

# *Socialist Action* Review

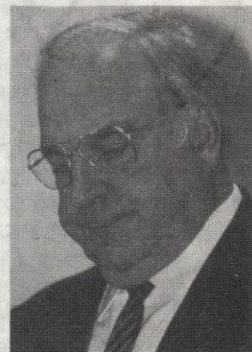
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# **Socialists and communists**

**in the  
new  
Europe**



● *Interview with Ken Livingstone  
on the need for Socialist Forum*

● *The left and the economic  
collapse of Eastern Europe*

● *The Anti-Racist Alliance and  
fighting the rise of racism*



## The *ERM*, racism and unemployment

**Two immediate issues dominate the political agenda in Britain — an escalating series of attacks on the trade unions, including the attempt to sever the unions' links with the Labour Party, and the Europe-wide tide of racism and rise of the extreme right.**

The two are inextricably linked. They are the simultaneous expressions of the high unemployment, deflationary policies being pursued by European capital, whose chief mechanism is the *ERM*, and whose goal is a European-wide reorganisation of capital under the hegemony of its most monopolistic sectors.

In Britain this project, which means fitting the country into the framework of the attempt to create a European imperialism, has now kept the economy in the longest recession since the 1930s. Across Europe, most spectacularly in France, it has meant a devastating attack not simply on the working class but on the petty-bourgeoisie — the two coming together to create the rise of Le Pen, the Lombard League and other fascist and racist currents. The *ERM* is therefore the immediate mechanism producing unemployment, which creates the basis for the attacks on the unions, and for racism and the extreme right.

It is this new framework of politics that provides the most immediate soil on which the recomposition of the working class is going to take place. The overall situation of world politics continues to be dominated by the situation in the former Soviet Union — where the outcome of the struggle will determine the world relation of forces for the whole next period. This remains the fundamental driving force of the recomposition of the entire international working class vanguard — including in Britain. But this recomposition takes place on a terrain of mass class forces that is inevitably determined by more immediate, and at the present moment more local, considerations.

In Britain the consequences of the *ERM*, and moves to attempt to create European Monetary Union, dominate the agenda of the new Major government. Fitting Britain into the new framework of European imperialism means high exchange rates, high interest rates, low exports, economic stagnation, a further decimation of British manufacturing industry and therefore, above all, high unemployment. This works itself through the whole society. Stagnant production and high unemployment means lower tax revenue coupled with high benefits payments, therefore a crisis in government finances, stiffer cuts in local government funding and attacks on the public sector workforce.

The response of the bourgeoisie to this is of course to attempt to hold down real wages and attack the trade unions — an attack which only works because unemployment intimidates the working class. Without the current level of unemployment the union laws would meet the same fate as in the early 1970s — that is they would be crushed.

Unemployment in turn creates the base for a ferocious wave of racism throughout Europe — which in this country is fanned by the government through measures such as the Asylum Bill. The primary victims of the present world situation, the inhabitants of the third world, are branded as

the criminals threatening jobs and 'overstraining' the welfare state.

This situation determines the immediate tasks which face socialists in Britain. First is defending the unions against the new wave of attacks coming on them. A new qualitative escalation of this is going to come with the proposal to abolish the check off system of collection of union dues, which threatens to lose large numbers of trade union members, and the outlawing of the Bridlington agreement, which would open the way for a split in the TUC.

The attack on trade union links with the Labour Party is an intrinsic part of that assault, following on the compulsory balloting on political funds which was implemented in the last parliament. Work between the left in the Labour Party and the trade unions to defend the Labour Party-trade union link is the first item on the political agenda after the election. The broadest and most authoritative campaign possible is needed on this.

The simultaneous rise of racism has to be met with an equally powerful response. The Anti-Racist Alliance is the most powerful possible step forward in this — indeed a real step forward internationally. Based on an alliance between black self-organisation and the labour movement it is ahead not merely of anything seen in Europe but also, in that respect, more advanced than anything in the United States. It should be a model to be copied internationally and Socialist Action is extremely proud of the role which it, together with many other forces, was able to play in establishing the ARA. The ARA's activities in the summer and autumn — an anti-racist festival and, in alliance with refugee organisations, mobilisation against the Asylum Bill and the wave of racism that will accompany it — deserve flat out support by socialists.

But in addition there has to be a beginning of a way out shown. Obviously in the last analysis only socialism can eliminate unemployment and begin the long job of eradicating racism. But socialism, unfortunately, is a long way away. It is not possible to wait until then to begin to allieviate the worst problems the working class faces today. Alongside struggles such as for the shorter working week, the finger has to be pointed steadfastly at the *ERM*. Not black people but the consequences of the *ERM* and reactionary projects in Europe are responsible for the high unemployment that is gripping Europe and has added over a million to the dole queues in Britain in two years. To be internationalist and anti-racist today also means to be against the *ERM*, the Maastricht treaty, and the reactionary projects of European capital that are turning Europe into a breeding ground of reaction.

Some realisation of this is beginning to grow outside the circles of the hard left — witness the size of the Labour revolt against the Maastricht treaty. Furthermore union leaders such as Edmonds who support the *ERM* are literally pursuing suicidal policies as the high unemployment it creates cuts the role of their own unions. Understanding of that will gradually reach far wider circles than the hard left. Mass campaigning against the attacks on the trade unions, to defend the Labour-trade union link, and against racism have to be linked to showing the beginning of a way out via a concerted labour movement attack on the *ERM*.

## Why a Socialist Forum is needed



KEN LIVINGSTONE was the left's candidate in the Labour leadership election. At the beginning of May he also used the occasion of a Morning Star conference to issue a call for the establishment of a Socialist Forum to bring together Socialists and Communists to discuss the new situation in Europe. He motivated this not only by the situation in Britain after the election but also by international developments. Socialist Action interviewed Ken Livingstone on his proposals.

**In launching Socialist Forum you laid great stress on the international situation — in particular in Eastern Europe. Could you explain how you see this?**

I think there are two developments have come together which make it important to create a Forum in Britain to discuss the way forward for the left and the labour movement.

The international one is that in Eastern Europe and the former Soviet Union an economic and social disaster is taking place, whose effects will spread into Western Europe. Whatever criticisms are made of the previous East European regimes — mine would be extremely strong, I refused to visit Eastern Europe after the invasion of Czechoslovakia in 1968 — capitalism is throwing these countries backwards economically, destroying their welfare states, subordinating them to the IMF, and leading them towards new dictatorships. As a result right wing nationalism, anti-semitism and military clashes between nationalities are growing. As Boris Kagarlitsky put it, on their present course the East European countries are making a transition from a dictatorship with a welfare state to a dictatorship without a welfare state. It is illusory to believe that will not have enormous implications for the situation in Western Europe.

Eastern Europe has also shown there is no political space in those countries for the kind of right wing

social democracy now dominant in Western Europe. In Russia, for example, the Social Democratic Party is a tiny sect to the right of Yeltsin, campaigning for acceleration of the market reform and seizure of the assets of the mass trade unions.

It is a disgrace that such a rump, whose politics are to the right of the EETPU, should have links with the Labour Party. We should instead be making relations with real socialists in Eastern Europe — for example Boris Kagarlitsky's Party of Labour and leaders of the Moscow Federation of Trade Unions who I have met both in Moscow and London. I want to encourage such a dialogue.

In addition, contrary to what many people expected, the former communist parties in Eastern Europe did not disappear. They are now by far the largest forces of the left in all East European countries — gaining between 20 and 45 per cent of the vote in what are now free elections. Under those circumstances it would be ridiculous, indeed criminally sectarian faced with the rise of the extreme right, to refuse to engage in a dialogue with parties which have shown they can get very large support in a democratic vote.

Left parties and trade unions do not have the luxury of living in the past. The problems confronting us across Europe — economic collapse in the East and the rise of racism and the extreme right in the West — demand a united response by the

whole left.

This reality is bringing about a new relation between different currents in the labour movement. This process is today more advanced in Eastern Europe but I have no doubt it is going to spread to Western Europe — particularly confronted with such disasters as the consequences of the Socialist Party government in France. I find this re-alignment of the left one of the most hopeful signs in international politics today.

For example, I was recently in Moscow. Contrary to press claims, the left in Russia is strong. If the different elements of the left opposition to Yeltsin and the IMF were united they could realistically hope to form the government of Russia. The tragedy is they are not yet united and, as a result, Yeltsin is able to continue the destruction of the Russian economy and Russian society.

I don't believe all problems will be sorted out quickly. That section of Communists, for example, which has led the largest recent demonstrations against price increases, has to learn that harking back to the days of Brezhnev is not simply wrong in itself but splits the opposition and cannot command majority support. A number of socialists, on the other hand, underestimate the extent to which Russia's national survival is on the line and therefore the need for the left to take up and lead the deeply felt opposition to the destruction of Russian society by international capitalism. Nonetheless a dialogue between Russian former communists, trade unionists and socialists like Boris Kagarlitsky, who was imprisoned by Brezhnev, is taking place.

Or take Poland. Jozef Piniór, one of the six leaders of Solidarnosc in the underground, imprisoned under the previous regime, today writes in newspapers edited by former communists opposing Walesa's suggestions of anti-Communist Laws. Are we to suppose Piniór has become 'soft on Stalinism'? Piniór as a genuine supporter of the labour movement, was against repression of labour organisations under the previous regime and is equally against it under the new one. In Hungary the 'Left Alternative' is both inside and outside the former communist party.

In addition in most East European countries the former official trade unions still remain dominant in the workers movement and have begun

to transform themselves into more responsive workers' organisations. The new governments are responding with attempts to seize these unions' assets and transfer them to tiny, right-wing, pro-free market unions.

Socialists who did not support the previous regimes have to defend the existence of unions which now clearly represent the bulk of unionised workers. That is what Boris Kagarlitsky has done in Moscow with the Moscow Federation of Trade Unions, seeking to create a Party of Labour, and I believe we should take the same attitude as real socialists in Eastern Europe.

If socialists who directly suffered at the hands of dictatorial actions by former regimes in Eastern Europe are today prepared to sit down with communists to discuss how to fight for human values, democratic rights and socialism confronted with the rise of the right then it would be outrageous sectarianism for anyone to refuse to do so in this country.

The main trends in the Labour movement will not overcome differences by refusing to talk to each other. The seriousness of the situation, and simultaneously the real possibilities for the left, mean that such a discussion has to be started rapidly. The left has to say that whatever its differences it welcomes anyone in this discussion who can

prove by democratic means that they have significant support in the labour movement in Britain or internationally.

While Eastern Europe is more advanced such a dialogue has been developing in Britain too. It was greatly accelerated by the joint work in the Committee to Stop War in the Gulf. This was a really crucial experience as fighting against a war which killed 100,000 people broke through existing sectarian barriers between socialists, communists and peace movement activists.

The accord created around the Committee to Stop War in the Gulf allowed a rapid response to other events as well. For example after last August's attempted coup in the USSR there was the rapid establishment of the Committee for Democratic Socialism in the Former USSR which organised meetings around the country to discuss these events. This culminated in a visit to this country by the Moscow Federation of Trade Unions during which they were able to meet major British trade union leaders. It was not simply theoretical but real practical solidarity that could be undertaken.

The Labour and the Economy group, which produced a statement signed by 50 MPs, economists and trade unionists last autumn, came out of the same type of process. That has now become the main statement of an alternative left wing economic policy in the Labour party.

The Anti-Racist Alliance (ARA), which is now supported by twenty national trade unions and almost every major black organisation in the country, was another product of the same approach. This indeed is a real step forward not merely in Britain but also compared to Europe and the US by creating an organised alliance between the black community and the labour movement.

Socialist Forum, therefore, did not just spring out of ideas. It arose out of people showing a real ability to work together around projects that seriously affected politics — the Committee to Stop War in the Gulf was the main opposition to the war in this country, with over 100,000 on its largest demonstration, and the ARA has mass trade union support. I don't expect differences to disappear but I don't see any large enough to prevent developing that work. This shows the same process, on a more modest scale, as is being seen in Eastern Europe.





### How does this tie together with the way that you see the situation in Western Europe?

The rise of the racist extreme right in Western Europe makes left wing unity all the more urgent. Underlying the rise of the extreme right are the monetarist trends leading to the Treaty of Maastricht and dominating the ERM. These have nothing to do with creating a democratic socialist united Europe. They are a monetarist straight jacket applied to the European economy creating long term levels of unemployment unprecedented since the 1930s. The growth of parties such as Le Pen's National Front and the German Republicans is an inevitable result of this policy.

The results of German unification have worsened the situation. Before unification the German economy subsidised the rest of Western Europe. Now high German interest rates to fund unification are keeping the whole of Europe in recession and will make any economic recovery that does start extremely weak. That situation is also placing on the agenda a new attack on the welfare state in Western Europe — with the threat of socialism from Eastern Europe removed this is now regarded as an unnecessary impediment to competition with Japan and the United States. The *Economist* spelt it out clearly in its front page cover a couple of weeks ago in calling for

### 'Shrinking the Welfare State.'

As a result of the strengthening of 'monetarist Europe' opposition to the ERM and the Maastricht treaty is rising throughout Europe. It is reflected here in Bryan Gould's call for devaluation and Peter Hain's call for a vote against the Maastricht treaty.

It is necessary to act against the consequences of this 'monetarist Europe' — above all the unemployment, attacks on the trade unions, and racism it produces — but it is also necessary to develop a left wing alternative in that situation. It provides a backdrop to opening up the discussion on economic policy within the Labour Party. It calls for a general discussion on the left.

### What is your assessment of the situation in Britain after the election?

The election was a disaster for the Labour Party, and a total condemnation of the policies of its leadership. We failed to win an election in the longest recession since 1931 when we should have won easily. That we couldn't win even under those circumstances shows the bankruptcy of the line of Kinnock and the main criticisms the left has made of it in the last eight years.

The election has had a dual effect. One the one hand it has moved the Labour Party further to the right — with talk of deals with the Liberals

and distancing the party from the trade unions coming from the leadership contenders. On the other hand the evident failure of Kinnock's policies has forced some in the party to rethink.

One expression of that is the way Bryan Gould opened up the question of the ERM and devaluation. I'm not going to vote for Gould in the deputy leadership election, because of his position for us to work with the Liberals, but objectively this was a very important step forward. So was the willingness of some Tribune MPs to vote against Maastricht. Disillusion with the development of a monetarist Europe is a force affecting significant parts of the soft left in the way that many on the hard left have drawn lessons from Eastern Europe and the collaboration that has developed over the last two years.

In this situation sectarianism on the left towards sections of the 'soft left' is not what is called for. The Campaign group left has the opportunity to break out of the isolation it has been forced into in the last five years. What we were arguing for was right. Now we work with people who don't want to admit that, even to themselves, but who have realised that the present policies didn't work — and don't believe Smith's proposal to move even further to the right is an answer. The situation, for example with the attack on the trade unions, is far too serious to allow sectarianism to get in the way of progress.

Establishing a Socialist Forum is not an obstacle to this. On the contrary by providing a place for sections of the existing left who can work together to discuss it will enable the left to take advantage of new challenges, such as Maastricht or in defending Labour-trade union links, in a more united and coherent way.

### What is the difference between this proposal and the Socialist Movement?

The Socialist Movement from the beginning had a barely hidden agenda that was completely anti-Labour Party. The real position of the leading forces, those in the Socialist Society, was to set up a party 'to the left of Labour'. They simply used sections of the Labour Party to try to pursue that goal.

That is why *Socialist*, for example, was prepared to give a platform not only to the SNP but to Robin Blackburn to urge tactical

voting for the Liberal Democrats during the election. They were so eager to break up the Labour Party that they were prepared to make common cause with forces either to its right or the left provided they were anti-Labour. Robin Blackburn carried that to its ultimate logic in an article in *New Left Review* where he said it would be good if there was a purge of the left in the Parliamentary Labour Party under PR as that would force it to set up a new party!

That activity was totally damaging. Serious organisation and activity in the Labour Party was wound down in favour of activity really aimed at creating a new party. This very much weakened the left and I want to overcome it by rebuilding the left in the Labour Party.

What has to be created is something aiming to strengthen the Labour Party not weaken it. It is possible to cooperate with people around the *Morning Star* in this, in addition to the international reasons I have already given, because they have a totally different vision of their relation to the Labour Party.

The *Morning Star* see the way forward as strengthening Labour. It campaigned unconditionally for Labour to win the last election — as did other smaller Communist groups such as the Islip group and London Communist. They were not playing with the SNP, tactical voting, or creating a new party to the left of Labour.

This activity strengthens Labour and is not directed against it. So it is totally different to the Socialist Movement.

Also within the Socialist Movement was a strong strain of anti-Communism. People who completely failed to see that the events of 1989 in Eastern Europe was leading to the Eastern part of the continent taking a huge step backward.

In reality the present political situation is a sort of right wing attempt to reverse history. The Labour Party came into existence by people breaking from the Liberals and basing themselves on the trade unions. Now the demand by capital and the right is that Labour break with the trade unions and link up with the Liberals. That is the real situation we face and it is one where *strengthening* the Labour Party, not weakening it, is what is required. Those who are concentrating on creating break-aways from Labour,

rather than defending the Labour Party against an attempt to destroy its relations to the labour movement, are ultra-left in politics but aiding the right wing in practice.

## What do you think are the immediate priorities after the election?

The overall international agenda is the one I have already outlined — the effects of mass unemployment created by the ERM, the attack on the trade unions this creates, the attempt to destroy the welfare state, and the rise of the extreme racist right. But within that framework there are of course immediate issues specific to this country.

The first is to defend the Labour Party's relation to the trade unions. The last election saw a determined attempt to break up the unity of the labour movement by separating Labour from the unions — which is still going on. The *Financial Times* and other newspapers have made this their central campaign since the election. The Labour right has jumped on the same bandwagon.

The second issue which will be put on the agenda is relations with the Liberals. Having suffered a humiliating defeat in the project Ashdown set after the last election — that of replacing Labour — the Liberals have now turned to attempting to weaken Labour from within. That is why Ashdown made his speech after the election proposing cooperation with Labour. The right wing inside the Labour Party, having lost us the election, are of course responding favourably.

The Liberals under Ashdown are a viciously anti-working class party. Their election manifesto opposed national pay bargaining, strongly supported privatisation, including of British Rail and British Coal, and their record in local government, in authorities such as Tower Hamlets, is of blatant racism. A Labour-Liberal government would result in an upsurge of the extreme right in this country on a scale equalling Le Pen's and any relations with the Liberals must be fought tooth and nail.

On this issue also I think there will be a realignment of the left. Once again, the Campaign Group in parliament as well as individual MPs and trade union leaders and many Labour Party loyalists have ruled out any deal with the Liberals. They have to work together to oppose it.



## How do you see Socialist Forum developing organisationally?

I don't have a fixed blueprint as it involves cooperation of various forces. But the first and most important thing is to create a forum for discussion and cooperation. In many cases Socialist Forum should simply support and seek to strengthen existing organisations — for example the Anti-Racist Alliance, CND, or the Labour and the Economy group. I think *Campaign Group News* and the *Morning Star* are ideal forums for the discussion that is needed so these should be strengthened rather than any new publication being created.

But it is also obvious that a Socialist Forum, because it brings together trade unionists and Labour Party members, could take important initiatives in its own right on issues such as Labour-trade union links or promoting a dialogue with forces in Eastern Europe. I also think local groups would be very appropriate in areas where left wingers have been working together.

But we are not trying to set up a new party — we do not have a hidden agenda for one, but a completely explicit one against it. The aim is to develop better cooperation between existing groups and individuals on the left and the organisational form should be appropriate to that. The important thing is to start with the key issues in the movement and things will develop from there as they already have on a very successful series of initiatives I have already mentioned. If that political goal is born in mind appropriate organisational forms will develop fairly easily.

## The politics of the Anti-Racist Alliance

Recent elections in the main European countries outside Britain registered the most significant mass support for racism and the extreme right since the 1930s.

In France, Jean Marie Le Pen's National Front won 13.9 per cent of the vote in the regional elections in March this year up from 9.8 per cent in 1986. The National Front also came second, beating the Socialist Party, in the two largest regions in the country those of Lyons and Paris. If proportional representation were adopted this vote would give Le Pen 77 parliamentary seats in a general election.

In Germany, in the two state elections on 5 April this year, the fascist Republican Party, led by former SS member Franz Schonhuber, won 10.9 per cent of the vote in Germany's wealthiest state, Baden-Wurttemberg, and the even more right wing German Peoples' Union (DVU) took 6.3 per cent in Schleswig-Holstein. The DVU now has seats in 13 of Germany's 16 state parliaments. In the Berlin district election on 24 May the Republicans took 8.3 per cent of the poll, up from 7.5 per cent in West Berlin in January 1989, which in turn was followed by its two million votes in the June 1989 European elections where six Republicans were elected to the European parliament.

In Italy's parliamentary election on 5 April, the racist Northern Leagues, who oppose immigration and want to end subsidies from the richer north to southern Italy, won 8.7 per cent of the vote, and 17.5 per cent across the north, whilst the neo-fascist MSI won a further 5.4 per cent nationally.

In Austria, the Freedom Party of Jorg Haider, notorious for his praise of the "orderly employment policy of the Third Reich", won 16.4 per cent in the first round of the presidential election this year, the same as its vote in the last parliamentary elections in 1990. The Freedom Party is now the second largest party in the capital Vienna. Polls also show a re-emergence of open anti-semitism.

In Belgium the fascist Vlaams Blok, which

THE launch of the Anti-Racist Alliance in November last year was an historical breakthrough. For the first time an alliance had been created by the major national black organisations with, what has since become, the majority of the TUC itself, as well as MPs, Jewish groups, political organisations and many others groups. This is precisely the strategic combination of forces necessary to fight what is the biggest surge in racism and the extreme right in Europe since the 1930s. This alliance has come into existence in Britain first, not because this country has the most immediate far right threat, and certainly not because its labour movement as a whole is historically the most advanced, but because Britain has the most longstanding and politically organised Black communities in Europe, whose self-organisation has been extended into the heart of the labour movement by the Labour Party Black Section and the work of Black members within the trade unions.

*Socialist Action* is proud to participate in such an historic advance. Other currents, such as the *Morning Star*, have taken a similar view. But part of the left, the Socialist Workers' Party, supported by *Socialist Organiser* and *Socialist Outlook*, reacted to the Anti-Racist Alliance by trying to split the movement by re-launching the Anti-Nazi League — now a pure SWP front organisation — in particular excluding the main black organisations.



calls for the repatriation of immigrants, increased its parliamentary representation from two to 12 seats in last November's general election and became the largest party in Antwerp, the second largest city.

In Scandinavia the collapse the Swedish social democratic model has been accompanied by dramatic electoral gains for right wing populist parties.

In any case racism, and in a number of countries anti-semitism, has been the cutting edge of the extreme right's advance, accompanied by a massive increase in racist attacks — up tenfold in Germany last year for example. The fascists have also extended their base and membership — the largest, Le Pen's National Front, has 80,000 members.

In Britain the far right remains marginal. But the general election registered a shift in Conservative strategy to more overtly whipping up racism and the British National Party, whilst averaging only around one per cent of the vote, made a small advance with three per cent of the vote in East London's Tower Hamlets.

Clearly the rise of racism and the extreme right in Europe today has deeper social and economic roots than the temporary surges in the 1970s and early 1980s. Its driving force is the profound social upheaval created by the European Community's attempt to re-organise and concentrate European capital to compete with Japan and the United States. This is eliminating millions of small businesses in agriculture and the service sector to try achieve the scale of capital concentration of Japan and the US. Second, the EC is launching a serious struggle to cut social provision, the welfare state, down towards Japanese and US levels — that is to eliminate a large part of the post war social gains of the European working class — and to make this possible by maintaining the highest levels of unemployment since the 1930s. Thirdly, economic and political union is directly conceived as closing off the European Community to immigrants and refugees from the third world — whilst pursuing economic policies which dislocate those societies and multiply the numbers of such refugees.

This reactionary programme of European capital is now on the agenda because the rela-

tion of forces has been shifted to the right by the events in Eastern Europe — the restoration of capitalism driving down the living standards of hundreds of millions of people in those countries.

It is this policy of European capital which is creating the classical social bases of fascism — millions of small farmers, shopkeepers and assorted small businesses facing bankruptcy and tens of millions of workers unemployed. Thus Le Pen's National Front is the largest party amongst small shopkeepers, a significant layer in France, with 31 per cent of their vote in the 1988 presidential election and the second largest party amongst the unemployed, with 19 per cent.

The parties carrying out the policy of European capital are suffering sharp falls in electoral support as a result. The pure representatives of this line, the Free Democrats in Germany, the Republicans in Italy and the Liberal Democrats in Britain for example, have nowhere succeeded in becoming the main governing party precisely because their policies collide with the majority of the electorate.

Secondly, the economic attacks on the traditional petty bourgeoisie directly undermine the social base of the main national bourgeois parties. In the French regional elections, although the Socialist Party vote fell to 18 per cent, the traditional bourgeois parties the RPR and the UDF did not benefit at all, their vote actually fell by four per cent compared to the previous regional elections. In Italy the Christian Democracy's vote fell below 30 per cent for the first time since the second world war. In Germany Helmut Kohl's CDU has lost ground in all of the recent elections. This is what lies behind the divisions in these parties on the Maastricht treaty.

In this context, Social Democracy is presenting itself to big capital as more able to carry through European economic union because it is not so dependent on the backward national petty bourgeoisie. Social Democracy proposes a bloc big European capital and the better off sections of the working class against the petty bourgeoisie and the sections of the working class whose living standards are devastated by unemployment. This is the policy of Mitterand in France, Craxi in Italy, Gonzales in Spain and John Smith in Britain. It is logically linked to coalitions with the bourgeois parties advocating a similar policy.

Robin Blackburn, John Palmer and Hilary Wainwright have acted as a Trojan horse for this political line within the British left. Ironically as its results become clear they now argue that support for European integration through the EC is the alternative to the rise of racism and fascism which this very policy has created!

That line has led European social democracy into electoral disaster — most drastically in France where Mitterand's party has been driven down to 18 per cent. But also in Italy, Belgium and Germany, where capital is considering bringing the SPD into the government to help dismantle the welfare state. In Britain this economic policy lost Labour the general election.

With no alternative coming from the dominant political current in the mass labour movement to the assault on jobs, living standards and the welfare state, there is a rise in racism — one section of the working class and petty bourgeoisie try to solve their own social im-

passed at the expense of the visible minorities who constitute the most oppressed and exploited part of the European working class.

This rising racism is directly encouraged by the major bourgeois parties to try to stem their loss of electoral support. In Germany today a Russian with a German grandfather can automatically become a German citizen whereas a Turkish worker who has worked in Germany for 15 years has no such rights. Hundreds of thousands of so-called 'ethnic Germans' from Russia and Eastern Europe have been settled in western Germany with equal rights over the last couple of years, whilst millions of immigrant workers are denied citizenship and are now the object of murderous racist attacks. Thirteen per cent of the Republicans' vote in the recent elections came from newly settled 'ethnic Germans' who see the way forward for themselves by driving out 'non-German' immigrants.

Helmut Kohl's Christian Democracy made changing the constitution to restrict asylum rights a key issue in its campaign for April's state elections. He pointedly did nothing about the wave of racist attacks which swept Germany on the first anniversary of unification, reserving his ire for so-called 'bogus asylum seekers'. The result was to strengthen the fascist vote.

Giscard D'Estaing proposed a redefinition of French nationality along German lines and warned of an immigrant 'invasion'. Jacques Chirac spoke of 'smelly immigrants sponging off social security'. The result was simply grist to Le Pen's mill. In Britain the Tories warned that Labour would let in a 'flood of immigrants and bogus asylum seekers'.

The political cutting edge of the extreme right in Europe today is this proposal, legitimised by the EC itself and its main bourgeois parties, to ease unemployment and the pressure on the welfare state by taking away the jobs and rights of Black people and immigrants. That is why the fight against racism and the fascists are inextricably linked.

Mitterand, Craxi and company, of course publicly denounce racism. But their policies fuel it and their governments capitulate to it as with Edith Cresson's threat to charter planes to deport illegal immigrants. They pursue a policy of splitting off the better off layers of the working class from the substantial Black, Arab or immigrant minority of the workforce that

was created in all the main European states in the post war period. That means this latter section of the working class is abandoned to its fate with social democracy in France and Germany even opposing the extension of the elementary right to vote to immigrants. In this way they gravely weaken the force in society which has the most direct and immediate material interest in fighting the racists and fascists.

The social basis of this was very well explained by Lenin in relation to the Stuttgart congress of the Second International in 1908 where a motion supporting 'socialist colonialism' was narrowly defeated: 'It [the defeated resolution] strikingly showed up socialist opportunism, which succumbs to bourgeois blandishments... it revealed a negative feature in the European labour movement, one that can do no little harm to the proletarian cause, and for that reason should receive serious attention... Only the proletarian class, which maintains the whole of society, can bring about the social revolution. However, as a result of the extensive colonial policy, the European proletarian partly finds himself in a position when it is not his labour, but the labour of the practically enslaved natives in the colonies, that maintains the whole of society... In certain countries this provides a material and economic basis for infecting the proletariat with colonial chauvinism. Of course, this may only be a temporary phenomenon, but the evil must nonetheless be clearly realised and its causes understood in order to be able to rally the proletariat of all countries against such opportunism...'

'A few words about the resolution on emigration and immigration. Here, too, in the Commission there was an attempt to defend narrow, craft interests, to ban the immigration of workers from backward countries. This is the same spirit of aristocratism that one finds among workers in some of the 'civilised' countries, who derive certain advantages from their privileged position, and are, therefore, inclined to forget the need for international class solidarity.' (P41)

Trotsky made the same point in relation to the north American labour movement: 'The characteristic about the American workers' parties, trade union organisations, and so on, was their aristocratic character. It is the basis of opportunism. The skilled workers who feel set in capitalist society help the bourgeois class to hold down the Negroes and the unskilled workers down to a very low scale.' (*Trotsky on Black Nationalism*, p62)

But the policy of rationalising European capital summed up in the Treaty of Maastricht is also provoking a political response from those who suffer as a result. The political forces growing most rapidly across Europe are those outside or against the project of big European capital — and not just the extreme right. There are also significant forces opposing this line from the left — the Greens in France, Belgium and the Netherlands, the Greens and former communist PDS in Germany, the left communists in Italy — all of whose votes have increased. In this country the Labour and trade union left occupies this position.

Right across Europe movements against racism and the extreme right are emerging with major demonstrations in Germany, France, Italy and Belgium already.



In Britain a specific feature of the situation is that the Black communities were established earlier than in the other major European states in the post war period and, because the immigrants brought in came from former British colonies, they had the vote. The Black communities in Britain increased from 30,000 to over two million between 1951 and 1982. Together with the massive entry of women into the workforce over the same period this constituted a gigantic change in the composition of the British working class. By creating a massive female and Black sections of the workforce it created powerful countervailing forces to the traditional deeply entrenched 'aristocratism' of the British labour movement. But for this to express itself Black people and women had to be organised to make their voices heard *within* the trade unions and Labour Party. Also, only on that basis would a really powerful force be created.

Two developments came together to make this possible for Black people. The first was the impact of the riots in Britain's inner cities in 1981, as the Black communities rebelled against Thatcher's drive to create a two tier society with the inner city working class communities at the bottom of the heap. The second was the radicalisation the left wing of the Labour Party at the beginning of the 1980s, based on the revolt of the trade unions against the incomes policies of the last Labour government, and the steps democratised the Labour Party and to shift its policy to the left. Whilst many of the gains of that period were reversed, those with the most powerful, and growing, social driving forces went on to register significant victories, in particular the decision to set up the Labour Party Black Society and the TUC Black Workers' conference which were led by the Labour Party Black Sections.

It was the change in the social composition of the working class, and the organisational victories of the Black Section based upon it, which made possible the creation of the Anti-Racist Alliance, bringing together the major national Black organisations with the trade unions, MPs, and many others in an equal alliance to fight racism and the extreme right. For such an alliance to come into existence two conditions were necessary: first the self-organisation of the Black communities, and second, sufficient political forces in the left of the labour movement with whom they could ally. It was the Black Section which provided the link between the two by organising directly in the Labour Party and trade unions and winning clear support *in both* for the principle that Black self-organisation is necessary to make the labour movement representative of the *whole* working class, rather than just its upper echelons, and indispensable to any serious fight against racism.

The significance of the ARA is that it has used the base in the Labour Party and trade unions to create a much wider organised alliance combining the self-organisation of the Black communities, those in the front line of racism and the main target of the extreme right today, with the labour movement. It recognises that without Black self-organisation as one of the twin poles of this alliance it is impossible to identify the main lines of the racist offensive against Black people and therefore impossible to effectively combat it.

Such an alliance is necessary not only in Britain but right across Europe. It is the most



powerful possible force against the rise of racism and the extreme right. Some steps have been taken in this direction in France particularly with the demonstration against the extreme right and for equality of rights on 25 January this year which was organised by an alliance of Black, anti-racist, political and trade union organisations.

When the American Black activist Manning Marable visited Britain earlier this year he commended the ARA and pointed out that no such alliance has yet been created in the United States between the Black communities and the labour movement. That is obviously not because of lack of struggle by the Black movement in the United States from which there is an immense amount to learn — in Malcolm X the US Black movement created the most advanced Black leadership in any imperialist country — and he continues to inspire millions of people today.

Malcolm argued that if it is to unite with wider political forces the Black community itself must be self-organised with its own demands and leadership: 'There can be no Black-white unity until there is first some Black unity.' (*Malcolm X speaks*, P 21) and: 'If we are going to work together, the Blacks must take the lead in their own fight.' (*The Last year of Malcolm X*, George Breitman, P 50). Within that framework Malcolm was for wider alliances: 'We will work with anyone, with any group, no matter what their colour is, as long as they are genuinely interested in taking the steps necessary to bring an end to the injustices that Black people in this country are afflicted by.' (*Malcolm X Speaks*, P70).

The most important obstacle to that kind of alliance coming into existence in the United States has been the fact that whilst the US has had by far the most powerful and important Black struggles of any imperialist state, it also has the most politically backward labour movement.

The Black movement in Britain has not had remotely the level of mass. This struggle of the United States, but the winning the right to Black self-organisation *within* the labour movement has created the conditions for a strategic advance in its alliances.

The ARA, launched last November, rapidly won major national support, starting from the MSF, the FBU and NALGO and extending rapidly to an absolute majority of the trade

union movement. The network of Black officers built up the unions over recent years played a crucial role in putting the case for the ARA to trade union executives. A turning point was this year's TUC Black Workers' Conference, which both marked a major upgrading of this conference by the TUC, and enthusiastically endorsed the ARA.

It quickly won the support of leading Black personalities and the main Black newspapers in Britain. The *Voice*, for example, the biggest circulation Black newspaper, now carries virtually weekly reports of ARA activity. This also reflects the relations the ARA has built up on the ground with local campaigns like the Rolan Adams Family Campaign and the Tower Hamlets Anti-Racist Committee. Jewish groups also gave support, as did various religious groups and a wide spectrum of MPs.

The *Morning Star* provided indispensable *daily* coverage of the ARA's initiatives, its widening support and its politics. Other sections of the left rapidly came on board including *Labour Briefing*.

But the ARA also met strong opposition from part of the far left. The Socialist Workers' Party, supported by *Socialist Outlook* and *Socialist Organiser*, decided to try to split the new movement by re-launching the Anti-Nazi League two months after the ARA had been set up. The aim was not to develop the movement against racism and the fascists but to create an organisation under the SWP's control from which it could recruit. It has no branches and no structures separate from the SWP. In short the ANL is a pure SWP front.

The SWP's argument, presented to justify the ANL, is that a different organisation is needed to fight the fascists as opposed to racism. This is spurious. The extreme right is advancing on the basis of racism encouraged by the dominant bourgeois parties and the European Community itself. Today the main target of the fascists is Black people. To effectively fight the fascists Black people must play a leading role, and the fight against racism and racist attacks must be taken up. There is nothing the ANL can do which the ARA cannot do on a broader and more effective basis. The sole reason for its re-launch is to attempt to place the movement against racism and the fascists under the control of the SWP — substituting a white-led SWP front for an equal alliance of Black organisations and the wider anti-racist



movement.

For this very reason the ANL immediately plunged into confrontation with the Black communities — for example physically attacking Black groups on the demonstration against the Asylum bill in January this year in order to take control of the front of the march — strange behaviour for an organisation supposedly only designed to fight the fascists.

The resort to violence by the SWP was logical because their attempt to split the anti-racist and anti-fascist movement is indefensible. It is based upon what Lenin called 'aristocratic prejudices', or, quite simply, accommodation to racism.

The SWP is particularly against the self-organisation of Black people, and against positive action to correct the results of centuries of oppression, because, they say, such measures alienate white workers — the SWP gives precedence to the white 'aristocratic' prejudices over the material interests of Black people.

Thus the SWP argue against NALGO Black workers' groups: 'The Black members' groups may be a valuable means of applying pressure to obtain individual advance, but their exclusion of white workers means that they are incapable of successfully organising collective action. The Black members' groups exist as a vehicle for an upwardly mobile section of Black employees.' (*Racism Resistance and Revolution*, By Peter Alexander, former national organiser of the Anti-Nazi League, published by the SWP). They opposed a national Black officer in the National Union of Students at its December 1991 conference arguing: 'a Black officer is not a substitute for fighting racism in the colleges. We can only beat racism by uniting Black and white students.' (SWSS bulletin)

On positive action, the SWP echo the policies of *Militant*: 'There is massive inequality between Blacks and Whites in jobs and housing. Policies that aim to increase the proportion of Blacks in work and with decent homes are therefore clearly correct. But at a time of Tory-imposed cuts in Council housing and jobs, when there are fewer resources to go round anyway, 'positive discrimination' in favour of Black people runs the risk of provoking a racist backlash. Eamonn McCann has argued that one reason for the Loyalist backlash in Northern Ireland in 1968 was the attempt by the government to introduce policies reducing the discrimination against Catholics in jobs and housing without increasing the total number of jobs and homes.' (ibid p129). In other words Black workers must wait until the problems of white workers are solved.

This was exactly the view *Militant* took in Liverpool with the result that the tiny proportion of Black people employed by the council actually decreased whilst it was under their

control leading to their catastrophic collision with the Liverpool Black community.

The SWP claim this is what they call 'class politics' but it is not possible to represent the working class as a whole, as opposed to its most privileged sections, without supporting the self-organisation of Black people, positive action and every other step necessary to fight racism — and that means confronting, not adopting, aristocratic prejudices. It is even more grotesque, and absurd, to propose an anti-fascist movement in Britain today which excludes Black self-organisation, the victims of racism and fascist attacks, from its leadership. As this discussion proceeds the accommodation to racism that has led the SWP into this confrontation with the Black communities is inevitably going to come out — and the SWP will be further discredited as a result.

The SWP is engaging in an act of political degeneration as decisive as the famous statement by the Socialist Labour League that they would not participate in the mass demonstration against the Vietnam war. The SWP is now wildly off the rails politically.

This logic of this line is already leading the SWP into extraordinary right wing positions and alliances. For example, they attacked the anti-racist movement in France for raising slogans in defence of refugees and against racism instead of focusing exclusively on Le Pen. They claimed its slogans "For equal rights": 'defuses, divides and weakens the possibility of action against the Nazis' and: 'the list of demands distances SOS from the Socialist Party government, which would not agree with them.' (*Socialist Review* April 1992). The SWP is simply echoing the French Socialist Party which wants to restrict the anti-racist movement to opposing Le Pen. But the main French anti-racist organisations have correctly rejected this. They campaign against Le Pen and the racism on which he feeds. One hundred thousand people took part in the march on 25 January under the slogan 'For equal rights' and the Socialist Party was compelled to support it — despite explicit criticism of some of its racist policies.

Faced with the SWP's splitting and attempt to remove Black organisations from the leadership of the anti-racist and anti-fascist movement, *Socialist Organiser*, *Socialist Outlook* and the *socialist* decisively backed the SWP. They went out of their way to welcome and justify the relaunch of the ANL. When the ARA publicly explained that the SWP was splitting the movement it was denounced by *Socialist Outlook* saying: 'Anti-racists stop the mud slinging'. *Socialist Organiser* published a special poster calling on people to build the ANL and ARA. *Socialist Outlook* published a model resolution for trade unions and CLPs

calling for support for the ARA and ANL. Both papers claimed the issue of democracy was decisive — but support an ANL which has no open structures, no known executive and is so much an SWP front that it does not even allow local branches!

Because some of these groups today, or in the past called themselves 'Trotskyists', it is worth pointing out that on this, as on most other issues, their politics have nothing whatsoever to do with Trotsky. He argued: 'The worst crime on the part of the revolutionaries would be to give the smallest concessions to the privileges and prejudices of the whites. Whoever gives his little finger to the devil of chauvinism is lost.' (*Writings 1934-35*).

Trotsky stated his attitude to concessions to backwardness on racism among white workers with the utmost brutality, supporting not only self-organisation but a separate state if necessary: 'Ninety nine point nine per cent of the American workers are chauvinists; in relation to the Negroes they are hangmen as they are also toward the Chinese, etc... The argument that the slogan for self-determination leads away from the class point of view is an adaptation to the ideology of the white workers. The Negro can be developed to a class point of view only when the white worker is educated. On the whole the question of the colonial people is in the first instance a question of the education of the metropolitan worker.

'The American worker is indescribably reactionary. This can be seen by the fact that he has not yet even been won to the idea of social insurance...

'If the Negroes do not at present demand self-determination it is of course for the same reason that the white workers do not yet advance the slogan of the dictatorship of the proletariat. The Negroes have not yet got it into their heads that they dare to carve out a piece of the great and mighty United States for themselves. But the white workers must meet the Negroes halfway and say to them: "If you want to separate you will have our support." ... I am absolutely sure that they will in any case fight better than the white workers. That, however, can happen only provided the Communist Party carries on an uncompromising, merciless, struggle not against the supposed national prepossessions of the Negroes but against the colossal prejudices of the white workers and makes no concessions to them whatever.' (*Trotsky on Black Nationalism*, p30)

That, not horror of Black self organisation and support for front organisations designed to exclude Black self-organisation and leadership, is the way Trotsky educated his real followers.

That a group avowedly opposed to Black self-organisation — the SWP — should launch an attempt to break up the first mass alliance between the Black community and the labour movement is not surprising. It corresponds to their reactionary politics. What is more shocking is that organisations which claim to follow Trotsky, or to champion the self-organisation of the oppressed, *socialist*, should give a cover to such a cynical project and show less political sense and anti-racist consciousness than tens of thousands of 'ordinary' trade union and Labour Party members. It shows how deep the virus of racism has penetrated into white society.

## The Fourth International changes its line on Eastern Europe — three years after the event

Almost three years after the installation of capitalist governments in Eastern Europe, and nine months after the break-up of the Soviet Union, the leadership of the Fourth International have finally recognised, without any acknowledgement of their previous errors, what the rest of the world has known throughout that entire period — that the changes underway in Eastern Europe represent not a political revolution but a process attempting to restore capitalism.

The introduction to the Spring 1992 edition of *International Marxist Review*, the quarterly theoretical journal of the Fourth International, now admits: 'The two-year period from the autumn of 1989 to the end of 1991 was a turning point in the history of the post-capitalist states, and probably world history as well. The period which started with the revolt in East Germany and culminated with the attempted Soviet coup and the fall of Gorbachev radically changed the world situation. These events finished illusions in Gorbachev's perestroika period in the USSR. Attempts to marketise the bureaucratic command economy failed. After the collapse of the Soviet Union and Gorbachev's demise, pro-capitalist leaderships seized power in all the republics of the ex-USSR.' (IMR No 13, Spring 1992, our emphasis)

In the resolution on 'The Soviet Union after 19 August', published in the same journal, it is asserted that: 'the dynamic towards capitalist restoration has been strengthened, and could only be effectively halted by a victory of the working class. Finally, the international consequences of the putsch and its political outcome have again confirmed the position of US imperialism as the sole super-power.' (p27) It notes that: 'The dissolution of the USSR as a federation is being accompanied by restorationist processes which entail negative consequences for all its peoples.' (p31). And that: 'The manner in which the August putsch took place has accelerated the trends towards disintegration of the degenerated workers state, and the restoration of capitalism.' (p33)

The resolution characterises the government in Russia which emerged in the following terms: 'the Yeltsin tendency, the militant pro-capitalist and "liberal" wing of the bureaucracy... The reactionary character of the Yeltsin current must be

denounced.' (p28)

This is the same leadership of the Fourth International which allowed Ernest Mandel to previously single out Yeltsin (!) and Sakharov's platforms as representing positive elements and which for seven years refused to characterise the Gorbachev course in the USSR for what it was — one leading the USSR towards the restoration of capitalism. In short, in Eastern Europe the leadership of the Fourth International now admits that it could not distinguish a counter-revolution from a (political) revolution.

However that leadership now attempts to implicate others in its gigantic mistakes. Thus it writes in the same resolution: 'It is undeniable that we had not foreseen the development of events in the USSR as they turned out in 1991... We were slow in recognising the "qualitative jump" in the crisis of the system in the USSR represented by the slowdown of economic growth and all the social consequences which flowed from this... we seriously underestimated the long term effects on the class consciousness of the Soviet proletariat of the bureaucratic dictatorship... We were also late... in recognising the political repercussions of the generalised credibility of socialism for a good section of the world proletariat... The decomposition of the dictatorship was to become accompanied by a rejection of a system identified with socialism and the illusory search for solutions associated with the capitalist market. The turn took place in a broader context of retreat of the world revolution: (p39) In reality unless the 'we' refers specifically to the leadership of the Fourth International this is simply not true. Other forces, including specifically *Socialist Action*, analysed totally clearly the process towards the restoration of capitalism and it was the leadership of the Fourth International which was totally wrong.

Consider what the leadership of the Fourth International actually said about 1989 at the time. Reporting on the situation in East Germany in November 1989 *International Viewpoint*, the fortnightly review of the Fourth International, commented: 'For several weeks, hundreds of thousands of citizens of the German Democratic Republic (GDR) have come into the streets. In East Ber-

lin, Leipzig, Dresden, Plauen, Scherin, Halle, Magdeburg, Stralsund and Zwickau, the great majority of the population, and thus the working class, have participated in this impressive mass upsurge. This mobilisation has been nonviolent. It is nonetheless beginning to look like the start of a real political revolution.' (IVP No 173, 13 November 89)

The same article fantasised that: 'The workers of the GDR today have a chance to change the situation radically in their favour, much more radically than those in West Germany. What is on the agenda in the immediate future is the overthrow of the East German bureaucracy. A democratic socialist East Germany could become a lever for a socialist Germany and a socialist Europe.'

In a later issue of the same journal, commenting on 'that fashionable debate: the end of Communism', Ernest Mandel wrote: 'the development of impetuous mass movements in East Germany and Czechoslovakia, and the real if slow growth of the mass movement in the USSR and several other Eastern European countries shows the contradictory nature of this crisis of credibility [of communism]. In all three sectors of the world revolution the rejection of Stalinism and bureaucratic manipulation is freeing and will free colossal forces, that can be reoriented in the direction of emancipatory actions, challenging bourgeois society in its totality.' (IVP No 179, 26 February 1990)

Against all evidence, Mandel believed the unfolding dynamic to be that of a strengthening of working class forces in those countries, setting a course for political revolution. 'The retreat of the workers struggles has ceased', he wrote in *Inprecor* of January 1990: 'Now, for the first time since 1968 — on a larger scale — we are seeing a rebirth of the mass movement in the three sectors of world revolution.'

Far from seeing the real process that was taking place Mandel and the leadership of the Fourth International insisted that the penetration of capital into East Europe and the former USSR was not on the order of the day. Writing in *International Viewpoint* (3 April 1989) he assured us: 'Contrary to what a superficial glance might indicate, the European bourgeoisie does not look favourably on this destabilisation. It has no

hope of recovering Eastern Europe for capitalism.'

Again in *IVP* on 30 October 1989 Mandel asserted: 'A realistic estimate of the social forces present in the USSR and in the bureaucratised workers states, of the relationship of strength among them and of the dynamic of the principle socio-economic contradictions leads to a clear conclusion. The main question in the political struggles underway is not the restoration of capitalism.' Now the Fourth International precisely admits that what is on the order of the day is the restoration of capitalism.

This error is undoubtedly the greatest confession of political bankruptcy since the establishment of the Fourth International. The line of the leadership of the Fourth International took that organisation to the verge of destruction as a revolutionary force and besmirched everything that Trotsky stood for. They supported processes which constitute the greatest defeats suffered by the working class since fascism and which may well culminate in the greatest defeats in its history. Hundreds of millions in Eastern Europe face a lifetime of poverty as a result of events which the leadership of the Fourth International extolled and thousands of millions in the third world face the greatest dangers since 1917 as a result of these events. The leadership of the Fourth International proved itself totally bankrupt when confronted with the greatest events in world politics since World War II — what it itself now calls: 'a turning point in the history of the post-capitalist states, and probably world history as well.' That evident facts forces the leadership of the Fourth International to start catching up with events, without as yet drawing the necessary conclusions, is merely the first step.

What took place in the line of the leadership of the Fourth International since 1989 was no ordinary mistake. It represents a crossing of class lines as regards thousands of millions of workers and oppressed people. If the Fourth International is to reorient itself all the conclusions have to be drawn regarding the theories that created such a line and the leadership responsible for that line.

Helen Ward

## The left and the economic catastrophe in Eastern Europe

Eastern Europe is now witnessing one of the greatest economic catastrophes in history. The decline in production now exceeds that of 1929 in the West in many cases and is still deepening. It has opened an unprecedented attack on the working class. JOHN ROSS examines economic development in Eastern Europe.

For decades a debate raged in what was then the 'Trotskyist' part of the British left regarding the USSR, the countries of Eastern Europe, China, Vietnam and Cuba. It was carried out by some in rather arcane language regarding 'the gains of October'. Its substance was Trotsky's analysis that no matter what the political degeneration of the regime in the Soviet Union commenced under Stalin the basic economic foundations of the USSR, nationalised property and a planned economy, represented a gigantic defence of the economic and social position of the working class — which therefore had to be defended.

As Trotsky wrote in 'Is Parliamentary Democracy Likely?' in 1929: 'The Soviet system with its nationalised industry and monopoly of foreign trade, in spite of all its contradictions and difficulties, is a productive system for the economic and cultural independence of the country.' Therefore: 'What is involved [in the restoration of capitalism in the USSR]... is not the introduction of some disembodied democracy but returning Russia to the capitalist road. But what would Russian capitalism look like in its second edition?... A capitalist Russia could not occupy even the third rate position to which Czarist Russia was predestined by the course of the world war. Russian capitalism today would be a dependent, semicolonial capitalism without any prospects.'

Earlier, in 'What is the "Smychka"' Trotsky had noted: 'a return to capitalism now would mean... that Russia would again become part of the chain of imperialism, having the clearly understood status of a subordinate link... the development of the productive forces in our country would be retarded in the extreme. In other words Russia would not take its place alongside the United States, France and Italy but would fall to the same category as India and China.'

The restoration of capitalism would, therefore, lead to a disastrous fall in the living standards of the working class. As Trotsky wrote in 'Pravda sounds the alarm' in 1928: 'we assert: the workers of a bourgeois Russia, with the productive forces at the same level, would never have had a living standard as high as they have now, despite all the mistakes, miscalculations and departures from the correct line.'

The conclusion as Trotsky wrote in *The Revolution Betrayed*: 'The fall of the bureaucratic dictatorship, if it were not replaced by a new socialist power, would thus mean a return to capitalist

relations with a catastrophic decline of industry and culture.'

It was on this reality that Trotsky based his policy of the unconditional defence of the USSR despite Stalin's political regime. As he expressed it in *In Defence of Marxism*: 'It is one thing to solidarise with Stalin, defend his policy, assume responsibility for it — as does the triply infamous Comintern — it is another to explain to the world working class that no matter what crimes Stalin may be guilty of we cannot permit world imperialism to crush the Soviet Union, re-establish capitalism and convert the land of the October Revolution into a colony. This explanation furnishes the basis for our defence of the USSR.'

Those who rejected Trotsky argued that the economic base of the USSR was either no different to capitalism, and therefore not worth defending, or that the USSR was actually *worse* than capitalism. The former school of thought, that the economic system of the USSR was qualitatively no different to capitalism, was the theory of 'state capitalism' — represented in this country by Tony Cliff. The view that the USSR was *worse* than capitalism was defended for a long period in the United States by Shachtman, in the theory of bureaucratic collectivism, and has been adopted in this country by *Socialist Organiser*.

A variant of these views was espoused by *Socialist Outlook* in this country and by Ernest Mandel internationally — this held *theoretically* the view that the East European regimes were superior to capitalism, that they were workers states, but in practice hailed events leading to the restoration of capitalism. Thus the developments of 1989 in Eastern Europe were not analysed for what they were, defeats imposed by Stalinism leading to the restoration of capitalism, but hailed as great victories of the working class — embellished with a new concept of a classless 'democratic revolution'.

The events in Eastern Europe have now put these theoretical debates of decades to the test. The attempt is now being made in Eastern Europe to overthrow the nationalised property and planned economies by the new capitalist governments. The debate on whether the nationalised and planned economies were worth defending, has moved out of the sphere of abstract speculation into the test of practice.

The international aspects of these events have been extensively dealt with in *Socialist Action*. Even if the restoration of capitalism *had* meant an improvement in the living standards of

## Gross Domestic Product/Net Material Product

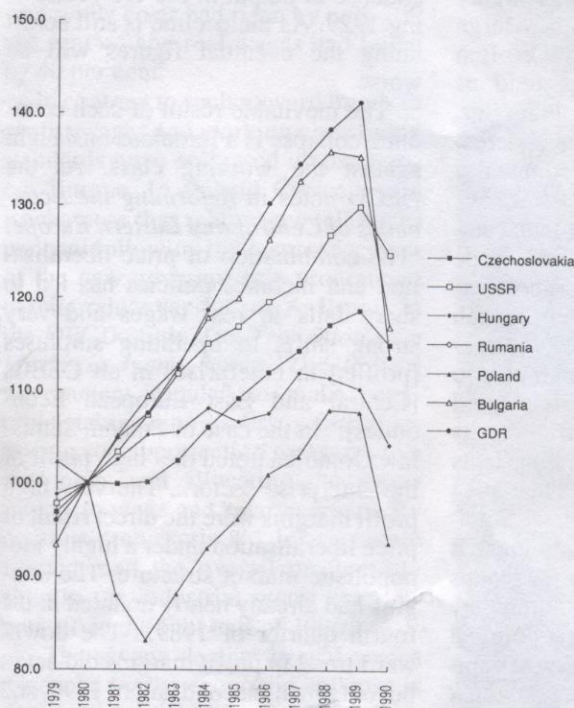


figure 1

the working class of Eastern Europe this development would have had to be opposed from the point of view of the consequences for *international* working class. As Marx wrote in the *Communist Manifesto* 'The Communists are distinguished from the other working class parties by this only: 1. In the national struggles of the proletarians of the different countries, they point out and bring to the front the common interests of the entire proletariat, independently of all nationality.'

From the point of view of the international working class and oppressed the events in Eastern Europe constitute the greatest catastrophe since fascism and, if consolidated, the greatest defeat of the working class in its history. As a result of the disillusion and disorientation created by the Stalinist bureaucracy the working class massively participated in (Poland, East Germany), or acquiesced in (Hungary, Bulgaria), movements oriented to restoring capitalism. The result is that today imperialism is more powerful and confident than at any time since 1914. Military offensives and economic attacks against the third world countries have reached a level unprecedented since World War II. A reinforced 'era of imperialism' is commencing with offensives against the third world and simultaneous exacerbation of the division of the world capitalist economy into three camps centred on the United

*'The economic collapse in Eastern Europe exceeds even that in the West after 1929'*

States, Japan, and Germany. The consequences of such inter-imperialist competition in an epoch with nuclear weapons are almost too terrible to comprehend. Unfortunately Trotsky's words in 'Imperialist War and Revolution' were only too prophetic: 'the crimes of the Kremlin oligarchy do not strike off the agenda the question of the existence of the USSR. Its defeat... would signify not merely the overthrow of the totalitarian bureaucracy but the liquidation of the new forms of property, the collapse of the first experiment in planned economy, and the transformation of the entire country into a colony; that is, the handing over to imperialism of colossal natural resources which would give it a respite until the third world war.'

If the present process in Russia and Eastern Europe is not stopped. If the world continues down the logic of division into three imperialist blocs then the possibility of finally preventing nuclear war, first against the semi-colonial countries and then between the imperialist powers, is very remote. That is the blunt truth.

However while the international interests of the working class take priority it is also clear that even *within* the confines of Eastern Europe Trotsky's analysis has been totally confirmed. The restoration of capitalism in Eastern Europe is resulting in a catastrophe not only for the international proletariat but for the East European working class itself. Economic disintegration, accompanied by collapse in working class living standards, racism and the rise of reactionary nationalism, is sweeping Eastern Europe.

The economic collapse in Eastern Europe, which exceeds even the economic depression in the West following 1929, is now recognised by all major international capitalist institutions — the UN, the World Bank, the IMF and the Organisation for Economic Co-operation and Development (OECD).

● The United Nations Economic Commission for Europe's *Economic Survey of Europe in 1990-1991* notes: 'Reappraisal [of optimistic forecasts] has been especially marked in Germany where the problems and costs of unification have escalated throughout the past year. It is now accepted that the restructuring of the economy of the former German Democratic Republic will take much longer than was envisaged in the period between the collapse of the Berlin wall and the formal acts of unification... The German experience has also been a salutary one for other reforming countries in Eastern Europe... Its [the German Democratic

Republic's economy] rapid collapse... despite massive levels of support from the Federal Government, has led not only to a revision of previous perceptions but also, in some countries, to greater caution about the possibilities of a "big bang" approach to economic restructuring.' The UN Commission report admits in Eastern Europe that: 'the fall in output last year was... much greater than expected.'

● The IMF arrived at the same conclusion in its *World Economic Outlook* for October 1991 noting: 'In all the Eastern European countries and the USSR, production declined sharply in the first half of the year and output projections for 1991 were revised downwards by considerable margins.'

● The OECD has made the same analysis, noting in its 1992 *Reforming the Economies of Central and Eastern Europe* that: 'During the past year, the scale of the task which countries in the region face in building market institutions, adapting attitudes and behaviour to them, and integrating themselves into the international economy has led to an increasingly sober estimate... Sharp falls in output have been experienced throughout the region.'

● The May 1991 World Bank report *The Transformation of Economies in Eastern and Central Europe* admitted for the first time that as a result of the programme started in 1989 Poland, Hungary, and Czechoslovakia will not regain their previous income levels until 1996 and Bulgaria, Rumania, and Yugoslavia will not regain them until the next century.

The economic collapse has dwarfed the expectations of those governments which embarked on the course to capitalism. Contrary to the expectations of the new governments output did not recover following an anticipated initial fall — as is now admitted by the main Western economic agencies themselves. Thus for example Coricelli and Rocha, from the World Bank, believed regarding Poland in 1991 in the OECD study *The Transition to a Market Economy* that: 'The profile of the decline in output shows that the drop was concentrated at the beginning of the programme and that thereafter output remained practically flat, with some signs of a possible recovery surfacing in August-September [1990].' However the OECD was then forced to admit that this optimism proved quite unfounded and a new collapse in production commenced during 1991.

Thus for example, in a later study for the OECD, Stanislaw Gomulka, economic advisor to the Polish government, admitted: 'In the first half of 1991, there was a new bout of very

The inevitable result of such economic collapse is a ferocious onslaught on the working class'

strong recession. In the first quarter of 1991, industrial output dropped by some 15 per cent, compared to the fourth quarter of 1990. In the second quarter of 1991, it dropped by a further 10 per cent. By the middle of 1991, Poland's industrial activity remained at a level of about 40 per cent below the average level of 1987 to 1989.'

The governments applying such measures to introduce capitalism were therefore completely unprepared for the scale and length of economic collapse which followed. As the UN Economic Commission for Europe noted in the case of Poland in its *Economic Survey of Europe in 1990-91*: 'The [Polish] government had made it clear in the reform outline that the new policies would be painful, and lead to declines in output and real incomes, bankruptcies and rising unemployment; but at the same time it was optimistic that a turning point would occur relatively quickly.' Instead a prolonged and deep collapse, with no sign of recovery, took place. The Polish government's projection was for a 5 per cent fall in GDP. The actual fall in GDP, as shown below, was over 19 per cent — that is four times greater than the government had foreseen.

The failure of IMF supported programmes is not surprising — IMF economic programmes almost invariably make promises which are not delivered. However the results in Eastern

Europe have been far worse than the usual optimistic errors in IMF predictions. As Coricelli and Rocha have noted: 'The magnitude of the initial results [in Eastern Europe] was largely unexpected; the discrepancy is so large that the normal bias — which often seems to characterise predictions about stabilisation programmes, whereby inflation tends to be underestimated and growth overestimated — cannot explain it.'

However, while the economic catastrophe taking place in Eastern Europe is now admitted by all bourgeois experts, the section of the 'left' which believed the events of 1989 represented a step forward has attempted to avoid any balance sheet. It has adopted the posture of an ostrich, sticking its head in the sand and pretending facts do not exist which are now clear even to bourgeois experts.

The reason for this is obvious. It would not be very appealing for groups such as *Socialist Outlook* to admit they were not capable of telling a political revolution from the restoration of capitalism — and those such as *Socialist Organiser* and the Socialist Workers Party to admit that they were incapable of differentiating between a working class victory and one that is leading to a devastating fall in working class living standards, spiralling unemployment, the collapse of what welfare state there was, and particularly vicious assaults on the most oppressed — on women and black people. That is they got totally wrong the dynamic of the most important events in the world since World War II. As all the necessary data is now in, it is possible to outline the consequences in Eastern Europe perfectly clearly.

Taking first the decline in total output OECD figures for decline in Gross Domestic Product (GDP) in 1989-91 are only available for Hungary, Poland and Rumania. Figures for Net Material Product (NMP) are available for Bulgaria, Czechoslovakia, Rumania and the USSR (NMP is the economy minus most of the service sector). These show a decline of Hungarian GDP by 11.7 per cent in 1989-91, Rumanian GDP by 18.6 per cent in the same period — with the fall in Rumanian GDP since peak output being 25.4 per cent, and a decline in Polish GDP by 19 per cent. The decline in NMP in 1989 was 12.8 per cent in Czechoslovakia, 16.0 per cent in the USSR, and 30.9 per cent in Bulgaria (Figure 1).

The decline in industrial output is still greater. Between the beginning of 1990 and the middle of 1991, on OECD data, industrial output declined by 25.9 per cent in Czechoslovakia,

27.2 per cent in Hungary, 38.1 per cent in Bulgaria, and by 40.1 per cent in Poland (Figure 2). These figures are comparable in peacetime only with the collapse in output in the West following 1929. As the decline is still continuing the eventual figures will be worse.

The inevitable result of such economic collapse is a ferocious onslaught against the working class. As the OECD notes in *Reforming the Economies of Central and Eastern Europe*: 'The combination of price liberalisation and incomes policies has led to sharp falls in real wages and very strong shifts to operating surpluses [profits] in enterprises in all CEECs [Central and East European Economies].' In the case of Poland, Stanislaw Gomulka noted the 'high profit of the enterprise sector... The very high profit margins were the direct result of price liberalisation under a highly monopolistic market structure. The margins had already nearly doubled in the fourth quarter of 1989... The downward trend in profit margins did set in but only in the second half of 1990, and very gradually.' Or as Coricelli and Rocha note: 'The increase in prices, accompanied by the compression in real wages, helped firms reconstitute their liquidity. Accordingly both the fall in real wages and the good profit performance of Polish industry during the first months of the recession can be explained.'

The Russian International Fund for Economic and Social Reforms, headed by Shatalin, noted the same development in *Nezavisimaya Gazeta* on 29 February 1992: 'Price liberalisation in the absence of competition and with no effective mechanism of distribution should have been preceded by a system of preventative measures regulating the activity of monopolist enterprises. This was not done. The result is well known: monopolists began to dictate prices. Wholesale prices in a number of branches have risen much faster than was predicted, in some cases by dozens of times. As a result a powerful stimulus was given to inflation, the retail price level rose rapidly. If the government does not take measures to correct this prices will continue to rise. The absence of a strict mechanism of price formation, lack of methods of controlling production costs, and weak tax control, make it possible for many enterprises to include almost any real and imaginary expense in the cost of production. Due to this situation prices allowed enterprises not only to preserve but to enlarge their incomes while the volume

## Total industrial output

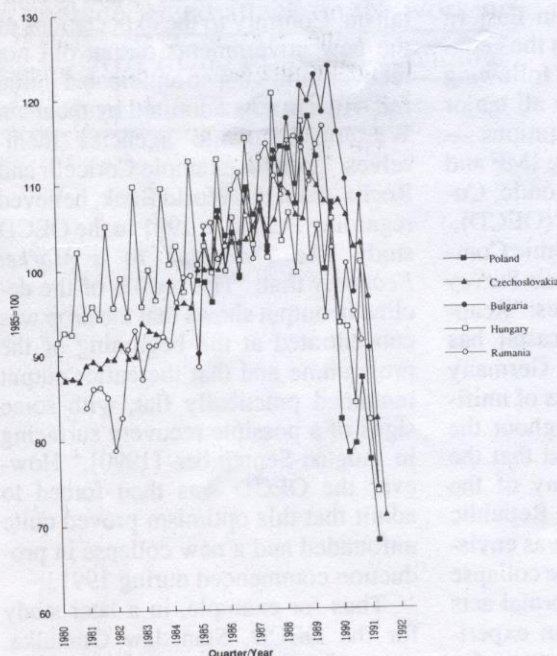


figure 2

of production decreased.' In his speech to the Russian Congress of People's Deputies in April Yeltsin stated that income of enterprises had risen by 250 per cent in the first three months of the year while costs had risen by only 200 per cent — and real wages had fallen by 40 per cent.

In contrast to such upward trends in profits wages and working class living standards have collapsed across Eastern Europe. In Poland Coricelli and Rocha note that real wages fell by 30 per cent following the commencement of the new government's programme to reintroduce capitalism. As Rosati, in the OECD study *The Transition to a Market Economy*, notes: 'The [Polish] government decided to make economic stabilisation its first priority, reducing social protection measures to a minimum, and allocating the losses mostly to wage and salary earners. By contrast, enterprises' losses were limited, and the overall profitability ratio in the industrial sector even increased in the first half of 1990.'

The savage decline in real wages produced by the economic collapse is deepened by the almost universal introduction of wage controls in Eastern Europe. While the official rhetoric of the governments is that they are undertaking 'price liberalisation', in fact the most universal price within the economy, the price of labour, is not freed but, on the contrary, subject to extreme restriction. As the International Labour Organisation (ILO) noted on Poland for example: 'The Polish stabilisation programme, introduced in January 1990, drastically reduced subsidies to enterprises and for consumer goods, and freed prices, while retaining state control over wages.' Rosati notes that in the case of Poland while almost all other prices were totally liberalised: 'The wage bills in all enterprises (public and private sector alike, with only joint ventures with foreign firms being exempted) were allowed to rise only by 30 per cent of the inflation rate in January, 20 per cent of the inflation rate in February-April, and 60 per cent of the inflation rate in May-June, thus implying a sharp continuous drop in real wages. Enterprises exceeding these limits by less than 2 per cent were punished with an excess wage tax of 200 per cent, paid out of net profits, but the tax rate rose to 500 per cent if the wages grew by more than 2 per cent above the limit.' The same method was attempted in the Yugoslav stabilisation programme of 1989 when wages were frozen at their level of November of that year despite liberalisation of other prices.

As the IMF noted in its *World Econ-*



*omic Outlook* for October 1991: 'Real wages fell in early 1991 in most Eastern European countries as nominal wage increases were kept under control while prices rose sharply.' The IMF noted exactly the same process reviewing Bulgaria, Hungary, Czechoslovakia, and Rumania: 'incomes policies... have contributed to substantial real wage falls in all four countries.'

Still greater pressure on the working class comes from the elimination of full employment, which accompanied the planned economy, and the beginning of the creation of mass unemployment. This creation of mass unemployment is indeed one of the key aspects of the proposals for the reintroduction of capitalism. As the IMF noted in its *A Study of the Soviet Economy*, produced jointly with the OECD, World Bank, and European Bank for Reconstruction and Development: 'The transition to a market economy in the USSR will involve significant adjustments and social costs... In the past, the key instrument in the USSR for providing social protection was a formal job guarantee written into the constitution... such a guarantee is not possible in a market economy... Not surprisingly, recent reform proposals leading towards a market economy have included eliminating the employment guarantee.'

This IMF study, which was extremely optimistic in its economic pre-

dictions, suggested that following the introduction of its policies: 'Unemployment rises rapidly, from an estimated 2 per cent in 1990 to over 10 per cent in 1992.' It is however clear that this is a considerable underestimate. The latest report by the International Labour Organisation predicts: 'more than 15 million workers will be unemployed this year in former Soviet states, 12 per cent of the workforce. Another 30 million workers in state-sector jobs risk being made redundant because they are kept on the payroll despite being underemployed. If only half of the excess workers are laid off, the unemployment rate would double to 24 per cent the report said. In 1934, at the depth of the great depression in the US, 24.9 per cent of the workforce was out of a job.'

*'The balance sheet is clear. Capitalism in Eastern Europe is leading to economic catastrophe and social reaction'*

As a result of such falls in production employment has declined rapidly. Unemployment rose from 23,000 in February 1990 to 186,000 in September 1991 in Hungary, from 7,000 to 446,000 in the same period in Czechoslovakia, and from 56,000 to 1,971,000 in Poland. The percentage of the workforce unemployed is not available for a number of East European countries but between 1989 and the latest available figures in 1991 employment fell by 11.6 per cent in Rumania, by 13.8 per cent in Czechoslovakia, by 16.9 per cent in Poland and by 20.1 per cent in Bulgaria (Figure 3).

The effect of rapidly developing

mass unemployment on the working class is made even worse by implied threats to cut even the very limited unemployment pay. Thus the OECD notes: 'All governments have introduced unemployment insurance schemes... In addition most countries also have a social assistance system. If unemployment continues to climb, however, the cost of such programmes may make them unsustainable.'

Such policies are reinforced by policies decided to restrict the rights of workers within the enterprises. As the Economic Commission of the European Communities notes: 'The clear cut determination of [private] property rights will in practice also involve the elimination of different forms of workers participation in economic decision making, which became a regular feature of earlier attempts at reform and decentralisation.'

The IMF, in its *Study of the Soviet Economy*, is therefore implacably hostile to any attempt to give workers a right in determining ownership and management of their enterprises: 'substantially less than a controlling ownership [should] be distributed on a preferential basis to an enterprise's own workers, and... the shares be distributed to workers on an individual, rather than collective, basis. Workers would thus enjoy the same ownership rights as other shareholders.'

The OECD, similarly, in *Reforming the Economies of Eastern Europe* urges East European governments to take resolute action to overcome working class opposition to the proposed economic changes. For example on privatisation it notes that: 'the CEEC's have generally failed to develop coherent strategies for addressing the vari-

ous obstacles that must be overcome, such as resistance from workers' councils in Poland and similar organisations elsewhere.'

Finally it is the most oppressed sections of the working class, women and black people, who bear the brunt of the attack. All East European countries are attempting to repatriate workers from Mozambique, Angola, and other third world countries. In Moscow 90 per cent of those registering at employment exchanges are women. In East Germany and Poland unemployment rates among women are far higher than among men. In almost all East European countries the right of abortion is under attack. Women and black people in Eastern Europe are losing not merely 'socialist' but even basic bourgeois democratic rights.

The balance sheet, in short, is totally clear. Restoration of capitalism in Eastern Europe led to everything Trotsky analysed it would — economic catastrophe and social reaction. On such a basis racist and national conflict is endemic and it is not possible to sustain bourgeois democracy. The discussion on the 'gains of October', on whether the nationalised and planned economy of Eastern Europe was worth defending against capitalism, has been resolved not by theory but by practice. As that economy has been destroyed economic and social catastrophe has descended on the working class of Eastern Europe. Literally hundreds of millions of workers and the oppressed in Eastern Europe are now confronted with the prospect of decades in poverty and of reduction of their living standards in some cases by a half. The overturn of the nationalised and planned economies is imposing a devastating defeat on the East European working

## Total employment (annual)

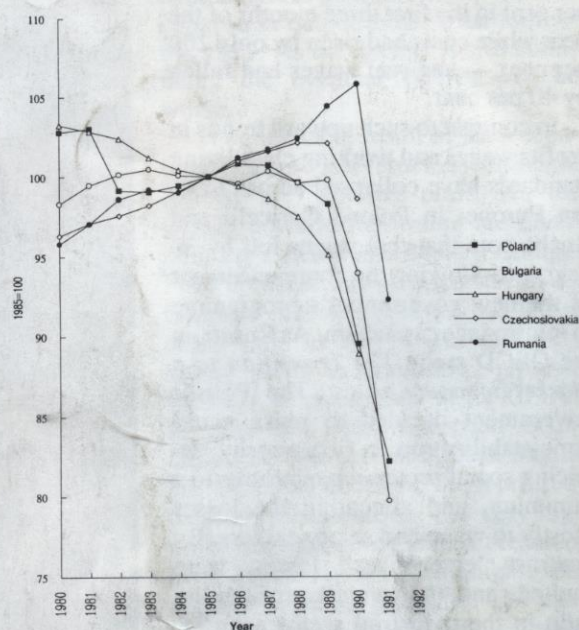


figure 3

class.

Such events have also brought to an end a chapter in working class history. Of those who supported such developments, who advocated policies which would lead to hundreds of millions of working people living their lives in poverty, are outside the revolutionary movement. Only those who explicitly and publicly reject that analysis can again come within the revolutionary movement.

Trotsky's analysis of Eastern Europe was proved to be correct, not because it was a dogma, but because only it stood the test in practice of the greatest political events since World War II.

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