The timetables have been met, so far. Confidence on the part of the financial markets seems assured, no speculative movements have been undertaken, and the horizon is clear until at least January 1,

1999 – the official date for setting the rates of exchange.

The rapid modification of the context clearly owes a lot to the revival of the west European economies. This growth coincided with the years in which countries like France had to make sharp reforms to meet the austere economic conditions of the Maastricht Accord. Ten months ago, France's conservative government expected these reforms to be so painful that they called – and lost – a snap election. Thanks to the improvement in the European economy, France's new centre-left government has been able to meet the various Maastricht criteria without major difficulties.

The European conjunctures, are, however, fairly desynchronised. The relative weakening of Germany has overcome the Kohl government's reticence about a 'wide' Euro (i.e. including Italy), which will inevitably lead to a less rigorous monetary policy than that of the Bundesbank.

Perhaps more importantly, West Germany's considerable difficulty in absorbing the former GDR has put into question the famous "German model." Employers are undertaking a unilateral offensive, refusing reasonable compromises put forward by the DGB trade union confederation, and overturning a number of collective bargaining agreements. In the place of the "social market economy," the German bourgeoisie's new discourse is classical neo-liberalism: it is imperative to reduce the cost of labour in order to regain competitiveness.

In fact, the declines in parts of the German market are the result of a reorientation to internal demand, and to the continued appreciation of the mark in relation to the dollar, the lira and the pound. Add to that the 1993 recession, which the European countries inflicted on themselves by reducing consumer demand and by

adopting restrictive budgetary policies.

The relative decline of Germany is apparent in relation to the spectacular surplus of the European Union's current account balance, which reached \$115 billion in 1997, compared to deficits of \$80bn. in 1991 and 1992. Four countries are responsible for the European surplus: Italy (\$41bn.), France (\$32bn.), the Netherlands (\$22bn.), and Belgium (\$14bn.); Germany played no part in this achievement.

In other words, the recent period has revealed a re-balancing of the monetary balance of power within Europe. With a trade surplus representing 6% of GDP, no-one nowadays seriously question's Italy's devotion to monetary stability.

The case of Italy also illustrates to what degree the manipulation of exchange rates and the adherence to monetary orthodoxy have succeeded in attaining the real objective: re-establishing the rate of profit. Capital's share of surplus value has jumped from 36% in 1992 to 42% in 1997, something which could not have been achieved without the economic tightening, which in turn resulted in official rates of unemployment of 9-12%.

The economic cycle in the European Union, particularly in France and Germany, is following a W-shaped pattern. After the 1993 recession there was a strong recovery in 1994 (2.9%) which ran out of steam (2.5% in 1995, 1.7% in 1996), but then made a relatively unexpected comeback in 1997. What will happen in 1998? In the optimistic version, exports will continue to grow, but internal demand – notably investment – will become the motor of growth. If this were true, it would be reasonable to assume a 3% growth rate for the next few years. But this "Euro-optimism" is in danger of not lasting beyond 1998, for a simple reason well illustrated in Figure 1. The growth in the portion of surplus value taken as

profits means a decline in the portion taken as wages. How, then, is internal demand to become a motor of sustained economic growth?

The share of surplus value taken as profit went from 31% in 1981 to 39% in

Table 1
Rate of growth

	1993	'94	'95	'96	'97	'98
United States	2.3	3.5	2.0	2.8	3.8	2.7
Japan	0.3	0.6	1.4	3.5	0.5	1.7
European Union	-0.5	2.9	2.5	1.7	2.6	2.8
Germany	-1.2	2.7	1.8	1.4	2.4	3.0
France	-1.3	2.8	2.1	1.5	2.3	2.9
Britain	2.1	4.3	2.7	2.3	3.4	2.2
Italy	-1.2	2.2	2.9	0.7	1.3	2.1
Spain	-1.2	2.2	2.7	2.3	3.2	3.6

Source: OECD

1997. This rise has been more or less constant, with the exception of the early-90s recession. The rate of accumulation (investment as a percentage of fixed capital) fluctuates of course with economic cycles, but does not show an upward trend – it is currently between 5 and 6%, a level similar to that of the 80's. Finally, the rate of unemployment has gone from 7% in 1980 to 11% today. This evolution of the unemployment rate, strongly marked by cyclical fluctuations in the opposite direction to accumulation and growth, seems to have preceded the rise in profits.

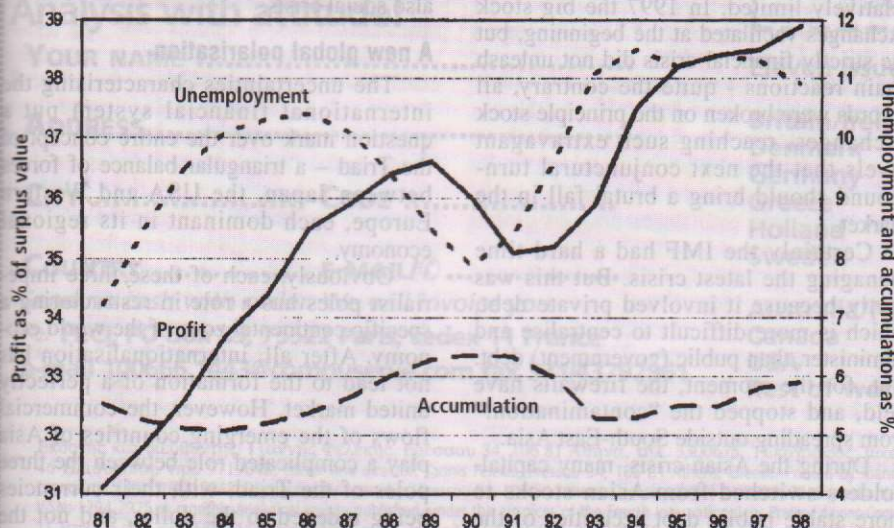
The European upswing will soon be confronted with these internal limitations, just as it has seen the stagnation or decline of exports to Asia and Eastern Europe [which optimists presented as the magical motor of sustained growth into the next decade]

The contradictions of the Euro could reappear before 2002, since the homogenisation of national economic cycles, and the European internal division of labour is not sufficient to allow a smooth regulation of the tensions which, for the moment, can be eased by fluctuations in European exchange rates. Once the Euro is adopted, that will no longer be possible. Of course, one could imagine an acceleration of the institutional unification of Europe, which would permit a European budget to deal with these regional and structural tensions. But that would be contrary to the neo-liberalism strategy in force across the member states.

After the Asian crisis, financial crash or generalised downturn?

Much has been written about the Asian crisis, and the following is limited to a few essential points. The first is that Japan seems to be confined to its current trend of limited growth. The injection of considerable sums of money got the economy going again in 1996, but not enough for a durable upturn. Part of the banking system is technically bankrupt, and the Asian countries which absorbed many Japanese

Figure 1
Profit, accumulation and unemployment
in the European Union, 1981-1998





exports are in deep recession. The dynamism that Japan gave the whole region and beyond, to the world economy, is about to dry up.

A similar situation faces the "Dragon" economies of South-East Asia, especially Korea, and all the Asian countries whose economies have been hard hit, and who can't hope to minimise the impact by currency devaluations. The principal impact of such devaluations will be to intensify competition between these countries, and to threaten China's pursuit of expansion, since its products will be less competitive from now on.

More generally, this crisis throws into

reduction hit Korea particularly hard, and aggravated the situation of Indonesia and Mexico when, without precedent, the price of oil fell from \$18 to \$12 per barrel.

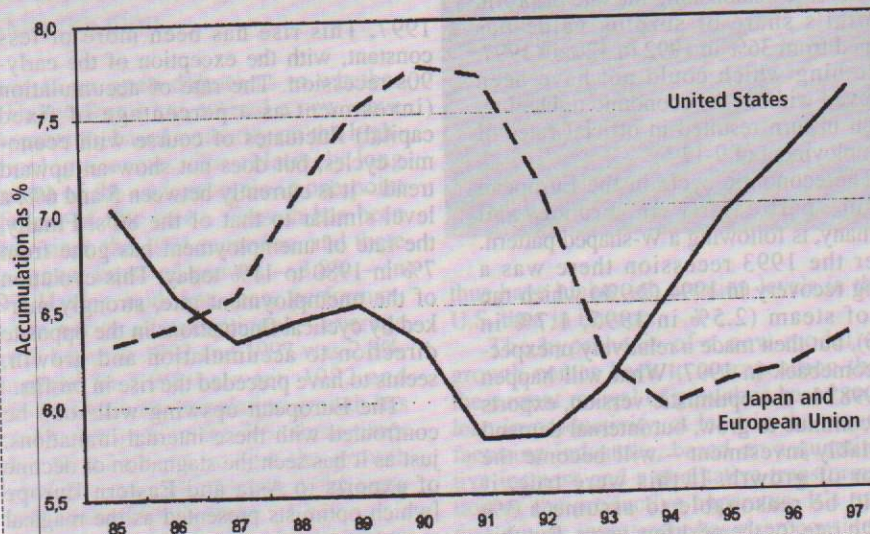
The most perverse mechanism, however, is the opening of third-world economies to competition with the hyper-competitive multinationals. Entire sectors of agriculture or traditional industry are being wiped out. This leads to generalised under-employment, which is not countered by job creation, except in a very limited number of countries for a limited duration. This is very far from the widespread image of low-wage countries competing to "steal" "Northern" jobs!

recent strengthening of the dollar.

The effects of the Asian Crisis weigh on the current conjuncture in several ways. First, there is the more or less classical crisis of overproduction, with a brutal devaluation of excess capital (hence the periodic financial crises) and by violent austerity policies, designed to freeze any expansion of internal markets. The IMF has lowered its world growth forecast for 1998 from 4 to 3%.

"Experts" everywhere are announcing an imminent turnaround, and the effects of the Asian crisis are being minimised. But the question remains: where are the dynamic zones of the capitalist economy

Figure 2
Accumulation in the imperialist centres, 1981-1997



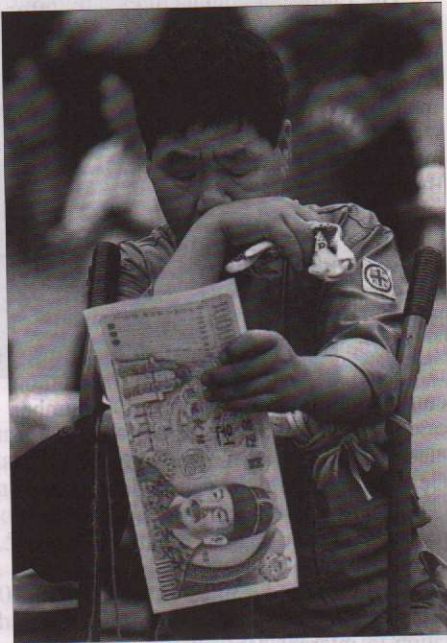
question the entire neo-liberal programme of development. All of the models have been battered, one after the other, by a revolving crisis. An opening to the world market reveals a continued dependence whereby the volume of imports tends to be higher than the volume of exports. To make up for the increasing deficit, these countries end up making commitments and anchoring themselves to a hard currency, in order to guarantee the profitability of capital. Since they cannot devalue the national currency, the only way they can minimise their balance of payments deficits is through controlled inflation, high interest rates, and privatisations. This style of management is not, therefore, an error; it is, on the contrary, a necessary element of the neo-liberal model - until it becomes unsustainable, as happened to Mexico in 1994, and several Asian countries in 1997. The rupture then takes brutal forms. The list of future problem-cases includes Brazil, Argentina, and Poland.

One constant characteristic of imperialist relations is that competition amongst low-wage countries unleashes the generalised reduction of the price of raw materials and intermediate products, such as electronic components. This price

The world economy has undergone two serious shocks, which can be measured by the sum that had to be mobilised by the IMF: \$50 billion for Mexico, double that for the Asian crisis. In both cases, however, the domino effect on the international economy that was forecast by some analysts did not take place. In 1995, the 'tequila effect' on Latin America was relatively limited. In 1997 the big stock exchanges vacillated at the beginning, but the strictly financial crisis did not unleash chain reactions - quite the contrary, all records were broken on the principle stock exchanges, reaching such extravagant levels that the next conjunctural turnaround should bring a brutal fall in the market.

Certainly the IMF had a hard time managing the latest crisis. But this was partly because it involved private debt, which is more difficult to centralise and administer, than public (government) debt. But, for the moment, the firewalls have held, and stopped the "contamination" from spreading outside South-East Asia.

During the Asian crisis, many capital-holders switched from Asian stocks to more stable public debt securities of the rich countries. This partially explains the



for the coming years?

The indirect effects of the current conjuncture are more difficult to predict. For example, pension funds face a formidable range of difficulties. Their viability depends on the maintenance of very high rates of income, and a sharp decline could put into question their ability to pay their pensions, thus opening a financial, but also social crisis.

A new global polarisation

The uncertainties characterising the international financial system put a question mark over the entire concept of the Triad - a triangular balance of forces between Japan, the USA and Western Europe, each dominant in its regional economy.

Obviously, each of these three imperialist poles has a role in restructuring a specific continental zone of the world economy. After all, internationalisation has not lead to the formation of a perfectly united market. However, the commercial flows of the emerging countries of Asia play a complicated role between the three poles of the Triad, with their currencies being indexed to the dollar, and not the yen. From the military and diplomatically



point of view, the USA is still the dominant player in Asia.

In short, from the economic point of view, the image of polycentric or Triad imperialism is losing ground.

The US has succeeded in imposing on the rest of the world two contradictory elements: a dollar exchange rate which is very favourable to the US in terms of exports, coupled with a massive commercial deficit. This means that the growth in the American economy, where the savings rate is very low, must be financed by capital flowing in from the other poles of the Triad, particularly Japan. This unequal relationship has existed since the mid-80's. The recent re-evaluation of the yen has led to a relation of dependence between Japan and the US, which, in turn, is slowing down the Japanese economy. It is hard to imagine the European Union replacing Japan as the main creditor of the USA over a long period of time.

As for Europe, the convergence of neo-liberal policies led to a similar situation in the first half of the 90's. The rate of accumulation of capital best shows this inversion of the cycle (see Figure 2). The data for the US shows a slowing of accumulation until the early 90's, and then a strong resurgence. What is striking about the graph is that, if Japan and Europe are grouped together, the data shows that, con-

trary to the US, accumulation increased until the early 90's, then declined sharply, followed by a very hesitant recovery.

The main issue is whether the two curves can rise again simultaneously, or not. If they can, then the dynamism of capital accumulation in the USA can be transmitted to the rest of the Triad. But if, on the contrary, financial relations between the USA on the one hand, and Japan and Western Europe on the other are structured in a complementary way, as suggested by Figure 2, then the continuation of the American cycle seems to be incompatible with the continuation of the European cycle.

The U.S. has, in any case, been able to impose on the world its programme of absolute freedom for the circulation of capital – first in imposing the World Trade Organisation (successor to GATT), which polices international trade, then, more recently, in the attempt to impose the MAI treaty, which would prevent countries from placing restrictions on foreign investment. Fortunately, the MAI initiative is encountering a lot of resistance.

This internal reorganisation of the Triad is accompanied by a return to classic imperialist politics, in opposing, for example, any progress in the establishment of the Mercosur free trade area between Brazil and Argentina, under the pretext that it would disrupt commercial flows.

Conclusion

World capitalism has not succeeded in establishing the basis of a new long wave of expansion, because it is unable to ensure a sustained growth of consumer (wage) demand, and because capitalism structures the world in such a way that zones of economic depression are periodically generated. The capitalist economy is mired in a recessive phase that has lasted longer than any comparable episodes. The current cycle, developing on the basis of a crisis of overproduction, can only with great difficulty be seen as putting in place

a new world economic order. But neither is the final collapse in any way automatic. The most probable outcome is general deceleration, lasting through 1999, and which could be masked by high profits in some of the main sectors. This could lead to an open crisis of legitimacy for neo-liberalism. ★



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The Asian crisis and global financial instability

Jesus Albarracín & Pedro Montes

For some strange reason, capitalism tends to choose the month of October to unleash stock exchange crashes. It happened in October 1929, and again in 1987. Not surprisingly, as the third week of October 1997 approached, a certain edginess took over the financial sector.

The economic press had echoed the anniversaries of these crises. But to most experts and analysts, there were no reasons to be concerned because, they argued, "the economic expansion is built on firm foundations," "the financial markets are more solid than in 1929," "the safety mechanisms introduced in the aftermath of the crash of 1987 will kick in," and so on.

But, on Friday October 24, the anniversary of the beginning of the 1929 crash, the New York Stock Exchange closed with heavy losses. The following Monday it fell so fast that it had to be closed down before the normal closing time, to prevent an uncontrolled collapse.

Nevertheless, the events of the last six months cannot be compared to the sharp and generalised drops in stock prices in 1987, and much less with the collapse of stock prices and the onset of the Great Depression which followed "Black Tuesday" in 1929.

Alongside the "Asian crisis," most western stock exchanges have taken off in a bullish drive which is as nonsensical as it is unstoppable, as if the forced closing of Wall Street on October 27 had been a bad dream, a passing moment. These contradictory phenomena underscore the abnormality of the situation and the speculative and whimsical traits which capitalism has acquired. In the last instance, they show that the enormous root problems derived from the enormous financial instability which underpin the system continue unabated.

Financial hypertrophy

In long waves of recession such as the present one, which began in the early 1970s, capital moves towards foreign exchange and stock markets, due to a lack of sufficient profitability in the productive sphere. This turns speculation into one of the most profitable activities and generates a financial economy ever more separated and alienated from the real economy.

This is not a characteristic specific to the present recessive long wave. It happened during the crisis of the last third of the last century and, above all, during the 1930s. However, nowadays, as a consequence of the evolution of the capitalist system, of technological advances, and of the hegemony of neoliberalism with its defence of the absolute freedom of move-



ment for capital, this phenomenon has acquired unprecedented proportions.

In recent years, high government deficits have produced a rise in public debt without precedent in the history of capitalism. Capital markets have been swollen by assets issued by the states surpassing 10 trillion dollars.

In only 16 years, the public debt of the 21 countries of the OECD has risen from 41.7% to 70.7% of GDP in 1997. Borrowing by domestic enterprises and individuals has also risen, building an enormous financial edifice, constructed through the multiplication of credit: the states issue debt, the enterprises and investment funds buy it, financing it with their own debt, and so on and so forth in an endless chain. New intermediaries emerge, new types of instruments are developed, new methods of financing appear, new operations, giving rise to a process of innovation and financial engineering which broadens without limit the edifice (the house of cards) and opens endless possibilities for speculation. The result is that an enormous mountain of paper, of fictitious capital, has been created over directly productive capital. This mountain has cracks, faults and slides which have introduced a great instability into the functioning of global capitalism.

In the context of absolute freedom of movement for international capital, financial hypertrophy is also reflected in foreign exchange accounts. The upsurge of free trade and the capacity to finance important deficits in balance of payments over prolonged periods augment the foreign debt of many countries, until the moment arrives when payments must be suspended or bankruptcy declared. Between 1982 and 1997 the foreign debt of

the countries of the Third World has increased threefold, approaching at present 1.8 trillion dollars. This is the context behind the great 1982 foreign debt crisis, which affected most countries of the Third World, as well as the 1995 crisis in Mexico, and the current crisis of the Asian countries.

On the other hand, financial expansion favours the rise of stock prices. These high prices translate into low profitability for finance capital, which can no longer count on the dividends paid to shareholders, but must seek to make a profit from the rising stock prices. Stock prices diverge ever more from the real situation of enterprises, and what increasingly drives the owners of finance capital into investing is not real profitability nor the structure of the enterprises, but unbridled speculation. The result is an increasing overvaluation in the capital markets, which leaves them at the mercy of any event which might unleash the crisis.

What is more, advances in communications make it possible to speculate 24 hours a day (in the morning in the European exchanges, in the afternoon in New York, and in the evening in Japan or Hong Kong). It may be said that we have reached an absolute financial "globalisation."

An enormous volume of speculative funds moves through the international markets searching for profitability, in the capital markets, and in the foreign exchange markets. This contributes to a great instability of currency exchange rates. These no longer necessarily correspond to the real situation of the economies, not even to the real evolution of the balance of payments. And this creates increasing difficulties for government control of ex-

change rates, given the magnitude of the funds which move between economies, which become insurmountable when speculative waves are unleashed. Bear in mind that more than \$1.3 trillion are negotiated in currency markets every day. This amounts to 85% of the reserves of all central banks or 2.5 times the GDP of a country like Spain.

The fact that practically the entire world has become one great financial market has great implications. Speculative movements have acquired such considerable volume that they escape the control of any country, no matter how large. At the same time, speculation takes place in all markets (in the stock exchanges, foreign exchange markets, in real estate, etc.) so that any disturbance in one market ends up affecting the others, like balls on a billiards table. The conditions are set for any accidental spark to light the powder keg. The latest warning comes from South East Asia...

The crisis of the "Asian Dragons."

The current crisis of the so called "Asian Dragons" (Korea, Indonesia, Thailand, the Philippines, Hong Kong, Singapore, Taiwan and Malaysia) started in the summer of 1997 in the foreign exchange markets. On July 2nd, Thailand, which was submerged in a deep recession, was forced to abandon the fixed exchange rate between the Thai baht and the US dollar. The baht lost 18% of its value in one day.

The currencies of the remaining dragons began to collapse like a set of dominoes: the Philippine Peso on July 11, the Malaysian Ringgit on July 26, the Singapore dollar on August 12, the Indonesian Rupee on September 26, the Vietnamese Dong on October 14 and, on the 17th of October the New Taiwan dollar.

The speculative bubble which had developed in all those countries during recent years caused the crisis to spill over very quickly to the real estate and stock markets, with repercussions on the internal and international financial systems. Interest rates were raised sharply to protect the currencies and prevent capital flight. But this provoked a slump in stock and other asset prices, creating a dangerous gap between the new, higher levels of loan and mortgage repayments, and the new, lower value of the property and assets which 'guaranteed' those loans. All this undermined the balance of the local financial institutions and of "trapped" international lenders.

The crisis takes place after several decades of considerable dynamism among the "Asian Dragons." Since the end of the sixties, per capita GDP has multiplied fivefold in Thailand, fourfold in Malaysia, and twofold in South Korea. Per capita GDP in Hong Kong and Singapore is greater than in many industrial nations. In recent years, Asia has attracted more than half the capital flows destined for developing countries and its exports have continued to grow, representing at present more than 13% of world exports, compared to

only 7.6% in 1985. The manufacturing sector has been outstanding in this growth in exports.

This dynamism and the consequent increase of the participation of the "Dragons" in the world economy led many authors to speak of a "triad" in capitalism, with one nucleus formed by Japan and a constellation of Asian countries, another made up of the United States, with its control of the Americas, and Europe, with its periphery, as the third corner of this triangular power system.

In fact, the dynamism of the "Dragons" was based on a highly unbalanced model of development. These economies are oriented towards foreign markets, because internal demand cannot constitute the motor of economic activity. They depend excessively on exports, the growth of which has been possible thanks to an intense process of accumulation and assimilation of new technologies, on the competitive edge provided by low wages, and the lack of social safety networks: This super-exploitation of the labour force, which has placed some of those countries, like South Korea, in a situation of precarious social balance.

Foreign dependence is not limited to exports. It is also reflected in the massive importation of commodities - technology, raw materials and foreign capital, which has sustained the strong levels of investment. The financial systems are in general very limited and fragile. Which is exactly what one would expect, in countries where economic growth has been intense, disorderly, inflationary and speculative. The result of this fragile situation is that an external disturbance can unleash a crisis, and, in a country like South Korea, bring the whole model of development crashing down.

Exports threatened

Exports from these countries have been reduced by three factors in recent years. The entrance of China into the world market represented a dramatic increase in commercial competition for these countries, particularly after the devaluation of the Chinese Yuan in 1994. Secondly, the long recession in Japan reduced demand for exports from the region, affected in the first place by the effective appreciation of the dollar since 1995. And, finally, the decision of the Asian Dragons to 'peg' their currency to the US dollar, which had been a central element of their sustained growth in former years, meant that they lost competitiveness as the dollar rose in value against the Japanese Yen and west European currencies.

All these factors have translated into high inflation, degradation of trade balances, and considerable deficits in current account balances (in 1996, 8% of GDP in Thailand, 3.5% in Indonesia, 4.3% in the Philippines, 5.2% in Malaysia, and 4.9% in Korea). The countries of the region face high (and rising) foreign debt, and must cope with the breakdown of the

spectacular process of growth which they had experienced in the past.

Faced with this situation, speculative capital wants to seek some distance, before re-investing in the region. But this capital flight makes it more difficult for these countries to meet their financing needs and defend their exchange rates.

In western countries, initially, nobody thought the impact of this monetary crisis would have any importance for the global economy.

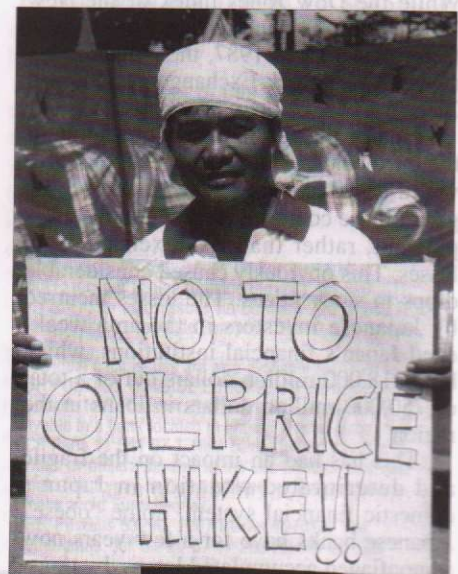
In fact, the situation did not reach a climax until the crisis affected Hong Kong. The parity of the Hong Kong currency to the US dollar was legally established through a currency board system, and financial authorities were determined to preserve this cornerstone of the city-state's economy. Rather than devalue the HK dollar, in response to the flight of capital and investments which followed the territory's return to Chinese sovereignty, Hong Kong authorities increased interest rates massively.

On October 23, the Hong Kong Exchange, the second largest in Asia, after Tokyo, dropped 10.4%, the greatest fall in its history, and the following Monday, another 5.8%, dragging down all other capital markets. Since then, the fall in stock prices has been considerable: the Hong Kong Stock Exchange index has lost 50% of its value since September 1997.

The uncertainties of the Asian crisis have not hampered the unprecedented rise of the western exchanges in the last months of 1997 and the first months of this year. The exchanges behave as if as if they were trying to stay ahead of the curve and flee forward, trying to escape forward from a situation which seems dangerous, not only because of what happened to the "dragons" but also because the crisis has had a profound effect on Japan for a long time.

Japan's financial instability

Japanese financial instability has deep roots. In fact, prices on the Tokyo stock exchange have been declining for the last



10 years. But, in the last few years, and particularly in 1997, the crisis threatened to liquidate a number of insurance companies, trading firms, and investment banks, which makes the present financial situation extremely delicate.

We must take into account the sharp decrease in growth produced in the Japanese economy since the beginning of the economic crisis and the tendency towards stagnation which it suffers at present. Japan had grown at high rates during the decades of expansion which followed World War II (an average of 9.6% from 1960 to 1973). Since the beginning of the long wave of stagnation, growth rates dropped, but they still averaged 3.6% of GDP between 1974 and 1991.

At present the growth of the Japanese economy is practically zero and at some points in the last few years, growth has been negative, justifying the idea that Japan has entered into a new phase, different from the situation facing its world competitors, the U.S. and the European Union. Japan's economy is very exposed and subordinated to exports and it has difficulties turning internal demand into a motor of economic growth. In recent years, the weight of exports in GDP has dropped (from 10.2% of GDP in 1986 to 9.3% in 1996), with the consequent negative effect on the growth of the economy. In this context, the depreciation of the currencies of South East Asia and the consequent reduction in purchasing power there has had an important adverse effect on Japanese exports, which comprise 44% of imports into that region, compared to 20% from the United States and 7% from Europe. In an economy like Japan's, accustomed to constant growth, this stagnation has had strong repercussions on industry and, as a result, on the financial system.

Secondly, the continuous descent in the Tokyo Stock Exchange, above all in comparison to the record increases on capital markets in the other industrial countries, has also had negative repercussions on Japanese financial institutions. While the Dow Jones index of the New York Stock Exchange has grown by a factor of 4.3 since 1987, the Nikkei index of the Tokyo Stock Exchange has dropped 26%.

Finally, the accelerated depreciation of the currencies of the Asian Dragons provoked disinvestment in the stock exchanges of those countries, as foreign operators pull out, rather than risk exchange rate losses. This obviously caused considerable drops in stock prices. The losses incurred by Japanese investors in the area weakened Japan's financial institutions, which hold 118,000 million dollars out of a total of 750,000 million dollars in loans in the region.

This has had an impact on the fragile and deteriorated situation in Japan's domestic financial system. Some "obese" Japanese banks have for a few years now camouflaged accumulated losses, by trans-



ferring them to specially-created subsidiary companies, out of reach of the financial authorities. All this has been uncovered by the current crisis, the gravity of which nobody doubts, but to which there is no obvious solution. The full internal and international repercussions are still unknown.

Overvalued exchanges

Most financial analysts have tried to downplay the importance of the financial crisis of the Asian Dragons and Japan. It is as if we were in the presence of an "Asian cold," a foreign disease, which will pass and, if the necessary measures are taken, will not leave damages.

On the surface, this seems to be confirmed by the evolution of the stock exchanges after the initial Asian crisis. The New York Stock Exchange Dow Jones index reached a high point of 8,545 points in February 1998, almost 15% higher than in October 1997, and 25% higher than in February 1997. Most exchanges in the industrial countries have risen similarly, or even more drastically, as in the case of Spain. So why worry?

But the striking thing is that those experts who, just before the Asian crisis, warned of a new "crash" on Wall Street were basing their arguments solely on the situation of the western exchanges, without regard to the Asian situation. Even Alan Greenspan, head of the U.S. Federal Reserve bank believes that the New York Stock Exchange is seriously overvalued.

Financial analysts measure this phenomenon using the Price Earnings Ratio (the ratio of the price of a stock to the dividends it produces). The higher the Price Earnings Ratio of a stock, that is, the greater its price relative to the benefits it yields, the higher the risk of buying it, and the greater the probability that its price will fall in the future. A return to the median PER of the last century (12 x

earnings), while keeping profits constant, would require a 40% drop in current New York Stock Exchange prices!

Overvaluation becomes evident in a simpler form: between 1987 and 1997 GDP has grown by 70% in monetary terms and by 26% in real terms, while prices in the New York Stock Exchange have multiplied fourfold. The Tokyo Stock Exchange, as we said earlier, dropped 26% in the same period.

In most European exchanges, the overvaluation accumulated in the last few years is not significantly lower than that of Wall Street. It is enough to look as an example to the Spanish stock exchange in 1992, the PER of the Madrid Exchange was 10, that is, stock prices represented 10 times the dividends (profits) they generated. At the end of 1997, the Madrid PER had risen to 29.8, and continues to rise in 1998. During the first two months of this year, stocks rose an incredible 23%, the highest rise in all the western exchanges. In some sectors, such as banks and finance, the PER has risen from 7.7 in 1992 to 34.1 in 1997. In construction, the PER has risen from 6.9 to 48.0.

Only a small part of the increase in stock prices is the result of the fall in interest rates. Western stock market prices have increased dramatically in the first months of 1998, even though there is now little room for further reductions in interest rates, which are at historically very low levels.

It is clear that the current rises in stock market prices are propelled by the simple force of speculation, or by spurious factors alien to the real value of the enterprises – expectations, black money, fusions, cosmetic changes and share splits – because, in moments like these, investors play to anything that will continue the rising trend, since they cannot expect higher profits from dividends, or from fixed yield assets like government bonds or fixed

term bank deposits.

Overvaluation is a dominant trait in all the western stock exchanges, more extreme in some cases than in others. The anomaly of the situation in the western exchanges is striking: one must remember that stock exchanges in other parts of the world are being shaken by violent movements.

The IMF enters the scene

The fact that the severity of the situation is not homogeneously reflected in the markets does not mean that there is no awareness of the dangers in the strategic decision making centres of the system. On the contrary, the declarations of the governor of the US Federal Reserve, and the attention and resources devoted by world finance capital, headed by the IMF, aim at containing and dampening the "Asian crisis." This poorly studied and even more poorly predicted crisis could prove to be a spark that ignites the powder keg of the world economy.

Even the Latin American markets have felt the commotion, because its economies have many of the traits which have been noted as the source of the crisis in South East Asia: strong foreign deficits, very high foreign debt, fragile and speculative financial systems.

This is the reason why, once the crisis burst out, an enormous volume of funds was directed to the "Asian Dragons", mainly, to Korea and Indonesia, with the objective of restoring confidence in these economies, and attracting private capital. In Korea alone, the IMF will channel loans amounting to 57,000 million dollars, which is the greatest salvage operation in the entire history of capitalism. The IMF has participated in the operation, together with 13 important industrialised nations and a group of leading commercial and investment banks from the richest countries. The funds channelled to Indonesia, Thailand and the remaining countries have been smaller than the sum devoted to South Korea, but, altogether, the magnitude of the financial assistance to the "Asian Dragons" has no precedent, not even the Mexican rescue operation of 1995. And this is possibly only the beginning.

This massive financial intervention has contributed immensely to stopping the crisis and, above all, has prevented it from spreading to the markets of the industrialised countries.

Of course, international aid comes with certain conditions. The counterpart of all these funds is the imposition by the IMF of "programmes of structural and financial reform," that is, a hardening a fiscal policy, a substantial rise in interest rates, the liquidation of an important number of banks, the privatisation of certain public enterprises, and the opening of previously protected markets and sectors of the economy.

The consequences of such plans will soon be felt in the form of a substantial reduction in the rate of growth, increases

in unemployment, closure of enterprises and decrease of productive capacity. The "Asian Dragons" will lose a great deal of their force, and will suffer the inevitable social consequences. In Korea, Thailand and Indonesia, social instability has already begun.

In the short term, the effects on the world economy as a whole will not be dramatic, although the international organisations have lowered their predictions for growth in 1998. The IMF estimates a 0.8% reduction in the rate of world growth during 1998 as a result of the Asian crisis.

But, besides the immediate repercussions, the most outstanding feature of the new crisis is that it has been notably worse and its resolution on the medium term more uncertain than the previous crisis in Mexico and Argentina. Where will the next spark jump? It is hard to make predictions. The worse moments of the crisis seem to have been overcome, but the overvaluation of the stock exchanges and financial instability continue to worsen. The atmosphere is charged with electricity, as before a storm... ★

Written in March 1998. Translation by C. Ayala.

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1968 in the United States

How does one assess the comparative significance of the celebrated year "1968"? Alan Wald assesses the mixed experiences of progressive forces in the USA 30 years ago.

The year 1968 was an authentic turning point in the class struggles of Europe, East and West. Most famously, the Prague Spring provoked an invasion of Soviet tanks and the toppling of a government, while the May revolt in France brought barricades to the Latin Quarter and a general strike of ten million.

In the US, to be sure, the events of that year were compelling and traumatic. On the military front there was the sensational Tet offensive, an unprecedented co-ordinated attack by North Vietnam on military bases and US-controlled cities in South Vietnam. There was also the My Lai massacre, which, when exposed two years later, constituted a major blow to the moral authority of the US war effort. Then there were the assassinations of presidential candidate Robert F. Kennedy and Civil Rights leader Martin Luther King, Jr. The murder of the latter set off rebellions of African Americans in 168 cities, and is usually cited as the transitional moment in the evolution of the African American liberation movement to its phase of Black Power militancy.

Finally, the US radical student movement entered its most active phase. Between January and June of 1968 there were 200 major student demonstrations, fifty-nine of which featured building occupations. Among the most remarkable was the Columbia University strike, which raised crucial issues of anti-Black racism (the university was constructing a new gymnasium against the wishes of the neighbouring Harlem community), ties between the university and the war machine, and democratic governance.

The brutality of the New York police attack on the protesting Columbia students and faculty shocked the nation, and many of the radical demands were won. The student movement was also the central component of the violently-repressed mass demonstration in August of that year at the Democratic Party national convention in Chicago.

Nevertheless, the combined events of 1968 hardly posed the issue of "power" on a national scale in the fashion of Paris and Prague. The Tet offensive, after all, was defeated. The post-King Black movement, while more militant, was also more fragmented and, harassed by police infiltration, frequently succumbed to ultra-leftism. The national student movement,



which achieved its most visible expression in SDS (Students for a Democratic Society), claiming a hundred thousand members, blew apart in the spring of 1969; it never recovered a semblance of its earlier organisational coherence.

The protest at the Democratic Party national convention in Chicago failed to win the nomination for the "peace candidate" Eugene McCarthy, and the autumn 1968 election witnessed the victory of Richard Nixon. In fact, in that same election, the open racist George Wallace and his American Independent Party polled 14% of the vote. Nixon and Wallace together attracted 57%, indicating a tilt toward conservatism in the majority of the US voting population. The 1968 election is usually interpreted as a right-wing backlash inaugurating the first major realignment in party politics since the Great Depression and the prelude to the "Reagan Revolution."

Changing consciousness

Among radicals, 1968 was certainly the turning point in the consciousness of a substantial layer of New Left student activists, myself included, who began to revise their earlier views about the "Old Left." Many of us concluded at that time that a political leadership for revolutionary-democratic transformation must be based on the multinational working class, educated around a socialist programme, and organised in a professional manner. But such conclusions flowed mainly from our observation of positive events in places such as France and Italy, not of any authentic revolutionary successes in the US, much as we may have admired the fighting spirit of the Black Panther Party, Young Lords, American Indian Movement, Brown Berets, and other impressive developments.

Still, it is noteworthy that a crucial sector of the New Left broke free of the view of agency associated with the influential Frankfurt School philosopher Herbert Marcuse, which saw a permanently co-opted working class as the source of the problem while students and aggrieved minorities held the sole solution. Many



activists took a fresh look at the history of class struggles in the US, the current state of the trade unions, and the legacy of Communist and Trotskyist movements. They began to assemble a vision of the US workers as the potential agent of revolution, and especially of African American workers, already in motion in places such as Detroit, as playing a unique leadership role in coming struggles.

Yet there is a way in which the focus on 1968 in the US tends to over-privilege the white student experience. Most of the US struggles for which that year is remembered involve campus-based radicals, very often at the most elite schools, taking over buildings, working for Eugene McCarthy in a "children's crusade," and mobilising en masse for the protests at the Democratic Party national convention in Chicago.

The fixation on 1968 also tends to reduce the Black Liberation struggle to images of martyrdom and urban violence. In reality, the political history of the African American movement rotates around a number of key axes starting with the civil rights movement in the 1950s and including the rise of Malcolm X in the early 1960s. The semi-autonomous dynamic of the Chicano, Puerto Rican and Native American struggles are somewhat marginalised by a fixation on 1968 as well.

Defining moments in the Gay Liberation movement and Women's Liberation movement are more likely 1969 (the Stonewall rebellion) and 1973 (the Supreme Court Decision to legalise abortion).

In general, efforts to find a single year in which these social movements were at the height of power, or in which they underwent some transformative experience, distort one's capacity to understand their specificities and intricacies. Alice Echols, for example, in *Daring to Be Bad: Radical Feminism in America, 1967-75* (1989), theorised the rise and decline of the militant wing of the new feminist movement along a continuum of events and episodes mainly between 1968 and 1973.

Alternative perspectives

Little that occurred in 1968 can be assessed without the qualifying information about the year or two that followed. For example, even if the student movement was riding high in 1968, it underwent a major crisis in 1969. 1969 was also the year of Woodstock, the ultraleft "Days of Rage" in Chicago, the assassinations of Black Panther Party leaders Fred Hampton and Mark Clark, the Native American Indian occupation of Alcatraz, and similar events that give the 1960s its reputation as a radical decade.

If mass mobilisations against government policy are a criterion of political potency, 1969 must also receive special attention as the year of the Vietnam Moratorium (including the Chicano moratorium in Los Angeles) in October, plus a massive march against the Vietnam War in Washington, DC in November. And it is certainly arguable that the high point of mass student protest came neither in 1968 nor 1969 but in May 1970; at that time 60% of the nation's 2500 campuses were the site of demonstrations in the wake of the US invasion of Cambodia, and of the shootings of students at the institutions of Kent State and Jackson State.

1968 is somewhat compromised as a revolutionary year in US politics precisely because it was an election year. It is important to understand the stranglehold that the Democratic Party has had over radical politics from the 1930s until the present. Without instruments of political expression of their own, subaltern struggles in the US are invariably co-opted and demobilised by the appearance of liberal politicians who promise to embrace their cause so long as everything is subordinated to getting out the vote in elections.

Such was clearly the case in 1968, when the motor force of the radical movement was opposition to the Vietnam War. Eugene McCarthy's campaign to be selected as the Democratic Party's presidential candidate devoured the energies of thousands of activists, and the hopes and dreams of many more. Following the victory of Hubert Humphrey, who had no anti-war credentials, at the Chicago convention of the Democratic Party, the movement stumbled and staggered into decline throughout the autumn of 1968. By the time Richard Nixon took office, it appeared to be almost dead. It was mainly US Secretary of State Henry Kissinger's decision to bomb Cambodia that brought

the mass movement back to life.

Crucial, too, from a Marxist point of view, is the evolution of the labour movement in 1968. A stirring and symbolic episode was King's trip to Memphis to express solidarity with striking African-American sanitation workers at the time he was assassinated. Yet most of the U.S. working class seemed quiescent, perhaps even hawkish, during 1968. Of course, some unions, especially traditionally Left-wing ones, supported the anti-war movement. But the 1970 physical attack by construction workers on New York anti-war demonstrators may be the best-known instance of labour activity around Vietnam.

From an economic perspective, the working class was not dramatically affected until the recession of 1969-1971. Then, in August 1971, President Nixon instituted a "New Economic Policy." This featured a wage and price freeze, federal controls, devaluation of the dollar, and a surcharge on imports. Another recession occurred between 1973 and 1975.

A sequence of crests

1968, then, was a watershed year in the US, but only from certain angles and for certain groups. A more accurate recreation of the political terrain might show a sequence of crests, one building on another but, regrettably, never coalescing in a truly massive way so as to produce the kind of global "turning point" occurring in France. Without question, the aura of political passivity (which has been somewhat exaggerated) associated with the "Silent Generation" of the 1950s was decisively reversed; the new legitimacy of visible dissent has lasted to this day, despite the decline of the specific social movements appearing in 1960s.

In particular, if one treats 1968-71 as a bloc, it clearly marks the end of the "American Century" — the post-World War II era of nearly uncontested US power to do what it wanted in the Third World, restrained almost exclusively by fear of Soviet missiles. There was, too, in that year a kind of exhaustion of liberalism as the Johnson administration, with its Great Society programmes, proved bankrupt in the face of racism, poverty and imperialist war.

These two developments created the basis for a resurgence of revolutionary socialist organisations in the 1970s. This is certainly the most neglected feature in the scores of scholarly books, memoirs and anthologies of documents that have been published on 1960s radicalism during the last decade.

The end of the Vietnam war left tens of thousands of radicalised militants without a focus for their political and organisational energies. Many had followed the path to socialist consciousness spearheaded by those of their contemporaries powerfully affected by the international events of 1968. Some now joined existing Marxist organisations that had distinguished themselves in the previous decade — especially the youth group of the Communist Party,

the Young Workers Liberation League; the youth group of the Socialist Workers Party, the Young Socialist Alliance; and the International Socialists (formerly the Independent Socialist Clubs).

Maoism

Many more, however, were drawn to Maoism, partly under the illusion that Maoism represented a more militant trend and also because Maoism, originating outside Europe and in relatively close proximity to Vietnam, seemed more compatible with anti-racist and Third World Liberation struggles. With exceptions such as the Progressive Labour Party and Communist Labour Party, most Maoist (anti-revisionist) groups were started by former New Leftists as their own operations, not by veterans of the older generation.

Unfortunately, the US Maoist movements had tied themselves to a highly unstable regime that was capable of supporting reactionary governments and fomenting anti-Soviet conspiracy theories rivalling those of the famous Red-baiter Joe McCarthy. Their record of sectarianism and splits quickly surpassed even the shameful one of the US Trotskyist groups, and some of the Maoists re-introduced the indefensible practice of using violence against rivals on the Left.

By the end of the 1970s, many of those who in 1968 and its aftermath had learned the lesson of the need for Leninist organisation found themselves rethinking once again. Hardly a group that had benefited from the influx of the "generation of 1968" had gone without a central split in its cadre and dramatic loss of membership, including the Communist Party, Socialist Workers Party, and International Socialists. The majority of Maoist groups (some having evolved to pro-Albanian tendencies) simply vanished. In the meantime, a substantial section of the activists had returned to academia, where post-Marxism was becoming an entrée to the super-star conference circuit. A veritable crisis had overtaken the 1960s generation to which it has neither entirely succumbed nor found an effective resolution.

Through a strategy of "Regroupment," and a devotion to rank and file union and grass-roots community struggles, a range of activists have sought to keep the best traditions of revolutionary socialism — those of the 1930s as well as those of the 1960s — alive in the US. The crisis, however, cannot be resolved until a new generation of US militants — female and male, gay and straight, Euro-American as well as African American, Latino, Asian American and Native American Indian — find common ground in common struggles against a system that indiscriminately oppresses all who are disunited. Only then will the meaning of 1968 in US political history become clarified, and its utopian promises redeemed. ★

Alan Wald is a member of Solidarity, an editor of the journal *Against the Current*, and most recently co-author of *Trotskyism in the United States: Historical Essays and Reconsiderations* (Humanities Press, 1996)

The debate within feminism

For the last three decades, Marxists have been missing an interesting and important debate taking place within the feminist movement, argues **Lidia Cirillo**

In fact, the left has always been keener to take up women's protests and demands than to try to understand what women were thinking, saying and writing.

And, since Marxist debate is today almost non-existent, current Marxist thinking is more or less unable to confront other theories...

The debate within feminism is based on material gains: the transformations in women's daily lives, and above all their massive entry into the world of culture. This has certainly given feminists sophisticated tools, allowing feminism to emerge once and for all from the phase of a fragile sub-culture, but it has not yet produced the "epistemological ruptures" hoped for in the various academic disciplines. This "professors' feminism" has some similarities to the "professor's Marxism" criticised by Regis Debray in 1968. But, while Marxism refers constantly to a structured if differentiated movement, feminist theory has only been able to refer to a politically fragmented and often marginal (though constant) reality.

In Italy, after the great mobilisations of the 1970s, feminist theory lived on in a wide range of magazines, associations, centres and collectives which shared a similar discourse and similar codes. It has had a marked influence on women of the left and particularly intellectuals. For Marxists, the primary interest lay in the fact that the women's movement is the other political subject – apart from the worker's movement – which has constructed a genuine theory for itself, using extremely sophisticated cultural instruments. These include, most notably, psychoanalysis, but also philosophy, semiotics, linguistics, sociology and anthropology. While containing inevitable mythic elements – like any other project for liberation and change – feminist intellectual constructs contribute to an understanding of the logic of human relations from which living Marxism could well benefit.

Since the 1970s, the debate has developed in different directions according to the areas of expertise of the intellectuals involved. Some theorists developed an economic and social analysis that demonstrated the impossibility of understanding

the mode and relationships of production or the dynamics of class without fully taking into account women's roles in reproductive tasks and the function of the male-female power relation. However, the broadest and most interesting debate – to which all others in some sense refer – concerns the issue of subjectivity. If we compare this discussion to the Marxist debate, a strange asymmetry emerges: For Marxists, theory has been an analysis both of objective reality, including economic mechanisms, social dynamics and political phenomena, and of the subject: of class consciousness, the vanguard and the party.

The development of feminist theory, by contrast, has been strongly biased toward the second element: analysis of the subject. This is neither a coincidence nor a confirmation of differentialist stereotypes (man = objectivity; woman = subjectivity); it is, instead, the result of women's evident need to achieve greater self-awareness due to the specific nature of the oppression they have undergone, which has contained a strong ideological component and has strongly stamped women's identity.

If, in any process of liberation, the alteration of material living conditions necessarily goes hand in hand with a critique of the dominant ideology, then for women, the critique must in the final analysis address the so-called female identity.

Subjectivity and identity are closely linked concepts: a subject necessarily possesses an identity to which it submits itself or which it constructs for itself. The debate on subjectivity has gone to the roots of the issue with the aid of psychoanalysis. Feminism has subordinated itself to this discipline to such a degree that one could say, without undue exaggeration, that in the past few decades it has become a political movement that has adopted psychoanalysis as its ideology.

If Marxist theory was to enjoy a revival, it could not ignore this debate, where the formation of individual and collective, personal and political, subjectivity emerges as a process that is far more complex, precarious and ambivalent than that traditionally theorised by Marxist culture. The debate on difference was first and foremost a discussion of subjectivity, even though it was often expressed in other terms. The adoption of difference as a political paradigm for (many) feminists dates back to the early 1970s and was partially inspired by the thinking of the Black movement – the revival of nationalism as the nationalism of the oppressed, Fanon, Black Pride and Malcolm X.

However, to a certain extent, this relates to a specific demand of women or, more correctly, a sector of emancipated and usually politicised women who no longer faced problems of material survival

or exclusion from the public arena. Based on theoretical reflection, such women formulated a movement in the opposite direction to forced entry into inaccessible areas. In other words, they isolated or distanced themselves, in a movement that frequently went hand in hand with the construction of political subjectivities that were independent of other movements and political organisations dominated and led by men. This same distancing and differentiation also characterises the dynamic of the construction of the individual, male or female, who becomes a subject through the awareness of being other than or different from the person caring for him/her, almost always the mother.

A similar dynamic is also evident in the construction of collective subjects: whenever a human group has adopted common objectives (or believes it has done so), this has involved a parallel cutting-off, separation or rupture from the rest of the world, while gathering together the individuals or sub-groups of which it is formed.

National identity is particularly significant from this point of view. Feminism has dealt with subjectivity in inappropriate terms (although, as we will see, in its own terms) first and foremost because it has used schemas inherited from European nationalism of the early 19th century, including the polemic against equality, seen as a downward levelling or standardisation. These schemas were then borrowed by anti-colonial revolutions, due either to the mediation of Western-educated intellectuals or the anthropological dimension of the movements themselves. All subjects have an identity, but not all identities are constructed on the basis of differences between one and the other. In the worker's movement too there emerged problems of identity which Marxism proved unable to resolve through its elevation of the distinguishing features of the lower classes. This was in fact achieved by other, more primitive social movements whose claims against injustice were based on their own poverty and humility. The reclaiming of one's own culture, history, or specificity – real or presumed – is typical of nationalist movements and has become a dead end for feminism.

This process has not only emerged as a result of external influences. Using more complex and cultivated language and applying more knowledge to the issue, feminism has repeated an old polemic that has constantly divided the movement between the options of reclaiming or conducting a critique of gender difference. The decision to lay claim to roles and rights has often gone hand in hand with a tactic of reclaiming female functions and expertise: women demanded rights as soldiers

mothers or simply as mothers; they demanded public-sector posts on the basis of their abilities as educators and administrators.

At the same time and even before the end of the last century, other voices emerged that urged women not to exploit "feminine virtues" since the primary effect would be to trap women ever more deeply in a normative and marginalising femaleness. The movement known in Europe as radical feminism [in the United States this term is applied to differentialist feminism] has been marked throughout the 20th century by a critique not just of misogynist claims but also of highly flattering images of femininity.

Jacques Derrida and Julia Kristeva argued that the best thing women could do was to consistently reject any identity or statement applied to them. In this apparently bizarre idea, they were simply making a balance-sheet of feminism understood not just as women's political battle for their own rights but also as a critique of the ideology of male-female relations.

We cannot accept the soundness of this argument because it does not just concern the present, but implies that it will be impossible for women ever to achieve their own gendered language, become subjects or speak for themselves. Differentialism, which has often – and not by chance – refused to call itself feminism, has worked toward reconfirming, one by one, all the stereotypes about femininity: woman is mother, is inclined toward domesticity, is more gifted for relationships and caring; she is non-rational, contradictory, subjective, intuitive; she is nature, matter, weak-mindedness.

How did this approach emerge? The answer is simple: a political and cultural context arose in which certain sectors of women came to believe it was more useful to reclaim than to critique difference-identity. A significant factor in the first approach was the academic nature of this feminism, which dealt with disciplines and trends (structural anthropology, Freudian and Lacanian psychoanalysis) that scarcely lent themselves to the relativisation and historical contextualisation of male-female relations. Women who demanded rights as the mothers of soldiers at the end of the 19th century did so within the framework of the militarist ideology then dominating Europe. At the end of the day, this is not so distant from the logic of female academics who claim professional spaces on the basis of women's alienation from Reason in an era where the prestige of the intellect is at an all-time low.

We have a second reason for saying that the discussion of subjectivity has been expressed in inappropriate terms: on the one hand, feminist theorists who have turned their attention to the subject have been forced to use cultural instruments that deal in the death, decentering, division, deconstruction and fragmentation of the subject. On the other hand, it is difficult for them to invent theories other than



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The identity debate in Italy

We have dealt with identity, which is the bias according to which individuals – men and women alike – present themselves to and are perceived in the world; we have discussed its strategic feature of adapting to its milieu as well as the fact that it is closer to the unconscious than the notion of consciousness. We have also talked about the role of experience in subjectivity and the dual meaning of the term subject: subjection to certain social constraints or the capacity for self-determination and self-defence. We have attempted to understand the phenomena that increase – but also separate and fragment – the subjects demanding political recognition: from lesbians to women of colour and the transsexual subject.

This debate has spawned tons of literature. But the new reader may be disappointed, and have the impression that this issue has no immediate relationship to politics. Many of the intellectuals involved in the debate are psychoanalysts or philosophers and the subject they deal with is more often the individual rather than the collective or political subject – although of course the two are closely linked. But Marxists should be equipped to select, translate and redefine issues according to specific political demands. In my own country, Italy, there has been a total

failure in this regard: For several years, left-wing women – including revolutionaries – failed to glean anything from this debate apart from a few items of ideological jetsam. Nowadays they tend to drop the issue like a hot potato.

It was to help to understand these feminist debates and to work against this trend that we, the feminists and Marxists in the Party of Communist Refoundation, started up the *Quaderni Viola* (Violet Notebooks) five years ago. So far we have published four issues.

- **Meglio Orfane** (*Better to be an Orphan*), for a feminist criticism of difference philosophy;
- **Donne e Rifondazione** (*Women and Refoundation*), theses for a women's congress; -
- **Maria e il Mago** (*Mary and the Magician*), papers from a women's conference on the crisis of the left and the rise of the right in Italy;
- **E l'ultima chiuda la porta** (*Last one out closes the door*), the importance of identifying as a lesbian.

We will shortly bring out *Letters to Roman Women*, a book explaining feminism to communists: difference identity and distance; symbolic mothers, essentialism, post structuralism and post-modernity; gender and types, lesbianism and passing, queer theory, death of the subject and the death agony of the patriarchy. [LC]

★ discussion article

those dominating the academic milieu; first and foremost this is because the ability to enter the academic environment and create a career within it always depends on the ability to adapt; also, while discourses based on the tribulations of the subject may have severe limitations, they nonetheless have a certain descriptive power.

Can it be coincidental that the subject became a theoretical issue once more only after the 20th Congress of the Communist Party of the Soviet Union and through the second half of this century, at a time when the international worker's movement - the only subject potentially equipped to alter the course of history - was facing very real difficulties?

Throughout the course of this debate,

identity feminism has been severely criticised. In the United States, the birthplace of differentialism, feminist theory has turned the full circle to return once more to the positions of the 1970s (Betty Friedan, Kate Millet) which claim that sex difference is an ideological construct. This does not, of course, mean that sex has nothing to do with gender, but rather that sex is always situated in a historical and cultural context and that attempts to define what belongs specifically to one sex rather than the other, without regard for context, lead one deeper into a necessarily misogynist metaphysics of the sexes.

The critique made of former identity feminism has often taken the form of a critique of the subject's attributes - which are necessarily illusory due to the illusory

nature of the subject itself. We could say, jokingly (although it is not so funny) that this is man's umpteenth crime against women: When they needed to talk about subjectivity, men deprived them of the tools to do so - and were able to do so because they have millennia of cultural monopolisation behind them.

At the same time, the result of this state of affairs is not just limited to an inappropriate use of language in feminist theory. The most important effect has been feminist theorists' resumption of a debate on the subject and an awareness that it was the main issue on the agenda. In a sense, this implies the theoretical - if only fledgling - renaissance of the subject since anyone who has a practical demand sooner or later finds the words to express it. ★

France

Young women and feminism

The last few years have seen an resurgence of struggles for women's rights, which now occupy a real place on the national political scene.

Laurence Ruimy

In the early 90s, the centre of activities was the abortion and contraceptive rights coalition CADAC (*Coordination des associations pour le droit à l'avortement et à la contraception*). A couple of years later it was possible to form a broader National Collective for Women's Rights (*Collectif national pour les Droits des femmes*), bringing together more than 150 feminist, political, trade union and voluntary sector groups and associations.

Although young women are present, they are not the motor of this movement. There has been little, if any, transmission of experience from the 1970s feminist movement to today's young generation. This is, of course, linked to the lack of feminist struggles in the 1980s.

For many young women, the struggle for women's rights does not seem necessary. After all, a number of rights were won, and laws passed before we were even born. These were struggles of a previous generation. History.

Abortion and contraception are good examples. It is difficult to mobilise young women to demand the application of a law which exists. Though, of course, where reproductive rights laws have been threatened directly, like by anti-Abortion commandos, a number of young women have recognised the threat to their rights, and participated in mobilisations to confront the commandos and defend abortion rights.

A number of anti-sexist or feminist groups have been formed recently, as well as women's commissions in student unions and other youth associations. Some of these groups are fragile and fleeting, others dynamic and determined. They all show that feminist



thinking is still present among young women, and that there is a larger circle of young people who are at least open to feminist themes, despite the widespread prejudices and caricatures about 1970s feminism.

At home...

Most young women's first awareness of the inequality of men and women comes from their own family. The unjust division of labour within the family becomes visible long before discrimination in the education system or the workplace.

Many young women say "I won't do the same as my mother. I won't tolerate that kind of thing." These are individual, rather than collective reactions, but they do show that many many girls and young women are aware that male-female equality is not automatic. Many young women living with a man expect to avoid reproducing their parents' behaviour patterns. But, when the first baby arrives, these illusions begin to disappear.

In the various young women's groups, collective discussion facilitates other kinds of awareness and mobilisation - about street violence against women, and the degrading treatment of women's bodies in advertising. One of the first activities of the Paris (non-mixed) group *Marie Pas Claire* was the

organisation of self-defence classes.

...and at work

Not until they start working do young women tend to reflect directly about workplace inequality.

Young women's relationship to work has certainly evolved. Today, they take for granted that they will work. They realise the importance of women's financial independence. But this desire to work is challenged by the worsening working conditions facing women. Women face a higher threat of unemployment than men, and at least 32% of women under the age of 25 are out of work. Women also face particular problems of job instability, and are often forced to work part time. The average female salary is 70% of the male wage.

There is a great potential to mobilise young women in defence of their rights. The concerns of younger women should be given their full importance now that we are experiencing a renovation of struggles for women's rights.

The challenge facing us is to make the link between the widespread perception of the existence of inequality and oppression, and the current struggles to win real equality with men, for contraceptive and abortion rights, in the workplace, and in society as a whole. ★

booknotes

Student occupations

When Campus Resists: The Politics of Space, Power, and the Culture of Resistance in the Guelph Occupation

Helen Hudson, Tom Keefer, Lana Rabkin, Andrew Thompson (editors) (Occupation Press, 1997, CS10.00).

The last few years have seen an important wave of student activism in Ontario, Canada's most populous province, focusing on tuition increases linked to cutbacks on campus. The high points of the struggle were the pan-Canadian days of action called by the Canadian Federation of Students on January 25, 1995 and February 7, 1996 when tens of thousands of students mobilised, shut down campuses, and held marches.

However, the 1996-1997 school year did not see mobilisations of that scale. Instead, students at a number of campuses occupied key administrative sites (particularly Presidents' offices) to protest against tuition hikes and cutbacks. At Guelph, students occupied the President's office, sat-in at the University Centre, and shut down a meeting of the Board of Governors between February-March 1997.

The editors of *When Campus resists*, some of them members of Canada's New Socialist Group, have assembled documents and analyses of those struggles in Canada's most populous province, as well as providing a "how-to" guide for those planning occupations elsewhere in North America. It opens discussion on a broader assessment of this wave of student mobilisation and student activist politics.

The University of Guelph administration responded to these measures by bringing charges against 37 individuals. This is an outrageous attack on students' right to protest on campus. The Guelph administration is trying to set a precedent in stifling dissent, as Ontario University administrations have not generally tried to punish protesters since the early 1970s.

When Campus Resists is also a focus for the defence campaign for the students charged, raising money and awareness. It is important both as an analysis of struggles and a tool in an ongoing campaign. This book gives the real flavour of an occupation, from great images of the University President yelling through his office door to reflections on stir-craziness.

It is a central claim of this book that the occupations of February-March 1997 marked a step beyond the protests of 1995 and 1996. "This move towards occupations, a political response to the perceived ineffectiveness of previous protests, thus marks an increase in the intensity of student resistance..." (p.8). Occupations are cast as a more "radical" alternative, taking it to the administration and disrupting their rule (pp.7-9,93-94).

There is, however, another reading of the occupation wave. In February-March 1997 the gap between the more militant student activists, and many others on campus who hated tuition hikes and cuts was much wider than in January 1995 or February 1996. The more isolated activists were actually more radical than the previous year, while others were more conservative in that they did not feel it was possible to fight and win. The occupations were mounted by the radicals who had no confidence that it was possible to mobilise greater numbers of students.

Neither tactic is inherently more radical than the other. An occupation can be a useful tool to draw more students into activism if it becomes the hub of a range of protests. But, university administrations can work around occupations (or bust them up by using cops) just as they can wait out a day of protest.

The goal of campus activism must be to mobilise the greatest number of students and other members of the campus community into effective actions that challenge university administrations and the provincial government. Numbers matter because people change through protest and begin to see their own activism as important. In protests at the University of Windsor, Ontario, in January and February 1996, for example, students invented chants and made up signs about issues ranging from a future of shitty employment in Macjobs to under-funding for the fine arts departments. They thought about the world and their own activity in new ways. And then, sadly, it ended.

We need to figure out why these protests ended so suddenly with such a limited residue of radicalisation. Students are really pissed off at tuition hikes, overcrowding, debt, and poverty. They know that the job market upon graduation sucks. This can lead to radicalisation, but it can also lead to narrow horizons and a competitive attitude ('I'm going to be the one who gets the job'). Also, in a time where protest seems to be going so much against the tide, it is easy for people to get resigned and think that cutbacks, tuition hikes, and the corporate agenda are inevitable.

This book also suggests that the central dynamic in student protest should be to expose and challenge the power relations in education (see pp.10, 185-87). The goal, then, is student power and a system of education for freedom.

The problem is that the power relations in education are not simply produced on campus. The major goal of the capitalist education system is training for relations in the workplace and society. Potential workers are trained in habits such as showing up on time and acceptance of authority. Women and men learn gender roles, while people from various backgrounds are assimilated as "Canadians" or marginalised.

We are currently seeing a real shift in capitalist education priorities, rightly associated in this book with the neo-liberal

corporate agenda. Quite simply, employers believe that the schools, colleges, and universities are pumping out too many graduates with high expectations who don't take well to the low-wage, part-time, or temporary jobs that are out there for younger people. From the bosses' perspective, there is an oversupply of educated labour.

Therefore, they want a more streamed education system that directs more people bluntly towards dead-end jobs with bad pay and little or no security, a system of user pay so that education becomes a commodity on the market available only to those who can afford it, and they want a "back to basics" curriculum that puts discipline more frankly at the centre.

At some level, students know this. Their concerns are often about the relations between university and the rest of their lives (jobs, debt, etc.). The challenge for the student movement is to transform this knowledge into an activist movement that builds solidarity with workers and others fighting the corporate agenda. The aim should be a student-worker alliance rather than simply student power.

The student-worker alliance can start on campus. University workers are facing speed-ups, layoffs, and contracting out as part of the neo-liberal management agenda for the "lean" university in the age of lean production. In 1997, we have seen strikes by York University faculty, and CUPE 1001 (groundskeepers, cafeteria workers, and housekeepers) at the University of Windsor. It was a real challenge to build solidarity in these strikes, especially when some students were actively hostile, but real student power depends on this.

The current struggles in education, mounted by students, teachers, and education workers are crucial in contesting the neo-liberal agenda. We need to learn from our activism as we engage. This book is an important contribution to that learning. [UK/NS] ★

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conference notes

World anti-capitalist meeting

Gustavo Vasquez*

On 23-26 February, two hundred and fifty delegates from all the continents, representing the most varied social organisations – and a few political ones as well – met in Geneva, where the World Trade Organisation (WTO) has its headquarters. The aim of the Peoples' Global Action Conference was to organise a global response to the process of neo-liberal globalisation and in particular to the role played by the WTO. Representatives of all WTO countries will meet in Geneva on 18-20 May to celebrate fifty years of the international bodies which "control" world trade (previously the GATT, now the WTO).

Social activists from all the continents debated concrete ways of staging a counter-celebration of these fifty years. And they swapped information on the social and economic situation in each country and the different forms of struggle developing.

It was four days of intense activity in plenary sessions and commissions, preceded by a number of round-tables on "The power of the multinationals", "Gender", "Indigenous peoples", and "Agriculture and the peasantry". There were also various cultural activities.

On Sunday 22nd, in the Conference Hall, two meetings were held for all the delegates who had already arrived. One for the English speakers, introduced and co-ordinated by Charles-Andre Udry (eco-

nomist and adviser to Swiss trade unions), and the other in Spanish, co-ordinated by the Spanish economist Ramon Fernandez Duran and by Eric Toussaint (President of the Committee for the Cancellation of the Foreign Debt based in Belgium). These round-tables, along with the draft working document, served to guide the discussion of the following days.

The meeting

At the invitation of, amongst others, the Karnataka Peasant Association, the Sandinista Workers Confederation, the Socio-Ecological Union of the former USSR, the Filipino Peasants Movement, the Landless Peasant's Movement from Brazil, the Movement for the Survival of the Ogoni People of Nigeria, the Geneva Public Sector and Printers Unions, and a range of solidarity organisations from Geneva and the Spanish State, we spent a total of two weeks exchanging experiences of struggle and anti-capitalist resistance.

As the reports accumulated, we saw how an increasingly centralised capitalism organises its policies on a common basis and with a common aim, pushing vast masses of people into deepening poverty, demanding of each of us a response based on our particular reality.

Land seizures, struggles by trade unions, against privatisation, in defence of the environment, for the rights of women or racial or ethnic groups, are just some of the forms.

Although the conference had its origins in the II Intercontinental Meeting against Neoliberalism and for Humanity held in August 1997 and the 1996 meeting in Chiapas, this was not another "Zapatista

meeting", and in one respect it went well beyond those events: the collective, plural and essentially social appeal which called this meeting was deeper.

The tone of this meeting was a tone of intransigence in the face of the bosses, both national and international, the proposal for confronting the international bodies (see point 4 of the Appeal), and the decision not to give in to the "logic of no alternatives" imposed by the neo-liberals. The meeting demonstrated a healthy diversity of views, as well as many of the organisational and political weaknesses which are only to be expected in events of this sort, but which nonetheless showed the potential of a proposal like this which tries to respond to "globalisation" in a global way through the intransigent struggles of one and all.

In several areas there were important steps forward. The final document includes a variety of demands arising from numerous day-to-day struggles against capitalism, especially in the third world. The decidedly anti-bureaucratic form in which the meetings are called and organised is another plus. And here it's worth emphasising the attitude of the Latin American participants, many of them with real social weight behind them, who decided to choose the next organisers and co-ordinators on our continent in a pluralist, democratic and combative spirit. As a result, the Black Women's Movement of Colombia, the Free Trade Zone Trade Union of El Salvador, the National Confederation of Indigenous Peoples of Ecuador and the Argentinean Teachers' Union (CTERA) were elected.

Looking forward

No meeting of this sort can be assured of its continuation in the future, all the more so in times like these of ideological confusion and social disintegration, which encourage the retreat into purely local concerns. But the potential exists.

The aim of the meeting was not just to bring out a manifesto - it also set out to co-ordinate actions around the world between 18-20 May this year. It remains to be seen what response this will receive. It also remains to be seen how much press coverage there will be in Geneva on those days - given that two weeks of meetings and various demonstrations through the city centre, the last one ending up at the WTO headquarters, merited precisely zero coverage in the both the Swiss and the international press.

Political will is fundamental, on the part of both the organisations and their representatives. Those who launch the appeal will play a key part. They must strive to guarantee the broadest possible involvement, with the only limit being set by the objectives of Global People's Action - all those who support these should take part. To achieve this it will be necessary to work with all the communication media we have available. Nobody should be left out unless they want to be, or they disagree with the principles.

Some other criteria need clarifying. If this is a project exclusively for social organisations, then there should be no political organisations involved, without exception. And if, as we ourselves would prefer, this is not exclusively a project for social organisations, then the invitation should be broad, with only the limits mentioned above, so that no-one gets the idea that there are concealed motives behind the event. The clearest instance of this was with the Zapatista National Liberation Front (FZLN), whose delegates repeatedly refused to recognise the political character of their organisation.

It is also necessary to break with "third-worldism", "north-southism" or other such visions which vulgarise social contradictions and prevent a clear comprehension of the system of exploitation and the anti-capitalism latent in this initiative. Such conceptions, expressed particularly by the Latin Americans and other comrades from dependent countries, but also experienced in the form of "guilt" by some European social activists, make it more difficult to grasp the struggle on a world scale and in particular the form it takes within the imperialist countries themselves. Thus there was very little discussion of the mobilisations against unemployment in France, and Europe in general: a growing social movement which involves one of the most important social actors, the jobless.

This unrestrained "third-worldism" also clouds the understanding of capitalist oppression in our own countries. This oppression is not new to the neo-liberal period, it is historic, but now "local" capital has reinforced its relationship with international capital, so that any kind of autonomy is "pure fiction". The local ruling classes, governments - whether civilian or military - grow rich on the system of imperialist exploitation now dominated by the multinationals. The current political process of opening up to "globalisation" demonstrates this. The fact that one or two bourgeois go bust in the process does nothing to obscure this. That's how capitalism works.

These weaknesses in the Meeting need to be overcome. But they cannot be blamed on the organisers or the Host Committee in Geneva. Rather, they are the responsibility of all the participants - and overcoming them will be our common responsibility too. ★

*Gustavo Vasquez represents the Socialist Workers Party (PST) on the Leadership of the Frente Amplio (Broad Front) in Uruguay.

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For more information, contact: Sara Murphy, Co-ordinator Peoples Summit Secretariat New Economics Foundation 1st Floor Vine Court, 112-116 Whitechapel Road, London E1 1JE, Britain. Tel: +44-171-3775696; Fax: 3775720; E-mail: <sara.murphy@neweconomics.org>

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Glasgow, Britain, 22-23 May

Organised by the Centre for Study of Socialist Theory and Movements.

Speakers include Istvan Meszaros, Bertell Ollman, Suzi Weissman, Hillel Ticktin, Mikhail Voeikov, Filio Diamanti, Peter Kennedy, Alexei, Gusev, Mick Cox, Peter Burnham, Savas Michael Matsas, Cyril Smith, and Peter Hudis.

Cost: £12 one day, £20 both days. Half price for students and unemployed. Contact Centre for Study of Socialist Theory and Movements, 29 Bute Gardens, University of Glasgow, G12 8RS, Britain <90117310@student.gla.ac.uk>

Finnish young Communists

Solidarity meeting in Helsinki on June 5-6. A summer camp will be held at the end of June.

PL 288, 00171 Helsinki, Finland. <komnuor@dlc.fi>
Internet: www.dlc.fi/~komnuor/

All-European Security in the year 2000

Prague, Czech Republic 9-10 June

Organised by the Bloc-free Europe Information Forum and the Czech Civic Initiative for a Charter on European Security. Panel discussions on the OSCE • the Charter on European Security • the possibilities for a Europe free of military alliances and nuclear weapons • Ecology

Contact: Roman Raczynski, fax/tel: +42 2 731397e-mail: <inforum@poboxes.com>

Cardiff Counter Summit

Cardiff, Britain, June 12-14

See page five for details

LCR Festival

Paris, France, June 13-14.

A weekend of debates and concerts with a French and international flavour.

Contact: LCR, 2 rue Richard Lenoir, 93100 Montreuil, France. Tel. +33.1.48 70 42 20.
Email <redaction@lcr-rouge.org>

Black Radical Congress

Chicago, USA, June 19-21

For full details contact Black Radical Congress, PO Box 5766, Chicago IL 60680-5766

International socialist youth camp

Jutland, Denmark. 25-31 July

See page 36 for details.

Trade Unions, homosexuality & work

Amsterdam, 29-31 July 1998

The 1998 International Conference on Trade Unions, Homosexuality and Work provides a forum for lesbian and gay trade unionists to exchange information, policies and strategies. For full details see *International Viewpoint* #298 or contact the organisers.

PO Box 732, NL 2700 AL, Zoetermeer, Netherlands. Tel: +31-30- 273 2627. fax: 271 0512. E-mail: <modijk@knoware.nl> utopia.knoware.nl/users/modijk

Solidarity Summer School

Chicago, USA. 3-6 August

The US socialist and feminist group will hold its annual summer school at the usual venue. The group's convention will run from 7-9 August.

LCR Summer School

Grenoble, France, August 26-30

Cost: 959FF including accommodation and all meals. Youth/unemployed discount available. Contact: LCR, 2 rue Richard Lenoir, 93100 Montreuil, France. Tel. +33.1.48 70 42 20. Email <redaction@lcr-rouge.org>

Latin American Marxist Magazines

Buenos Aires, 25-27 September

This year's focus is "the Communist Manifesto in Latin America Today." The deadline for submitting papers is 17 July

Contact Alberto Teszkiewicz at <marxlat@dia.edu.ar>



Indonesia Alert!

The special Spring 1998 issue focuses on the possibilities of replacing Suharto with a new "pro-democratic" coalition government. Contents include a speech by Megawati Sukarnoputri, an interview with a leader of the KNPDP, and a document from PIJAR (all references to individuals and acronyms are explained below).

According to Megawati Sukarnoputri, the main leader of the bourgeois opposition, the crisis in the country is caused by "unbridled greed by those with political and economic power in our country." The fall of the rupiah is due to the people's "loss of confidence in the present leadership and government administration."

For Sukarnoputri the danger in Suharto's corruption is the country's inability to establish "normal" relations with imperialist capital. "I do not expose these practices" of Suharto and family, she says, "because I am against necessary foreign loans and debt. I believe, as a developing nation, foreign loans and debt are necessary and rational."

In another article, a leader of the National Committee for Democratic Struggle describes the need for a "Council for the Salvation of the People's Sovereignty," comprising "all prodemocratic political leaders and well-known figures," who would "take over for the government in order to handle the economic crisis." Seventy-seven individuals and organisations have been encouraged to join, encompassing "all religious figures, political parties, social organisations, student organisations, intellectuals, artists, professionals, and local leaders."

When asked how differences between radicals and moderates on such a body would be handled, the KNPDP leader says that they would "firmly hold on to" their platforms, but that they "may not pressure each other; all will be limited by the platform which we will determine jointly."

The editors also reproduce a document from PIJAR, the Network for Information and change, calling for price reductions, a Cabinet overhaul, and a new president. These demands, say the documents' authors, are taken from "the set of demands launched on the streets of Jakarta in 1966, backing Suharto's seizure of power!"

Links #10, March-June 1998

Contents: The relevance of the communist manifesto today, by John Percy • Behind the Asian economic crisis, by Chow Wei Cheng • The Bolsheviks and the October Revolution, by Randhir Singh • What political economy for socialism?, interview with Makoto Itoh • Fixing up the world? - GATT and the World Trade Organisation, by Alan Freeman • Capitalism and the environment, by Allen Myers • Land occupations in Brazil, The landless workers movement, by James Petras • Socialism at the beginning of the twenty-first century, by Andre Brie • Behind the jailing of the Herri Batasuna leadership, by Sabin del Bado • A debate on the transition in South Africa between Carl Brecker and Dale McKinley • Copies cost AS\$6.50 in Australia, and US\$7 abroad. Contact: Links, PO Box 515, Broadway, NSW 2007, Australia. Phone: +61 2 9690 1230, Fax: 9690 1381, E-mail: links@peg.apc.org, www.peg.apc.org/~stan/links

Grenzeloos #43, March/April

In Dutch: Election defeat for far right - the cabinet next! • Who will save Kosovo? • German unemployed in action (Angela Klein) • Interview with MP Søren Sondergaard on the Danish elections • French unemployed: the voice of the street (C. Lévy and C. Aguiton) • SP: beyond 'Vote against' • Green Left: how left? • Economic policy: a slice or the whole cake (Robert Went) • Immigrants and the 1998 elections • MAI: a velvet coup • Down with Suharto!

Trotsky Encyclopedia

The updated version of the FAQ for the Encyclopedia of Trotskyism Online (ETOL) is available at:

www.trotskyism.org/faq.htm

The Italian version is at:

<http://www.trotskyism.org/faq.i.htm>

Desde lo cu4tro puntos

Our Spanish-language sister magazine is now available on the internet. Like our own site, this service is provided thanks to comrades from Sweden's Socialist Party (FI).

Among the first articles available on the site are Michael Löwy's article about Che Guevara, and Joao Macado's article on globalisation.

<http://home6.swipnet.se/~w-64823/int/pagina1.htm>

Labour Left Briefing, April '98

Gordon Brown's wasted budget opportunities • Who speaks for the countryside? • Disability benefits still at risk • Pensioners of the future beware! • National Union of Students - action needed on fees • Opposing health cuts • Derailed the sell-off of London Underground • Council budgets still under attack • The Campaign for a People's London [against imposition of a London mayor] • Victory for London left in TGWU? • EMU: what the Government doesn't want you to know • Blair and Mowlam on the fence - The sooner the British Government recognises its own role in the conflict, the sooner we'll get a meaningful settlement, argues Brian Campbell, editor of Sinn Fein's An Phoblacht/Republican News • Sean Coyne reports from Freetown, Sierra Leone, recently liberated from nine months of brutal military rule, thanks not least to the heroic efforts of the Sierra Leone Labour Congress • Achin Vanaik calls for the Indian left to chart a new course.

All articles can be viewed at <www.llb.labournet.org.uk>
Contact: PO Box 2378, London, E5 9QU, Britain.
Tel: +44 181 985 6597, Fax: 985 6785
<llb@labournet.org.uk>

Critique communiste #151

In French. The Spring 1998 issue of France's leading marxist theoretical journal has two dossiers. In the first, a range of European and Mexican authors discuss the impact of Che Guevara 30 years after his death, with particular reference to the current armed struggle in Chiapas, Mexico. In the second part of the magazine, Critique communiste theorises the Internet as only French marxists know how. Single issues 70FF (US\$12), subscription 300FF. Write to 2 Rue Richard-Lenoir, 93100 Montreuil, France. Tel. +33 1 48704220

International Youth Camp '98

The 15th European camp of youth organisations in solidarity with the Fourth International will take place in Jutland, Denmark, on 25-31 July. Participation costs US\$100-200, depending on your country of residence. For more details see last month's issue of International Viewpoint.

For more information contact your International Viewpoint distributor or write to SAP, Box 547, Nørre Allé 11 A, DK-2200, Copenhagen N. fax +45-35373217. E-mail <scinf@inet.uni2.dk>



International Viewpoint

Between 31 December 1997 and 19 March 1998 our own website had 2,191 visitors.

<www.internationalen.se/sp/ivp.htm>

or

<come.to/international-viewpoint>

Against The Current, #74

The May/June issue includes 16 pages on the confrontation in the Gulf, and Israel at 50, including a reprint of Tikva Honig-Parnas' "Daughter of the '48 Generation" from the Jerusalem magazine News from Within. In other articles, Kim Moody analyses the final settlement in the Caterpillar dispute, and a New York correspondent explains the struggle of the radical left New Directions caucus to win control of the 32,000 member local (branch) of the Transport Workers Union.

New Socialist, April/May

Much of this issue is devoted to the theme of international labour struggles: Alan Sears reviews Kim Moody's book *Workers in a lean world*, and TJ Baker writes on "From Liverpool to Australia: the War on the Docks Rages On." Also articles on "profit-sharing" in the North American auto industry, the fight for democracy in the US Teamsters union and the class struggle in Korea. The Multilateral Agreement on Investment must be fought, but, in the Canadian state, opposition to the MAI has been dominated by English Canadian nationalist "save our sovereignty" politics. Stephanie Beaudoin argues instead argues for challenging the MAI on an anti-imperialist and internationalist basis.

Gauche Socialiste's Marc Bonhomme contributes "Quebec's right to self-determination: A test for the English-Canadian working class." Other articles include techno music, Algeria today and the Canadian government's attack on refugee rights. Plus Gary Kinsman responds to Charlie Post's profile of Lenin in the February-March issue. Subscriptions (6 issues) are C\$15 (C\$20 outside the Canadian state). To subscribe or contribute, write to Box 167, 253 College Street, Toronto, Ontario, M5T 1R5, Canada, or e-mail <newsoc@web.apc.org>. Website: <www.web.ca/~newsoc>