

Socialist

Action

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The Tory government explodes

The rise of
Euro-Thatcherism

Gulf: imperialism
heads for war



Comment

The US crisis begins

October's crisis over the US Federal Budget deficit was simply the first round of a decisive development in world politics in the 1990s — the economic and political crisis in the United States.

In the late 1960s and early 1970s US politics was openly thrown into crisis by the Vietnam war, Watergate and the discrediting of Nixon, and finally the debacle of the Carter presidency. All exacerbated or were rooted in the crisis of the US economy.

The Vietnam war overstrained the US economy and led to pressure to dollar devaluation. The domestic consequences broke up Johnson's Great Society reforms. The continued economic effects of the war under Nixon precipitated the collapse of the post-war, Bretton Woods international monetary system. Carter's attempt to revive the competitiveness of the United States' economy by further devaluation, which led to falling living standards in the US, underlay the debacle of his presidency.

Reagan apparently broke the spiral of decline. His economic programme abandoned the attempt to revive the domestic US economy and concentrated on reinforcing US imperialism. US interest rates were raised to levels sucking in capital from the entire world; the dollar's exchange rate rose to ludicrous levels — making imports cheap; the balance of payments deficit soared while the US received huge subsidies from the inflow of capital. Economic chaos rapidly developed in the third world but consumer spending in the US rose rapidly. Reagan became the first president for two decades to secure re-election.

The October 1987 stockmarket crash signalled the beginning of the end of the Reagan strategy. The root of the crash was the slowing of the inflow of capital into the United States as other countries became increasingly unable to take the strain of US demands. Following the crash the US increased these demands still further to try to stabilise its financial system. The result was that in February this year the Japanese stockmarket collapsed under the strain. Simultaneously Germany slowed its exports of capital as it became more concerned with financing reunification than funding the US. As a result the inflow of funds into the US has dried to a fraction of its former level — Japan actually pulled capital out of the US in the first six months of 1990. With its foreign sources of finance drying up only the surplus value produced by the US working class was now available to fund investment and foreign military expenditure of US capital. To maintain its existing expenditure, and replace the inflow of foreign capital, the US bourgeoisie had to turn to sharply increasing the rate of exploitation of the US working class. The result was the budget crisis — a fight over what mix of tax increases and cutting welfare expenditure should be used to achieve that increase in exploitation.

The budget crisis is simply the beginning of a long attack on the US working class. The result is a new rise in political crisis — inaugurated by the rapid decline in Bush's popularity, the defeats for the Republicans in the mid-term elections, and evident rising divisions within the US ruling class.

Confronted with this situation the US is going to lash out against its economic rivals. The dollar has devalued. While Germany and Japan should be able to face the new more intense competition this creates weaker imperialist powers such as France and Britain will not — which is why France is demanding a meeting of the Group of Seven industrial states to discuss the dollar's decline. The desire to pass as much of the burden to its rivals as possible explains the United States intransigence against the EEC over agricultural trade in the GATT Uruguay round of trade negotiations.

But the new economic crisis in the US has occurred precisely because its rivals *cannot* any longer support the burden of subsidising the US economy. The political crisis in the US is only just beginning. Its implications for world politics is enormous. The economic crisis which is fueling the sharp rise in opposition in the US to a Gulf war. The decade of stability in US politics is rapidly breaking up.

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The rise of Euro-Thatcherism

As we go to press, immediately after the announcement of the results of the first round of the Conservative leadership contest, the paroxysm in the Tory government has still not run its course. But whatever the outcome the key issues, and the cause of the explosion, are clear.

Thatcher's humiliation in the first round of the Conservative leadership contest, and the clear divisions within the Conservative Party and ruling class which it reflects, flow directly from the disintegration of the economic project the Tories embarked on in 1979. At that time, using the high price of oil and the international financial boom to fund the balance of payments, the Thatcher government allowed domestic manufacturing industry to collapse. Its calculation was that the resulting unemployment would crush the ability of the working class to resist and, on that basis, rebuild both the international position and the domestic manufacturing base of British capital. If that had occurred all sectors of capital would have been satisfied.

But instead the strategy failed in both objectives. First, the price of oil collapsed and then, with the 1987 Crash, the financial services market slumped. The sectors of UK capital oriented to oil and international financial operations were no longer able to take the strain of financing the UK balance of payments — which after 1987 moved into the worst deficit in British peacetime history.

Second, the working class was not defeated severely enough to allow the sustained rebuilding of domestic industry on a capitalist basis. From 1989 company profits plunged as the working class successfully defended its real income. The UK economy had arrived at an impasse both domestically and internationally. The original Thatcherite economic project had catastrophically failed. That is why the Thatcher government was thrown into terminal

crisis.

But what the opposition to Thatcher from within the ruling class and Tory party — promoted by Lawson and Howe and represented by the backing given to Heseltine — *does not* represent is a shift towards a new and less severe economic order. On the contrary the core of its policy is an even more severe drive to force down wages, achieved by increased unemployment, through a bloc with European capital.

This is made clear by the policies which all sections of the Tory Party proclaim. All propose to 'build' on Thatcherism by proceeding to further attacks. Not one proposes to alter the anti-trade union laws — except to tighten them further. Not one proposes to reverse the privatisations. Not one proposes to tackle mass unemployment.

The one new policy which the forces against Thatcher proposed was to tighten the screw against the working class still further by membership of the ERM. The ERM, indeed, represents a new still more severe attack on the living standards of the working class — leading to a new surge in unemployment and a sustained attack on real wages over many years.

Indeed the fundamental political problem for capital is that the attack on working class living standards involved with the ERM is so severe that it is impossible to secure the popularity of any government implementing it. It will erode the popularity of the Tory government still further. It would destroy the support of a Labour government carrying it out. The problem for capital, therefore, is how to carry through a policy whose *effects* will be rejected by an overwhelming majority of the electorate — even if they are not immediately aware of what is producing those economic effects.

The answer is that every party in British politics must be committed by capital to support for the ERM. It must



be an issue placed by all party leaderships above 'questioning'. The Tories must carry it through regardless of the consequences. Labour must be forced to maintain it in office even although its consequences destroy its popularity and would let in afterwards a government to the right of Thatcher's.

Such a system, of 'Euro-Thatcherism' — maintaining all the essential attacks of Thatcher and adding to them a new tightening of the screw dictated by the bloc with European capital — in reality will require a radical reorganisation of the political system.

The guarantor of the pure interests of big European capital in Britain is the Liberal Democrats — just as in Germany it is the Free Democrats. Its staunch allies are the pro-European wing of the Tory Party and the right wing of the Labour Party. The bourgeoisie must now try to create a system of government which gives permanent hegemony to these forces — through Tory or Labour governments and finally through Tory-Liberal or Labour-Liberal coalitions. That requires a shift to proportional representation and coalition government. Such governments would maintain in place all the essential policies of Thatcherism

while carrying through the further attacks necessary to attempt to integrate British capitalism into Europe. Whatever the short term shifts and turns that is the political system we are heading to.

That is why the death agony of Thatcherism is being accompanied by capital preparing a new project for the Labour Party. That is to tie Labour into pro-European capital, to bring in PR, to sever the link with the unions, to break the left in the party, to bring it to accept coalition with the Liberals, to get it to accept clearly incomes policy.

That is why the differences in the Tory party, between all its factions, are not over how much but merely over by what means to attack the working class movement. Tactical miscalculations such as the poll tax may or may not go but the core of Thatcher's policies will continue.

The death agony of Thatcher herself, and whatever the final outcome of this leadership contest she personally is finished, will not be the occasion for a lessening of the attack on the working class but for their intensification.

The first Thatcherism was bad enough. Its European successor will be even worse.

Gay attacks demand action

The past year has seen a rise in the rate of physical attacks on lesbians and gay men, with more than 12 murders of gay men in London alone. An estimated 34 gay men have been murdered in homophobic attacks nationally in the last four years.

This escalation of attacks has had little media attention or police response. A recent survey in Brighton of people who visit gay/lesbian pubs and clubs revealed that 21 per cent had been attacked in the past 12 months.

Police refuse to record statistics of homophobic attacks, and in London have effectively said that gay men bring it on themselves. Investigation has low priority. The civil disobedience campaign Outrage has said that while the clear-up rate for murders is normally 95 per cent, they believe it is 55 per cent for those involving the murder of gay men.

Police efforts have concentrated on arresting gay men for making contact with each other in public areas, arrests have soared in the last few years.

With 2000 arrests in 1989 for such victimless crimes the rate is now back to the pre-reform act height of 1954-55. Police officers improve their conviction rates through such arrests as few prove prepared to increase publicity by denying the charges.

One successful conviction for a homophobic attack recently was when a police officer from Derby, involved in entrapment, was himself gay-bashed.

Protests against the attacks and this combination of police harassment and inaction have been mounting over past months. Outrage has been pressing for a more sympathetic police response, monitoring of homophobic attacks, greater awareness and a more serious approach to detection and conviction. While these are all laudable aims, they have to be part of reasserting the political and social rights of lesbians and gay men through the strongest and most comprehensive political

campaign.

The twenty years between the rise of the gay liberation movement in the late 1960s and the late '80s saw an enormous increase in the number of lesbians and gay men living open and proud lives. The basis for this was laid by the social changes since the Second World War, at the core of which was the mass entry of women into the workforce.

This led to such changes as the abortion and divorce laws, mass contraception and the expansion of higher education. A knock on effect was an increase in the independence of women from particular family units, and this created more space for personal choice. This allowed the political space for the fundamental breakthrough of the homosexual reform act in 1967.

Subsequently, the struggles of lesbians and gay men produced a diverse network of cultural, social and political resources. The movement was able to win some of its demands, particularly in the labour movement. Policy gains were won, in the white collar unions such as NALGO and NUPE, and these gains were taken through to the TUC and Labour Party conferences. A number of Labour controlled local authorities, notably the GLC, stated their commitment to equality.

However, the last decade has seen efforts to strengthen the family, particularly by reinforcing dependence upon it. This offensive has included attempts to restrict abortion rights, the restriction of access of lesbians and single women to donor insemination, a series of defeats in lesbian custody cases, the introduction of maintenance regulations to force women to name the father of their children, and Section 28.

These attacks have met organised resistance, and not achieved general success. However, the gains won on lesbian and gay rights are the least established and most vulnerable to this assault, hence these have seen major successes for the right.

The HIV-AIDS crisis in



the 1980s provided the crucial backdrop. Against medical evidence, AIDS was portrayed as a 'gay plague', and fear about it, were exploited to fuel homophobia.

The recent British Social Attitudes survey showed an increase in hostility to homosexuality in the mid-1980s at the height of AIDS hysteria. Those saying homosexuality was always or mostly wrong rose from 62 per cent in 1983 to 74 per cent in 1987, falling again to 68 per cent in 1989. The decline is linked to a steady rise in those with HIV-AIDS infected through heterosexual contact, growing belief that certain types of sexual acts are high risk rather than certain types of relationship and the incredible work done by organisations like the Terence Higgins Trust and ACT-UP. It is evidence of the durability of the gains of the lesbian and gay movement despite all the recent attacks.

Demands for state funding of research into HIV-AIDS and support and treatment for

people living with HIV-AIDS need to be stepped up, particularly directed towards commitments from a future Labour government. It is surprising, given the concern and activity in the gay community, that a labour movement based organisation like the LCLGR has virtually ignored AIDS and its political impact.

The vote at October's Labour NEC that police should monitor violence against lesbians and gay men is very important. However, previous such commitments have been quietly ignored, so this one must be actively promoted and defended. The retreat by Labour local authorities from previous policies on lesbian and gay rights must meet renewed challenge.

Lesbians and gay men expect a great deal from a Labour administration. But only through organisation of the broadest forces around the key issues can we make progress and recover ground lost in the last few years.

BARRY GRAY

The split in

At the Labour Briefing AGM on 11 November the supporters of *Socialist Outlook* walked out — ending the fortnightly *Briefing* with it reverting to a magazine under its original editors.

This matter is of particular interest to the readers of the present magazine because in 1985 those who came to form *Socialist Outlook* withdrew from *Socialist Action* and built the project of *Labour Briefing*.

What was to become the new split started when *Socialist Outlook* supporters argued that *Briefing* should be wound up in favour of the proposed *Socialist Movement* paper. When they failed to win support for this position they walked out — leaving the originators of

Briefing to suspend publication for several months.

This new course is a worsening of the political development of *Socialist Outlook*. The originators of *Briefing* were a group of genuine ultra-lefts whose proposals, where implemented, damaged the left. *Socialist Outlook* in a bloc with them fought for lines which would have wrecked the defence of abortion through the Stop the Amendment Campaign, opposed the Time to Go Campaign which won NUPE and NALGO's support on Ireland, opposed fighting for a black socialist society passed this year at Labour Party conference, initially opposed the campaign for quotas for women in the La-

Cutting the cost of divorce

Much heralded proposals for divorce law reform by the Law Commission and the Lord Chancellor Lord MacKay have met contradictory responses. This is because they try to meet two quite different goals. The first is to simplify divorce law — to 'reflect social reality' as a commentator in the *Independent* disapprovingly observed — and the other is to shift more of the financial burden of children in lone parent families off the state onto the individual.

The proposals reflect this stand off, and have been criticised from both right and left. The introduction of 'no fault' divorce which would be completed after one year, making divorce a 'morally neutral process over time', would simplify divorce law. It is also suggested this would reduce the need to use lawyers and courts. This aspect of the proposals has been coined 'divorce on demand' and attacked by right wing politicians and the media.

Their other feature reflects growing concern over the social, but most immediately financial, burden of divorce. The divorce process would take one year, within which

time partners would be required to settle arrangements over children, money and property. Judges would have the power to 'stop the clock' and withhold the decree absolute until a satisfactory deal emerged.

The sole current ground for divorce is 'irretrievable breakdown of marriage', but this has to be proved by separation, five years without consent or two years with it, or by proving adultery or other 'unreasonable behaviour'. On current statistics, nearly three-quarters of divorces proceed by way of proving fault, with an average wait of six months.

The rate of divorce has escalated since the reform of divorce law in 1969. In 1971 there were 80,000 and in 1986, the post '69 peak, 168,000. In the same time lone parent families rose from 8 per cent to 17 per cent.

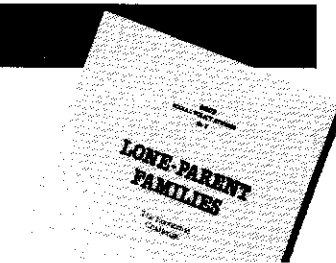
In 1987/88 local authorities spent £70,000 a day in child care resulting from marriage breakdowns. In the same year £305 million a day was spent in social security to divorced or separated people. The government's attempts to let child benefit 'wither on the vine', by cutting it in real terms for the last few years,

has met resistance as lone parent families in particular are heavily dependent on it.

The Tory government is determined to cut this financial demand on the state. It would like to deny the reality behind the escalating divorce rate, and introduce legal restrictions to stem the tide of divorce. (Women are greatly in the majority in taking action for divorce: in 1986 72 per cent of divorces were granted to wives).

But it has been forced to focus on one aspect of the overall concern: who bears the financial burden of child-rearing following divorce? Or as Malcolm Wicks of the Family Policy Studies Centre put it: 'One parent families now receive £4 billion in benefits....Mrs Thatcher is anxious to stem the rising tides of demographic and social change. Her attempts are likely to prove as successful as Canute's....But the Prime Minister has marked out her territory: costs of marital breakdown, and those more generally of the one-parent family, should rest more squarely on the shoulders of the father'.

The financial constraints in these proposals are com-



plementary to the new proposals on maintenance — to shift the financial burden off the state. Legal requirements and financial targets on maintenance will be at the expense of women and children.

The proposed linking of divorce to agreements on maintenance satisfactory to the courts, infringes the civil right to quit an unsatisfactory marriage, undermines the right of women to independence, and threatens women in physically or emotionally violent relationships.

Moreover the proposals on child support and maintenance are unenforceable. In Australia and the USA where they have been introduced the rate of failure to recover is enormous. This will be reflected in poverty and suffering for thousands of women and children. It will not fundamentally alter the rate of divorce or at least of marital and family breakdown.

Since these proposals on divorce were not outlined in the Queen's speech they will probably be overtaken by the general election. The government is using its remaining time to pursue the establishment of the Child Support Agency and the implementation of its regressive proposals on child maintenance.

Effort must be applied now to ensuring that a Labour government is committed to opposing constraints on the legal rights and financial independence of women. Divorce should be simplified but must not be contingent on maintenance agreements. Women with children must have the right to financial independence, not coerced into continued reliance on men regardless of the circumstances of the previous relationship, the break-up and the practicability of actually recovering money agreed.

ANNE KANE

Labour Briefing

bour Party, and strongly urged the Labour Party leadership campaign which greatly weakened the left.

Nevertheless, the original *Briefing* current kept certain limits against the most important attacks of the bourgeoisie of this period. It strongly opposed the campaign for PR — understanding that this was simply a manoeuvre to force Labour into coalitions — and opposed eliminating the union block vote — correctly seeing this as aimed at increasing capital's ability to get a Labour government to act against the unions.

The Socialist Movement, and notably its leading lights in the Socialist Society, have no such limits.

John Palmer, Hilary

Wainwright, and Richard Kuper of the Socialist Society are fervent campaigners for PR. Reg Race, and members of the Socialist Society, urge eliminating the block vote. Palmer and Wainwright are strongly opposed any move to break up the EEC. Indeed the politics of the leadership of the Socialist Society represent a trojan horse for the policies of European capital in the left of the labour movement.

At least with *Labour Briefing* Socialist *Outlook* combined ultra-left and sectarian tactics with defence of some basic interests of the labour movement. With the Socialist Movement, and Socialist Society, what is involved is similar tactics combined with profound

concessions to the right on basic issues of the class struggle. The latter are clearly winning the battle as the latest issue of *Socialist Outlook* carries an article by Davy Jones strongly arguing for introducing PR.

Socialist Outlook's original departure from *Socialist Action* wasn't justified. An unjustified split always arises from some other pressure. A sectarian line in *Labour Briefing* is now being extended to quite wrong politics with the Socialist Society. It is a bad development and getting worse. Supporters of *Socialist Outlook* should reflect on their original mistake, because the sectarian logic is working out in a more and more negative direction.

The economic disaster of ERM entry

When Britain entered the ERM on 5 October it was supposed to be a political masterstroke overcoming previous divisions within the government, stealing Labour's economic policy, and ensuring a political and economic boost for the Tories. ERM entry was deliberately launched on the last afternoon of Labour Party conference and just before the Tories' conference. Instead since ERM entry the Tory government exploded, the Conservatives declined in the polls, were humiliated at the Eastbourne and Bradford North by-elections, the stockmarket fell to a lower level than before entry, and the pound dropped below its pre-entry exchange rate against the Deutschmark. Most seriously, the British economy is heading into deep recession without the government being able to significantly cut interest rates to prevent the economy moving deeper into a slump, because of the need to defend an exchange rate within the ERM. PETER DREW analyses why ERM entry turned out not as a honeymoon but a disaster for the Tories.

'It is quite characteristic of the bourgeois horizon, which is entirely bounded by the craze for making money, not to see in the character of the mode of production the basis of the corresponding mode of circulation, but vice versa.' Marx

Few issues show the superiority of the Marxist approach to economics over the bourgeois as clearly as Britain's membership of the ERM. Therefore, in addition to analysing the consequences of ERM membership, it is worth contrasting their methods of analysis.

Bourgeois analysis of the ERM starts from currencies and money — that is the sphere of circulation of commodities. For the majority of its proponents, this leads to the view that ERM membership will be beneficial to the UK. Even critics of the ERM, notably Alan Walters and Martin Feldstein (ex-chair of Reagan's panel of economic advisers), start from the sphere of commodity circulation and come up with the wrong conclusions on ERM entry. According to Walters, in *Sterling in Danger*, Britain's high interest rates would ensure that on entering the ERM the pound would become extremely strong, as money flooded into the country. In fact after ERM entry the pound has become the weakest currency in the ERM.

Marxism, in contrast, starts not from currencies, the circulation of commodities, but from production. This leads to the conclusion that ERM membership would be a disaster for the UK economy, and therefore the unfolding of events was foreseen.

Marx classically outlined the relation between different elements of capitalist economy — production, exchange, distribution, and consumption — in the Introduction to the *Critique of Political Economy*. Marx understood perfectly well that the different elements of the economy form a whole in which each affects the other.

But while Marx did not reduce consumption, distribution or exchange to production, he nevertheless showed that production was the dominant element: 'The result at which we arrive is, not that production, distribution, exchange and consumption are identical, but that they are elements of a totality, differences within a unity. Production is the dominant moment, both with regard to itself in the contradictory determination of production and with regard to the other moments.'

On practical economics Marxism therefore does not deny that developments in consumption (for example

Keynesian expansion or contraction of government spending or taxation), or circulation (changes in the money supply on the model of monetarism) affect the economy. It simply notes that production is the dominant element within the combination.

Nor does Marxism deny the contribution of serious bourgeois economics — as opposed to that which is pure ideology — to analysis of areas of circulation, consumption, exchange etc. Marx never thought of denying that changes in supply and demand affect prices. But he demanded that these be integrated into a more fundamental framework — what *determines* demand, what *determines* supply.

As Bukharin put it in *The Economic Theory of the Leisure Class*, regarding one of the founders of modern bourgeois economic theory: 'Bohm-Bawerk... take[s] consumption as the point of departure. While Marx considers society above all as a "production organism", Bohm-Bawerk relegates production to the background entirely; for him the analysis of consumption... takes first place.

'But it is quite clear that this point of view precludes in advance any possibility of grasping social phenomena or their evolution. The motive force of the latter is the increase in the production forces, in the productivity of social labour, the extension of the productive forces of society.'

In the terminology of computer languages Marxism is a 'superset' of serious bourgeois economics — that is it integrates correct points into a wider framework — Marx's own *Theories of Surplus Value* being the classic example of this. Put in the (better) terminology and concepts of Hegel, Marxism is a 'transcendence' of bourgeois economics — that is by recasting bourgeois economics within a wider framework it transforms economics itself. Which is superior is illustrated very clearly by analysing the ERM.

The starting point of the bourgeoisie, and Labour front bench, on the ERM is to note that ERM members — Germany, France, Italy, Holland, Belgium etc — have a superior economic performance to Britain, and possess many economic features in common. Starting from circulation, currencies, they conclude that this superior performance is due to the sphere of money — that is the ERM. Therefore, it is reasoned, if Britain joins the ERM, achieving the same conditions of circulation as the ERM members, its productive economy will improve accordingly.

Marxism asserts the contrary. It is not the similarities in circulation that creates the similar, and superior, development in production compared to the UK but the similarities in production create the possibility of the common development in monetary circulation, the ERM. In other words the Marxist and the bourgeois approach disagree as to which is the horse and which is the cart.

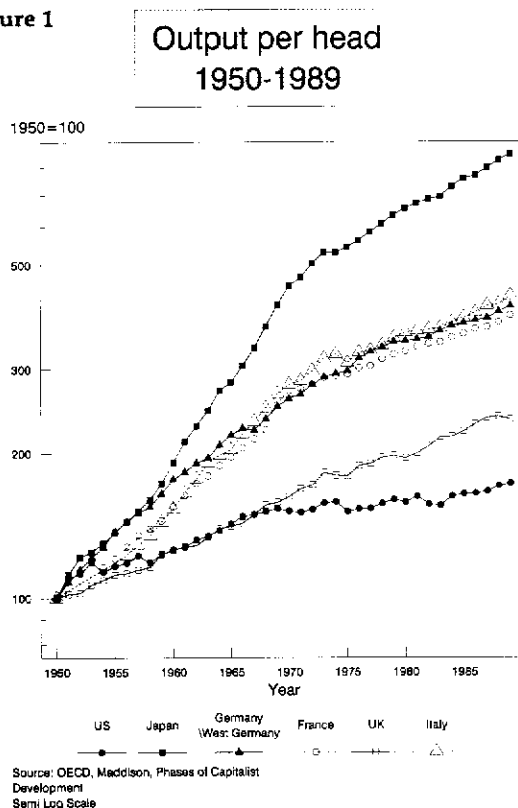
The factual record shows which is correct. Figure 1, which is taken from *Socialist Economic Bulletin*, shows the development of productivity, output per head, in the major capitalist economies since 1950. The feature which stands out is the common rate of productivity growth of the key ERM member states — Germany, France and Italy — and the sharp divergence with those of the other countries. It is clear that these common rates of growth of productivity had nothing to do with the ERM as for most of this period, 1950-79, the ERM did not exist. *It was the common rates of productivity growth that created the basis for relatively fixed exchange rates between them, the ERM — not the ERM which created the common economic performance.*

Indeed the essentials of the entire development of the international monetary system since World War II can be deduced from Figure 1. Given the disparities in economic performance clearly common rates of exchange could not be maintained between the different states. The rise of the yen relative to other currencies, and the rise of the West European currencies against the dollar, flow from the superior economic performance of Japan compared to Western Europe and the US after 1950, and Western Europe compared to the US in the same period.

The only feature which cannot easily be derived from Figure 1 is that, because of its position of international economic dominance, the US has actually been able to do somewhat better economically than the chart would suggest — allowing the dollar to increase in value against the pound and maintaining economic growth even in periods, such as under Reagan, when US trade was not competitive.

Equally the development following 1971, with the breakup of the Bretton Woods fixed exchange rate system, is clear from the underlying shifts in production. Given the disparities in productivity growth attempts to fix exchange rates between the US, Japan and the continental West European currencies would fail — even temporary ad hoc attempts, as with the Louvre accord in 1987 between the major

Figure 1



capitalist countries (the G7), lead to instability in the world economy.

But there is a common base to create relatively fixed exchange rates between the major West European economies. The development of international exchange rates after 1971 — a 'platform' of relatively fixed West European exchange rates, first in the 'currency snake' of the early 1970s and then in the ERM, floating amid generally changing international exchange rates — flows logically from the development shown in Figure 1. International movements in productivity, production, are driving the movements in circulation, exchange rates, and not vice versa.

But the UK does not fall within the common movement of productivity of the ERM member states. Its rate of growth of productivity is far lower than theirs; the increase during the early Thatcher period has now disappeared. Britain therefore cannot be fitted within a fixed exchange rate mechanism with the other West European economies. Any attempt to do so will fail, and, while the futile attempt is being made, will do great economic damage. More precisely it will lead to a tremendous exacerbation of the class struggle.

This is what is now commencing. Entry into the ERM has unleashed what will be the decisive clash in Britain in the 1990s — that between the British working class and the attempt of the British bourgeoisie to defeat it and integrate it into the framework of

European capital.

The reasons for this flow from the economic mechanisms outlined. The faster rate of growth of productivity of the West European economies is equivalent to their achieving relative price reductions — the same number of goods and services can be produced in a shorter time. All other things being equal if productivity in one economy is growing at four per cent a year, and another at two per cent a year, then the prices of the former are falling at two per cent a year compared to the prices of the latter. In other words the higher rate of productivity growth of the ERM states creates the tendency for the price of their goods and services to fall in relation to Britain's, making the UK's economic output internationally uncompetitive. As devaluation to wipe out the price changes is excluded by the ERM, and Britain cannot finance an ever widening balance of payments deficit, the only way to halt the worsening price differential is for British commodity prices to be lowered by reducing costs — which, translated into class terms, means that either profits or wages must fall, or both.

Attempting to maintain a fixed exchange rate in the ERM means British capital either must see its profits collapse or launch an offensive to drive down wages. Attempting to compete with a fixed exchange rate against economies with higher rates of productivity growth therefore unleashes an intense struggle over the distribution of the social product. Furthermore this is not a once and for all effect but must go on continuously year after year.

The implications of that for the class struggle in Britain, and the political situation, are clear. In the decade of the Thatcher government British capital threw itself directly against the British working class, doing tremendous damage to the worst off sections of the working class and specific parts of the industrial proletariat. Unemployment rose to over three million — and remains over two million in real terms. The income of the low paid fell in real terms. The miners were defeated. Employment in the steel industry was halved. But British capital failed to deliver a decisive enough blow against the British working class to become internationally competitive.

The indices of that failure are evident. The balance of payments deficit is now the biggest in British history. Despite the bourgeois offensive real wages rose by over 25 per cent during the first decade of the Thatcher government. Although TUC membership fell all core sectors of the working class remained unionised and new

It was common rates of growth of productivity that created the basis for the ERM...not the ERM which created common economic performance'

layers such as teachers, local government workers, civil servants, and telecommunications workers engaged in major struggles for the first time.

Furthermore, as the decade ended, British capital faced deep economic problems. The fall in the price of oil, and therefore the surplus oil created in the balance of payments, meant that to overcome the balance of payments deficit UK based manufacturing industry had to be expanded to produce exports. Reindustrialisation commenced, by the end of 1988 manufacturing output was growing at eight per cent a year.

Such a re-expansion of manufacturing industry in turn threatened to strengthen the position of the unions exactly when British capital was experiencing growing economic problems. Inflation rose as capital strove to contain real wages. Manufacturing workers, with a rapid expansion of production, were generally able to prevent falls in their real incomes, but other sections faced employers attempting to resist. The results were the strikes, centred in transport, in summer 1988 and those centred in the public sector in summer 1989. Both the NUR and NALGO emerged victorious — showing that in the existing relation of forces capital could not impose a deep defeat on the working class. The successes of the engineering unions on the 37 hour week confirmed that lesson.

Confronted with a worsening economic climate, and a newly strengthened working class, profits began to fall dramatically. By the second quarter of 1990 the share of company profits in GDP had declined to 12.8 per cent, from a peak of 19.0 per cent at the beginning of 1985, and dropping towards the trough it reached in 1981 (Figure 2).

The effects in the political field were clear. Under the impact of rising inflation the rate of increase in real wages fell drastically for all sections of the working class. A minority, but significant, group of workers suffered falls in real incomes. This combination removed the economic base of political support of the government. The unpopularity of the poll tax brought rising economic discontent to a head. By spring 1990 the government's popularity was disintegrating with the Tories trailing Labour by up to 20 per cent in the polls.

By the end of 1989 the Thatcher government was in an impasse. It could not inflict a sufficiently severe defeat on the working class to meet the economic needs of British capital. But the attacks which it did launch destroyed its own popularity. Internal

'The NUR, NALGO and engineering strikes showed that in the existing relation of forces capital could not impose a deep defeat on the working class'

disarray and disintegration set in — symbolised by the wave of Cabinet resignations and Heseltine running for Tory leader. Specific economic policies of Thatcherism, based on the oil boom and its side effects after 1979, lost their power to deliver results, and the bourgeoisie had to turn to rebuilding manufacturing industry in an unfavourable relation of forces. Politically British capital had to reckon with the likelihood of the defeat of the Tory government.

The reason these developments came together to produce the choice of ERM entry for British capital was because three essential forces, and one short term political expediency, pushed in that direction.

●The first was the City of London. The City is not primarily concerned with the effect on Britain's domestic economy but if Britain does not participate in the ERM, and any new European monetary arrangement, the City has no hope of remaining the financial centre of Europe — it will be rapidly replaced by Frankfurt. For the City ERM membership is a life or death question regardless of its effect on the British domestic economy

●The second force pressing for ERM membership was the largest sections of UK industrial capital. Confronted with US and Japanese competition the European capitalist companies need a far larger and more stable home market — which is what the project of 1992 is about. Exchange rate stability is necessary to create the conditions to

prepare this. UK capital hoped to participate in this process.

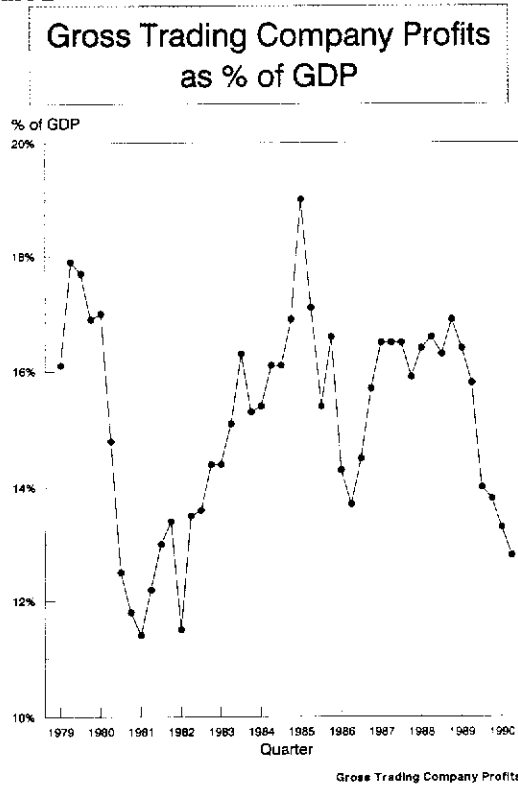
●The third force pushing for ERM entry was the leading section of the labour bureaucracy — Smith and Kinnock. They reflect the fact that British capitalism, and its traditional ally the US, is today too decrepit to offer the working class reforms — on the contrary it is engaged in an offensive against the labour movement. The labour bureaucracy, therefore, has switched to hopes of gaining a base for reforms from the stronger capitalists in the EEC. Smith and Kinnock hope that EEC regional aid, and the power of the German Bundesbank, will provide a new reformist base for Britain.

The final political expediency which tipped the balance in favour of ERM membership in October was that, with all other possibilities exhausted, the majority of the Tory Cabinet hoped that ERM membership would provide an economic honeymoon during which they could win an election in 1991. This calculation was partly a product of the fact that they were deluded by their own analyses, of the type we outlined above, more substantially because they were under pressure from the City and big industrial capital, and finally because they hoped to use the short term consequences of ERM membership to float them to an election victory.

Regarding these short term consequences of ERM membership both the government and the Labour front bench had the same calculation. The ERM, a joint agreement to defend fixed exchange rates, means that German foreign exchange reserves would be used to protect the exchange rate of the pound. This led both Labour and Major to the hope that UK interest rates could be lowered as the defence of the pound would be partially financed by foreign central banks. Shorn of essentials both the government and Labour's hope was that Germany would make large interest free loans to allow British interest rates to be lowered — the loans not being direct to the UK but in the form of intervention in the foreign exchange markets.

This was the initial form in which Smith and Kinnock hoped German financing of British reforms would be achieved — and it was precisely because he understood the temptations of British politicians that the president of the Bundesbank, Pohl, was less than enthusiastic about British participation in the ERM under present conditions. After trying out other alternatives, notably devaluation in the latter part of last year, Major also came to believe that this manoeuvre was the only way

Figure 2



to try to win an election.

The problem is that the sums simply don't add up. This is why the 'honeymoon' period following ERM entry turned out to be very different to that which the government, or the Labour front bench, expected.

The short term aid from Germany, and other European central banks, under the ERM is too small compared to the underlying problems of the UK economy. An intervention in foreign exchange markets of £2 billion would be very large. But the UK balance of payment's deficit alone is running at over £15 billion — and requires an equivalent sum to fund it. The net outflow of long term capital from the UK in 1989 was £30 billion — which also has to be funded through foreign borrowing. The flow through the foreign exchange markets is hundreds of billions of pounds. The entire experience of foreign currency markets is therefore that interventions by central banks cannot affect fundamental movements in the currency. To defend the exchange rate of the pound requires more substantial changes — either a reduction in the UK balance of payments deficit, and therefore of the funding required for it, or increases in interest rates to bring in short term capital.

The idea that the German Bundesbank will commit anything like the funds necessary to provide a serious base for British reformism is complete utopianism. The Bundesbank may provide £2-3 billion in foreign exchange intervention but nothing more. That is a pittance compared to the sums the UK requires to fund its balance of payments deficit or its penchant for capital exports.

The disparities in the sums involved is the fundamental reason ERM entry turned out so differently to expectations. Major had hoped that the UK economy would be rescued by German aid at least for the period necessary to win the election. Smith hoped that the economy would be rescued by EEC aid for the period of a Labour government. But neither had done their sums properly. The underlying problems of the British economy are so deep that the amounts available in German, and other, central bank intervention under the ERM simply are not enough to affect the situation even in the short term.

Furthermore as regards the longer term — and in this context the longer term may only be a few months — ERM entry has made the situation dramatically politically and economically worse. Under the previous floating exchange rate the government was free to

cut interest rates to reduce mortgage rates (a condition for any serious improvement in electorally popularity) and limit recession. The pound's exchange rate would have fallen as a result but there was no obstacle to the interest rate cut.

Under the ERM interest rates can only be reduced if the pound will not fall through the bottom of its exchange rate range. With the bottom of the pound's practical exchange rate level at 2.85 Deutschmarks, and the pound's exchange rate today well below 2.95 Deutschmarks, it is clear that the government is going to have the utmost trouble in reducing interest rates. That greatly restricts the room for manoeuvre in cutting mortgage rates and limiting the depth of the mounting recession.

Furthermore this situation is going to get worse — because it is clear that the balance of payments situation is not under control. Each month that goes by without the balance of payments deficit being eliminated puts downward pressure on the pound — and therefore upward pressure on interest rates. As the balance of payments deficit cannot be eliminated, because the UK's lower productivity growth means it is not going to become competitive with its West European competitors under fixed exchange rates — indeed it will fall further and further behind — the implications for upward pressure on interest rates, and therefore pressure to recession, are clear, even without taking into account UK capital's penchant for long term capital exports.

In short even if recession would lead to lower UK interest rates, and indeed these are necessary to limit its scope, defending the pound's exchange rate inside the ERM is likely to substantially offset this pressure. The ERM has become a noose with which the government is strangling itself — not allowing it to reduce interest rates rapidly enough to avert serious recession or carry through election winning mortgage rate reductions.

It is wrong to believe that there has not been a 'honeymoon' effect from ERM entry. There has. It was merely scarcely visible. The present situation is the honeymoon! From now on things are going to get worse.

The implications of this situation for the class struggle in Britain are clear and very dramatic. The attack on the working class is going to mount in severity. Ability to defend wages, and fight rising unemployment, will be the decisive determinant of the class struggle. But whatever the outcome of

that the Thatcher government will not survive the next election — the attack on the working class now required is too severe.

But something else is also going to happen. In the period up to the election the economy will also be trying out, in essence, John Smith and Neil Kinnock's policy. Leave aside the incessant talk about training — that would take 5-10 years to produce practical results and Labour's front bench has no proposals for financing it — the truth is that everyone knows that the core of the Labour front bench's economic policy was ERM entry. Since Major's decision to enter the ERM the British economy is testing out Labour's economic policy as well.

The responsibilities and openings for the left in that situation are very great. ERM membership will be a disaster. Unemployment will rise, real wages will be attacked, the recession will be severe. The left has the duty to fight these attacks and an unparalleled opportunity not merely to show that Tory policies don't work, but also to try out Labour's economic policies, in advance of a Labour government, and hence show why the Labour right wing's policies are false and begin to forge a political and organisational alternative.

The immediate fulcrum of that struggle will be inside the unions — as was clearly shown at the 1990 Labour Party conference. Union members have no option but to fight to defend their members' wages and interests. While union general secretaries will go even nearer to Kinnock and further to the right, hoping by these means to secure a Labour victory at the election which will solve their problems, an increasing section of their members will go to the left under the impact of these economic attacks. Rank and file revolts and left developments are absolutely certain not simply in individual struggles but at next year's union conferences.

That left wing development must necessarily start with the immediate problems which confronts union members but it must also be centrally against the ERM.

ERM entry has opened a new phase in the class struggle. It is a policy which will fail — not simply under the Tories but under Labour, because ERM membership is an attempt to do the economically impossible. It not simply attacks the working class but will discredit all parties and leaderships pursuing it. Its consequences will be the greatest strategic opening for the left in the labour movement for a decade.

'Each month that goes by without the balance of payments deficit being eliminated puts downward pressure on the pound — and therefore upward pressure on interest rates'

Breaking Labour — capital's agenda for the 1990s

Entry into the ERM, putting the working class in Britain into a head on conflict with the interests of the European bourgeoisie, has set the stage for the economic and political battles of the 1990s.

The first consequence of ERM membership, in the current economic context, will be a rise in unemployment, beginning in those industries which are least competitive as they face increased international competition.

At the end of October the CBI reported its 'gloomiest survey' of manufacturing for a decade, showing that 'the impact of high interest rates on jobs, output and orders was being intensified by the damaging effects of a strong pound on exports'. (The *Guardian* 31 October). A serious cut in borrowing costs, urged even by the CBI, is ruled out because a reduction in interest rates would push the pound down below the permitted ERM rate.

As cutting prices through devaluation is impossible, the strain to become competitive is transferred onto wages. The second effect of membership of the ERM is therefore an assault on wages — both through using unemployment to make workers accept lower real wages, and, almost certainly under a Labour government, by the direct attempt to keep wages down through an incomes policy.

This campaign, using unemployment as the threat, has of course already started. The *Guardian* on 16 Oc-

The explosion of the Tory government is a consequence of the failure of the Thatcherite economic project. The government's new throw, entry into the ERM, failed to buoy up Britain's position in the financial markets for more than a week. The harsh economic consequences of ERM membership will discredit whichever Tory prime minister emerges. Short of being saved by some factor quite outside their control the Tories are heading for defeat at the next election. Therefore the bourgeoisie is intensifying its drive to ensure that the next government, which will be under a Labour Prime minister, pursues policies which are in capital's interests. LOUISE LANG analyses the background of the policies now being pursued by the leadership of the Labour Party — and which decisively determine the priorities for the left between now and the general election.

tober, reporting on the parliamentary debate on entry to the ERM, summarised John Major's arguments that 'wage settlements should not rise above an "affordable" level if job losses were to be avoided under membership of the Exchange Rate Mechanism'. If wages did increase further 'it would have a far more fundamental effect on the number of jobs in the economy'. The ERM 'would be an additional discipline for the economy and that meant there would be no devaluations and no easy options'. Entry into the ERM will intensify the shift into recession already begun in the British economy.

The political problems of the Tories have not arisen from the unpopularity of Thatcher as an individual or the crisis of 'Thatcherism' as an ideology, as *Marxism Today* claimed, but from the failure of the economic course of the government.

The now inevitable rise in unemployment and assault on wages will further increase the government's unpopularity and reduce the Tories' chances of success at the general election. The confrontations likely between the employers and sections of the working class will provide the next immediate turning point in the class struggle.

The recent union successes on pay, with deals in line with or above the rate of inflation, are unacceptable to the government and will be acted against.

The deal at Jaguar, for a 12.5 per cent increase and a two hour cut in the working week, sets the pace for deals in the private sector pay round considerably above that which the government requires if company profitability is to be improved. The deal won by postal workers of a 10.4 per cent increase is a significant breach of the government's proposed 7 per cent target for the public sector. As the *Guardian* commented this rate 'will be used as a negotiating counter by other public sector groups from nurses to teachers in the coming months'. The Department of Employment is now reporting the highest rate of growth in earnings since 1982.

Aware of the inevitable unpopularity of an economic policy set by the framework of the ERM, the bourgeoisie has two tasks. The first is to ensure that it wins the coming round of challenges and confrontations over wages and employment. Second it is increasingly concerned that, if the Tories are not re-elected, the new government should pose no threat to its interests. Outside of a Tory government, it would prefer to prevent a majority Labour government by building up the Liberal Democrats. But despite the stunning Liberal victory at Eastbourne the degree to which the Liberal Democrats can be successfully promoted is unknown and quite possibly not enough to prevent a Labour victory.

With the increasing likelihood of a Labour government, or a hung parliament, the bourgeoisie, alongside preparing for confrontation with the unions, is therefore stepping up intervention into the Labour Party itself.

There are two levels to this.

The first is the attempt to restructure the electoral system to minimise the possibility of Labour forming majority governments. This is expressed in the enormous promotion now being given to proportional representation. A crucial stage in this campaign came at this year's Labour conference with a vote in favour of a study of electoral reform, a paving mechanism for the introduction of PR.

No Labour government has ever been elected to power with 50 per cent of the vote. Current polls, despite giving Labour an average 13 point lead over the Tories, are all consistently well under 50 per cent for Labour, and this is in polling just after mid-term and therefore likely to be higher than will be achieved by Labour in an actual election. The introduction of PR would mean the end of majority Labour governments and the institutionalisation of government's containing the bourgeois parties, in the current balance of forces in Britain today.

Since PR would be introduced not only for national general elections, Labour's base in local councils would also be decimated and the number of Labour Euro-MPs slashed. Labour's controlling influence in Scotland would similarly be overturned.

Since most forms of PR, and certainly the ones currently being promoted, involve a list system under central control of the party leadership, PR would also sound the death knell of accountability in the Labour Party and the chances of left MPs being selected. Candidates out of line with the views of the leadership — left candidates — would find themselves at the bottom of the list. Those left Labour MPs who today are mistakenly promoting PR could use their spare time productively by looking for new jobs, if they get their way.

The left has been seduced by abstract considerations of the democratic value of PR. In the abstract, proportional representation, whereby minority political views in society can gain political representation and a platform, is more democratic than the current system.

However the abstract democratic value of any electoral system has to be judged in the real context of political realities and the balance of forces. Directly capitalist parties have majority

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A Reformed House of Commons

Beaten by the Boundaries

A CASE FOR PR

BY JEFF ROOKER AND WILLIAM PETER BARK

support in this country today. Since such parties are politically divided the first past the post system can produce a Labour government even with a minority of the vote. PR would mean a governmental majority for capitalist parties, with Labour only able to win governmental influence by coalition with the Liberal Democrats — thereby also institutionalising the power of the Labour right and providing a cover for their political line ('we would have liked to do otherwise but our coalition partners prevented us.') This would mean abandoning any progressive policies and any attempts to defend the interests of the working class, subordinating itself to the programme of such parties.

Those on the left who promote PR ignore the political reality in which it would be introduced and elevate their narrow sectarian interests above the devastating effects it would have for the working class.

Of these forces, the first and most important is the Communist Party, in both its wings. The Communist Party's support for PR stems from an ideological commitment to the popular front. In one sense it has a realistic appreciation of the relation of forces. It understands that the introduction of PR would eliminate the possibility of Labour governments and that Labour would only be able to come to office in coalition with the Liberal Democrats.

But the point is that the Communist Party supports that perspective.

The *Marxism Today* wing of the CP has campaigned vociferously in the labour movement for several years now for PR. The vote at this year's Labour Party conference however also highlighted the negative influence of the *Morning Star* wing of the CP on PR. The motion to open a study of electoral reform was carried with the support of the TGWU and MSF among other trade unions, where the *Morning Star* has a significant influence on the left. Carried by 2,766,000 votes to 2,557,000 active lobbying by both wings of the CP in the unions helped win decisive support.

The MSF membership consultation currently underway reflects the support of the *Morning Star* current for PR. The consultation, which members began discussing in October, has to be completed by 7 December. In addition to the unusually rapid, for a trade union, timescale, the first question reflects the outcome aimed for. Asking which alternatives to the present system members prefer, it does not give the option of supporting the status quo.

The other 'fifth column' on the left giving credibility to PR is the Socialist Movement. Its support for PR is completely unrealistic in its assessment of the relation of forces and, finally, deeply sectarian.

It has an unrealistic in its assessment of the relation of forces because it attempts to deny that PR would make majority Labour governments impossible, and lead to, at best, Labour-Liberal Democrat coalitions — permanent government by Paddy Ashdown in alliance with Labour or the Tories.

But in reality the Socialist Movement is concerned with a quite different sectarian project of its own. It is concerned not with what is in the interests of the working class, which is most definitely not served by giving Ashdown the whip hand in politics, but by attempting to get a small centrist party established — for which it is perfectly prepared to have permanent government by Ashdown.

In reality, however, even this hope would not work out because the bourgeoisie is not so stupid as not to put in a bar for representation in parliament which would exclude any small left wing party. In reality Hilary Wainwright, John Palmer et al simply provide a left wing trinket to cover for the real right wing forces in the Labour Party promoting PR — Rooker, the AEU bureaucracy et al and their allies in the SLD.

Indeed the Labour Party conference bulletin of Labour Party Socialists, the

'PR would mean a governmental majority for capitalist parties, with Labour only able to win influence in coalition with the Liberal Democrats'

Labour Party wing of the Socialist Movement, cast derision on reasons for defending the present system: 'It helps Labour win? ... our job is not just to get Labour governments but to win an active majority for socialism and for the labour movement'. The little fact that allowing Ashdown to permanently determine the politics of government, preventing Labour governments, and reinforcing the position of the right, will make it harder to fight for socialism escapes the author of such pearls of wisdom. Such nonsense from this current is dangerous and has played a role in disorientating the left in the face of a massive campaign by the right, backed by all the resources of the bourgeoisie.

The truth is that the left as a whole — and the possibility of defending the interests of the working class — will suffer a fundamental setback by introducing a system which in the current political reality ensures government is permanently held by bourgeois parties.

Equally, promoting PR by exploiting the disgraceful under-representation of women and black people in parliament and the British political system is based on similar shortsightedness and in some cases sheer cynicism. Those in the LCC today using the under-representation of women as an argument for electoral reform have resisted or at best served as a drag on the long campaign of those such as the Labour Women's Action Committee for fundamental structural change inside the Labour Party to end the exclusion of women from power and influence in the party and in parliament.

The long fought for demands of LWAC and the Labour Party Black Section, to structurally transform Labour, which saw decisive victories at conference this year, are the paths to adequate representation for women and black people, not electoral reform. Those on the left who genuinely support better representation for women and black people but who also support PR are seriously misguided. Whatever formal mechanisms to ensure proportional selection of women and black candidates exist under a system of PR will be entirely meaningless gloss when the system as a whole ensures government by parties whose interests lie in defending inequality, sexual oppression and racism.

The second wing of the bourgeoisie's drive into the labour movement is the attempt to sever the links between the organised working class and the Labour Party. Breaking, or greatly weakening, the influence of the trade union movement over the Labour

Party is essential given the assault on the working class, primarily in the form of unemployment and incomes policy, demanded by ERM membership.

Although the Labour leadership has overturned many of the left policy gains through the policy review, the present link between the party and the trade unions has already prevented some changes the leadership wanted being forced through. In the context of a Labour government committed to incomes policy, overseeing escalating unemployment and implementing anti-union legislation, this link could transform working class protest into a political battering ram against the Labour leadership.

In fact under the last three Labour governments the link with the party has been a mechanism whereby the union membership has fought back against right wing Labour economic policies and the Labour leadership.

Already the worsening economic situation has produced the beginning of a shift to the left in the trade unions, seen first in the wave of industrial struggles last year and then reflected in voting at this year's Labour Party conference on individual issues — left victories against the recommendation of the NEC, only possible because of union support, included the defeat of the 'trigger mechanism' which would have removed mandatory reselection, the commitment to reduce defence spending to the average level of GDP of other West European countries, the reinstatement of the link between state pensions and average earnings and support for the Pergamon strikers.

In the face of known union support

'With a Labour government using anti-union laws the potential for radicalisation of the unions in the Labour Party is obvious'

the NEC was forced to change its position at the last minute or ask for remission on other policies. In this way retaining the vote of the trade unions in reselection, the Black Socialist Society and measures to substantially improve women's representation were agreed, and remission asked for by the NEC on composites on sending amendments to conference and the right to amend NEC statements.

While at the root of these victories is many years of rank and file campaigning in the party, where policies were won this year it was with the support of the trade unions and in the face of NEC resistance.

With a Labour government using anti-union laws against the trade unions, while forcing up unemployment and forcing down wages, the potential for radicalisation of the unions inside the Labour Party is absolutely obvious, both to the Labour leadership and to capital. When under the direct pressure of the harsh attacks which Labour's economic policy will entail, the trade unions, by their nature, will at least partially reflect fight to defend their members' interests.

This particularly affects the growing campaign of the Labour right for an incomes policy — the latest installment of which, in the form of a 'comprehensive public sector incomes policy', is in a Fabian pamphlet by Bob Rowthorn and William Brown. Following on the heels of proposals by John Edmonds of the GMB and Alan Tuffin, UCW, this points to the huge expenditure a Labour government would have to make — £3.2 billion — just to restore public sector pay to 1981 levels and calls for a clear and early



plan to ensure such increases are 'cheaper, more efficient and more flexible'.

Proposals for an incomes policy may provoke little controversy today but their implementation by a Labour government will be explosive. Whatever formal agreement the Labour leadership has with the trade union bureaucracy when in opposition, this pressure will result in a confrontation between the trade unions and the leadership.

It is for the reason of breaking this link between the trade unions and the Labour Party that the proposal for state funding of political parties is now being heavily promoted. By making the Labour Party financially independent of the trade unions state funding would remove the dependence on the unions which in turn forces acceptance of trade union political influence in the party. Although this trade union influence can work to the advantage of the right when the party is in opposition and when at least a substantial section of the working class is experiencing stable real wages and living conditions, the political meaning is entirely different in the context of falling real wages, high interest rates and inflation.

Those who split from Labour to form the Social Democrats have always been particularly concerned to free the Labour Party and Labour government from such basic accountability to the working class. State funding was one of the demands fought for by David Owen and Roy Jenkins before they split from Labour. It is one of the few fundamental policies argued for by the founders of the SDP which Labour has not yet taken on board.

Attempts to undermine the link between Labour and the unions, such as removing the right of trade unions to participate fully in the selection of MPs, introducing the 'trigger mechanism' and one member, one vote have either been stopped or compromised by trade union opposition in the context of the party's financial dependence on the trade unions.

State funding would both open the way to a full scale attack on party democracy and, the goal of such an attack, allow a Labour government to more freely implement anti-working class economic policies.

Finally, the right is determined to end the remaining power of the constituencies within the party. Left demands gain most rapid support in the CLPs. The major democratic gains this year on women and black people, al-



though secured on the basis on trade union support, were promoted for many years by constituency based campaigns.

The attack on the CLPs principally means the removal of the right to the mandatory reselection of MPs. This is a very immediate threat. Despite a clear vote against the removal of mandatory reselection this year, the NEC has every intention of moving forward against mandatory reselection. It is essential that commitments to mandatory reselection and to party democracy in general, including the right to submit amendments to conference, are won at trade union, women's and regional party conferences in the course of this year.

In order to make the maximum possible defence of mandatory reselection, the left has to be much more organised than it has been over the last year. The key successes at this year's conference were on policies campaigned for by Labour Left Liaison (LLL) above all — defence spending, women's representation, the Black Socialist Society, defeating the 'trigger mechanism' and defending mandatory reselection — but there was a sharp contradiction between these gains and, in general, the further loss of votes for the left candidates in the NEC elections who support and have fought for these policies. With the exception of Dennis Skinner and, marginally, Alice Mahon all the left NEC candidates in the CLP section saw their votes fall again.

The reason is that the left has not been coordinated nationally along a clear strategy for winning policies and power within the party. Such policy gains as there were this year were the result of long years of consistent work

in the party. However over the last two years the left has been disorganised by energy taken away from this essential and productive work into the 'twin-track' of the Socialist Movement.

While the Socialist Movement's twin track has produced not one concrete gain for the labour movement, it has diverted energy out of campaigning in the party, allowed the right to strengthen its position, and helped render the left less cohesive as a national, clearly identifiable current in the party, linking the rank and file campaigns, based in the constituencies, the trade union left, and involving left MPs, NEC members and candidates.

To make progress over the next year it is vital that the left draws the negative balance sheet of the Socialist Movement in undermining its fight in the party.

The left must understand and fight back against the agenda of the bourgeoisie and of the Labour right. Alongside explaining the negative consequences of ERM membership for the working class, and therefore opposing Labour's economic policy, and continuing to promote major cuts in defence expenditure, this also demands a vociferous campaign against proportional representation, defence of the links between the trade unions and the party, and of accountability of elected representatives through the right to reselect MPs.

Labour Left Liaison's conference on the Left's Agenda for the 1990s in London on 1 December will be the first opportunity to begin to coordinate this struggle, preparing for the wages battles that are going to come and the next round of trade union and Labour Party conferences.

'The key successes at this year's conference were on policies campaigned for by the LLL — defence spending, women's organisation, the Black Socialist Society, defeating the "trigger" mechanism, and defending mandatory reselection'

The Gulf war and world politics

The US military mobilisation in the Gulf shows the shape of the coming period of world politics. Emboldened by its successes in Eastern Europe, and with the semi-colonial world disintegrating under the impact of its deepest post war economic crisis, imperialism is embarking on a new aggressive military policy internationally. The Gulf is just the first of the coming North-South conflicts. But despite the all out military mobilisation of the US and its allies, and the collaboration of Gorbachev and the Chinese leadership, the United States has found its policy in the Gulf far harder to execute than it had foreseen. In its new policy against the semi-colonial world US imperialism is throwing itself against the majority of the world's population. SYLVIA ASHBY analyses what the Gulf conflict has shown about the world relation of forces.

The fundamental clash of forces in the Gulf was revealed starkly by the fact that over three months after the Iraqi invasion of Kuwait on 2 August, and despite the presence of 250,000 US troops, modern aircraft and tanks, together with substantial additional forces from other imperialist countries and bourgeois Arab regimes, the US had still not yet launched its war against Iraq — while realisation of the stakes involved had grown.

The confrontation between Iraq — a relatively weak, and economically crisis ridden semi-colonial country — and the United States — the greatest imperialist state with the most powerful military machine in history — is apparently ridiculously unequal. But behind the confrontation between the US and Iraq lies the situation in world politics in general and the semi-colonial countries in particular.

Today the semi-colonial countries are facing the sharpest imperialist economic offensive since the Second World War. To cope with this imperialism has been forced to undertake a new military offensive against increasing sectors of the semi-colonial world as the resources for controlling the situation through 'reformist' experiments and concessions to sections of the masses are exhausted. In this conflict imperialism finds itself confronting several billion people whom it has no hope of controlling purely militarily. While the US may be confident it could win an immediate war against Iraq, it knows full well this is not all which is at stake during the next decade, and it risks being forced to pay a very high price. As one US commentator put it there is little point in winning a war against Iraq if the US then goes on to lose Jordan, Egypt and Saudi Arabia during the next ten years.

It is the masses of the semi-colonial world, and those of the Arab world in particular, which have stayed the hand of the US in the Gulf. Objectively that struggle has linked itself with rising discontent in the US against the economic crisis in that country.

Therefore while the US has not deviated one iota from its decision to force Iraq to withdraw from Kuwait, if necessary by war, it has confronted unexpectedly serious obstacles in carrying out this policy.

In this regard military and political factors interrelate. While imperialism, for its own reasons, has been keen to play up and exaggerate the military strength of the Iraqi regime, the Iraqi army is a military force on a quite different scale to that which the US confronted in Grenada or Panama. It is proving a greater military obstacle to

the US than the latter initially envisaged. This, together with the political relation of forces, has prevented the type of speedy and decisive knock-out action by the US against Iraq envisaged by the 'gung ho' brigade — symbolised in Britain by the *Sunday Times* and Thatcher's rhetoric.

Naturally it is not moral considerations that held the US back from this course — which would have been the simplest and most cost effective if it were possible. Given that there has been no immediate uncontrollable upsurge of the Arab masses against imperialism, or of the US working class against the US military action, if the US had thought that a stunning knock-out blow, with a handful of US casualties, could have brought Iraq to a rapid defeat then nothing would have held back its military offensive.

As the interventions in Grenada, or more recently Panama, show the US pays hardly any internal price when military action is over before the opposition can mobilise and where there is no pile up of US bodies to rouse working class hostility in the US.

The fact that such a course has not been pursued in the Gulf is simply due to the fact that the US military was not confident that a war with Iraq would be similarly brief and casualty-free.

Even taking into account imperialism's exaggerated claims, Iraq is a substantial military power, it has 1 million troops under arms, many with recent combat experience, equipped with 5,000 tanks, and well-publicised chemical weapons. While Iraq remains no match for the US and its allies in military terms, the odds are nothing like as overwhelming as with Panama for example.

This relative military strength of Iraq has turned out to be no small obstacle to the US's plans because it interrelates with the political obstacles. If the US judges the war may be extended, and there could be high US casualties, then its calculations have to include that this can create conditions for the development of much more substantial opposition to its military actions — notably across the Third World, especially among the Arab masses, and within the US itself.

The point is fundamentally that made by Trotsky in regard to the Soviet Union. The defence of a semi-colonial country, or a workers state, finally rests on the mobilisation of the international working class. But an imperialist attack can be launched quickly while the masses take time to mobilise. The role of military forces is to buy time while such a mobilisation can take place — the invasions of Grenada

and Panama, for example, were over so quickly that opposition could not be built to them — and to inflict such casualties and costs on the aggressor that not simply the vanguard of the proletariat but backward sections of the masses come to oppose the war. The defeat of the US in Vietnam, for example, came because not simply the conscious anti-war movement but 'non-political' sections of the masses rejected the cost in lives and damage caused to their living standards because of the economic strain of the war.

While the only defence possible of Iraq, given the utter inequality of military force and economic power, is the action of the masses in the semi-colonial world and the imperialist countries the time for this to develop can only be bought through ability to resist the imperialists militarily.

The longer military resistance can be sustained the greater the chances of the incipient opposition in the Arab world breaking out into mass popular protest, the greater the possibility of a new crisis in a different country or region stretching the resources of imperialism, and the longer the conflict, and the greater the US casualties and costs, the greater the opposition that will develop within the United States itself. This necessity to get a war over quickly and with the minimum of United States casualties (Arabs do not count for the US naturally) is why the US has decided on massive reinforcement of its military forces in the Gulf.

The inability of imperialism to bring the Gulf crisis to a quick resolu-

'The Saudi regime is concerned about its survival over the next decade'

tion also puts the set of alliances that the US constructed around itself under strain — a development clearly evident in the Middle East itself.

In the last couple of months both Saudi Arabia and Egypt, the US's strongest Arab allies, have seen differences emerge in their ranks — or between their views and those of the US. The latest tour of Baker around the Middle East has been aimed both at preparing the Arab regimes for actual military action, and toughening them up after a series of wobbly statements suggesting that they might accept a 'compromise' with Iraq in order to avoid a war.

The most crucial of those signs of unease were towards the end of October from high in the Saudi ruling family suggested that they might be prepared to accept territorial concessions to Iraq. The Saudi defence minister told a press conference on 22 October that Saudi Arabia 'sees no harm in any Arab country giving its Arab sister land, a site, or a position on the sea'. This was immediately interpreted as a reference to the strategic islands of Bubiyan and Warbah at the mouth of the Gulf, and the border Ramalah oilfield.

While the Saudi defence minister denied any concessions were being proposed to Iraq, the response of Bush and the US administration was immediate frenzied diplomacy to achieve stronger statements from the Saudis. However the extent of Saudi unease was confirmed the following day when King Fahd himself, on a visit to Egypt, said of the Iraqi invasion of Kuwait: 'If

something wrong was done, we should not try to redress it by another wrong. I believe that we should try to redress the wrong by something right.'

Again this was interpreted as an attempt to persuade Iraq to withdraw from Kuwait with an advance promise of territorial concessions — an impression which, once more, US officials rushed to attempt to undo.

The concern of the Saudi ruling family in all this is naturally not abstract objection to war but to pay the minimum internal political price for allowing imperialist troops onto Saudi soil. The presence of infidels on Saudi territory, guarding the sacred places of Mecca and Medina, is offensive to many more moslems than those who sympathise with Saddam Hussein and totally undermines for example, Saudi claims to intransigence against Israel — whose chief backer is the US. The *Financial Times* on 25 October reported that the Saudi interior ministry 'already had to suppress a flourishing trade in cassette recordings of sermons in Saudi mosques by mullahs criticising the kingdom's reliance on US forces.' This is no more than a straw in the wind maybe, but it is this kind of response which the Saudi ruling family fear may lead to a destabilisation of the regime. It is concerned about its survival over the next decade.

Alongside this there is clear evidence of growing pressure from the intelligentsia, merchants and businessmen for a more democratic style of government — together with the first demonstration by Saudi women against it being illegal for them to drive. The regime, for the first time, has also begun to engage in rhetoric about a (token) democratic assembly being created. The Gulf crisis has brought politics into the daily life of Saudi Arabia — a situation the regime had anxiously avoided for decades by its combination of repression of trade unionism and political opposition, by economic success and by a foreign policy that appeased Arab opinion over issues such as Israel while coinciding with the interests of the US. This delicate balance is now rocked by developments in the Gulf.

The internal pressures in Saudi Arabia would evidently intensify if there was a war and, perhaps even more importantly, if US armed forces do not rapidly withdraw once the immediate situation has been resolved — the US has always wanted a permanent military base on Saudi soil, which the Saudi regime has refused precisely because of the internal opposition and instability it would create. It is most unclear that the US, having got into



Saudi Arabia, has any intention of getting out. Furthermore Saudi Arabia faces long term political problems — which the US is exploiting to the full to pursue its aim of remaining in the Gulf.

From a strategic point of view, the Saudi regime has traditionally favoured a relatively strong military position for Iraq, to provide a military counter-weight to Iran, and as an insurance against Israel. This, not due to a 'mistake' about the character of the regime and its intentions, is why the Saudis helped finance the arming of Saddam Hussein in the first place.

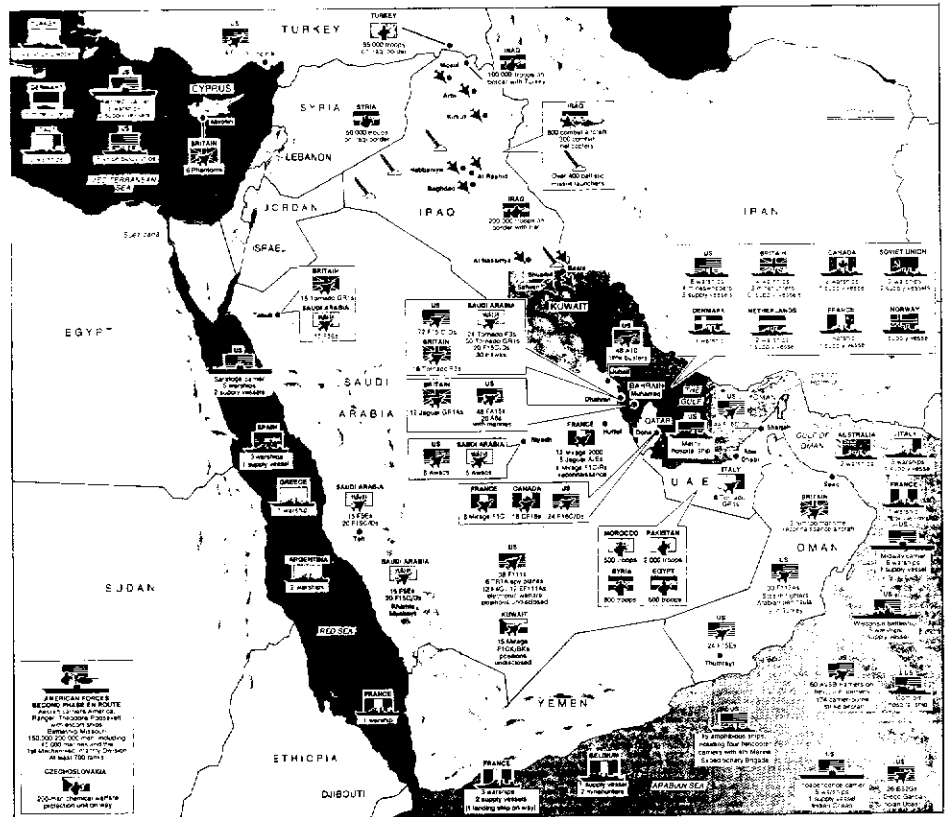
Saudi Arabia, despite its massive oil wealth, has a decisive disadvantage in the region due to its relatively small population. Saudi claims that the country as a population of 14 million are disputed, and Western diplomats have suggested much lower figures — one envoy quoted in the *International Herald Tribune* on 23 October said there were 'probably not more than six million native Saudis in the country and about four million expatriates of whom half are Yemenis'. Iran, in contrast, has a population of 44 million, the newly united Yemen 11.5 million, and Iraq 16 million. Iraq is the most populous Arab state in the area, and a strategic alliance with a strong Iraq against Iran has been key to Saudi policy for stability in the Gulf.

This situation was overturned by the invasion of Kuwait, as it directly threatened Saudi Arabia itself. But it also means that the total crushing of Iraq would leave the Saudis little option but to accept a permanent US military presence, with all its destabilising consequences, if the Gulf is not to be totally dominated by Iran.

This situation creates a potential weakness in the Americans' set of alliances and promises problems in the intermediate term. While at least major circles in Saudi Arabia prefer an outcome that leaves Iraq 'chastened but not crushed' (as one US diplomat put it) the US wants the military power of Iraq eliminated.

This is also the goal of the Israeli's who believe that with Iraq's military power out of the way their position in the Middle East would be greatly strengthened. This combination of a still more aggressive Israel, and a permanent ground presence of the US in the Gulf, is one that spells radical discontent against the Arab regimes in the region. Saudi Arabia is therefore prepared to go to war to get Iraq out of Kuwait if necessary, and in any case it cannot permanently veto the decisions of its US protector, but it has strong interests in some other solution.

'Syria's present course of allying with imperialism is strategically suicidal'



Similar considerations operate for Egypt — which has also tried to distance itself from US pressure for a war. Egypt is much more directly economically dependent on the US than Saudi Arabia — it is the second largest recipient of US economic aid after Israel. It could not refuse to go along with the US without bringing down Egypt's entire existing political structure. But even the supine president Mubarak refused to answer when he was asked whether Egyptian troops would actually take part in a shooting war with Iraq. Egypt's two promised armoured divisions have not yet actually arrived in the Gulf. Hesitation by the Egyptian bourgeois regime reflects not love for Saddam Hussein but concerns regarding internal political opposition, future retribution by the Egyptian masses, and about a still more aggressive policy by Israel once Iraq's armed forces are out of the way.

The policy of delay is working out well for the Egyptian ruling class. It has been rewarded with a write off of \$6.7bn debt for arms purchases from the US, had \$6.6 billion debt to Gulf states cancelled, received loans and grants worth \$1.5bn from Saudi Arabia, \$600m from the UAE, \$500m promised from Kuwait, \$400m in concessionary loans from Japan, and aid and debt relief from EEC countries estimated at \$1.5bn, with more to come. With such a windfall the Egyptian regime is hardly likely to break with imperialist policy in the Gulf. But a waiting game suits it more than a war.

Also more strategically concerned about the outcome of a war is Syria. Once more, during the period of delay, the Syrian ruling class has gained. The US was forced to concede Syrian goals in Lebanon — the ousted General Aoun was kept in power through the support of France and Iraq. But the Syrian regime is conscious that once Iraq is defeated Israel will probably turn round and seek to weaken Syria — indeed the imperialist press can scarcely contain its impatience to stop an alliance with Syria and turn round and attack Assad. As a result Syria has recently set out to create a certain distance between itself and imperialist aims in the Gulf, without breaking from the imperialist front against Iraq. The armoured division that Syria offered to the 'allies' in Saudi Arabia has not arrived, and more recently the Syrians stated that they would not participate in a shooting war with Iraq — a declaration the US put considerable effort into reversing on Baker's trip but with unclear results.

Syria's present course of allying with imperialism is strategically suicidal. While much was made of the UN resolution criticising Israel for the Temple Mount massacre of Palestinians this was followed by a \$700m emergency US aid package to Israel and significant new US military support including ultra-modern Patriot anti-aircraft missiles, which can also be used against Scud missiles, and which are superior to any of the weapons in the Syrian armoury. This ne-

US-Israeli arms package led to sharp protests from Syria.

The Syrian ruling class is therefore gaining from delay — notably in Lebanon. A war would be another matter.

A further indicator of the political problems for imperialism in the Arab world that might follow war, or permanent US involvement in the Gulf, is the emergence of difficulties for the Saudi backed fundamentalists in Algeria — whose leadership, supporting its Saudi paymasters, is being forced through political hoops to maintain the loyalty of its strongly anti-imperialist and pro-Iraq base. Ben Bella, the old leader of the FLN in its war of independence against the French, recently returned to Algeria and has intervened to break up the fundamentalists' political base by calling for strong support for Iraq.

Furthermore while the implications of the Gulf conflict are most powerful in the Arab world they are not confined to it — for the entire semi-colonial world is under severe strain due to the increased economic pressure of imperialism with even traditionally stable countries such as India now being destabilised. The entire situation in the Third World is becoming increasingly volatile and unpredictable. A war in the Gulf would only deepen these tensions.

Finally the US has encountered a substantial degree of internal opposition to war which is directly interacting with the consequences of the economic crisis in the US. While the Republican results in the mid-term elections were better than anticipated — despite some serious losses — they took place before the actual results of the tax increases and spending cuts involved in the Budget settlement had taken effect.

The US is not heading towards a Gulf war with the kind of economic prosperity which existed in the 1960s — when Vietnam coincided with Johnson's 'Great Society' reforms, big concessions on civil rights, the establishment of Medicare and so on. Today the economic position of the US masses is under attack with the budget crisis dominating US politics. Opposition to war, with its loss of lives and economic strain, is therefore significant. While Saddam Hussein is nothing like the scale of obstacle that the US confronted in Vietnam nevertheless fears that the war would not be a complete walkover produce careful calculations among politicians seeking re-election — once GIs start coming home in body bags then opposition to the war could escalate and people begin to think whether it is really more sensible to spend money on tanks in

the Gulf than repairing the disintegrating hospital system.

The US black population remains particularly discontented with polls showing a majority opposing even troops being sent to the Gulf, let alone a war. Such considerations weighed against the US launching a quick strike and instead concentrating on the eventual war being as brief and casualty-free as possible.

The Gulf conflict is also adding to the strain on the US economy — hence the sight earlier this year of Baker, Secretary of State of the richest and most powerful country on the globe, trotting from country to country cap in hand gathering money for the US war effort.

Faced with these economic problems the US is being forced to attempt to transfer more responsibility to other imperialist powers — in particular to utilise the anomaly in world politics whereby the second and third most powerful imperialist countries, Japan and Germany, are playing no military role in the Gulf and the US is forced to rely on third rate imperialist powers such as Britain and France. The fact that the US advocates the extension of the military role of both Japan and Germany, against whom it fought a World War and which are its chief economic rivals, is testimony to the strain on the US economy.

This initiative has met mixed success. In Japan the Kaifu government has been forced to abandon, for the moment, the attempt to send even a token Japanese military force to the Gulf. In Germany however, in time-honoured fashion, the SPD has made it clear that it will present no obstacle to Kohl's plans to lead the newly reinforced Germany into a more direct military role — including participation in international 'peace-keeping' (for which read imperialist) forces.

Annoyances for the US exist in France presenting itself as the champion of a peaceful solution the Gulf — France being the European imperialist power that was most heavily economically committed in Iraq, which has already suffered a bloody nose as a result of the ousting of General Aoun, and which is preparing to try to exploit the wave of hatred of the US likely to sweep the Middle East after a war — France has always seen it as one of its major concerns to break the grip which American and British companies have on the oil industry.

France has also taken the opportunity to specifically come together with the Soviet Union in calling for a diplomatic settlement — slightly shifting its European alliances towards the

Soviet Union to try to balance the strengthening of Germany following reunification.

Finally, it is perfectly clear from the obstacles that it has encountered that the US would have been completely unable to carry through its course in the Gulf without the support given to it by Gorbachev and the Soviet leadership. Any serious fracture in the 'international consensus' behind the US would have threatened to unleash opposition in the Arab world, protests throughout the Third World, and serious opposition inside the US itself. The acquiescence of Gorbachev, and the Chinese leadership, has been decisive in allowing the US to come even this far.

But even given the support of the Soviet leadership the balance sheet is clear. The clash with the semi-colonial countries places tremendous strain on the economy and political alliances even of the United States. If the US has this difficulty in dealing with a bloody bourgeois dictator such as Saddam Hussein, who is not capable of generating a mass social movement to support him, this not augre well for the relation of forces for US imperialism in its new role of confronting the semi-colonial masses.

Ever since World War II despite its achievement in containing, or defeating, the Western working class, and now its successes in Eastern Europe, imperialism has constantly failed to be able to confront the struggle in the semi-colonial world. This has been the great motor force of world politics. The Gulf crisis shows it continues to be so.



Crisis in the Gulf: building an anti-war movement in Britain

Imperialism is marshalling all its strength to resolve the crisis in the Gulf: all-out military mobilisation by the United States, strong support from Britain, with only small conflicts on inessential matters with France. Those conditions, together with collaboration from the Kremlin, mean that only the resistance of the masses in the semicolonial world and the anti-war movement within the advanced industrial countries are deployed against imperialism's war drive. In Britain the chief success in resisting this war drive has been the coming into existence of the Committee to Stop War in the Gulf — which has united the widest possible forces against war, organised two national demonstrations on 15 September and 24 November, and has created the conditions for the beginning of a network of local anti-war committees. But a united anti-war movement does not come into existence spontaneously. It requires a clear strategy. SAM AUDE looks at the lessons to be learned.

In an imperialist country, the overriding task in building a movement against an imperialist war is a practical one. It can be very simply stated: to stop imperialism's war drive by placing every conceivable obstacle in its way. For socialists, that task comes before every other consideration. As Marx puts it, socialists: 'have no interests separate and apart from those of the proletariat as a whole.'

To apply this fundamental strategy however requires an accurate judgement of the actual conditions under which such a movement is being brought into existence, together with a clear assessment of what tactics will provide for the widest possible unity in action of all forces prepared to oppose the war.

Two class forces can be won to oppose imperialist war: the working class and pacifist currents, which are in class terms petty-bourgeois (which is positive as well as negative in the sense that the petty-bourgeoisie is not simply not proletarian but also not bourgeois). These pacifists will inevitably divide — some using pacifism as a pretext for refusing to oppose imperialist aggression and others to fight against it.

Imperialism cannot honestly state what the real aims of its wars are. Occasionally, of course, this does come out — as with the American general in the early days of the Gulf conflict who explained that if Kuwait grew carrots, then no one would give a toss what happened there. Asking the question 'who benefits?' always provides the right way to analyse what is going on in any situation including war.

A war in the Gulf is not about freedom and democracy as the United States and Britain claim. It is not about restoring democracy in Kuwait (which has never existed), or replacing the barbaric regime of Saddam Hussein with one chosen by the Iraqi people, or protecting the populations of the region from Hussein's military forces.

A war in the Gulf is about economic domination, about the fact that Kuwait and Iraq together control 20 per cent of the world's oil resources. Whatever the immediate circumstances surrounding such a war, and whatever the pretext for its launch, a war in the Gulf would be fought between an imperialist and a semicolonial country for control of one of the world's most important raw materials.

A war in the Gulf would be fought by the United States and its allies on one side, and Iraq and the Arab masses on the other. If the US won — and it certainly has the technical military ca-

capacity to do so — imperialism would be strengthened. If the US was prevented from launching such a war, then imperialism would be weakened.

The issue is as simple as that. Getting it across in an imperialist country like Britain, of course, is entirely another matter.

In the imperialist countries, including Britain, there are many more people who are willing to actively oppose a major war in the Middle East than agree with a Marxist analysis of it. They will do so for a variety of reasons — the majority for the fact that tens, if not hundreds, of thousands will lose their lives and that this war will involve the potential use of the most gruesome weapons of mass destruction devised this century. Bringing all those people together is both the challenge and the responsibility of every conscious socialist in the anti-war movement.

In the last analysis, the only way to prevent war by the US and Britain is to remove their military forces from Gulf. A campaign for the withdrawal of imperialist forces, which today would have to work as a minority current within the broad anti-war movement — and not as an alternative campaign to the broad movement, which therefore cuts across it — would aid and strengthen the anti-war movement as a whole.

But there is little time to head-off a war in the Gulf and those prepared to call for troops out are, today, far too small to prevent an imperialist attack. The guideline on resolving this is simple. *The job of socialists is not to protest or to make points, but to utilise every opportunity to obstruct the United States and Britain.*

This was the approach at the annual conference of the Labour Party. From the very beginning Margaret Thatcher and her ministers made clear their support for war, and that they would not be bound even by the decisions of the United Nations to impose sanctions against Iraq. The parliamentary leadership of the Labour Party made equally clear that they would slavishly support the war-mongering of the Thatcher government. Only 37 Labour MPs voted against this position during the September recall of parliament.

At Labour Party conference the main priority for the anti-war movement was to exert the maximum possible pressure to break from the position of the leadership.

The most cursory assessment made evident that a 'troops out now' position would win only minimal support from



conference, especially from the trade union block vote — it would have received a few tens of thousands of votes and therefore have allowed the party leadership to claim virtual unanimity for their position.

In that situation the Fire Brigades Union put forward an emergency resolution calling for the British government to make a commitment to take no action outside the decisions of the United Nations. This clearly had the best opportunity of winning the widest support. It was therefore rightly backed by Labour CND, Labour Left Liaison and others.

This didn't mean that those advocating support for the emergency resolution supported sanctions or believed the United Nations would be able to resolve the conflict. On the contrary, the majority did not. However, it was recognised that this would be a shot across the bows of the party leadership and the British government.

In fact the defeat of the FBU resolution illustrated the fact that opposition to war constituted a small minority at that time. Nevertheless, the hard-fought debates that took place in some union delegation meetings, lost by slim margins, showed that approach had been the one with the best chance of support.

Seeking the widest possible unity in action drive is also the proper work of the umbrella organisation set up to coordinate the anti-war movement that was developing and to give it a national focus — the Committee to Stop War in the Gulf. This is why the Committee has grown in strength and influence in the past three months while other organisations have found themselves in blind alleys.

The Committee, launched at a meeting at the end of August, drew together as broad a range of organisations and individuals as could be assembled. As well as CND, this included left Labour MPs, the Green Party and Plaid Cymru, and church representatives.

The formation of the Committee

was immediately followed by a struggle over its aims. This consisted of those, on the one side, who advocated that the sole aim of the Committee should be to stop war in the Gulf, arguing not to tie the Committee to any particular formula for achieving that. On the other side were those who argued that the foundation of the Committee must include specific support for the United Nations resolutions.

The latter proposal was a wrong basis for the establishment of a broad Committee. It would have excluded some political currents from participating in the Committee which were actually opposing war in the Gulf — furthermore, the UN may condone war.

Instead of setting the basis for an inclusionary and therefore unifying organisation, the Committee would only have added to disunity within the anti-war movement and failed to be the successful focus for united action that it has since become, and may have ended up supporting a war.

The struggle over the basis of the Committee meant a fight with right wing forces that might have supported a UN-approved war, as well as ultra-left sectarians who wanted their particular aims adopted.

It was agreed that the aims would be simply to oppose war in the Gulf, and within that framework the political position of the majority of the Committee, which undoubtedly was to support the UN including sanctions, would be expressed in a press statement issued to announce the formation of the Committee. Subsequent positions, for example opposition to the new US and British troops build-up, were also decided by majority.

The Committee's founding meeting also agreed to organise a demonstration as soon as possible — the first was called on 15 September, the second on 24 November.

The press conference at which the Committee was launched proved decisive in breaking the so-called consensus for war which a wall of media silence had maintained till then. This break was reinforced by the vote of 37 MPs in parliament against war.

This correct formulation of the unifying slogan of the movement — that is, 'No War in the Gulf' — together with that principled first fight to maintain the unity of the fragile new Committee has proved absolutely crucial to the building of an effective opposition to war within Britain and accounts for the Committee's success.

A 'Campaign Against War in the Gulf' was simultaneously set up with

the demand for the withdrawal of all US and British troops from the area. This could have been a useful development, forming a left wing within the broader campaign, but its organisers, *Socialist Outlook* and *Socialist Organiser*, acted in a bizarrely sectarian fashion.

Refusing to recognise that a majority of those opposing war in the Gulf at that time did not support the demand for troops out, they tried to place their own campaign on the same level as the much broader movement. The Campaign issued material claiming that the demonstration of 15 September was jointly called between themselves and CND and implying that speakers supported a troops out position. Despite being advised of the problems their leaflet would pose, and being urged to withdraw it, they circulated it widely. As a result even the most strongly anti-war forces within CND refused to cooperate with the Campaign after that.

The position on this is clear. Any political exclusion from the Committee to Stop War in the Gulf must be opposed. But no one can support unacceptable actions falsely claiming authority they do not have. Other left wing currents, the SWP for example, and Socialist Action, clearly separated their own position from that of the Committee's.

The correctness of the Committee's approach was seen in the vital involvement of CND — by far the biggest anti-war movement in Britain and an alliance far broader even than forces from the labour movement.

Bourgeois opinion found a direct outlet amongst a small minority whose approach, stripped to its essentials, was to ally with the US and Britain against Iraq, that is it sought an anti-Saddam Hussein alliance not an anti-war alliance. These forces did not want CND to participate in a broad umbrella organisations.

During September and October, a temporary lull in the situation in the Gulf allowed such forces the opportunity to make ground. When preparations for war were again stepped up by the United States and Britain in November, these right wing forces were thrown back. It became clear that the vast majority of CND's membership was committed to campaigning against war.

These early experiences contain important lessons. Socialists can play a key role in building an anti-war movement.

Towards a recomposition of the Latin American left

The economic policies adopted during the two decades of dictatorships in the continent — which did bring about some economic growth — came to a halt in the late 1980s with the recessionary wave which hit the imperialist heartlands. The flow of foreign investment dried up, reducing the room for manoeuvre and the social base of the military regimes, opening up political space for the mass movement. The crisis of dictatorial rule was compounded by the IMF's imposition of savage austerity packages.

This led to a wave of populist regimes replacing the military, but imperialism's economic squeeze cut short any chance of success for the new wave of populism. It immediately adopted anti-working class, deflationary economic policies to keep paying the onerous services on the debt and the interest on it, rather than stand up to imperialism.

The rapid discredit of the populists after such a short period could have been capitalised upon by the Stalinists who have had a presence and influence in the labour movement since the 1930s in most Latin American countries. However, Gorbachev's shift to the right, accommodation to imperialism, and the collapse of the bureaucratized regimes of Eastern Europe, have made the traditional Stalinist parties very unattractive. Moreover, these developments in the 'socialist camp'

have created a crisis of perspective for these parties. Inevitably, pro-Gorbachevite currents have emerged, which are almost undistinguishable from social democracy, but also left wing currents which consider the Soviet bureaucracy has

The Latin American political situation is dominated by the crisis of the external debt, the offensive launched by the US against the Third World as a whole, and the right shift of the Soviet bureaucracy in Gorbachev's capitulations to imperialism on 'regional conflicts' (read struggles in the semi-colonial world). The combination of these three factors have put existing political formations to severe tests throwing many of them, especially populists and Stalinists, into disarray. Simultaneously, this crisis has created the basis for a recomposition of the Latin American left. The crisis is uneven, with peculiar configurations in some Latin American countries, but its roots and expressions are common, explains *JAVIER MENDEZ*.

made a right turn. These currents coexist in an uneasy unity with traditional Stalinist currents which have been in the saddle for the past 50 years.

The crisis of the traditional Latin American left, especially the Stalinists, has its roots in the period of the Cuban revolution in the 1960s. Initially, the failure of the revolution in other countries led to Cuba's isolation, and a growing economic dependence of the Cuban workers' state on the USSR, which slowed the crisis in the Communist parties.

But, the Cuban revolution highlighted the basic contradiction: reform or revolution. This contradiction and the existence of revolutionary Cuba gave birth to a host of currents, especially — though not exclusively — in Central America, which developed a strategy of armed struggle and led to the victory of the Sandinistas in Nicaragua in 1979. The revolution in Nicaragua and the previous tragic defeat of the Chilean 'peaceful road' to socialism in the same decade, reopened the strategic contradiction in the context of the 1980s.

The utter failure of the populist currents to cope with imperialism's savage offensive has given birth to a major class struggle current in at least one key country, the Workers Party in Brazil. However, it is also leading to the break up of the PRI in Mexico, with the split of Cuauhtemoc Cardenas' current, and the reshaping of left forces in a number of other countries.

These recompositions are beginning to force a new regroupment of the Latin American left, within which neither the CPs nor the Cubans are totally hegemonic. A significant gathering took place in Sao Paulo on 2-4 July 1990. It was convened and hosted by the Brazilian Workers'

Party, with the support of the Cubans, the FMLN, the Cardenistas and the Mexican PRT. Around 50 other organisations, from a minority of social democratic and nationalist organisations, through pro and anti-Gorbachev CP currents, to revolutionaries including Trotskyist organisations, participated. The agenda had five points: the capitalist offensive in Latin America; the crisis in Eastern Europe; the current situation in Cuba; some experiences of the Latin American left; and the project for a socialist and democratic society.

The Sao Paulo meeting issued a statement summarising the common positions of those who attended. The meeting rejected the attempts by imperialism to use the crisis in Eastern Europe to encourage the restoration of capitalism and to get rid of the social gains of the masses in these countries; the root of the social, economic and political problems of the Latin American countries lies in their subjection to capitalism and imperialism, therefore, their solution demands deep structural transformations; it denounced Bush's proposal for a free trade zone with the whole of Latin America, as just another form of deepening US domination of the region; instead, the meeting undertook to fight for the reaffirmation of the sovereignty and self-determination of the Latin American countries in the framework of an internationalist commitment with the peoples of the continent.

The statement goes on to reaffirm 'our solidarity with the socialist revolution of Cuba which defends firmly its sovereignty and its achievements; with the Sandinista popular revolution which resists all the attempts to roll back its gains and is engaged in regrouping its forces; with the democratic, popular and revolutionary



forces of El Salvador who are pushing for the demilitarisation and the political solution to the war; with the Panamanian people — invaded and under occupation by US imperialism, whose immediate withdrawal we demand — and with the Andean peoples who face the militaristic pressure of imperialism'.

Perhaps the main strength of Sao Paulo was the fact that it concentrated on programmatic and strategic issues such as the type of society that has to be built to replace capitalism which avoids the bureaucratism of the Eastern European 'model'; the type of political vanguard that has to be constructed to fulfil the historic tasks posed by the struggle against imperialism and capitalism; what are the social alliances necessary to carry these tasks out; how to combine the struggle in a given institutional framework with a revolutionary strategy for socialism and the role of the armed struggle in this. The process of debate is just beginning and there is another such meeting scheduled for early in 1991.

Another political development which is part and parcel of this process of recomposition of the Latin American left is the Open Letter of the Communist parties of Costa Rica, Honduras, the Dominican Republic, El Salvador and Argentina issued in March 1990.

The central concern of the Open Letter is the aggressiveness of US imperialism in the aftermath of the collapse of Eastern Europe. It refers to the crisis of the Eastern European regimes as 'the crisis of certain models of socialism afflicted by bureaucracy, super-centralism, dogmatism as well as structural and conjunctural factors. These regimes have become authoritarian and repressive in the highest degree, and are far away from the initial ideals of social justice and democracy'.

The Letter poses a direct relationship between, on the one hand, the crisis in Eastern Europe and the lack of a politically coherent alternative to renew socialism and, on the other, imperialism's ideological and economic offensive. It criticises strongly those who claim that imperialism no longer exists, that it is no longer hostile and that it can become an 'ally'. They state unequivocally 'imperialism remains the main enemy of the peoples; it is responsible for the dramatic misery and sufferings that afflict humanity'.

It directly counterposes itself to the political line pursued by Gorbachev stating that it finds 'the new thesis, according to which anti-imperialism is

out of date along with popular revolutions in the oppressed, super-exploited and impoverished regions, disturbing and disgraceful. This theory is finding, unfortunately, a certain echo in the new thinking and the new mentality present in perestroika'.

Though the Letter says it welcomes the efforts made by the big powers to reach agreements to reduce nuclear weapons, it qualifies this by stating that they 'do not believe in the virtues of peace among the Great of the world nor in a humanism which is limited to Northern Europe or the Common European Home, ignoring the two thirds of the planet that lives and suffers in the Third World'.

Additionally it argues for democratisation, but not limited to the Eastern European countries, nor copying the 'schemas and models of representative democracy — for they are too formal and do not guarantee popular participation in decision-making'. And it poses an anti-imperialism which rejects 'the unilateral disarmament of socialism and the revolutionary forces at the moment when the US is stepping its strategy of low intensity war and its projects for the militarisation of space to carry their hegemony to its height', asserting that 'no general interest can cancel out the need for the emancipation of the oppressed peoples of the Third World and the struggles for democracy, peace, justice and self-determination which are continuing in Central America, Palestine, South Africa and in all the down-trodden countries of Asia, Africa and Latin America'.

However the letter is most striking for its sharp rejection of Gorbachev's international policy: 'The weakening of internationalism in the Soviet Union reinforces the counterrevolutionary chauvinism which is menacing the unity of the country', which 'has facilitated the military intervention in Panama, the right's counter-offensive in Nicaragua, the US's freedom of action and that of the genocidal regime in El Salvador, the grave threats to the Cuban revolution and the imperialist escalation throughout the region'.

The Letter gives central emphasis to 'the intransigent defence of Cuba, for this country is the pioneer of the revolutionary transition in Latin America and the symbol of anti-imperialism and internationalism in the region', the intensification of solidarity with the FSLN in Nicaragua, with the FMLN in El Salvador and with the URNG in Guatemala as well as with the democratic struggles in Brazil, Argentina, Haiti, Colombia,



Peru, Mexico, Honduras, and so on.

In other words, the conclusion that these Communist Parties have drawn from the events in Eastern Europe and the policies of Gorbachev and the negative effects they are having and will have on political developments in Latin America is so far leading these parties to shift to the left, though how

far and to what degree is evidently an open question. However the ferment that such a statement indicates within traditional Communist organisations evidently adds to the pressure for political clarification and recomposition of the Latin American left.

Elements including this Open Letter, and, more significantly, the Sao Paulo meeting are clear indications of the recomposition underway, which undoubtedly now is beginning to include currents coming directly out of the Stalinist tradition, which are self-critical on their own mistakes and open to serious dialogue and debate with marxist revolutionary currents. Objectively, this entire development is setting itself in opposition to the disastrous policies of Gorbachev in the region, and its implications for the Third World as a whole.

We have previously explained that the turn in the world political situation, the stepped up offensive of imperialism, coupled with the line of Gorbachev would lead to a recomposition in the international labour movement. Latin America is the region where this is most advanced, with the emergence of forces that are moving in an anti-imperialist and revolutionary direction, precisely through the process of defining themselves against the line Gorbachev, in the USSR, in Eastern Europe, and towards the Third World.

The process is, of course, uneven, hesitant and somewhat confused and there are many more developments for it to go through. But its positive aspects in the present conjuncture cannot be denied. The influence and involvement of revolutionary socialist currents will however be decisive in its evolution, and therefore the involvement of organisations like the Mexican PRT play a particularly crucial role.

'Latin America is already seeing a recomposition of forces moving to the left which define themselves against the line of Gorbachev internationally, and in Eastern Europe and the USSR'

'AIDS is a political crisis'

sleeve note on *Red, Hot and Blue* album.

Two contrasting films about AIDS and its effects are currently doing the rounds. *Common Threads* a documentary, contrasts with *Longtime Companion*, a fictional 'Hollywood' style account of the effects of this disease on a group of gay men in the 80s. Both films, says **JIM WHANNEL**, have something to say about AIDS, though probably to different audiences.

Longtime Companion's title comes from the euphemism used in obituaries to describe the partners of gay men or lesbians. The plot centres on a group of characters, following them from early 80s hedonism through the shattering events of that decade to the sombre but more activist orientated present. The film ends with the remaining characters arranging to attend a demonstration while pondering the consequences of publicly 'coming out'.

The very existence of such a film about AIDS and gay men, dealing with its subject sensitively and to some extent realistically is worthy of praise. The film alludes to much of what has made AIDS not just a series of personal tragedies but a political crisis — homophobia, stigmatisation of sufferers, inadequate health care. Some of the reactions and events must strike a cord. Many of us will empathise with one character's paranoia with his health.

As the film deals with a period in which AIDS usually meant rapid decline, the latest advances and options in treatment were not really dealt with. Although historically accurate, the concentration on dying of AIDS and not living with it does not reflect current trends. While the ending is marred by dramatic clumsiness, overall the film is an accessible glimpse of what the catastrophe has meant to gay men and deserves support.

It is noteworthy that the publicity for the film was altered for release in Britain as the US image of two men hugging was considered too blatant for our Section 28 era.

Common Threads is a

documentary dealing with the making of the AIDS memorial quilt. Panels made for those who have died are sewn together to make a massive yet individualised memorial.

Interspersed between poignant interviews are newspaper cuttings and film clips which attempt to show something of the social and political backdrop. The film's emotional intensity can't leave one unmoved, heightened by allowing the loved ones of those who have died to simply speak directly to camera.

The end, when an array of people who have lost loved ones call out their names at a huge exhibition of the panels in Washington, is reminiscent of a famous anti-Vietnam war demonstration when thousands of relatives of dead soldiers angrily and tearfully shouted their names through the railings of the White House.

There have been more fatalities from AIDS in the USA than in their war against Vietnam but the government still refuses to take direct, concerted action.

The immediacy of the crisis is highlighted in the film by the writer Vito Russo, declaring at an ACT-UP demonstration that he is protesting because he wants to stay alive. The clarity of this statement and of the other images in the film brings home the message of ACT-UP: Silence = Death, Action = Life.

Common Threads is to be shown on Channel Four on December 1, World AIDS Day.

Red, Hot and Blue, Neneh Cherry, Jimmy Somerville and various artists, all proceeds to AIDS charities, available in record stores.



Handmaid's Tale

Most films of books fall so far short of the written original that it seems a wasted endeavour. But occasionally one reads a novel that so obviously ought to be a film, it is only a matter of time before it is made. *The Handmaid's Tale* is such a book, and the recently released film is a remarkably faithful attempt to adapt it to the cinema screen, despite the views of the generally hostile reviewers.

The Handmaid's Tale is a book where the narrative is so visual that it easily translates to film. In fact, as a novel this visual quality sometimes made it stilted. The regimented world of Gilead created a regimented tale, powerful propaganda but creaky characters. The settings come and go like a series of film sets, from the Aunts' training school, the Commander's study, Selina Joy's sitting room and garden, Kate's bedroom, the illicit nightclub/whorehouse, the grocery store, the stadium, to the wall with the hanged felons.

So it isn't surprising that the film works well, it really did seem to be the film of the book — with a little licence to make the ending more dramatic.

So why have so many of the reviews been so aggressive?

The majority have simply been hostile to an explicitly feminist film, particularly as it targets the fundamentalist right in the US.

The frenzied opposition to the film from the *Evening Standard* reviewer didn't even pretend to be objective: 'ill-conceived feminist drive!'. The *Independent on Sunday* first rubbished the film's politics then concluded: 'You will not see a more ridiculous film this year'. All give it a drubbing as totally unrealistic propaganda.

But neither the film nor the book is supposed to be realistic, the tale is explicitly polemical. We are not supposed to believe that a future where the fundamentalists rename the US Gilead, forbid abortion and contraception, hang rapists and political oppositionists, send gays and other 'deviants' to the radioactive 'colonies', and turn fertile women into the sexual handmaids of the upper classes is around the corner.

It is not a vision of the near future, but a polemic with the reactionary ideas of the fundamentalist right as it exists *today* and an exposure of its sexual and moral hypocrisy. Andrea Dworkin and her anti-porn lobby in the US have helped Jesse Helms and his supporters to confuse the opposition to the reactionary right, by allowing them to lay claim to the terrain of freeing women and children from sexual exploitation. *The Handmaid's Tale* simply faces up to that, and puts the bible bashing right back where it belongs in the political spectrum, and this is why it arouses such hostility from the right-wing press.

For once this is a film that isn't a disappointing shortfall on the book, and it puts the boot into the moral and religious bigotry that has such weight in the US establishment.

The events in Eastern Europe

Socialist Action (No 8, Autumn 1990) takes us to task for allegedly entertaining illusions in Boris Yeltsin because we wrote in *International Viewpoint* that, in spite of his positions (or lack of positions) on other issues, he defended during the spring 1989 election campaign, progressive positions on a multi-party system, against bureaucratic privileges and in defence of a minimum of equality (social security) in Soviet society.

If this appreciation was illusionary, the illusion was shared by 85 per cent of the Russian working class, for they voted for Yeltsin, against the candidate of the Nomenklatura.

So *Socialist Action* has to answer the question: why? Are the Russian workers in favour of the restoration of capitalism? Have they just been fooled by a clever demagogue, having little access to the mass media at that time? Why could they so easily be fooled?

The answer to these questions is clear. The Russian workers correctly hate and despise bureaucratic privileges. Yeltsin denounces them vigorously and publicly. That's why he got a huge vote.

The Russian workers identify the single party system with bureaucratic dictatorship which they hate and despise. That's why they favour a multi-party system. Yeltsin vigorously defended the introduction of such a system when the Nomenklatura was still opposed to it. That's why they voted for him.

The proposals for immediate price reforms made by the government im-

The political events in Eastern Europe in 1989 were the most important in Europe since the aftermath of World War II. *Socialist Action* has consistently analysed these as Stalinist — having so demoralised and alienated the working class as to create the conditions for a dynamic to the restoration of capitalism — which has already taken place in East Germany, and is being actively promoted by the governments now in power in Hungary, Czechoslovakia and Poland. Inside the USSR forces seeking to reverse the October revolution and restore capitalism have also emerged — today many tactically giving their support to Yeltsin and the forces around him. ERNEST MANDEL radically disagrees with this analysis and replies here. GEOFFREY OWEN makes a rejoinder restating *Socialist Action's* position.

plied a sharp immediate reduction of real wages and a sharp increase in social inequality. The workers instinctively feared these consequences. Yeltsin denounced them, be it for demagogic-electoralist reasons. That's why the workers voted for him.

In other words: the Russian workers have a 'war on two fronts' to conduct: against the Nomenklatura and against the danger of capitalist restoration. Our judgment on political forces acting in the USSR is a function of these fundamental parallel historical tasks. Any substantial critique of our position must confront that basic analysis.

We are convinced that since at least 60 years, a three-cornered social and political struggle is taking place in the USSR between the bureaucracy as a hardened privileged social caste; the working class, and the petty bourgeoisie (periodically and marginally growing over into an incipient bourgeoisie).

One cannot make head or tail of key events of world politics in that period if one reduces that three-cornered struggle to a struggle between capital and labour.

Just to mention some of them: Stalin's blockade of Yugoslavia; Khrushchev's blockade of the Peoples' Republic of China (with Soviet nuclear missiles pointed towards the main Chinese cities); the crushing of the 1956 Hungarian revolution; the crushing of the 1968 Prague spring; the crushing of the 1989 Peking Commune, cannot be explained in terms of

a bipolar struggle between capital and labour. In those cases the Soviet bureaucracy defended its power and privileges against non-capitalist forces, without in any way restoring capitalism.

Even in Eastern Europe today, the Kremlin is ready to liquidate its allies and satellites not in order to restore capitalism in the USSR, but in order to defend and maintain its own power and privileges in the USSR under conditions of a rapidly growing system's crisis in that country. This crisis is not caused by Gorbachov but by fifteen years of decline of the rate of growth of the social economy, combined with fifteen years of growing social misery, leading to constantly deteriorating relations of forces with imperialism.

Therefore, the Soviet bureaucracy desperately needs a reduction of the arms race and financial as well as technological help from imperialism, precisely to maintain its power, not to liquidate it in a cold way.

For sure, the Soviet bureaucracy is not a new ruling class. It has no historical roots in the economic system nor a property relation with the means of production which are characteristic of all ruling classes in history. Therefore, in the long run, it can only further the restoration of capitalism. That very long run perspective does not imply however the absence of relative autonomy as a social force during more than half a century. It remains to be seen whether that period is now over.

But even if one thinks that that is the case — as the comrades of *Socialist*

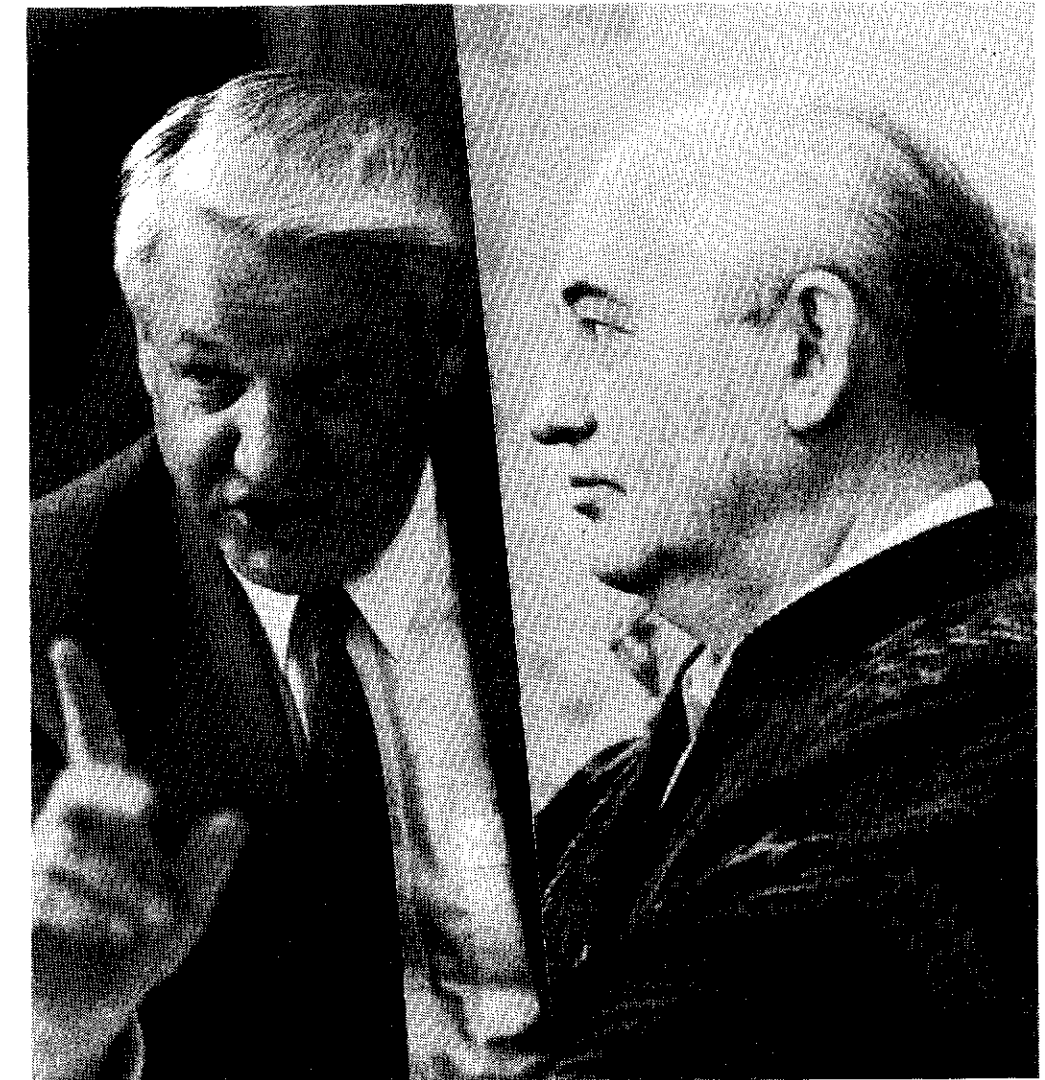
Action seem to do — one cannot escape the parallel conclusion: the only force potentially capable of preventing a restoration of capitalism from a historical point of view is the Soviet working class (with as much help of the international working class as it can get). The Soviet working class has been atomized, profoundly depoliticized and disorientated by more than 50 years of bureaucratic dictatorship. In order to reconquer its capacity to act politically on a Union wide scale, and to reconstitute a minimum level of political class consciousness, it needs time, experience of mass struggles, political clarification resulting from the confrontation of different political lines, platforms, parties, a prolonged period in which it enjoys de facto democratic freedoms and political pluralism.

That is why the consolidation, extension, generalization of glasnost in the sense of these democratic freedoms is vital for the rebirth of an autonomous labour movement in the USSR. That is why we have to be ready to make a united front against any real attempt to reintroduce a repressive authoritarian regime in that country, by whoever that may be, and under whatever ideological cover they may do that.

Prisoners of their simplified bipolar vision of Gorbachov's USSR and today's world, the comrades of *Socialist Action* at least hesitate to take position on that issue. The logic of their line could lead them to say 'no'. That would have disastrous political implications, as had a similar Comintern line in Germany between 1929 and 1933. The historical source of the mistakes of the comrades of *Socialist Action* on that important issue is revealed in their references to positions of Trotsky. He is supposed to have 'always violently opposed a bloc between the left and the right oppositions to Stalinism under the banner of democracy'. This is correct only for the period 1928-1929 (one can discuss about the precise chronology). It is obviously not true for the period starting with 1932.

Already in 1930, Rakovsky, Trotsky's main co-thinker, violently condemned the forced collectivization of agriculture as a break with the party programme and with Lenin's line on the NEP. He proposed an economic counter-programme much closer to that of Bukharin than to that of Stalin.

Trotsky expressed the same idea in 1932 when he explicitly came out for a combination of central planning, market mechanisms and Soviet



'Rakovsky proposed an economic counter-programme much closer to that of Bukharin than to that of Stalin'

democracy as a way to solve the crisis. And from 1933 on 'Soviet democracy' meant for Trotsky a multi-party system: 'The workers and the peasants must be free to elect to the Soviets whoever they like', not only people whose ideology is judged pro-Soviet.

Trotsky explicitly wrote in 1938: 'The right group of the old Bolshevik Party, seen from the viewpoint of the bureaucracy's interests and tendencies, represented a left danger'.

What lay behind the 1932-1933 turn? A basic reappraisal of the nature of the Soviet bureaucracy. Before that turning point, Trotsky and the Left Opposition were of the opinion that the Soviet bureaucracy was a centrist labour bureaucracy, caught in the vice of the bi-polar situation the comrades of *Socialist Action* describe. After that turning point, Trotsky recognized the new facts of life:

Forced collectivization of agriculture, 'hyper'-industrialization, bureaucratically centralized planning 'institutionalising' so to speak huge disproportions, were not only anti-capitalist. They were also anti-working class.

Millions of workers were reduced

to starvation wages. Hundreds of thousands of workers were deported for the 'crime' of absenting themselves one day from their job, even for reasons of genuine illness (the so-called ukazniks). These barbaric measures were taken neither to 'build socialism' nor to 'restore capitalism' but to stabilize and extend the bureaucracy's autonomous power and privileges for a whole historical period.

In function of that reappraisal of the bureaucracy's nature and role Trotsky and the Left Opposition modified their political line from that of reform to that of political revolution in the USSR. The comrades of *Socialist Action* now tend to make a historical leap backward to the pre 1932-1933 position.

They should ponder the fate of that wing of the Left Opposition which refused to make that turn, comrades of such high calibre as Preobrazhensky, Piatakov, Smilga, Radek: capitulation before Stalin; loss of all political identity; utter demoralization; tragic loss of their own lives.

Ernest Mandel

The dynamic in Eastern Europe

Ernest Mandel finishes his polemic with a politically ridiculous slander — but because, as we will show, it is absurd it clarifies a great deal about his errors.

Ernest Mandel draws our attention to Preobrazhensky and other Left Oppositionists in the USSR who capitulated to Stalin — evidently to try to make some comparison to *Socialist Action*. What is the real analogy?

Preobrazhensky and the others believed that Stalin, with the first Five Year Plan, was partially realising the programme of the Left Opposition by industrialising the USSR — in other words that there was something progressive about Stalinism's policies.

What is the accusation that *Socialist Action* has made consistently since the Gorbachev course began? That Stalinism has so demoralised the working class that it has created the conditions for capitalist restoration in a number of countries of Eastern Europe; that the Soviet bureaucracy, pursuing socialism in one country, is prepared to accept capitalist restoration in Eastern Europe if that would help it do a deal with imperialism — that is hand tens of millions of workers over to poverty, women to attacks on their most elementary rights, black workers to racism, to end even the insufficient aid these states gave to the semi-colonial masses; and that this capitulation by the Soviet bureaucracy would embolden imperialism to launch a more aggressive and violent course — precisely that seen in the Gulf.

No one can think that demoralising the working class, restoration of capitalism, and emboldening a more aggressive course by imperialism can constitute a positive tendency. In other words Gorbachev's course represents a further degeneration of Stalinism, not a partial realisation of a progressive left opposition to it. Furthermore Gorbachevism is an inevitable product of Stalinism's degeneration.

It is Ernest Mandel who sees far more progressive trends emerging

from Stalinism, Gorbachev and Yeltsin than we do. Given the catalogue of charges we level against Gorbachev and Stalinism it is ludicrous to believe there is any basis for capitulating to it. We actually make even more serious charges against it than Ernest Mandel does — for we analysed right from the beginning that what Stalinism was leading to in Eastern Europe was the restoration of capitalism whereas comrade Mandel did not think that such a negative outcome was the trend of events.

But why is Ernest Mandel led to slander — which he attempts to present as Trotsky's position? Because his own analysis is both theoretically false and, for that reason, led to a radically wrong analysis of the course of events in Eastern Europe.

Comrade Mandel has consistently explained his view that, as he put it in 1986: 'We considered at the time, and we continue to think so today, that the counter-revolutionary role of the Soviet bureaucracy weighs more heavily on world history than the objective positive effects (undeniable, as we have always accepted) of the survival of the workers' state.' (*International Viewpoint* (IVP) 24.2.86)

This does indeed get to the core of the matter but has an inescapable logic — even if comrade Mandel does not intend it. *If the negative consequences of Stalinism outweigh the positive effects of the existence of the USSR then the elimination of the bureaucratised workers' state in the USSR even by capitalism would be better than the maintenance of Stalinism* — as it would, undoubtedly, destroy the Stalinist Soviet bureaucracy. Naturally this might not be the best variant but it would be a step forward. That is the only logic that can follow from comrade Mandel's analysis.

Furthermore, if that is the case, then it has a clear logic regarding alliances. If Stalinism's counter-revolutionary role 'weighs more heavily on world history than the objectively positive effects of the survival of the workers state' it would be acceptable to make an alliance with forces expressing capitalist pressure (the 'Right Opposition') against Stalinism — because even their victory would be preferable to the continuation of Stalinism.

Now what did Trotsky have to say about this — not in 1932, as comrade Mandel states, but in his last writings in 1940? Trotsky's view was the complete opposite of comrade Mandel's — not that the existence of Stalinism outweighed the positive impact of the existence of the USSR but the reverse:

'We must not lose sight for a single moment of the fact that the question of overthrowing the Soviet bureaucracy is for us subordinate to the question of preserving state property in the means of production in the USSR; that the question of preserving state property in the means of production in the USSR is subordinate for us to the question of the world proletarian revolution.' (*In Defence of Marxism*, p21)

Naturally, therefore, Trotsky held that the defence of the workers state is subordinate to the international extension of the revolution — for example as Trotsky wrote, if there had been a proletarian revolution in Germany in 1919 or 1923 the USSR would have had to come to its military aid regardless of the threat that would have posed to the Soviet Union. But also that 'the question of overthrowing the Soviet bureaucracy is for us subordinate to the question of preserving state property in the means of production' i.e a Stalinist deformed workers state was preferable to the restoration of capitalism.

The weight and implications of this can be looked at very simply by considering comrade Mandel's talk of the 'three cornered' struggle. He writes: 'We are convinced that since at least 60 years, a three-cornered social and political struggle is taking place in the USSR between the bureaucracy as a hardened privileged social caste; the working class, and the petty bourgeoisie (periodically and marginally growing over into an incipient bourgeoisie).'

Actually this way of posing the struggle in the USSR, by reducing it simply to the internal classes and leaving outside international class forces, is wrong both methodologically — Trotsky wrote that any programme must start from 'world economy and world politics' — and factually. The most fundamental protagonists over the fate of the workers' states are international imperialism (not the petty-bourgeoisie inside the workers' states) and the pressure it mounts against the workers states, and the working class of these countries — that is, for the USSR, the Soviet working class. Comrade Mandel's way of posing the question in national and not international terms is false — although it is connected to his wrong analysis of the international actions of the bourgeoisie.

However, putting that on one side for the moment, what comrade Mandel is trying to say is that the Soviet bureaucracy must be considered as a specific layer and the situation not seen as simply involving capital and the work-

'Gorbachev's course represents a further degeneration of Stalinism, not a partial realisation of a progressive left opposition to it'

ing class. That is quite correct but the whole problem is that comrade Mandel confines himself simply to saying that this struggle has been going on for '60 years' — and, by extension, in the other bureaucratised workers' states since they were created.

Indeed the bureaucracy has existed as a specific caste, that is with its own law of motion and interests, for 60 years. But the problem is that the world has not remained simply constant over 60 years and therefore the specific world situation in which the bureaucracy is inserted has not remained the same during that period. For example in 1956, in Hungary, what was posed was the socialist overthrow of the bureaucracy — that is a political revolution. In 1941 what was posed was a fascist attack on the USSR to restore capitalism. In both cases there was still a 'three cornered struggle' taking place but does comrade Mandel suggest they were the same political situation?

Confining oneself to generalities which have been true for sixty years is not enough by itself to determine the political situation. It is necessary further to consider the actual political situation *now*. Here comrade Mandel, right from the beginning of the events in Eastern Europe, has analysed this wrongly — for reasons which are connected to his starting off from within the USSR rather than *international* class forces.

In April 1989 Ernest Mandel analysed the international situation as follows: 'Contrary to what a superficial glance might indicate, the European bourgeoisie does not look favourably on this destabilisation [of Eastern Europe]. It has no hope of recovering Eastern Europe for capitalism. At most, it hopes for a military "finlandisation" — that is the withdrawal of Soviet troops from some countries, other than East Germany. On the other hand, it is profoundly worried by the "destabilising" effect of the crisis in Eastern Europe on the situation in the Western European countries themselves.' (IVP 3.4.89)

This view was comrade Mandel's genuine position and not an isolated quote. In October 1989 Mandel wrote: 'A realistic estimate of the social forces present in the USSR and in the bureaucratised workers' states, of the relationship of strength among them and of the dynamic of the principle socio-economic contradictions leads to a clear conclusion.

'The main question in the political struggles underway is not the restoration of capitalism. The main question is whether these struggles head in the

direction of an anti-bureaucratic political revolution or of a partial or total elimination of the democratic freedom acquired by the masses under Glasnost. The main fight is not between pro-capitalist and anti-capitalist forces. It is between the bureaucracy and the toiling masses, that is, except in China and Vietnam, essentially the working class... But overall this convergence will be insufficient to impose any restoration of capitalism in the short or medium term.' (IVP 30.10.89)

By January 1990 comrade Mandel was still analysing: 'What is happening in East Germany and in Czechoslovakia is the beginning of a revolutionary movement which combines May 1968 and the Prague spring multiplied I would say by two or three times...

'So we have today the beginning of a political revolution today in East Germany and Czechoslovakia, the two most proletarian countries of Eastern Europe. I say the beginning because we are still at the beginning: there is no prospect of a rapid victory, but the revolution is developing under exceptionally favourable international conditions...

'So we have a set of exceptionally favourable circumstances: the two revolutions have the big asset of time to unfold... We should be clear on one thing: a short-term restoration of capitalism is completely impossible — even the capitalists do not want it.' (Socialist Outlook, February 1990)

So, first, comrade Mandel explained that the capitalists did not want the restoration of capitalism in Eastern Europe and second that it was not posed. What is the balance sheet of this?

First, 10 months after comrade Mandel's last position we had the annexation of the GDR by West German imperialism. Second, as the entire world knows imperialism is rather actively seeking the restoration of capitalism in at least Hungary, Czechoslovakia and Poland.

Who had illusions in Stalinism — those, *Socialist Action*, who warned that the Stalinism had so demoralised the working class that the overthrow of the workers states by capital, from the right, was on the agenda, or those who allowed their wishful thinking to delude them into statements like even the bourgeoisie 'does not want' the restoration of capitalism — to which Trotsky aptly replied: 'the imperialists of all camps will not reconcile themselves with the Soviet Union until private property in the means of production has been re-established' (Writings,

'Imperialism is rather actively seeking the restoration of capitalism in Hungary, Czechoslovakia and Poland'

1935-36 p360), and what applies to the USSR applies also to the other workers' states.

Since 1917 imperialism has *never* accepted the existence of a non-capitalist mode of production on the continent of Europe or anywhere else. But whilst, aided by Stalinism, imperialism was strong enough to prevent workers states spreading into Western Europe, it was not until 1989 strong enough to eliminate any of the workers states in Eastern Europe.

This directly relates to the international situation. According to comrade Mandel in 1989 there were 'exceptionally favourable international conditions'. We stated, on the contrary, that *imperialism* was on the offensive — as shown by the title of our article 'The Imperialist Offensive in Eastern Europe.' What is the balance sheet? Is the situation today 'exceptionally favourable' or has imperialism been on the offensive with the restoration of capitalism posed in a number of East European states? It is clearly the latter — unless comrade Mandel believes that the restoration of capitalism in East Germany, and the formation of pro-capitalist governments in a series of the major East European countries is an 'exceptionally favourable' development.

The truth is that comrade Mandel completely misread the dynamic of the most important class struggle in Europe since the second world war.

To recognise this is not to weaken the fight against Stalinism but to understand Trotsky's point, written after 1933, that: 'Bonapartism by its very essence cannot long maintain itself. A sphere balanced on the point of a pyramid must invariably roll down on one side or the other... The inevitable collapse of Stalinist Bonapartism would immediately call into question the character of the USSR as a workers' state. A socialist economy cannot be constructed without a socialist power. The fate of the USSR as a state depends upon that regime that will arise to replace Stalinist Bonapartism... The inevitable collapse of the Stalinist political regime will lead to the establishment of Soviet democracy only in the event that the removal of Bonapartism comes as the conscious act of the proletarian vanguard. In all other cases, in place of Stalinism there could only come the fascist-capitalist counter-revolution.' (Writings 1935-36 p183)

Comrade Mandel may object that we have not seen the 'fascist-capitalist' counter-revolution in Eastern Europe but moves to create liberal capi-

talism. However, firstly, we are not at all sure that capitalism will take a democratic form in Eastern Europe given the degree of decline in the living standards of the masses that it will require — indeed in some countries, Poland for example, restoration of the capitalist economy might well require dictatorship even to carry it through. However even if capitalism could be restored with democratic regimes that does not avoid Trotsky's main point that the disintegration of Stalinism could give rise to either political revolution (the maintenance of the socialised property relations but the establishment of working class democracy) or the restoration of capitalism.

Finally comrade Mandel attempts to claim that Trotsky favoured a bloc with the Right Opposition, that is Bukharin, after 1929 or, at least, after 1932 — whereas he had not done so previously.

In reality comrade Mandel's reasons for proposing this are rather shocking. He says: 'Rakovsky, Trotsky's main cothinker... proposed an economic counter-programme much closer to that of Bukharin than that of Stalin.' Is Trotsky's economic programme really closer to the Right Opposition's? Bukharin supported 'socialism in one country' and concessions to capitalist forces. Trotsky advocated international extension of the revolution and industrialisation of the Soviet Union in order to improve the conditions of the working class. Does comrade Mandel believe that is really a 'closer' economic programme?

Mandel's case is that because both the Left and the Right oppositions rejected Stalin's super industrialisation and forced collectivisation this meant a change in Trotsky's basic orientation to the Right Opposition. This is simply false.

Trotsky and the Left Opposition viewed the economic questions in the Soviet Union strictly from the angle of how to strengthen the political power, living standards and class consciousness of the working class. Stalin was for industrialisation at the price of grinding the living standards of the Soviet workers down to the lowest tolerable levels and Bukharin's line of reliance on the market and the capitalist farmer undermined the working class and the planned economy as such.

There was no more convergence of Trotsky with Bukharin than there was with Stalin. This is easily shown.

Trotsky specifically attacked those

who believed there was any similarity between his economic policy and that of the Right Opposition before and after 1929/32 — including dealing with Rakovsky. In January 1933 Trotsky wrote, perhaps with someone with comrade Mandel's argument in mind: 'Elsewhere your article recalls that the Left Opposition, especially and primarily Rakovsky, from the beginning warned against over-accelerated tempo of construction. But right next to this you write of allegedly analogous warnings by Bukharin, Rykov, and Tomsky. Your article refers twice to the perspicacity of the latter without a single word on the irreconcilable antagonisms between the Right and Left Oppositions. I consider it all the more necessary to clarify this point as it is precisely the Stalin faction that makes every attempt to cover up or to deny the deep antagonisms between the Opportunist and the Marxist wings in the camp of Bolshevism....' (Trotsky *Writings* 1932-33, p84)

In November 1930 Trotsky wrote that, naturally, he was against the bureaucratic repression of Bukharin, or anyone else (just as we are) but this implied no political convergence whatever: 'If it should appear — which is not the case — that there is a tactical coincidence or episodic crossing of the two different, irreconcilable, hostile, strategic lines, would that mean the lines are drawing closer together? When Lenin voted with the Mensheviks at the conference of 1907 — against the Bolsheviks, including of course Stalin too — for participation in the Third Duma, did that bring Lenin closer to the Mensheviks?

'Finally, are the disputed questions limited to the tempo of industrialisation and collectivisation in the coming year? What contemptible administrative national limitedness! We Marxists do not have a program for a single country, like Stalin and Bukharin. We stand on the ground of international socialism. Where is there a common basis with the Right?' (Trotsky *Writings*, 1930-31 p59)

What Trotsky said about the matter in December 1932 was that: 'the Right Opposition inevitably becomes the instrument through which class forces hostile to the proletariat exert their pressure.'

And in 1937, long after 1929 or 1932, Trotsky wrote: 'The most surprising thing... is the fact that Rykov and Bukharin are now called "Trotskyists". After all, the Left Opposition always and invariably directed its main blows against the right wing headed by Rykov and Bukharin. On the other hand, in the struggle against

'Trotsky specifically attacked those who believed there was any similarity between his economic policy and that of the Right Opposition'

Trotskyism, only Bukharin provided the semblance of a doctrine for Stalin to base himself on.' (*Writings*, 1936-37 p338). In short Trotsky's analysis of the Right Opposition, and opposition to it, remained totally constant — as was indeed inevitable given that it expressed the pressure of capitalism.

Furthermore we know that Trotsky never supported a bloc with the Right Opposition after 1929, or 1932, because he had ample opportunity to do so — there were Bukharinites in the USSR and Right Opposition groups outside the USSR — and there is not one single article in which Trotsky called for such a bloc. The fact that to the bureaucracy the Right Opposition appeared as a left danger, as Ernest Mandel quotes, does not in the slightest mean that Trotsky saw them as a left development — he saw them as quite the contrary as we have seen.

A bloc with forces expressing pro-capitalist pressures is evidently ridiculous not simply on the internal economic front but also on the decisive field of the international extension of socialism. The Right Opposition, expressing capitalist pressures, were avid supporters of the Popular Front. Bukharin enthusiastically supported a bloc with bourgeois parties in its first major application in China in 1926-27 and put forward the Popular Front against fascism in 1934 even before Stalin adopted it as official Comintern policy. As the content of Trotsky's critique of Soviet foreign policy was very largely taken up by the attack on the Popular Front it is absurd to suppose one could have a bloc with the Bukharinites on foreign policy.

That is precisely why the working class can have no strategic alliance with either the Stalinist or the 'Right Opposition' wings of the Soviet bureaucracy.

The working class will fundamentally clash not only with the Stalinist but with the Gorbachev and Yeltsin wing's of the bureaucracy on all essential issues of policy. That is true of both Gorbachev's foreign policy and his internal policies within the Soviet Union itself.

In short comrade Mandel analysed that the dynamic of the events in Eastern Europe was to political revolution. We analysed that the dynamic was that Stalinism, through its crimes, had so demoralised the working class that the restoration of capitalism was on the agenda. We have been proved right and he has been proved wrong. Comrade Mandel should have the honesty to admit it.

Geoffrey Owen

Socialist

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