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VIEWPOINT

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The ETA ceasefire
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Sleeping with the enemy

South Korea
A strange radicalisation

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Italy's Refounded Communists are still a major player in the country's social movements. Over 100,000 people joined the party's demonstration in Rome on 17 October, calling on the government to improve social policies.

Europe's social democratic governments Sleeping with the enemy

Social Democratic parties now dominate the governments of all European Union states, except Spain and Ireland. In several countries, they depend on the support of green, communist or ex-communist parties. In other areas too, the radical left is advancing.

François Vercammen

These are the first political manifestations of the growing ideological and social resistance we have seen in recent years. Neo-liberalism is blocked, discredited, and unable to satisfy the social needs of the population. The bourgeoisie recognises this, and is re-discussing its strategic options for the coming period. Some Social Democratic leaders, like Leonel Jospin in France and Oskar Lafontaine in Germany stand out from the "new labour" crowd because of their (relative) audacity.

More importantly, this new atmos-

phere is giving lift to a new, truly alternative kind of politics. Left thinking is possible again.

The radical left advances...

At the recent congress of Britain's Labour Party, Tony Blair was unable to prevent a membership ballot from electing four prominent left-wingers to the party's National Executive Committee.

As Scotland prepares for elections to its new assembly, a variety of political and labour movement currents have come together in the Scottish Socialist Party. This new, pluralist force already has a certain social weight, and good electoral prospects. Its major component is the "desectionarianised" Scottish wing of the former Militant organisation.

Trotskyists have also been in the news in Italy, where the *Bandiera Rossa* group were central in party leader Fausto Bertinotti's defence of the Refounded Communists against a group of deputies who supported the centre-left government's social cutbacks.

In France, *Lutte ouvrière* and the

Ligue communiste révolutionnaire will present a joint list of candidates in future European elections.

The defeat of the right

The return to power of the Social Democrats is above all the result of crises and defeats of the right. After over a decade in power, voters finally turned against Helmut Kohl and Margaret Thatcher.

Their anti-social policies had a major influence on the process of European integration. They provided the political support to a major offensive by the capitalist class (which is still in course).

Today, the climate is shifting. In Britain, France and Italy, large conservative parties are in deeper crisis than at any time since the war. Germany's CDU-CSU looks increasingly unstable.

In other words, the Social Democrats represent more than a change of label, disguising the same neo-liberal policies. Times have changed, and these new governments have a different relationship to society than their conservative predecessors.

Having said this, the golden age of Social Democrats is definitely older. They no longer control the social movements, and they no longer have the confidence of the working class and young people. They gain in popularity when they are in opposition. But where they are in power, like Sweden and Greece, the voters are quick to punish them.

Precarious relations

The balance of forces is extremely unfavourable for the European working classes. The return to power of the centre-left is an improvement, but a very modest one. With limits.

This has not stopped large, sometimes immense outpourings of popular support and enthusiasm, as Social Democrats return to power in one country after another. This enthusiasm is clearly out of proportion with the real changes in policy that we can seriously expect from the new governments. Presumably, the people in the streets on election night are expressing a "voluntaristic" illusions in these new governments, as a consequence of their own very limited social activity as workers, women and youth.

France is an exception: the upturn in class struggle since the 1995 public sector strike has created much more confidence and combativity there, as the recent high school strikes have shown.

At the same time, however, a small but significant section of society shares few or none of these illusions. Hence the widespread signs of a social remobilisation, and the increasing electoral support for parties to the left of social democracy in many countries. There is a clear increase in basic political consciousness among working people.

The situation is still fragile. For the



social democrats and for the "left of the left." Activists in the social movements want to push forward, suspecting rightly that these new governments will be more responsive to social pressure. For their part, the new rulers are trying to stabilise their position by reintegrating the trade union bureaucracy into a more organised form of class collaboration.

Limits

But political activity "from below" is still weakened by the fear of isolation, or pessimism about the possibilities of victory. This has not prevented massive demonstrations in France, Belgium, Italy, Finland and even Switzerland, over issues where there has been some hope of progress. But, for the most part, these mobilisations have been one-off, short on perspectives. They have had little or no cumulative effect on the level of organisation of social movements.

The masses, and the militant minority, are still overwhelmed by the argument that the centre-left represents the "lesser of two evils." As a result, the radical left alternative is only slowly re-emerging.

People are not just discouraged by mass unemployment, generalised precarity and insecurity. In many countries there is a danger that the right will return to power, in a new, aggressive form.

Italy already has a "Bonapartist," semi-extraparliamentary right, led by the media baron Berlusconi, the separatist Bossi and the ex-fascist Fini.

In Belgium and Germany there has been an increase in fascist violence, and a growing presence of ultra-right groups.

France is suffering from both phenomena. The threat on the horizon is the election of a right-wing coalition including the far-right National Front.

The social democrats' excuses

This threat from the right not only enables the social democratic governments to keep the social movement in line. It also provides a convenient alibi for themselves adopting increasingly right wing positions on questions like policing and immigration.

Whatever the conditions in specific countries, the European Union is now solidly social democrat. The three most

important countries, France, Germany and Britain, all have centre-left governments. The French and German governments include Green ministers. France's government also has Communist members. In all three countries, the bourgeois parties are in opposition and, increasingly, in crisis.

Social Democratic and Labour parties now dominate all the executive bodies of the European Union, from the Council of Ministers to the European Commission and even the Central Bank (headed by Wim Duisenberg of the Dutch Labour Party (PvdA)).

They have no excuse not to implement the "social Europe" policies they have always promised. Now that we have made sacrifices for the new single currency, where are the policies to end mass unemployment? The omnipresence of the Social Democrats makes a homogeneous, simultaneous and aggressive policy possible.

Possible, but improbable.

Only about 10% of EU trade is with the rest of the world. Now that it even has its own currency, this autonomous, rich and powerful bloc of countries could easily implement an autonomous policy, a "social model," or resist the "Americanisation" of society. EU member states need no longer make competitive tax cuts to attract investment. Calm and deliberate measures to control capital flows, harmonise taxation and reduce stock market speculation can be taken.

Possible, but improbable.

This is an exceptional political and institutional conjuncture. The social movement should seize the moment, and build the widest possible coalitions. Bringing together those of us who oppose the EU, and those who are in favour of the EU, but opposed to the disastrous effects of current EU policies.

Difficulties on the horizon

It is clear that the EU will not be able to maintain its current policies unchanged. In 1998 most countries squeezed under the limits of the Maastricht Treaty, thanks to favourable economic conditions. In 1999, the uncertain economic climate will make it hard for many countries to make do with a budget

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deficit of less than one percent — the strict limit set for those who join the Euro zone on 1 January 1998.

The question is, will the social-democratic leadership of the EU insist on applying, blindly, the monetarist policies of recent years? Or will they dare to break out of the neoliberal straight jacket? To dare transgress the rulebook of the European Central Bank? Will they capitulate, in the name of stability and defence of the Euro, or will they risk an "institutional crisis" in search of reforms?

Will they stick to unpopular policies, and risk being replaced by the right? Will they pursue policies that boost support for the far right? What will stop if Europe's army of unemployed increases from 20 to 25 million? Or 30 million?

These are questions not only for governments. So far, the European Trade Union Congress (ETUC) has supported the policies of the European Commission, arguing that the stability of the Euro is the most important thing. ETUC could be forced to reclaim its autonomy. The left in the labour movement has already come together in initiatives like the EuroMarches against unemployment. But there is a need for much closer, sustained collaboration, involving wider sections of the trade union left.

In each country, and at the pan-European level, it is time to prepare the campaigns that will force the Social Democrats to make the reforms we want.

Europeanisation

We need to build a consciously European, active social movement. This will be one of the most important questions facing any left regroupment project. After all, political life in Europe will be increasingly conditioned by the growing activity of the proto-state that governs the European Union. For the first time, EU affairs will become part of day-to-day life, rather than an abstract and distant afterthought.

The radical left has been stimulated by a number of social mobilisations. Initiatives like the European Marches against Unemployment provide a regular forum for joint activity. There are also the regular "counter-summits," organised to challenge each leaders' summit of the EU or the G7.

At a very small scale, there is already a European "civil society," articulated by Non-Governmental Organisations, social movements, and co-ordination groups of all kinds. Progressive members of the European Parliament (not really a parliament, but that's another story) have played a positive support role.

Western Europe's (ex-)Communist parties are better organised. They met in Berlin in June and Rome in September. Among other things, they are working on a common plan for next year's European elections. So far, however, they have been unable to draft a common text...

No Communist party in Europe can ignore the debate which has split Italy's Refounded Communists. When the party

decided that "critical support" for the centre-left government meant that they should vote against social cutbacks, even if this deprived the government of a majority in parliament, a large minority of the party left in disgust, and mostly joined the social democrats. In the process of the debate and split, party leader Fausto Bertinotti (a man from the old Communist school) forged an even closer alliance with the Trotskyists of **Bandiera Rossa**.

According to Bertinotti, "across Europe, from Sweden to Germany, France, Spain and Portugal, there is an alternative, communist left. A combative left [the term used by the PRC to distinguish itself from the reformist left]. The social democrats who are now in government will have to take notice of this left."

Indeed, the social democrats may even consider electoral agreements with parties to their left. After all, with the neoliberal right significantly discredited by its record in power, old-fashioned "grand coalitions" of social democrats and the centre-right are difficult to imagine.

For those on the left of social democracy, this is new terrain, and the subject of intense debate, clarification and, often, division. Italy's Refounded Communists have split twice since their foundation (from another split) in 1991. France's Communists are internally divided, and the leadership is floundering.

Programatic adaptation

In Sweden, the (ex-Communist) Left Party polarised on left-right lines immediately after its recent electoral gains. The country's social democratic government maintains neo-liberal policies, and is pushing for Swedish participation in European Monetary Union.

The leader of Germany's PDS didn't even wait until after the elections. He announced a "programmatic adaptation" in the middle of the election campaign! Everyone interpreted this as a move to

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make east Germany's former ruling party *salonfähig* (ready for participation in government). The country's Greens have become increasingly *salonfähig* in recent years.

Think before you denounce

The revolutionary left is unprepared for this tactical problem. Of course, everyone knows that such-and-such a "centre-left" government will not break with capitalism, that it will only make slight modifications to neoliberal policies.

But we can also see that causing, directly or indirectly, the return to power of the right-wing parties, would be catastrophic in the eyes of working class voters, and many of the militants who animate the social movements. We need a more subtle analysis, long term and intelligent tactics, and demands which are both "realist" and radical. Our discourse must be in phase with popular sentiment. Political pedagogy is an essential concern, if the anti-capitalist left is to place itself at the centre of debate.

This is a complex business. The formation of a broad left government sounds like a good thing. But what composition will it have? In some countries, when parliament votes to approve a newly-formed government, it also approves the budget. Even more complicated. What kind of deal should left partners demand? Should the government's initial policy declaration be modified? Or will other concessions suffice? How far does "tolerance-without-direct-support" go?

What do we do when the political record of the government becomes so bad that it exhausts its credit among the working people and youth who voted for it? What to do when the fall of the left government becomes the "lesser of two evils" in the eyes of the electorate? If we decide to withdraw our support, what conditions should we look for in choosing the moment? And, as Italy's Refounded Communists have seen, how do we defeat the forces of inertia, the conservative elements which will have developed during the period of cohabitation with the social democrats? Say good-bye to the members of parliament, the material resources, and the access to media?

Anti-capitalist recomposition

We cannot ignore this problem, or say that "the whole thing is just a politicians' game." The immediate demands of wage-earners, women and young people are at stake. The politically conscious sectors of the social movements are already debating these questions.

This is not just a question of parliamentary politics. It is also a question of what links we make between the revolutionary left and other radical political currents in and around the (ex)communist parties, the Greens and the social democrats. These new alliances are also provoking all kinds of realignments inside the social democratic parties. Which has an effect on the numerous social democratic activists in the social movements.

Most anarcho-sindicalist currents

prefer to ignore the whole problem. So do some Trotskyist currents. They are wrong. This is a key question for revolutionaries. Look at history. Whenever the impact of a social movement grows substantially, it seeks a politico-institutional expression: in parliament, even in government. No mass trade union can do without a political link of some kind. Some trade unions even create political parties, like Labour in Britain, and the Workers Party in Brazil.

This is a fundamental aspect of the whole anti-capitalist recomposition. Until it passes the "baptism" of electoral participation, and achieves a significant number of votes and deputies, the revolutionary left will remain an "action group". Political, in a general sense. But only "useful" within the social struggle.

Real success brings with it a series of political choices, and these imply commitments.

Our goal is the recomposition of "the left of the left." The emergence of a new, broad and pluralist political force. An anti-capitalist, feminist and internationalist party, with mass impact. The success of such a project can be measured in two ways: the capacity to link up with the militant currents which emerge from the conflict between the social movements and social democratic governments, and its capacity to become a politico-institutional reference-point. ★

*François Vercammen is a member of the United Secretariat of the Fourth International, and a leader of Belgium's Socialist Workers Party (SAP-POS).

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The Social Democrats are back

German's Social Democrats are back in government, after sixteen depressing years in opposition.

Thies Gleiss

The SPD lost the 1982 federal elections, but held three-quarters of the regional governments before its recent nationwide victory.

Almost all social movements – including the ecological, peace and women's movements – have remained so strongly dominated by the SPD that they have never seriously threatened bourgeois domination.

All the most radical developments are constrained politically by the SPD: it influences the political outlook of the NGOs, social movements and those organisations that have sprung from them. Such organisations provide the SPD with new members, and offer employment for the SPD's cadre.

A few leaders of these movements once joined the Green party, but went back to the SPD quickly enough. In the past 15 years, only one significant mass movement was not led by the SPD – the 1987 movement opposed to the government census. The SPD has lost about 200,000 members since 1982, but it is still the country's largest and best-organised political party.

Hegemony upheld

SPD hegemony is also unbroken in the trade unions. Policies won by the pro-Moscow Communist Party (DKP) or New Left activists in the 1970s and early 1980s are no longer tolerated by the SPD and have been overturned.

A rightist attempt to draw together a Christian Democratic-influenced wing of the union movement, potentially comprising the service sector-based DAG, a civil servants union, Christian unions and artisans' guilds also failed. The DAG is now joining the mainstream union federation, the DGB.

In other words, the idea often heard on the left and the right, that we would see the twilight of the SPD, is either dreaming or one-sided impressionism.

However, the average SPD member is rather dissatisfied. During its 16 years in opposition, the SPD simply participated in the administration of the capitalist crisis. The CDU/CSU government's main goal was to cut spending and so reduce the national debt. Local and regional governments had to carry out these measures.



Many SPD-run regional and local governments adopted the political neo-liberalism of the Kohl government. Social-Democratic dominated unions, welfare organisations and employment services attempted to cushion, materially and socially, the impact of mass unemployment and poverty. SPD leaders agreed to every scandalous decision of the CDU government.

They were driven by their mixture of nationalism, statism and a direct pressure to both take part in the administration of the crisis and to prove their ability to govern in a "farsighted" way. They also accepted pension cuts, increasing the retirement age, more indirect taxes, longer shop opening hours, the re-militarisation of foreign policy and several limits on constitutional and political asylum rights.

The SPD moved so far right, it is as if SPD and the conservative CDU/CSU have been in a grand coalition for years. The SPD drift affected the political identity of Social Democracy catastrophically. The SPD suffered quite dangerous losses – in elections and even of traditional supporters.

Fall before the rise

Some say it is the evolution of the SPD that has weakened working class organisation. But this is a secondary factor. Before its victory in Lower Saxony, the SPD had undergone a series of failures. It was beaten nationally in 1983 (When Hans-Jochen Vogel was candidate), in 1987 (the candidacy of Rau Johannes) and again in 1994 (when Rudolf Scharping stood).

After Willy Brandt died in 1987, it had three presidents in eight years: Vogel, Björn Engholm and Scharping. No wonder that young people, who grow

up in worse conditions than their parents, are not tempted by the SPD.

The SPD also had to pay a high price for the collapse of East German's Stalinist regime. The SPD helped opened East Germany to West German capital in the 1970s. After reunification, the SPD hoped to inherit the former supporters of East German Stalinism. It dreamed of gigantic electoral success there.

This hope never materialised. The SPD still has fewer members in the whole of former East Germany than in the single western city of Dortmund.

By an irony of history there is now another, rather different, mass reformist party in the East. The PDS has risen from the ruins of the Socialist Unity Party, the former ruling party in the East, and has just broken through the five per cent threshold for national representatives to be elected into the parliament. Even in Germany, Social Democracy has not been able to take historic revenge against the socialist revolution.

The road to Schröder

In this distressing setting, the SPD bureaucracy made an astonishing pirouette. Oskar Lafontaine declared himself SPD president early in 1995. Lafontaine is hardly an anti-capitalist. But he is a very capable Social Democrat and able to adapt himself to the needs of the era.

The SPD's 1989 Berlin programme affirms that "a basic historic experience: repairs to capitalism are not sufficient. A new economic and social order is needed".

According to Lafontaine this meant that the SPD must elaborate a programme to stimulate demand, including pay rises. However, he explained, social insurance costs must be reduced at the same time.

Lafontaine called for the party to return to ideology. That rather frightened the party's right wing. This made Lafontaine appear to be on the left. He is certainly among the less nationalist Social Democrats, even if, like any good German Social Democrat, he wants to be the doctor at the bedside of German capital.

Lafontaine struggled with former SPD leader Willy Brandt, who wanted the Social Democrats to be "patriotic" about German unity. Lafontaine has a preference for European structures, such as proposals for Franco-German checks on nuclear weapons. He also clashed with Gerhard Schröder on how to approach the world market.

Simple nationalism

The rightist and nationalist wing of the SPD, linked to the circles of the ruling class, was obliged to offer different suggestions. The right addressed itself to the man from Hanover, Gerhard Schröder, now Germany's new Chancellor.

Hated by the left of the SPD for having betrayed its principles, looked at with mistrust by the right because they are ill disposed to any "party patriotism", Schröder has two strong points in his advantage.

Firstly, Schröder had kicked out the Greens from Lower Saxony's coalition government. Although the Green vote increased in the 1994 election, the falling vote for the right allowed the SPD to break its coalition with the Greens and take a majority of seats in the regional parliament.

Secondly, partly because of his vanity, Schröder felt lucky enough to fight for the Chancellorship in an American-style, personality led contest with the incumbent, Helmut Kohl.

Schröder appeared to be the SPD's only hope to win the national elections.

The initial euphoria for Lafontaine declined. SPD Prime Ministers in the *länder* (Regions) and the right of the party, became more and more concerned about Lafontaine's "oldfashionedness."

Important personalities like Hamburg's former mayor, Henning Voscherau and the former finance minister of North Rhine-Westphalia, Wolfgang Clement, oriented themselves towards Schröder.

Schröder became the darling of the German press, particularly the rightist Axel-Springer publishing empire. After all, Schröder is a media product. His approach to the electoral terrain is inspired by US politics. He saw his personal performances as the fundamental element of his election campaign.

Capitalism's champions

Over the last year, Schröder has been increasing inspired by Tony Blair, the British Prime Minister. He adopted Blair's slogan: "What counts is what works".

But there is one major difference between Tony and Gerhard. The most important part of the British ruling class wanted Tony Blair to be Prime Minister, with media magnate Rupert Murdoch heading up the queue. That was not the case in Germany.

Viewed conceptually, Blair's task has been, roughly, to organise a comparable change to the one that the SPD had completed at its 1959 Bad Godesberg congress. At that moment, the SPD abandoned all reference to the class struggle and to Marxism. In Germany, the SPD has long been what the Labour became under Tony Blair.

Britain's rulers saw that Blair was certainly best placed to carry Great

Britain into the heart of the European Union and to set up a strategy for the global market.

In Germany, the ruling CDU/CSU conservative coalition was the party which best represented the principal goals of the country's ruling class. Chancellor Kohl was reinforcing Germany's role as the European Union's reference point and vanguard in the opening of Eastern Europe to market forces.

The question is: "Who benefits when Schröder becomes chancellor, apart from himself and part of the SPD?" Even six months ago, we would have answered "no-one". Influential circles were interested in Schröder as a candidate, not a victor. Many backed him to scare the CDU government and get it to take riskier socio-political choices.

The Schröder campaign was not easy. Scharping, the other potential candidate, seemed more "professional" and pragmatic. Initially, Scharping was preferred by employers. Although 40,000 small business people have party cards, the SPD does not have solid backing from the employers.

There are six business people within the SPD parliamentary fraction. Four hundred managers and petty bourgeois members of the SPD have founded an "economical initiative circle". This includes some directors of big enterprises, though most hold positions in denationalised industries, like Lufthansa, Landesbanken, Aral and Ruhrkohle.

This is a tiny minority of the business milieu. Quite unlike the massive presence of big capital inside the CDU/CSU and the small liberal party (FDP).

Schröder has another handicap. Unlike Blair, he cannot claim that he alone — not the party's committees — will govern the country. Such a centralisation is certainly not accepted by the parliamentary fraction, the regional Prime Ministers, or SPD members.

The protests of the Young Socialists ("Jusos") against the political emptiness of Schröder's media statements will not remain isolated.

Other voices have already been raised. The SPD "Working Group for Workers' Questions" (AFA) are demanding changes to Article 116 of the Labour Code, which forces unions to pay for workers who are not striking, but cannot work because of the consequences of a strike elsewhere.

The new centre

Schröder's attempt to win the political middle ground is neither new nor necessarily effective — the three preceding governments had the same target. Some people in this middle ground are getting poorer or are "falling" into the working class. Others are jumping towards personal riches. What political voice can satisfy these contradictory aspirations?

Schröder says, decrease taxes,

legally limit the ability to unionise, cut wages and social security costs and help exports and monetary stability. That is contradictory to his promises to the trade unions: for example, to cancel a series of Kohl's attacks on social security and invalidity pay.

Now, Schröder need the unions to set up his "Alliance for jobs." Rather than create a "new centre," like Blair, Schröder looks prepared to make concessions to the "old centre". The SPD is talking of public measures for the development of the new industries (information technology, the media), special taxes for subsidised enterprises that do not hire and the introduction of taxes on the energy and the environment.

Germany's new government is a coalition between the SPD and the Green party. It will have objectives it cannot realise. It cannot both consolidate profits and develop social peace. It cannot be the "boss's friend". Schröder risks becoming a barely-tolerated Chancellor, doing the job that Helmut Kohl was so good at. ★

* Thies Gleiss is a trade unionist and a member of the works council in a metal factory. This article is an abridged update of an article in our German edition, *Inprekorr*.



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Conference or farce?

The British Labour Party conference at the end of September was a strange affair.

The leadership did not allow discussion and vote on any key policy issue. But they could not prevent left-wingers winning seats on the National Executive Committee.

Neil Murray

The Left/centre-left Grassroots Alliance won four of the six National Executive Committee seats elected by a ballot of members. And left MP Dennis Skinner almost won one of the three places elected by MPs and MEPs.

Under the "Partnership in Power" rules adopted last year, the party's conference is no longer primarily a discussion of resolutions on particular policy.

Instead, resolutions are forwarded to the National Policy Forum, which produces lengthy reports differing very little from government policy statements, except that they are less concrete. These reports, covering vast areas such as Welfare Reform and Europe, eventually come to conference for endorsement, but not amendment.

Partnership in Power "allows for the possibility" of minority reports from the National Policy Forum. But no-one knows if this will actually happen, or who will be allowed to write them.

Most reports at this conference were "interim" ones. In other words, whatever conference decided, the documents would be discussed further, before coming back to a future conference for final approval. This produced long periods of discussion where some important points were made, but no votes taken. Party leaders listened politely, but did not respond to those trade union leaders who criticised Labour's "Fairness At Work" proposals.

The General Secretary of the Communication Workers' Union, Derek Hodgson, got a standing ovation for his attack on the threatened privatisation of the Post Office. Again, there was no response from the party leadership.

Constituency Labour Parties, trade unions and socialist societies were allowed to submit narrowly defined "contemporary resolutions", on issues not covered by the Policy Forum reports. These included the loss of manufacturing jobs, the new "anti-terrorist" law, the Asylum White Paper and the U.S.

bombing of Sudan and Afghanistan. Curiously, party leaders allowed the several trade unions to submit resolutions which fell outside these narrow regulations.

Conference delegates were allowed to vote for just four priority contemporary issues to be discussed by conference. But the list of resolutions had been leaked to the major trade unions, who used their large votes to prioritise exactly those resolutions which the leadership wanted.

Only six speakers were called on each of the "contemporary resolutions". Debates on Europe, Transport and Local Government provided no threat to the party leadership. In the fourth debate, the leadership's lukewarm support for electoral reform was almost overruled by a vote committing the Party to defence of the current "First Past the Post" electoral system.

The transport discussion had two resolutions, one bland one in support of government policy from the Transport and General Workers' Union and one from the Rail Maritime Transport (RMT) union which called for the renationalisation of the railways and opposition to the privatisation of the London Underground (metro). No supporters of the RMT motion were able to speak in the debate, and the motion was heavily defeated.

The local government resolution, presented by UNISON, the largest public sector union, even argued support for "Best Value", a form of privatisation of local government services.

The only other important votes taken at conference were in endorsing the leadership's proposals on the selection of parliamentary candidates, downgrading the Party's women's organisations to the point of ineffectiveness, and endorsing the leadership's centrally decided candidate lists for the European elections.

Blair used his speech at conference to insist that there would be no backing down from the government's policies. He promised a new initiative on "Welfare reform", which will mean reducing the eligibility of many people, particularly the disabled, to state benefits.

The attack on public sector workers continues with restrictions on their pay and the privatisation of services. Trade union rights removed by the Tories will not be restored by this government, and it has just published proposals to speed up how it deals with asylum seekers - by getting them out of the country quicker. Blair fully supported the U.S. bombing of Afghanistan and Sudan, and passed a

new 'anti-terrorism' law condemned by Amnesty International and other human rights organisations as repressive.

His response to the election of the Grassroots candidates to the NEC was to say that people could either have the current Labour government or a Conservative government, but not "the Labour government of their dreams."

Against this backdrop of preventing disagreement, the election of left-wingers to the National Executive Committee was an incredible achievement. The leadership-loyal "Members First" group went to incredible lengths to defeat the popular "dissidents".

This year, MPs were no longer eligible to stand for election to the constituency section of the NEC, elected by all the membership. The leadership introduced this change in order to prevent oppositional MPs like Dennis Skinner, Ken Livingstone and Diane Abbott being elected.

They hoped that limiting candidates to "ordinary" members would mean that only those promoted by the leadership got elected. However several organisations on the left of the party, together with Labour Reform, part of the old (pre-Blair) right wing disenchanted with increasing centralisation, agreed on a common platform for the election, presenting six candidates under the name of the Grassroots Alliance.

A previously unknown organisation, Members First, emerged as the vehicle for the six pro-leadership candidates. The group had at least £100,000 to spend (much of it coming from the engineering union), and a telephone canvassing company was hired to ring up members encouraging them to vote for these candidates. Ballot papers were even sent to members who had left the Party.

The General Secretary of the Labour Party, supposedly neutral under the rules of internal elections, attacked the Grassroots Alliance candidates, as did ex-Party leader Neil Kinnock. The most widely read liberal newspaper, *The Guardian*, gave Kinnock front page and editorial space to denounce Mark Seddon, Cathy Jamieson, Liz Davies and Pete Willsman as trotskysts.

The Grassroots Alliance candidates spoke at many meetings around the country, including at trade union conferences. Many activists circulated material and rang members in support of the campaign. Unlike Members First, this was all done by party members and on a voluntary basis.

Mark Seddon, editor of the left reformist *Tribune* newspaper, came top of the poll with 56% of all the votes cast. All Grassroots Alliance candidates for the Conference Arrangements Committee were successfully elected. The Grassroots Alliance now has about a quarter of the places on the National Policy Forum.

These Left victories are important, but must be seen in perspective. There is a danger that the Left will lose sight of

what the conference really meant. In the euphoria of election victory, labour party members have surrendered their ability to influence policy. While the election results may make the Left feel stronger, conference clearly showed that the leadership call all the shots. The 32-member NEC is no longer responsible for policy, only organisational questions.

Policy is now reserved for the National Policy Forum, which has no clear democratic functioning. The ultimate policy decisions will be made by the Joint Policy Committee, chaired by party leader Tony Blair, and consisting of 50% Cabinet appointees and 50% NEC appointees. In other words, a body on which Blair will face no opposition.

What now for the Labour left?

The four successful NEC candidates have promised to fight for democracy on the NEC, and report back regularly to those who elected them. Left members of the National Policy Forum say they will fight for the right to take minority reports to conference so there can be real debates and votes. They should be supported in this, but it falls far short of what is needed.

If the Left is to make these things happen, let alone change or defeat the government's right wing policies, it needs to both make itself an effective force in the Party and be part of wider campaigns and struggles against the government's policies. Activities which reach beyond the Party membership. In order to do so, the labour left needs to involve its supporters in discussion and decisions about how to go forward.

This is necessary even to maintain this years election result, given that the Blairites will learn the lesson from this year and organise far earlier and more effectively next time. The best way of organising such discussion would be for all the organisations supporting the alliance to jointly call a conference.

Such a concept of organising its base democratically is a long way from how the Grassroots Alliance has organised so far. In theory, the candidates and the platform on which they stood were decided by meetings of those organisations which backed the alliance. In practice they were dictated by the desire of the Campaign for Labour Party Democracy to keep out the "ultra left" and keep Labour Reform on board at all costs. In fact, the candidates were elected despite being denounced as trotskysts.

The election campaign and results showed that Labour Reform was in fact the weakest part of the alliance, with very little on the ground. Many on the left were wary of voting for the Labour Reform candidate, Andy Howell, because of his record of voting for cuts on Birmingham City Council. (Labour Reform supporters elsewhere have been equally prominent in pushing through cuts). Howell got half the votes of the

other left candidates.

There is nothing wrong with an election platform which focuses primarily around defence of party democracy against the centralising Blairites. But for this to continue to be relevant to wider layers of Party members, let alone workers outside, it also has to make key policy issues central.

The biggest problem facing the Left in Britain, inside and outside the Labour Party, is the low level of industrial struggle. The latest figures for strikes are again the lowest on record. Although this will not continue indefinitely, it is an indication of the scale of the recovery necessary after the defeats of the Thatcher years.

For the moment, the Blair government is able to get away with building on Thatcher's policies because of this lack of opposition. The leadership of most trade unions express only mild

criticism of Blair's policies. They lobby the government for improvements, but cannot imagine actually mobilising trade unionists to put real pressure on for change. Or taking strike action over such issues as the continued clamp down on pay in the public sector. The recent Trade Union Congress showed the majority of unions to be prostrate in front of the government, making similar noises about partnership with the employers as the Labour leadership. The left-led unions are too small to have much impact in this situation.

The main task for the Left is to build opposition to these policies, particularly in the trade unions, to encourage struggle against the government's policies and to support and build on those struggles which do break out. ★

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New Labour's structures

National Conference - delegates are elected by trade unions, Constituency-level Party bodies, and a small number of socialist societies. Trade union delegates hold about half the votes at conference, with almost all the rest held by constituency party delegates.

National Executive Committee - 32 members, six elected by all members of the Party, three elected by the MPs and MEPs, rest from trade unions, local government councillors, Leader and deputy Leader of the Party.

The NEC used to be the highest body of the party between conferences, dealing with both policy and organisation. Policy has been taken away from the NEC to the new **Joint Policy Committee**, which consists of 50% NEC members, 50% Cabinet (government) members and the leader of the Party (i.e. Blair).

The **Parliamentary Labour Party** is the organisation of the Party in parliament. It consists of all Labour MPs.

The **National Policy Forum** is a relatively new body. This is the main place where Party policy is discussed. Consists of delegates from the PLP, trade unions, socialist societies, NEC, and delegates elected by CLP delegates to national conference.

The Forum has no formal method of functioning, i.e. no votes are taken, and its reports are essentially drawn up by the leadership.

Partnership in Power is the name of the changes introduced by Blair at the 1997 conference. Severely restricts the opportunity for the Party, through conference, to

criticise the government and hold it to account.

The **Conference Arrangement Committee** oversees the running of conference, the legitimacy of resolutions etc. Often ignored by the leadership. Elected from CLPs and unions.

Campaign for Labour Party Democracy - an organisation committed to fighting for reform of the structures of the party and its democratisation. Won some important victories in the past, but is now considerably weaker. Does not concern itself much with policy issues.

Labour Reform - an organisation which has emerged in the last two years consisting of disenchanted right-wingers. Committed to maintaining the link between the party and the unions and opposed to the Partnership in Power changes.

On policy issues it is often right wing. Often seen as the 'Hattersleyites' after Roy Hattersley, former deputy leader of the party who is a vocal critic of the current leadership, although not actually a member of Labour Reform.

First Past the Post - the current system of election to the British House of Commons, whereby the country is split into 650 constituencies and the candidate getting the most votes in the constituency is elected, regardless of what proportion of the votes this is.

European elections, and elections to the new Scottish Parliament and Welsh Assembly will be under proportional representation. A commission is investigating the introduction of a proportional system in all future national elections. ★

The Basque conflict after the ETA ceasefire

Euskadi under a new star

It's official (almost). The Basque country has a real peace process. Former ETA leader José "Troglo" Castaños discusses the future of the pro-independence left.

ETA has declared an unconditional and unilateral cease-fire. Politicians from all Spain's "historic nationalities" – Catalan, Basque and Galician – have united to campaign for a reform of Spain's constitution. And, with a majority of Basque political parties, trade unions and social movements now sharing some common reference points in the debate on the country's future, a watershed seems to have been passed.

The depth of the changes represent a second democratic transition, as significant as that which followed the death of the dictator, General Franco, in 1975. The constitution which emerged from that first transition no longer fits the needs of the "historic nationalities" of the Spanish state, and, in particular, the people of Euskadi (the Basque country).

Spain is a centralised state, with a complex series of devolved powers for each of the "Autonomous Regions." The powers Madrid is willing to surrender are no longer enough for the "historic nationalities." Basque and Catalan politicians are demanding greater powers – sovereignty over most of their own affairs.

Businessmen in the Basque country and Catalonia are willing to accept these new models of "shared sovereignty." As Spain integrates into the European Union, they recognise that a strong regional government can offer them important protection and incentives.

Having said this, most businessmen want to keep Spain together as one state. And they certainly don't want any "shared sovereignty" to reduce the force of the neo-liberal policies currently applied.

Applied by Catalan and Basque politicians, in fact. Both regions are governed by right-wing, moderate nationalist parties. The Catalan nationalists are an essential part of Prime Minister Jose Maria Aznar's conservative coalition in Spain's parliament.



It seems that businessmen will have little objection to a renegotiation of the autonomy statutes of the Basque country and Catalonia, carried out by the conservative politicians in each region, together with the Madrid government. They do not anticipate any change in the social order, nor in the stability of the whole.

But stability is threatened by two powerful forces. First is the growing power of Spanish (castilian) nationalism, expressed by the far-right parties, and by the Socialist Party which governed Spain for most of the period after the first transition. Leaders of the Party agree with the editorialists of the right-wing daily ABC, that the proposed reforms threaten to disintegrate Spain, and destroy the Spanish national idea.

This is pushing Catalan and Basque politicians towards greater radicalisation. Something accepted, so far, by the moderate leaders in both regions.

The second big obstacle to the second democratic transition is the determination of the Basque left. It demands political sovereignty, and has been able to accumulate considerable social force behind its social and political demands.

So far, the moderate nationalists, Spanish chauvinists, and left/radical nationalists have about equal weight in the Basque political spectrum. But pro-sovereignty thinking is

steadily increasing. The Spanish national idea is less and less popular. Even the desperate and cynical attempts of the Socialist Party to separate its Basque militants from the 'indigenous' population cannot stop this.

A growing, social majority of society is represented in the Lizarra Accord on the principles for a democratic transition. This new agreement represents a wide range of political and social forces.

Within the "Lizarra bloc", there is a struggle for leadership. On the one side is the moderate nationalism of the Basque National Party (PNV), the christian-democratic party which has dominated the region for decades. On the other side is the Basque left, represented by the highly politicised trade unions, the social movements, the main radical nationalist party Herri Batasuna, and smaller far-left parties like Zutik, a regroupment of Trotskyist, ex-Maoist and former ETA militants.

This pluralist and dynamic left has come together in a new electoral front – Euskal Herriarrok (Citizens of Euskadi). Created immediately after the ETA cease-fire, Euskal Herriarrok is the first step towards the articulation of all Basque left currents within a common, nationalist project.

The basic lines of the Euskal Herriarrok programme reflect a concrete combination of national democratic

and social demands. Not abstract nationalist concepts and dreams, nor general schemes for the future socialist society, but the kind of social and political demands that a majority of Basque residents would support, even be willing to fight for.

And this ability to bring people together in action is the most exciting thing about the new coalition. Euskal Herritarrok has been able to create itself as the political-institutional expression of the broad socio-political progressive movement which characterises the Basque country, with its strong and political trade unions, massive social movements, and high level of political consciousness and participation.

This is not a party that seeks to administer public institutions, or make partisan propaganda from the privileged positions of parliamentary power. The attractiveness, force and impact of Euskal Herritarrok is in its capacity to be something else, something different.

Euskal Herritarrok is a new formation, but the signs so far are very encouraging. The strategy of armed struggle has been replaced by the strategy of civil disobedience. This is surely the basis of any project for renovation and refoundation of the Basque left.

And the nationalist discourse is being modified too. Rather than the problems of Basque identity, Euskal Herritarrok is concentrating on the integration of a Basque civic consciousness. They want a Basqueness where diversity of origin is normal and accepted. And where pluralism is a normal, positive part of life. Including in political organisations...

Not all the sectarian inertia of the recent past has disappeared. And there may be a moment of crisis, when the new coalition has to decide, definitively, to embrace the new road and abandon the old.

Euskal Herritarrok faces a difficult struggle – a struggle for rupture with the central state, and a struggle of competition with the moderate Basque nationalist bloc.

But this apparent complication could be an opportunity. It could force all the components of the left to reinforce the ties of unity, and put common political action and civic mobilisation at the centre of everything they do. ★ [JRC/AN]

The Stormont agreements for peace in Ireland have opened the doors of hope for a similar solution to the Basque conflict.

Ireland has always been a reference point for the Basque country, and with the opening of the negotiated peace process this is even more the case.

The Basque people previously viewed its struggle in the mirror of the Central America and Palestine peace processes. But in the 1980s people lost hope, particularly after the failure of the Algiers talks between the armed independentists of ETA and Spain's socialist government.

But hope is returning. Partly in response to the Irish "peace process." And partly because of the obvious failure of Spain's double strategy: autonomy and repression.

A negotiation forum

The radical independence movement Herri Batasuna has convinced a wide range of forces to support a negotiated settlement. They have been joined by moderate nationalist forces, the Basque far left (Batzarre and Zutik), most of the labor movement, the social pacifist movements, the most active nuclei in the Basque Church, the Communist-led United Left, the centre-right Democratic Convergence of Navarra and a minority in the Basque section of Spain's Socialist Party (PSOE).



Street fighting years

Many Basque left youth groups have a strategy of sabotage. This "kale borroka" is not "indiscriminate violence," as the media inevitably claim. Their targets are public buildings, urban installations, banks, and the private employment agencies hated by young people across Spain (half of the young are unemployed).

"Kale borroka" aims to reproduce the "culture of the armed resistance", and expose its counterpart, "the repressive culture to impose order where none exists."

The Basque bishops have issued multiple public appeals calling on the political parties to embark on the road of a dialogued peace based on the respect for the collective rights of the Basque people. The latest such appeal, issued by Bishop Setien of San Sebastian, who functions as a spokesperson for the Basque church, even insisted on opening such talks even though ETA's actions continue.

This is the same line expressed by the minority in the Socialist Party. But United Left leader Julio Anguita is opposed to participation in the talks unless ETA first lays down its arms.

Two national fronts

Herri Batasuna's (and through them, ETA's) collaboration in the quest for a collective commitment for peace is no surprise. For some time now HB has been aware that the correlation of political forces makes achieving national independence through armed struggle impossible.

But the gathering together of the three main nationalist forces, in the demand for a negotiated solution, has been greatly facilitated by the determined action of the Basque labor movement (see separate article) and the social pacifist movement.

The United Left's decision to become part of this process is a new element. Some parts of the communist-led

★ The Basque country and Spain

movement have been extremely hostile to "separatists" and those who challenge Spain's constitutional order.

Of course, not everyone wants a negotiated settlement. The Basque country is racked by a long and ferocious struggle between two opposing ideas of the nation and the state.

Negotiation and dialogue is anathema to the pro-Spanish bloc. This includes the parties of the pro-Spanish right (the Basque wing of Spain's ruling Popular Party and the Navarrese People's Unity), the Basque wing of the Socialist Party, the socialist-dominated UGT trade union and, regrettably, the majority in the communist dominated CCOO trade union.

The commitment of all the participants to maintain the forum open until achieving some common political bases demonstrates the firm disposition to provide leadership to the majority feeling in Basque society in favor of a negotiated peace. It also demonstrates the will to do so even though weapons continue to be fired and ETA's attacks continue.

This disposition on the part of the political forces responds to a series of circumstances that in coming together have given rise to a new political cycle in the Basque country.

- A recognition that there are no police-repressive solutions to politically inspired violence that has already lasted 35 years.

- The Basque country's Statute of Autonomy within Spain, and ETA's armed struggle have simultaneously run their course.

- Spain's whole model of decentralised autonomous regions is called into question by the new framework of European monetary union.

- These factors have led to a crisis of Spanish national identity.

National leadership

The Autonomy Statutes of the Basque Country and Navarra were born 20 years ago. They reflect the impossible gap between the maximum that the Spanish state was willing to grant (formal recognition of Basque historical rights, but the constitutional affirmation of Spain's unity), and the least degree of sovereignty that the nationalist majority of the Basque people was willing to accept (the right to self-determination and territorial unity).

The Statute was considered a "centralist imposition" by most of the Basque people. The deep feeling of national frustration that emerged explains the political radicalisation of Basque nationalism and the social support for the armed resistance of the Basque independence movement.

It is difficult for outsiders to appreciate the depth of Basque rejection of the "settlement" that followed the death of Spain's dictator, General Franco. Only 31% of Basque voters approved Spain's new constitution. About 56% boycotted the referendum, at the request of all the nationalist parties. The Statute of Auto-



nomies was approved by only 53%, with 41% abstaining (as urged by radical nationalist forces). This radicalism is not limited to purely Basque questions. In the referendum on Spanish entry to NATO, only 21% of Basques voted in favour.

Socialist state-builders...

The Spanish Constitution explicitly rejected the right to national self-determination. It divided the Basque territory into two independent autonomous communities: the Basque country and Navarra. It deprived the nationalities of legislative sovereignty. Each self-government function delegated to an autonomous region was subject to Madrid's case-by-case approval.

The Basque Socialist Party accepted these new constitutional limits, ending its historic alliance with the Basque National Party (PNV), the dominant political party in the Basque country.

The two parties had been allies during the civil war and during the resistance to Francoism. 40 years of collaboration in the Basque government-in-exile had pushed the Basque Socialist Party to accept the demands of national self-determination and the territorial unity of the Basque country (divided into the Basque Country Autonomous Region, Navarra Autonomous Region, and a region incorporated into France).

The Socialists' subsequent renunciation of these positions has destroyed the possibility of bringing together the entire Basque people in a national project jointly shared by Basque nationalism and pro-autonomy socialism. This has given rise to a deep crisis of national leadership.

...and bourgeois pragmatists

The Basque bourgeoisie is inherently pragmatic. It reluctantly accepted the Statute, rather than assume the risk of leading a political confrontation with Spain's post-Franco state apparatus. But it denied the radical nationalist's accusation that this was a "national betrayal." For the PNV, the Statute of Autonomy was a tool with which it aspired to conquer new spaces within the context of national sovereignty. It placed moderate nationalism in a position of constantly raising national demands.

The Basque country is a divided society. There are two opposing national projects: that of constructing a Basque nation different from that of Spain, and the project of affirming the Spanish national ideal above the interests of the Basque people.

This national division has been crisscrossed, in turn, by other two superimposed divisions: class differences, or to put it another way, the social content of Basque autonomy (what type of nation is to be built), and differences on methods of political action (ETA's armed struggle).

Madrid's left takes a position

Solidarity with the Basque struggle is increasingly rare in Spain. One welcome exception is the Manifesto recently circulated at the initiative of Left Alternative in Madrid.

It has been signed by over 100 intellectuals, some local leaders of United Left, and some Socialist Party politicians who worked in the Ministry of Justice during the past socialist government, including Margarita Robles, and others who uncovered the participation of some top officers of the Civil Guard in the organization of the right-wing terror group GAL.

The Manifesto is based on four very simple ideas:

- Police-repressive solutions do not resolve a question that is political in nature.

- The Spanish State should accept the demands for peace and democratic coexistence, which have majority support in society. It should assume the responsibility for a dialogued solution to the violence.

- To put an end to the suffering and restriction of human rights, it is not necessary to wait for ETA to decide to put down its weapons.

- Rather, we need gestures that will relax the situation, such as relocating Basque prisoners near their places of origin, and opening the way to dialogue and negotiation without conditions.

- ETA should accept a military truce that would facilitate the beginning of these talks for a dialogued end to the conflict. ★



This criss-crossing of projects and the relatively equal division of the political forces present, has given the struggle between the contending leaderships the "appearance of a labyrinth", because the political alliances have always been very intertwined. There has been, for example, a democratic alliance of all forces against terrorism, but each participant has its own way of understanding how to resolve the problem of violence. The Popular Party and the Socialists have supported repressive police solutions, while Basque nationalists, and the United Left, have tended to support negotiated political solutions.

But differences on some political questions do not prevent a de-facto agreement from functioning within the Basque nationalist movement as a whole. After all, a majority in Basque society support the idea of a unified and independent Basque nation.

Similarly, political differences between the pro-Spanish political forces (the conservative Popular Party and UPN, and the Socialists) do not prevent them forming a de facto bloc. This grouping represents a broad social minority in Basque society, which identifies with the Spanish national idea, and supports the current constitutional arrangement (a unified state comprised of regions with varying degrees of autonomy).

On social problems, of course, the alliances are rather different. The social and political left (United Left, Herri Batasuna tends to link up with both the nationalist trade union bloc and the pro-Spanish trade unions CCOO and UGT. As well as opposing the neo-liberal social policies of successive Spanish governments dominated by the Socialist Party or the Popular Party, the left has not hesitated to challenge the same policies when they are implemented by the Basque National Party (PNV), which dominates the Basque assembly.

The electoral line-up has been very stable during the 20 years since the Statute of Autonomy was introduced. The moderate nationalist vote (essen-

tially PNV) represents 40% of the electorate; radical nationalism and the left represents 25% of the voting public; the Spanish right 17%, and the PSOE 16%.

One cannot make a mechanical relation between these electoral percentages and the composition of the Basque population by place of origin, but it should be noted that the combined vote of the PP and the PSOE (33%) is very similar to the percentage of Basque citizens born in other parts of the Spanish state (28%). Their descendants, the second generation, are blended in with the population of Basque origin, and their political choices are generally different than those of their elders.

The electoral tendencies in Navarra are quite different. A stable majority support pro-Spanish political parties. The Basque-Navarrese options represent only 30% of the voting public.

Degrees of Autonomy

Basque self-government has had contradictory results. But after 20 years, the evidence confirms the failure of strategy of "working within the statute." There is still an acute crisis of political leadership in the Basque country.

The PNV were partly right. The Statute has served to consolidate a certain degree of Basque nation building, by establishing the bases for a solid, autonomous, national administration for the Basque Country autonomous region, even within the framework of the central government's "guided sovereignty". The powers which Madrid has surrendered to the Basque capital, Bilbao, include some key competencies, like fiscal policy, economic development, and public order.

The Basque government collects all taxes, based on its own criteria, which do not always coincide with those of the central government. It has absolute independence in administering its own budget, and pays Madrid for services provided by the central administration. This system is very close to that of shared sovereignty, and has allowed the Basque government to carry out a wide programme of nation building efforts that should not be underestimated. Industrial re-conversion has had a very high social cost but less so in comparison with other regions of the Spanish State. The unemployment rate is high (17% of the economically active population), but the social benefits accompanying industrial re-conversion have also been appreciable (early retirement with 100% of wages paid, considerable economic compensations, etc).

The Basque bourgeoisie has thus been able to modernise the productive apparatus so as to make it competitive in the world market (the average industrial growth rate of the past two years has been 9%). In doing so, it has transferred the social responsibilities involved in the re-conversion effort to the central government, which in the end has paid

the political cost of unemployment and uncertainty in the workplace.

Another area of nation building is education and culture. In this field as well, the Basque government has exclusive control, which has allowed it to consolidate the Basque Public University, incorporate teaching of the Basque language (Euskera) in all levels of public education, and build a complex system of support for recovering the native language and expanding Basque national identity (the region's own radio and television stations, publishing policies in Euskera, and construction of a Basque as opposed to a Spanish historiography).

Thanks to these efforts, the children of immigrants from other parts of the Spanish state have been largely integrated into Basque society (sharing the national consciousness, voting patterns and aspirations of the 'base' population). And the development of specific media, textbooks and other cultural products specific to the Basque country have ensured that national consciousness is increasingly differentiated from that of Spain.

The transfer of public order duties from Madrid to the autonomous Basque government is more controversial. The Basque police (Ertzantza) has replaced all Spanish police units in the Basque country. The only exception covers anti-terrorist activities. This is a shared responsibility, though the Ertzantza and the Spanish police carry out their work with different criteria. Although they cooperate with the Spanish police in some areas, the ethos and management of the Ertzantza also brings them into conflict with their Spanish counterparts.

The transfer of public order duties to the Basque government is linked to the preservation of democratic liberties threatened by the central government, which uses the excuse of fighting terrorism to try to outlaw HB, close down the Basque media, declare states of emergency, militarise the entire Basque territory, and carry out state terrorist activities against the Basque national movement.

Despite these advances, the Autonomy Statute period has left a number of deep wounds in Basque society.

Democratic deficit

The constitutional barriers to freely deciding the country's destiny (self-determination) lead to a constant democratic deficit. This was expanded during the years of Socialist Party government, through anti-terrorist legislation, the confinement of Basque prisoners thousands of kilometres from the Basque country, the organization of the GAL state terrorist group, the habitual practice of torture in police interrogations, and the manipulation of the court (anti-terrorist courts make decisions solely based on police reports gathered from interrogations, without a lawyer's presence.)

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Herri Batasuna supporters often exaggerate this democratic deficit, however. Yes, there are central government impositions. Yes, the Autonomy Statute faces a crisis of social legitimacy. But the Basque country does not suffer blanket indiscriminate repression, as ETA argues. Nor does the Autonomous government lack any social support (as it did during the early years of Spain's democratic transition.) Political repression has not been directed collectively against the Basque people, but selectively against ETA. Inevitably, of course, this has meant abuse of the most elementary norms of the "rule of law" and the Statute of Autonomy.

Even though such measures have been strongly questioned by the Basque people, they have received social support among the pro-Spanish parties: the Popular Party, the Socialist Party and the Navarra People's Union. The combined support for these parties accounts for 40% of the electorate in the Basque Country and Navarra autonomous regions. This bloc has a non-mobilized social base (compared with the level of politicisation that characterises the Basque nationalist bloc). But the pro-Spanish bloc is still able to resist the process of integration of Spanish immigrants into the Basque national community.

But whether they see themselves as Basque, Spanish, or both, a clear social majority (73% according to the opinion

polls) questions the legitimacy of both ETA and police violence. Unlike the leadership of the Basque Socialist party, many of their voters share the solidity of the democratic culture of the Basque



people.

Of course, the clash between these two violence forces adds a dose of intolerance to political life, and makes civic coexistence difficult. Over 1,200 people have died in the 35 years of armed struggle. There are 600 Basque prisoners in Spanish jails and more than 500 refugees.

A people divided

Navarra could have been peacefully reunited with the Basque Country resolved at the beginning of the post-Franco transition, in the long years in which the Socialist Party governed simultaneously

in Madrid, Navarra, and (with the PNV) in the Basque Country.

Instead, the Socialist Party allied itself with the anti-Basque right-wing and froze Navarra's secession, blocking the institutional relations between the two autonomous communities, and constructing a Navarrist and Spanish identity that attempts to differentiate itself from Basque identity through a discourse opposing supposed Basque interference in Navarrese affairs.

The strength of this discourse has received support from the majority Spanish speaking population of Navarra. Their regional consciousness draws on the rotten, privileged tradition of a territory that was a social base of the Francoist right wing in the civil war. It is based on secular fears of Basque assimilation, and responds to the historical errors of Basque nationalism, which has shown an inability to construct a national discourse adapted to the historical peculiarities of Navarra. The result has been to prolong separate institutions over time that lead to a greater distancing between the two communities as mutual distrust grows between them, and the construction of a Navarrist identity that includes in its ranks the ambivalence of two opposing national reference points: the Basque and the Spanish.

Us and them

The surge of national hatreds has been one unavoidable consequence of the socialists' blunders in their treatment of the Basque question. They have taken 20 years to transfer the prerogatives of self-government recognized in the Statute of Autonomy, and each transfer has had to be forced out of the central government at the price of an increase in national tensions.

Every aspect of self-government that has been transferred from the federal government to the Basque country has always been presented as a concession to "nationalist voracity." At each moment, the Basque government has been challenged to publicly declare their commitment to repression against ETA.

Spanish public opinion has been encouraged to feel wounded by the "national egoism of the Basques." An infernal dialectic of national offences has been set off, because this nationalist discourse has provoked a reaffirmation of anti-Spanish feelings among the Basque people. This has been exploited by the pro-Spanish parties to hinder the integration of Spanish immigrants into Basque society.

Leaders of the Basque Socialist Party theorised the division of the Basque people into two national communities: a bourgeois and racist Basque community, and a Spanish community which, due to its emigrant origin, was considered to be worker, socialist and universalistic in character, and thereby exempt from "national prejudices".

The labour movement

The nationalist trade unions ELA, LAB, ESK, STEE, and Ezker Sindikala, represent 61% of all union delegates in the entire Basque territory (including Navarra). The pro-Spanish unions (UGT and CCOO), represent 37%.

The ELA was established by the Basque National Party (PNV) as a counterweight to class struggle trade unionism (Socialist, Communist, and Anarchist). Of Christian Democratic orientation, the ELA was a "yellow" union in the 1930s. The anti-Franco resistance pushed it slowly toward left positions, although without ever breaking with the PNV.

The institutionalization of Basque autonomy after Franco's death led the ELA to distant itself from the PNV. It abandoned its inter-class theses. The new cycle of neoliberal policies has pushed the ELA to definitively incorporate the class struggle into its pro-independence outlook. It is one of the best organized union confederations of Europe. It has 90,000 members (more than those of the UGT and

CCOO combined), a strike fund of 1,200 billion pesetas (US\$900m), and a membership dues system that represents 87% of income. It is the only major trade union in the Spanish state that does not depend on government financing. This gives ELA absolute political independence in its relations with the public administration.

In the past two years, ELA has established a strategic alliance with LAB, the Herri Batasuna-led labor confederation, which represents 15% of all union delegates.

This alliance is based on the demand for a Basque framework for labor relations (legislative sovereignty), in an action plan against unemployment and poverty (sharing work and wealth redistribution), and in combining national demands (self-determination and political sovereignty) with social demands (building an Euskadi based on equality). On the basis of this labor alliance, the participants are attempting to build support for a negotiated solution to the problem of political violence. ★

Thus, all the progress made in national integration in solidarity with the anti-Franco struggle was interrupted. These same Socialist leaders later initiated and ran the GAL state terrorist group, which kidnapped and murdered people suspected of support for the national movement.

They also ensured the division of the Basque labor movement in two trade union fronts differentiated by their attitude toward the national question.

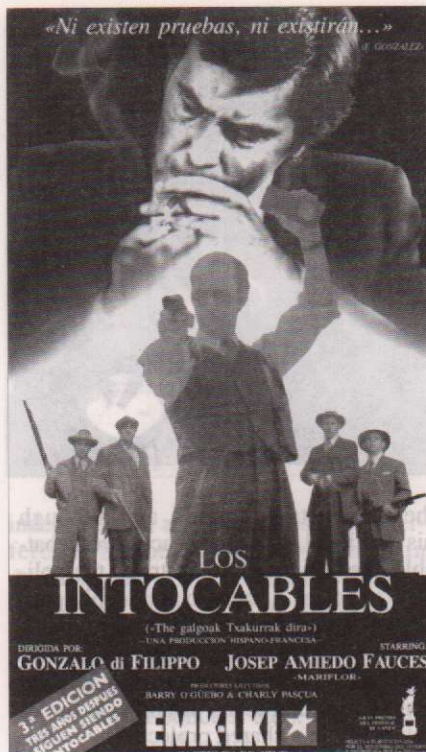
Nationalist frustration with the autonomous solution has not ceased growing, and the clash of national identities between the Basque social majority and the vast minority of Basque or Navarra citizens who feel both Basque and Spanish at the same time or just Spanish and anti-Basque, has not disappeared as a result of assimilation or a modification of identity behavior. When we add the enormous distortion introduced by ETA's armed actions, we find ample explanation for the deterioration of the political situation and the demand for constitutional reforms. As a result of the failure of the Statute of Autonomy, such demands are today being formulated by most of the Basque political, trade union, and social organizations.

The exhaustion of the armed struggle strategy

ETA's decision to assassinate Popular Party politicians was a key moment in the political deterioration of the Basque conflict. The entire Basque society, right and the left, nationalists and non-nationalists, took to the streets in an unprecedented general mobilisation against ETA, following the assassination of a PP municipal council member in the village of Ermua in June 1997. Unlike previous mobilizations, this time there was a general perception that ETA had surpassed the limits of what is acceptable.

ETA's strategy of "socialising the pain" felt by its own supporters provoked a massive backlash. Political slogans used in the fight against the Francoist dictatorship were turned around, and the unanimous demand of the Basque people to do away with the repressive forces of Francoism, has now been turned against ETA.

The enormous open contradiction between the discourse of an organization that justifies its political violence under the pretence of liberating its people from national oppression, and its receiving a unanimous condemnation of its violent methods from this same people, even led the majority of Herri Batasuna's electorate to question the usefulness of armed struggle. Such a political display is the equivalent of a slap in the face, like being thrown out of the house by your own family. For the most lucid leaders of radical nationalism, the need to implement a change in the general strategy of the national liberation movement became clear.



The PNV realised that the backlash against ETA could weaken all nationalist forces, particularly if the armed struggle continued. The convergence of these two

circumstances have created the necessary conditions for a general modification of all the contending political strategies.

Labour provides the leadership

The alliance of unions originating in the PNV (ELA), and those initially organized by ETA itself (LAB), have taken the initiative of offering a way out of the crisis. The initiative has been made possible by the opening of spaces created by the social movement for negotiations (ELKARRI), and in the maturing of a majority current of opinion that doesn't want either the violence of ETA nor the centralist, repressive straight-jacket. The virtue of the proposals coming from the labour movement are the clarity of the formulation of this civic sentiment, and the legitimacy conferred by the organisers' trade union identity and their majority influence on the organized labor movement.

The general secretary of the ELA, José Elorrieta, formulates the key ideas of this 'alliance to provide leadership for the new political solution' as follows:

- The Statute of Autonomy has run its course, and a new pro-sovereignty initiative is necessary to conclude the process of nation building.

The Basque government Peace Plan

- It is not possible to think of the possibility of a police victory over terrorism, and it is not reasonable to think that ETA will voluntarily renounce the armed struggle, nor that HB will cease supporting ETA and instead become involved in the democratic system.

Therefore, a dialogued end to the violence is necessary.

- No democratic government will ever negotiate with terrorists. Negotiations, therefore, should be among the political parties. ETA should delegate their political representation to Herri Batasuna, and decree an indefinite cease fire following the agreement among the political parties.

- The political bases for a negotiated solution should have the Statute of Autonomy as its jumping off point for resolving its deficiencies: transferring all self-government powers, including those referring to social security and the organization of a Basque national bank, recognition of the right of the Basque people to freely decide its national destiny, and initiating a process of territorial unity with

Navarra, under forms of institutional coordination freely agreed to by all sides.

- The Spanish Constitution should be flexibly interpreted in order to be able to encompass these necessary reforms, which will be adopted by the central government after having been submitted to and accepted by the majority of the Basque people.

- ETA's armed struggle is an obstacle to forging this new national consensus. ETA should facilitate the political agreement by announcing a unilateral military truce. It should not be asked to lay down its arms, but rather should adopt distention measures that facilitate this consensus.

The Basque Nationalist Party should assume the responsibility for initiating the political talks with Herri Batasuna and the other political parties, even though ETA's armed struggle continues. "Political realism" is to be placed above discourse criticizing violence, and the political talks should be shielded from the changing fortunes of the political violence. ★

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• ETA is an obstacle because it creates more problems than it solves, because it perverts the ethics of the Basque national liberation movement, and because it blocks the capacity of political initiative on the part of the social majority.

• But since ETA is a roadblock for the centralist Constitution, the national question and the problem of political violence are situated on different yet interrelated planes. The pretence of putting an end to the violence by police methods, besides being useless, is anti-democratic. A solution arrived at through a dialogue is necessary to build a new national consensus concerning the historical rights of the Basque people, because it will allow for simultaneously resolving the national question and the problem of political violence.

These ideas reflect the current balance of forces in the Basque country. An implicit recognition that Basque nation building cannot at present be carried out with the revolutionary methods involved in a break with the central government.

They nonetheless reflect the majority opinion of the Basque people and the possibility of moving forward in the framework of a pro-sovereignty perspective of constitutional reforms. This willingness to prioritise political considerations to promote citizen participation, in turn raises the need to articulate new political alliances (constructing a new national consensus) in which the Basque bourgeoisie can aspire to consolidate its political leadership over the Basque country through the active involvement of the PNV in its political life.

The national alliance

The national alliance proposed by the Basque trade unions does not imply renouncing the class struggle and the goal of a "sovereign and socialist Basque nation", because it will be precisely such forces that lead the struggle against the Basque Government's neoliberal policies.

The political struggle against the Basque bourgeoisie through raising social demands against unemployment and poverty (sharing work and a general redistribution of wealth) is more a possibility today than ever before. Fortunately, it does not represent an obstacle for the PNV to actively participate in the national consensus for a negotiated settlement of the Basque question.

The peace plan presented by the president of the Basque government closely resembles the proposal raised by



the Basque trade unions, and although his "political bases for peace" are debatable, the initiative demonstrates the political savvy of a social class deeply concerned about its country and its businesses. The government proposal well summarises the evolution of a Basque bourgeoisie that tends to unify its forces nationally in a shared project. The political violence and the Statute of Autonomy do not allow for the construction of an integrated nation, which needs both a climate marked by political normalization as well as a greater degree of economic cohesion between the different Basque territories.

Basque nation building also needs the emergence of infrastructure that facilitates its integration in the European markets, and a system of shared sovereignty in the Spanish State's relations with the European Union.

After all, 40% of Basque-Navarra industrial production is earmarked for the European export market. Whereas, in the past, the perspective of the Spanish national market pushed the Basque bourgeoisie to break the domestic tariff barriers, the Basque financial and industrial markets are now tending to shift from the rest of Spain to Europe and Latin America.

The Basque Government has opened commercial offices in the main European and Latin American countries. The Basque bank, Banco Bilbao Vizcaya, is one of the most active Spanish multinationals in Latin America, and is cooperating with the government to open up new markets for the Basque manufacturing industry. Basque emigration to the capital cities of many Latin American countries has also played an important role in this expansion of Basque business operations.

These tendencies encourage moves toward Basque-Navarra economic integ-

ration (shared economic interests), mixed formulas of collaboration on the political-institutional level (Council or Basque-Navarra congress such as was recently held between both autonomous governments), the creation of a Basque National Bank (a demand already formulated by the PNV), and the opening of commercial representation offices abroad to consolidate or increase the Basque country's presence in international markets.

The political alliance that has begun to take shape between the PNV and the Democratic Convergence of Navarra points in the same direction, but its consolidation requires formulas for the Basque country's territorial unity based on respect for Navarra's specificity. The political bases of the Basque government's plan appears to be considered in the framework of building that new national alliance in the new constellation of "states and regions" of the European Union.

The spirit of intolerance

The difficulties in building this new national consensus are not negligible.

Spanish nationalism is the most obvious problem. The "Spirit of Ermua" seems to be the banner around which it revolves. The anti-ETA mobilizations of 1997 have given a new impetus to Spanish nationalism. The forces adhering to it include most of the Spanish political parties (PP, Socialists, some leaders of the United Let), the UGT and CCOO trade unions, the state media, and most cultural workers or pseudo-intellectuals that feed from its trough.

The key idea of what they call "the spirit of Ermua" are terrifying for any democrat. Here are a few sample arguments from the Spanish press.

"There is no Basque national question; there is only a terrorist problem that should be resolved through the unity of all the democratic forces in backing police-repressive solutions".

"The Basque left is a fascist movement that puts democratic freedoms in Spain in danger, and if the moderate nationalism of the PNV represents a democratic political option like it says it does, it is obligated to defend the autonomous policies of the state against the totalitarianism of ETA..."

"The nationalist identity of the PNV leads it to adopt ambiguous positions that give cover to terrorism, and its support for Basque nation building leads it to ideological fundamentalism, to exclude those who are not nationalists, and to interference in Navarra..."

Anti-Basque feeling has thus become an official ideology of the state, a type of sublime act of democracy that identifies what is democratic with what is Spanish and what is terrorist with what is Basque. This is a gross manipulation of collective feelings – feelings as diffuse as the idea of "national solidarity among

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Do the workers have a country?

by José Iriarte "Bikila"

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the peoples of Spain" and "let's stop the violence."

Most European nationalisms seem to feed off the fear of the loss of cultural identity, and they have found a scapegoat in African and Eastern European immigration to justify their expansion. But end-of-century Spanish nationalism is different. It feeds off the frenzy spurred by the loss of sovereignty "from above" (Europe), and the fear of the national disintegration of the state "from below" (differentiated nation building projects in The Basque country and Catalunya). The "spirit of Ermua" is being evoked in order to promote a movement that compensates for the loss of Spanish sovereignty in the foreign policy sphere with the reaffirmation of domestic unity.

A new kind of nationalism

The discourse of Basque nationalism, or the way it responds to the ideology of Spanish national resistance, will be decisive in the process that is now unfolding. We must introduce some important changes in the national project. To ensure that we have an integrative approach to the different national identities present in the Basque country. This means replacing the ideology of national affirmation with a policy of civic integration.

To take firm steps toward territorial unity, it will be necessary to deactivate the ideology of Navarra anti-Basque resistance. This implies recognizing Navarra's specificity, in a formula for an institutional alliance between the two territories. It means constructing a new national identity for the Basque-Navarra population.

A similar phenomenon occurs with society's problems of national identity and the exercise of the right to national self-determination. As we all know, the recognition of this right is one thing and its practical implementation another. It is easy to construct a consensus backed by a wide majority around the constitutional recognition of the right to self-determination (which is the "sine qua non" condition for finding the solution to the Basque question), but it is equally foreseeable that its practical implementation would in today's conditions produce an enormous political division among the Basque people.

All the opinion polls confirm that none of these possible options put to a popular plebiscite would obtain a majority. Basque society is not sufficiently cohesive for definitive solutions concerning the future of the nation to obtain majority consensus support. Therefore, a period of transition is needed in which other complementary formulas of sovereignty (which would enjoy a majority consensus) can be applied.

Practical experience convincingly demonstrates that many people who would possibly vote against national



independence, are also opposed to interference by the central government in decisions that could be taken by Basque institutions. They could be persuaded to support measures of Basque political sovereignty (the unilateral adoption of political decisions, exercising the right to veto centralist policies, etc.). This would allow us to push aside the conflict of national identities and the collective fears of national assimilation on all sides: the Basque fear of Spanish assimilation, the Navarrese fear of Basque assimilation, and Spanish immigrants fear of losing their original ethnic identity.

These formulas for a deeper level of sovereignty, without independence, thus appear as the only way that the Basque people can be unified behind a nationalist project.

Truce and negotiation

Everything seems to indicate that Basque nationalism is today in the process of accommodating its national project to the existence of divisions that currently prevail in Basque society. From this can be expected a proposal of a common political basis for a dialogued solution to the violence.

It can also be supposed that the majorities presently adhering to the Basque Socialist Party could change their stance. Even so, there are no guarantees that the Spanish parties in The Basque country (or a part of them), would abandon their full-blown resistance to Basque nationalism.

The negotiation strategy that the nationalist movement is currently following is both audacious and unpredictable. There are two possible outcomes. First is the offer of an indefinite military truce by ETA, but without any "decommissioning" (surrender of arms.) The second possibility is the organization of a popular plebiscite on the general principles of the negotiated settlement (the ELKARRI proposal). Both these developments would unanimously mobilize a society that wants an end to the political violence. They would isolate all types of resistance that currently stand in the way of the dialogue. It would also

put the central government in a difficult situation, leaving it without any other argument than pure force.

However, there is a problem in the medium term, namely the continuation of ETA's armed struggle and the police repression against it. So far, the peace talks between PNV and Herri Batasuna have been "shielded" from the cycle of violence. One Basque government Minister of the Interior paraphrased the words of Isaac Rabin in explaining that "...one must negotiate while they are killing and pursue them as if we were not negotiating..."

The desire of peace is so strong that all sides accept these ground-rules. But if the talks are prolonged beyond the point that Basque society is willing to tolerate, the implicit spiral of violence could devour the dialogue process.

Where is the Spanish left?

A positive and responsible engagement by the Spanish left is another factor that could tip the balance in favour of a negotiated settlement. But the tendencies and sentiments prevailing on the left are not exactly encouraging.

The prosecution of the Socialist Party for its responsibility in organizing "state terrorism" (GAL), shows that Spanish public opinion was and is in favor of "persecuting terrorists by any means necessary," although it is not willing to forgive the PSOE's lying.

To swim against the stream of the majority opinion is to run the risk of becoming an electoral minority, and if to this panorama we add that the solution to the Basque question demands constitutional modifications, it is easy to understand Basque scepticism in the Spanish left.

The very configuration of the Spanish state is at play in the Basque country. Any modification of the Spanish constitution will have a domino effect on the other nationalities (Catalunya, Galicia, Canary Islands).

It will also spark Jacobin reactions in Spanish nationalism, such as in the case of the leaders of the United Left, who will not hesitate to accuse all the movements breaking from the central government of "lack of national solidarity". In doing so, they are digging the grave of their own freedoms.

Those who have signing the Madrid manifesto for a negotiated political solution to the Basque conflict (see box) are aware of this. Today they are still a small drop of water in a desert of incomprehension, but they have the incalculable value of representing an ethical commitment to democracy and freedom.

If progressive forces in the Basque country are able to achieve a military truce, and win a social majority of Basque society for a negotiated settlement, the seed of the Madrid manifesto may be able to germinate in Spanish left opinion. ★

Coalition for a Political Alternative (RAP)

Québec's left regroupment

According to Bernard Rioux of *La Gauche* magazine, Québec's new Coalition for a Political Alternative is a "starting point for real and unified political action by the left".

The Coalition is against neo-liberalism and supports the independence of Canada's French-speaking "province".

In May, nearly 350 people gathered in St-Augustin, Québec for the founding convention of the *Regroupement pour une alternative politique*, (Coalition for a Political Alternative).

This convention decided to form an electoral coalition on the basis of a "movement fighting against neo-liberalism, and which calls for the independence of Québec, making an unbreakable link between Québec's national liberation and social emancipation."

This founding convention marked a starting point for real, unified political action by the Québec left. Which is why we should take the time to evaluate the progress of the *Regroupement*, known by its French initials RAP.

The RAP was launched in Montreal in November 1997. That meeting of 600 people put the left back in the public eye. Unusually, even the independentist left got media coverage.

Subsequent regional gatherings met with varying degrees of success. These revealed that there were many political differences and undefined areas within RAP. The primary focus of debate was the place of Québec's independence in RAP's political project. There were also various positions on the eventual formation of a party (as opposed to remaining as a movement).

The proposed texts

The draft platform proposed for the RAP was completely inadequate. The marginalisation of the Québec independence question, the total absence of a feminist dimension, and the absence of a dynamic towards breaking with capitalism meant it would have to be substantially amended to be acceptable.

The draft manifesto finally proposed by the RAP's national co-ordination constituted a step forward in understanding the independence question, which was placed at the centre of the effort to define the RAP's project.

This advance makes it possible to go

beyond the false opposition of Québec independence as a means or an end. It allows us to get past the "technical approach" – posing the question in terms of the relative weight of the struggle for independence or of the struggle for social justice. Instead, it allows us to show the strategic connection between these two essential fights.

True, the draft manifesto contains no explicit anti-capitalist perspective. The conception of the state is limited to left Keynesian rhetoric [the idea that expanded state welfare programmes could create a balanced capitalism in which both business and the people would prosper].

In the end, despite fairly productive workshop discussions, the founding meeting of the RAP adopted neither the manifesto nor the platform. Only the statutes could be adopted in the meeting plenary.

The party/movement debate

The *Gauche socialiste* group argued that the RAP should seek to initiate a political party as soon as possible. We think that the formation of a party could mobilise activists on the concrete field of struggle for working class and popular power against the power bloc of the ruling *Parti québécois* (PQ). Any other approach seems to us to put off concrete political struggle indefinitely.

The party/movement debate is not simply a left/right division. There are very moderate social-democrats who wanted to move as quickly as possible to a party, because they wanted concrete politics and refused to be caught up in endless intellectual discussions.

In contrast, some activists who had only partially broken with the PQ rejected any step toward a party. They want to shake up the PQ, not challenge it in the electoral field.

Some other activists saw the formation of a party as a turn away from extra-parliamentary struggle. Other *mouvementistes* saw the eventual formation of a party as the end of a long process of rooting the RAP in the population and broad political education work. This position was fed by a distrust of the partisan politics of the traditional parties.

Eventually, through the workshop debates, it became clear that a majority bloc of very diverse anti-party views would reject any proposal to move quickly towards forming a party.

To address this situation, Pierre Dubuc, editor of *l'Aut'journal*, suggested that RAP form an electoral

coalition this autumn, and call another assembly to put this resolution into practice. This compromise proposal gained a strong majority... It moved the RAP forward, even if the political basis of this coalition is not entirely clear.

Democracy misused...

The political discussion in the RAP has from the outset been buried in conflicts between different currents. This is not in itself negative, so long as mechanisms are in place to manage this situation. But in fact, there were none. Differences had to be expressed through fights over the agenda and on proposals whose differences were not immediately obvious and which often depended on the intentions attributed to the proposer.

As a result, we wasted an enormous amount of time on minor proposals while the most essential differences were left to be expressed by unspecific accusations.

All this fed a factional climate which discouraged some participants. The way the election was held is a clear example of this case. Lists were drawn up in small caucuses. There was no collective discussion of criteria for who should be represented on the leadership. How would women be represented? How to ensure that voices from different regions and activists in unions or popular movements were included? Would the different political currents present be represented?

Most on the Québec left call for proportional representation in elections organised by the bourgeois state. But for some reason, not inside RAP!

The macho character of the machinations around the electoral lists added to the very weak feminist awareness of the organisers, who had not even taken the trouble to use gender neutral language in their texts.

In the end, the election was no less democratic than those in the union and popular movements, whose democracy is already more developed than bourgeois democracy, but it was obviously not enough for a movement which aims to transform politics.

The convention allowed an important, if minimal, strategic clarification on the national question. The proposal to launch an electoral coalition of progressive and sovereigntist forces counts as an important step forward. The question of democratic functioning is without doubt an essential challenge for the RAP if it is to develop and go forward. This question should be at the centre of the concerns of



the new leadership. It is not a luxury, it is a crucial question for any development of the coalition.

...but still essential

Building the Electoral Coalition called by the RAP should be the left's first priority.

We must find ways to bring together all the tendencies seen and heard at the founding convention. This has a political aspect (a common platform, a common name on the ballot) and an organisational aspect (how will candidates be allocated specific electoral constituencies)?

It will only be possible to build unity if the meeting to establish the Electoral Coalition is preceded by open discussion at both national and regional levels to permit the democratic elaboration of the Coalition platform.

The main task of the new RAP leadership, then, is to create a democratic process for developing a platform. Hopefully, the new co-ordinating committee will produce an initial draft platform and then redraft it on basis of amendments from the regions. Unfortunately, this did not happen after the regional preparations for the founding convention.

Contentious amendments should be set aside for later, when the reformulated platform can be discussed in workshops and then in the plenary, on the basis of a new synthesis prepared by the co-ordinating committee.

To facilitate a unitary and democratic development, the discussion process should involve contributions from political parties like the [far left] *Parti de la Democratie Socialiste* (Party for Socialist Democracy) and other forces we hope will make up the Coalition.

A democratic process will allow a maximum of mobilisation. The electoral organisation will be strengthened in so far as the development of the platform is fully democratic. ★

Source: *La Gauche*, Summer 1998, #59. Translated by Tom Patterson and edited by Alan Sears for republication in *New Socialist*.

Mexico marks 1968 massacre

Over 125,000 marched in Mexico City on October 2, commemorating the bloody events of 1968. Peter Gellert reports.

Thirty years ago, the army suppressed the Mexican student movement, opening fire on a demonstration in the Plaza of Three Cultures.

As the anniversary approached, the events of 1968 were commemorated with special TV and radio programmes, extensive commentaries in the mass media, dozens of well-publicised round table discussions with the country's leading intellectuals and surviving leaders of the student movement, and the publication of numerous books.

Most of the marchers this year were students, though numerous veterans of the struggles of the 1960s and 1970s participated. From the Zocalo to Tlatelolco, a sea of humanity carried placards and banners and chanted anti-government slogans, some portraits of Ernesto "Che" Guevara, the Cuban Revolutionary of the 1968 era. Dozens of speakers addressed the final rally in the Plaza of the Three Cultures in the Tlatelolco housing complex.

A message from Subcomandante Marcos of the Zapatista Army of National Liberation Army (EZLN) was particularly well received, although few marchers carried signs or banners referring to the current conflict in Chiapas.

The Mayor of Mexico City, Cuauhtemoc Cardenas, declared October 2 a day of mourning, with all flags at city buildings at half mast and a commemorative plaque unveiled at the City Assembly.

All this is particularly striking since for many years the student movement of 1968, and the October 2 massacre, have been a non-event, not even mentioned in school history books.

The demonstration refutes the assertion that students in Mexico are now complacent or apolitical, or that continuity has been broken with the struggles of the past.

There is an intense debate on the historical facts of 1968 – did the students initially fire on the army, as the government claimed at the time, or was it a premeditated bloodbath? The second thesis is increasingly accepted by society.

Who gave the orders to open fire on the students – the president, the Minister of the Interior (*Gobernación*), or the army?

Were the '68 events the product

of an international communist conspiracy, the explanation advanced then and cautiously defended even today by a minority of ruling party "dinosaurs" and some military leaders, or a legitimate expression of student and popular grievances?

And how many students were killed? The official death count ranges from 27 to 40, but student leaders of the time say as many of 400 to 600 may have been killed. Hundreds were jailed in the subsequent repression.

The democratic transition

Much debate has centred on the broader significance of 1968 as a watershed in Mexico's democratic transition, a time for intense soul searching.

While no one denies that the massacre took place, differences have emerged. Mayor Cardenas declared that the Mexican Army is free of responsibility, arguing that the orders came from the top. Others on the left are not so quick to absolve the armed forces.

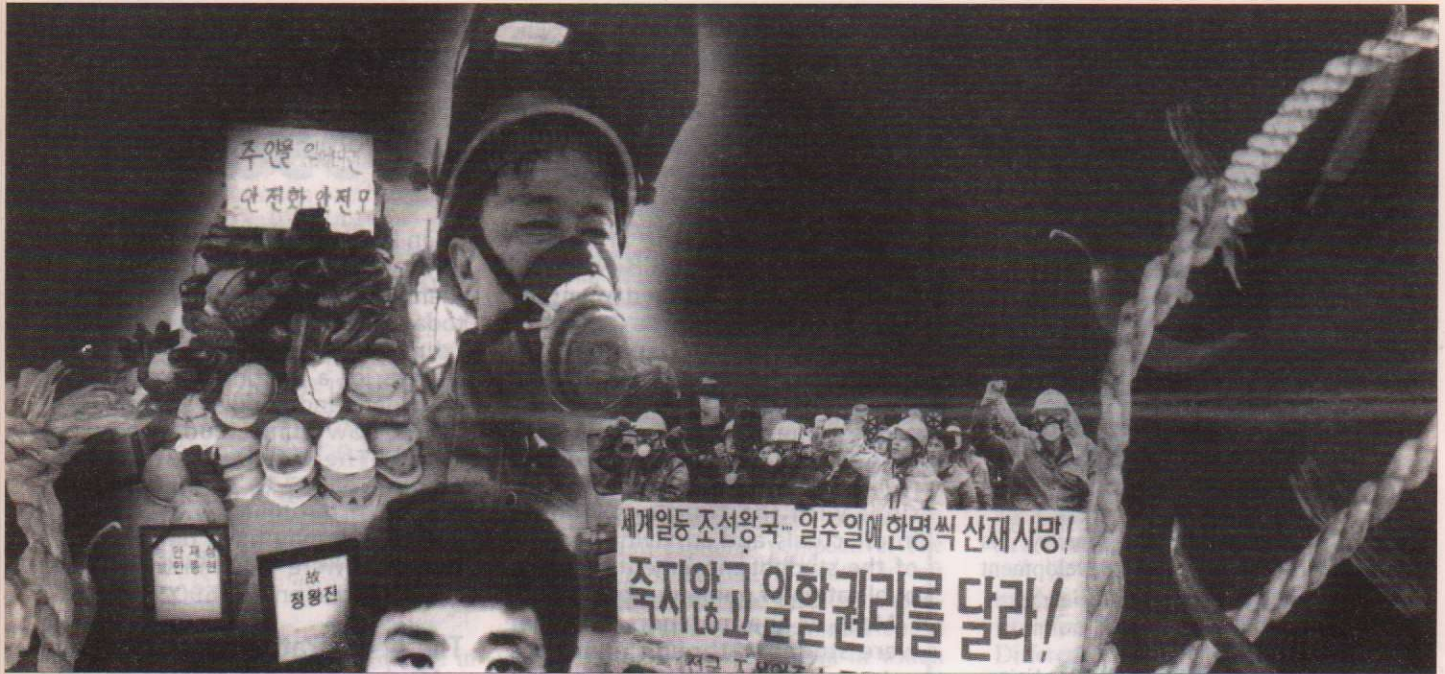
Demands have been raised, including by the Mexican Congress's commission investigating the 1968 events, for the government to open its archives.

The Interior Ministry has refused to consider such a step, arguing national security considerations. The legislative commission is threatening to take the case to Mexico's Supreme Court, although it is highly unlikely that the case would receive a favourable ruling.

The 1968 events forged an entire generation of militants and social activists in Mexico, many of whom went on to play leading roles in the urban popular, peasant, student, and trade union movements, or in international solidarity campaigns. Many say 1968 was a watershed that give rise to a new Mexico, and that the student movement was ultimately responsible for the democratic openings that are today a prominent part of the country's political landscape.

Yet 30 years later the wounds have not totally healed, as the intense debate and scrutiny of the past few weeks have shown. ★

Source: Mexican Labor News and Analysis, 3436 Morrison Place, Cincinnati, OH 45220, USA. E-mail <103144.2651@compuserve.com>. Internet <www.igc.apc.org/unitedelect/>



Workers in an ever-leaner world

The large work stoppages led by the Korean Confederation of Trade Unions (KCTU) in June and July are the most visible expressions of the enormously varied class struggle currently gripping South Korea. Lee Oh-wol and Terry Lawless report.

As the effects of the economic crisis continue, small business and working people are confronted on a daily basis with the problems of insecurity and uncertainty; unpaid wages; the difficulty of securing loans or goods on credit; bankruptcies; inflation; and layoffs.

The falling currency makes Korean exports cheaper (but less profitable) in a market that has contracted sharply but unevenly because of the generalised Asian crisis and the continuing boom elsewhere, particularly in the USA.

But that same falling currency has increased the prices of imported goods, particularly semi-finished products earmarked for the manufacturing sites of this former Asian Tiger. This sharp rise in costs has prompted the Korean Institute of Finance (KIF) to speak openly of "an industrial base on the verge of collapse".

The economic situation in Korea is complex, but one of overall gloom. Some industries, such as the export sector, have remained competitive because of the currency devaluation. This is particularly true of those industries that do not rely too heavily on imports of semi-finished goods in their overall manufacturing process. In this respect, the simultaneous weakness of the Japanese yen is a small source of

comfort for many of the major manufacturing industries faced with the sudden collapse of the Korean *won's* purchasing power — although the *yen's* weakness also poses problems for those large conglomerates (*chaebols*) that compete head-to-head with Japanese industry. Nonetheless, this sector is vulnerable to potential shocks from currency instability elsewhere in the world. The devaluation of the Chinese currency early next year, for example, would be disastrous for the manufacturing export industry.

Most Korean workers face economic difficulties similar to those in South East Asia as a result of the massive currency devaluations in the summer and fall of 1997. They are faced with the prospect that their future will be far less secure and probably worse than that of any generation since the mid-1960s.

In all industries, but perhaps especially in the large non-unionised sector of the economy, wages can remain unpaid for months on end. Unpaid wages are the main cause behind most of the wildcat strikes that have erupted since the IMF bailout. However, since the alternative to working for no money is often unpaid unemployment, many workers feel they have little choice but to continue working and hope for the best.

The accompanying severe banking

crisis, which has seen the forced closure of five banks and a credit crunch on the rest in order to meet internationally acceptable liquidity standards, has virtually dried up credit to small and medium-sized businesses. Many healthy companies are going under for no other reason than a lack of credit.

The absence of unions in many sectors of Korean industry serves to mask the severity of the economic crisis, which is only partially reflected in steep increases in workplace actions, unemployment and homelessness.

Women face particular difficulties and pressures in Korea's traditionally patriarchal society. Some companies, like Samsung Everland and Daewoo Motors, have simply fired women *en masse*. Because there is virtually no independent women's movement in Korea, there is little co-ordinated protest against such layoffs.

The suicide rate has also risen dramatically, especially among the middle-aged. Many cannot bear the idea of joblessness. Others have been unfortunate enough to extend loans that have gone bad. Some have acted as guarantors for friends, family or local businesses, and are now unable to meet repayment demands. One recent survey reported that 30% of Koreans have experienced suicidal urges.

The currency crisis

The main change in Korea since the currency crisis began has been the wholesale dismantling of the various protectionist measures that were a neces-

sary component of the country's long economic boom. The role of international speculative capital has increased substantially.

Thus far, however, there has been little or no real new investment in productive capital on the part of foreign multinationals. The first attempted auction of the bankrupt Kia and Asia Motors was a failure, with all the bidders, including Ford and General Motors, asking for too many concessions and write-offs from the government. A second auction will be arranged soon.

The Korean stock market, on the strength of IMF money alone, briefly rallied in the early months of 1998 before dipping to a new low at the end of June. It has since stabilised somewhat, conditional on the continuing absence of major shocks elsewhere in the world.

Somewhat surprisingly, the *won* has rallied to around 1,300 to the US dollar (up from an absolute low of 2,000 *won*). This has served to create divisions in the government over the optimum level for recovery.

A strong *won* among a host of weak Asian currencies is a liability in terms of an export-led recovery. On the other hand, a weaker *won* creates problems for many of the *chaebols* that import manufactured parts to finish their products, especially from Japan.

It also creates a discontented populace who have become used to a relatively high level of consumption.

Most industries have seen their operations contract sharply. The KIF reported in June that the leather industry's output had shrunk 110.9% in the first three months of the year; and wood and furniture also contracted by 100% in their overall business activities (production, sales, inventory, factory operations and wages). The fabricated metal industry, automobiles and trailer-assembling all contracted by roughly 95%; while rubber and plastic declined by 49%.

The transportation equipment industry, on the other hand, surged by 78% and the telecommunications and audio-video equipment sector posted a 56.7% increase. Facility investment has contracted by 40.7%, construction investment by 7.7% and private spending by 10.3%.

Korean GDP shrank by 6.6% in real terms in the second quarter of 1998, the worst quarterly negative growth since the second Oil Shock of 1980.

Some private economists are now predicting an overall negative yearly growth of 7%, although maintaining that there will be 1% real growth in 1999.

In its report, which was released before the full extent of the GDP contraction was made public, the KIF had already called on the government to take "revolutionary measures to jump start the sinking economy".

State and industry in the '90s

The paradox is that the Kim Dae-jung government, both in its stated economic philosophy and in its actual real leverage power, is not really suited to carry out such measures. Since the mid-1980s, the largest *chaebols* have grown to the point where they do not need to take orders from the central government, and in fact resent doing so.

Although in practice the Korean economy continues to involve a good deal of central co-ordination, the basic engine for economic growth designed by former Army General and President Park Chung-hee has become outdated.

Under the previous hugely inept administration of the arrogant Kim Young-sam, this engine began to experience severe difficulties. The growing political freedom won by the working class, especially after the Great Struggle of 1987 to end the military dictatorship, has also undermined the dictatorship's secretive system of bribes, kickbacks and guaranteed state contracts.

Membership in the OECD, granted in December 1996, forced Korean business to open itself up to greater scrutiny if it wished to receive the large foreign loans it needed to compete internationally — causing many of the more dubious financial practices to come to light.

Finally, the increasingly international orientation of many of the *chaebols* means that it is next to impossible for the state to guide and manipulate the domestic economy to avoid the disorienting effects of crises of overproduction.

The election of Kim Dae-jung has merely given these contradictory tendencies an ideal expression. Elected by voters who still see him as a symbol of anti-authoritarianism, Kim has completely accepted the autocratic economic regime implied by the IMF bailout package.

He has covered himself by suggesting that he is in favour of both IMF-style free markets and democracy, but this potent mixture leaves little room, philosophically at least, for state intervention in the economy. But active state intervention has been what has guided Korea's economic development for 30 years as it has sought to join the ranks of the most industrialised nations.

When Kim Dae-jung took office six months ago, he loudly proclaimed the need for the radical restructuring of the *chaebols*. This call has basically been ignored by the major *chaebol* owners, and they have mostly ceased even showing up to the regular monthly meetings with the President.

The real balance of power between industry and the state in Korea can be seen in the nine-point agreement signed on July 4 between the government and the leaders of the Federation of Korean Industries. This agreement frees the *chaebols* to solve the crisis as they see fit by pursuing their own interests.

In the months since his inauguration, Kim Dae-jung has basically given up attempting to order the *chaebols* to engage in "radical restructuring" and instead has accepted the idea, raised by the *chaebol* families themselves, of so-called "big deals". In other words, the *chaebols* have committed themselves to rationalising their debt by eliminating the more reckless forms of competition among themselves. It is not even clear that the bad debt that the *chaebols* are currently carrying among their many interests will be cleared up by these deals or merely redistributed for tax purposes.

According to one report, these big deals will include Samsung giving up its auto business, perhaps to Hyundai, while itself taking over the LG Group's semiconductor business. Samsung will thereby establish a near monopoly in semiconductors. Hyundai will also transfer its petrochemical unit to LG. LG will take over Samsung's home appliance business and Hyundai's communications division.

Restructuring" and discontent

The whole vocabulary of "economic restructuring" did not exist in the Korean language before the exchange rate crisis began. For the eternal optimists among the *chaebol* owners, the crisis is simply a short-term wake-up call to reform some of their more glaring bad practices. Once this is done, the situation will return to normal, perhaps in two or three years.

A more pessimistic view sees the present crisis as necessitating an entirely new model of economic modernisation, perhaps complete with higher real levels of unemployment to put a break on wages and worker militancy in order for Korea to meet the challenges of the 21st century.

"Restructuring", therefore, still encompasses a whole gamut of meanings, ranging from closing inefficient industries through workplace speed-up, rationalisation, mass layoffs, financial transparency and general corporate modernisation and onto genuine *chaebol* reform, including forms of democratisation.

"Restructuring" in this last positive sense is being promoted by a few civic groups such as the PSPD and the Civic Association for Economic Justice and some centre left intellectuals. Those Federation of Korean Trade Union (FKTU) bureaucrats who most closely align themselves with Kim Dae-jung and are the least willing to struggle, gravitate to this position, although often more or less unconsciously.

Whichever restructuring scenario seems most plausible, the question of the relationship between the *chaebols* and the labour movement, and more broadly, big business and the working class as a whole, is central. Will the *chaebols* try to use the crisis to break the back of the

militant union movement through massive lay-offs and a new (economic) reign of fear?

Given the absence of a social safety net, it is unclear whether the present crisis is actually the ideal time to conduct such a fight. Korea has long been politically volatile — despite its position as a designated bastion of anti-communism.

With this in mind, the basic strategy of the government is to minimise the absolute number of unemployed because of the huge potential risks of a social explosion in a country without an extensive social safety net. President Kim rather ruthlessly expressed this when he suggested that “20% of the people must suffer in order that 100% won't have to”.

Korean economic reality is fast catching up with Kim's stated position. The unemployment rate for August 1998 hit 7.6%, the highest level since 1966. A private think tank suggested that it expects this rate to climb yet higher, anticipating a 10% peak in 1999. The situation appears to have worsened over the summer, with employment declining by 6.5% in July alone, the sharpest drop in 16 years.

The main venue of this struggle between the interests of the government in maintaining some level of social stability and business in remaining solvent, is in the large *chaebols*, especially those directly affected by the present crisis of overproduction.

Hyundai became the first of the *chaebols* to put forward a concrete plan for lay-offs, indicating that it intended to give pink slips to 2,678 workers and ask a further 2,000 workers to stay at home for the next two years. Hyundai had previously announced that it expected the crisis to last for three and five years.

The agreement reached on August 24 to curb the number of permanent lay-offs at Hyundai is partially a reflection of a lack of long-term thinking. In a marathon session involving labour, management and representatives of the National Congress for New Politics, the parties agreed to lay-off 277 workers and to send 1,261 workers on an unpaid 18-month leave, with six months of paid retraining.

Although 63% of the workforce subsequently voted against this agreement, it seems unlikely that this will result in anything more than the forced resigna-



tion of the union leaders who worked out the deal. It is difficult to see the strike being resumed, and there is a definite absence of a strategic perspective on what to do next.

The case of Hyundai represents the paradoxical nature of the decreasing influence of government on business. Hyundai is currently involved in some delicate political negotiations to set up a number of business ventures in North Korea as a way out of its crisis of profitability. Outsourcing at least some of its operations to the North would enable Hyundai both to cut labour and transportation costs dramatically and minimise the risks involved in the current period of international currency turmoil.

The use of political tactics to maximise dwindling political leverage over the *chaebols* is evident in the recent announcement of a committee to investigate the reasons for the currency crisis of last November. Government spokespeople have suggested that business leaders will not be exempt from possible investigation. The difference between Kim Dae-jung's limited power and that of the previous military regimes should be clear. President Park Chung-hee in the 1970s didn't need the threat of committees to get the *chaebols* to do what he wanted. He simply told them to do what he wanted or declared them bankrupt the next morning.

The bottom line then is that there seems to be broad agreement within the government that unemployment, especially of the more militant and organised sectors of the working class, must be minimised as much as possible. This was the official reason given for the government intervention in the Hyundai dispute, although authorities have since announced that there will be no further interventions.

Where possible, the Kim Dae-jung administration will use its shrinking political leverage to check the *chaebols'* restructuring plans, particularly where it sees the potential for social explosions in *chaebol* recklessness.

Kim Dae-jung is attempting to tread the thin line between the interests of the *chaebol* families and the conservative wing of the organised working class. This is the result of his political and social distance from the majority of the *chaebol* families and his continued real

base of support among key sectors of the organised working class and small business.

This uneasy middle way is the result of Kim's life history as a key player in the dissident movement in Korea.

This middle way involves the government sometimes talking with and sometimes attacking workers involved in strikes to isolate the militants. The smashing of the Mando Machinery Strike, which had lasted 17 days, by thousands of riot police in the early hours of September 3, showed that the Kim Dae-jung administration will use violence when it feels that it is necessary to ensure continued industrial production.

Beyond this, Korean economic planning for the future is still largely unclear. The state economists and the bourgeoisie for the most part did not see the Asian crisis coming. Moreover, in the few cases where economists did see potential problems in the burgeoning current account deficit, they believed that Korea was strong enough to weather a speculative attack. The Korean bourgeoisie shared the optimism of the World Bank and the various pundits of a coming Asia-Pacific Century. Membership in the OECD was proof of the strength of the Korean economy. Though it may be difficult to believe now, state economists presented a 25-year economic development plan to Kim Young-sam about a year before the Asian economic crisis broke out.

The labour movement today

The union movement has been recovering quite quickly since the badly handled signing of the Tripartite Agreement in the early days of Kim's administration.

The KCTU, the dissident union confederation that traces its roots back to the formation of independent labour groups during the period of the Great Struggle, has shown itself to have a fairly good understanding of the present period and the methods by which worker militancy and confidence can be re-ignited.

For the time being, elements of the KCTU leadership are probably in advance of the political consciousness, though not of the anger, of much of the rank-and-file. Since the rebirth of militancy on May Day, the KCTU has been channelling the many grievances that are now emerging, ranging from non-payment of wages, failure to live up to certain provisions in contracts, to the threat of protracted lay-offs and outright dismissal, to rebuild the confidence of the workers in class struggle.

This is a difficult process since most workers can see that the economic situation is rather hopeless. The problem is that most workers have reacted to the possibility of job losses with understandable fear and a desire to co-operate with management to save jobs.

Management and government have somewhat successfully played on the idea that disruptive strikes may tip the balance against the possibility of saving jobs.

As a result, very different levels of militancy have emerged among different layers of society. Female students, male and female public sector employees, and male heavy industry workers are particularly militant at the moment. Women students can see that their job possibilities will be even more limited than in the preceding period. Older male workers can sense that their presence in particular key industries, such as steel and auto, leaves them wide open to lay-offs, given that these industries are the ones being immediately affected by global over-production.

Meanwhile, during the public sector strikes in Myongdong Cathedral between July 14 and 16, more than half of the strikers were women workers of every age. Conversely, male students seem to believe that by keeping their heads down, they may yet get a job.

Conclusion

The greatest problem facing the labour movement in Korea as it tries to struggle against this emerging leaner world is that workers will, in general, only mobilise for action when they feel directly threatened. Manufacturing and bank workers who have not been affected by closures, for example, were hesitant to take action in the third week of July.

For the time being, the FKTU and to some extent the KCTU will only move if they are pushed and then strongly supported by the rank-and-file, who in turn, start pressuring only when it is already getting late. Workers thus need to see that strike action brings results. The partial success in the face of the attack at Hyundai is positive in this respect, since it encourages the *chaebols* to think again about radical restructuring.

The union leadership must combine a concrete analysis of the present crisis with an ability to develop radical strategies that can channel the immediate demands of the rank and file toward the articulation of structural reform demands in the interests of the working class and small businesspeople. The development of such a perspective will be significant in the months ahead, as more workers begin to lose their faith in a rosy outcome to the crisis. ★

Currents on the Korean left

Korean society is definitely turning to the left.

But this gradual process of radicalisation is complicated by demoralisation resulting from job losses, unwillingness to struggle because of fear of lay-offs, and the urge to settle quickly for partial gains.

These are all characteristic of workers' reactions in economically uncertain times. Another relatively unexplored factor complicating this situation, however, is the different currents on the Korean left that seek to explain what has suddenly gone wrong with the Korean model.

The paradox of the Korean left today is the gradual reversal of the traditional relationship between the intellectuals and the working class since the Great Struggle of the 1980s. At that time, the vast majority of young intellectuals were self-styled Marxists of one kind or another. While the working class sympathised with the intellectuals and students in their struggle against the dictatorship, workers were in favour of greater democracy rather than being supportive of the anti-capitalism cause.

Nowadays, things have changed. Most progressive academics are now post-Marxists, social democratic reformists or supporters of "civil society" working in NGOs. These people, who are in their 30s or early 40s, now form the dominant tendency of writers, TV talk show debaters and university left intellectuals in Korea. This "generation of defectors" also finds its supporters among the leadership of the KCTU as well as, more predictably, the FKTU.

During the same period, the Korean working class has become much more open to explicitly anti-capitalist ideas. Interestingly, the traditional suspicion that the organised working class had for the radical student movement collapsed a year or so ago. This has created an additional headache for the state, which now seeks to prevent students from reaching the sites of worker demonstrations through spot checks at the subways and elsewhere.

Left explanations of the crisis

The Korean left can basically be divided into three broad currents.

The first is a reformist tendency, which is the major current, particularly among older intellectuals. The main



problem with the Korean economy, they argue, is not its nature as a peculiar variant of a nevertheless universal capitalism, but its "bad" specificities. The present crisis originated from the "bad" practices of the *chaebols* and the state bureaucrats. If the Korean people are led by Kim Dae-jung, a beneficial normal model of capitalism will result.

From this analysis follows a political and economic plan of action that is basically compatible with that of the IMF. "Democratic" corporatism and *chaebol* "rationalisation", under the economic prescription of the IMF, will be linked to union compromises on the issue of labour flexibility.

In other words, the acceptance of the Tripartite Commission in good faith by all parties will result in renewed good times a year or two from now. This point of view is promoted by the whole FKTU; some white collar unions in the KCTU are also headed this way.

The second tendency on the Korean left is represented by those who promote an "traditional" far left analysis. It is influential among a few labour institutes and the rank-and-file of the KCTU, for whom it is an immediate response to the opportunist union leadership. The present crisis, it is suggested, is part of the general crisis of world capitalism. There is therefore no need for further analysis. There is also no need for concrete demands or for an intermediate programme for a alternative society to be put forward.

This kind of empty analysis helps to explain one of the paradoxes of Korean unionism. In outward form, there appears to be impressive levels of union

★ South Korea

militancy, complete with red headscarves, clenched fists, stones and molotov cocktails and the playing of traditional workers' and peasants' music. Since the collapse of the main features of authoritarianism, this rich pageantry represents more often than not only the typical Korean displays of labour



Transformation and regroupment

But reactions to the current socio-economic crisis all too often take the form of reactionary tendencies of an ethnic, nationalist, racial or religious character. Hence the urgent need to rebuild a world-wide movement of anti-capitalist struggle, taking account of the recomposition of the workers' movement which is underway as a result of the double failure of social democracy and Stalinism.

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

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

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militancy. It is not, as some Westerner observers seem to believe, evidence of a fully-formed independent working class political consciousness.

This colourful rhetoric has certain very obvious limitations. The sudden about-face of the union movement in signing the Tripartite Agreement in February shows the problems of the lack of a concrete alternative plan. Refusing to negotiate and calling for a general strike without undertaking the necessary preparations is simply a form of temporary bureaucratic evasion. Eventually the movement will be forced to come to the table unprepared, and the bourgeois perspective will prevail.

One of the major reasons for this lack of an intermediate programme is the continuing absence of a left political party based on the unions in Korea. The KCTU has had to take on what are basically political tasks isolated from alternative political groupings or the input of socialist intellectuals.

Compared with the situations in South Africa or Brazil, where political parties already existed or emerged alongside new labour movements in the struggle against military dictatorship, the Korean panorama appears underdeveloped. A high price will be paid if this situation is not changed soon.

There is a third current on the Korean left, including some left scholars, and some labour institutes, including the Institute for a Democratic Trade Union Movement.

This Institute attempts to combine an analysis involving an explanation of the present crisis and the universal application of Marxism to an historical analysis of South Korea.

Since it emerged from a left nationalist current, the Institute still has some ambiguous positions on the national question.

It believes, for example, that the model of economic development promoted by Prime Minister Mahathir in Malaysia offers an anti-imperialist alternative for Asia.

Some members of the Institute believe the Korean bourgeoisie can escape the present crisis by becoming a junior partner in a basically multinational corporation-dominated world.

In other words, by accepting one of several possible versions of global neo-liberalism on offer for the non-G-7 part of the world, Korea can re-enter the path of economic development.

Within the union movement itself, the Conference of Workplace Organisation, (CWO) a group of militant shop stewards in the metal industry, is currently playing an important role against the neo-liberal consensus.

Its major accomplishment to date was helping to replace the rightward-moving leadership of the KCTU that signed the Tripartite Agreement in February without consulting the membership. The new KCTU leadership of Lee Kap-young, Ryu Duk-sang and Koh Young-joo are all considered to be healthy militants and conscious left leaders.

The CWO in its early days had some links with the Korean Institute for Labour Studies and Policy. Though this Institute is significant, some of its leading intellectuals promote an old-style Marxist analysis, reducing everything to the universal contradictions of capitalism, suggesting, for example, that the present crisis can be described simply as a crisis of overproduction.

For this reason, the Institute urges the KCTU to concentrate on a single demand — a shorter work week and sharing jobs with no loss of pay. In our opinion, it's open to question whether one can advance this slogan without also putting forward other demands relating to the structural reform of the Korean economy.

This third current believes it is necessary to put forward its own medium-term alternative programme. Among the elements of the programme are proposals for the democratic control of the financial system; socialisation of the market or mixed economy; taxing the *chaebols*; state control of foreign trade; workers' active participation in managing industry; nation-wide indexing of wages; and a shorter work week.

Although this goes by the name of the "Democratic Alternative", it is closer in spirit and prescription to Trotsky's Transitional Programme than to Eurocommunist notions of alternative democracy. ★

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Elections

Slight openings to the left

Local and bi-elections earlier this year suggest a slight strengthening of President Kim Dae-jung's power; widespread voter apathy; and a slight opening to the left at the local level.
Lee Oh-wol and Terry Lawless

President Kim Dae-jung's National Congress for New Politics, mostly bolstered by the international media attention his victory garnered, has increased, although not absolutely, its grip on power.

In the elections for control of the Seoul city government in June, NCNP candidate Koh Kun was elected mayor, and the NCNP took 19 out of the 25 ward office positions. In voting for the Seoul Metropolitan Council, the NCNP obtained 78 out of the 94 popularly elected seats.

In the parliamentary by-elections in July, the results were more skewed. The NCNP obtained just two seats, its coalition partner, the United Liberal Democrats took one seat and the Grand National Party won four seats.

Regionalism

The limits to the NCNP's power is the result of the continuing strong regionalism of Korean politics, which has remained basically unchanged since Kim's election victory. It is virtually impossible for him to win seats anywhere in North or South Kyongsang provinces in the south-eastern part of the country. This region was the power base of the successive military regimes from Park Chung-hee's coup d'état in 1961 until the defeat of Rho Tae-woo in 1992. The result of this is that President Kim only has the support of a slim majority of Koreans, albeit in a heavily skewed regional distribution of votes.

Nevertheless, the de facto party of the army and state bureaucracy, the Grand National Party (GNP), continues to lose ground. The voting majority of the GNP in the National Assembly has been seriously cut by a batch of defections.

The general trend in favour of President Kim is the result of three factors: the strong power of the President; a majority of Koreans still holding the GNP responsible for the economic crisis; and many Koreans wishing to give a clearer mandate to the NCNP.

This means that among those sectors of Korean society that have not lost faith in the political process, the hope that Kim can deliver on his promises remains high. This obviously includes many workers and small business people, especially in the two Cholla Provinces and Seoul.

Because of the long legacy of dictatorship and corruption, most Koreans have an instinctive and basically healthy distrust of politicians.

The extremely narrow electoral margin between the GNP and the NCNP-ULD alliance in the National Assembly has led to virtual paralysis since Kim Dae-jung's inauguration. Some of the voter apathy is a reflection of healthy disgust at the often child-like antics of politicians.

However, the major element is undoubtedly the "IMF factor". Since the economic crisis began, Korean workers have been made painfully aware that the government's control over bankruptcies, non-payment of wages, lay-offs and falling currency levels is virtually non-existent.

Passivity

Workers, in both non-unionised industry and highly organised plants, are now being faced concretely with the threat or actuality of lay-offs. In many cases, the belief that politicians can do nothing to change the immediate circumstances of an individual's life is unfortunately true. But apathy often leads to passivity about politics of all varieties, including radical alternatives.

For different reasons, both older workers who have strongly believed in the value of work and young workers and students who have yet to experience work for any period of time may both end up in this camp.

In the local elections, voter turnout was 52.6%, far below the 80.7% of Koreans who voted in the Presidential election in December; in the by-elections held a day before the General Strike was called by the KCTU, only 40% bothered to cast ballots, the lowest level since the by-elections in November 1965 — when Korea was a de facto military dictatorship.

Nevertheless, the local elections witnessed a slight opening to the

forces of the labour-identified and independent labour left. This is something remarkable for Korean politics, which has long been dominated by corruption, cronyism and anti-communism.

People's Victory 21, fielding joint candidates with the KCTU, elected 22 out of 49 candidates. Its support was particularly strong in the Hyundai company town of Ulsan in south-eastern Korea. In the municipal elections, People's Victory 21 also elected three independent candidates, one of whom was recently arrested, a form of intimidation of leftists common in Korea. The FKTU, some of whose candidates ran under the banner of Kim Dae-jung's party, elected 41 out of 78 candidates.

Particularly striking was the election of Kim Yoon-joo, a regional chapter leader of the FKTU, under the banner of the NCNP, as mayor of Kunpo.

Another important development is that the Korean Youth Progressive Party (KYPP), which originated in the People's Candidates Election Campaign Centre in 1992, is about to formally launch itself as a political party.

The PYPP may well end up being more active than People's Victory 21. Until now, the links between the KCTU and People's Victory 21 have been mostly organisational. The union membership has not been broadly supportive of the party.

On incident that was widely reported in the Korean media indicates the reason for this turn to the left at the level of local government. Koh Kun, fresh from his victory as the new mayor of Seoul, decided to "meet the people" on his first day on the job. He got on a subway, and attempted to engage a woman in conversation.

Incredibly, the woman showed virtually no interest in his first two questions, which deeply embarrassed the new mayor as he stood there with the various news media.

Finally, he decided to ask the women who she was and where she was going. It turned out she had been an employee of one of the five banks that had just been shut down and was on her way to Myongdong Cathedral in order to take part in a demonstration. The new mayor has his work cut out for him. ★

China Flood 'management'

Zhang Kai

Every year China suffers from floods. But this year has been terrible. Since June, eight separate floods have ravished the upper and middle reaches of the Yangtze River. The floods in the oil field region of Daqing, in the North East, were the worst in 300 years.

Over 3,000 people have died. According to official reports, 21.2 million hectares are flooded, of which 13m are devastated. Over 223m people were directly affected. Almost five million houses have been destroyed. The total direct economic loss is US\$19.6 billion.

These statistics must be read with caution. The convention in China is to report on the positive and minimise or dismiss the negative. The media was instructed not to report on casualties or "bad news" during the flooding.

Hu Angang of the Academy of Social Sciences estimates the direct cost of the floods at \$29-35bn. This is almost double the estimate given by Deputy Premier Wen Jiabao. One government figure has even said that the direct economic loss from natural disasters including floods and droughts had been at least \$23bn every year since 1996.

The Chinese authorities had always put the major blame of floods to torrential rains. But the flood flow this year was smaller than in 1954.

The reason the water level was higher than 1954 is inadequate flood control constructions, devastation of the environment, serious deforestation at the upper reaches, serious soil erosion, and sedimentation of lakes and rivers.

Another major reason is the meagre investments into water conservancy and flood prevention. It is hard to know how much is spent on these areas. But it cannot be much. Official statistics for 1997 give only a total of \$5.5bn for all investments into agriculture, forestry, animal husbandry, fishery and water conservancy. This compares to a massive \$298bn of investments into fixed assets.

Some of the problem has been caused by logging by local residents and the turning of forests into farmland. But a major part of logging activity is conducted by the

state. There is a quota: 64 million cubic metres in 1997.

In the frantic search for economic growth and quick profits, development projects have increased the surface area of smaller rivers and lakes, and increased sedimentation.

But the problem is not new. The New China News Agency reported from Chengdu on August 24 that the sediments from Chuan River (which flow into the Three Gorges dam zone) have exceeded 600m tonnes every year since the 1950s.

On August 28, the Ministry of Forestry prohibited all logging of natural forests along the Yangtze and Yellow Rivers, the cordoning off of mountain slopes for re-planting of trees, the conversion of some farmland back into forests, and the closing of the lumber trade market and about half of the state-owned forestry industries.

Despite the welcome new decrees on logging and forestry, there has been little active investment in water conservancy and flood control. The state recently announced an additional 100 billion yuan of state bonds for infrastructure constructions, but these are mostly for communication, road networks, urban facilities, housing, and grain storage. Not for water works.

The victims of the floods face serious hardship. The deputy mayor of Daqing said 800,000 people in her area alone need warm clothes and shoes. The region needs to find 450,000 cotton quilts. An estimated 970,000 people urgently needed resettlement.

Among the destroyed buildings are about 5m m², worth about \$0.7bn. The Ministry of Education and the Ministry of Finance issued an emergency fund of \$2m to provinces with serious devastation. In other words, an insignificant amount.

As for the livelihood and production in the flood areas, the state is "making plans to organise the masses affected by the floods to develop production by self-help, in order to revive production and rebuild the home".

The term "self-help", like the term self-reliance, is usually employed to shift the responsibility from the government to the ordinary people.

There is widespread frustration with government action, and support for increasing resources for the damaged regions, including for flood control. ★

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Pakistan's rulers have announced the introduction of Islamic law. For Arif Azad, this is only the latest elite conspiracy against the people.

The detonation of several nuclear devices on May 31 in Chagai, in the desert province of Baluchistan, brought a rare elation to the depressed mood of people long used to being trampled upon by the venal political elite and civilian-military complex which runs their country.

Pakistan has been ruled by the military for most part of its history since partition and independence from British colonial rule in 1947. Neither the generals, nor the handful of civilian politicians have stopped the country's "drift to nowhere."

A number of factors dictated the rapid reaction to India's nuclear test bombings earlier in May.

Firstly Pakistan's military, facing the prospect of a slight reduction in the bloated defence budget – two thirds of total budget expenditure goes into defence and debt-servicing. The generals jumped at the opportunity to prevent cutbacks and enhance the army's self-appointed role as guardian of ideological borders (which means a state of war preparedness against the ideological and territorial infiltration of "Hindu India").

Secondly, having damaged its professional army reputation because of repeated encroachment into the political arena, the Pakistani army was keen to demonstrate that, at the most basic level, it possesses an effective 'deterrent' to any future aggression from India.

Third, immense popular pressure was piled on Prime Minister Nawaz Sharif in the belief that nuclear testing and "weaponisation" is Pakistan's ticket to the nuclear club of powerful nations.

In order not to be outdone, Sharif's main rival, Pakistan Peoples Party leader Benazir Bhutto, began to beat the drum of anti-Indian xenophobia. She even accused the Prime Minister of wearing bangles, that is of not being man enough to match the Indian nuclear tests and uphold national honour.

This stoking of chauvinist fires was designed to deflect attention from the corruption scandals that her husband and herself are mired in at the moment.

Further, Pakistani nuclear scientists, who over the years had been making boastful claims of Pakistan's advanced nuclear capability, needed this explosion to justify the massive expenditure on the nuclear programme.

The Government's decision to carry out the testing was premised on the belief that if and when international sanctions were imposed on Pakistan, its Muslim Arab friends would chip in with some dollops of aid.

Once the euphoria had melted away

Nuclear weapons, Islamic law Unhappy Pakistan

the harsh reality emerged. The Gulf sheikhs were not prepared to pay for the ill consequences of this nuclear insanity. It was a changed world from the 1970s when Gulf states funded Pakistan's initial foray into the nuclear domain during Zulfikar Ali Bhutto's administration.

Finance Minister Sartaj Aziz's begging-bowl visits to Gulf states yielded no big money commitments. Which is hardly surprising, given the budgetary constraints facing the Gulf States themselves.

International economic sanctions have hit Pakistan's aid-addicted and remittance-driven economy harder than ever before. This combination of factors have produced a dire economic situation in Pakistan that has opened up the old fault lines in Pakistani politics.

The country's political ruling classes have for a long time been addicted to living on borrowed money from the International Monetary Fund and other multilateral institutions. Now, for the first time, they face the challenge of developing constructive statesmanship. But this is something they neither possess, nor are able to nurture in the short-term.

There is a greater sense of demoralisation within the ranks of the military and bureaucracy both of whom face some restructuring as a result of the economic crisis.

The government has raised the prices of essential commodities, which has fuelled resentment among the vast mass of the people. The cost of living has risen to astronomical levels as a result of successive price increases for petrol, diesel and electricity.

Forced into a corner politically and financially Nawaz Sharif's government is contemplating an early accession to the Comprehensive Test Ban Treaty (CTBT), if economic sanctions are lifted immediately. Previously Pakistan (like India) had refused to sign the CTBT.

As the current economic situation is so desperate Pakistan is ready to clutch at any straw blowing in the wind to get out of its present mess. Almost US\$5 billion is due in debt repayments within the next 12 months. Pakistan's total foreign debt is \$30bn.

Talibanisation

The US bombings of Afghanistan and Sudan have inflamed public opinion in Pakistan. The US attacks were sensibly in retaliation for bombings at US embassies in Kenya and Tanzania on

August 7.

The Islamic card is not just an element of domestic politics in Pakistan. Since the 1980's Pakistan has played an active part in shoring up fundamentalist groups inside Afghanistan.

The Taliban, an ultra-religious group which controls most of Afghanistan today, is the joint creation of Pakistan's intelligence service and the US Central Intelligence Agency.

The slow-motion Islamisation introduced by military dictator General Muhammad Zia-ul-Haq has come to haunt the body politic of the country.

In this context, the US bombing served to inflame religious opinion against the government of Nawaz Sharif.

Confronted with the threat of being swept away by the swell of religious opinion and buffeted by the deteriorating economic situation the Prime Minister resorted to the old tactic of seeking refuge in religious symbols to legitimise his rule.

In August, Nawaz Sharif announced the introduction of Islamic law, in the shape of the 15th constitutional amendment which was subsequently adopted by the National Assembly in October.

The new amendment gives the Prime Minister and federal government the authority to order the lives of citizens and the legal and political system in accordance with the principles of Islam.

This means further dilution of a

federal Pakistan, a drastic curb on civil liberties and women and minority rights. In effect it means a "Talibanisation" of Pakistan.

The announcement has raised cries of protest from every corner of society – from political parties to human rights groups. For the first time in the history of Pakistan opposition to the process of Islamisation has come unanimously from every segment of the population.

Although the Government has a parliamentary majority, it faces a rough ride in the Senate where the representatives of smaller provinces fear the adoption of the bill is going to strike at the root of provincial autonomy promised in the federalist constitution.

The new legislation will give the ruling party a small breathing space. A very small space. Because the new amendment is likely to open the field to all kinds of militant Islamic outfits. These have sprung up like mushrooms, following Pakistan's disastrous foray into Afghanistan in the 1980s as the running dog of the US strategic policy of Communist containment.

Pakistan has yet to live down the ill-consequences flowing from Sharif's political mentor General Mohammed Zia-ul-Haq (1977-1988). He too sowed the dragon seed of religion in order to prolong his illegitimate rule.

The ruling Muslim League draws its support from a wide base of reactionaries – officials, bazzari merchants and urban business with a sprinkling of land-owning classes. It has sought to legitimise itself through the instruments and imagery of Islam in the absence of any workable plan for the welfare of the people.

Surprisingly, the ruling party seems to have won hands down in its tussle

Women's Action Forum protests

Lahore, 28th August 1998

Women's Action Forum expresses deep dismay at the proposed 15th amendment to the Constitution Bill which erodes the democratic norms that lie at the heart of all civilised societies. Since 1977 Pakistan has witnessed a series of so called Islamisation measures that have intrinsically and seriously eroded the concepts of democracy and human rights.

In particular such measures specifically undermine the rights of women, minorities and other marginalised sections of society.

The use of religion as a short cut for legitimising political power and agendas has fragmented society and led to intolerance, sectarian divisions, and extreme violence. If passed the new bill will further des-

troy the basis of the constitution by making constitutional amendments possible wholly according to a ruling party's concept of what is right and what is wrong under the pretext of Islam.

The bill proposes that a constitutional amendment be possible by simple majority instead of the two thirds currently required. This will weaken the process of democratic checks. The bill is a recipe for social and political disaster.

WAF urges political parties not to let this move succeed. WAF especially calls upon nationalist progressive forces all over Pakistan to play their role to prevent the dishonest Punjabi leadership from injuring the interests of the whole country and to seriously address the severe crises facing the nation. ★

★ Pakistan

with the military hierarchy – which has pulled the strings of the political elite form many years.

The recent resignation of the Chief of Army Staff on demand from the Prime Minister is an unheard of development in relations within the ruling power bloc.

General Jahangir Karamat brought the resignation upon himself by resurrecting the often-invoked proposal for a National Security Council to clear

important economic decisions with the military high command. The concept is copied from Turkey.

The resignation reflects the authority the current government draws from its class basis. The military is weak at the moment. Presumably because the economic situation is so bad that not even a military *coup* can resolve it.

Notwithstanding its shortcomings, the Sharif government marks the triumph

of civilian leadership over the military. The generals can no longer trample on the constitutional prerogatives of the political elite.

Nawaz Sharif has been badly bruised by economic incompetence and corruption scandals. But the military is demoralised, and, for the moment, the opposition is discredited, and short on solutions to Pakistan's problems. ★

Sri Lanka the butcher who preaches vegetarianism

Rather than opposing the anti-Tamil war and supporting the just demands of the Tamil people, left parties within the Sri Lankan government are playing into the hands of reactionary forces, warns the New Socialist Party (NSSP).

Arguing that 'nobody can win' the war between the government and the Liberation Tigers of Tamil Eelam (LTTE), the Lanka Sama Samaja Party (LSSP) has called on the People's Alliance government to revise its devolution proposals for the Tamil-populated North and East of the island.

According to LSSP General Secretary Batty Weerakoon, Minister of Science and Technology, the government should modify those elements of their peace "package" that are strongly opposed by the right wing opposition parties.

United National Party leader Ranil Wickramasinghe demands that any devolution agreement contains an explicit recognition of the unitary state model. Not surprisingly, he is also opposed to the current "package" proposal to allow provincial administrations to carry out radical land reforms.

According to Wickramasinghe, unless the government reaches consensus with the UNP, the LTTE will benefit from the impasse.

"Batty Weerakoon has dared to come out from his comfortable cabinet seat, and demands that the left and the UNP sit together to crush the LTTE," replies Vickramabahu Karunaratne of the New Socialist Party (Sri Lankan section of the Fourth International). "This is naive and dangerous. Shortly after Weerakoon declared that 'neither side can win the war,' the Tamil Tigers dealt a crushing blow to the invading Sinhala army at Kilinochchi."

According to Karunaratne, that battle could mark a turning point in the war. "It could be the Dien Bien Phu for the Sri Lankan government."

In the opinion of the NSSP leader, "the problem is that even the original 'package' of proposals falls far short of the expectations of even the pro-governmental parties which represent Tamil citizens. One, the Eelam People's Democratic Party now demands that the government implement the Provincial Council system originally introduced by the former UNP government in 1987."

"In this situation, demanding that United National Party leader Ranil Wickramasinghe's amendments be incorporated is a step back to 1987."

Although the People's Alliance government was elected on the basis of a promise to stop the war and introduce devolution measures that partially recognised the national rights of the Tamils, President Chandrika Kumaratunga actually intensified the war. A state of emergency has been declared throughout the island. "This recreates the constitutional dictatorship that existed during the previous regime of the [right-wing] United National Party," says Karunaratne.

"Chandrika's attack on democracy – particularly the postponing of the Provincial Council elections – takes us back to the dark days of 1982; when the UNP government used a fraudulent election to abolish parliamentary elections."

According to the NSSP leader, "the government is now in a position to use brutal repression against all protests for democratic rights and just demands. This will be a particular threat to trade union activities and student protests. Any such attempt to undermine just and democratic struggles will result in violent confrontation."

In this situation, according to Karunaratne, "the only people who could be happy with the LSSP proposal are those who want a strong right-wing government, ready to crush mass struggles in the North and South of the island."

As for the war itself, Karunaratne

is unequivocal. "No war drive, no matter how intensive, can curb the aspirations of the Tamil people for freedom. It can only intensify the hatred and the wish of the Tamil people for separation. Hence the result of this madness will be separate racist hegemonistic regimes both in Sinhala and Tamil areas."

"This war is a colossal racket. President Kumaratunga openly admits that she is unable to control rackets in arms dealing, because of the need for "defence secrecy." The more intense the war, and the greater the emergency powers, the bigger the racket there will be.

This war has become a machine for destroying the youth of all communities. While poor young people from all communities become the victims of this war, the rich enjoy lives of unbelievable luxury.

This war has become the pretext which imperialists and foreign conspirators use to walk into this country at their convenience. The government recently claimed that the Tamil Tigers had CIA and Mossad connections. This is hilarious. Everyone knows that the Sri Lankan government's war effort is totally dependent on US and Israeli support. These imperialist forces are directly involved in organising and directing the Sinhala armed forces. When the government talks of the Tigers' Mossad or CIA links, it is like a butcher who preaches vegetarianism. Meanwhile, Sri Lanka's resources are being handed over to foreign firms, in the name of the war effort.

The island-wide emergency measures indicate that militaristic and Sinhala-chauvinist forces have taken control of the government. Prime Minister Chandrika Kumaratunga has become their prisoner. If the military leaders can push forward their own candidate, they may even eliminate Chandrika. Their goal is a dictatorship, hiding behind an ideology of Sinhala and Buddhist nationalism. In these dangerous times, it is essential that democratic forces come together." [VK/JD] ★

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Anti-nuclear women

Soma Marik is one of the organisers of Maitree (Friendship), a network of 34 Indian women's organisations.

• Tell us about Maitree...

Soma Marik: Maitree is a loose network. It was formed as a follow-up to the 1995 Beijing Conference on Women,¹ as some of us felt that locally-based platforms of action were needed. The result was a Charter of Demands drawn up on the occasion of International Women's Day 1996.

Those who drew up the Charter eventually felt the need for some organisational unity. At the same time we had past experiences when disparate organisations had been brought into too tight a configuration only to split after a while.

We recognised that quite distinct currents existed. Some of us were socialist feminists. Some were non-feminist socialist women's groups. Then there were Non-Governmental Organisations. Finally there was even the School of Women's Studies at Jadavpur University. So we decided to form a network with no permanent leadership. Each organisation is to take turns to provide meeting space, circulate minutes, maintain links between all the groups, and so on.

• After India's nuclear tests, Maitree joined the anti-nuclear movement...

Maitree has always condemned the many ways in which violence is inflicted on women. My own organisation, the Calcutta-based Forum Against Oppression of Women, regularly handles cases of violence, including state violence.

We felt that war further empowers the State to be violent even towards its own citizens. All the oppressed including most certainly women, bear the brunt of this. Patriotism or nationalism is used as a flag to attack the struggles of the exploited and the oppressed for any sort of social justice.

Ever since the nuclear tests at Pokhran [in India] and Chagai [in Pakistan], the government response to economic or political demands has been the stoking of patriotic fires.

Our anti-nuclear stance has led to charges of our being inspired by imperialism. The fact that there are some NGOs in Maitree is used to spread this canard. In fact, as regards NGOs, the Maitree network is committed to a policy of self-funding.

We opposed nuclear power because the talk of cheap and safe energy is a

giant hoax. The budget for the Hanford clean-up operation is around US\$30 billion. A country like India would never be able to produce similar funds.²

Raja Ramanna, one of the architects of the 1974 Pokhran test, is on record as saying that too much is made of the need for safety. So in India, expansion of nuclear power will mean continuous accidents and radiation hazards.

• What was Maitree's role in the recent protest movement?

Members of Maitree have been participating in all the protest meetings, and rallies since 16th May, the day of the first protest rally in Calcutta. We were insistent about the need to form a united committee, and in alliance with others like the Anti-Nuclear Forum, the Gana Bijaan Samannay Kendra, and the Inquilabi Communist Sangathan, we felt we could achieve a fair degree of unity. 51 organisations formed the Campaign Against Nuclear Weapons, and endorsements for the 6th August march eventually came from 97 organisations and over a hundred prominent citizens.³

We also organised an awareness building event in the CSIR Museum on 1st August. School children from 125 schools participated. Anti-nuclear and anti-war posters were drawn by them. We have also put up a number of informational posters.

• What sort of political focus does your campaign have?

The most important thing was to oppose the nationalist hysteria. We explained the relationship between fascism, right-wing nationalism and militarism. We pointed out that the Bharatiya Janata Party's [dominant component of India's coalition government - Ed.] overall strategy is to create what could be called a broad right-wing bloc with a fascist core, and that nuclear power nationalism helps in consolidating the bloc.

Recent declarations in New Delhi suggest the building of a military-industrial complex. Raising the surplus value through union busting contains an in-built crisis, as the domestic market will shrink. Having a large armaments industry would help to offset this problem.

We had to contend with pro-BJP murmuring about how India needed nuclear weapons. Interestingly both the Maoists and the BJPites waxed eloquent on anti-imperialism. Both said that if five big powers have the nuclear weapons, stopping India from acquiring the same is unjust.

This is like saying since five rapists have got away with their crimes and are walking about boldly, other potential rapists should be encouraged!

The ultra-lefts see no distinction between the BJP and other parties. For them the existence and destruction of bourgeois democracy makes little difference.

• You have repeatedly talked about the fascist threat. Do you propose an anti-fascist united front, and do you see the Campaign Against Nuclear Weapons as a step in that direction?

Maitree is not, and will not be, subordinate to any political party. Here I am speaking for myself. The question of an anti-fascist united front is only partly one of subordinating movements to Stalinist or Social Democratic parties. Equally it is about subordinating mass movements to bourgeois politics in the name of not antagonising the so-called anti-fascist bourgeoisie. This is something about which Maitree has no position. But personally I do not see the Campaign as a step in that direction, and do not wish to follow that route.

We can fight the fascists successfully only by retaining our independent movement with a clear anti-capitalist outlook. We have seen what fascism of the Indian variety does to women. It intensifies the exploitation of unorganised women workers. It glories in the mass rape of Muslim women, as in Surat after the destruction of the Babri Masjid, and it seeks to turn a section of Hindu women into violent fanatics.

The Pokhran test is being billed a "Hindu Bomb" against the so-called threat posed by "Muslim Pakistan". We have to resist this, and proclaim that the main enemy is at home. ★

Soma Marik is a member of the Forum Against Oppression of Women (Calcutta) and active in Maitree (Friendship), a network of 34 women's organisations and many individual activists. She has been active in the anti-nuclear movement that developed in West Bengal after India's nuclear tests, representing Maitree in the negotiations that produced a unified movement against the nuclear tests, and has been a member of the co-ordinating committee of the Campaign Against Nuclear Weapons.

Marik teaches History in Calcutta and is a regular contributor to the press of the Inquilabi Communist Sangathan (Indian section of the Fourth International) on women's issues, history and Hindu communalism.

Notes:

1. See dossier on Fourth UN Conference on Women, *International Viewpoint* #271 November 1995
2. At the Hanford Nuclear reservation in Washington state in the USA, liquid nuclear waste was poured directly into the Columbia river. In spite of the clean-up there is still widespread radioactive contamination.
3. "India's Hiroshima Day", *International Viewpoint* #303 September 1998.

Australian options

John Howard's conservative government was re-elected in Australia's federal elections on 3 October.

Ken Davis

Howard lost the overwhelming majority he had won in March 1996. There was a 5% swing by voters to Labor, which won a majority of preference votes in the lower house electorates. But this vote was not evenly distributed, and the conservatives were able to retain marginal seats.

The Conservatives had only been in power since March 1996, after 13 years of Labor government. Under both parties, the polarisation between workers and the rich has dramatically increased. The major banks, airlines, rail, shipping, defence industries and utilities have been privatised.

The main parties all focused their campaigns on taxation and unemployment. Howard's government has rolled back social security and privatised the labour exchange, but the Labor Party were unable to offer any credible plans to create full-time jobs. Howard promised to introduce a consumption tax which would further shift the tax burden to workers and the poor, and give tax breaks to those whose annual income exceeds A\$50,000 (US\$31,500).

And all the main parties pretended that Australia would miraculously retain a strong economy while nearby countries are plunged into poverty.

The conservative parties were funded by a range of Australian businesses who have profited from the sale of state and national assets, and who are keen to see the full privatisation of telecommunications. All major newspapers ran election editorials calling for a vote for the Liberals. A key backer of Howard, was Australia's richest man and international

media baron, Kerry Packer, who was revealed a few days after the election to be paying only A\$10 income tax.

Labor, which now runs three of the eight state administrations, failed to rekindle the widespread anti-government hatred of early 1998. That new mood was a reaction to the government's "war" against striking dock workers, its attacks on Aboriginal rights, and concessions to racist forces.

Labor gave no commitments to reverse the government's anti-union laws, its retrenching of public sector workers, its negation of Native Title to land, or its plans to build new uranium mines on Aboriginal lands. Given its own record of aggressive privatisations, Labor's claim to oppose further sale of profitable public assets was hardly believable.

Labor's foreign policy differentiated only mildly from the pro-USA stance of



Pauline Hanson's One Nation party were the big losers in the election.

all Australian governments since 1975. The party has voiced stronger criticism of the Indonesian occupation of East Timor, and called for sanctions in protest against repression by the dictatorship of the elected government of Burma.

On the constitutional question, Labor retreated from outright support for the adoption of a new republican constitution and new flag.

The new government will not only be able to introduce a new tax to punish the poor and reward the rich, but the silenced issues of the election campaign will allow Howard a clear run to pursue

vicious attacks on social security, trade unions, indigenous communities, public health, public education, and the environment.

Racism unleashed

Australians are an increasingly diverse population. One quarter of the households in Melbourne and Sydney speak a language other than English; 40% of the national population, and 60% of the industrial working class, is of non-Anglo background.

Unfortunately, Labor offered only lukewarm defence of its multicultural policies of the 1980s, in the face of racist attacks from the populist One Nation party of Pauline Hanson, and right-wing intellectuals.

Prime minister Howard has made even greater concessions. After Hanson's first speech in Parliament in 1996, Howard refused to condemn her, and instead chose to defend "her right to free speech" against "political correctness". In 1988, he jumped on the bandwagon, and began speaking out against Asian immigration.

Before the 1996 elections both major parties had expelled local candidates for racism. One, Graeme Campbell, former Labor member for Kalgoorlie in Western Australia, was re-elected as an independent and set up a right-wing party called Australia First. He failed to win any seats in this election.

Much more successful was Pauline Hanson, a local candidate expelled from the Liberal Party just before the 1996 election. Once elected to an outer-Brisbane seat, she established a party called One Nation, uniting disparate elements from small business, disaffected farmers, the gun lobby and small fascist sects.

She called for economic isolationism, an end to immigration and overseas aid, and destruction of the Aboriginal and Torres Strait Islander Commission, which is elected by the indigenous communities. She marshalled support in small towns, among people who see the big cities as becoming "Asianised", and threatened the traditional base of the rural National Party, the junior partner of the ruling Coalition.

Her campaign provoked mass protest mobilisations in the cities and rallies outside all her election meetings. But she maintained popularity nationally through mass media promotion, in particular through constant propaganda by extremist broadcasters on commercial radio stations.

In Queensland state elections in June her party won almost a quarter of the

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★ Australia

vote and 11 seats in the state parliament, generating widespread alarm and anger nationally, and embarrassment internationally.

One Nation gained almost 9% of the vote nationally. But other parties directed preference votes away from Hanson's party. As a result, One Nation will elect only one senator in Queensland, the state with the least urbanised population. Hanson herself was defeated in her suburban Brisbane constituency. Unfortunately, One Nation's strong primary vote will entitle them to A\$3 million dollars of public electoral funding.

The alternative vote

In response to the threat from the racist forces, a new party called Unity was launched in August, initially based in the Chinese communities, but quickly broadening to include progressive groups from other migrant communities. It was only able to win substantial votes in urban NSW.

Aboriginal candidates were prominent for the first time in Labor, Democrat and Green nomination lists. Aden Ridgeway, heading the Democrat ticket in the state of NSW, will become only the second indigenous person elected to the national parliament. The bourgeois-liberal Democrats campaigned against allowing One Nation to gain the balance of control in the senate, and were able to hold enough votes to maintain their seats and decisive role in the senate, though overall they received less support than the racists.

The Greens failed to build substantial votes in the larger states, and may retain only one senate position. Previously strong progressive environmental parties in NSW, the Nuclear Disarmament Party and Common Cause-No Aircraft Noise, this year attracted minimal votes.

Several left groups ran campaigns.¹ The Democratic Socialist Party ran candidates in 13 electorates gaining an average of 0.79% and for the Senate in each of six states, winning an average of 0.27%. The Progressive Labour Party [profiled in last month's *International Viewpoint*] contested two seats in Victoria, winning an average of 3.3%² ★

Notes

1. In the electorate of Sydney, six of the eleven candidates were to the left of Labor: the Greens with 5.9%, DSP with 0.7%, Communist Party with 0.6%, Aboriginal activist Jenny Munro with 0.8%, Common Cause with 0.7% and Unity with 2.2%. In contrast, One Nation won 2.5%.

2. The Communist Party ran in two electorates gaining an average vote of 0.85%. Militant ran in one Victorian electorate, winning 1.25%. The Socialist Equality Party (affiliated with the "International Committee of the Fourth International") won an average vote of 0.75% in two NSW seats and 0.05% in two senate races. The Communist League, affiliated with the US SWP won 87 votes in the NSW Senate.



Global economic storm

It is evident from reading the economic and financial press that the bourgeoisie is now posing the type of questions that formerly were asked by only the most radical critics of capitalism.

The current economic crisis is a turning point in the evolution of capitalism. We commissioned this in-depth report from the French economist Maxime Durand.

Over 40% of humanity is living in countries hit by recession. And this proportion will probably rise in the coming months. National production has dropped 7% in Thailand, 15% in Indonesia, and about 50% in Russia.

This is not the time for forecasts and scenarios; instead, let us concentrate on the clear evidence in front of us, and try to understand it. The neo-liberal model, which is the contemporary form of imperialism, is clearly not a viable model for development.

It can work for a while, and in a small number of countries. But this model cannot be universalised, because it stands on the inadequate principle of generalised competition.

The chain of "incidents" is impressive: Mexico 1994-1995, Thailand 1997, and Russia 1998. Each time, the crisis

hits a particular country, then expands regionally, then affects the world stock markets. The sequence of events is the same each time, but the effect is cumulative.

If we leave aside the particular case of Russia, the crisis isn't hitting the weakest and poorest countries, but rather those countries that had been held up as models of development – for which the World Bank had invented the term 'front runner.' Which brings us back to the reason why this model simply doesn't work.

The first limitation is quite simply that consumption of the Northern countries is not infinitely expandable. As almost all of the southern countries have turned to a strategy of exports at any cost, this disequilibrium leads logically to heightened competition between the exporting countries. Each one tries to gain advantage – not only absolute, but relative to neighbouring countries. The only way to do this is to offer the most attractive (i.e. the lowest) salaries.

This orientation has the effect of blocking the internal market and accentuating dependence on exports. This is not simply an intellectual scheme proposed by Harvard professors. Its generalised imposition was the common strategy of a formidable alliance of multinational corporations, local bourgeoisies, and imperialist institutions.

The debt crisis of the 1980's set in motion the current process: to repay the debts it was necessary to reduce 'un-

necessary' expenses and to export to the maximum.

This has always been the kernel of the IMF's restructuring plans. This re-orientation of the economy was adopted with enthusiasm by the local bourgeoisie and aroused the interest of the multinationals, who acted as the active agents of redeployment and economic liberalisation.

The current conjuncture can be interpreted as a crisis of overproduction in the southern countries, which were pushed into producing more than the northern countries could buy.

This shows the cynicism of bourgeois analysts who denounce unfair competition from the southern countries.

Many labour activists must think again, too. "Delocalisation" of industrial production from North to South has often been presented, by labour leaders, as the principle reason for the rise in unemployment, especially in Europe. This explanation has been completely demolished by recent events. Not only have the southern countries not benefited from the increased volume of exports, but they have been the first and hardest hit in the current crisis.

If European growth were threatened by competition from Asia, why then is Asia's collapse being seen as a menace and not as a relief? The reality is that North-South relations have taken the form of considerable transfers of wealth to the North. Unequal exchange is an increasingly obvious reality.

The second cause of the stock market shock is relatively recent. Raw material prices have fallen by 30% since mid-1997. Adjusted for inflation, raw material prices are the lowest in 25 years. This decline is sharpest for oil, currently selling at US\$12 per barrel, compared to \$20 in 1997.

It is not surprising to see oil producers like Russia and Venezuela in difficulty. Nor is it surprising to see other raw material producers, such as Norway, Canada, Australia, and South Africa on the list of countries affected by the crisis. Of course, the sell-off of raw materials marks a return to the classical form of imperialism.

More generally, the current crisis reveals the continued dependence of the third-world countries and the illusory character of the neo-liberal nostrums. To place countries whose levels of productivity are qualitatively different in direct competition can only result in the double phenomenon of bankruptcy of non-competitive producers and the neglect of social needs that these producers could have satisfied. Third World countries simply cannot compete under the hyper-competitive rules imposed by world capital.

Alongside producers of raw materials, a second category of semi-industrialised countries are feeling the pain of the current crisis. These coun-

tries are those which have indexed their currency to the US dollar or German mark, and which also have a growing commercial deficit.

This, of course, was the situation facing Mexico in 1994 or Thailand in 1997. A similar fate currently awaits Brazil, Argentina, and Poland.

The victims of the previous crises never really got back on their feet, and the Japanese recession is continuing in such a way that the third world as a whole is about to enter a depressive phase. The Eldorado of "emerging markets" has disappeared into the mist.

After 20 years of application, neo-liberal policies of structural adjustment have been proved to be dangerous and ineffective.

This crisis is not simply financial. Capital doesn't shift completely haphazardly; it enters certain countries, attracted by the likelihood of high profits, and quickly withdraws when these expectations are menaced or put in doubt. Pegging local currency to the dollar, privatisation, and attractive interest rates – everything is done to retain capital.

The uncontrolled rise of the commercial deficit undermines such efforts, and translates into a continued, even reinforced, dependence. The increase in the volume of exports is accompanied by an even faster increase in the volume of imports, fed principally by the consumption of the dominant classes. Overproduction leads to a lowering of the price of export commodities, which in turn aggravates the disequilibrium of foreign trade. Beyond financial instability, these conditions demonstrate that the neo-liberal model is neither coherent nor sustainable.

The imperialist crisis

Reassuring declarations about the minor risk of repercussions or, in Europe, about the buffer role of the new common currency, the Euro, reveal the cynicism of Western rulers, who are not in the least worried about the crisis in the 'emerging' countries (currently more submerged than emerging).

At the same time, the bourgeoisie is not mistaken in insisting on the relative compartmentalisation of the world economy, and the profound asymmetry of imperialist relations.

There is no such thing as a single global economy, perfectly homogenised and unified, where every difficulty is immediately transmitted to the whole. The effects of the shock are principally lateral, and are being transmitted, primarily, between countries of the third world.

The rebound effect on the industrialised countries is initially positive. In a 'flight to quality,' capital is fleeing the emerging markets to take refuge in the most secure areas of the world economy. Securities (Treasury bonds and equiva-

lents) issued by imperialist states to finance their budget deficits, offer the ideal safe refuge.

As Europe is currently in a growth phase, it is the principal beneficiary of this movement. The increased demand for state debt means interest rates (the price of this debt) can come down. Since this means private companies and consumers can also borrow money more cheaply, it contributes, in theory, to further growth.

The transmission of the crisis through commercial channels is easy to understand: when countries enter in crisis, they are no longer market outlets. This dynamic has so far only been evident in Asia, where the interdependence of Japan, the Tigers, and the Dragons has involved them all in a downward spiral. The Japanese recession has greatly contributed to the fall off in raw material prices, especially oil.



China is the great unknown, shaken by internal tensions at the same time as by speculation on the Hong Kong dollar. A simultaneous devaluation of the Chinese yuan and the Hong Kong dollar is now a possibility.

As to the imperialist countries, analysts are trying to reassure themselves by pointing out the limited role that the crisis-ridden countries play in their exports. This may be true for each country taken separately, and particularly true in the case of Europe, but the boomerang effect is already visible, not only in Japan, but also in the United States, nearly half of whose exports go to Asia or Latin America.

Apart from these direct effects, indirect effects also have to be taken into account. If, for example, the U.S economy

slows down as a result of a decline in sales to Asia, this slow-down would have an immediate effect on European and Japanese exports to the United States.

This is why the IMF forecasts are constantly being lowered, including for the current year. Last May, the IMF predicted world economic growth of 3.1% for 1998; now they are forecasting a growth rate of 2%. Compare this to average 4% growth rates from 1994 to 1997.

Parallel to the return of capital to safe harbour, the transmission channels of finance started to speculate, at first with the stock exchanges which are falling chaotically and ultra-sensitive to the most minimal announcement which might be judged unfavourable.

Wall Street fell 6.4% in one day, after the announcement of a 150 million-dollar loss by the Salomon Smith Barney investment bank. All of the stock exchanges stumbled over the Starr report, while Alcatel lost 40% of its value in one day after the announcement of a lowered forecast.

The banks play the role of transmission channel at the heart of the financial sphere, but also that of a channel to the productive economy. The banks in effect hold the assets that serve as guarantees for loans.

If stock market panics devalue these assets, they find themselves in a predicament which leads them to tighten loan conditions, shrinking the volume of loans. This credit crunch is well illustrated by the case of Japan, where the entire banking system finds itself in just such a situation. This helps to explain the Japanese enigma, where for years neither lowered interest rates nor fiscal expenditures have helped to refloat the economy.

When the German banks do their accounts of losses sustained in Russia, there is a chance of the same type of phenomena occurring, even if the government absorbs a part of these losses.

Inter-imperialist contradictions

There has been no growth in the Japanese economy for almost six years. The famous Japanese model, so much praised a few years ago, is over. The slowdown in Japanese exports is, of course, partly the result of the revaluation of the yen in the mid 80's. This policy, which made it harder for Japan to export, but easier for Japanese consumers to buy foreign goods, was adopted by Tokyo at the insistence of the USA. Washington was increasingly frustrated at the inability of US multinationals to gain control of the "hearts and minds" of Japanese consumers.

Japan's real estate crisis and the potential failure of the country's banking system, awash with property-backed loans and negative equity, contributed to the intensifying of this downfall. In addition, there has been a long-term dec-

line in the creative and inventive capacity of Japanese industry. The country's leading companies are finding it increasingly difficult to system to resist the North-American attack, and restore Japan's technological supremacy.

Given the size of the Japanese economy, the recession there makes it more difficult to stimulate growth in the rest of the world. Particularly, of course, in the Asian countries currently suffering most from the economic and financial crisis.

The United States are coming to the end of a growth cycle whose unusual



length has given rise to euphoric theories. In fact, the apparent increase in US productivity stems from a double statistical under-estimation: the reality of working life in the US is a lengthening of work-time and the expansion of multiple jobs.

US capitalism is still incapable of realising all the potentialities of new technologies.

The end of the cycle is coming. The only real question is which form it will take: a soft-landing or a brutal collapse.

The second scenario is more likely. It is hard to see how the growth of domestic consumption can be maintained, and the foreign trade deficit brought under control. The level of household savings in the US has fallen to 0.6% of disposable income. In other words, households now consume the whole of their revenues.

One factor that has helped boost consumption in recent years has been the profits made by some upper-middle class families in the USA, where it is common for richer individuals to place their savings in shares as well as savings accounts. Since the value of shares had, until the recent shock, doubled, compared to 1995, many well-off families had plenty of extra money to spend.

Not any more. Every slowdown on Wall Street and every reversal of growth will immediately intensify the slide. And when the banks and investment houses

cut their high-paid workforce, the credit institutions which were partly financing the good life will also be in difficulty.

The US persistently registers record deficits in its foreign trade. How to finance this deficit? This veritable sword of Damocles is something which the more zealous supporters of the new era systematically forget.

True, the current deficit is less than 3% of GDP. But that means US\$220 billion. And interest payments of \$100bn in 1998. So far, the deficit has been covered by an inflow of capital from Japan and Western Europe. Profits in Europe are still good, and Japan has such a low interest rate that those with real money prefer to invest it in the US. For how long? No-one knows.

These factors underline the unsustainable character of the American model, and the impossibility of spreading the "virtuous circle" to Europe.

The most probable scenario is a slowdown of the American economy faster and greater than estimated.

Economists have a tendency these days to confuse Euroland and Disneyland. The new common currency, it seems, will usher in a new period of stability and growth. After years of sclerosis, the European Union is expecting to play the role of the engine of the world economy. Unfortunately, this optimistic view is not the most probable.

The EU's 1997 Amsterdam Treaty, which governs the management of the Eurozone, does not make adequate provision for the hard, and rapid decisions which must be made in moments of financial turmoil.

If Europe faces some future "asymmetric shock" (i.e. something which affects one member state much more than the others), the Euro system will come under incredible strain.

This is not surprising. The national economies of Europe are not equally positioned from the point of view of their integration in the world market (structure of foreign trade, specialization, sensitivity to the dollar's fall), and the relations of internal forces between classes are different from one country to the other.

These are the objective reasons that will form an obstacle to a coordinated policy. The reactions will have a tendency to diverge spontaneously, whether from the point of view of the states or of the different fractions of European capital. Should there be an injection of liquidity or should the opportunity to restructure capital be taken? Should austerity be increased or on the contrary purchasing power raised? Should countries follow suit of the dollar's fall or not? These are just some of the questions for which Europe has no answers. The Maastricht and Amsterdam Treaties on European Monetary Union have not specified a mechanism for dealing with these questions, or the

principles, necessary for a coordinated response.

The whole philosophy of the European integration project leads to a pro-cyclic policy, which instead of dampening the shock will multiply its effects. Just listen to Wim Duisenberg, president of the European Central Bank: "If governments are only keen to maintain the initial objectives in terms of deficits for 1999, some countries will drift away rather than approach the requirements of the stability pact which calls for a budget near equilibrium or even in surplus." Hardly reassuring.

The recent G7 meeting of the key imperialist countries sent a message in favor of policies in support of growth, by hinting that "inflation is weak or falling in numerous parts of the world" and by insisting on the necessity of "close cooperation" to "pressure or create the conditions for a sustainable subsequent growth and financial stability". US president Bill Clinton rushed to clarify that "the US will have to work with Japan and Europe, as well as with other countries to stimulate growth".

Officials from the central banks of the G7 countries were quick to spoil the party atmosphere. The head of the US Federal Reserve, Alan Greenspan, declared that "for the moment there aren't any attempts to coordinate interest rate cuts", while Hans Tietmeyer, his colleague from Germany's Bundesbank, warned that the G7 statement did not contain any "signal for overall monetary expansion" and that he doesn't see "any reason" for such a loosening of monetary policy in continental Europe.

Undeterred, Bill Clinton and Tony Blair said global financial institutions should be reformed and reinforced to deal with future shocks. In response, members of the American Congress refused to authorise any increase of the US contribution to the International Monetary Fund.

A political and ideological turn

The anxiety of the bourgeois officials is evident. "Every person endowed with a sense of history and a spark of imagination should be seriously worried," Martin Wolf wrote in *The Financial Times* on September 9th. IMF President Michael Camdessus declared that he was "ringing the alarm bell: get prepared for the next crisis!"

Mega-investor George Soros, who has experienced huge losses in recent months, seems to be sinking into depression: "The global capitalist system, which has generated a remarkable prosperity in this country during the last ten years, is on its way to disintegration," he writes.

The credit rating agency Standard & Poor believes that a second depressive wave is affecting Singapore, Taiwan, Hong Kong and China and is starting to reach the shores of the United States and

of Europe. It estimates at 4:1 the probability that the problems in Asia will continue aggravating during the coming months and lead to a depression similar to that of the 30's which will have a significant impact on the world economy.

This dark scenario would combine the following elements: the bankruptcy of many large financial institutions in Japan, another collapse of the Tokyo stock exchange, the yen's fall to 200 to the dollar, a devaluation of the Chinese yuan and the Hong Kong dollar, further devaluations in the rest of Asia, failure by Indonesia to repay its external debt, and important devaluations in Latin America, notably in Brazil.

The result of these events will be a recession in the US in 1999 with a drop in GDP of 0.5%, and a steep slowdown in Europe where growth will drop to 1.3%.

The difficult articulations between the disparate elements of this dark scenario suggest that such a catastrophic, simultaneous and general collapse of all the major economies is not the most plausible hypothesis, even if its probability coefficient has risen during the last few months.

The most probable scenario is a shrinking of the cycle in the United States and Europe which would lead to a successive entry of the different zones of the world economy into a stage of very slow growth coupled with localized recessions and a growing disconnection between the North and the South. Its exact outline will depend mainly on the degree of coordination among imperialist countries. When we hear the president of the IMF explaining that "the term 'coordination' is negatively perceived by Central Bankers, who tend to maintain the spontaneous character of their decisions" we should not expect miracles of forward planning.

We certainly cannot rely on the expert leadership of Michael Camdessus, for whom "it is not the strategy that was bad, but its application".

More serious bourgeois ideologists go to the depth of the problem. On September 5th one editorialist in *The Economist* reluctantly admitted that China and India, which for years have been far less connected to the global capitalist system than South Korea and other countries, have fared much better in the crisis. "There are doubtless lessons to be learned from this," he wrote. Quite what those lessons are, he did not say.

Presumably, he wanted to say something along the lines of "we are forced to recognize that the world capitalist economy is not the best imaginable. In any case, there is a need for a controlled reversal that saves the essential."

The breach is opened. The fact that Camdessus can declare in the name of the IMF that "controls on capital movements are not prohibited" but that "they

ought to be used with extreme caution" hardly encourages partisans of the new Multilateral Agreement on Investments, which seeks to forbid the slightest attempt by states to control capital flows.

In *The Economist* of September 12, Jeffrey Sachs violently attacks the IMF, where he was a guru, and suggests that "developing countries should impose their own supervisory controls on short-term international borrowings... Chile does this by taxing short-term flows; other approaches may be worth exploring".

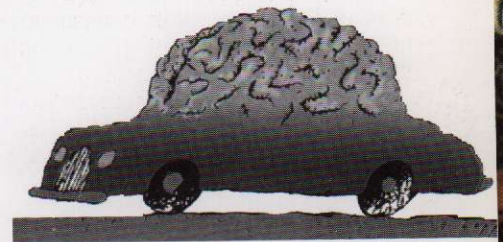
This is one of the most astounding features of the current environment. Supposedly archaic economic policies are suddenly being discussed and their implementation is tolerated. Malaysia implements strict controls on capital movements. Hong Kong intervenes on the stock exchange to penalize speculators, Russia suspends its debt, and the Japanese government announced the nationalization of the Long Term Credit Bank of Japan (under the more delicate term "special administration by the state".)

Sachs is not satisfied with criticizing the IMF and the World Bank for having acted "with stunning arrogance in developing countries". After denouncing the "dictates" of the IMF (though without much explicit self-criticism) he adds propositions. The first is to launch a kind of Marshall plan, through regional organizations like ASEAN. Another proposal is the cancellation of debt of the poorest countries, on a much faster rhythm than at present.

A considerable change is taking place. Not only have neo-liberal solutions suddenly lost their legitimacy. But at the same time radical solutions have emerged, and are the subject of serious debate by economists, bankers and politicians.

Now they accept that total liberalization of capital is not optimal. This leads them to admit the possibility, even the utility, of controls on capital movements. The proponents of the MAI project have been pulverized. Not by the progressive opposition, but by their own side!

Foreign exchange controls and nationalization can again be discussed in polite society. Though radical social alternatives will not emerge overnight, we are certainly entering a new phase. ★



Seoul, South Korea Anti-IMF

Steve Zeltzer

In the midst of the largest depression in 30 years, thousands of unemployed and fired workers rallied in Seoul on September 12 to protest the illegal lay-offs and the role of the IMF and World Bank in implementing a structural adjustment programme in South Korea.

They were also angry that the Kim Dae Jung government has actively encouraged the *chaebols* who represent large private family monopolies to implement massive downsizing in flagrant violation of union rights.

The demonstration followed a conference called by the independent Korean Confederation of Trade Unions (KCTU) and the Seoul-based Policy And Information Centre For International Solidarity (PICIS).²

The conference, called "People Against The IMF" attracted several hundred delegates, including 35 from abroad: the Philippines, Indonesia, Bangladesh, Thailand, Mexico, the USA and France.

The internationalisation of Korean capital has now led the trade union movement in Korea to reach out for greater links with workers around the world to fight similar policies and bosses. Attending the conference was a worker from the Han Young plant in Tijuana and after the conference he visited the factory floor of Hyundai assembly plant in Ulsan.

Much of the reports and discussion at the conference pointed to the devastating effects of the United States and IMF policies throughout Asia and around the world.

Muchtar Pakpahan, leader of the Prosperous Workers Union Of Indonesia, and of the newly formed National Labour Party (PBN), argued against any further IMF loans that came the same corrupt politicians in power. The Indonesian people, Pakpahan said, are paying for these "loans," while the money is going in the pockets of the ruling families without any conditions on labour and democratic rights.

He had recently returned from the United States in August where he met with the AFL-CIO executive council to discuss the problems of his unions and the conditions of the Indonesian workers.

Delegates heard that more than 240 Korean unionists are either under arrest

or wanted on arrest warrants for striking and union organising. President Kim Dae Jung has said that workers are not legally able to strike over lay-offs and many unionists now face jail for striking.

The KCTU has also filed a complaint with the ILO that the Kim Dae Jung government has violated international labour rights that allow for freedom of association. KCTU Secretary Treasurer Koh Young-joo told delegates that there is more imprisonment under Kim Dae Jung than under the previous president.

The organisers of the conference made full use of modern technology. Speeches at the September 12 rally were broadcast live on the Internet, via a mobile telephone. These activists have also formed an organisation called the Progressive Network Centre. They plan to launch a LaborNet web page for Korea in November as well as providing education, training on the use of this technology and providing an on-line service³ for workers and other activists.

The KCTU is also sponsoring an International Labour Film And Video Festival in November.

Delegates at the conference obviously discussed how to deal with the deepening crisis. British participant Colin Hines outlined the need for "protection controls". In a paper titled "Who Will Buy?-Reversing Global Deflation Requires A New Protectionism", Hines with co-author Alan Simpson, a UK Labour MP argued that only protection controls for the development of the local economies could protect countries from the ensuing meltdown. "This is the context in which a new protectionism will be recognised as being synonymous with the inclusive society and the stakeholder economy."

Hines and Simpson called for "democratic control over capital" a "Europe wide Tobin Tax on international capital transactions to curb currency speculators, broader re-regulation of finance capital Europe wide is required".

Mike Waghorne, Assistant General Secretary of the Public Services International Union which represents the majority of public workers around the world warned that public services must be efficient if they were to get support and that only in "the Scandinavian countries" could public workers unions have successful collaboration agreements".

His paper also declared that although the World Bank's 1997 *World Development Report* was flawed, it called for a "strong, effective and agile state" that would "restrain corruption and arbitrary state action". Waghorne admitted in dis-

cussion that some labour governments around the world were now leading the attacks on public workers. He pointed to the New Zealand Labor government, which had launched a whole scale attack on public services and "successfully split the labour movement".

Hundreds of workers and youth in Korean are still in prison for their working class and socialist viewpoints. But the Korea Youth Progress Party organised a specific workshop to discuss "working class political parties around the world." Manuel Sarmiento, Secretary and Treasurer of the Philippine KMTU trade union federation, and Taffazzul Hussain of the Bangladesh National Workers Federation made long contributions.* Choi Hyuk, President of the Korea Youth Progress Party, responded, and outlined his views on the challenge facing Korean radicals.

In the last election, the KCTU had launched the People's Victory 21 Party, and supported the presidential campaign of former KCTU president Kwon Young Gil. According to the KYPP, the major weakness of this initiative was a weak organising campaign and slogans such as "let's work with the candidate from the opposition party who could be elected". A number of conference delegates expressed frustration that this, the first such initiative, had "adapted" to the Kim Dae Jung forces. ★

Notes

*The author presented the US Labor Party at the conference.

1. www.kctu.org

2. <http://sdp.cpnnet.org.kr/pacis>

3. www.jinbo.net

4. Organised on November 12-15 by the Seoul-based group Labour Video Production, Seoul. For more information contact <Inp89@chollian.net>

Electronic Viewpoint

Some of the articles for the next issue of *International Viewpoint* are already viewable at our web site. We are slowly adding a downloadable archive of articles published in previous issues

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Eric Toussaint and Peter Drucker (Eds.)

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