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Socialist Action

The left and
the next
Labour
government

- A decisive shift in world politics
- Gorbachev's plans for the Soviet economy
- Anti-abortionists defeated
- After the Nicaraguan elections
- Polish socialist interviewed
- Tokyo crashes



Comment

Unity, the left and the unions

The new radicalisation of the working class in Britain is following a predictable course — from the bottom upwards. It started with the wave of industrial struggles last summer. It began to work its way into the trade union conferences this summer. It remains to be seen in the autumn whether it will yet have penetrated into the CLPs and Labour Party conference. But what is clear is that the lessons of the last three years have to be absorbed if the left is going to gain from it in the way that it should.

In 1987 a statement was issued on united action on the left signed by Ken Livingstone, Ann Pettifor, Vladimir Derer, Peter Hain and others. It set out the way ahead in the Labour Party — concentrating at that time on the fight against coalition with the SLD, then being heavily promoted by the right wing of the party, and defence of unilateral nuclear disarmament.

If that document had been followed through, the situation in the left, and in British politics, would have been very different and more favourable. Serious united action on the left, in particular, could probably have saved unilateralism as Labour policy. The left would have been much stronger. Already at that 1987 Labour Party conference gains were made — with a recovery in the left vote for the NEC (despite Bryan Gould defeating Audrey Wise), greater organisation of the left, and the right wing of the 'soft left' in disarray because of its own sectarianism.

Both the right and the ultra-left immediately stepped in to attempt to break up any possibility for united action on the left. Robin Cook attacked the statement in *Tribune*. The ultra-left responded by launching the 1988 leadership contest — which made any united action on the left impossible and, by inflicting a crushingly heavy defeat on the left, made it easy for Kinnock to overturn unilateralism.

The opposition of the right wing was predictable. But the ultra-left succeeded in weakening the left to a much greater degree than was necessary. Every step in which ultra-leftism was influential culminated in a new setback.

Now, with the political situation turning round, the left once more has the opportunity to advance. But to make the gains out of that which can be made, it must break with the errors of last period — and orient to serious united action on the left.

One of the most vital of these issues is going to be the unions. A Kinnock administration would directly collide with the unions. For that reason capital is intent on weakening Labour's links with the trade unions — so that opposition in the unions to Kinnock's policies cannot find a serious reflection in the Labour Party. Defending the trade unions' direct involvement in the Labour Party is therefore absolutely vital in British politics today.

It is therefore extraordinary that sections of the ultra-left are campaigning against the block vote and for *weakening* Labour's links with the trade unions.

Thus the Labour Party Socialists' conference in Sheffield on 19 May considered a document, advocated by its organiser Reg Race at the press conference on the event, to 'Replace national trade union affiliation by creating national "industrial" organisations, run by the party, of members in particular industries... This proposal deals with block vote by abolishing it... The party would have its own "industrial" organisations... based on (hopefully) a mass membership inside a particular industry... and it would leave the trade unions with a clear bargaining role separate from the political process.'

This is deeply misguided. It is nonsense, and right wing, that the trade unions should play a purely collective bargaining role and not one in politics and in the Labour Party. Socialists should be defending the unions role in the Labour Party, not doing the right's work by attacking it.

Inside

No 7
Summer 1990

InView

3-6

New political situation ● Racism in Europe ● Women in East Germany ● Romania ● Labour Party Socialists ● Black Section youth ● Tremors in Tokyo

In Perspective

7-11

1989 — a turning point in world politics

Peter Drew

12-17

The left and the next Labour government

Sylvia Ashby

18-20

Anti-abortionists defeated

Anne Kane

International

21-24

Economic policy in the USSR

Geoffrey Owen

Capitalism and democracy in Poland

Jozef Pinior

Reviews

25-26

Castro — In Defence of Socialism
Joe Slovo — Has Socialism Failed?

In Depth

27-31

Behind the Nicaraguan election results

The US assault on Latin America

Javier Mendez

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The new political situation

The beginning of the 1990s has ushered in a new political situation both internationally and in Britain.

Internationally the destruction of at least some of the workers' states in Eastern Europe, and the imperialist reunification of Germany, are both the greatest defeats suffered by the working class since World War II and overturn the post-war world order. All political perspectives developed in Europe in the last forty years must therefore be radically revised.

On the most general international level Stalinism has shown its bankruptcy to the world working class in a way not shown since 1933 when it bore co-responsibility for the coming to power of Hitler.

Since 1943, and the defeat of German fascism at Stalingrad, the major part of oppressed humanity, above all that outside the imperialist countries, believed that whatever the limits and crimes of the Soviet bureaucracy it was in some sense on their side. That is it both gave material aid to their struggle against imperialism and had destroyed capitalism in Eastern Europe. It seemed the Soviet leadership may have proceeded too slowly, and with innumerable crimes, but it was going in the direction of socialism. In the eyes of the working class of the world its crimes were compensated for by the great material power of the workers' states in the fight against capitalism and imperialism.

Now that illusion is being destroyed. Stalinism is incapable even of defending states in which capitalism has been overthrown and destroys the working class's support for such states. That fact will progressively recompose the entire working class movement.

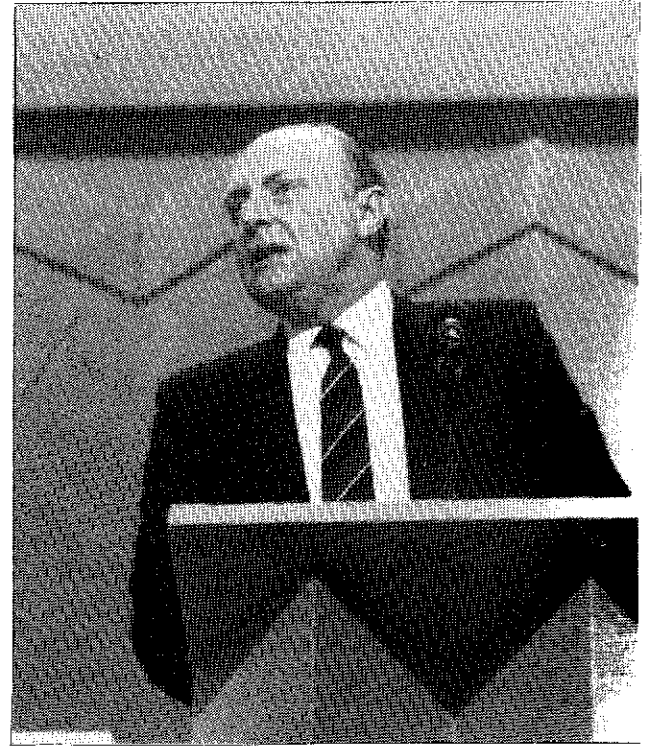
In the short term this makes the struggle of the working class much more difficult. Contrary to the illusions of fashionable intellectuals, those who believed that the policies of Gorbachev, by dispelling illusions in the lack of democracy in the USSR, would open up big oppor-

tunities for socialists, imperialism is now more on the offensive than at any time since the 1930s — because the support, or otherwise, of the masses for socialism is determined by the relation of class forces and Gorbachev, by setting that back, has weakened the working class and drastically reduced the attractive power of socialism.

This disintegration and discrediting of Stalinism has been accompanied by a radical shift to the right by the other two currents which large sections of the working class supported internationally — bourgeois populism and Social Democracy.

The collapse of bourgeois populism is seen clearly in its classic example — Peronism in Argentina. The government of Menem did not pass through any preliminary period of demagogic reforms before turning to assaulting the Argentinian working class. Reformist bourgeois populism has exhausted itself. Simultaneously the Social Democracy of Western Europe has now tied itself directly to the development of the European imperialist powers in the EEC — and the rationalisation of the economies they are carrying out against both the petit-bourgeoisie and the working class. The new policies of Mitterrand, Craxi, or Gonzales leave no room for periods of reform but inaugurate deflation and unemployment from day one of their administrations. They are thereby breeding the growth of racism and the far right in Europe on a scale not seen since World War II.

This radical right turn of Social Democracy and Stalinism conflicts directly with the fact that more than at any time since World War II capitalism has nothing to offer the majority of humanity. The assault of imperialism against the working class, above all in the semi-colonial countries and Eastern Europe, is today the greatest since World War II. These working classes of these countries has no choice but to fight back or face social catastrophe.



Confronted simultaneously with a deteriorating social situation on a world scale and a shift to the right by their traditional leaderships — Stalinism, Social Democracy and bourgeois populism — the working class will create new forces to the left of these currents. The upsurge of the Workers Party (PT) in Brazil, the rise of the South Korean workers movement, the clear struggles that are unfolding in South Africa workers movement, and the continuing struggle in the Philippines give a foretaste of that. The most urgent need internationally is to coordinate all such forces.

The situation in Britain directly interrelates with this turn in world politics. The economic impasse of the Thatcher government means that Britain is on course towards a Kinnock government modelled on that of the West European Euro-Socialist parties. That government will preside over deflation, high unemployment, attacks on the social services and racism.

The debacle of such a government will be made more complete by the event that will dominate Europe in the next decade — the consequences of the reunification of Germany.

The fundamental international problem faced by British imperialism in Europe since the middle of the nineteenth century has been its inability to compete with a rising Germany. Britain twice went to war, acting as the front line of the United States, to try

to prevent itself being overtaken by Germany. Since 1945, despite West Germany's economic success, British capitalism has had the force of that competition reduced by the division of Germany between the spheres of influence of the United States and Soviet Union.

Now that situation has ended. Britain will once more face the full competitive pressure of a united Germany. Furthermore the United States has change its privileged ally in Europe from Britain to Germany. The strategy on which British international policy has been based since 1945 has collapsed.

To the initial disillusion and demoralisation created by a Kinnock government will be added the growing realisation that Britain cannot compete with Germany without a total reordering of its economic, social, and political priorities — priorities British capital is incapable of undertaking. British society in the 1990s faces its greatest crisis for a century.

The international and British consequences of this shift in the world political situation call for the same response. Caught between a deepening offensive of imperialism, the worsening of the economic and social situation for a large and growing part of humanity, and the debacle of Stalinism and Social Democracy the working class movement is entering a period of huge international recomposition. *Socialist Action* intends to play its full role in that.

A racist wave sweeps across Europe

The most revolting results of the events in Eastern Europe and the centralisation of European capital in preparation for 1992 is the wave of racism and anti-semiticism sweeping Europe.

In France, the rising vote for Le Pen is directly tied to the policies of Mitterrand, who capitulates to, and excused, this racist wave saying that France's 3.1 million legal immigrants is reaching the 'threshold of intolerance'.

Racism is rising to the surface across French society. Racist murders of Algerians and other North Africans, the disgusting desecration of Jewish graves, reflect polls showing over 70 per cent of French people think it is 'acceptable to hold racist views'.

Less familiar is the rise of racism in Italy, which has prided itself as 'racially tolerant'. Earlier this year there were attacks on North Africans by gangs of youth in Florence. Last year there was huge publicity following the murder of an African field

worker, which was used to whip up a campaign for Italy to tighten up its liberal immigration laws. Craxi's government has just announced that it will bring its immigration laws into line with those of the rest of Europe as part of the process of European integration. The closing off of Italy means that the battlements are fully up around white Fortress Europe.

This has begun to find political expression with the rise of the Lega Lombarda (Lombard League). On a programme of repatriation of Third World immigrants without established jobs, and anti-southern Italy policies, it is now the second largest party in Lombardy, with 19 per cent of the vote. It also won 13 per cent in Milan.

Following Milan city council plans to provide temporary housing in tents for homeless immigrants, it distributed leaflets against having 'the Casbah or the Bronx in our neighbourhoods'.

German reunification is

feeding a racist wave in West Germany, where the Republican Party did well in elections last year, advancing to 7.1 per cent. 'Jobs for Germans' is a response to the influx of East German immigrants, with calls for the repatriation of Turkish and Yugoslav workers in Germany.

Racists have won high votes in Belgium and other northern European countries

Britain has seemed immune from these developments, but the local elections showed that racism is already rising, and will develop with particular intensity if a Labour government is elected in 1992 on the policies presently espoused by Kinnock.

The success of the Liberal Democrats in areas across East London exactly mirrors those areas where the National Front won its highest support in 1979, and was undoubtedly partly explained by the overt racism of much Liberal Democrat election material. This has been echoed in the national press.

The *Sun* for example kicked off its local election campaign with a front-page attack on Islington Labour council for its funding to ethnic organisations, blaming this for the poll tax level in the borough.

Across Europe the racists are preparing to reap the fruits of developments in Eastern Europe, the construction of white Fortress Europe, and the policies of Social Democratic governments which feed racism.

Responses like SOS-Racisme or the ANL are, and will become even more, vital to fighting back. A core of organised black people, which did not exist fully at the time of the ANL in Britain, but which does exist today in the Labour Party Black Section, will be the crucial component.

The Black Section has already taken the lead in responding to this with a model resolution on racism in the local elections, and an AGM discussion on 'white Fortress Europe'. This should have the support of the entire left.

Women pay for German reunification

The 'market reforms' in Eastern Europe will create mass unemployment. Already it's clear women will be pushed out of the workforce first.

In East Germany women are three out of every four becoming unemployed, and for every man receiving state financial support there are 20 women.

MARION SEELIG, a United Left candidate in the East German elections, and a member of the Independent Women's Movement (UVF), explained some consequences for women of developments in Germany.

While women in the GDR are fully integrated into the workforce, they still bear the brunt of domestic work. Nevertheless we have achieved very substantial economic independence. There is extensive child care, creches and kindergartens are legally guaranteed, mainly

paid for by the workplaces. It is considered part of their obligations.

As unemployment begins to rise, with the restructuring of industry, women are the first to go. They generally have less skilled jobs and have children. This so-called 'unreliable' part of the workforce is being thrown on the street first.

Managements are trying to cut the costs of 'social obligations', through closing kindergartens, and demanding the 'community' should bear the costs. But the community doesn't have any money either.

The same directors who ran the old system for forty years, now want to become a new managerial elite. They conceive the social market as the privatisation of profits with society bearing the social costs. The United Left is absolutely against this, as is the Independent Women's Movement.

The UL is trying to pro-

mote the idea of economic democracy to counter it, self-management in the workplace to control things that affect our interests. The Independent Women's Movement says similar things, not so clearly, but it wants to preserve the advances women have made and not be plunged into the sort of capitalism that is being prepared.

In the beginning women played a major part in the movement in this country. But they have now been pushed back to the second rank, because the classical 'party-parliamentarism' which has sprung up leaves the way free for men, who don't have family ties. Now men dominate the political landscape.

Very few groups have adopted quotas for women, though we have. The East German SPD has no quotas, although the West German party does. Women have argued for a 30 per cent quota but not much has come of it.

Judging from the platforms at their public meetings, men dominate. The UL and the Greens however have a 50 per cent quota, as does the PDS.

The proposals on reunification mean the wholesale adoption of the West German system of social rights. This means, for example, the abolition of paragraph 218 which guarantees abortion. Here women have the right to decide whether or not to terminate a pregnancy. In the West they don't have this right and illegal abortion is a criminal offence.

There has been a long struggle in the West to try to get what we have achieved and unification would abolish it. Of course, there are many problems with the kindergartens and creches but the basic legal right is what must be secured. The right to work, for example, which is a constitutional right here but not in the West, has to be defended.



Miners rally supporting National Salvation Front in Bucharest

Victory in Romania.

After a period of very bad defeats in Eastern Europe at last a victory has been achieved — Romania. Incidentally, for the record it is actually the first time that a Communist Party, in a disguised form, has ever won a victory in a general election. Romania is also the country in Eastern Europe in which the vilest regime was removed and the most violent struggle took place.

The capitalist press may protest about the election result but there is no doubt that whatever the pressure in the campaign — and the Peasant Party and the Liberals would have behaved no differently — Iliescu's more than 80 per cent for president, and the National Salvation Front (NSF)'s over 60 per cent for parliament, were a real and decisive majority.

Romania shows clearly the difference between countries in which the bureaucracy governed in its own right and where it was merely a puppet of Moscow. In Romania a combination of a popular uprising and the army, the core of the apparatus of the workers' state, removed Ceaucescu — they could take their decisions independent of Moscow. That alliance held good in the elections due to the popular support for the National Salvation Front in carrying through the uprising and its subsequent reforms.

The bourgeoisie, with its usual hypocrisy, hails the Christian Democrats in East Germany, who got less than half the vote, and condemns the NSF which got two thirds. The bourgeoisie is

not interested in the democracy of elections but merely that its side wins — hence the support for events in East Germany and Hungary and condemnation of those in Romania.

The anti-semitic Peasants Party, to which the Romanian people gave 5 per cent for president, and the Liberals, who wanted a referendum on the return of the monarchy and which got just over 10 per cent, are held up as models of democracy by the press while the Front, which overthrows Ceaucescu is condemned!

The NSF succeeded because it made big economic concessions to the working class, who by all accounts voted for it massively, and the peasants.

The Front is not in any sense a proletarian internationalist force — it is the reform wing of the old Communist Party. But its victory, against extreme right wing parties backed by international capitalism, is a notable victory for the Romanian, and international, working class. It safeguards, for the moment, the Romanian workers' state.

That workers' state, and the Front, need support against the campaign of slander that will be continued against it by imperialism — which is deeply annoyed by being thwarted in one East European country. Internally the Front needs to continue to make concessions to the working class — as in every workers' state that must be the guiding light of policy.

PETER DREW

Labour Party Socialists — unacceptable shift right

The first conference of Labour Party Socialists in Sheffield on 19 May represented an extraordinary and unacceptable shift to the right by the *Labour Briefing* backed movement. The conference prioritised and circulated three resolutions — on arms conversion, on economic policy, and on the need for a special party conference.

This choice is itself not acceptable. It means that the organisation is prioritising no resolutions on women, black people, mandatory reselection nor Ireland despite these being decisive issues in the party. But what is even more serious is the content of the resolutions it is circulating.

The single biggest victory at last year's Labour Party conference was Composite 47 calling for the reduction of military spending to the level of Western Europe. The party leadership is attempting to overturn this through passing a resolution having no specification in terms of figures and pledging simply 'arms conversion'. It is quite extraordinary, therefore, that the resolution circulated by Labour Party Socialists is about the details of arms conversion and contains no figures for reduction of military spending — not the crucial reduction to the level of Western Europe. This will undoubtedly be taken up by the right wing to counterpose to Composite 47.

Equally bad is the resolution on the economy. It is

worth quoting in full: 'Conference notes the proposals made on economic policy in the NEC's policy review of May 1990. However conference believes that is necessary for a Labour government to intervene in the economy in order to increase investment and production, reduce unemployment, stabilise prices, improve public spending, and control the activities of multi-national companies. Accordingly conference instructs the NEC to prepare a new industry bill to resist the domination of that government's economic policy by market forces, and to achieve these objectives.'

This resolution contains no specific objectives whatever — not even the limited ones of nationalisation of particular companies and introduction of exchange controls which the left has been fighting for. It is a resolution which even Roy Hattersley, were he not in such a public relations seeking right wing mood, could vote for.

There is no doubt what will happen with these resolutions. The right wing could easily take them up in CLPs counterposed to clear and precise resolutions of the left.

It is an unacceptable development and those in organisations supporting Labour Party Socialists should demand to know why it has happened and call for these resolutions to be withdrawn.

SYLVIA ASHBY

Black Sections NEC candidate

The Labour Party Black Sections are standing Sarah Dosoanu, currently vice-chair of NOLS, for the youth place on Labour's NEC this year.

Last year's youth conference was very small, undemocratic, and unable to take any decisions other than the election of this post. Resolutions were not taken, and a national committee was not elected.

Sarah will be standing for the recreation of an independent Labour youth organisation, rights for young trade unionists, full representation of women and black people inside the party, and for international solidarity.

Sarah is also supported by LWAC, and will speak at its meeting at National Labour Women's Conference in Skegness in June.

Tremors in Tokyo

The developments in the Japanese economy since the beginning of 1989 — a Tokyo stockmarket fall of 25 per cent and yen devaluation of more than 10 per cent in February to April — are the most important inside the world capitalist economy since the October 1987 Wall Street crash — *inside* because the other crucial events, in Germany, are taking place via the destruction of a workers state. However the source of the Tokyo crash lies not in Japan but in the US. Indeed the events in Tokyo are a direct product of the 1987 Wall Street crash.

Left to itself Japanese capitalism, the world's most efficient industrial economy, would not face serious problems. Japan's total domestic investment in absolute terms is as high as the United States — twice as high as a proportion of GDP — and for eight years Japan has run the world's largest balance of payments surplus. The problem for Japanese capital is that it is forced not only to run its own economy but to prop up the US — to satisfy the latter's continual needs for imports of capital.

Japan has funded 40 per cent of the US balance of payments deficit — in 1980-88 Japanese capital flows to the US totalled \$300 billion. Any threat that Japanese capital will cease to flow to the US, as in October 1987 and October 1989, leads to immediate crisis on Wall Street.

There is no politically acceptable way in the US to overcome this dependence on Japanese capital. US investment, although low, far exceeds US capital available to finance it. The main source of the US low level of capital formation, savings, in turn, is the US federal budget deficit.

On top of the budget deficit is the effect of the consumer boom stimulated under Reagan — which led US household savings to fall to a record low. Substantially cutting the US budget deficit would mean either huge cuts in military spending — which the US military, gearing up for intervention against the third world, is not prepared to accept — or sharp cuts in US social spending and/or rises in taxation which repeated experience has shown US electors are not prepared to vote for. Thus, for the foreseeable future, the US will require huge imports of capital, meaning the US will turn the screw on Japan to provide them.

It is this problem of both running its own economy *and* providing large scale capital exports to the US that even the Japanese economy is not strong enough to solve. The attempt to do so is destabilising both for Japan and for the world economy.

The immediate issue which created the crisis in Tokyo was the decline in the Japanese balance of payments surplus throughout 1989. Large capital exports to the United States require that Japan run a large trade surplus to finance this. Other countries, notably those in the EEC, have run protectionist campaigns, ensuring Japan's trade surplus with them falls. As a result the Japanese trade surplus has been falling in absolute terms and a rising proportion of it is accounted for by trade with the US — the latter now accounts for 70 per cent of the total Japanese trade surplus. For the US Japan simply recycling the US's own money — that is Japan's trade surplus with the US financing capital exports to the US — is not enough — particularly as this Japanese trade surplus cuts into the domestic markets of US firms. The US wants its capital imports financed through a Japanese trade surplus with other countries. Therefore it has been applying strong pressure to Japan to cut its trade surplus with the US.

The combination of protectionism from the EEC, pressure from the US, and acceleration of Japanese growth, led to a shrinkage of Japan's trade surplus from over \$100 billion a year to less than \$60 billion in 1989. Japan's long term capital exports became significantly greater than its trade surplus. The result was a glut of yen in the world market and consequent yen devaluation which, through higher import prices, fed inflation in Japan itself.

If Japan were taken in isolation there is an obvious capitalist solution for this. Japanese interest rates should be raised. This would attract capital into Japan — by increasing its interest rates relative to other countries, and bring its own capital exports down to the level of its balance of payments surplus. The problem is that this solution is unacceptable for the United States. A decline in Japanese capital exports would mean an economic and political crisis in the US.

The US has therefore put maximum pressure on Japan not to substantially raise its interest rates. Doing so would face the US with one of two unacceptable choices. The first would be to continue to attract Japanese capital by raising the US's own interest rates in line with Japan. But with the US's own economy having slowed significantly in 1989 a hike in US interest rates would threaten to plunge its economy into a major recession.

If, however, the US did not raise interest rates in line with a Japanese rise capital would not flow into the US, the dollar would devalue, inflation would accelerate, US incomes would come under pressure and a political crisis would start in the United States. Until February,

when the Japanese general election took place, US pressure was in line with Japanese internal needs — the ruling Liberal Democrats did not want an interest rate rise during the election campaign. But immediately the election was over contradictory demands began to work themselves out. The Japanese Ministry of Finance, under US pressure, sought to keep Japanese interest rates down while the Bank of Japan, to try to stop the devaluation of the yen and curb inflation, tried to put them up. When pressure for an increase in interest rates gained irresistible momentum after the election it was enough to cause the Japanese stockmarket, which had been boosted by previous low interest rates, to lose around \$1 trillion but it was not enough to prevent the devaluation of the yen — which slid from 145 yen to the dollar to 160 yen to the dollar.

This colossal loss, and even more importantly the policy choices which lay behind it, has major consequences for the world economy. What the imperialists are disputing is what form the consequences will take and who will pick up the price.

The first solution is that Japan overcomes the situation by pulling capital back into Tokyo — either by informal Bank of Japan pressure or via an increase in interest rates. That means adjusting Japanese capital exports down to its new lower trade surplus. Japan sharply curtailed its capital exports from March onward and the yen reincreased its exchange rate. This risk is that this means a slowdown in the flow of capital from Japan to the US with major negative consequences inside the US economy.

If Japanese interest rates are not put up, it means a continued low relatively low level of the yen and and consequent wave of Japanese exports — in effect Japan's trade surplus would rise to the level of its long term capital exports, the devaluation of the yen being the mechanism to achieve this. As the US would seek to avoid, by trade pressure, this new flow of exports reaching the United States it would mean, in effect, an attempt to overcome the crisis through a Japanese export offensive against Europe financing the capital flow to the US.

One thing is certain. Whichever solution is taken British capitalism will suffer. If Japan raises interest rates were raised this would put upward pressure on UK interest rates. If Japan maintains the yen at a low exchange rate Britain's balance of payments will suffer.

The events in Tokyo are of major significance for the world economy and bad news for Thatcher.

1989 — A turning point in world history

The fundamental starting point of Marxism is that the future of humanity, and today probably the survival of its previous civilization, rests on the advancement of the working class movement and its struggle for socialism. That is, if capitalism continues its development this will not lead to a peaceful and liberal order, slowly progressing into a better world, but to rapacious violence and the destruction of the achievements of human civilization.

This, in turn, has immediate consequences for political activity. It means that anything which strengthens the position of the working class increases freedom, equality, liberty and progress on a world scale. Anything which weakens the working class and strengthens world capitalism, no matter what its immediate appearance, sets back internationally the fight for equality, freedom, democracy, human dignity and progress.

That reality is now undergoing a gigantic historical test in Eastern Europe. At the immediate spontaneous level many might feel moved by the scenes amid the current downfall of corrupt and repressive regimes such as those of East Germany, Czechoslovakia, Poland and Hungary and their replacement by liberal (for how long?) capitalism. According to Tariq Ali, who has made the transition from Marxism to liberalism, writing in the *New Statesman and Society* 4 May, for example we should engage in 'celebration and rejoicing' at this development.

Marxism however has something different to say on the matter. As Trotsky pointed out the overthrow of the

bureaucracy of the workers' states from the left, that is the establishment of socialist democracy, would be a tremendous step forward for the working class and humanity. The overthrow of the bureaucracy from the right, through the restoration of capitalism, would on the contrary be an historical catastrophe setting back the working class throughout the world and leading to an imperialism more violent than ever.

As Trotsky put it on the USSR, at that time the only workers' state: 'the defeat of the USSR would supply imperialism with new colossal resources and could prolong for many years the death agony of capitalist society.' It: 'would signify... 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.' Therefore, 'We cannot permit world imperialism to crush the Soviet Union, re-establish capitalism and convert the land of the October Revolution into a colony.'

There is no doubt which view — whether the advance of imperialism towards the destruction of workers states is a cause of 'rejoicing and celebration' or whether on the contrary it will lead to more violent and barbarous outbursts by imperialism — has been confirmed by the events leading to the beginning of destruction of workers states in Eastern Europe and by the unfolding of events that has since commenced.

Far from a more liberal and progressive world order emerging from the process leading to the overthrow of the bureaucracy from the right in East-

The importance of the events in Eastern Europe in 1989 are equalled in this century only by those of 1914, 1917, 1933, and 1943 — the key turning points in the history of the working class movement in the twentieth century. The events of 1989 will recompose the international working class movement from its top to its foundations. They place on the agenda the most fundamental question of socialism itself — that is the relation of the struggle of the working class against capitalism to the future of the whole of humanity. PETER DREW analyses some of these implications.

ern Europe, capitalism is throwing back the progress of humanity on a world scale more than at any point since World War II. The development of poverty and immiseration in the semi-colonial countries is now reaching its worst level since World War II — and is without comparison to the situation of the 1950s and 1960s.

Furthermore imperialism is stepping up its military preparation to confront the consequences of this. The so called 'war on drugs' and 'campaign against terrorism' are simply pretexts for the US to step up its military intervention against the third world. The contra war against Nicaragua, the invasion of Panama, the direct US military involvement now present in Honduras, Guatemala, Colombia, Bolivia, and Peru all represent the escalating reality of imperialist military aggression. Imperialism's puppets, equally, are emboldened to step up aggression — Israel is clearly preparing itself for a conflict against Iraq for example.

Two particularly sinister developments must be noted. First imperialism is launching a campaign against so called 'weapons proliferation' in the third world. That is, it intends to secure a monopoly of the most destructure weapons for the imperialist states themselves. Secondly in its report on Lockerbie the United States assigns to itself the role of being judge, jury and executioner for pre-emptive military action against any regime it considers to be harbouring 'terrorists' — that is any government that the United States dislikes. Simultaneously the INF treaty is being radically undermined in Europe by the introduction of

large numbers of air-launched nuclear weapons.

Within Eastern Europe itself imperialism is already leading to wide impoverishment. Real wages in Poland have fallen, on the IMF's figures, by 30-40 per cent since the beginning of 1990 under the stabilisation plan. Similar, if less drastic, plans will be implemented in the rest of Eastern Europe. There will not be a strong development of Polish, or Hungarian, or Czech capitalism. These countries will, as Trotsky predicted, be reduced to economic colonies of the main European imperialist states, above all Germany — the 'Latin Americanisation' of Eastern Europe.

The first mass victim of this assault are the women of Eastern Europe. For whatever their other multitude of crimes the East European regimes were ones in which the overwhelming majority of women were integrated into the workforce, where childcare and nursery facilities necessary to sustain this existed, where the official ideology was of equality for women, and where, with certain notable exceptions such as Romania, women had a high degree of access to birth control and abortion. Every single one of those rights will be pushed back.

In particular, the huge wave of unemployment that is now beginning to sweep across Eastern Europe will be primarily at the expense of women — in East Germany for example it is estimated that something like a third to a half of all women in work will lose their jobs. The child-support networks will be dismantled and women will be pushed back into the home.

The rights to abortion and contraception will be drastically reduced or eliminated. When the Pope lays out his new plans for Europe women are right at the top of the list of those whose lives he intends to reorganise. The vote of the Solidarnosc Congress, on the urging of the Catholic church, for 'protection of life from conception' is only a taste of what is to come. A brutal assault on tens of millions of East European women will characterise the next decade.

The second immediate target of the assault in Eastern Europe is black people and jews. Attacks on Vietnamese and African workers have multiplied in East Germany. Anti-semitism is developing in Poland — aided by Cardinal Glemp and the Catholic church. On a smaller scale in Germany a new 'revisionist' school of historians has emerged claiming that the responsibility for the holocaust does not lie with Hitler but with the effects



Honour guard of the people's militia march in a Havana procession

in Europe of 'the cycle of violence unleashed by the Russian Revolution. Anti-Polish sentiment is rising in Germany. Anti-semitism is spreading like an evil-poison out of Eastern Europe and acquiring a new virulence in countries such as France.

New nuclear arms races, unbridled assaults on the people of the third world, radical driving back of the position of tens of millions of women, the virulent re-emergence of racism. These are the chief features emerging in the world development of capitalism reinforced by its victories in Eastern Europe.

The sheer magnitude of what is taking place in Eastern Europe, the overturn for the first time in history of countries in which capitalism was destroyed, marks 1989 as a turning point in world history — and therefore in the history of its labour movement. It can be seen in its full measure only by putting it against the background of the history of the workers movement in the twentieth century and its key turning points.

● In 1914 the international workers movement, which had previously existed as a united current, was definitively split when the Social Democratic parties moved irrevocably to the side of the bourgeois order in their support for World War I — a slaughter in which 20 million died. From then on Social Democracy clearly functioned as a prop of imperialism.

● In 1917 the Russian Revolution broke for the first time the hold of capitalism and imperialism over a country. Despite its degeneration under Stalin the USSR not merely saved Russia from imperialist dismemberment, and industrialised it, but was indispensable in its aid to the greatest act of human liberation in the twentieth century — the destruction of the colonial empires following World War II.

● In 1933 Stalinism showed its de-

finite degeneration in sharing the responsibility with German Social Democracy for the rise to power of Hitler. No overturn of capitalism in a popular revolution was ever achieved following the line of Stalinism. The Yugoslav, Chinese, and Vietnamese revolutions were all carried out by parties which rejected the line of Moscow — and the Cuban revolution was led by a force organisationally independent of Stalinism and against the line of the local Communist Party. Out of the catastrophic defeat of 1933 arose, as a minority, the Trotskyist Fourth International.

● In 1943 the Soviet armies destroyed the power of Nazism at Stalingrad. This was the decisive struggle in liberating the world from fascism. It also consolidated the hold of Stalinist parties, or parties recognising themselves as part of a world movement with them, over the most militant sections of the working class in the world. The victory over fascism ensured that the forces attempting to create a new International to the left of Stalinism remained a tiny minority — for the destruction of fascism was then the most vital issue confronting humanity and Stalinism, by achieving this, ensured that internationally only small propaganda groups, looking to a socialist future, developed to its left while the mass of the working class remained under the domination of Stalinism and Social Democracy.

1989 shows that Stalinism has now degenerated to the point where it is not merely incapable of overturning capitalism but it cannot even defend the existing countries in which capitalism has been destroyed. Stalinism's reactionary and utopian policy of socialism in one country broke up the international dynamic of the working class, wrecked the economies of the states that it dominated, and, to secure this, ruthlessly suppressed the working class in the countries of Eastern Europe.

The collapse of the states of Eastern Europe, amid mass working class support for capitalism, is the greatest crime, and indicator of the bankruptcy, of Stalinism since its responsibility with Social Democracy for the rise to power of Hitler. It therefore will shake to its foundations the organisation of the international workers movement — for the most militant sector of the international working class was grouped around forces that had illusions in the Stalinist bureaucracy and who considered that, whatever its other crimes, they were compensated for by its destruction of the hold of imperialism in Eastern Europe and the

'The sheer magnitude of what is taking place in Eastern Europe marks 1989 as a turning point in world history'

'Social Democracy, which is the main beneficiary today within the working class of the debacle of Stalinism, is making a sharp turn to the right'

aid given by these states to the struggle against imperialism internationally.

Simultaneously Social Democracy, the chief beneficiary today within the working class of the disintegration of Stalinism, is making a sharp turn to its right — to support for the imperialist consolidation of Europe. Social Democracy's policies of unemployment and attacks on public spending are directly feeding the racist upsurge in Europe.

In short the international working class faces the greatest offensive of imperialism since World War II under conditions in which both of its traditional leaderships are displaying unprecedented bankruptcy.

What will *not* happen in this situation is that the working class of the world will give up fighting. Those being crushed by debt in Latin America, or seeing their countries disintegrated in Africa, who are consigned to unemployment and poverty in Eastern Europe, or are suffering a renewed and worse oppression because of their sex in the same region, or are suffering the racist onslaught in Europe, have no option but to fight back — because imperialism will become more aggressive and violent as a result of its victories and not more and more pacific and considerate. For socialists to refuse to fight back in that situation is to be complicit in the greatest crimes committed against humanity since fascism.

What the disintegration of Stalin-

ism, and the simultaneous right turn of Social Democracy, has done for the present is to break up the possibility of a centralised international response to, and leadership of, the fight against the offensive of imperialism. All existing leaderships to the left of Stalinism and Social Democracy are either too weak or too disoriented, at present, to play a centralising role in leading that fight back.

The most authoritative leadership still continuing objectively to resist the imperialist attack is that of Cuba. The role of the Cuban leadership in defeating the apartheid regime in South Africa, and aiding the revolution in Central America, is the greatest piece of international leadership shown since the victory of the Vietnamese over US imperialism.

But while the Cuban leadership enjoys great international prestige, and internal support, the Cuban state is too weak to provide the type of international impact that either the USSR or China could and thereby regroup the vanguard of the entire international labour movement around it.

The second, tiny, force which might have stood to the left of Stalinism was Trotskyism — ie the forces organisationally emanating from Trotsky's Fourth International. However 1989 showed what had already been demonstrated with far larger forces by 1914 and 1933 — that while Marxist ideas remain valid the fate of organisations is a quite different matter. The majority of 'Trotskyist' organisations to-

tally misunderstood the dynamic in Eastern Europe — believing it to be moving towards political revolution when the dominant dynamic was to the restoration of capitalism. The leadership of the United Secretariat of the Fourth International pulled back from the brink — having characterised the events in East Germany as a political revolution, that is the establishment of democracy on the basis of the same property relations, it then realised that what was actually taking place was a dynamic to the absorption of East Germany by imperialist West Germany and opposed this.

But another part of Trotskyism supported the capitalist reunification of Germany and the destruction of the East German workers state.

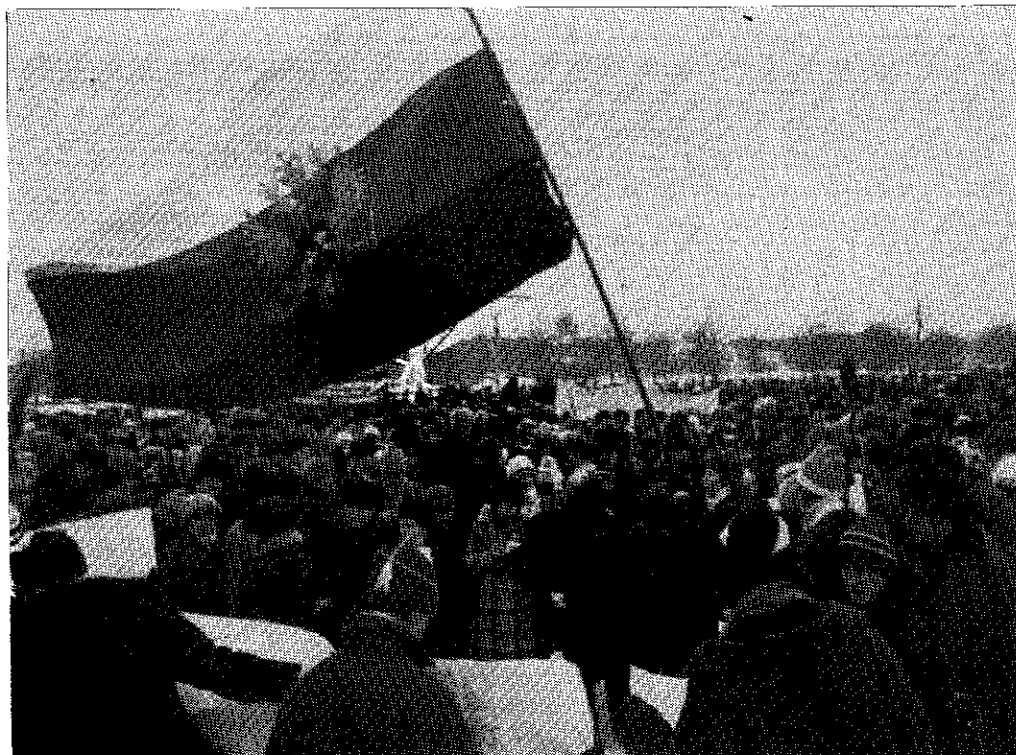
This last position has passed over the class line out of the camp of the working class. Those who support the destruction of workers states and their integration into imperialist powers are outside the revolutionary movement — they support actions dealing historic blows not merely against the German working class but against the entire international proletariat. Such forces have objectively gone over to imperialism — becoming the left wing of the pro-imperialist workers movement ie left social-democrats and social democrat inclined centrists.

Other Trotskyists, for example those in Germany itself and others in Eastern Europe, opposed the imperialist offensive and retained a revolutionary orientation — fighting for socialist democracy, internationalism, and against the restoration of capitalism.

The result is that Trotskyism as a whole as it exists today has not been able to play the role internationally that was required in the greatest events in Europe since World War II. Those engaged in the fight against imperialism were not those praising Gorbachev for his 'democracy', and supporting the events in Eastern Europe, but those appalled by the events in Eastern Europe, and that Stalinism had so undermined the states of Eastern Europe as to create capitalist restoration.

Those fighting the Contras in Nicaragua, the apartheid regime in South Africa, Aquino in the Philippines, or Arena in El Salvador understood perfectly well that the events in Eastern Europe were a catastrophe for humanity, making the fight for its future doubly difficult — and immediately their fight own for liberation.

The first result is increased turmoil in the ranks of the Communist Parties and those influenced by them inside the Social Democracy. Internationally



... calling for the return of the monarchy with Tsarist flags flying

inside the ANC, inside the FMLN, inside the FSLN and other forces the discussion with the left takes place *in opposition* to the events in Eastern Europe. All these forces are forced to work out why Gorbachev has blatantly turned his back on the international working class struggle and why this has led to disaster in Eastern Europe. Such militant forces are necessarily forced to try to work out what happened, what went wrong?

The healthy, the left, forces emerging out of this are those who understand that his policy of appeasing imperialism has imposed incalculable suffering on the international working class and strengthened the most reactionary forces in the world. The failure of the Fourth International to orient to these forces, instead radically misunderstanding events in Eastern Europe leading to the restoration of capitalism, is the greatest mistake in its history.

But if the international leaderships that were needed in this situation are either too weak or at present too disoriented to play the role that is necessary this does not mean that the working class will not fight back. It merely means that that fight, and ideological discussion, for a period will not be very internationally centralised, and will tend to develop unevenly in different states and regions.

The numerically largest part of that recomposition will inevitably start in the semi-colonial countries. Here the economic and social crisis is so acute that forces have no option but to fight back against imperialism. Millions of people cannot wait to work out the correct analysis of Stalinism before fighting against apartheid, against the debt crisis in Brazil, against Aquino, against the South Korean ruling class, or against the dictatorships of Central America. A series of left nationalist, pro-Cuban, left Stalinist, and other currents will inevitably rise.

Inside the imperialist countries four main forces are fighting back against the imperialist offensive — the small numbers of Castroites who exist in the imperialist countries, left Stalinists, left Social Democrats, and those Trotskyists, the majority, who have not gone over to left Social Democracy.

Inside the countries of Eastern Europe a genuine left opposition to imperialism and Stalinism has developed. Forces such as those whose best known representative in Poland is Jozef Pinior, or Boris Kagarlitsky in the USSR, have made an absolute principle of support to the struggle against imperialism in the third world. Kagar-



litsky has said the Russian working class had a 'point of honour' to support the struggle against imperialism, and Pinior goes out of this way to speak publicly with the representatives of the FSLN and FMLN. They are total opponents of Stalinism — being opponents of Stalinist *because of* that struggle against imperialism and capitalism.

The first and most urgent task is to bring these forces together in struggle. Furthermore, given the tremendous destruction brought about by the politics of Stalinism culminating in the setbacks of 1989, there is no possibility to rapidly overcome the ideological divergences that will exist. The necessity is to create a framework in which these differences do not impede united action in the class struggle.

Second, within that framework, it is necessary to pursue an ideological and programmatic discussion — which will only finally be clarified by huge new events in the class struggle. The most relevant analogy is to the situation following 1933 and Hitler's coming to power. Then it took huge new struggles — the debate on Hitler's victory, the defeat in the Spanish civil war, the debacle of the French Popular Front — to create a new ideological framework to win over and organise the most advanced forces in the international working class movement.

All political currents — those breaking to the left from Stalinism, those moving leftwards from Social Democracy, supporters of Castro, left nationalists in the semi-colonial countries, Trotskyists who remained true to Trotsky's ideas — have to account for

their development and history in that process.

Those who believed that, whatever their crimes, Stalinism would at least maintain the states which had overthrown capitalism must account for why it failed. Social Democrats must deal with why these parties, in addition to their past development, are now fermenting by their policies a vicious upsurge of racism throughout Europe. Trotsky's ideas provide the best guide to what has taken place — indeed his analysis of Stalinism is more than ever revealed as a work of genius — nevertheless organisationally the Trotskyist movement must account for why a part of it degenerated and went over to imperialism — transforming itself from a force fighting against imperialism to one fighting against the bureaucracy on behalf of imperialism and breaking with Trotsky's ideas.

The events that will now immediately unfold will form a sombre page in human history — with terrible consequences for the working people and oppressed of the world. Imperialism will be, is already, emboldened to launch its greatest offensive since the 1930s against the oppressed people of the world. Starvation, deaths and impoverishment from the imperialist economic offensive will multiply, imperialist invasions and military actions, covered by pretexts such as drugs, 'non-proliferation' and (left wing) 'dictatorship' will multiply. The people of the third world will suffer an imperialist offensive of a scale they have not experienced for half a century at exactly the point in time when even

'The healthy, the left, forces emerging out of this are those that recognise Gorbachev has strengthened the most reactionary forces in the world'

the limited material aid they received from Eastern Europe is withdrawn. The reactionary scum of the world, starting with South Africa and Israel, are already congregating like vultures in Eastern Europe. Cuba is coming under direct threat.

Finally the politics of Gorbachev are a farce because at the end of them the imperialist grip against the Soviet Union will tighten — with the incorporation of a united Germany into NATO and the creation of pro-imperialist regimes in Eastern Europe. By the end of the decade the military threat against the Soviet Union will be the greatest in its history.

Gorbachev's policy of throwing himself on the mercy of the imperialists has led not only the international working class but the Soviet Union to its greatest disasters since 1941. This is the heavy legacy of Stalinism and its disintegration. But the working class has nowhere to run to.

To understand the way out again an analogy is useful. In 1941 when the

Soviet Union was invaded Stalin had so repelled the population of the Ukraine and other parts of the Soviet Union that they hailed the Nazi invaders as liberators. Only when they found out the nature of the beast which had entered their country did they turn round and destroy it — thereby also destroying the system which had given rise to it across half the European continent.

Now Gorbachev, like Stalin before him, has led the international working class and the Soviet Union to disaster. No analogy is ever exact. The full fury of the imperialist assault will not fall today in the first place on Eastern Europe — although impoverishment and racism are already rising there and will spread to Western Europe.

It is the people of the third world who today are facing the full fury of the imperialist assault. Millions of people there have already died, and many millions more will die, because of the imperialist offensive which culminated in Eastern Europe and the events which Stalinism and Gorbachev

'1989 stands with 1914, 1917, 1933, and 1943. It is a turning point in world history'

caused to unfold there. But precisely because capitalism does have *nothing* to offer the overwhelming majority of the people of the world — and today has less to offer it than at any point in the last forty years — the working class will emerge from these defeats.

The working class defeated Hitler and Stalin. It will defeat Bush and Gorbachev. In fighting to do so it will reorganise the world labour movement from top to bottom and create a new working class leadership that can lead it out of its impasse. Because in the end, as Trotsky said rightly — and was proved right — the working class is more powerful than any bureaucracy.

But in the scale of events that unfolded in it, in its revelation of the total bankruptcy of Stalinism, in the encouragement it gave to imperialism to magnify its assault on the people of the world, and therefore in its future reorganisation of the labour movement 1989 stands together with 1914, 1917, 1933, and 1943. It is a turning point in world history.

Those who make the bureaucracy the main enemy

In his analysis of Stalinism Trotsky was always meticulous to distinguish the bureaucracy and the workers' state. The Stalinist bureaucracy was an instrument of imperialist pressure on the workers' state in contradiction to its social foundations.

This meant that the Stalinist bureaucracy could be overthrown from two directions. First from the left by the working class in establishing socialist democracy — a *political revolution*. The second was the bureaucracy could be overthrown from the right, by capitalist restoration — that is a *social counterrevolution*.

The first would represent an historic step forward for the working class. While the second, the restoration of capitalism, would represent an historical catastrophe, a whole-sale defeat.

Throughout 1989-90 *Socialist Outlook* presented the events in Eastern Europe, particularly in Germany, as tremendous steps forward, that is as political revolutions. In the editorial 'Will Germany herald a revolutionary decade' in *Socialist Outlook* December 1989 it was stated that: 'most promising for socialists is the mass mobilisation of the working class against Stalinist rule in Eastern Europe... the pace of

events has been accelerated beyond all predictions by the explosion of mass protest in East Germany... The working class is reaching more clearly than any other not for capitalist solutions but for socialist democracy. Taking advantage of the opening created by Gorbachevism... the East German workers have demonstrated a political commitment to socialist values and internationalism that offers a potentially *revolutionary* lead to the whole European workers movement, east and west.'

The political reality of East Germany was shown two months later when the East German elections returned a massive Christian Democrat majority.

Indeed it was denied that imperialism was seeking the restoration of capitalism in Eastern Europe. Again in December's *Socialist Outlook*: 'Yet as the caution of Thatcher, Bush and West German chancellor Kohl all confirm, even the imperialists do not believe they are ready to restore capitalism in Eastern Europe.'

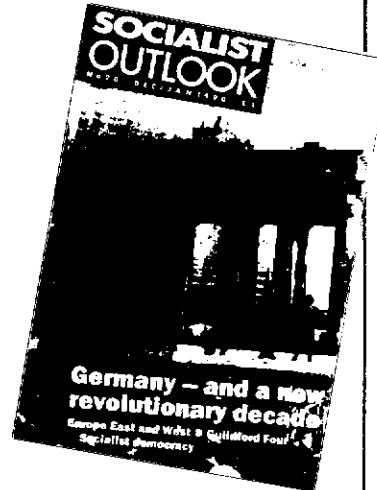
This is nonsense. Imperialism is putting in place the concrete mechanisms — political parties, privatisations — to seek to restore capitalism in Eastern Europe.

In the May issue of *Socialist Outlook* at long last the dynamic of what is really taking place in Eastern Europe breaks through. In the article 'A New World Order' it is stated: 'The absence of any viable examples of socialist democracy in the real world have created a situation in which myths of capitalist prosperity and democracy have wide currency in Eastern Europe. There is a great danger that the revolt will lead to a restoration of capitalism. In particular if the reunification of Germany is achieved on a capitalist basis, the configuration of forces on a world scale will be transformed.'

In five months *Socialist Outlook* has reversed its analysis from 'the most promising' to one in which it believes restoration of capitalism in Eastern Europe may play a decisive role in relaunching 'a new wave of capitalist accumulation'.

This is no small matter. What *Socialist Outlook* is saying is that in these gigantic events it could not tell a revolution from a social counter-revolution — a confession of political bankruptcy.

Nor is this unconnected to its line in Britain. A view which sees the *bureaucracy* as the main enemy leads simulta-



neously to profound rightism and misunderstanding of the dynamic of events in Eastern Europe and continuous tactical ultra-leftism in Britain.

Those who formed *Socialist Outlook* split from *Socialist Action* in 1985 because they disagreed with its analysis of Scargill in the miners' strike. They started by not being able to tell a class struggle leadership from a class collaborationist bureaucracy. They are now unable to tell a revolution from a social counter-revolution in the greatest events in Europe since the Second World War.

Anyone travelling that road should realise that it has proved completely bankrupt — and should turn round and reverse it.

The Left and the next Labour government

Britain remains on course for the election of a Labour government. Although Labour's vote in the local election was significantly lower than in opinion polls, due in large part to the vote in London, Labour would still comfortably have won a general election — and its vote in London would almost certainly have been better at a general election. Most importantly the deterioration of the economy makes it virtually impossible for the government to generate the scale of economic recovery necessary to win the next general election. SYLVIA ASHBY looks at the character of the next Labour government in light of the launch of the 'Policy Review, phase three', and the tasks of the left flowing from this.

As sections of the ruling class become convinced that a Labour government is probably unavoidable they are vigorously intervening to influence its policies. This explains the unprecedented adulation currently being bestowed upon John Smith by the right-wing daily press, the *Economist* and *Investors' Chronicle*. The latter concluded that there was 'little enough reason for City panic ... Labour's economic policy, where discernible, contains nothing to which the City objects violently on principle.'

The *Economist* favourably compared Labour's current team, John Smith, Gordon Brown and Tony Blair to their 'more interventionist, egalitarian and nationalist' predecessors, Roy Hattersley, Bryan Gould, and Michael Meacher! It is poetic justice that Bryan Gould, previously built up by the same press due to his support for 'a share-owning democracy' — on the eve of the 1987 stock market crash — is now portrayed as a traditional Labourist being swept aside by Labour's new hard-headed money men.

The City, according to an *Economist* survey, is no longer so hostile to a Labour government. Among City economists surveyed, 57 per cent thought Labour would either have a good impact on the economy, or would make no difference.

Sudden equanimity in such ruling class circles about a Labour government largely reflects pragmatism. Having decided that a Labour government is probably inevitable, the ruling class has turned to ensuring that such a government acts to its advantage down to the details of policy. Its opening for this is, naturally, the shifts carried out in Labour's Policy Review.

The *Sunday Times* summarised the situation rather accurately on 15 April: 'In the past, especially in the 1960s and 1970s, the life of a Labour government tended to divide into four. Phase one, lasting at most a matter of months, was usually radical, as ministers tried to implement socialist policies. They were hit by phase two: economic crisis (normally a run on the pound). Phase three was agonised reappraisal. Phase four was what the left called "betrayal", as the party settled to run the economy by orthodox capitalist means, often quite well.

'From what one can gather (policy is still vague) Neil Kinnock's revolutionary new concept is to skip the first three phases altogether and go straight to "betrayal", thus saving everyone a great deal of time and trouble.'

This is a very precise assessment. It is already clear that the Labour government elected in 1992 will be the most

right-wing Labour government yet — more so even than 1964-70 and 1974-79 — and will be so from the outset. There will be no 'honeymoon' leftist period whatever.

The carefully studied imprecision that characterised Labour's economic policy during the Policy Review is now being pinned down to totally unambiguous policies, summarised in the mid-May launch of a new policy document. The new document, dubbed 'Policy review, phase three', stripped to its bare essentials, comes down to the front bench's new commitment to entry into the exchange rate mechanism of the European Monetary System — which was rejected in the Policy Review last year. It also attempts to overturn Composite 47 passed last year pledging a reduction in military spending to the West European average, through a fudge, promising arms cuts, with no figures, and only as the result of negotiations between NATO and the Warsaw Pact. It contains only very limited pledges to expand public spending. John Smith in recent speeches has reaffirmed his commitment to the introduction of credit controls, despite the opinion of 74 per cent of City economists, including those supporting him, that these will not work even if they were desirable.

The *Economist* among others has welcomed Labour's rejection of exchange and trade controls, its abandonment of 'punitive' taxation levels, its rejection of nationalisation and renationalisation, recent commitments not to repeal Thatcher's trade union legislation particularly on secondary picketing, and John Smith's pledge in the US that a Labour government would not make a 'dash for growth'.

This combination of policies determines the dynamic of a Labour government. The most immediately decisive issue is the commitment to entry into the EMS — which will ensure that the entire economic policy of the Labour government will be severely deflationary. This was made explicit by John Smith in a remarkable interview in the *Independent on Sunday*, 6 May, where he explained that entry into the EMS would be used as a mechanism to hold down wages through threatening the unions with unemployment, ruling out 'competitive devaluation'.

Smith's point was simple. In simple terms, the EMS is a system of fixed exchange rates between European currencies, defended by the foreign exchange reserves of the participating countries. Currencies may only fluctuate between strict limits — 2.5 or 6 per

cent — and if a participating currency diverges by more than 75 per cent of this band, action will be taken to correct it. Changes in exchange rates are only allowable on the basis of the mutual consent of the participating countries and the EEC Commission.

EMS entry has been presented as allowing lower interest rates — and wide illusions on this exist in the labour movement. But on 6 May John Smith clearly spelled out the real role of the EMS both for a Labour government and for the ruling class, beyond its short-term impact on interest rates.

Initially, before any underlying economic processes worked through, entry into the EMS would allow West German currency reserves to be mobilised in defence of the pound, allowing maintenance of the exchange rate at lower UK rates of interest. This is why Thatcher may well be planning to push Britain into the EMS shortly before the next General Election — to allow the Tories to reap the electoral benefits of any short-term decline in interest rates. As Thatcher lacks any other serious strategy for winning the election desperate ploys may well be the best she has on offer.

But after the initial short term period, maintenance of a fixed exchange rate would require UK inflation to be reduced to the West German level — otherwise, as devaluation is excluded by the EMS, UK goods would be overpriced compared to German and the Balance of Payments would rapidly deteriorate. This is an impossible task without holding the economy in recession given that UK productivity increases are far less than German.

To defend the fixed exchange rate of the pound a strongly deflationary policy would have to be followed — which would keep down productivity growth even more as, for example, the rate of growth of output accounts for two thirds of the increase in productivity in manufacturing. Britain would be locked into a deflationary spiral. Once that spiral set in membership of the EMS would very probably actually increase UK interest rates and not lower them.

Put more accurately, the EMS would allow any given exchange rate to be defended at a lower level of interest rates, but by forcing government to defend an overvalued exchange rate the absolute level of interest rates would be forced up.

As the British economy is hopelessly uncompetitive, and would become progressively more so at the artificially high exchange rate that would be dictated by the fixed exchange rates of the EMS, it would only be able to avoid

devaluation of the pound by raising its interest rates to attract funds into the economy to counterbalance the trade deficit and the continuing outflow of long term capital — the latter might well increase because of the low rate of growth of the economy. The high interest rates will slow down the economy, pushing it into recession, raising unemployment, putting downward pressure on wages, and creating the inevitable pressure for public spending cuts.

France has experienced just such economic policies under Mitterrand's Socialist Party — although the economic problems it faced were much less serious than those which will confront an incoming Labour government. The French government's policies were vividly spelt out by Victor Keegan, a strong supporter of the right wing Labour line, in the *Guardian* on 25 April. He approvingly quotes France's low inflation as a promising model for a future British Labour government. But acknowledges that the underpinning of this is:

"First, the high level of unemployment of between 9.5 and 10 per cent. For six years the growth of real wages has been lower than productivity" explains Pierre-Alain Muet, a French economist, 'The main role of monetary policy', he goes on, 'has been to stabilise the franc in the EMS, membership of which was "crucial" ... the EMS has two effects on inflation, through stability of the franc and the growth of unemployment.'

Keegan concludes: 'The current success of the French economy has been due to a conjuncture of events which have been gestating for a long time: the liberalisation of the labour market; the "shock" of a freeze on wages and prices; membership of the EMS combined with strong monetary policy and backed by high unemployment... All of these are, in principle, transplantable, particularly membership of the exchange rate mechanism of the EMS...

'Whether low French inflation will continue if unemployment comes down is another thing. But it looks as though it will be some years before that proposition even begins to be tested.'

Politically such a deflationary policy as Smith outlined, would drive the Labour government into conflict with the members of the trade unions as its aim would be to hold down wages in order to maintain the fixed exchange rate. Britain would be in the classic state of the early years of the 1964 Labour government of wrecking its entire economic policy in order to defend

an overvalued exchange rate. Anyone who studies those Wilson years will know the disaster which is involved.

It has been evident for a long time that the next Labour government would pursue right wing economic policies, but now these have been precisely spelled out. They will be deflationary — that is high interest rates, pressure against public spending, and moves to wage controls — despite the probable formal rejection of this in the shortened policy review (which carries no more weight than Wilson's similar rejection before the 1974 election).

After an initial period the concomitant of the deflation provoked by EMS entry will be moves to introduce wage controls. Keegan already pointed out that a wage freeze was the necessary condition for France staying within the EMS. The trade unions in Britain today have shown their power to defend wages even with two to three million unemployed. To maintain the deflationary policies of EMS membership, and defend the exchange rate, wages would have to be held down more successfully than by Thatcher — and that means some type of formalised wage controls. Indeed this is the real value of a Labour government for the ruling class — to be a more effective instrument for holding down wages. Labour in office would far more ruthlessly exploit the political loyalty of the working class, and the trade union bureaucracy, than under the Tories. A Labour government to tame the unions is just what is persuading minority sections of the ruling class that a Labour government is not just virtually inevitable but may well be a good thing as Thatcher's existing policies are simply not working.

With the departure of Lawson, and his 'shadowing the EMS/D-Mark' strategy Thatcher was prepared to let the pound devalue, if necessary, in order to avoid interest rate rises. Rising inflation, and public spending cuts, were supposed to keep down real wages. But the problem is that the unions have proved successful in resisting their effects.

Under Thatcher annual average growth of wages has never gone below 7.5 per cent. Currently they are over 9 per cent. In order to cut real wages with that level of pay settlements the inflation rate will have to go into double figures — with a dangerously destabilising effect.

Furthermore the consequences of this are beginning to feed through to the base of the unions.

●The left increased its majority on the executive of the TGWU — against the

'Entry into the EMS would lock the British economy into a deflationary spiral'

expectations of the press.

●The left has rewon the London region position on the AEU executive after a decade of it being held by the right, and the AEU national committee supported the policy on defence cuts adopted at last year's party conference.

●The unions are continuing to grind the employers into submission in the campaign for a reduction in hours in the engineering industry.

●There was a substantial revolt during the ambulance dispute against Roger Poole and the NUPE leadership's handling of it.

●The NUT conference saw a series of major revolts against the executive, particularly on strike action to defend jobs.

●USDAW adopted policy in support of Composite 47

●The MSF saw extremely successful left fringe meetings.

In short for the first time for five years real rank and file and left developments are beginning in individual unions — a trend which will continue in present economic circumstances. Add to that the revolt against the poll tax and the victory on abortion rights and it amounts to a limited but distinct shift in the relation of forces in favour of the working class. It also means, for the first time for a long time, the left has won some victories.

The bourgeoisie is now obsessed by the question of rising wage increases — a concern increasingly shared by the government. Major has announced that no extra funding will be made available in the public sector for wages. This is the opening shot in what will be a tough round of public sector wage negotiations. A strong line will be taken against all possible groups of workers in the public sector.

Such government tactics, while economically necessary for it, will make it even more politically unpopular. In this context a Labour government to control the unions and bring down wages looks less repellent to the bourgeoisie than formerly — in particular if the now virtually unconditional commitment to the EMS can be nudged towards commitment to incomes policy to maintain the fixed exchange rate (although it is unlikely that a Labour leader can openly promise this before a general election as it would lead to immediate loss of votes among the higher paid sections of the working class).

Thus again Victor Keegan, writing in the *Guardian* on 23 April outlined the perspective well in arguing for a very stringent incomes policy to accompany EMS membership: 'Britain urgently needs the equivalent of ECT

(Electro Convulsive Shock Therapy)...immediate entry into the exchange rate mechanism of the EMS...accompanied by a freeze on wages for a year... The most brutally effective way would be to introduce a crude freeze on everything including productivity deals for a year.'

The groundwork for just such a policy is being laid. The die is now irrevocably cast towards a deflationary Labour government. What dynamics for the political situation flow from this?

The first, and the most serious, is that such a government will inevitably give rise to a huge explosion of racism. This is now the pattern across Europe. A deflationary Labour government, oriented to the EEC and big European capital, has absolutely nothing to offer the most deprived and oppressed sections of the working class. Unemployment will continue, social spending cuts will be maintained, rotten housing, appalling transport and the crumbling infrastructure will be perpetuated or worsen. Into that, just as in France, Germany, Italy and other European countries racist demagogues will step amid the disillusion created by the Labour government. The policies of John Smith will be the progenitors of a revival of the political successors of the National Front and the extreme racist wing of the Tory Party.

This was the wind Norman Tebbit felt blowing when he stepped in to lead opposition to the Hong Kong nationality act and which the popular press has been fanning — even if Tebbit as an individual made himself ridiculous with his 'cricket test'. The Labour front bench capitulated to the racists disgracefully and predictably — giving the nod and the wink that whereas the Tories would let in rich Hong Kong Chinese Labour would keep them all out. Under cover of denouncing 'privilege' Kaufmann and Hattersley were conceding 'Labour won't let the coloureds in'. With Labour's economic policy creating the basis for racism, and the front bench politically capitulating to it, the prospects for a huge racist backlash under the Labour government are very sombre indeed.

Equally serious is the way the Tory Party will go in opposition. The only issue on which Thatcher's views do not coincide with those of the dominant sections of the ruling class is on Europe — where, for political reasons, she has adopted an anti-EEC policy in order, first, to assert a direct subordination of the UK to the US and second

to attempt to maintain traditional parts of the Tories' petty-bourgeois political base.

This policy is now redundant. The United States' privileged relation in Europe will be with a dominant united Germany — and a German zone of economic and political influence organised through the EEC. Thatcher's anti-EEC policy is anachronistic and will be swept aside — almost certainly by her replacement by Heseltine, or someone else with his policies, after her defeat at the election.

'Heseltineism', however, is simply 'Euro-Thatcherism'. It is against the anti-EEC rhetoric and orientation of Thatcher but its position on privatisations, anti-trade union laws, military spending and the subversion of civil liberties to enforce these (as Heseltine showed personally in his campaign against CND) is every bit as tough as hers. Heseltine also has no objections to a racist fringe (and not so fringe) being added on to pick up votes.

Given the international economic situation, which will be unfavourable, with high interest rates throughout the early 1990s, Labour in office will rapidly find itself confronted with a racist opposition outside Parliament and a right wing Tory opposition ten or twenty per cent ahead in the opinion polls — a nightmare scenario reflecting the fact that the next Labour government, after the Policy Review, is going to be a catastrophe.

As regards claimed left, and real left, opposition to the right wing policies of a Labour government the broad developments are also clear to see. There will be an explosion of opposition to the government outside the Labour Party. A large part of this in Scotland, as usual, will go into votes for the SNP — which will enjoy a field day. The second effect will undoubtedly be a rise in support for the Greens.

The Greens made themselves irrelevant after the Euro-elections by a remorselessly right wing orientation. With a deepening economic crisis, and Labour abandoning unilateralism, the Greens had the opportunity to stabilise on the basis of a left wing vote. But this was sabotaged by Sara Parkin, and the pro-SLD/pro-wet Tory wing in the Greens, who insisted on an orientation to Tory voters and the right — which denied the Greens any profile and helped the SLD recover from its catastrophic reverse in June 1989. With Labour in office the Greens will certainly reverse this and begin to pick up votes to Labour's left.

In addition to these structured political parties there will also be a rise of

'For the first time in five years real rank and file and left trends are beginning in individual unions'



Photo: Paul Maitson

Police attack a woman demonstrator during the London poll tax 'riot'

movements and particular struggles against the policies of the Labour government — most important of all, and completely progressive, a movement against the rising racism.

However the reality of the situation is also understood by capital. A movement of Greens and individual campaigns and struggles, no matter how necessary and progressive, is not capable of turning round the type of situation that is going to be confronted in the early and mid-1990s. That is going to be dominated by a grinding economic crisis made worse by the economic rationalisation required for the EEC's 1992 programme.

Against that type of assault the only organisations which have the power to turn the situation round are the mass organisations of the working class — which in this country means the trade unions and Labour Party. The bourgeoisie, and bureaucracy, equally, are perfectly well aware of this and are therefore intent on ensuring that these organisations cannot be used as instruments for resisting the policies of the next Labour government. That means in particular breaking up the two instruments by which the working class can fight back inside the Labour Party — the party's links to the trade unions and the network of militants organised in the Constituency Labour Parties.

The organisational policies of the party leadership, cheered on by the bourgeoisie, therefore proceed down twin tracks — one against the unions, one against the CLPs — but are in fact part of the same policy.

The paper presented by the party leadership to the April NEC proposed a 170-strong 'national policy forum' which would discuss policy on a rolling programme, and set the agenda for party conference. It amounts to a plan

to destroy any influence of the place where union and CLP opposition come together — the Labour Party conference. The CLPs could then safely be allowed to increase their vote at the conference because it would have been degouted even of its capacity to act as a meaningful sounding board for working class opinion.

The first step would be to deprive the conference of its right to initiate policy — removing the ability of unions and CLPs to directly place issues on the agenda. The party leadership would gain a two year delaying clause meaning any issue being discussed by party policy commissions could not be discussed by the conference. The union bureaucracy's power would not be exercised at party conference, where delegations can be subjected to left pressure, but through control of the regions where the bureaucratic grip is tighter and where discussion of national policy is increasingly banned. Alongside this direct 'regional' representation the MPs and MEPs would also be given a vote. The weight of the parliamentary party, and the most bureaucratized parts of the unions, would be sharply increased.

For the bourgeoisie even this is a compromise. They would like to get rid of any organised link between Labour and the unions at all — recasting Labour on the model of the French or Spanish Socialist Parties. But whether or not Kinnock himself wants that the much greater weight of the unions in British society, and the Labour Party, makes this impossible at present.

Nevertheless the new organisational proposals will drastically alter the balance of power inside the party. They are therefore to be shoved through the first Labour Party conference after the general election —

that is before mounting opposition to the policies to be pursued by that government begins to show itself.

The more coherent sections of both the ex 'soft left' and the right implicitly understand what is coming. The LCC in its document on party reorganisation circulated at the end of last year essentially recognised, without realising it, the deep hostility to the policies of the next Labour government that will be generated — it posed the danger of Labour losing the ballots on trade union affiliation necessary under existing law during the term of the next Labour government. Hence, the party leadership, backed by dominant sections of the trade union bureaucracy and LCC, is moving to cut-off the mechanisms for such opposition to find expression within the Labour Party itself — either from the unions or the CLPs at party conference.

The second part of the assault is to break the pressure that CLPs can exert on MPs through the process of mandatory reselection. What is involved here is rather openly expressed in the view leaked to the press that it would be unacceptable to have a situation where a Labour Chancellor of the Exchequer — for example pursuing wage controls — could be threatened by the reselection procedure. This would provide a focus for opposition to the government's policies. This mechanism of exerting pressure in the PLP therefore has to be broken up.

The coming pattern, a right wing Labour government, rising racism, a resurgent and right wing Tory party, and the party leadership organising to break up any opposition to its course is clear. It is not a pretty one. Its converse, of course, is that the working class is not defeated — which is exactly why Thatcher has her problems — and it will resist. The issue is how the left must prepare for that.

The starting point for the left confronted with the coming Labour government has to be that while a revolt of Greens, anti-racists and particular movements against the policies of the next Labour government is inevitable and progressive, these movements, by themselves, do not have the power to turn round the situation. The only organisations which can do that are the mass organisations of the labour movement. Therefore while all progressive forces which will fight back against the policies of the Labour government must be supported and worked with the decisive task is to build a current inside the Labour Party and trade unions.

To do that and know what issues to

'The most coherent sections of the ex "soft left" and the right implicitly understand the hostility that will be generated by the next Labour government'

prepare to fight on, the objective situation must be correctly analysed. Failure to do so severely weakened the left during the period of opposition to the Thatcher government.

The left started the period in opposition, from 1979, well, building on gains which had been made in the previous years. The phenomenon of 'Ben-nism' in the party was translated into clear and precise gains. Unilateralism was made party policy. The Campaign for Labour Party Democracy (CLPD) pushed through mandatory reselection and broke the PLP's monopoly on electing the party leader. Ken Livingstone took control of the GLC.

There was one decisive policy problem. The Alternative Economic Strategy (AES) was not credible. Its Keynesian economic policies, developed in the '70s, were not workable even then, and failed to grasp the specific character of the British economy — its massively imperialist nature with the consequences that flowed from that. The AES's policy were demonstrably not workable as the economy first slumped and then boomed, on a non-manufacturing basis, under Thatcherism.

However while the weakness on the economy was serious it would not necessarily have been fatal — for the right had nothing better. Furthermore the left led on a number of other issues — notably its response to the massive changes in the sexual and racial composition of the working class — to which the right had no response at all.

Taken overall the left would undoubtedly have suffered setbacks after 1979 — the defeats suffered by the working class ensured that. But the degree of setback was not inevitable. The real situation confronting the left was analysed accurately in 1981 by Vladimir Derer of CLPD. After its initial victories, in 1979-81, the left found itself in a defensive position, as did the entire labour movement. With an economic boom unfolding, which was to last seven years, the Thatcher government soared in popularity. The SDP split began its assault on Labour.

Under those circumstances what the working class needed, and therefore what Labour members demanded, was maximum unity in the defensive fight against the Tory assault. Kinnock's 'we must win at all costs' approach got support precisely because of this. The tactical approach of the left in the party had to be conditioned to the objective need of that defensive struggle — which determined the consciousness of party members. To fight against the main enemy — the Thatcher government — and clash with the party leadership, where necessary, because



the latter would not fight Thatcher.

But the left acted in totally different way. Views such as 'the best form of defence is attack' were propounded — this gem of idiocy being presented by Nigel Williamson, who, as is frequently the case with ultra-lefts, was to become a total renegade going over to the Murdoch press. Outside Derer's there was no influential realistic assessment of the situation propounded.

The result was that while the left fought on the correct issues — for example against the witch hunt of *Militant* in Liverpool, which was used to launch the biggest attack on Labour Party democracy in modern times — its tactics were radically wrong and very seriously weakened the left. Success only came where they were broken with.

Moreover, in areas where the left clearly had the relation of forces moving in its favour — notably on the recomposition of the working class towards women and black people — these were not prioritised by many leaders of the left, hence not pushed forward in systematic way, and the left

did not make the gains it should have — which also set back both women and black people. Individual campaigns which did make gains — the Women's Action Committee and CLPD over the struggle for women on every short list, and the Black Sections over Khan and Scally, Black Sections, and the Black Socialist Society — were largely left without the organised backing of the whole of the left. Victories were won against the resistance of the right on women and black people but the failure of large sections of the left to make them central meant it did not get the credit for pushing through these policies in the interests of the party and the labour movement.

There were two reasons for the failure of the left to objectively evaluate the situation — and therefore decide accurately on which issue to take the offensive and what tactics to pursue. For some, with very honest intentions but wrong results, pure propaganda, unrelated to concrete time or place, is the way socialism has to be fought for. No matter how well intentioned this is quite wrong, and frequently counterproductive. Politics cannot be carried on without an accurate assessment of the situation in which that work is being done.

Secondly, however, is an organised force which pursued a systematically wrong political line, not well-intentioned mistakes in pursuing a correct goal. That is represented by the new *Labour Briefing* and what has now become the chief organised force within that, *Socialist Outlook*. Its conception is that the bureaucracy, not the bourgeoisie, is the main enemy, which accounts for its combination of extreme rightism on Eastern Europe — where the replacement of the previous regimes not by democratic socialist currents but by capitalist Christian Democrats, groups tinged by anti-Semitism and governments pursuing IMF austerity programmes was seen as part of a process constituting a step forward — and by ultra-leftism on tactics in Britain. In Britain the main enemy is not capital but Kinnock and the bureaucracy — hence their strategic project of the 'anti-Kinnock left'.

The effect of such politics, wherever they gain dominance, is to marginalise the left, as they place themselves in contradiction to the dynamic of the consciousness of the mass of the working class — which rightly considers that the basic enemy is Thatcher and capital — including the employers it faces every day and their representatives. Sections of the working

'After 1981 the left found itself in a defensive position'

class will fight Kinnock and the bureaucracy when it gets in the way of that struggle, but this is not its goal.

Moreover, as the bureaucracy is not a class, and on individual issues it may take positions in the interests of the working class, seeing it as the main enemy ends up, in Britain, in tactics which are ultra-left. For parts of the bureaucracy to shift to the left on particular questions is a typical, indeed inevitable, symptom of mounting working class pressure — that is conditions under which victories can be gained. In virtually all cases securing a victory, which takes the struggle forward, therefore involves united action with such sections of the bureaucracy. Rejecting campaigns or demands on the ground that the bureaucracy is associated with them, seeking to build a movement without the bureaucracy, is therefore both to ensure defeat and lead the left into ineffectual isolation. Even a fully developed class struggle left wing would, by definition, include sections of the bureaucracy.

Time and again this current has counterposed ultra-left tactics to the possibility of successful campaigns involving sections of the left bureaucracy, for example quotas for women in the Labour Party, the Black Socialist Society, the Time To Go campaign and many others. What is involved here is not individual differences, of a type which inevitably arise, but a systematically wrong line, which leads campaigns to defeat, and demoralises individuals by involving them in adventures.

Most fundamentally, this tactical ultra leftism places it on a collision course with the left in the trade unions — and actually aids capital in its present attempt to split the Labour Party from the unions and thereby make it a party with still weaker organised links with the working class. Thus Reg Race made the extraordinary announcement for Labour Party Socialists, the *Briefing*-led attempt to set up a new Labour left grouping, that it is calling: 'for the trade union bloc vote to be scrapped in favour of new organisations, run by the party, consisting of individual party members in particular industries, such as coal, power, insurance and agriculture.' (*Guardian* 17 May).

Ken Livingstone, from a different angle, put the issue very correctly in an article in the April issue of *Campaign Group News*: 'If the left... argues for policies which are unrealistic, and impossible to achieve, it will be irrelevant and will be seen by the party membership as engaging in sterile opposition thereby marginalising itself.'

Just such a wrong conception is summed up in the title of the confer-

ence 'The future of socialism in the Labour Party' organised by Labour Party Socialists on 19 May. If this were intended simply as a conference to make propaganda for socialism there could be no objections, although with the participation of those influenced by the Socialist Society — with its apologies for the Common Market and European imperialism preaching non-opposition to the white fortress Europe of the EEC, proportional representation, and a European 'third road' — a lot of it is likely to be quite wrong.

But this is not what the conference is about. It is clearly intended to be a basis for common action. The title therefore poses the central feature of the situation quite wrongly and, hence, the tasks which flow from it.

Ken Livingstone, writing in the April issue of *Campaign Group News*, spelt out the essence of the central choice posed in the next period perfectly accurately: 'the next Labour government will not confront the alternative between creating a socialist society or not... it will be between whether the next Labour government presides over the severe weakening of the welfare state in Britain ...or whether it undertakes a radical programme of arms reduction in Britain.'

More precisely the fight under the next Labour government will not be about introducing socialism — because the objective conditions do not exist for that — but about limiting the extent to which that Labour government will be able to erode the organised power of the working class in Britain and its gains, to fight the racist backlash that the government will unleash, and out of these fights to build a more powerful and coherent left. Only if it were able to successfully wage these struggles would the working class be able to go on to a fight for a socialist society. This means that the goals which must be fought for today are very precise.

The first is the fight against the deflationary and right wing economic policies which the Labour government will pursue. That means opposing wage controls, public spending cuts, and the consequences of EMS membership.

It also means overcoming the central weakness of the left during the period of opposition — the lack of an economic policy. That is why the launching by Ken Livingstone and Ann Pettifor of the Socialist Economic Bulletin is a real step forward.

In that fight against the policies of the Labour government, alongside immediate struggles of the working class,

the key economic demands that have to be fought for at present are clear. First and foremost is the reduction of military spending. This would aid the struggle of those fighting against imperialism internationally. It would release resources to defend Britain's welfare state and improve the position of its working class.

The second is to fight to limit or prevent, through exchange controls, the export of capital by British imperialism. This corresponds precisely to the interests both of the international and British working classes. Internationally British exports of capital do not go to third world countries but to advanced imperialist countries, above all the US, where their concrete role is to finance US armaments spending. It has nothing to do with internationalism to argue for the right of British firms to continue to finance the arms build up of the United States. Furthermore such capital exports directly hit the position of the British working class by forcing up interest rates via the need to import capital to finance them.

Third is to prepare now the fight against increased racism which is going to develop. The position of the Labour Party Black Section is absolutely decisive in this. A fight against racism actually led by a black organisation in Britain, naturally leading the rest of the working class, would be a vast step forward for the labour movement in Britain.

Fourth is to utilise the continuing shift in the relation of forces in favour of women, signalled again by the recent defeat of the anti-abortionists, to take forward both the position of women and the left.

Fifth is to drive back the attempt that Kinnock will make to break up democracy in the Labour Party and labour movement. This will involve very direct work between the left in the Labour Party and in the unions.

The Labour Left Liaison conference on 26 May, 'The Left and the Next Labour Government' is therefore exactly the right initiative. It clearly addresses the necessary political points and should be the starting point for building the type of left which is needed. It is not about simply socialist propaganda, or whether the next Labour government should introduce socialism — which is not objectively posed. It is about how to create a united left to fight around the demands that will be crucial under the next Labour government. It is the right initiative, on the right political issues, at the right time. It should be supported by all on the left.

'The fight under the next Labour government will be about limiting the extent to which it erodes the gains of the working class'

Anti-abortionists defeated

'Women [have been regarded] as little more than flower pots in which future generations of children, preferably boy children, are reared ... The pro-life lobby ... does not have the right to come to this Chamber time and again to try to deprive women of what has become part of their rights in this country.' Theresa Gorman, Conservative MP, 24 April.

The outcome of voting on the abortion amendments to the government sponsored Embryology Bill was a massive defeat for the anti-abortionists, which poses a new stage in women's struggle for reproductive control. It decisively confirms the impact of the underlying trends in the position of women, and the political developments these make possible. Success in this most difficult abortion battle rested more than ever before on the tactical choices made by the pro-choice movement. It is crucial that the left and the whole movement learns the lessons of these tactics and of how the campaign was waged and won, argues ANNE KANE, co-ordinator of the Stop the Amendment campaign.

The votes in April resolved two of the major issues that came up in the midst of the contradictory pressures reflected in the Embryology Bill — embryo research and abortion — in the interests of women, despite the right's enormous campaign. The last substantial threat attached to this bill — the least secure from the point of view of public understanding and opinion — from amendments seeking to deny lesbians and single women access to donor insemination, suffered a defeat in committee on 15 May.

The new abortion law lowers the time limit for legal abortion by four weeks, to 24 weeks. However other amendments transformed the meaning of this, allowing abortions over this limit, and with no upper time limit, on grounds of foetal abnormality (carried by 277 votes to 201), and on grounds of potential 'grave permanent injury to the physical or mental health of the pregnant woman' (carried by 337 to 142).

A further amendment, carried by 308 to 149, to separate the 1929 Infant Life Preservation Act from the abortion law, effectively removes the threat of criminal prosecution of doctors performing late abortions. This law gave a statutory definition of viability and put the onus on doctors to prove that a foetus was not viable.

The final clause with these amendments was carried by 335 votes to 129, the latter representing the hardline anti-abortion vote. Voting strictly reflected class interests: Conservative MPs voted by almost 2:1 for the more restrictive 22 weeks (204 to 114); only 30 Labour MPs voted for 22 weeks.

This was the sharpest test for women's rights to legal abortion since the passage of the 1967 Abortion Act. The anti-abortion camp had the advantage of a number of powerful levers.

Firstly, there was enormous support for some reduction in abortion time limits, not necessarily reflecting anti-abortion sentiment. Most influentially the BMA and RCOG supported a reduction in time limits to 24 weeks, on the basis that modern technology meant a small proportion of births after 24 weeks could be 'viable'. However the medical establishment was also strongly of the view that this had to be accompanied by exceptions and that the law should be reformed to remove the fear of prosecution for late abortions. In essence this is the package now agreed. Anti-abortionists however were initially able to exploit this to back up their case for legal restrictions.

Secondly, it was clear during the

campaign on the Alton Bill that a majority of MPs were in favour of some reduction in abortion time limits. Again this in no way meant that a majority of MPs were anti-abortionists — many were following their interpretation of medical opinion.

Thirdly, the government took the unprecedented step of facilitating an anti-abortion attack: by altering the 'long title' (which outlines the terms of reference of the bill); allowing government time for a debate; basing the debate, contrary to initial press speculation, around the restrictive 'Howe' clause; allowing Jo Richardson's liberal amendments to be ruled out. They hoped to both pacify the anti-abortion lobby and secure a substantial attack on women, sufficient to make inroads into the social position of women and shift the relation of forces on women's rights.

Fourthly, the form of the attack, coming as an amendment to a bill providing a legislative framework for embryo research and related reproductive technologies, guaranteed additional confusion and controversy.

With government time, anti-abortionists could not be defeated by procedural tactics. Although a majority of MPs were believed to be in favour of some restriction, no one knew exactly how low that could be. Anti-abortionists were hopeful of a substantial change to current law, and right up to the final vote publicly stated their belief that a restriction to 20 weeks was possible and at least 22 weeks was certain.

Success against all these factors, has thrown back the anti-abortionists. It minimises the possibilities of a successful attack on abortion rights through parliament for a number of years. In the immediate aftermath of the vote this bombshell led, as *The Independent* put it, to 'recriminations ... and David Alton, who organised the "Pro-Life" vote, was privately criticised.' (26 April)

While most of the left, and indeed the anti-abortionists themselves, have been unanimous in their view of the result, it is remarkable that a different assessment has emerged from some elements on the left. *Socialist Outlook's* is the most bizarre: 'anti-abortionists scored the first victory in their long assault on the 1967 Abortion Act', writes Rebecca Fleming in the May issue. Given the extraordinarily unconstructive role of this current in the campaign, and through them *Labour Briefing*, this assessment is perhaps not so surprising. Both these currents effectively absented themselves

from the campaign, with some honourable individual exceptions, and it is to be noted that Valerie Coultas writing in *Labour Briefing* after the vote assessed it correctly as a defeat for the anti-abortionists. *Socialist Outlook's* view is not based on any objective assessment, it simply fits in with their frequently argued schema that the ruling class has been scoring successes in its offensive against the gains women have won over the last decades, when the reality is that women are making significant social and political progress, which it is becoming increasingly difficult to roll back. As no reading of the facts accords with this, a victory has to be described as a defeat!

On the contrary, this result has pushed the relation of forces in favour of women. Abortion practice looks set to continue as previously. There has been no new centring of the debate around 'foetuses' rather than women as *Socialist Outlook* claim. Indeed, in the days before the final vote, the pro-choice movement successfully countered SPUC's gory tactics and shifted the debate onto the real circumstances in which women need late abortion: this helped secure the large majorities for the exception amendments.

While this result is still open to challenge at Report and Third Reading, the size of the majorities, the comprehensiveness of the amendments and debate, and the satisfaction of the medical establishment with the result, all leave the anti-abortionists crushed. Their best chance since the passing of the 1967 Act has blown up in their faces.

That public debate immediately after the vote was on abortion on request in the first 12 weeks of pregnancy, the scandalous running down of family planning facilities and the lack of adequate sex education. If the remaining stages go smoothly, the pro-choice movement has the possibility of moving on from defence of the 1967 Act against persistent attack.

The arguments for abortion on request in the first 12 weeks of pregnancy were put across more clearly than ever before, making this is an achievable goal over the next period. In particular Labour, committed to this in the Policy Review, must have this in its election manifesto and be pressed to enact this in office.

Adequate funding for abortion and family planning services within the NHS, the licensing of the abortion drug RU486 (used on a day-care basis by 40,000 women in France in 1989), and the extension of the abortion law

to Northern Ireland are also brought up the agenda of the movement as a consequence. The likelihood of a Labour election victory, plus policy in the trade union movement on aspects of this agenda, increase the chances of positive change.

This underlines the failure of the ruling class to fundamentally reverse the social and economic trends which are radically altering the traditional position of women in the advanced capitalist countries, certainly in Britain.

In the post war period women have entered economic participation in unprecedented numbers, outside war time, which fuelled demands for access by women to higher education, more liberal legislation on divorce,

contraception, and abortion, better availability of housing, childcare and social services.

These changes precipitated an enormous upheaval in patterns of 'families', households, marriage, divorce and in the birth rate, causing acute demographic pressures, and in turn the birth of the women's movement, other liberation movements, and enormous

pressure to reshape the concerns of the established labour movement.

With the material pressures at the root of these changes set to sharpen over the next decade the bourgeoisie has unleashed a huge offensive to stem the social and political effects, through policies to enforce dependence on and promote the desirability of traditional nuclear family relationships. Recent examples of this include the 'moral crusade' launched by Thatcher in January to enforce divorced mothers' dependence on maintenance payments, Kenneth Baker's much publicised attack on 'single mothers who wreck society', the campaign to limit access to donor insemination to women in a 'stable heterosexual relationship', and the attempt to roll back abortion rights.

The outcome of the struggles on abortion and embryo research sharply confirm the view that this offensive has so far been unsuccessful: the social gains of women are not being fundamentally reversed, nor traditional family forms strengthened.

Events during the campaign reflected the changes in women's political weight: to have Tory MPs like

Theresa Gorman and Emma Nicholson making impassioned speeches opposing misogyny and calling for abortion on request is a sign of this even being felt within the ranks of the Tory Party. Moreover, political parties across Europe have been stunned at how abortion has become a litmus test for politicians in the USA.

The outcome of the attack on lesbians and single women in relation to donor insemination was particularly uncertain, and could still be raised at report stage.

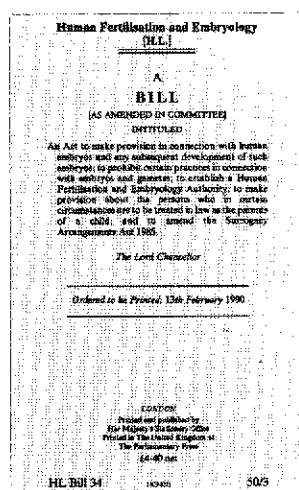
The rights of lesbians — specifically to be considered equal in having and caring for children — have been specially targeted and are most vulnerable to attack. Lesbian rights are among the most recent of women's demands to be given political expression and the least established. A concerted campaign to invalidate lesbians' status as mothers could have had some success. But the defeats on abortion and embryo research disinclined the Tory middle ground to support the anti-abortionists in attacking lesbians, hence their defeat in committee.

The success of the pro-choice movement lay in rooting its tactics in a correct reading of the position of women, in understanding what was and what was not an attack, and in exploiting the contradictions in the government's own position, together allowing the campaign to build up the maximum alliance of forces, in very difficult circumstances.

It was decisive that the pro-choice side did not take a position against the Embryology Bill. STAC was neutral on the Embryology Bill, emphasising the potential damage to it if an abortion clause was attached. Seeing that the bill, while far from perfect, did not constitute an attack on women's abortion rights — on the contrary the vote for embryo research even with a 14 day limit is a defeat for the 'life begins at conception' lobby — meant the pro-embryo bill scientific lobby could be pulled behind opposition to using this bill for an abortion attack.

On this basis an Appeal was launched which won support from the medical lobby associated both with embryo research and abortion, breaking down the apparent identification of the medical lobby with the anti-abortionists. This in turn helped generate opposition to the attack across a wide range of opinion.

It was also crucial that a single issue campaign was established defending the abortion law against restriction. This allowed the TUC and many national trade unions, which have policy



'The votes mark the beginning of a new stage in the pro-choice movement, it can move off the defensive'



Photo: Sacha Lehfreund

Alice Mahon MP, and Ada Maddocks of the TUC leading the demonstration on 24 April

in defence of the 1967 Abortion Act, but not for an extension of the law (NAC's policy) and not on embryo research or donor insemination, to be involved in the campaign. Mobilising the trade union movement has proved decisive in all attacks on the abortion law, this one being no exception. Eleven national unions signed the campaign's public appeal. Unions mobilised nationally and regionally for the hurriedly organised demonstration and lobby in April. National meetings with sponsored MPs were convened. The issue was central to TUC Women's Conference in March.

There is no doubt that a campaign which tried to go beyond this defensive stance, by incorporating opposition to other attacks for instance, let alone opposing the Embryology Bill, as *Socialist Outlook*, Women for Socialism and the Revolutionary Communist Party urged, would have been unable to win this degree of support from the unions. This would have undermined the campaign, made a defeat on the abortion vote very likely, and therefore a sharp defeat on donor insemination much more likely.

It was important that neither NAC or STAC opposed the Houghton Bill — an abortion bill introduced by Lord Houghton, in December 1989, aiming to express a new consensus in line with medical opinion while not restricting abortion rights in practice. While not publicly promoting this bill, for even with a very liberal 24 week limit this would have pushed the terms of debate in favour of the anti-abortionists, it was vital to understand it was not an attack on abortion rights, should not be a dividing line in the campaign, and given the odds, getting it would be a substantial achievement. This allowed the campaign to ally with the more establishment pro-choice organisations and medical bodies.

The inclination of the Labour front bench to compromise with the govern-

ment over this attack was tackled correctly by the campaign.

Although the Party has a clear policy in favour of a 'woman's right to choose' on abortion, and a majority of MPs support this, the leadership has always refused to demand adherence to this in parliament, claiming abortion is a matter of 'conscience'. In reality it is a refusal to confront the right-wing. Although a relatively small number of Labour MPs are anti-abortionists, there was concern that the numbers would be boosted by support for some restriction in the law, swinging the outcome to 22 weeks for instance.

As early as October 1989, front-bench spokespeople were suggesting that some restriction in abortion law was inevitable, and that the task was to campaign for 24 weeks. This would simply have shifted the terms of debate in favour of the anti-abortionists and helped prepare a defeat. STAC insisted that the only way to limit the damage was to hold firm against reductions.

By this emphasis, not focusing on 24 weeks as the main issue, and certainly not seeing the Embryology Bill as an attack, the campaign was able to pull behind it the maximum activist base, the bulk of the trade union movement, in particular the well organised and relatively powerful national trade union women's representatives, and to work directly with the main Labour women MPs opposing the attack, even when they were not willing to openly criticise the leadership's equivocations. This effectively held the Labour leadership back from publicly promoting restrictions.

There is no doubt that this expression of opinion, which the basic framework adopted by the campaign made possible, affected the vote which followed, certainly by Labour MPs. Given party policy, it is scandalous that any Labour MPs voted for a 22 week limit or even lower. But that it was only 30 is directly attributable to

the level of pressure built up. Twenty two weeks was defeated by only 46 votes — 23 votes would have tipped the balance against women.

Despite enormous confusion all possible support was pulled into the campaign in the time available. The role of the left was especially important. The core of the campaign was composed of NAC activists, *Socialist Action* supporters, the Labour left through the Labour Women's Action Committee and Campaign Group women MPs like Alice Mahon, the *Morning Star*, the SWP, and supported by the key left-led national trade unions.

An alternative course, put forward by the RCP, and by *Socialist Outlook* and through them *Labour Briefing* and Women for Socialism, would have proved disastrous. They argued that the Embryology Bill, in particular the 14 day limit, was an attack on reproductive rights and demanded the campaign be on this basis, denouncing the Appeal circulated by the campaign for implicitly supporting the Bill; Houghton was denounced as the major threat and proposed as the focus of campaigning; they opposed a single issue campaign on abortion, branding those who argued for this as 'homophobic'. This latter absurd allegation, made as the campaign was desperately trying to get off the ground against fierce pressures, including media silence and confusion about the Bill, was particularly destructive.

Far from absorbing the lessons of the campaign, the latest issue of *Socialist Outlook* argues that forming a single issue campaign led to 'the weakening of the campaign'. This of course makes sense if you believe that the outcome is a defeat for women. Fortunately for women this alternative course was overwhelmingly rejected by the campaign.

Finally, after their two defeats the anti-abortion, anti-lesbian, 'pro-family' lobby was desperate for some success. In attacking the rights of lesbians and single women to donor insemination they had a potentially much softer target. The defeat of such amendments in committee is very significant, reinforcing their earlier defeat on this in the House of Lords, and will be a major setback for the right if maintained through the final stages of the bill.

In the time remaining the left must consolidate this success by opposing any further restrictive amendments, supporting liberalising amendments, in particular for abortion on request in the first 12 weeks, and defend all women's rights to choose.

There is no doubt that the tactics of the campaign allowed an expression of broad opinion that affected the outcome when it came to the vote'

Soviet Union

In these words Mikhail Gorbachev spelled out the economic programme of the Soviet Union's first ever executive president. But confronting enormous opposition from the working class and the majority of the Soviet population Gorbachev has repeatedly had to retreat from plans to rapidly marketise the Soviet economy. GEOFFREY OWEN looks at the contradictions of Gorbachev's economic programme and the obstacles to it.

'We must get down
to creating a
full-blooded
domestic market'

—Gorbachev

No-one should have any doubt about just how right wing the economic programme proposed by Gorbachev's advisors is.

Last November Leonid Abalkin, Deputy Prime Minister in charge of economic reform, convened a conference of economists and factory and farm managers where he argued: 'We have become convinced on the basis of our own experience that there is no worthy alternative to the market mechanism as the method of co-ordinating the activities and interests of economic subjects. It is also the most democratic form of regulating economic activity.' (*Financial Times* 20 Nov 89)

But in the face of opposition from the party apparatus, and above all the trade unions, the proposals for the conference's proposals for marketisation of the Soviet economy were shelved.

Instead, last December, Nikolai Ryzhkov, the Prime Minister presented a programme which was greeted with dismay in the Western financial press. He said most prices would be controlled until the second stage of the reform in 1993-95 and ruled out any broad sell off of state enterprises. Production of consumer goods was planned to rise by 15 per cent in 1990 using the central planning mechanism.

The market reformers around Gorbachev clearly concluded that it would be impossible to drive through their economic program without creating a powerful executive presidency independent of the party apparatus and linked to ending the CP's monopoly of power. 'Balked by the conservatism of the higher echelons and the venality and sloth of the lower, Mr Gorbachev needed a weapon strong enough to break the heirs of Lenin... But defeating the party is not enough. Mr Gorbachev has to find the authority and power to replace it. The new executive presidency is part of the solution.' (*FT leader* 12.3.90)

As Mikhail Malyutin, a member of

Boris Kagarlitsky's group put it: 'Gorbachev wants to liquidate the CP, but in a controlled way, by stages.' (*International Viewpoint* 23 April).

In his Isaac Deutscher Memorial Lecture last year Boris Kagarlitsky precisely pointed out that the neo-liberal intelligentsia in the Soviet Union had concluded that it was impossible to establish the supremacy of the market by democratic means.

The aim was to create a bonapartist presidency above the CP which could lean for support on both the Soviet bureaucracy and on forces, inside and outside the Soviet Union, directly seeking the restoration of capitalism. This brought into the open the crisis in the CP which could culminate in more than one split at the party congress in July this year.

On 14 March the Congress of Peoples' Deputies agreed to create an executive presidency, to end the CP's monopoly of power and to incorporate new laws allowing private property and ending the state monopoly on ownership into the Soviet constitution.

The next day, in his first address as president, Gorbachev immediately declared his determination to accelerate drastically the pace of economic reform designed to create a market economy: 'We need decisive moves to radicalise the economic reform... We must get down to creating a full-blooded domestic market... A switch to market mechanisms must begin at once. Price, supply, and marketing reforms changes in the way orders are placed, and steps to create first commodity and then stock exchanges will become necessary.'

Nikolai Shatalin, a member of Gorbachev's presidential council — designed to replace the politburo with his own appointees — said the package of economic reforms would be based on presidential decrees rather than waiting for lengthy process of approval by the Supreme Soviet.

The full scope of what was planned became still clearer in an interview with Nikolai Petrakov, Gorbachev's recently appointed personal economic advisor: 'We should turn all state property over to shareholders and create a stock exchange.' He argued that creating a capital market was a bigger challenge than balancing the consumer market, which could be stabilised relatively rapidly: 'We can introduce free prices, and thus balance supply and demand. Some prices will be very high but these products will be available on the shelves of the shops.' He went on to say that price liberalisation would be impossible without a wage freeze. (*FT* 23 March)

At the first session of his presidential council Gorbachev promised: 'measures to affect drastic changes in the management sphere, encouraging joint stock ownership and elaborate anti-monopoly legislation'. He said fast change was needed 'on the basis of self-interest, the development of business enterprise and the formation of a normal full-blooded market... To describe it in a nutshell, we are talking about a controlled transfer to market relations.' He described the proposed changes as 'our biggest turning point' and said instructions had already been issued on the measures to be adopted and would be debated within 10-15 days at the presidential council's next meeting. (*FT* 29 March)

To prepare public opinion for unpleasant measures to come, Vyacheslav Senchagov, the chair of the State Committee on Prices revealed the three possible variants for the price reform. The first, and least radical, involved prices rises averaging 20-30 per cent, ending subsidies to loss making enterprises and fuel and raw material prices rising 80 per cent. The second was an immediate transition to a Polish style market, increasing prices of oil and coal by 300 to 500 per cent, closing unprofitable enterprises and rapidly rising unemployment. The

third, and preferred option, combining elements of the first two involved fixed prices for food and basic commodities and prices that can float up to a regulated maximum for other goods with 15-30 per cent of the market having uncontrolled prices. But 'Mr Senchagov said the trouble with the third option was that it was only a half measure towards a market economy. For that reason he thought option 2 was inevitable.' (*Guardian* 31 March)

On the first option Senchagov said: 'It is unclear whether the population of the country would reconcile themselves to such a shock therapy.' He admitted that the final alternative was only an intermediate stage on the road to the ultimate aim of a market economy — but one in which 'the population's confidence in the government does not fall so low as to make no reforms possible at all.' (*FT* 2 April)

At the beginning of April the announcement in *Pravda* of disastrous figures for the performance of the economy in the first quarter of 1990, with total production down 1.2 per cent from the same period last year, was used to redouble the campaign for drastic market reform. The figures showed that two thirds of Soviet exports to advanced capitalist countries were raw materials with machinery and equipment accounting for only 3.2 per cent.

On 9 April, Leonid Abalkin told a press conference that the introduction of a regulated market would be brought forward to this year and warned: 'A speedy transition to a market economy will meet powerful opposition from the working population who will resent the measures... that is true, there is no avoiding it, we must just face it.' He argued that concessions to the miners following last year's strikes had been a mistake.

He reported that the package of some 30 laws and decrees was due to be submitted to the Supreme Soviet by 1 May and that he expected a storm of popular protest. He claimed, however, that support could be found from 'bold people with initiative who have the spirit of entrepreneurship. We will rely on them.'

He argued that using the command system to boost production of consumer goods had failed and: 'Balancing between two chairs is impossible. Now that the choice has been made we must go the way of the market.' (*FT* 10 April)

But in an astonishing climbdown the two day presidential council meeting which began on 18 April, flagged as the one which would finally decide



the economic reform package, failed to reach any conclusion. Gorbachev had hailed the meeting saying: 'The thing in question is the greatest turn since the October revolution.' But after the meeting he said: 'We must take into account the moral and psychological factors. For decades Soviet people were told that the solution of all their problems depends on their superiors and above all on the supreme authorities.' (*Guardian* 25 April)

This indecision reflected the colossal opposition to market reform from the Soviet working class — a thousand-fold more dangerous opponent than the Ligachevites! And on this issue even the discredited official trade unions were capable of winning popular support. Already in February at an emergency meeting between government ministers and official trade union leaders, the government was forced to offer heavy compensation of hundreds of millions of roubles to enterprises badly hit by recently imposed fuel and transport price increases. This was hailed as a victory by the trade unions in steel, chemicals, timber and cement who had threatened to call strikes if the increases were not repealed.

On 24 April, the day it was announced the presidential council had failed to reach a conclusion, the All Union Central Trade Union Council released a statement warning the government that 'we cannot allow the greatest and most important social achievement of the socialist state — the right to work — to disappear... any haste to implement a market without a reliable mechanism of social protection of the workers.. would lead our unprepared country into the abyss of social disintegration.' (*FT* 25 April)

Up to 700,000 oil workers in Tyumen, which accounts for 60 per cent of Soviet oil output, had threatened strike action at the end of March demanding an increase in the supply of consumer goods and industrial equipment to the area.

On May Day the trade union demonstration in Moscow called for a national referendum on any move to a market economy, union control over prices and a state guarantee against the threat of unemployment.

All of these developments reflect the enormous pressures on the official trade unions, including the threat that they will simply be by-passed by the creation of new independent unions. There were on average 130,000 people on strike each day during the first quarter of 1990 compared to 100,000 at the height of the miners' strike.

Nikolai Petrakov explained Gorbachev's problem: 'Research in this country reveals.. people are willing to opt for rationing and for standing in queues, particularly in working time, but are not prepared for higher prices. Only some 30 per cent are willing to support higher prices for the sake of better supply... People simply do not understand that they should not blame co-ops for charging high prices for providing goods, but should blame the inefficient state producers for not producing enough at lower prices... This is the politico-sociological background, and the power of prejudice, which should be taken into account.' (*FT* 25 April) What Petrakov is getting at is that the Soviet working class will defend its class interests!

On 2 May, Georgy Arbatov, Director of the Soviet Academy of Sciences Institute for US and Canadian Studies, wrote a remarkable article in the *Financial Times* complaining about their coverage of the economic debate in the Soviet Union, and essentially calling for a better public relations exercise on behalf of the free market: 'I agree with Stanislav Shatalin and Nikolai Petrakov who expressed indignation that the ideas of economic reform, and especially the market, have been turned into a kind of bugaboo in the eyes of the Soviet public — a cloud of danger promising all kinds of trouble for the man in the street, rather than prosperity, consumer goods, and opportunities to earn good incomes and live well... I cannot understand those economists at home and abroad who intimidate people by the prospect of the great suffering which the market will supposedly cause them.'

But the reality is that capitalism cannot advance the living standards of the majority of the Soviet population — that is why it was overturned there in the first place. And that is why the most fundamental obstacle Gorbachev's policies now confront is the Soviet working class itself.

'Capitalism cannot develop the Soviet economy'

Capitalism and democracy are incompatible in Poland

JOZEF PINIOR is one of the best known socialist critics of the Mazowiecki government's plan to restore capitalism. Interviewed during a recent trip to London, he points out that capitalism and democracy are incompatible in Poland and argues for building an anti-capitalist political alternative on the model of the Brazilian Workers' Party.

What has been the response of the workers' movement in Poland to the Mazowiecki government's austerity programme?

There are many illusions in the free market and the possibility of capitalism with a human face in Poland. But the results of the market reforms are not what people expected, so there is the beginning of a radicalisation against the government and also against the Walesa leadership. At present this appears on a trade union and social level not on a political or ideological level.

There are frequently demonstrations in the streets, in front of the shops, for example, and there may well be riots.

In January there were the first strikes in the mines. The radicalisation was also expressed by the rank and file of Solidarity in local and regional elections.

What is the situation in Solidarity?

Solidarity is a real workers' movement with deep roots in the working class. The Walesa leadership is for the restoration of capitalism. It wants to change Solidarity into a bureaucratised trade union. They are classical social democrats. But there is no basis for right wing social democracy in Poland. If you want to be a social democrat you must deliver something for the workers — shoes, housing and so on. That simply is not possible in Poland.

It is very hard for them to change themselves into a new workers' bureaucracy — a new caste in the workers' movement — because they depend on their base. For instance Walesa had to explain why he moved into a villa — he said he got the money by publishing a book in Western Europe.

In Lower Silesia it would be impossible for the Solidarity leaders to improve their material situation without discrediting themselves.

There are Solidarity elections on factory, regional, and national levels. The leadership is dependent on the results of these elections. In some regional elections radical opponents of Walesa won, for example J. Rulewski in Bydgoszcz region.

Of course the leadership is very strong, with an apparatus, money and so on. And Walesa is a classical populist leader with much charisma. At present he is in control of the situation. But I think there will be much deeper divisions inside Solidarity in the future. Walesa plans to become the new Polish president and if, as I think is likely, he succeeds, then it will be very hard for him to control the workers' movement.

You can already see the signs of this especially among the younger generation. A week ago on TV workers in Lodz openly attacked Walesa saying: 'We are betrayed'. But it is difficult to say how quickly this will develop. Moreover, there is no automatic transition from trade union militancy to left politics. Many militant workers opposed to Walesa have gravitated to what we call fundamentalist, populist, chauvinist positions. We are against that.

Although there is no real left alternative around which to organise workers, there are the very beginnings of left wing developments in Solidarity. For example in Lower Silesia, which has a third of Solidarity's membership, one of the local leaders is strongly against unemployment. I think he will fight unemployment in his region.

In 1981 Solidarity did not have a program for capitalist restoration. In the program adopted by Solidarity's first congress in 1981 the market is clearly subordinated to self-management and the plan.

That was overturned as a result of martial law, when the workers' movement collapsed.

In the situation of clandestine underground work it was not

possible to keep good links between the leadership, on the one hand, and the factories and the rank and file, on the other. So the leadership moved to the right supporting the free market reform. On this basis they eventually agreed, in the round table agreement with the regime, to austerity and free market mechanisms.

Now we are entering a new situation because, as the government tries to introduce the IMF's privatisations and factory closures, people will want to fight against them and look for alternatives.

What is the situation of the political parties?

Politically the situation is chaotic because there is no left political alternative able to bring these developments together and give them direction. So there is a lot of demoralisation.

There are a lot of right wing parties and a very weak left. First there is a right wing, nationalist, christian democratic party. It is a very serious new party.

There are some tiny social democratic currents which want to be classical right wing social democrats. But they are very weak with no roots in the working class.

The Communist Party has split into two social democratic parties. One, Fisbach, was supported by Walesa and is very small. The other is Rakovski, the former Communist Party leader's group. It is more serious and has a powerful apparatus: buildings, publishing house, newspapers, money, and so on.

Both support the economic plan of the government. In fact the IMF plan was the Rakovski plan to start with. I don't know about the future but today both are completely discredited and provide no alternative.

The Stalinist trade unions have a strong apparatus. But they are also completely discredited. They demagogically oppose the

government's economic plan, but only in words because they are incapable of organising workers to resist.

There is no disintegration of the army and the police.

The bureaucrats in the factories and the state want to change their personal situation to become managers. But that will be difficult because the workers' movement is strongly against them.

But the Stalinists in the state apparatus are totally dependent on the Soviet Union. They have no independence and it would be impossible for them to take independent action now. Of course that might change in the future.

The radicalisation against the austerity program is very broad: in Solidarity, in parliament around one or two deputies, anarchists, socialist platforms and you also have a radicalisation among former Stalinists, but, unlike in East Germany or the Soviet Union, in Poland they have no roots in society. Everybody remembers that they imposed martial law ten years ago.

I think the only person who could organise a serious left social democratic party in Poland at the present time is Modzelewski. He is a senator in parliament who has moved to the left and opposed the economic programme of the government. In parliament he organised a committee to defend workers.

What is the immediate political situation?

Lech Walesa is planning to become president. He will call for new elections saying: 'I must be the president and perhaps I will change the situation.' He will try to divert the growing opposition to the government's economic policies. If he becomes president, he will meet resistance because he is planning the restoration of capitalism not workers control over the market and democracy from below. There will be a confrontation between his plan for factory closures and unemployment and the workers' movement.

To carry out his program, he will have to oppose most of society and in particular the workers' movement. He will have to create an authoritarian state. He must have an army and police. He must organise a state of emergency and so on. The restoration of capitalism in Poland will require a very reactionary authoritarian situation, attacking democracy and workers' rights and

civil liberties.

Walesa as president is likely to have to impose something like martial law or a state of emergency and would probably arrest leaders of strikes. But at the same time he would lose his roots in the workers' movement. In the long term I don't think it will be possible to control the situation via Walesa, and they will probably turn to something even more right-wing.

At the same time, the experience of the reality of the free market will allow us to build up support for a left alternative in Poland.

What is the Polish Socialist Centre?

The Polish Socialist Centre is an open socialist group, the first step towards building a serious left political party in Poland. Our model is the Brazilian Workers' Party — a multi-current, political party to win the political independence of the workers' movement.

There is a possibility to build such a party in Poland but we must be very careful. In the first place we must be open. We can't be sectarian. From this point of view we decided to establish a political centre around a publishing house, to work with workers in factories and the young generation in order to build a serious political alternative on every level.

Perhaps, when we have workers' mobilisations, strikes, demonstrations and so on, it will be possible to build a political party. But now the Polish Socialist Centre is a first step towards a political party.

It is an open socialist centre.

Why the model of the Brazilian Workers' Party?

Some of the problems we confront are similar to those faced by the workers' movement in the third world — particularly the debt crisis and IMF economic programmes.

Second, the collapse of stalinism creates an opportunity for a new consciousness in the international workers movement. It creates a new situation, in the first place on an international scale because the workers movement must work on an international scale.

It is a new situation in which you can have an international workers movement which is not controlled either by Stalinism or by Social Democracy. The Brazilian Workers' Party is an example of a serious political party with roots in the workers movement but not

controlled by Stalinists or Social Democracy.

I think that in Poland we have a chance to build such a political force and such a left alternative against imperialism.

We believe it is necessary to work on an international scale because it is impossible to create socialism in one country. For instance we work with the left in East Germany and support the right of East Germans to defend themselves against imperialist attacks on their rights and against reunification.

We also want to work with the working class of the Soviet Union.

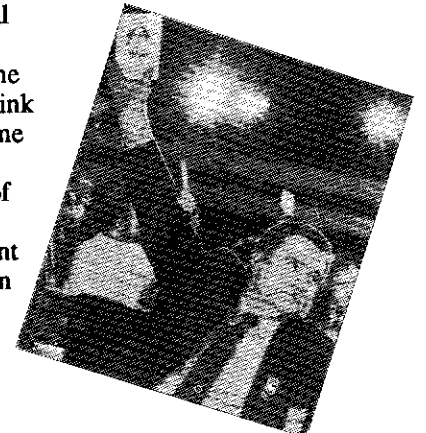
In this context, of participation in the international working class movement, we are for an independent Poland — for our independence from imperialism and from the Soviet Union — on a socialist basis of democracy from below and control of the means of production.

The bourgeoisie thinks that the situation in Eastern Europe will make it easier for imperialism to attack Nicaragua or El Salvador or Cuba. The labour movement in Eastern Europe must be against such plans and establish links with the labour movements and national revolutionary movements which exist in those countries.

It must defend the rights of people in Salvador, Nicaragua and Cuba and oppose imperialist aggression against them. And I feel sure that it will. In Hungary, the workers' movement must pressure the government to change their position restoring relations with apartheid. We must organise pressure inside our countries against such plans.

For instance a month and a half ago in Wroclaw, my town, with the Polish Socialist Centre and African students, we organised a demonstration for the release of Nelson Mandela from prison and a programme about the struggle for freedom in South Africa.

We must fight for the new governments to keep good relations with the national and liberation movements in the third world. I think the time has come to build a new consciousness of an international labour movement and our common interests in the struggle against imperialism.



Cuba's internationalism

Over the past few months the US has intensified its attacks on Cuba. A campaign of anti-Castro propaganda has been launched. BBC's *Breakfast News* ran a week-long series of reports from Cuba, accusing it of drug trafficking, implicating Castro directly, *Newsnight* made similar reports, and there have been many articles. The campaign is fuelled by the news that Moscow is reducing its economic aid to Cuba. **JAYNE FISHER** reviews a new collection of Castro's speeches that explain why imperialism is so hostile to Cuba.

The reason for the high priority imperialism affords to undermining Cuba is nothing to do with drugs, or so-called lack of democracy in Cuba, it is because the actions of the Cuban leadership in Central America and Southern Africa are simply the most internationalist foreign policy of a state since the Bolsheviks.

The clearest example of this has been Cuba's aid to Angola in its war against South Africa, which was decisive in the eventual withdrawal of South Africa. In a speech, Castro explains why Cuba was involved: '...Cuba has no economic interest in Angola or in Africa. Cuba has no strategic interest in Angola, nor can it, because Cuba is not a big power but a small country. Cuba is in Angola by virtue of its internationalist principles, by virtue of its feelings of solidarity... It is doing its duty of helping the African peoples against apartheid, against racism, against colonialism, against foreign aggression.'

It is this which antagonises the United States, 'the empire' as Castro calls it. When even a small country such as Cuba, pursuing an internationalist foreign policy, can make such a mighty difference to the balance of class forces in Southern Africa, it takes very little to imagine the difference that the Soviet Union could make to the struggles in Nicaragua or Southern Africa were it to pursue a similar policy. Instead, Gorbachev is seeking agreement with imperialism to settle 'regional conflicts'.

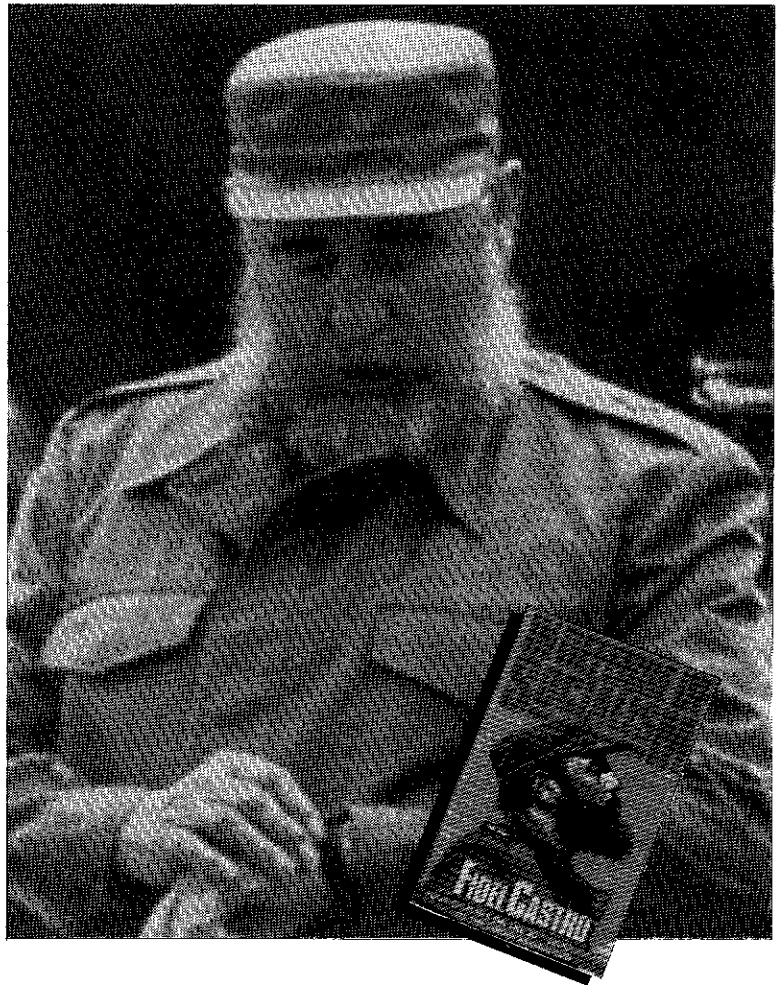
Castro warns against

such a goal: 'Imperialism's military conception was designed to impose its peace...That's why the news that there might be peace, that there might be reductions in nuclear weapons...between the United States and the Soviet Union does not necessarily mean that there will be peace for us, security for us, for other revolutionary peoples, or simply for the independent countries of the third world...It's quite possible, it's almost certain that the way the empire conceives of peace is...peace with the powerful countries and open or covert wars, dirty wars as in Nicaragua, or genocidal wars, or low-intensity conflicts — as they call them — with other countries.'

Undoubtedly this divergence with the Soviet Union makes Gorbachev increasingly keen to cut back the aid to Cuba. Apart from direct US aggression, the biggest threat to Cuba is economic crisis, due to the combination of imperialist blockade and cutbacks in the economic co-operation with the Soviet Union which has been crucial since 1959.

The response by sections of the British left to the US offensive against Cuba has been to repeat the imperialists' propaganda.

Meanwhile the skin-deep 'Castroists' grouped around the *US Militant* have taken issue with Castro's determined stand against the developments in Eastern Europe — which have meant for example that a number of Eastern European regimes signed an attack on Cuba's human rights record for the first time — claiming Cuba has nothing to fear from these developments.



In Defence of Socialism, Four Speeches on the 30th Anniversary of the Cuban Revolution, By Fidel Castro, £4.95, Pathfinder

We will see who is right about that — Fidel Castro or the *US Militant*.

Gorbachev's foreign policy, which emboldens imperialism, spells disaster for the future. Castro points out what is at stake: 'Every day in the third world 40,000 children die who could be saved. Every three days 120,000 children die in the third world that could be saved. Every three days as many children under five die as the number of people killed by just one of the bombs dropped on Hiroshima or Nagasaki, just children under five! And I'm not just talking about children. If we include adults in those countries where life expectancy is half that in the rich countries, then as many or more people die each year than those killed in world war 1.'

'But something more can be said: As many human beings die every year in the third world as a consequence of colonial plunder of our countries, as a consequence of

neo-colonialism, as a consequence of unequal trade terms, as a consequence of poverty, as a consequence of imperialist policy, than the number of people killed in world war 2.'

The hypocrisy is that imperialism does all this whilst claiming that socialism has failed. 'imperialism is trying to present socialism as a failure in practice, as a system with no future' says Castro 'and it is extolling to the utmost the alleged advantages of its selfish and repugnant capitalist system...Socialism is and will continue to be the hope, the only hope, the only road for the peoples, the oppressed, the exploited, the plundered.'

It is the duty of socialists in Britain to organise the maximum solidarity and to win support in the British labour movement to defend Cuba against the US imperialist offensive it faces, and which Gorbachev does not stand up to.

South Africa and Gorbachev

Joe Slovo's pamphlet, reviewed by PAUL ATKIN, reflects his contradictions in trying to keep in step with Gorbachev. While wishing to identify with 'democracy' in Eastern Europe, the new right-wing regimes mean a loss of political and material support, and no longer provide a base camp and model for struggles. Slovo notes the rapidity with which the new government in Hungary invited Pik Botha to Budapest.

Has Socialism Failed?
By Joe Slovo
Published by SACP
£1.50p

Slovo argues that the stalinist model of socialism failed because it was undemocratic., His prescription for renewal — separation of party and state, autonomy of mass organisations, including trade unions, increased workers control in workplaces — requires a huge increase in working class participation in politics at every level.

However, this is as far as his critique of Stalinism goes, the relationship between internal and foreign policy is only touched on obliquely. He skates over the economic policies of Perestroika, implying that his own proposal for a democratised plan is on offer.

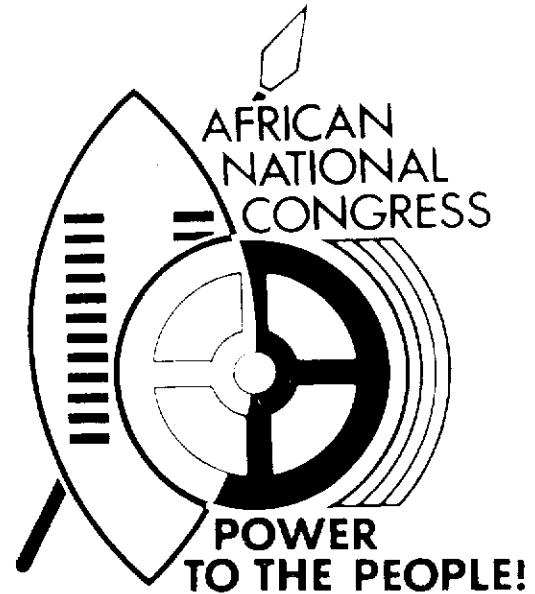
He is strangely sanguine about the prospects in Eastern Europe. 'We must expect that for a time, many in the affected countries will

be easy targets for those aiming to achieve a reversion to capitalism'(p1). In all this, he just provides Gorbachev with a left cover.

This is not a complete apologia, however. He notes that the most pro-perestroika elements in the USSR are completely uncritical of capitalism. And is critical of the silence from the CPSU in response to the huge ideological attack of imperialism on 'the end of history' and the 'death of marxism'.

He points to the increasing tendency in the Soviet Union to discount the role of the class struggle as the motor of history, reflected in Gorbachev's own view of universal 'human' values existing independent of classes, implying that the imperialists — being human — are capable of acting on such principles independent of their class interests. Slovo takes pains to distance himself from this.

He makes a muted call for internationalism.



While critical of 'excessive centralisation in the era of the comintern' and 'national rivalries between and within socialist states' (p10) and calling for world working class solidarity, he neither spells out the reasons for the problems nor specifies the form of such solidarity.

The disastrous impact of Gorbachev's new and stricter application of 'socialism in one country', is not confronted. In junking Stalinism Slovo does not come to terms with this — its real core.

Stalin subordinated the Comintern to the needs of the Soviet Union's bureaucracy. Gorbachev has delivered the Sandinistas on a plate to George Bush, is withdrawing support from Cuba and made overtures to Pretoria. He is engaged in global capitulation to imperialist demands, so long as the bureaucracy can maintain power in the USSR.

Slovo does make it clear that capitalism offers no solutions for Africa. His view on the transition to socialism in South Africa however is abstracted from the actual situation. While long established political strategies, participation in the ANC, the policy of alliances around national democratic demands, are run through, there is a leap from that to an idealised vision of a national democratic South Africa, with one person one vote, a multi party

system and the prospect of the CPSA introducing socialism through winning a majority in an elected body, presumably a national parliament.

Slovo has previously argued that the nature of the post-apartheid state will depend on the relationship of class forces at the point of its overthrow. What we have here is the unambiguous restoration of the stages theory. His strategy is fitted into a liberal parliamentary strait-jacket that is no more on the agenda in South Africa than it is in Eastern Europe.

The pamphlet does not discuss the link between the form of the struggle and the character of the state that emerges from it, nor, having argued in the abstract that the working class is the sole agent for the realisation of human values, does he relate this to the role of the working class in the struggle now in South Africa.

This is a pit, because the role of COSATU in adopting the Freedom Charter, becoming one of the core components of the Mass Democratic Movement, is a precise illustration of the working class moving to the heart of the national democratic struggle and potentially becoming hegemonic within it.

The pamphlet declares itself to be an initial one, 'a launching pad for further critical thought'. There clearly needs to be some.

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Behind the Nicaraguan election results



The electoral defeat of the FSLN by the US-backed UNO coalition on 26 February — with UNO winning 54 per cent of the vote to the FSLN's 41 per cent — marked the successful conclusion of the first stage of the US's campaign to overturn the Nicaraguan revolution. The defeat is the result of ten years of misery inflicted on the Nicaraguan masses by imperialism, through economic blockade, the contra war and sabotage. *JAVIER MENDEZ* outlines the background to the FSLN's defeat, and in a second article details the economic crisis sweeping through the Latin American continent, and its first political results.

The ten years of US aggression against Nicaragua, a country of 3.5 million people, has meant at least 50,000 Nicaraguans killed in the contra war and about the same number wounded, together with economic destruction of £15bn.

The war and blockade plunged the Nicaraguan economy into crisis. More than 50 per cent of Nicaragua's national budget had to be devoted to defense. In 1985 the rate of inflation was 334.5 per cent, by 1988 it was 36,000 per cent. Overall GDP plunged to the level of the 1950s, whilst per capita domestic product plunged to that of the 1940s. Purchasing power in 1988 was 3.7 per cent of what it had been in 1980, and at the beginning of 1989 inflation reached 792 per cent while wages rose only by 120 per cent. Credit from international bodies (IMF, World Bank, etc.) fell to near zero: in 1988 foreign financing fell to 12.75 per cent of what it had been in 1983.

Exports from agricultural goods fell from US\$565.5 million in 1979 to US\$235.7 million in 1988 (a fall of more than 50 per cent), while imports declined from \$123m to US\$3.7m (leaving the economy with no possibility of acquiring spare parts, intermediate raw materials, etc.) By 1988 the external debt was US\$8.1 bn and Nicaragua was practising passive default.

Nicaragua's key economic sector is agriculture. Following the overthrow of Somoza in 1979, the FSLN embarked on a policy of a 'mixed economy', motivated by the extremely low level of agricultural productivity and the fragmentation of peasant holdings. Nicaragua has one of the lowest industrialisations in the world. Wholesale socialisation would have been utopian, leading to further dislocation of the economy due to the extremely low level of resources reaching the country for capitalisation. The 'mixed economy' was aimed at maintaining agri-

cultural production, which in turn was closely tied up with keeping popular support for the revolution. US economic strangulation was aimed at eroding the popular support enjoyed by the FSLN.

UNO's electoral propaganda was in tune with US strategy, and was axised on stopping the war and abolishing Patriotic Military Service. They presented themselves as the only government capable of getting the US off Nicaragua's back. Large sections of the poor, exhausted by the war and blockade, believed voting UNO was the only way to mercy from the USA — they were not voting against the FSLN but for a breathing space, for peace. As *International Viewpoint* on 12 March put it: 'The Nicaraguan people voted against the war, low wages, poverty and hunger. Unfortunately...they were doing this by voting for those who are in fact responsible for this terrible situation.'

On the eve of the elections Ramiro Guardian head of COSEP (the Nicaraguan CBI) said 'Hunger will be the decisive factor'. It is not surprising that under these conditions UNO won, in fact what is extraordinary is that the FSLN had held out for so long.

Politically the electoral defeat was very severe: the FSLN got the majority of deputies in only two regions: Region I (Esteli, Madriz, Nueva Segovia), Region IX (Rio San Juan), and in the North Atlantic and South Atlantic regions it obtained the same number of seats as UNO; it held only two major cities in the municipal elections: Esteli and Leon; it lost Managua, Chinandega, Matagalpa and Granada, though it retains a presence in most municipal councils. The overall result for the National Assembly is: UNO 51 seats, the FSLN 39 seats.

The setback takes place against the backdrop of intensified military, economic and political US intervention

throughout Central America. US imperialism has intervened sharply to shift the relationship of forces drastically to the right: Cerezo, the president of Guatemala is under increased pressure from the military to move further to the right; Honduras has become an American military base from which the contras have operated unmolested; in El Salvador the Christian Democracy has been replaced by ARENA, the party of the death squads; Costa Rica's latest elections have been won by the Liberal party, the most pro-US party of the two that dominate the country; and in Panama, the US has successfully removed Noriega installing a puppet regime.

The role of the USSR in all of this has been thoroughly negative: it has reduced or threatened to reduce the supplies of oil to Nicaragua, and has made clear it intends to reduce its subsidies to the Cuban economy. It de facto condemned the FMLN offensive in November last year, and it made clear it was not going to interfere with the US invasion of Panama. Gorbachev's policies in the region are informed by the overall framework of resolving 'regional conflicts' in favour of imperialism which has facilitated US operations there.

The setback in Nicaragua has eased the whole operation of US imperialism, in particular by greatly isolating Cuba, which has now become the focus of a renewed and reinvigorated imperialist offensive, aided and abetted by Gorbachev and the USSR.

The FSLN are attempting to organise the masses to defend the gains of the revolution and have announced they will fight to defend the revolution every inch of the way. However, the situation is extremely prescribed because the US are waiting for any excuse to invade and the contras will also use any excuse to restart their murderous campaign of atrocities.

The FSLN respected the

result by handing over the government to UNO on 25 April, however, it warned that any failure by the contras to disband could bring the country to the brink of civil war, jeopardizing the smooth transfer of power. The issue of the contras placed huge strains on the unity of the UNO coalition in the transfer of government.

Already, a three-sided struggle is opening up inside the leadership of UNO. On the one hand there is Violeta Chamorro and her team of relatives and close advisers who realize that the relationship of forces is not quite yet ripe for a full scale onslaught on the FSLN and the gains of the revolution. On the other hand, there is the group around the Political Council of UNO dominated by COSEP who wants to implement changes in the army and police force, and wholesale privatisation of state sector enterprises immediately. COSEP's President has been quoted as saying: 'those within UNO that do not support the privatisation platform will have to leave UNO' (FT, 19 April).

The disagreement surfaced over who should be the president of Nicaragua's National Assembly, the former favoured Alfredo Cesar one of Chamorro's close advisers while the latter put forward Miriam Arguello a much more right wing element. The National Assembly elected Arguello which represents a victory for the hardliners.

Finally, there is the wing led by Eli Altamirano, leader of the Nicaraguan Communist Party, also a member of UNO's Political Council who seems opposed to the privatisation of state enterprises. On COSEP's stance Altamirano commented 'COSEP is against UNO. These people are dreaming if they think they are going to privatise everything' (FT, 19 April). There is talk already of the existence of two UNOs.

These differences will tend to widen as Chamorro's government begins to grapple with the massive economic dislocation inherited by ten years of imperialist onslaught coupled with the meanness exhibited by the US in rewarding puppet regimes in the region, for example the failure of Bush to fulfill promises to Endara in Panama.

The contras agreement to a ceasefire with outgoing President Daniel Ortega on the eve of the change in government, and the agreement to hand over their weapons to 700 Venezuelan soldiers serving for the United Nations, is a result of the tough stance taken by the FSLN, not the result of any activity by Chamorro or UNO. The

Contras tried to make disbandment conditional on changes in the structure of the Sandinista Peoples' Army, but Ortega stood totally firm against any compromise, and made it clear that a smooth transfer would depend on movement by the contras.

Under the constitution Chamorro would require a 60 per cent majority in the National Assembly to radically change the Nicaraguan army, which UNO does not have, therefore the army will remain a strong defence of the revolution.

The FSLN also maintains deep roots in the existing mass organisations. For example, the CST (the Sandinista trade union confederation which organises the overwhelming majority of the labour force in the country) threatened a general strike if the demobilisation deadline was not kept by the contras.

Despite the setback, the revolution is far from defeated. The FSLN is the best organised party in the country, it is armed and it is prepared to fight all the way. It, together with the US, remain the decisive factors in the situation.

Disgracefully, many on the left have taken the opportunity of the defeat of the FSLN to distance themselves from the Nicaraguan revolution, and attempt to make the Sandinistas

themselves bear the responsibility for the blow the revolution has received. Others, particularly the Fourth International, have made clear their continuing support for the Nicaraguan revolution and the FSLN saying: 'we have felt its successes as our own and we feel this defeat in the same way.'

The Fourth International outlined the intensified need for solidarity with Nicaragua, pointing to the need to defend the gains of the revolution, 'the agrarian reform, the nationalisation of the banks, the monopoly of foreign trade, the home ownership of the urban masses, the anti-imperialist foreign policy and especially the Sandinista People's Army', (IVP 12 March) tasks with which we whole-heartedly agree.

The defeat of the FSLN represents a grave setback for the revolution in Central America, shifting the relation of forces against the working class and its allies. This will have negative effects for the FMLN in El Salvador, and places the Cuban revolution in a situation of grave danger from US aggression.

Coupled with the intensification of our unconditional solidarity efforts with the FSLN in Nicaragua and the FMLN in El Salvador we must extend solidarity to Cuba which is under increasing pressure as a result of the combined effect of Gorbachev's policies and imperialist aggression.

'Despite the setback, the revolution is far from defeated'



The US assault on Latin America

The return of the ballot box in several key Latin American countries (a rarity in the last ten years) has been hailed as the return of democracy in the continent.

This is less than half the truth. While some of the most vicious dictatorships have gone, in Brazil, Argentina, Chile, Uruguay, Bolivia, Peru, and others have either been severely weakened or thrown into total disarray as in Paraguay and Haiti, this 'democratic' wave has not touched the decisive countries in Central America such as Guatemala and El Salvador, and the policies of the new civilian governments are determined by strict limitations imposed by the outgoing military and the utterly capitulating character of the parties coming to office. Besides, the 'democracy' that has been introduced is severely faulty, to put it mildly.

These countries face massively intensified imperialist pressure. On the one hand, the US has deepened its military and political interference in the region, primarily in Central America, and on the other the catastrophic economic crisis looms ever larger. The bleeding represented by the external debt is facing some countries with complete economic paralysis or simple collapse.

This is compounded by the situation in Eastern Europe with the diverting of capital investment flows from Latin America into that area. World prices of primary commodities, on which many of these economies heavily depend, have been declining rapidly. The only commodity doing well is cocaine. The 'war against drugs' is simply an excuse for US imperialism to intervene militarily in the area.

On top of all this the new governments in the region are not prepared to break the vicious circle of impoverishment imposed by the IMF, accepting the 'financial discipline' it prescribes to obtain fresh money, which only throws them deeper into crisis. The recipe of the IMF is well known: drastic reduction in government spending on welfare and education, severe cuts in both wages and subsidies of essential commodities, massive privatisa-

tion programmes leading to higher unemployment.

The figures speak for themselves. Economic growth in the region declined from 0.9 per cent in 1988 to 0.7 per cent in 1989, but due to population growth GDP per head actually fell 1.1 per cent and all the indications are that this will worsen in the 1990s. Since 1980 GDP per head has fallen by 8 per cent throwing living standards to 1978 levels. The rate of growth of the debt, which had declined by 4 per cent in 1988, was 1.5 per cent in 1989, and although the net transfer of resources on account of the external debt declined slightly in 1989 to \$27.7bn from \$29.3bn in 1988, the ratio of total debt to exports worsened in 1989 for the third consecutive year.

Furthermore, the net outflow of resources from the region between 1982 and 1988 was US\$178.7bn and the rate of investment as a percentage of GDP fell from an average of 23.7 in 1973-80 to only 14.2 in 1988.

The US's reliance on foreign capital investment (primarily Japanese) means maintaining or increasing both the value of the dollar and interest rates, policies which create havoc for the beleaguered Latin American economies. The aggregate external debt of Latin America is about \$500bn therefore a 1 per cent increase in interest rate leads to substantial increases in the absolute size of the debt or a 1 per cent increase in the value of the dollar increases its debt in real terms by \$5bn.

Many of the civilian governments came to power on a populist ticket. Large sections of the masses voted for them to get the military off their backs, but the populists Mark II don't enjoy exuberant support from the poor. Their mass social and political base is rather precarious, tending to fade as they get to grips with economic policy, showing their true colours.

The most dramatic effort to deal with the economic crisis has been in Brazil, whose recently elected president Fernando Collor de Melo, in order to drastically reduce inflation (running at over 100 per cent per month) simply froze \$100bn (about 30 per cent of the country's total GDP) deposited in banks in the form of current accounts and individual savings. This amounted to sheer sequestration.

The measure was beefed up with the passage of a law forbidding injunctions against it and giving special powers to the police to enforce the anti-inflationary package. At a stroke, Collor de Melo soaked up the excess liquidity in the economy, blamed for the high rate of inflation. Zelia Cardo-

so, the economy minister, has made clear that Brazil is not prepared to pay more than \$5bn in arrears on interest payments on the foreign debt.

The reduction of liquidity in the economy has affected the rich more than the poor and Brazil's stance on the debt requires sacrifices from foreign creditors 'commensurate with the sacrifices now being undertaken by Brazilian society', as Cardoso put it.

What has attracted less attention is the measures affecting the poor. These include axing nearly all subsidies, the promise to lay off thousands of public employees, the closing or shutting down of 11 ministries and government agencies and privatising \$18bn-worth of state companies. Collor's shock treatment has also reduced retail sales so much that unemployment is bound to increase sharply.

Although Collor has been forced to backtrack on several of the most extreme aspects of his package, these very drastic steps reflect the awareness of sections of the Brazilian ruling class that the country is in no position to bear any more of the burden without severely undermining its own rule. It already faces a formidable challenge from the working class in the form of the electoral successes of the Workers' Party at the general elections last November.

Argentina also faces severe economic dislocation resulting from the generalised imperialist offensive. With a much less powerful economy than its neighbour Brazil, Argentina faces an even worse situation. In March the monthly inflation rate was 200 per cent, economic activity went down by 8 per cent in 1989 and has declined further in the first months of 1990, the exchange rate of the Argentine currency, the austral, was 1,700 to the dollar last January, in March it was 5,500.

Most of this can be accounted for by the severe haemorrhage through the external debt and the consequent sharp de-industrialisation. The austerity measures introduced by the Peronist Menem has led to food riots in the shanty-towns of Buenos Aires and other cities. In fact, rioting has become frequent in this hitherto relatively rich and economically developed Latin American country — beef was Argentina's staple food.

Menem has of course gone back on all his radical promises. He has totally capitulated on the Malvinas, has blocked the bringing to justice those of the military guilty of human rights atrocities. He has embarked on a sharply anti-working class course with frenzied selling of state assets.

'Rising interest rates to attract capital into the US are crippling the Latin American economies'

private companies, and favouring debt-equity swaps to reduce the debt.

Wages have lost 55 per cent of their purchasing power over the last year, and Menem now plans lay-offs in the public sector probably affecting 14 per cent of the industrial workforce, whilst the economy minister has allowed substantial price increases for items such as petrol, water, telephones, etc.

The economy is moving rapidly towards total collapse. Interest arrears on the debt in March, which Argentina has not paid since April 1988, were approaching \$6bn.

The Peronist trade unions are heavily divided between support for Menem and those who oppose the economic policies. The latter have already attempted to organise general strikes. Oppositionist Peronist leaders such as Miguel Correa said: 'Menem is just a traitor. It is as simple as that'. Moreover, in less than a year in office Menem's government has lost at least 150 ministers and senior officials.

In the face of economic collapse and the total inability of the Peronist government to get to grips with it, sections of the Radical Party are calling for a government based on a 'national pact' involving business, the unions, the church, the army, the Peronists and the Radicals. The trend is for the Peronist bureaucracy to further distance itself from its trade union base in order to implement ever more unpopular economic policies, leaving the country more vulnerable to both the onslaught by the IMF and imperialism. The conditions for a massive confrontation are unfolding.

The PRI, Mexico's ruling party, is under increasing pressure from its left in the form of the Party of the Democratic Revolution (PRD) headed by the charismatic Cuauhtemoc Cardenas. Last March PRD supporters occupied 22 town halls in the state of Guerrero protesting at election rigging and were violently evicted by armed police.

Cardenas' party expresses the fragmentation of the PRI itself, which has totally dominated Mexican politics. This takes place against the background of growing signs of strain in the Mexican economy with an external debt of nearly \$100bn. Salinas de Gortari, the Mexican President, has struck agreement after agreement with the US and international financial institutions over debt payments.

Mexico does not face economic collapse, due mainly to being regularly bailed out by US imperialism which considers the stability of Mexico vital to its interests. In order to maintain

internal economic stability and keep up scheduled payments on the debt, Mexico has been forced to accept increasing integration with the US economy. The US accounts for 66 per cent of Mexico's trade.

Salinas de Gortari has abandoned completely any semblance of nationalism, if it ever existed in the PRI, has embarked on reducing trade tariffs (average tariffs are 6 per cent and 95 per cent of items are now being imported without license), leading to the closure of manufacturing plants and an increasing switch to activity in the service sector. This policy will increase the Mexican trade deficit to an estimated \$600m for the current financial year which Salinas expects to cover with fresh loans. He is reducing state spending, and has embarked on a programme of privatisation (the biggest of which is Telmex, the national telephone company), and has turned to debt-equity swaps in privatisations in order to reduce the size of the debt.

In order to implement his economic policies Salinas has to loosen the tight relationship that has traditionally existed between the Mexican trade union bureaucracy organised in the Confederation of Mexican Workers (CMT) and the PRI, while maintaining a stranglehold on them. The loosening of the links between the PRI and the CMT union bureaucracy has opened up a space for independent union activity in some key sectors, such as auto workers, teachers, public employees and important sections of the private manufacturing sector. Many of these sectors have engaged in militant industrial action over the past year. On 28 March, over 120 organisations set up a new trade federation 'aimed at fighting for workers' constitutional rights, including the right to bargain collectively and strike', called the United Front in Defence of Workers and the Constitution. The CMT bureaucracy, probably with the complicity of government officials, have employed thugs to physically attack militant workers who are taking industrial action.

The days of PRI hegemony are drawing to an end, and it will face increasing challenge by militant sections of the working class.

Colombia is another so-called democracy where decomposition is reaching extraordinary levels. A large part of its economy is dominated by the cocaine barons based in Medellin and Cali. Its external debt is not great relative to Brazil or Argentina, however, the workings of the economy and its politics are being perversely infiltrated by the cocaine trade.



It was the ruling class, especially the landlord/armed forces alliance, which propped up the murderous activities of the cocaine cartels. It has been well documented that the cocaine barons payroll the right wing death squads. The majority of assassinations are political with the victims mainly left activists, trade unionists, and peasant organisers.

However, anybody who threatens the activities of the cocaine cartels can become a target, as with the populist Liberal candidate Luis Carlos Galan who was assassinated in front of the TV cameras while delivering a public speech. He was campaigning for government action to eliminate the cocaine trade.

Virgilio Barco, the current president, faced with international outcry and growing pressure from the US, took some steps to curb the activities of the cocaine barons scoring some impressive temporary results. But the cocaine trade continues unabated.

In March Bernardo Jaramillo, the candidate of the Patriotic Union (UP), a coalition of left wing organisations, was assassinated at Bogota airport. This was followed by riots and mass demonstrations in the capital. The teachers' union called a 48-hour protest strike. The assassin was from Medellin, headquarters of the main cocaine

'The PRI's hegemony in Mexican politics is beginning to break up'

cartel. In 1987 Jaime Pardo Leal, UP's first leader was also murdered. More than a thousand UP members have been murdered since its foundation in 1986.

There have been recurrent spells of left guerrilla activity in response to this situation. Around 12,000 guerrillas organised in five guerrilla groups are active in the country. Some guerrilla groups such as the M-19 have fielded candidates at local and national elections after laying down their weapons in exchange for legal participation in the political life of Colombia, but the activity of right wing paramilitary groups does not augur well for their prospects in the electoral arena. On 25 April Carlos Pizarro the M-19 presidential candidate and its leader was murdered on the plane taking him to an election rally. Again the assassin was from Medellin.

The formal political system has been totally dominated since the 1820s by the Conservative and the Liberal parties and the administrations have been rife with corruption, violence and clientelism. To these now must be added the influence of narco-dollars which pervade the whole social, economic and political fabric of Colombia.

Although Colombia's external debt is small (\$17bn) and its economy has fared better than most countries in Latin America, due mainly to the informal inflows of narco-dollars, it is nevertheless under increasing pressure from imperialism through the agency of the IMF and World Bank to liberalise its economy. Its economy is heavily dependent on the export of coffee whose price on the world market has been steadily falling, reducing export earnings and putting a squeeze on economic growth, forcing currency devaluation and filling the growing trade gap with borrowed money. Any reduction in the protectionism of the economy as the IMF and World Bank want will only exacerbate the problem, making Colombia's external debt larger.

Should the efforts of the Colombian and US administrations to drastically reduce drug trafficking succeed, reducing these 'invisible' export earnings, it would only aggravate Colombia's trade deficit. It is estimated that the cocaine industry represents about 15 per cent of the country's economic activity.

Peru faces one of the deepest processes of political decomposition and economic dislocation in the continent. Its rate of inflation is over 100 per cent monthly, in 1988 as a result of government deflationary

policies real wages lost 66 per cent of their purchasing power, retail sales have declined by over 70 per cent, the official rate of unemployment is 10 per cent but the rate of underemployment is over 50 per cent (there are between 500,000 to 1 million street sellers in Lima, the capital city, alone); at present Peru's balance of payments depends by about 50 per cent on the exports of cocaine.

Peru has approximately 200,000 hectares of arable land devoted to the growth of cocaine, with between 300,000 to 400,000 peasant families dedicated to its cultivation. A peasant leader in the Ayacucho region (the geographical base of Sendero Luminoso) expressed this economic reality by explaining that if in the 1960s the slogan of the peasant was 'Land or Death' present circumstances have modified it to 'Cocaine or Death'.

The UN has estimated that approximately 5 million Peruvians out of a total of 22 million are living in extreme poverty. Should cocaine go that figure would rise to staggering heights.

The scourge of the death squads has emerged in Peru too. It is estimated there are between 80 to 100 violent deaths per month. The repression and economic hardship of the peasant masses has led from passive resistance to guerrilla warfare giving birth to one of the most extraordinary political phenomena in Latin America: Sendero Luminoso.

Sendero Luminoso, Shining Path, is a maoist guerrilla organisation with a mass base among the peasantry, especially in the Ayacucho province. From being active exclusively in the rural areas, they increasingly operate in the cities. They have successfully launched several 'armed general strikes' and the ensuing repression of civilians has just expanded Sendero's mass base. It is estimated that at present Sendero controls about one third of the country's territory. The US is becoming increasingly involved in fighting the guerrillas, in the last months using the 'drugs war' as an excuse to send the Green Berets into areas controlled by Sendero.

APRA, the party of Alan Garcia, Peru's president, had no programme to offer for the general elections on 8 April and its electoral support simply collapsed. The decomposition of traditional politics was seen in the strongest votes going to Mario Vargas Llosa, a novelist of international reputation, and Alberto Fujimoro, rector of the Agrarian University, who up to a few weeks ago was an unknown quantity in Peruvian politics. On 8 April Fujimoro cut down Vargas Llosa's lead (the

'In this grim panorama the working class and the poor have no option but to fight back'

polls were giving him close to an absolute majority) to around 30 per cent, forcing a second round, throwing FREDEMO (the right wing coalition behind Vargas Llosa) into turmoil.

Fujimoro has based his campaign on opposition to Vargas Llosa's brutal economic shock treatment, expressing concern for the poor, and on proposals for growth by protecting the domestic economy from international competition, hinting at Japanese support for his plan.

However, there are no indications that Japan will seriously invest in Latin America, let alone Peru. Japan's share of total foreign investment in the region has actually fallen from 29.6 per cent in 1965 to 13.7 per cent in 1988 with most of this going to the Caribbean, Mexico and Brazil. Japan has always prioritised South East Asia for investment, for economic and political reasons, and currently, with economic problems at home, is finding it increasingly difficult to maintain capital flows to the US, leaving little left over for Latin America!

The Latin American ruling class's strategy of growth in the 1940-60s was domestic industrialisation which meant a mild but real increase in standard of living and employment. Its political expression was populism which objectively improved the relation of forces in favour of the working class and sections of the poor. In the 1970s and part of the 1980s, the strategy shifted to alliance with multinational capital to export manufactured goods to the imperialist countries. While this necessitated vicious dictatorships to depress wages and weaken the working class to boost profitability, there was significant economic growth in some of the key Latin American countries such as Brazil, Argentina, Chile and Uruguay.

From the late 1980s a new pattern has set in, combining economic regression with intensified repression due to the massive and unprecedented imperialist offensive. Under these circumstances the chances for democratic government or economic growth are highly unlikely indeed. Consequently Latin America has entered into a period of massive economic dislocation which augurs very sharp class struggles. In this grim panorama the working class and the poor have no option but to fight back. The chances of a solid recomposition of populism are slim and we can expect to see an increasing fragmentation and the emergence of mass class struggles and movements such as the Workers' Party in Brazil.

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