

International VIEWPOINT

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Libya : What Reagan was really targeting
The Third World debt by Ernest Mandel
India: Balance sheet of Rajiv's reign

INTERNATIONAL VIEWPOINT

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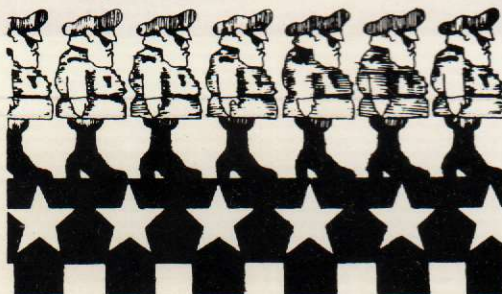
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INTERNATIONAL MARXIST REVIEW

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Who was Reagan shooting at?

THE ADMINISTRATION of US President Ronald Reagan justified its attacks on Tripoli and Benghazi in the name of "legitimate defence" and US security. Terrorism was presented as the sole motive for this military operation. In reality, this was only an alibi.

For several years, Washington has been considering the possibility of overthrowing the Moamer Qadhafi regime for reasons that have nothing to do with terrorism.

CLAUDE GABRIEL

Whatever assessment one makes of Tripoli's international policy, there is no doubt that it is a thorn in the side of imperialism. The Libyan government has taken a strongly anti-American attitude and used its financial resources to aid various groups, movements or organizations.

Today, Washington is attacking a Libyan regime that irritates it. But in this way it is aiming to change the climate on a world scale. It wants to accustom the European and North American peoples to a policy reestablishing the United States in its role as a world cop.

On April 3, 1984, US Secretary of State George P. Shultz urged the Western nations to defend themselves against terrorism, "which represents a new form of war ... a new kind of technique against which it will probably be necessary to devise new techniques."*

On that occasion, the secretary of state pointed the finger of accusation at "countries such as Iran, Syria, Libya and North Korea." At the same time, he took the precaution of adding that there was no question of attacking headquarters or assassinating individuals.

Events in the Middle East, Chad and West Africa, as well as various incidents around some Libyan embassies abroad, have been used as arguments to pin blame on Qadhafi. The Gulf of Sidra affair was another means of pressing home the argument that the Tripoli government is an "outlaw" regime.

The first incident in the Gulf occurred in August 1981 when two Libyan MiGs were shot down by US fighters. On June 29, 1983, two F-14's from the US 6th Fleet intercepted

two Libyan MiG-23s about 35 miles off the coast of the country, in what the United States considers international airspace and the Libyans consider their territory. On August 1, 1983, there was another incident of this type.

Finally, the present crisis also began with a military incident in the Gulf of Sidra on March 24 when Libyan airplanes opened fire on American aircraft on maneuvers with the rest of the 6th Fleet. In reprisal, the US planes bombed a missile base on Libyan territory and attacked two Libyan navy patrol boats.

For a long time Reagan had been looking for this alibi to justify an attack and raise the question directly of overthrowing Qadhafi. The US government has openly avowed that its objective was to destabilize this regime and bring it down.

The *Washington Post* of November 3, 1985, cited government sources to support the statement that Reagan had authorized the CIA to set up an operation designed to weaken the Qadhafi regime.

The US government, which is itself an expert in the field, used the argument of terrorism, in particular after the attacks on the ticket counters of the Israeli airline El Al in Rome and Vienna. Anti-Libyan hysteria reached new heights.

For their part, the Libyans swung back and forth visibly between provocation and appeasement. On December 27, the Libyan press agency Jana described the Rome and Vienna attacks as "a heroic operation carried out by the sons of the martyrs of the Sabra and Shatila camps."

But on January 2, in a letter addressed to the UN secretary general,

the chief of Libyan diplomatic affairs, Ali Triki, explained that Tripoli was in no way involved "directly or indirectly" in these terrorist attacks, which it "vigorously condemned." He described these attacks as "deplorable bloody outrages" and accused the United States and Israel of trying to exploit them to set the stage for an aggression against Libya.

On December 29, in fact, the Israeli premier, Simon Peres, denounced Libya as the "world center of terrorism." On January 7, 1986, Reagan declared that he had proof that the Libyans were involved in the Rome and Vienna attacks and that the United States had decided to break off diplomatic relations with Libya and withdraw American personnel working in the country.

After that, the immense imperialist propaganda machine began to roll to justify exactly the sort of operation that finally took place a couple of weeks ago. The bombing in Berlin of a discotheque frequented by Americans was the final pretext that the US government was so obviously waiting for.

Thatcher declares bombing "legitimate defence"

In the name of protecting American citizens throughout the world, the bombing of Libya could now be justified. In granting the right to use US bases in Britain for the raid against Libya, Thatcher, Reagan's accomplice, declared that the action represented "legitimate defence."

The cost of exercising this "right" was hundreds of dead and wounded among the population of Tripoli and Benghazi. It was a "right" that Reagan and Thatcher dreamed up to meet the needs of the moment, a sort of vendetta against a people.

After the bombing, the Libyans announced that there was a state of war in the Mediterranean. They fired two missiles at the Italian island of Lampedusa, where there are major US electronic installations. According to Tripoli, this island "played a decisive role in coordinating the bombers coming from Britain with those that took off from the aircraft carriers to hit Tripoli and Benghazi."

This was a pathetic gesture. The two missiles fell into the sea two kilometers short of their targets because they did not have the necessary range. In this way, it was demonstrated that the arms the Libyans have bought from the Soviets are far from capable of threatening southern Europe. The so-called mili-

* All quotes originally in English are retranslated from the French.

tary danger from Libya appeared as what it was, a myth.

Well aware of the real relationship of forces, Qadhafi announced on April 16 he was "suspending the state of war in the Mediterranean" and paid tribute to France, Spain and Greece for their "honorable attitude."

The US decision was far from directed at Qadhafi alone. In reality, it was intended as a move in the overall crisis in the Middle East, in which Libya plays only a secondary role. But since the failure of the US-French-Italian operation in Beirut in 1982, it has become more and more difficult for the various imperialist countries implicated in the region to implement common policies.

France, for example, is groping along in its policy toward the Iran-Iraq conflict and trying to improve its relations with the Syrian regime. It did not want to be left holding the bag by keeping its troops in Lebanon.

In the same vein, in Italy, Prime Minister Bettino Craxi said on April 21 that in dealing with terrorism "neither Europe nor Italy has shown timidity." But, he continued, Italy had "advised the United States against taking the road of military reprisals."

In fact, Italy has managed to get into the most advantageous position in the Libyan market, with many contracts for producer goods and building projects.

The US government is quite aware of these contradictions, and quite correctly interprets all this as posing the threat of a total fragmentation of imperialist policy in the Middle East. It believes that the general interests of the Western powers require it to retake the initiative in order to deflate the pretensions of states such as Libya and Syria, and thereby regain unchallenged leadership for the United States, forcing the other imperialist states to line up behind it.

On April 15, 1986, Reagan explained that the operation against Libya was no more than "one battle in the long fight against terrorism, which will not be ended until the free and civilized peoples of this planet have united to wipe out this plague."

To accomplish that, he wants to force the Europeans to line up behind the US policy. So, a military operation such as the one carried out against Libya has a twofold advantage. It puts the European governments on the spot, forcing them to clarify their position. It also sets in motion a very complex play of links and military constraints tying together the Western powers.

The press, especially the French press, is trying to contrast Reagan's firmness with the "softness" of most



Colonel Qadhafi

of the European governments. The population is thus being led to interpret world policy in terms of the psychology and temperament of the rulers. Nonetheless, in this affair, we see again the eternal debate in the bourgeoisie when it finds itself confronted with major external dangers.

Each one of the protagonists thinks that they are best defending the long-term interests of imperialism. But in reality momentary differences generally reflect different immediate interests.

The Libyan test does not concern only policy in the Mediterranean. It serves for all regions in the world where the imperialist positions are threatened, and first of all for Central America. From this standpoint, the bombing of the Libyan cities prepared the way for other interventions against any regime that the White House does not like.

But fortunately, the demonstrations that have taken place in Europe against the US aggression in Libya have not all been small and symbolic. They have shown in Italy, Britain, West Germany and Spain that there is a real movement of resistance to Reagan's big maneuvers.

The press has referred a lot to Qadhafi's "madness," or the irrationality of Libyan policy. In the anti-imperialist movement as well, there may be a tendency to think that Reagan is an unthinking and irresponsible war maker. It would be a grave error to see a confrontation of two kinds of "madness" or "megalo-mania."

Reagan is pursuing a policy that suits the interests of certain dominant American interests and lobbies. Qadhafi reflects the needs and the

rule of the dominant social layers in Libya today.

Libya enjoyed exceptionally favorable conditions during the years of the oil boom. The social effects of the overthrow of the monarchy in 1969 and the political character of the ruling team that took over then have led to a redistribution of income of a sort seen nowhere else in the Middle East. This has given the present regime a solid social base.

The ideology of the regime expresses this sort of Bonapartism and the perspective of building a society where classes will disappear through a fair redistribution of the wealth. This "mass system" is represented as one based on the workers associated in production and not wage earners, and on the principles of association assuring the satisfaction of needs. The land is presented as belonging to all, and no one is supposed to possess more than they consume. (1)

This beautiful construction which obviously is reminiscent of certain aspirations of socialism, is largely rhetoric. The Revolutionary Committees do not represent self-organization of the working people. On the contrary, they tend to put them under tutelage in the name of "defending

1. According to the Libyan news agency Jana on November 17, 1985, "the revolutionary forces" destroyed the headquarters of the Registry in Tripoli and burned all the files. "This initiative," the agency said, "by the revolutionary forces in Tripoli fits into the framework of reinforcing the freedom of citizens and achieving the vanguard ideals of the Green Book, according to which houses belong to those who live in them and the land belongs to no one. ... Thus, the revolutionary forces have destroyed forever the documents that legitimized exploitation and laid unshakable foundations for the people's taking control of their heritage and their future."

the revolution" against all sorts of "saboteurs."

At the start of the 1980s, Libya had a bonanza of 20,000 million dollars in oil income for a population of around 3 million. When this income dropped abruptly in 1981, the regime radicalized its policy toward the Libyan society, while at the same time reducing its own spending.

At that time, a sort of "ultra-leftism" typical of petty-bourgeois nationalist leaderships appeared. It was first of all the "people's discipline and its enthusiasm for work" that were to be the point of departure for solving the problems of the nation.

Qadhafi denounced even small individual commerce and later announced the end of "insignificant" trades such as tailoring, hairdressing and pastry-making. This ultraradicalism was accompanied by a policy of "socialization" from above that led to new social and economic contradictions.

However, the oil income made it possible to alter Libyan society profoundly. It opened the way for building projects on the scale of the Egyptian pharaohs. Nonetheless, the dropping of the oil price below 15 dollars a barrel — despite dumping on the free market — greatly reduced Libya's income, as well as that of all countries dependent on oil exports.

The great hope of a "mass society" is fading. The imperialists' regaining their grip on the oil market, followed by the collapse of the oil price, are putting a sharp rein on the utopian pretences of the Libyan regime.

In the case of the oil market at least, the imperialist policy shows the hypocrisy of those economic theories that claim that countries can take advantage of opportunities offered by the market to increase their independence within the world economic system. In reality, the policy of the big industrial countries blocks any such possibilities.

The big building projects and sales of technology made possible by the recycling of petrodollars did open up juicy markets for the Western bourgeoisies in Libya and the other countries. However, the Libyans and some others are now finding out the limits of this coexistence. It is in fact one thing to negotiate a contract on equal terms with an Italian enterprise or an American company, and it is quite another to think that a perfectly regulated world market in the long run will permit a sort of vanguard experiment in building an ideal society based on the laws of the capitalist market.

The present oil crisis has served as

a reminder of the impossibility of such projects and pushed the Qadhafi regime into upping the ante in its confrontation with imperialism in order to justify its legitimacy and maintain its social base in Libya itself.

The relative economic crisis that Libya is experiencing today directly poses the question of the legitimacy of the regime, inasmuch as the latter based itself entirely on the oil bonanza to raise the incomes of a large percentage of Libyans.

The United States knows perfectly well, therefore, that its objective of destabilizing this regime is favored today by the situation of the oil market.

Libyan economy hit by falling oil prices

Libya itself strongly encouraged the rise in barrel prices. In January 1981, the Libyan standard barrel cost was 40.78 dollars, as against 32 dollars for its Saudi equivalent.

The downward pressure on the oil price is now hitting the Libyan economy all the harder because its resources had been swollen artificially during the period of the boom. In January 1982, the Libyan barrel was only worth 36.50 dollars and in March 1983, 30.15 dollars.

As regards receipts from exports, which depend not only on the price for crude but also on the quantities exported, the crisis had already appeared in 1981. At that time, Libya lost 30.8% of its receipts. In 1982, it lost another 9% and in 1983, 16.5%. The state has been forced to curb its spending, to rein in the big building projects, to slow industrial growth, to reduce exports and to expel a number of foreign workers.

Tripoli dropped its ambitious 1980-85 five-year program and took austerity measures. The development budget was reduced from 2,740 million dinars (9,250 million dollars) to 1,700 million dinars in 1985.

Debts to foreign companies and supply firms are accumulating, despite attempts to sell oil in excess of the quota fixed by OPEC and to offer oil in barter agreements.

The political crisis between Libya and its main Western partners has combined with all this to lead to a steep drop in commercial exchanges. In 1981, the United States imported 5,300 million dollars worth of Libyan oil, and its exports to Libya totalled 811,000 million dollars.

Over the first ten months of 1985, the United States only exported 260 million dollars in commodities (in particular, food and medicine)

to Libya, and it only imported 36.5 million dollars worth of refined petroleum products from the country (in 1981, Reagan placed an embargo on imports of crude).

Despite ups and downs (1985 was better than 1984), for five years Libya's foreign trade has been suffering the pernicious consequences of political pressure from the imperialist countries.

Despite this, at the start of 1986, there were still about 1,500 Americans permanently resident in the country and more than 2,500 others freely circulating on business, along with 5,000 British, 12,000 Italians and 1,200 French.

Clashes and tit-for-tat threats notwithstanding, economic relations between the United States and Libya have never been like those with Cuba, Vietnam, Cambodia or North Korea.

The US offensive is based on this change in the economic relationship of forces, for Libya, as well as for the rest of the Middle East.

The fall in the oil price after 1981 was the result of several factors. These included the effects of the second world recession and the resulting drop in world demand for energy products; the energy saving accomplished by big industry in the 1970s; and production of oil by non-OPEC countries, such as Britain and Norway.

However, another element came into it, a political one. It was the political crisis of OPEC, that is, the inability to get a common front in defence of the interests of the Arab oil-producing countries on the world market and with respect to the crisis in the Middle East.

The Arab countries' means for extending pressure were so reduced that that led also to a decline in their share of the market. They now only represent a fifth of world oil production, as against one-third in 1974.

Reagan knows, therefore, that Libya has little real chance of rallying solidarity among the Arab states. These states themselves obviously have their own opinions about Tripoli and their own fears. But in other times, they would have been able to use this conflict to bring pressure to bear for economic concessions.

Over the 1970s, they were able to exploit imperialism's political weaknesses. Today, they are in a position of inferiority, and their weakness is first of all economic. They have neither the desire nor the means to exploit the clash between Libya and the United States.

On Washington's side, it is not the megalomania of the president that determines military operations of this sort. The economic and social crisis

in the Third World is destabilizing these societies and aggravating social tensions.

US policy today reflects a great fear of seeing a multiplication of revolutionary focusses or crises. The attitude Washington took toward Haiti and its last-minute turn on the Philippines show that it wants neither another Nicaragua nor another Lebanon.

For this reason, pinpoint interventions such as the one carried out against Libya are a way of black-mailing the peoples of the Third World who want to free themselves. Operations of this type — brief, spectacular, without risks — can test the conditions for a more prolonged intervention against a people disinclined to accept the rules of the game.

What can a state like Libya do against an armada like the US 6th Fleet in the Mediterranean? The cost of a real counteroffensive is beyond its reach. Only genuine revolutions can hope to be able to defend themselves and win. But for them also, as we have seen in Indochina and as we are seeing today in Nicaragua, the human and economic costs are staggering.

Reagan's ideology and personality suit the needs of the hour for the dominant factions of the US bourgeoisie. But this line cannot be carried through without contradictions and problems.

The military operation against Libya has to be taken very seriously. This was not a gesture of exasperation or a passing incident. It fits into a deliberate policy of crackdown. It is a stage in the imperialist counter-offensive that was launched at the beginning of the 1980s after the defeat in Vietnam, the Nicaraguan revolution and the Iranian revolution.

This attack is a necessary link for a military policy designed fundamentally to give the imperialist armies the technical and logistic means to oppose any popular uprising in the Third World. The first indications of this policy were the setting up of the US and French rapid intervention forces, the US landing in Grenada and the French intervention in Chad.

The warlike attitude of the US government reflects the present trend in imperialist policy. The danger is magnified by the fact that the North American and European workers' movements have let themselves be fooled and trapped by the chauvinism and racism of the dominant ideology. The wars and conflicts that the imperialists are plotting can only be countered if the working class and the youth of the imperialist countries clearly choose the side of the oppressed peoples. □



April 20, 1985: Americans protest against Reagan's policies (DR)

Worldwide protests against US bombing

Britain

BRITISH COMPLICITY in the United States' bombing of Tripoli and Benghazi provoked massive public opposition and a wave of demonstrations throughout Britain. Opinion polls showed opposition to Thatcher's support of the American operation running to seven in ten. In a week of demonstrations tens of thousands protested outside US installations and in Britain's major cities. The public response is a new blow to the Thatcher government, increasingly unpopular for its economic and social policies.

Thatcher had been informed of Reagan's intention to prosecute the raid on April 8. When told that the US government was intending to carry out the raid regardless of the position of its NATO allies, Thatcher quickly acquiesced in the proposal. The British government was the only one of the USA's eleven European NATO allies to do so.

Justifying her actions in the House of Commons on the basis of US assistance to Britain in the Malvinas War, and the supposed aid given by Qadhafi to the IRA, Thatcher declared that it was "inconceivable we should refuse United States aircraft and pilots the right to defend their own people." However many of her senior colleagues

did not agree. Some privately concluded that the incident had decisively destroyed their chances of winning the next general election scheduled for 1987. Ex-Prime Minister Edward Heath spoke sharply against her actions, claiming that he had refused similar logistical support for the USA during the Yom Kippur war in 1973.

Other opposition parties also disagreed with the government's actions. The Labour Party leader Neil Kinnock opposed the military action while also condemning other EEC governments for not pursuing economic and diplomatic sanctions against the Libyan government and people.

Kinnock has taken the opportunity to repeat his party's pledge to remove all US nuclear bases after "about a month" if Labour took office following a general election. This policy is now becoming a popular one with the electorate. There are over 160 US installations in Britain, of which 100 are military ones used by the US Air Force. Over a fifth of the US air strength is based in Britain with 57,000 personnel. Labour's policy however only applies to nuclear bases, which would actually leave most in place. From the left of the party has come the demand for a future Labour government to withdraw from NATO. But the limitations of the Labour Party's "non-nuclear" policy has become evident

in the rabid hostility to this proposal from Kinnock and the rest of the right.

Nonetheless the Labour Party is riding a tide of public opinion as a result of its opposition to Thatcher's support for Reagan. Only 29 per cent of British people questioned in a MORI poll during the week after the bombing thought that Reagan was right to carry out the operation. An even lower figure of 25 per cent agreed with Thatcher's complicity in the operation. These figures did not change significantly after the execution of two British journalists in Beirut. The father of Leigh Douglas, one of the journalists killed, made front-page news by denouncing the Thatcher government for being responsible for his son's death.

The response to the Tory government's support to the bombing was organized largely by the peace movement and particularly the Campaign for Nuclear Disarmament (CND). Within six hours of the bombing being announced CND organized a demonstration of 2,000 people outside Downing Street, the prime minister's residence. The same night saw demonstrations in Manchester, Birmingham, Oxford, Nottingham and Southampton.

On Saturday April 19, over 10,000 people joined a demonstration called by CND and supported by the Labour Party in Grosvenor Square outside the American Embassy. Called on the basis of "US bases out of Britain" and "Stop supporting international terrorism", the demonstration was considered a success by CND leaders, who have largely played down CND's mass campaigning role in the last period. Later on 5,000 people staged a sit-down protest in Oxford Street, London's busiest shopping centre, which was broken up by police with 67 arrests.

Elsewhere in Britain, US bases were a special target for protesters with the four bases involved in the raid against Libya being singled out for special attention. At both Lakenheath in East Anglia and Fairford in Gloucestershire, demonstrations of about 2,000 protestors cut down perimeter fences and painted slogans on installations. Thirteen Greenham Common women entered the missile base which has been on full alert since the beginning of the Libyan crisis. In Scotland about 1,500 people rallied in the centre of Glasgow.

Now the task for the peace movement and the left is to press home the popular opposition to the Libyan raid, end British complicity in the attacks on Libya and Central America and build the movement for US bases out of Britain and Britain out of NATO.

USA

IN THE US itself, emergency protests against Reagan's action were held in a number of cities. In Los Angeles, 800 demonstrators gathered on April 15 for a previously called action against US aid to the contras. In Washington, picket lines were mounted and demonstrators chanted, "Stop the bombing, stop the war from Libya to El Salvador."

Four hundred protested in Minneapolis and the same number in New York City as well as 300 in Seattle.

April 19 was the day set for the Mobilization for Peace, Jobs and Justice in San Francisco. Twenty-five thousand people attended and the US attack on Libya became a major theme of the demonstration.

Though these are small beginnings it is clear that opposition inside the United States will develop apace. At a convention of the Rainbow Coalition [close to the Democratic Party], on April 19-20, for instance, the clear feeling, expressed most emphatically by Jesse Jackson, was against the intervention.

Italy

THE ATTACK BY US imperialism against Libya provoked widespread reaction in Italy. Despite the attempts of the media to stir up nationalist feeling several demonstrations took place against the US action in most of the large towns and in some smaller ones. Hundreds of thousands of people marched through the streets, for the most part raising clearly anti-imperialist slogans including against NATO and for Italy's withdrawal. In Rome, 10,000 people marched, in Milan, 30,000 and in Florence, 60,000-70,000.

The LCR (Lega Comunista Rivoluzionaria, Italian section of the Fourth International) and its affiliated youth organization, played an active role in the actions which had a very strong student component. The National Secretariat of the LCR sent an open letter to the Libyan embassy in Italy saying "we extend our total solidarity to the Arab people of Libya under attack by American imperialism. Our country has a historic debt to Libya, a country which was the victim for several decades of Italian colonialism. We do not want to see, today, our government endorsing further military aggression against a people who have always fought for their independence. That is why our organization and our journal put forward the slogan, 'Hands off Libya!'"

"We believe that the mobilization of Italian workers will make an impor-

tant contribution to the struggle of all those peoples, who, throughout the world, have fought for freedom and against imperialism ..."

The LCR Central Committee adopted a resolution of which the main theme is "Against imperialist aggression, help Libya resist." At the same time it was decided to launch a campaign of material aid, mainly in the form of medical supplies to the victims of the attack in Tripoli and Benghazi.

West Germany

IN WEST GERMANY an estimated total of 100,000 people were out on the streets during the week when the bombing raid took place. Demonstrations were held in all the major cities and in smaller ones. The largest was in Bonn when 30,000 people assembled on Saturday, April 19 at the appeal of the peace movement coordinating organization. Similar demonstrations were held in Hamburg, Frankfurt and Berlin.

The increasing US aggression has prompted peace groups and groups in solidarity with the peoples in different countries to work more closely together against US intervention. The Libyan bombing produced a renewed reaction of fear amongst the population at the threat of war and this will probably be reflected in increasing support for the peace movement, particularly in the demonstrations next October.

Spanish state

ABOUT 15,000 people marched in Madrid in a spontaneous response to the bombing raid. The demonstration was called by the Anti-NATO commission and other organizations of the left and the trade unions, the CCOO and the CNT. On Sunday, April 20, thousands more marched on the US consulate in Barcelona.

And elsewhere...

MORE THAN 50,000 people marched on the US embassy in Athens, Greece on April 15 chanting "Hands off Libya now" and "Americans out of the Mediterranean". The protest was called by the Greek Student Federation, both of Greece's two communist parties and several trade unions.

In Vienna, Austria about 4,000 marched to the US embassy and burned an effigy of Reagan.

In France, 1,000 people took part in a march called by the LCR (Ligue Communiste Revolutionnaire, French section of the Fourth International) and Lutte Ouvriere.

And other demonstrations were reported in Tunisia and Pakistan. Some 10,000 people also demonstrated in Khartoum, Sudan. □

The hardest year since the revolution

THE YEAR 1985 seems to have been a very bad one for the Nicaraguan economy. The devastating effects of the contra war and natural calamities aggravated the distortions of the mixed economy. (1) Facing this situation, the Sandinista government responded by accelerating the agrarian reform and various other economic measures commented on in the following article.

MARIA MERRI

On March 9, the Nicaraguan government announced increases in prices and wages. The papers that day did not make very pleasant reading. Everyone was calculating what these steps would mean for them. But it cannot be said that this came as a surprise.

Since the national currency was devalued on February 1, with the cordoba going from 28 to 70 against the dollar, everyone had been wondering when the rises would come and how big they would be.

Wages were raised by 50% on March 2, after having already been increased by an average of 89% on January 1. (2) Prices, on the other hand, went up between 50% and 150%, depending on the product, and even by 200% for "high class" restaurants. All prices and charges went up in the food industry, transport, services, electricity, and so on.

These measures were a continuation of the line represented by the steps taken in February 1985, when the government removed the subsidies on necessities. The prices of such products had been kept at an artificially low level since the revolution. (3)

Officially, the inflation rate was 238% in 1985. But this figure does not take into account the great disparities in price rises. What is clear is that the standard of living went down in 1985 and that the drop was relatively steep.

The Sandinista government has made no secret of the fact that 1985 was one of the most difficult years since the triumph of the revolution in 1979. The war is unbalancing the whole economic system, which, in a dependent country and in the midst of the world economic crisis,

was already vulnerable enough.

It is estimated that defence is absorbing about 50% of the state budget annually. There is the army of 50,000 that has to be fed, clothed and transported to the war zones. Moreover, it represents 11% of the country's agricultural and industrial labor force.

For 1985 alone, the total cost of the material damage caused by the contras is calculated at 120 million dollars.

In addition to maintaining the economic blockade, Washington has vetoed certain lines of credit extended to Nicaragua by the international financial institutions.

In total, in 1985, the cost of US aggression in all its forms (military, commercial and financial) was estimated to have reached the level of 608 million dollars, or 26% of the gross domestic product.

Agriculture hit by drought and floods

As if this were not enough, in the past year agricultural production was hit by a series of natural disasters, a drought followed by catastrophic floods.

The volume of industrial production fell by 6.5%, while exports dropped by 11%. The value of the latter totalled only 300 million dollars and covered only 36.2% of imports. The trade deficit has risen to 531 million dollars, the biggest ever seen in Nicaragua.

Moreover, despite drastic cutbacks, the deficit in the state budget amounted to 23% of gross national product.

Even to be able to produce, Nicaragua has first to import. Just the

production of cooking oil and soap — two of the five necessities whose prices are guaranteed by the state — last year required importing 42 million dollars worth of raw materials.

Here again, the war is blocking greater utilization of the country's own resources, which could, at least in part, reduce this dependence. For example, the whole forestry development project, which was to provide the basis for increasing nontraditional exports and to lay the foundations for a lumber industry, has been thrown into disarray by the contras. That means that 14 million dollars in investment have gone up in smoke.

"We can't divide up what we don't have." This phrase by Comandante Cabrales, the minister of internal trade, sums up perfectly the facts about the population's number-one problem, supply. Any shortage feeds speculation and the black market. Nicaragua is no exception to this rule.

Through the Workers Supply Centers (CAT) and the Sandinista Defence Committees (CDS), the government provides a monthly quota of basic food products, hygienic necessities and clothing.

However, while food products are distributed in accordance with the number of persons living in the same household, other products, in particular hygienic necessities, are distributed according to a quota allotted to each wage earner individually. In other words a single wage earner would get the same amount as one with a wife in the home who was the father of five children.

Moreover, since the CAT and CDS often do not have sufficient stocks to meet the demand, it is necessary to resort to the free market, where the prices are very elastic.

In an attempt to improve this situation, the Sandinista government has launched a twofold battle. Its first objective is to eliminate, or at least try to eliminate, the "informal" sector, which is an enormous cancer eating away at Managua. The second is to increase, at any cost, production and agricultural and industrial productivity.

Illegal traders are estimated at 40,000. The repressive side of the attack on this problem includes

1. See "A step forward for the revolution," by Charles-Andre Udry, *International Viewpoint*, No. 97, April 21, 1986.

2. Wages were increased from 60% to 100% on January 1. The biggest raises were on the highest wages, unlike previous hikes. The government's objective was to give technicians and skilled workers incentive to remain in important sectors of the economy and not leave them to emigrate or to do more lucrative work in the informal sector.

3. On the elimination of subsidies on necessities, see "The revolution after six years," by Jean-Claude Bernard, *IV* No. 84, October 14, 1985.

cleaning out the markets in the capital city, especially the infamous "Eastern Market," the bastion of the black market; the selective renewal of trading licenses in January; and the "iron fist" price control operations by the Ministry of Internal Trade (MICOIN).

The other side of this attack includes the creating of "people's inspectors," named by the CDS and the unions. They are to serve as auxiliaries for the MICOIN's inspectors so that supervision can be stepped up. Another measure is the establishment of regional garden farms. These are intended in time to supply the cities and prevent the black-market prices, at least for fruit and vegetables.

An increase in agricultural and industrial productivity is crucial for the country. This is a major means of reducing shortages and therefore speculation. But there are and will remain many obstacles in the way of achieving this. On the objective level first of all, there is a chronic shortage of spare parts and raw materials, which has been aggravated by the US blockade.

Social investments earmarked for the countryside

But there are also subjective obstacles. In agriculture, for example, the workday is around four hours. In fact, it has gone up quite a bit. After the revolution, it is estimated that the workday fell to two hours.

This is a phenomenon inherent in any revolutionary process. It happens when the old constraints on workers are removed, especially on those doing the hardest jobs. It has to be understood as a natural thing. But it obviously poses some economic problems.

While waging an ideological campaign to explain the importance of rising production for developing the country, the Sandinista National Liberation Front (FSLN) has decided to give priority to the productive sectors of the working class and the peasantry in dividing up what is in short supply. This is to the disadvantage of other sectors, such as the services and administration.

Moreover, this year almost all social investments — as in education, housing and health — will be earmarked for the countryside. The objective is to stimulate a sector vital to Nicaragua because of what it exports but also because of its production of food crops, and in this way to stem the rural exodus that has swollen Managua out of all proportion.

However, this measure is as much political as it is economic. With the



The attitude of the peasantry to the government's policies will be decisive (DR)

turn taken in 1985 in the application of the agrarian reform, the distribution of land en masse and individually to the peasants, it is necessary to firm up the "workers' and peasants' alliance" as the backbone of the revolution, according to the expression of the national leadership of the FSLN. (4)

This choice, which involves consciously favoring some sections of the population to the detriment of others, automatically incurs dissatisfaction among those momentarily left out. A number of measures have not exactly brought cheers from those affected. That goes for the increase in prices in Managua, which is higher than in the rest of the country. It goes also for the new working hours in the capital. The workday has been reduced and working time has been spread over the week. But workers in the tertiary sector and administration now have to work Saturday mornings. The reason for this was to try to solve the bottlenecks in mass transit in Managua.

The target of the 1986 economic plan is to achieve a growth rate of 5% over last year and to raise gross domestic product by 4.9%, which would make it possible to bring the economy back up to the level of 1983.

The Sandinista government hopes that the measures taken since January-February 1985 will bear fruit and that it will be possible to achieve an increase of 13% in industrial production and 4.3% in agriculture.

However, the shortage of labor in the productive sectors is undoubtedly a substantial obstacle to achieving these ambitious objectives, even leaving aside the unknowns of the military situation.

The war has exacerbated the deformations of the country's econo-

mic structure, artificially swelling the tertiary sector. According to the Ministry of Planning, in 1985 the primary sector accounted for 25.1% of GDP; the secondary sector, 27.3%; and the tertiary sector, 47.6%. This breakdown reflects the extent of unproductive activities.

Will 1986 be a better year than 1985? A certain number of positive factors indicate that it will. The price of coffee, the country's main export product, has soared on the world market, stabilizing at around 150 dollars per quintal [100 kilograms] as against 145 dollars per quintal last year. Moreover, this year the contras were unable to interfere with the harvest which was excellent.

On the other hand, the prices for some other traditional export products, cotton and sugar, are in the doldrums. This year, Nicaragua intends to reduce the land under cotton by 20% in favor of nontraditional crops.

On the military front, the defeat of the contras is becoming more pronounced. But for that very reason the possibility of a direct intervention by US imperialism may be reinforced. Everything seems to suggest that the anticipation of such an eventuality influenced the economic choice that the Sandinistas made, in particular their giving priority to relaunching the agrarian reform.

Of course, the measures that have been taken have reinforced discontent, apathy and indifference in some sections of the population toward the government's policy. But if major developments occur, the attitude of the peasantry will no doubt be decisive. □

4. On the deepening of the agrarian reform, see IV' No. 97, April 21, 1986.

One year of Rajiv Gandhi : an economic review

THIS IS THE first of two articles describing the economic and political developments in India since the assassination of Prime Minister Indira Gandhi in October 1984. The first article analyzes the increasingly rightward movement of the economic policies initiated or continued during the first year of Rajiv Gandhi's tenure as prime minister. The second article, to appear in a future issue, will take up the political issues of caste and communalism, foreign policy, bourgeois politics and various left and social movements.

M NAVID

BOMBAY — The economic policy of the Rajiv Gandhi government represents both continuity and change. It continues in a direction that was charted earlier by both the 1977-1980 Janata Party and post-1980 Indira Gandhi governments. But it also represents such a dramatic acceleration in this direction that it is without doubt the most right-wing capital accumulation programme in India's post-independence history.

For the first time ever, in the seventh plan, private sector investment (which includes agriculture) is higher than in the public sector. The corporate sector and trade have an allocation of Rs. 540,000 million [12.5 rupees = 1 US dollar] while public sector industry gets Rs. 200,000 million. The private sector (especially industry) is to be promoted through liberalization of imports and a degree of delicensing, as well as promoting competition, but within a framework which allows all sectors of industry (big, medium and small) to thrive. In addition, industry has been provided with fiscal incentives of all kinds.

In agriculture one can expect a steady increase in production of food grains, as well as certain commercial crops, as irrigation and other aspects of capitalist farming methods expand. Production of food grains will more than keep pace with population growth, though in the absence of equitable distribution, mass poverty and malnutrition will continue to exist. Poverty eradication is not a priority for the new regime. The government is leaving it to schemes like the Integrated Rural Development Programme (IRDP) and National Rural Employment Programme (NREP) to

tackle this issue of rural poverty.

But these schemes give disproportionate benefits to the not-so-poor; they do not alter rural asset holdings or the existing patterns of access to cooperative or collective assets. And whatever equalizing effects they might have are substantially counterbalanced by the inequitable effects of the other dimensions of economic growth. For example, employment opportunities are declining in agriculture, which already accounts for around 70% of the total labour force, as this sector's share of the gross national product falls even further from the 37% of today to 33% by 1989-1990.

While the proportion of those below the poverty line might remain stable or even decrease slightly, the absolute number of people below the poverty line is likely to rise. Studies between 1966-67 and 1977-78 show that the limited decline in relative levels of poverty has little to do with the effect of the special poverty eradication programmes. It is this trend that may be continuing. What is more, disparities within the poor sector itself are almost certainly going to increase with the poorest of the poor becoming even worse off.

In the short term (the seventh plan period) the Indian economy may well achieve an average growth rate equal to or slightly above the 5.2% average of the sixth plan period. But even if the most optimistic forecasts of growth rates between now and the year 2000 are achieved, this will only mean that the average Indian at the turn of the century will have a standard of living equal to the average Chinese of today. But he will still be worse off than today's average Chinese in areas like housing, educa-

tion, healthcare and protein intake.

The general direction of the Indian economy, strongly reinforced by the policies of the Rajiv government, is away from equity and self-reliance. What is emerging more and more clearly is "two Indias", with industrialization, "modernization" and growth catering for the "first" India, that is the relatively well-off, the growing rich, upper-middle, middle and upwardly aspiring lower-middle class of both town and country, which by the year 2000 could well amount to over 200 million people out of a total population of 1,000 million. Class polarization, especially in the countryside (where agricultural labourers already constitute over 40% of the rural population), is going to grow.

It is also quite clear that unemployment in all its forms is going to become an ever more acute problem. Not only is capitalist agriculture increasingly less able to absorb the growing labour force, industry is also less able than ever to absorb them because of the definite labour-saving pattern of capitalist modernization that is taking place in Indian industry. But neither rising inequality nor rising unemployment constitute serious short-term or medium-term economic problems for Indian capitalism.

The two most serious problems with the new economic policy are the possibility of a major "resources crunch" within a few years and the relative backwardness of Indian technology. The possibility of a serious "resources crunch" is associated with the fact that inadequately controlled liberalization of imports can seriously worsen the balance of payments position (although the comfortable debt position of the country affords space and time for manoeuvre) and that countermeasures like hiking administered prices on, for example, oil and oil products, as the government has just done, will contribute to inflation.

The shift in emphasis towards promotion of the private sector reinforces the existing neglect of the public sector, which can only strengthen the likelihood of a crisis of inadequate investment in the infrastructural industries of coal, power and rail transport, and of a similar crisis of investment in the capital goods sector.

The private sector, by the very nature of its orientation (towards elitist consumption), simply cannot generate the resources necessary to bring about the required investment in these areas. And this in spite of a veritable "investment boom" in the private sector, where funds generated by the corporate sector from the capital and share market are 25%

higher than last year and five times higher than they were in 1980-81.

Closely connected to the problems in the capital goods sector is the whole question of shift in technologies. The worldwide shift in technologies for a whole range of industries — steel production, process industries, electronics etc — is leaving India stranded and with little choice but to import certain key technologies. This has negative effects on the balance of payments position as well as on indigenous efforts at technological innovation. But the alternative is to accept a considerable degree of backwardness in the name of self-reliance.

The class portrait of 1985-86 shows an urban working class which has, on the whole, been quiet. While there have been various strikes, there was no major strike on industrial, let alone political, issues by workers which could be said to have had a national or even an extralocal resonance. In this respect the first year of Rajiv Gandhi's tenure has not been different from the pattern immediately preceding it and following the historic textile strike. Because of this strike [which began in January 1982, involved 250,000 workers and lasted 18 months], 1981 represented an important peak in the short-term cycle of working class struggle. But even excluding the textile strike the days lost due to strikes in 1981 totalled 21.2 million. The corresponding figures for subsequent years (statistics for 1985 are not yet available) are 10.7 million for 1983 12.3 million for 1983, and 15.9 million in 1984. In brief, working class resistance at the industrial level is at best slowly recovering from the demoralization and defeats of recent years.

In fact, strike statistics of this kind can even be a notoriously misleading indicator of the level of working-class resurgence or strength. For one thing, strikes are often the weapons of last resort of the weaker sections of the workforce, whereas workers in a highly modern, private-sector firm have a whole range of methods whereby they can escalate pressure on management in a controlled manner so that negotiated solutions can be arrived at considerably before the need to go on strike arises. As a generalization it would be substantially accurate to say that the Indian working class as a whole has not organized its resistance to management in the same way that the latter has organized its assaults on the working class. In the last year the level of strikes was not high, but there were more jobless as firms resorted to voluntary retirement schemes and reclassification, as well as taking on more temporary staff or workers on contract so as to make



Rajiv Gandhi (DR)

the labour market more "flexible" for themselves.

The Rajiv Gandhi government also seemed to show more awareness of the need to have a strategy for dealing with labour than did the trade-union federations of the major left parties themselves. So the Centre [central government] has actively promoted a programme of economic modernization that will result in less labour absorption in industry than before. It has less commitment than ever to doing something for unorganized industrial labour in the small-scale sector and shows an ability to combine stick and carrot to weaken and divide the working-class movement as a whole.

On the one hand the yearly bonus (having the legal status of a deferred monthly wage) is now to be given to workers drawing up to Rs. 2,500 a month, whereas earlier the limit had been Rs. 1,600 per month.

At the same time the government is encouraging privatization of sections of industry formerly in the public sector which will undoubtedly have negative effects on the employees, as will also the encouragement of more closures of "sick" units in the name of promoting competition and efficiency.

The draconian Essential Services Maintenance Act (ESMA), which bans strikes and lockouts in "essential services", was originally promulgated in 1981 for four years. But in August last year the Centre unsurprisingly extended the lifespan of the ESMA.

About the only serious example of organized mass resistance was the September 1985 state-wide, one-day strike by all trade-union federations including the West Bengal unit of the Indian National Trade Union Congress [the Congress Party trade-union federation — INTUC]. This was organized by the Communist Party of

India (Marxist) [CPI(M)] and they turned it into a full shut-down in order to protest against the growing number of closures of firms in the state. The demands for the reopening and rejuvenating of closed and sick industries, for the nationalization of jute and textile mills and for no retrenchment or dismissals of workers had to be supported by the workers' movement.

But the motivations of the CPI(M) state government in West Bengal had as much to do with getting the Centre to allow and facilitate more public and private (including multinational) investment in the state as it had to do with defending the workers' right to employment. In fact the CPI(M) seeks to project itself more and more as a "responsible" party, able and willing to manage capitalism efficiently in West Bengal. Of the three states (Maharashtra, Tamil Nadu, West Bengal) which invariably top the list in numbers of days lost in a year due to industrial strife, in West Bengal for the first time more days were lost due to lockouts than to strikes. Industrialists have had every reason to applaud (and they have) the CPI(M)'s efforts to rule "constructively" in West Bengal.

In the rural areas there have been continuous struggles by the agricultural proletariat, but these have not had more than a local impact.

The most important class aspect of the Rajiv government has been the self-confidence that the new dispensation in New Delhi has imparted to the urban middle, upper-middle and upper classes. For the first time they see a government which is explicitly and publicly orienting itself to its aspirations and needs. The urban bourgeoisie (all sections) have strongly welcomed the Rajiv government's economic strategy.

Why then the series of raids on big and medium-sized businesses and on corrupt tax officials? The explanation for this seemingly puzzling destabilization of business by a strongly pro-business government may be straightforward enough. The government, which has reduced taxes, wants to prevent the possibility of a dangerous budget deficit emerging by frightening the business houses into being more honest in the matter of their tax returns.

There is also no reason to doubt that the government does wish to carry out a qualified "cleaning up" of the whole system, and to curb the black market. Nor is the present government oblivious to the political fall-out of the popularity it gains from such actions, among workers, the lower-middle classes and even sizeable sections of the middle classes. □

Founding conference of Solidarity held in US

ON MARCH 30, three US organizations — International Socialists, Workers Power and Socialist Unity — voted to form a new revolutionary socialist organization, to be named Solidarity. Members of several city-wide collectives as well as unaffiliated individual socialist activists participated in the conference. Many of them decided to join the new organization bringing the initial membership to 230. In all, there were some 200 participants, supporters and observers attending the conference.

LARRY COOPERMAN

A liaison committee for the three groups had been established in June 1985. This body had been charged with directing and attempting to expand the regroupment process. It prepared the political resolutions and organizational motions that were discussed by the conference.

In an expression of unanimity that reflected ten months of joint work and discussion on the national and local levels, the main political resolution was approved without a dissenting voice [see box].

The conference included plenary discussions on several topics, including

'The Basis of Political Agreement'

THE POLITICAL resolution presented at the Solidarity conference established the fundamental framework of the regroupment process itself. In a section entitled, "The Basis of Political Agreement," the draft outlines the principles upon which the efforts to unite the US revolutionary left are based. It states:

"Capitalism is an outmoded system now deep in crisis ... This system must be replaced by a rational, democratic economic system: socialism. ... The aim of this organization is to build a revolutionary socialist movement of the working class which ends the political rule of the capitalist class and private ownership of the means of production.

"The American working class needs its own independent political party as a first step toward the mass political socialist movement. We join in the fight for a labor party. We are against support for the Democratic Party. The trade unions must again become militant, democratic vehicles for class struggle. We participate in the fight to rebuild the labor movement, organize the unorganized and reform the unions.

"Racial and national oppression divide the working class and create poverty and misery for millions. We join in the fight against racism, for affirmative action, and in support of movements for liberation of oppressed national minorities. We

fight for women's liberation and for women's equality today. The oppression of women within the family and in society divides the working class, keeps women's wages low and burdens women unequally in the task of social reproduction. We are supporters of lesbian and gay liberation and of their struggle for civil rights.

"We are internationalists. We support movements for national liberation throughout the world and the struggles of workers for better living standards and social and political power everywhere. Whatever may be our differing theoretical analyses of the Eastern European states, we are unconditional defenders of Polish Solidarnosc and other struggles for genuine trade unionism and workers' democracy in Eastern Europe.

"We actively oppose the growing drive towards war, whether that be in the form of intervention in Central America, the Middle East or elsewhere, or the buildup of the US war machine. We fight for unilateral disarmament in the US and, at the same time, we extend our solidarity to the independent peace movements in Eastern Europe.

"Toward these ends we are committed to building an effective revolutionary socialist organization in the US, capable of acting together without presenting a monolithic face to the world or engaging in pretenses of being 'the vanguard.'"

the contemporary problems of the Central American revolution, the relationship of Marxism to feminism and the political impact of the United States' economic decline. There were also workshops on the anti-intervention, women's liberation and labor movements.

Solidarity, as an organization, has set for itself the goal of helping to overcome the splintering of revolutionary groups which has facilitated the ideological drift to the right by the majority of radical activists. Many have become apologists for the rightward course of the Democratic Party itself, allowing their preoccupation with the electoral health of "left" candidates in the Democratic Party to divert resources from the building of independent social movements.

Through its sponsorship of *Against the Current*, a bimonthly Marxist magazine, as well as through its involvement in the antiwar, anti-apartheid, labor and women's movement, Solidarity will be able to have an exchange with activists and left intellectuals on the most important political questions facing the social movements.

One of the notable features of the conference was the approval of a series of motions that were developed as a result of several meetings of the women's caucus. These motions established a five-member Feminist Commission, which is charged with providing national coordination of the local women's work groups, organizing the national women's caucus and "encouraging the development of women as full participants and as leaders within the organization, both in theoretical and practical spheres."

A motion to establish a mandatory quota of 50 per cent representation of women on all leading bodies of Solidarity within one year, which had aroused controversy both within the women's caucus and among the delegates, was tabled. A substitute motion, establishing equal representation of women on all leading bodies as an important goal for the organization, was passed overwhelmingly. In fact, women now make up 45 per cent of the new National Committee, a somewhat higher percentage than exists in the membership as a whole.

Supporters of the Fourth International formed a Fourth International Caucus in order to continue the relationship that Socialist Unity, as a separate organization, had previously had with the world movement.

The conference heard greetings from representatives of the United Secretariat of the Fourth International, from the Mexican Partido Revolucionario de los Trabajadores (PRT) and from Sidney Lens, the noted author and peace activist. The

conference was attended by observers from many organizations, including the Alliance for Socialist Action (Canada), Gauche Socialiste (Quebec), International Socialist Organization, North Star Network, Socialist Party, Revolutionary Socialist League, Palestine Human Rights Campaign, Chicago Committee in Solidarity with the People of El Salvador and the Fourth Internationalist Tendency.

A Saturday evening rally featured Dennis Mumble, an exiled supporter of the Congress of South African Trade Unions (COSATU); Don Wagner, a representative of the Palestine Human Rights Campaign; and Ricardo Pascoe of the PRT.

The conference ended on a lively note as the name of the new organization was chosen. Spontaneously, many delegates began to sing the traditional labor song, "Solidarity Forever," indicating their preference for the name that was adopted shortly afterwards. □

Interview with Kim Moody

Labor Notes, now in its eighth year, is the voice of the independent labor movement in the United States. This monthly newsletter, a round-up of union and labor news contributed by union activists from all over the country, is dedicated to the goal stated in its slogan: "Let's put the movement back in the labor movement!"

Kim Moody, a full-time member of the *Labor Notes* staff, has been with the magazine since its inception. He is also Executive Director of the Labour Education and Research Project, which publishes *Labor Notes*.

The following interview was conducted in Chicago at the founding conference of the new revolutionary socialist organization, Solidarity.

Question. What do you see as the major trends in the US labor movement today? Are there some positive developments or just deterioration?

Answer. I think that the major obvious trend in the US labor movement in the last decade has been its decline as an organized force in American society. You can see this both in the decline of membership in the unions, particularly in some of the traditional areas of strength such as basic industry. You can see this in the declining political influence of the unions in American politics, in the Democratic Party and in American life in general.

Most recently, in the last six years, you can see it in the general trend for unions to give back many of the things that they had won in the period of the post-war social compact, in particular since the Chrysler settlement in 1979, when the United Auto Workers (UAW) as part of the bail-out plan gave the corporation major wage concessions. Since that time there has been a growing wave of concessions that, while it began in some of the more competitive and troubled industries, has really spread throughout industry and across most union and occupational lines.

This wave has had a tendency to change somewhat. In the earlier years concessions tended to be in the form of wage cuts, whereas now there is more emphasis on those kinds of contract concessions that increase competition among groups of workers. For example, a very popular employer demand of the last two years has been the two-tier wage system whereby

new employees are paid less than the older employees. This is extremely popular for the obvious reason that it both divides young workers from older workers and saves the corporation a lot of money.

There have also been concessions on working conditions, which in some industries virtually allow plants within the same company, doing the same work, to bid for the work against each other. These are plants organized by the same unions, and they are bidding against each other over how many working conditions they can give away and how much new productivity they can promise the employer. This was implemented in the Ford Motor Company a few years ago and now it's becoming more common.

What has been given away in these concessions is not just a certain amount of money; they do not represent just a transfer of wealth to capital, although that is there too. What has been given away are a lot of the traditional mechanisms of solidarity that kept workers from competing with each other. For example, it is not just the size of a wage cut that the employers are concerned with. What they want is to be able to eliminate wage standardization. A frequently made demand of employers, although still a hard one to win is the kind of settlements that tie wages to the performance of the corporation, whether that's through stock ownership or some direct scheme that ties wages to profitability. This is harder to do, because it goes quite against the grain of even the bureaucratic institutions that we have here.



As the unorganized working class, which is an ever-increasing majority, sees the unions giving everything away, it of course becomes more and more difficult for the unions to organize it. There are exceptions, but by and large the labor movement continues to stagnate.

Unlike Europe, there is no independent political organization or expression of labor. Consequently, as the labor movement becomes weaker, its ability to bargain becomes weaker, its ability to bargain within the context of American legislative politics nationally, but also at the state and local levels, has declined. In fact, if you look at the record, US labor has not won a significant legislative gain in decades. And now it is not even considered possible to propose a serious piece of legislation, with the sole exception of laws establishing protectionism, which is the major political fall-back policy of the leadership of the AFL-CIO. These leaders used to be for things like health insurance and full employment. Now their major political role is to promote protectionism.

Q. Can you describe for us some of the positive trends in the US labor movement today?

A. To begin with a little background, in the late 1960s and early 1970s there was something of a rank-and-file revolt throughout many of the unions in many industries. There was a lot of industrial unrest, symbolized at the time by the wildcat strikes at the Lordstown General Motors auto plant. There were national wildcats among truckers and postal workers and strike movements in the coalfields. It was a period of significant labor upheaval on the economic front. There was not a big political dimension to it, but it was quite militant.

The recession of the mid-1970s killed that militancy. And the ranks really did not have a chance to recover from that recession because it was followed by all those trends that we now associate with global crisis such as mergers and acquisitions, whereby your employer might change several times in a period of a few years. We can see this in the meat-packing industry and many other industries where the corporations became more aggressively international, the export of capital more important, particularly to the Third World, and competition sharper than it had been in the 1960s. So there was no chance for the rank and file to regain the confidence that it had acquired as a result of the post-war boom.

Then came the concessions, in auto in particular, in the wake of the

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Hormel Union Vows to Resist Despite International's Order to End Strike

United Food and Commercial Workers President William Wynn has withdrawn strike authorization from UFCW Local P-9, which has been on strike against the George Hormel Co. in Austin, Minnesota, since last August. Wynn's order, which was announced March 11, demanded a halt to strike-related picketing and boycotts and a return of strike benefits paid to P-9 members. Some two days after Wynn's action, some Local P-9 members passed a resolution in late March to oppose a resolution to

more Hormel coverage — pages 8, 7, & 9

striking on the local's executive board to allow its bargaining posture with Hormel and to meet forces with the International union.

Hormel also rejected the local's attempt to stop its job security, safety, and health demands and agree to return to work. If they do so, Hormel promises to place strikers on a preferential hiring list to retail.

STRIKE TO CONTINUE

The International's withdrawal of strike sanction angered and unified P-9 members. On March 16 at a meeting attended by 400 of the 1,000 P-9ers who remain on strike, the union passed almost

Campbell Signs Contract With Midwest Farmworkers

by Diane Keeley
 The Farm Labor Organizing Committee (FLOC) signed a three-way agreement with Campbell Soup Co. and 12 Ohio and Michigan farmworkers. The signing marks the first time that farmworkers

trust laws. FLOC on the other hand, took the position that the growers are under economic constraints the large food processors set. The union targeted the farm and mounted a boycott of Campbell products over the past seven years.

The initial contract establishes union and paid union representation, wage, insurance and



placing the local in trusteeship. In announcing the continuation of the strike, Local P-9 President Jim Guyette said, "We are asking the rest of

In This Issue:

- Air Wars** 2, 3
Flight attendants strike over demands by TWA Chairman Carl Kahn that they take greater concessions than other TWA workers. Meanwhile, Mechanics reject concessions at Eastern, and the airline is sold to the media tycoon's baroness, Fran Lorenz.
- Philippine Labor** 8-9
Just back from the Philippines, our reporter discusses the two main Philippine labor federations and their differing approaches to the economic crisis in that country.
- Blue Cross** 16
The AFL-CIO and nine allied unions are about to launch a campaign to organize Blue Cross clerical workers.

1979 recession which I described earlier. What has happened, I think, in the last two or three years is that there has been something of a change in consciousness among certain sections of the organized working class. People who have experienced concessions already in the unionized sector have seen that they do not save jobs, they do not save plant closings, that despite promises to regain these things automatically through the next contract negotiations, they don't get them back, that far from stopping the employers' demands for concessions, once you grant them the employers only come back for more. And seeing all of this a certain resistance, a certain cynicism about the meaning of the concessions — a feeling of being taken to the cleaners and getting nothing out of it — has begun to grow.

There has also been something of an economic recovery in the last two or three years — it's quite anemic, of course, and by no means permanent — but it has helped stabilize the economy enough that people have felt that they could fight back. That, combined with their experience with the concessions, has meant that they have in fact started to fight back. There has been a whole series of rather hard-fought strikes beginning perhaps with Phelps Dodge, moving through the AT Massey strike in the coal fields, the Wheeling-Pittsburgh steel strike, the General Dynamics strike in Detroit and the Watsonville strike in California. There have been a whole series

of struggles including some with companies that are not financially sound, where basically the workers said, "This is the time to draw the line." Most of these strikes have lost in the sense that they have not been able to defeat the concessions completely. Some of them — for example, the AP Parts strike in Toledo, Ohio — were able to minimize the losses.

Yet it is interesting that people don't always view these strikes as defeats. In this day and age if you don't lose your job, if the plant wasn't closed down and the union isn't decertified that's almost a victory. If we go out on strike and at least come back with what we had before, it's not altogether a loss. We did say "no", and perhaps the employers will think twice before they come back again. So there has been a sense that it was the time to draw the line.

Now, the struggle that has caught people's attention on a national scale is the meatpackers' strike in Austin, Minnesota, against the Hormel Company. (1) The strike by Local P-9 of the United Food and Commercial Workers (UFCW) is the first struggle of this sort in a long time that has really captured the imagination of a lot of union activists. Help has come from all over the country. In Detroit, for example, a group of workers at Hygrade, a Detroit-based meat-packing company which had had

1. See Roger Horowitz, "Strike by Local P-9 stirs US labor," 'International Viewpoint', No. 96, April 7, 1986.

a strike earlier this year and lost fairly disastrously, are out there at their own plant collecting something like a thousand dollars a month for P-9. This has been going on in a lot of other local unions. A big Oscar Mayer [another large meatpacking company] local in Madison, Wisconsin, which is basically a conservative local, had a sort of shake-up of its leadership as a result of the P-9 strike and the polarization it has created particularly in some meatpacking locals. They have been sending tens of thousands of dollars and a lot of people up to Minnesota. And of course in the immediate area P-9 is getting a lot of support — more than I've seen in any other strike in a long time. There have been rallies all around the country. In New York just a couple of weeks ago there was a rally of 1,500 people in support of P-9. In Detroit we had one of 500 or 600, 200 to 300 people in Cleveland and many other rallies around the country.

All of this is taking place in spite of the fact that P-9's international union has explicitly opposed the strike from the beginning. And now, more recently, it has desanctioned the strike, which means that it is no longer an official strike and P-9 does not get strike benefits from the union any more. It is completely on its own now.

Not only that, but the AFL-CIO Executive Council, which is the highest body of the federation, in what I think is almost an unprecedented action, has taken a position in support of the UFCW international against Local P-9 in its strike and has helped to circulate the document put out by the international union attacking P-9 in polemical terms — again something very unusual in the American labor movement. Usually these kinds of disputes are handled bureaucratically, quietly and in-house. This one is being handled publicly for everyone to see. An international vice president was sent onto national TV to debate Jim Guyette, the president of P-9, a debate in which Guyette came across as a perfectly sincere all-American guy and the man from the international came across as a used-car salesman.

This kind of debate has turned up the heat a little in terms of the discussion in the labor movement. It's too soon to say what that will amount to, but there is definitely a lot of anger about the AFL-CIO's action against P-9.

So, I think that these kinds of strikes, even when they don't win, even when they lose fairly significantly, represent an important development. Even those who have lost, or gotten just a draw, who are not

demoralized and out of the picture, see themselves very much as part of this movement against concessions. There has been a rise in a sort of solidarity consciousness among some locals, which is new for this country. It's not class consciousness, but it is a new broader kind of consciousness.

Q. Can you tell us something about Labor Notes and the role you envision for it in this period of possibly rising consciousness?

A. A few of us started *Labor Notes* in 1979, just before the concessions trend hit the labor movement here in the United States. But it was a time when it was apparent that the decline in the labor movement was becoming serious and that there was a need for an independent strong voice to present a counter-conception of unionism, a counter-conception of direction for the labor movement.

Labor Notes was seen at that time as specifically speaking to, and in a certain sense, for, the rank and file of the unions. It was not seen as being part of a particular political current, because in the US labor movement at that time there were no apparent political currents on the left or even any particularly militant currents. But we did see certain kinds of rank-and-file movements and groupings in a number of unions such as the TDU (Teamsters for a Democratic Union), the people who came out of the Sadowski campaign in the Steelworkers, (2) the people who were trying to continue the democratic tradition in the Mine Workers and other unionists of that sort. Also in 1978, when the miners had their 110-day strike, there was a fair amount of solidarity work in support of that strike, which was something relatively new at the time. It was on a much smaller scale than anything that we are talking about today in terms of P-9 but it was real.

Some of us saw this as a positive sign, but we also saw the need for a publication that would begin to reinforce these trends. Just a few months after we had started *Labor Notes* the concession trend hit and our work became focused around that and around opposition to what is called here the non-adversarial orientation of unionism — that is, the tendency of the union leadership to try to create cooperative forms: labor-management consultations, Quality of Work Life (QWL), etc., programs designed to tie the consciousness of the workers to the prospects of the corporations and to create "enterprise consciousness" rather than class, or trade-union, consciousness. We saw the concessions as being just a different form of the "carrot and the stick" tactic, the concessions being the

stick and the QWL's being the carrot.

In getting the publication out we discovered that there was in fact a milieu of trade-union activists around the country who shared our concerns, at least in a general way. This was by no means a milieu limited to political leftists who were and are still a very small, marginal part of the US labor movement. It did include many of them as well, but it was broader than that, and still is.

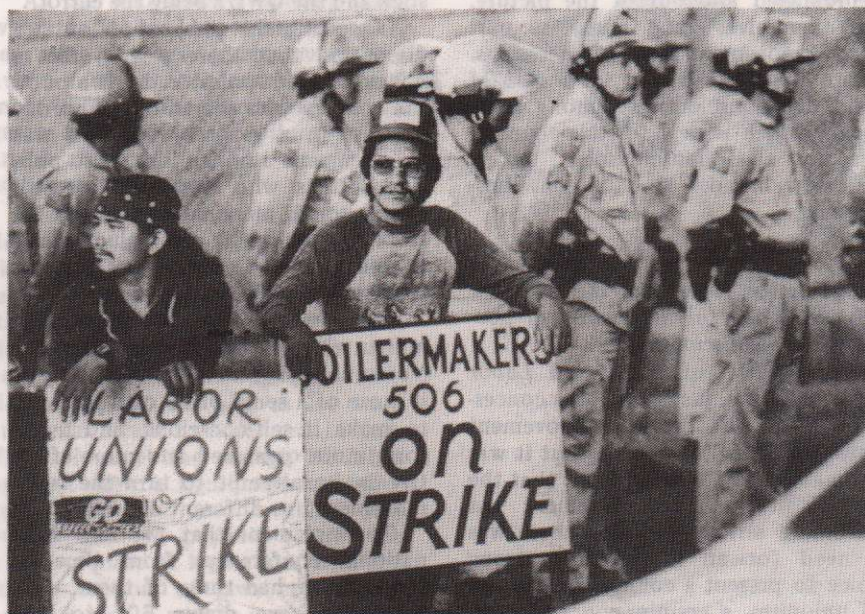
Once we became aware of this milieu we saw the function of *Labor Notes* as trying to cohere it, to give it more of a sense of its own identity, to make it self-conscious, and therefore, more organized and more effective in its attempt to turn the labor movement in a different direction.

To implement that, we have held national conferences from time to time. We've had three of them, each of which have drawn 600 to 700 people — about twice what we expected. They have been a bigger success than we had imagined, and they have become a popular thing in this labor milieu. Each conference has had a theme. The last one, for example, was on how to build solidarity work — broadly conceived, not just the technical question of bringing different unions together or raising money or mass picketing, but questions of crossing racial or sexual barriers, of class and hooking up with communities. The one before that, in 1983, was on the question of concessions itself.

I believe we were the first group to make the concessions phenomenon an issue in the labor movement. The labor bureaucracy has to this very day denied that the concessions trend is anything of any significance or importance or new or permanent or anything. Every year they predict that the last concession has been made. We said: "No, the concessions are a phenomenon that are part of the crisis that is going to be around for quite a while. It will not go away because the forces that are bearing on the employers are global and real. And labor has to develop new strategies to address that fact."

We also try to give an international dimension to all of these conferences, particularly the ones on concessions and solidarity, although it is hard to do that in practice. It generally is done through speakers. We've had representatives from the ANC (African National Congress) in

2. Ed Sadowski, in 1977 the candidate for president of the United Steelworkers of America, headed a militant slate called *Steelworkers Fight Back*. They challenged the bureaucracy's list on the issues of union democracy and opposition to the union leadership's class collaborationism, and succeeded in winning 42 per cent of the vote.



"Labour Notes was seen as talking to the rank and file of the unions" (DR)

South Africa, from the trade unions in El Salvador, Brazil and other Latin American countries. Usually there are Europeans present. But, for the most part, conferences are based on US and Canadian participants. We have a fairly substantial Canadian circulation and input into our conferences. For example, during the concessions conference, the strike occurred at the Chrysler plant in Windsor, Ontario. The conference voted to take up a collection and send a delegation across the river to demonstrate solidarity.

We are now thinking about another conference. While we do not have the details worked out yet, it will obviously focus on the resistance that has grown to concessions and to other kinds of attacks on the working class. It will focus around the political questions that have been raised as a result of this tremendous attack by the labor bureaucracy on P-9 on the one hand, and the significant response in support of P-9 from the rank and file and local level of the labor movement on the other hand. We will try to design a conference that will help to give these struggles a little more coherence than they have had, to make them more aware of themselves as a national phenomenon. We will hope in that way to move the struggle a little bit forward.

Our conferences are not just organized by the staff. We get together a committee of trade-union people from the Detroit area, people from different industries, shop-floor people — I'm not talking about officials necessarily. They become the conference organizing committee; they help design the program. Of course, the staff is involved too. We feel that in this way there is more of a dialogue between people actually engaging in

these struggles and ourselves. That has been the method of the last three and undoubtedly will be of the next one as well.

Q. What is the circulation of Labor Notes? And what sections of the industrial working class account for most of the circulation?

A. The paid circulation of *Labor Notes* is now about 5,000. We reach about 65 unions, but our greatest strength has been in the traditional industrial unions — the Auto Workers, the Steelworkers, the Teamsters, the Electrical Workers. In the last three or four years we have increased both our circulation and network among service employee unions as well. We have always had some participation from those unions but it has grown a lot recently.

Q. What has been the participation of women either from the traditional industrial sectors or now from the service industries in your conferences?

A. We always try to make it a point to maximize the participation of women both as speakers and as participants. We don't invite the participants. We invite the speakers, and the workshop leaders and participants are those who show up. It is hard for me to say exactly. I can't say that it is 50 per cent women. It is more like one-third. One of the problems with this has been that in the early years of the concessions fight, the resistance was largely in the traditional industries like steel, coal mining, and so forth, where there are women, but very few of them. And of course as layoffs and restructuring hit, a lot of those women were driven out of those industries. So there was a tendency in the earlier conferences for

them to be heavily male.

In terms of national minority participation, there too we made it a conscious effort, and I think things have improved. At the last two conferences we had officially organized Black caucuses, and at the last conference the Black caucus became an ongoing group called the Black Rank-and-File Exchange, which helps us determine policy. It's quite small — I don't want to exaggerate this — as is our staff, but it has been an important development for us. The assessment of Black participation at the last conference was basically pretty positive.

This is less true in terms of Hispanics, though we now have a number of Hispanic labor activists who are working with us. I think this is due to where we are regionally. Our conferences are always in Detroit, which is not a large Hispanic area. It would be somewhat different if they were held in New York, Los Angeles or even Chicago, for that matter. It is true that the largest single group that comes to our conferences is from Detroit. We will get 100 people from the UAW.

Q. You mentioned having had a representative of South Africa. What has been the response among the labor activists here to the struggles in South Africa and to what is going on now in the development of the South African trade-union movement?

A. We have covered South Africa fairly consistently for the past few years. In fact, we make a point of international coverage — the Philippines, Central America, Brazil, Mexico and South Africa are places that we attempt to cover regularly. The South African issue has of course, become a very big one with the movement for disinvestment. The labor movement has officially endorsed this movement and its position. It is increasingly true that references to South Africa come up again and again in rank-and-file situations. People understand the role of their own corporations in South Africa. It has come up in the P-9 strike that Hormel is taking money out of Minnesota and putting it in South Africa. The political link has been made and is evident to the workers. When coal miners at AT Massey, which has large South African holdings, went out on strike, they went so far as to hire a South African to work among their membership to dramatize this issue and to organize a campaign around it with a South African trade unionist as a speaker. And most recently Shell Oil has been officially boycotted by the AFL-CIO. This did not start at the top, but rather came out of that particular struggle as well. □

The infernal logic of the debt crisis

THE GROWING indebtedness of the so-called Third World countries and the chain reactions it is unleashing are only one aspect of a much broader phenomenon. The fundamental problem is the overheating of credit, the locomotive of the late capitalist economy. This must be stressed so that it will be clear that the present financial crisis is the organic result of the worldwide expansion that ensued from the postwar boom, which extended from 1940-48 to 1968-73. (1)

Far from being the result of the fecklessness of the underdeveloped countries, of their propertied ruling classes or their governments, this growing indebtedness is only a specific manifestation of the key role that the inflation of credit — and thus the swelling of all forms of debts — played in stimulating growth (or, more properly, in delaying the crisis) after World War II in all countries and in all capitalist industries.

In reality, since 1940 we have been living in an age of constant inflation, and inflation and indebtedness are to a large extent synonyms. Inflation is, in fact, essentially an inflation of deposits (2), an inflation of credit, and therefore a swelling of debts.

ERNEST MANDEL

We have already pointed out on many occasions that after World War II, capitalism floated to "prosperity" on an ocean of debt. To grasp the importance of this phenomenon, you have first to look at its extent. Today just the debt denominated in dollars in the United States, plus the foreign debt in dollars and other currencies of the rest of the world, exceeds the astronomical sum of 8,000,000 million dollars. This broke down roughly at the end of 1985 as is shown in Table 1.

It is evident that the Third World debt that has provoked such ungenerous commentary from banking circles is only a modest part of the

total world debt in dollars and foreign currencies, scarcely more than 10 per cent. Since the "Third World" debt also includes that of China, it is spread over two-thirds of the population of the planet. A tenth of the debt for two-thirds of the people is hardly excessive.

The recriminations by banking circles reflect the bourgeois adage that "only the rich get credit," but here in cruder terms, that "You ought to have given credit only to the rich."

These debt figures have only an indicative value. They do not include the debt in "national" currencies by all the capitalist countries other than

th United States. Nonetheless, they have a real operational usefulness inasmuch as they reveal the vulnerability of the US banking system and of the international monetary system based on a special role for the dollar.

Let me recall briefly by what mechanisms the inflation of credit and the swelling of debt in the short run cushion the main contradictions of contemporary capitalism.

Household debt makes it possible to reduce temporarily the gap between the growing production capacity of enterprises making consumer goods and the much more modest growth of the buying power of the masses. A part of consumer durables (above all housing and automobiles) are bought on credit.

Corporate debt makes it possible temporarily to reduce the gap between the rate of capital accumulation and the rate of increase in profits. It thereby makes it possible to attenuate for a time the tendency for the average rate of profit to drop. The tempo of accumulation is maintained, inasmuch as a part of new investment (purchases of new machines, additional quantities of raw materials, etc.) is financed on credit and not by profits taken.

The swelling of the public debt makes it possible to mitigate momentarily the fiscal crisis of the state, that is, to reduce the gap between the rate of increase of public spending and the much slower increase in state incomes, especially in taxes. (3)

Of course, debt can only play this role of cushioning some of the contradictions inherent in the capitalist mode of production for a certain time and within certain limits. The sharpness of these contradictions means that more and more credit, and therefore more and more

1. The beginning of the "boom" came after 1948 in Europe and after 1940 in the Anglo-Saxon countries and in Latin America, insofar as the latter were dragged along. In fact only some of them were, the outstanding example being Argentina. The end of the long "boom" for some came in 1968 and for others in 1973-74.

2. Deposits are the sum of bank deposits that can serve as means of payment. When the banks grant loans to their clients, these loans are generally registered in the form of bank deposits, and they therefore swell the volume of deposits. If the rate of increase of these deposits is greater than the rate of increase in material production, we can talk about an inflation of deposits, since the rate of circulation of this money has to be examined as a partially independent variable.

3. The fiscal crisis of the state has class roots (structural roots) in bourgeois society. The bourgeoisie prefers to lend money to the state rather than to pay taxes to it. Taxes give back nothing. Public loans pay back interest. Moreover, by keeping the state budget constantly in the red, the bourgeoisie keeps it perpetually dependent on short-term bank loans, as well as state bonds bought by capitalists. The bourgeoisie guarantees that this state remains "its" property, bound to it by the golden chains of public debt.

TABLE 1

Countries and regions	Debts in thousand millions of dollars
US public debt	2,000
US corporate debt	2,800
US household debt	1,900
Third World debt	950
Public debt of other countries, both capitalist and workers' states	700

inflation, is needed to achieve this effect.

This leads inevitably to an overheating of inflation. But once inflation overheats and goes beyond a certain threshold, it can no longer fuel expansion. It even begins to choke off growth. It then becomes one of the factors reversing the long wave of expansion of 1940-48 to 1968-1973, turning it into the long wave of depression that is now underway. (4)

This process is what has led to the shift from the capitalist economic policy of Keynesianism (stimulating demand and therefore moderate inflation) to monetarism (reestablishing monetary stability at any cost, even that of stagnation and economic depression).

It is not the shift in economic policy that led to the turn in the economic situation. It is the reshuffling of priorities in the bourgeoisie's objectives that led to the alteration in economic policy, at a time when the change in the economic situation was already a fact.

After 1945, the number-one objective of the major capitalist countries (North America, Western Europe, Japan) was social and political stabilization. That led to an orientation toward full employment and a preference for Keynesian techniques. After 1968 and especially after 1973, the absolute priority shifted back to boosting the rate of profit, if necessary at the cost of massive unemployment and sharpening social tensions.

Bourgeois interests defended by individual agents

What characterizes bourgeois society is, notably, the fact that the general interests of the bourgeoisie (expressed most often by the bourgeois state) are defended by individual agents (politicians, top civil servants, businesspeople) who in 99 per cent of the cases cannot keep out their own private interests.

The general expansion of credit after 1940 (1948) undoubtedly suited the general interests of the bourgeoisie. It was undoubtedly stimulated by the banks, which do not in the first instance pursue the goal of serving the general interest of big capital. They seek above all to increase their own profits, banking profits.

When the economic situation is good, when the barometer is high, the general interests of the bourgeoisie and the quest for private profit by the banks coincide to a very large extent. The banks then function as centers for the "objective socialization" of capital. They collect capital from firms and households that

have a surplus and direct it toward those firms (and since World War II to a growing extent toward the households of the big and middle bourgeoisie and the upper strata of the petty bourgeoisie) that need it to expand their investments and buying.

However, when the system is in crisis, this tendency for the general interests of the bourgeoisie to coincide with the profit-making interest of the banks is thrown out of kilter. The special interest of the banks — to defend above all else their incomes and their own profitability — can come into contradiction with the general interest of capital, which is to restore the profitability of the system as a whole, especially of the main trusts, monopolies and financial groups.

In seeking supplementary profits, the banks engage in practices that upset the stability of the system as a whole, at least in the longer run. State overseeing of the banks, which was extended after the traumatic experience of the 1931-33 banking crisis, is powerless against this problem, which is inherent in private ownership, (5) in competition and in the profit motive as the main driving force of the capitalist economy.

Banking profits come essentially from the difference between the interest rate for deposits and the interest brought by loans. The more bank deposits swell, the greater the interest the banks have in extending loans at higher than average interest rates.

After the shock of rising oil prices in 1973, the incomes of a number of oil-exporting countries went to swell deposits in a series of American and British banks (and, to a lesser extent, German, Swiss and Japanese ones, as well as those in some other countries). These were the famous petrodollars. The banks faced the problem of finding someone to whom to loan this new money capital.

However, the long depression that had just begun in the imperialist countries at the same time reduced the demand for supplementary credit by firms and households, which were

already excessively in debt. To find new debts, the banks therefore turned elsewhere, essentially to the Third World countries, and, to a lesser extent, to the bureaucratized workers' states. It was the banks that offered these loans to the Third World; it was not the Third World that came to the banks begging for them. (6)

The operation was stimulated by three special conditions that came together in the mid-1970s.

First of all, there was a desynchronization between the depression in the imperialist countries on the one hand and in Latin America and Southeast and East Asia on the other. (7) Thus, the illusion was produced that the solvency of the dependent semi-industrialized countries, at least in these regions, was growing.

Second, these countries were subject to the imposition of higher interest rates, which they were obliged to pay because of the chronic capital shortage from which they suffer, when real interest rates — allowing for inflation — were very low and sometimes even negative in the imperialist countries. (8)

Moreover, the private banks filled a gap left open by the abdication of the international capitalist bodies, or more precisely by the reluctance of the imperialist governments, and first of all Washington, to function in the general interest of the capitalist system in a time of crisis.

The skyrocketing oil price had redistributed surplus value (and its capitalization in the form of money capital on the international scale). The main losers from this redistribution were the so-called Third World countries that were not oil exporters. The chief gainers were the possessing classes of the oil-exporting countries. Balance-of-payments deficits threatened to choke off the capacity of these non-oil-exporting countries to import not only producers' goods but even vital raw materials for their growing industries and even food.

A problem, then, of recycling the petrodollars was objectively posed. It was necessary to lend the excess from the OPEC countries to those

4. On my theory of "long waves" of capitalist economic cycles, see my books 'Late Capitalism' and 'The Long Waves of Capitalist Development' (Cambridge University Press, 1979).

5. The only banking system that has functioned more or less without hitches during the present crisis is the French one, precisely because the French banks are almost 100 per cent nationalized.

6. It might be objected that the Third World countries were "willing victims" because they had a pressing and constant need for an inflow of foreign capital. But precisely because this need is constant, it cannot explain by itself the abrupt flareup of foreign debt over the 1970s.

7. See on this subject the excellent

article by Jeffrey Bortz, "La Dueda Latinoamericano y los Cidos de la Economia Mundial," in 'La Batalla' [journal of the Mexican section of the Fourth International], No. 13, November-December 1985.

8. The real interest rate is the difference between the nominal interest rate and the rate of inflation. In the United States for example, an inflation rate of 8% and a nominal interest rate of 7% meant in 1977 a real interest rate of -1%. In Third World countries this negative interest was still more pronounced, encouraging capital flight. For example, in Mexico on average for the period 1976-1982, the real interest rate for the peso was -0.8%, in Argentina it was -6.6%, in Brazil it was -14.7%. After the sharp rise in the interest rates, this situation was obviously reversed.

countries with greater deficits. This, in general, is what the private banks did. However, they did it in a precipitous and imprudent way and for the sake of big private advantages. And here another phenomenon comes into play — the progressive decline in standards of the leading personnel of the international banking system.

During the whole period opened up by World War II, there was a considerable widening of credit operations and a no less spectacular extension of purely speculative operations in the framework of the world banking system.

This expansion can be seen in particular from the time that the dollar became unconvertible, that is toward the end of the 1960s. Speculation turned toward raw materials, gold, currency-exchange rates, land, works of art. It extended during the upturn in 1983-85 to gigantic public sales (fusions of firms manipulated by outside intermediaries) involving thousands of millions of dollars. (9)

In these conditions, less and less traditional directors (some would say flatly, on the shady side of the law) have turned up at the head of major branches of the big banks, or even at the head of these banks themselves. (10) They operate with a view to maximizing their profits in the short term, without taking account of the risks. The result is a succession of unexpected gains and losses, seriously undermining the solidarity of the banking system as a whole.

Speculation, personal corruption, crises of national solvency and crises of solvency of the banking system intertwine more and more. An impressive series of loans to Third World countries have been diverted, at the source, so to speak, to serve the private ends of bourgeois layers in those countries who are seeking to cover themselves against galloping inflation and the threat of revolutionary crises.

Capital flight has been fostered by foreign loans, and it in turn increases balance-of-payments deficits, which leads to a new round of in-



As the oil crisis hits the Mexican economy, it's the poor that suffer (DR)

creasing debt. The debt spiral widens, for the benefit of the possessing classes and at the expense of the popular masses.

The scope of this capital flight on the part of the bourgeoisies of the main Third World debtor countries was recently assessed by the magazine *Intereconomics* on the basis of statistics from the Organization for Economic Cooperation and Development (OECD), the International Monetary Fund (IMF) and the World Bank. This study gave the results shown in Table 2.

This list is far from complete, since it does not include the flight of capital from countries such as Brazil, the Philippines, South Korea or Thailand. This capital flight is deemed not to exist, when everyone knows of glaring examples of such practices by the "great families" of these bourgeoisies. (13) This statistical oversight arises from the fact that the figures cited are aggregates and do not cover, in the cases cited, either short-term debt or fluctuations in exchange reserves.

Once again, the ungracious commentary by imperialist financial circles about this capital flight in the so-called Third World countries is tainted by a large dose of hypocrisy. It is an unchallengeable fact that the possessing classes of the Third World countries are rotten to the core. But it is also true that in order for there to be corruption, there have to be both the corrupted and the corrupters. The corrupters and their accomplices in this case are the imperialist banks.

Moreover, most of all there needs to be a general context favorable to an unbridled quest for private enrichment. This general context is called the market economy, the money economy and above all the generalized market economy, that is, bourgeois society, the capitalist mode of production.

Indebtedness went out of control in the Third World at the time I mentioned, at the beginning of the 1970s. At that time, the overall debt of the semicolonial and dependent countries amounted to 150,000 million dollars. Today, it exceeds 900,000 million dollars. This skyrocketing of the debt is not essentially a product of political developments, although these have played a not

TABLE 2

Country	Clandestine capital exports 1976-1982 (in millions of dollars)	In % of national debt to foreign banks
Argentina	17,150	80.5%
Mexico	13,488 (11)	54.0%(*)
Venezuela	8,454	65.4%(*)
Indonesia	5,164	34.2%(*)
Egypt	3,944	44.3%(*)
Nigeria	2,743	43.3%(*)
India	2,132	33.3%(*)
Syria	1,889	96.0%(*)

* In the short-term debt. (12)

9. See many examples in the last chapter of my book *'La Crise'* (Flammarion, Third Edition, 1985), in which the data go up to April 1985.

10. See Anthony Sampson, *'The Money Lenders'*, Coronet Books, 1981.

11. Mexican sources give the figure of 37,000 million dollars.

12. Susanne Erbe, "L'Evasion des capitaux dans les pays en développement," *'Intereconomics'*, November-December, 1985.

13. The Marcos family and its allies alone are supposed to have deposited 5,000 million dollars abroad.

inconsiderable role, nor of plots and counterplots. It is the result precisely of the inner dialectic of the capitalist mode of production as a whole, both on the international scale and on the scale of the main countries concerned.

Once set off by the recycling of petrodollars, the overheating of debt in the Third World has been kept going by a series of mechanisms that operate more or less spontaneously, or at least are not under anybody's control, not the Third World governments or the possessing classes of these countries; not the imperialist banks, the imperialist governments, or the bourgeoisies of the imperialist centers taken as a whole.

The inflow of fresh capital into the underdeveloped countries is only invested in part and therefore can only in part provide new resources. And, thus, it can only have a partial effectiveness in generating new income to pay the interest on the debt and to reimburse the capital borrowed. This is an initial source of imbalance, and no doubt the main one.

The law of value operates implacably

A part of this capital serves to cover the operating costs of the economy and the state, or to maintain it at a given level of activity — to finance the payment of higher oil prices or importing raw materials not covered by exports. Another part is diverted to parasitic speculation. Finally, a part is directly appropriated by the possessing classes and held outside the country.

The Third World countries' exports, which are supposed to increase in the long term to the point of being able to pay the service on the debt and reimburse the principal,

are not growing everywhere or always to the desired extent. The law of value is operating implacably. It is redistributing on a world scale demand as well as supply, the allotment of the means of production and labor power.

However, this is precisely a spontaneous readjustment, that is, one that is chaotic, unpredictable, and above all, one that is desynchronized from country to country, to say nothing of continent to continent.

This gives rise to enormous imbalances, which it is no use trying to dismiss as "temporary." Everything is temporary by definition in the capitalist economy, except private property in general and the unbridled chase after it. But its precise distribution among the various capitalists, sectors and factions of the capitalist class is always temporary. This is always being upset by new facts, that is, by the law of combined and uneven development.

Thus, the temporary rise in the oil price gave a boost to possessing classes such as those in Saudi Arabia, Kuwait and Mexico, while the economies of Argentina, Brazil and India were violently shaken up. The tables were turned on the other hand with a spectacular improvement in the balance of payments of South Korea and Brazil, while Mexico and the OPEC countries were thrown into a tailspin by the drop in the price of oil.

The overall expansion in the world market, then, has been less than what would be needed for all of the debt-ridden countries to expand their exports to the extent necessary for regular repayment of the debt.

This is all the more true because throughout the 1970s and the 1980s, the economies of the imperialist countries have been marked by long-term depression. This has held back any expansion of exports from the

Third World countries to the imperialist centers. Indeed, at times this has been accomplished outright by protectionist measures.

The example of the multifibers agreement concerning exports of textile products (including clothing) from Asia and Latin America is the clearest expression of such protectionism. There have been similar restrictions on certain food products (sugar, coffee and others).

Of course, the share of exports of Third World manufacturers in world trade has increased spectacularly over the last decade. The US trade balance in such products has gone into the red (which is not true either for capitalist Europe or for Japan). Today, the United States is importing more manufactured products from the dependent semi-industrialized countries than it is exporting.

However, it is a small number of countries that have profited from this rise and a small number of products — Brazilian footwear and steel, South Korean electronics, goods assembled in Hong Kong and other examples. This is too little to get the Third World out of trouble. It is not enough to defuse the debt time bomb.

Given the fact that current production is not providing the resources necessary to cover the deficit in the balance of payments (their foreign currencies deficits), these countries have to borrow again in order to meet a part of the service on the debt and to meet part of the payments on the principal falling due.

According to the UN statistics published in 1985, interest payments on debt for 88 so-called Third World countries amounted respectively to 35,000 million dollars, 48,000 million dollars, and 44,000 million dollars in 1981, 1982 and 1983. They exceeded private credits received over these three years, and in 1983 they even exceeded by 5,000 million dollars all of the private and public credits received.

To this draining off of resources from the Third World, you have to add profits, dividends and so forth repatriated from the Third World to the imperialist centers. These hover around 12,000 million dollars a year. For all three years considered, this figure exceeded the net inflow of investment capital.

According to the Economic Conference for Latin America and the Caribbean (ECLAC), there was a net transfer of resources from Latin America to the rest of the world of 30,000 million dollars in 1985, if you add the current operations accounts and movement of capital. The president of this institution, Ortiz Mena, estimates that for the

Possible Third World debt defaulting gives the imperialists nightmares (DR)



four years 1982-85, this drain amounted to a total of 100,000 million dollars.

The inevitable result of this is overheating of the debt. More and more is being borrowed, not in order to increase production but to repay old loans and the interest on them. Overall, between 1973 and 1982, debt grew almost twice as fast as the national products of Third World countries that are not members of OPEC.

This circle is all the more vicious because the terms of trade — the relationship between the export price and import prices — normally operate to the disadvantage of the Third World countries. Except for the brief spectacular flare-up of speculation between 1971 and 1973 and for oil at the time of the two explosions in price, the prices of raw materials and semi-manufactures rise more slowly, when they are not falling, than the prices of manufactured products.

The deteriorating terms of trade, from which only a few semi-industrialized countries, such as South Korea, have escaped and then only for a certain time, are a heavy burden on the poorer countries. Even though it is less in absolute figures than those of the semi-industrialized countries, this debt is an unbearable burden.

The overall price of raw materials dropped from an index of 100 in 1979-1981 to 72 in 1985, the price of food products (cereals, sugar, bananas, soybean cakes) to 56, and that of oil-bearing seeds to 65. The loss of resources (income from exports) suffered in this way by the Third World mounts up to a sum higher than the service on the debt!

Finally, for reasons inherent in the economy of the imperialist countries, a good part of the period considered is marked by precipitously rising interest rates, especially in the United States. But, while for the capitalist countries this rise was not catastrophic given the level of inflation, the same was not true for the Third World countries. Since their debts are denominated in dollars, every increase of one point in interest rates in the United States increased the annual service on the debt by 1000, 5000, or 6,000 million dollars at the end of the 1970s and the beginning of the 1980s.

Once again, it is necessary to borrow more to cover these supplementary costs. And since the currencies of Third World countries have been hit by inflation rates higher than those of the imperialist countries, the rising interest rates accentuate the tendency toward a "dollarization" of the economy of these countries. Thus, a whole sector of econo-



IMF pressure produces abysmal poverty and hunger (DR)

mic activity and a growing part of savings are thereby removed from the control of the national governments and from national capital accumulation. (14)

Thus, an ever widening spiral of debt has led to 900,000 million dollars in Third World debts today and to a situation of de facto insolvency in most of the debtor countries. Of these 900,000 million dollars, far less than half have been genuinely invested. Between a third and a quarter have been diverted abroad by the possessors. Another quarter have been held or received by the lenders themselves.

The overheating of the Third World debt has unleashed a four-fold destructive process affecting the world capitalist economy as a whole:

— The de facto insolvency of the Third World countries threatens to bring down some of the main banks in the imperialist countries and, as a result, the credit system as a whole and the capitalist world's monetary system. Today, more than half of the Third World debt, about 48,000 million dollars, is held by private banks.

— The Third World countries cannot meet the service charges on the debt — to say nothing of the principal (15) — without producing huge surpluses from their balances of payments. This means net outflow of currency, money capital, and thus of capital in general on

a grand scale. But these countries are the poorest in capital and need more capital in order to be able to industrialize and modernize. A net outflow of capital can only result in a progressive slowing of the rates of growth and development. As Raul Prebisch has said, the IMF's remedy comes down to bleeding a patient suffering from anemia!

— The massive outflow from the so-called Third World through interest payments on the debt would require a drastic restriction of imports and a no less drastic expansion of exports. Leaving aside the inability of a great many semi-industrialized dependent countries to achieve such an expansion — for example, Mexico, which is at the mercy of fluctuations in the oil price — this would mean a no less drastic narrowing of the world market open to the imperialist countries, especially the less competitive, in particular the United States. These imperialist countries would thus lose

14. See the excellent article by Pierre Salama "Dettes de dollarisation," in 'Problemes d'Amerique latine', No. 77, 1985.

15. To repay nearly 1,000,000 million dollars in capital borrowed, the Third World would have to come up with a balance-of-payments surplus of the same value. Even scheduled over 15 or 20 years, this would represent an additional annual outflow for interest payments on the order of 50,000 to 60,000 million dollars, which is totally unachievable. The entire world tacitly accepts the assumption that the bulk of this debt is never going to be paid off.



In India, as elsewhere, imperialism remains the last line of defence of the native ruling classes (DR)

on two fronts. They would export less to the Third World, and they would import more manufactured goods.

— However, it would not be the same sections of the bourgeoisie that would gain and lose from such an infernal evolution of the world capitalist economy. The repayment mechanisms established by the IMF in general favor the banking sectors and recipients of dividends in the imperialist countries and go against the interests of the industrial and exporting sectors. Thus, the parasitic, usurious character of the imperialist system taken as a whole, above all in the United States and Great Britain, stands to become more pronounced. (16)

The imperialist bourgeoisies more oriented toward exporting commodities and therefore more dependent on an expansion of the world market — such as West Germany and Japan — are therefore in favor of a more flexible policy toward interest on the Third World debt. This is the meaning of the doctrine proposed by the West German Social Democratic leader Willy Brandt.

Paradoxically, Brandt and Franz-Josef Strauss, the Christian Democratic leader, are working in tandem today as the real spokesmen of the European imperialists against American imperialism.

The threats that the overheating of

the Third World debt pose for the world capitalist economy are thus real. But this does not mean that a full-fledged generalized bank crash is inevitable. (17)

Already at the time of the big banking crisis of 1931-33, a saying was going around international financial circles that “if the debt is 100,000 dollars, the debtor can’t sleep, but if the debt is 10 million dollars, it’s the creditor who can’t sleep.” If you multiply these figures by 10 or 100 to adjust for the inflation that has occurred over the half century that has gone by since then, this saying is more pertinent than ever.

The American imperialists cannot allow Chase Manhattan, Citicorp, or Morgan Guarantee Trust to go under, any more than British imperialism could accept the collapse of Lloyds, Barclay’s and National Westminster. The most likely eventuality, therefore, is a massive bailout of the big debtors (in reality of the private creditors of these big debtors) by the international banking system and by the imperialist governments.

This amounts to a double nationalization of the losses, partly at the expense of the toiling masses of the imperialist countries, partly at the expense of the popular masses in the so-called Third World countries themselves. The dealing going on now is essentially over the division of the sacrifices. The Third World bour-

geoisies are interested above all in the technical aspects of the question — the timing and costs of debt rescheduling. Avoiding sacrifices for their own peoples is not exactly their main concern.

However, the success of such bailing-out operations, of which the Baker plan is only one partial example (18), is not at all assured, precisely because no one controls the capitalist economy. It is marked by abrupt, spontaneous, largely unforeseen changes under the pressure of competition, and regulated only in the long term, and therefore blindly, by the law of value.

Thus, the plan for straightening out Mexico’s finances, which was so laboriously set in motion by interna-

16. At present in the United States, a nominal interest rate of 10% and an inflation rate of 5% mean that the real interest rate is 5%. In France, an inflation rate of 4% to 5% and a nominal interest rate of 10% to 12% mean that the real interest rate is 6% to 7%, an actually usurious rate. In the United States at certain times in the 1980s, we saw nominal interest rates of 20%, when inflation was under 10%.

17. Nonetheless, partial banking crashes are multiplying, not just in Kuwait, Singapore, Malaysia, Argentina, Indonesia and the Philippines, but also in the United States, in West Germany, in Italy, in Great Britain and in Japan.

18. The Baker plan put forward by US Secretary of the Treasury James A. Baker, aims at getting the private banks to increase their credits to Third World countries by 20,000 million dollars, with something close to public guarantees and a sharp increase in capital and commitments from the World Bank.

tional bankers in 1982 and whose success they prematurely proclaimed, has just had the props knocked from under it by the plunge of the oil price.

Moreover, if every economist who understood the way the capitalist market economy functions could easily predict that the oil price would fall, no one could predict how sharp this fall would be, and exactly when it would come about, that is in February 1986.

All of this was provoked in part by British Prime Minister Margaret Thatcher's determination to assure the currency necessary to defend the pound sterling by all-out pumping of oil from the North Sea and by the heightening of overproduction that this policy brought out, with the resulting drop in the oil price. Another factor was the refusal of Saudi Arabia to sit by and watch its share of the oil market shrink. This led to the coming apart of OPEC, and hence to the breakdown of prices, and hence to more overproduction, and so on.

Now, the Mexican debt has to be renegotiated a second time, as it was in 1982, and under worse conditions from the standpoint of the world market for oil and the social situation inside Mexico itself.

The evident fact of the interdependence of the economy of the imperialist countries and that of the Third World countries in the framework of the international capitalist economy gives some Third World bourgeoisies a not inconsiderable power for blackmailing the imperialist banks. These bourgeoisies tell the banks in such cases in effect, "If you squeeze the lemon too much, we'd rather go under and drag you down with us."

For this reason, Fidel Castro's scheme for a collective disavowal of the debt by all the Third World countries is not a purely propagandistic proposal. It can be a positive contribution to the anti-imperialist struggle on a world scale. It deserves the support of all anti-imperialist activists, of all revolutionists and of the entire international workers' movement.

This plan should be a signal for mobilizing the popular masses of the Third World, and the support of the world proletariat for them, behind the demand that their respective governments disavow the debt.

Far from favoring any subordination of the workers to the national bourgeoisie, such a mobilization would increase the class independence of the proletariat in the Third World countries, inasmuch as it would show that it is the working class and the workers' movement that defend national sovereignty against imperialism with a

consistency that the bourgeoisie has shown itself incapable of. It would thus promote an alliance of the workers, peasants, urban poor and the urban petty bourgeoisie independent of the bourgeoisie.

Moreover, such a mobilization would promote the direct class struggle of the proletariat and its allies both against the Third World bourgeoisies and against imperialism. Not only do these bourgeoisies continue to pay a usurious tribute to international capital but they strive above all to shift the bulk of the burden onto the backs of the popular masses, whose living standards are dropping disastrously.

For workers' control of the banks

The IMF is bringing constant pressure to bear for balancing budgets and reducing public spending, which means above all reducing social spending, cutting subsidies for necessities, as well as paring down the volume of wages and employment in the public sector.

The reactionary character of this pressure — we might even say its inhuman character, since it produces abysmal poverty and hunger in the literal sense of the term — is obvious.

However, it is not enough to denounce this pressure by the IMF. It is necessary to excoriate all those who yield to it, who give in to its diktats, not only out of cowardliness and political fear but also out of class interest.

This is why the workers' movement should combine the demand for disavowal of the debt in particular with one for workers' control over banking operations, preferably by the bank workers themselves. This would offer a means for exposing and then for taking concrete steps against diversion, hoarding, private appropriation and clandestine export of currencies by the bourgeoisies, operations that contribute considerably to increasing the debt burden.

Will the Latin American bourgeoisies, to say nothing of all the Third World bourgeoisies, in fact form the united front for disavowing the debt that Fidel Castro has called for? That is not very likely.

As the example of OPEC shows, crisis conditions heighten competition equally among capitalists, among the capitalist powers and the dependent countries, as well as within the Third World itself.

Like the Indian bourgeoisie, the Latin American bourgeoisies will try to use the mounting pressure of the

masses, as well as Fidel Castro's proposal, to blackmail imperialism. "Reschedule the debt, give us new credits, or else we will follow the Cuban proposals!" This is all part of a gigantic tug of war that is going on now and whose exact result no one can predict.

A growing number of commitments will not be kept. An increasing number of debts will be purely and simply carried forward when they fall due. Continual extensions are not very different than default. This is why, it should be noted again, the real battle is being fought over interest, over service on the debt, rather than over the principal.

The interdependence between the bourgeoisies of the semicolonial and dependent countries and the imperialist bourgeoisies is not purely an economic and financial one. It is also political and military. With revolution rising in many countries in the so-called Third World, imperialism remains the great protector and the last line of defence of the native possessing classes. This is true not only in Central America, in the Arab countries, in South Africa, in the Indian peninsula, in the Philippines and in South Korea. It is true in all such countries.

On the other hand, imperialism no longer has sufficient resources to rule the Third World directly. It relies on a relative consolidation of regional and local bourgeois relays. If the international banking system collapses, this would not only be a fatal blow to the imperialist centers but one just as fatal to the possessing classes of the Third World. If the revolution spreads in Central America and reaches into Mexico, it would knock directly at the door of the United States.

This explains the desperate attempts of both imperialists and Third World bourgeoisies to grope their way along, from compromise to compromise, from renegotiation and rescheduling, from the bailing out of one threatened bank to another. The fate of the international bourgeoisie as a whole is at stake.

However, the bourgeoisie does indeed have to grope its way, because it does not control all the parts in the mechanism. The interdependence I described remains an interdependence subject to the iron law of the bourgeois world. That is, a crisis weakens the feeble more than the strong, it increases the differences of wealth (and poverty) and power, it tends to magnify relations of dominance and dependence rather than to eliminate them. And, above all, the bourgeoisie is less and less able to control the actions and reactions of the popular masses. □

Swedish People's Parliament urges SA trade boycott

TOTAL BOYCOTT of South Africa! That was the main orientation confirmed by the People's Parliament against Apartheid that gathered in Stockholm, Sweden, at the end of February.

The People's Parliament — with 900 delegates from 170 national organizations — was no doubt one of the biggest and broadest manifestations against apartheid ever arranged.

The call for the Parliament had been issued several months earlier by ISAK, the Isolate South Africa Committee, and the United Nations Association in Sweden. All Swedish organizations — except for the political parties — had been called to participate.

The representation was very broad. There were solidarity groups, committees against racism, local groups of the United Nations Association, religious groups, the youth and women's associations of the political parties and pupils' organizations. There were also trade-union representatives, but their representation was considerably weaker — a fact that also reflects a central weakness of the anti-apartheid movement of Sweden.

In the initial greetings to the Parliament, the invited speakers broached the most controversial theme — the question of withdrawal of Swedish companies from South Africa. The prime minister, Olof Palme, in his last public speech, spoke in favour of sanctions against South Africa. But he also made it clear that the Swedish government does not plan to withdraw Swedish companies unless the United Nations decides on such sanctions.

On the other hand, ANC leader Oliver Tambo stated:

"This People's Parliament will not waste its time with self-serving and paternalistic arguments that sanctions will hurt the Black oppressed and the neighbouring independent African states."

The continuing unwillingness of Swedish companies to withdraw from South Africa constitutes a contemptuous rejection of the view of the Swedish people which is in favour of disinvestment. Perhaps the time has come for action to be taken to compel these companies to discontinue their policy of constructive engagement with the murderous apartheid system.

One of the six commissions formed during the People's Parliament centered on the question of sanctions. A sharp debate arose between representatives of the leadership of the LO [Landsorganisationen], the main Swedish trade-union confederation, and local representatives. The LO representatives tried to block the demand for withdrawal of Swedish companies, arguing that "their" contacts in South African trade unions want the Swedish companies to stay. They even threatened to "register

a reservation" if the People's Parliament voted in favour of disinvestment.

Representatives of local trade unions and, in some cases, of national trade unions which had adopted the demand of disinvestment, protested against that measure, which would have seriously weakened the public presentation of the decisions of the Parliament. They launched a petition urging trade-union representatives to withdraw their reservation — a pressure which proved to be effective. The following day, at the final plenary discussion and voting, the trade-union representatives neither spoke in favour of nor voted for their own reservation.

The People's Parliament also pronounced itself in favour of a total boycott of all trade with South Africa. It urged the government not to allow companies with investments in South Africa to participate in governmental projects in developing countries. It called for increased support for the ANC and SWAPO [South West African Peoples Organisation].

In this context the People's Parliament stressed "the right of the South African people to freely decide on its methods of struggle in the process of liberation from apartheid". That is, the People's Parliament supported even the armed struggle that is waged by the anti-apartheid organizations.

The representatives of the Conservative Youth wanted the People's Parliament to disassociate itself from the ANC, since "it is an organization that blows innocent children to pieces". They were met by indignant hootings. The majority of the People's Parliament had no doubt about who was to blame for the present violence in South Africa.

Among the concrete campaigns decided by the People's Parliament was a call for strikes for disinvestment at the big Swedish companies with investment in South Africa. There will also be a big national campaign to collect funds for the resistance in South Africa.

The People's Parliament was more than anything else a huge manifestation of the solidarity movement. At the same time it showed that big Swedish organizations with a popular base — like the LO — are still not won to the demand for a total boycott.

But the People's Parliament and the documents adopted at it can lay the basis for further broadening solidarity. The next step in this steady work to broaden opinion in favour of disinvestment will probably be the coming LO congress in September.



International solidarity is vital to help overthrow the apartheid regime (DR)

PRT deepens left unity perspectives

AT THE SEVENTH plenum of their Central Committee held in Mexico in early February 1986, the PRT (Revolutionary Workers Party, Mexican section of the Fourth International) decided among other things to convene their fifth national congress and to organize a series of public events starting next September to celebrate the tenth anniversary of the founding of the party and the successes and growth registered since then.

The PRT also decided to set up local versions of their national cadre school and to launch a recruitment drive for 500 new members between now and September.

The Central Committee also had to make an assessment of the parliamentary fraction and discuss the perspectives of revolutionary left unity. Because of recent developments, the PRT's Central Committee will propose a political reorientation of the party to increase united activity with left

forces in Mexico. In the framework of a general conception of building a mass revolutionary party, which has always remained the PRT's perspective, the last congress had been politically unified above all by its attitude to the organizations making up the UNIR (National Unity of the Revolutionary Left), with which they developed joint relations.

The PRT's newspaper, *Bandera Socialista*, noted on March 17: "From the fourth congress until now, the

evolution of the left has led to big changes. Whereas most of the groups in the UNIR, knowing that they had a crisis of perspectives, plunged deeper into sectarianism and developed a hostile attitude to the PRT, other currents, like the Revolutionary Socialist Party (PRS), or the Mexican Workers Party (PMT) adopted positions converging with those of the PRT on the big questions of national politics."

The PMT is a radical nationalist party that rejected integration of the United Mexican Socialist Party (PSUM), which was the product of a fusion in 1981 between the Mexican Communist Party (PCM) and several nationalist and Stalinist groups. The PRS was founded in February 1985 by militants who came out of the PSUM.

One of the factors in this increased unity within the Mexican left lies without doubt in the attitude adopted by these organizations in relation to parliamentary work.

The PRT responded positively to these proposals, advancing a series of objectives to concretize this unity process and to test how quickly it was progressing. Its proposals included the following: opening discussions in the different sectors of mass activity where militants of these organizations are present; increasing joint work; initiating a political discussion between the various national leaderships on programmatic and tactical questions; fixing a precise timetable for these discussions; involving rank-and-file militants by publishing a common internal bulletin; and establishing a parity committee to follow up the discussions.

Moreover, the PRT intends to invite the Organisation of the Revolutionary Left-Mass Line (OIR-LM) — a formation of the UNIR with whom united relations had progressed favourably in the electoral campaign in 1985 — to participate in the process initiated with the PMT and the PRS.

Finally, the parliamentary fractions of the PRT and PMT have decided to coordinate their activity in the Chamber of Deputies by forming a common parliamentary bloc with the following objectives:

- * "Fighting for political freedom for urban and rural workers in connection with bills presented to the Chamber;
- * "Both in parliament and outside rejecting all measures which would adversely affect the standard of living of the dispossessed in Mexico;
- * "Fighting to broaden the areas of political participation of workers;
- * "Jointly presenting bills along these lines." □

İŞÇİ MÜCADELESİ

IŞÇİ MÜCADELESİ (Workers Struggle) is a bi-monthly Turkish language journal produced by Turkish and Kurdish immigrant workers in the Fourth International. The third issue is now available and contains articles on skinhead violence against immigrant workers in West Germany, the French elections and the rise of the fascists, women's liberation struggles and news and reports from Turkey, Kurdistan and Western Europe.

İŞÇİ MÜCADELESİ

29 Rue Plantin, 1070 Bruxelles, Belgium. Subscription for five copies: 100 Belgian francs, 15 French francs or five Swiss francs.

For further information or to send a donation please write to the address above.



AROUND THE WORLD



Kurdistan

Kurds demonstrate in Syria

THE KURDISH people suffers every form of oppression — national, cultural, social and economic — at the hands of the four Middle Eastern states that occupy parts of its land, Kurdistan.

The governments of Turkey, Iran, Iraq and Syria — four dictatorships, as it happens — have employed every means of repression in the attempt to suppress the demands of the Kurdish people for independence and liberty. Despite this, the liberation movement in Kurdistan keeps raising its head in the various parts of the Kurdish land.

Today, it is in Syria that the Kurdish national struggle, severely repressed in the other three countries, has just manifested itself in a spectacular way.

On March 21, on the occasion of the national day of the Kurdish people, "Neroz" [the New Year of Iranian civilization, which coincides with the beginning of spring], clashes occurred between the Syrian repressive forces and the Kurdish masses in the Kurdish regions of Syria and in Damascus itself, where there is a large Kurdish community, made up mainly of workers and students.

In the localities of Qamichly and Derik, the police repressed mass gatherings and made about 20 arrests. This repression sparked new demonstrations. In Kobanie, Afrine, Rajo, Jenderis, and other places, new clashes occurred between demonstrators and police. A young girl was killed and four men were wounded. Four police, including an officer, were also wounded.

It was in Damascus itself that the biggest challenge was thrown in the face of the Baathist dictatorship. Kurdish workers and students, as well as left-wing Arab activists, organized a demonstration that headed toward the presidential palace of Hafez al-Assad.

Police, riot troops and agents of the intelligence services blocked the route. A clash followed, in which a young worker, Suleiman Amine, was killed and eight other demonstrators were wounded.

The demonstration then swelled and set off for downtown Damascus. The regime turned to the Kurdish reformist parties and the Syrian Communist Party to get them to try

to calm the demonstrators.

Wissal Farhe, a member of the Central Committee of the Communist Party, of Kurdish origin, addressed the crowd, calling on it to avoid any action that might "harm the reputation of the national government." Only the Communist Action Party of Syria joined the demonstrators.

This is the first time that the Kurdish masses of Syria have shouted slogans such as "Long live Kurdistan! Down with the exploiters!" It will not be the last. □

Belgium

Miners begin all-out strike

ON MONDAY, April 21, 18,000 coal-miners from the pits in Limbourg, Flanders, began an indefinite all-out strike in response to the refusal of the Martens government to give assurances of no pit closures or job losses.

In the context of a massive austerity drive being waged by the government against the working class, the recent discussions of the national budget have centred on slashing public subsidies — an attack that will undoubtedly mean massive job losses and closures in the five remaining coal-mines in Belgium.

The striking miners are demanding no closures, no redundancies and no job losses from natural wastage.

The union leaderships were forced to call the strike after workers at two pits took unofficial spontaneous strike action to fight for their jobs. The Limbourg district, which contains all five pits, already has 60,000 workers on the dole.

National and local solidarity committees have sprung up in support of the strikers. Indicative of the support for the miners' demands was a 20,000-strong demonstration held on April 12 — two weeks before the strike began.

The Parti Ouvrier Socialiste/Socialistische Arbeiders Partij (Socialist Workers Party, Belgian section of the Fourth International) has begun a national campaign to build support for the strike and is fully involved in the solidarity committees.

International solidarity will be crucial. Readers of *IV* can contact the local Winterslag pit strike committee for information and to send messages of support at the following address: *Comite de Greve Winterslag, Turksa Zereniging, Herenstraat 16, 3600 Genk.* □

France

Defend Martine Toulotte

A RECENT CASE in Grenoble, France, shows how the current wave of anti-terrorist hysteria can be used to attack the left. On February 19, Martine Thibaud Toulotte — a member of the LCR (Ligue Communiste Revolutionnaire, French section of the Fourth International) was arrested and imprisoned on the instruction of a magistrate and charged with "harbouring wanted men".

Martine has now been in prison for two months *without* trial. Usually in cases of this kind the accused would automatically be released on bail. Her crime is that she put up presumed members of the Lebanese group, FARL (Lebanese Revolutionary Armed Faction) and in particular one of its leading members, George Ibrahim Abdallah, in her home. At the time she is supposed to have lodged these presumed members of FARL, they were not even suspects! About one year ago Martine was questioned by police on the same charges and released.



Martine is a well-known activist in the Grenoble area, where she lives with her three children. In the last twenty years she has participated in various committees in solidarity with struggles in the Third World including in the Middle East. She is known nationally in the CGT (one of the three major trade-union federations in France) and before her arrest was active in the anti-racist movement. She stood as an LCR candidate in the French general elections. Of course Martine has no connection with terrorist organizations and shares the position of the LCR on terrorism.

Her arrest and imprisonment have brought protests from wide sections of the labour movement locally, including the Communist Party, the Socialist Party, the CFDT (the Socialist Party-dominated trade-union federation), the CGT, Lutte Ouvriere and local anti-imperialist, ecologist and women's organizations.

It is important that voices of protest begin to make themselves heard internationally against this detention without trial and for Martine's immediate release.

A national campaign has been launched to demand Martine's release. For more information write to *Collectif de defense de Martine Toulotte, Maison des Associations 2 rue Berthe-de-Boissieux, Boite 309, 38, 000 Grenoble.*

Send letters of protest to: *Pro-cureur de la Republique de Paris, 4 boulevard du Palais, 75004 Paris.*

To show Martine that she is getting international support, write to her yourself or get your organization or trade union to write to: *Martine Toulotte, numero d'ecrou 16 891K, Maison d'arret de Fleury-Merogis, 91 700 Sainte-Genevieve-des-Bois, France.* □

Errata

A translating error slipped into the introduction of the document by "Politikus," which was part of our feature on debates in the East European peace movement in International Viewpoint, No. 95, March 24, page 21. In the first line of the introduction, it should have said that it was "Politikus" article that was written from a clearly pro-Western point of view, and not the Prague Appeal.

George Breitman

GEORGE BREITMAN, the main survivor of the founding generation of Trotskyist leaders in the United States, died of a heart attack on April 19 in New York. He had long been suffering from acute degenerative arthritis, which left him completely incapacitated in the last months of his life.

Breitman joined the Trotskyist movement in 1935. In 1939, he was elected to the National Committee of the newly formed Socialist Workers Party. From 1941 to 1943, he was editor in chief of the SWP's newspaper, *The Militant*. He served in the army in Europe from 1944 to 1946.

While in Europe, Breitman participated in the political life of the European Trotskyist movement and in the Fourth International. At the first postwar conference of the world movement in 1946, he was one of the three participants from the United States.

From 1949 to 1954, he resumed his work in editing *The Militant*. In his later life, his outstanding accomplishments were his studies of the Black movement and his editing of the complete political writings of Trotsky in 14 volumes.

Breitman was expelled from the SWP at the end of 1983, in the context of a large number of expulsions. The 1985 World Congress of the Fourth International condemned his expulsion, as well as the others. (See "SWP (USA) rejects the organizational demands of the Twelfth World Congress," in *IV*, No. 86, November 11, 1985.) He continued to fight for his principles in the framework of the Fourth Internationalist Tendency.

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George Breitman was one of the most courageous revolutionaries I have ever known, with the special sort of courage needed to spend an entire lifetime fighting for socialism in the most stable capitalist power in the world.

For as long as I knew him, more than 20 years, he suffered from an extremely painful and increasingly debilitating form of arthritis. Nonetheless, he continued to devote himself entirely to party work and played a major role in the political and organizational life of the Socialist Workers Party.

Breitman fought for his beliefs as long as he could move two fingers to type or had the strength to talk and was not discouraged by living through several disastrous setbacks in the painfully slow work of building a revolutionary party in the United States.

His speciality became explaining the role and importance of the struggle of oppressed peoples in the fight for socialism and workers' democracy. He was the architect of the SWP's work with revolutionary Black nationalists in the United States and with the outstanding leader and martyr of this current, Malcolm X. In his later life, he took a particular interest in the problem of oppressed nationalities under Stalinist rule.

Breitman had a sensitivity to the feelings and consciousness of oppressed nationalities rare among socialists in advanced capitalist countries. He was never tempted to subordinate their concrete aspirations to any abstract "internationalism." He was unswerving, for example, in his defence of the Irish national struggle.

Since he was one of the best writers in the movement, I was eager to have him write for *IV*, and he accepted my invitation. Unfortunately, by that time his illness had gone too far for him to contribute. That was our great loss.

Gerry Foley
Editor

Chile

Students shot

GENERAL PINOCHET's troops and police are stepping up their repression of dissidents. On Tuesday, April 22 riot police opened fire on students demonstrating against the dictator's visit to Tumuco, an agricultural city in southern Chile.

At least five demonstrators were wounded and over 60 arrests were made.

A week earlier, in Santiago, the police and the army occupied the capital's universities for four days attacking students who were demonstrating for a democratic university system and against the expulsion of professors victimized by the dictatorship.

Both the Association of Professors and the Council of University Deans gave their support to the students. More than 600 arrests were made, with hundreds detained in prison. □



Interview with a Filipino peasant leader

FILIPINO PEASANT leader, Maria Rosario Felizco, is one of the pioneers in organizing workers on the land. Six years ago, she began working in the Central Luzon Farmers Union. Last year she participated in the formation of the national union of small farmers and agricultural workers, the Kilusang Magbubukid ng Pilipinas (KMP).

"For the majority of the people, democratizing the Philippines means recognizing their just demand for land.

"But Cory has been very quiet about this question. Before the elections, she talked most about the peasants getting better credits. Credits aren't much use when you don't have land to cultivate."

"The poor peasants and agricultural workers so far have not seen any sign of change since Marcos' fall. It is the military that is most responsible for this. The power of the military is still very great in the rural areas.

"The landless peasants, who make up two-thirds of all the people on the land, cannot but be skeptical about the new government when they see how influential the big landowners are in it. They don't believe that they will get any land, and rightly so, because the landowners have always blocked every attempt at land reform in the Philippines.

"But the land question is the problem that overshadows everything in the countryside. Those who have no land live as laborers or tenants. Either they pay up to 60 per cent of the harvest to those who own the land they work, or they rent land and pay 25 per cent of their incomes to the landowners, but then they have to pay all the expenses themselves.

"In both cases, this is exploitation, because the landowner gets an income without working which is larger than the portion that the families who work the land can keep.

"All the other problems in agriculture have to do with the fact that many people have no land. Since the poor farmers have nothing left after they have paid their rent and production costs, they are driven into the moneylender's net. Since few farmers own capital, the moneylenders can

take from 20 per cent to 400 per cent on loans.

"By law, of course, it is forbidden to take more than 12 per cent interest. But all too often, the local government representatives, moneylenders and landowners are the same people. Even for state loans, you can pay up to 45 per cent.

"What makes the situation worse is that more and more land is being taken from the poorest farmers, most swallowed by the plantations of multinational companies.

"According to the law, no foreign firm is supposed to own more than 1,000 hectares of land. But Dole owns 30,000 hectares. Del Monte owns 24,000 hectares and so on.

"They force the small farmers off land already under cultivation, because there is no longer any 'fallow land' to take.

Maria Rosario Felizco (DR)



"Those left without land have no choice but to go look for work on the plantations.

"The minimum wage is 39 pesos, two dollars, a day, and it is estimated that the minimum for supporting a family is 110 pesos. So, even two incomes are not enough to sustain a family, and the children usually work, especially on the sugar plantations.

"A child can be paid as little as eight pesos a day. So the plantation owners prefer child workers."

The KMP calls for distributing the land free of charge. "The poor have already paid for their land many times over by their rents or their starvation wages.

"Agriculture can only develop if the farmers own the land and control production. And it is only by working together that the small farmers can improve production and market their products without being cheated."

However, no land reform is in sight. The KMP is worried about what the new trade minister, Jaime V Ongpin, proposes.

Agricultural development strategy

"Last year, something called the 'balanced agricultural development strategy' was launched. It was backed by the World Bank. The proposal was that the Philippines should rely on its agricultural resources for development. In the rulers' version this meant that foreign investment should be increased in agriculture, with the result that still more land would be taken from the poor peasants and become plantations.

"We protested strongly against this idea. Now Ongpin is proposing a development strategy that in principle is the same. Nothing has changed. We were dumbfounded. But really we should not have been so surprised. Ongpin himself is a big businessperson. The same, more or less, goes for Cory Aquino, whose family owns 6,000 hectares in sugar plantations."

Therefore, the KMP does not intend to wait for government measures.

"We know that a strongly organized movement is the only power we have when we deal with the authorities. And if there is going to be any real change, it is going to have to come from us ourselves.

"It is going to take time to win. Millions of poor people have yet to be organized. But we are on the right road and we have already come quite a way."

Excerpts of an interview given to the 'Internationalen', the paper of the Swedish section of the Fourth International. □