

Poll Tax
Nicaragua
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Unification

Militant

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South Africa

The way forward

Militant

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Editor: Lynn Walsh

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The poll tax has become a lightning conductor for the accumulated bitterness at eleven years of Thatcherism, argues Peter Taaffe.



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After Mandela's release

Richard Monroe, from the Editorial Board of Inquaba Ya Basebenzi, journal of the Marxist Workers' Tendency of the ANC, examines the way forward for the South African revolution.

Millions of people watching TV on February 12 were inspired to see Nelson Mandela, clenched fist held high, striding out of Victor Verster prison after 27 years in apartheid jails. In South Africa, his release was greeted with days of mass jubilation and the biggest political rallies in the country's history.

This has been a victory not just for the black majority in South Africa but for oppressed people everywhere. Among the masses, huge hopes are now vested in Mandela to lead to victory the struggle against oppression and exploitation — to end 300 years of slavery.

But against this, the hope of the De Klerk government is that Mandela will participate in a controlled experiment in political change to preserve capitalist power and wealth and white privilege.

Mandela emerges from prison into an unfolding revolution — with increasing polarisation between the races and the classes. It is this revolution which has brought about his release, the release of other political prisoners, the unbanning of the African National Congress and SA Communist Party, and other retreats by the apartheid regime.

The spectre of this revolution terrifies the ruling class. Despite thousands of deaths, detentions, shootings and beatings under the State of Emergency since 1986, the regime has been unable to defeat the black working class. The uprising of 1984-6 abated in the townships. But industrial struggles and political general strikes continued. Fresh forces came into action, particularly in the countryside. By last year a new movement was welling up from below, spearheaded by organised workers in the factories, incensed at the attempt to introduce a new Labour Relations Act reversing trade union gains achieved over nearly twenty years.

The old system of white minority rule is doomed. Since 1986 alone, the black population in the cities has increased by up to one third. In both town and countryside the black population is overwhelmingly working class. In ten years in SA there will be only 5 million whites among 47 million people.

The industrial economy needs an integrated labour force. Even the police and army depend increasingly on blacks. Strict apartheid can no longer be maintained. Defiance simply pushes it aside. To try to avert revolution, the government is driven further on the path of reform.

PW Botha's attempt at this — the 'tricameral parliament' for whites, coloureds, and Indians — was discredited almost before it was in operation. But, despite pressures from the big capitalists and imperialism, Botha baulked at going further: at 'crossing the Rubicon' by addressing the question of how to include the African majority within the constitution. This is why, after his stroke in January 1989, he was so unceremoniously swept aside and replaced by De Klerk as State President.

Under De Klerk's leadership the Nationalist Party (NP), in government for over 40 years, fought the parliamentary election last September for the first time on an open program of reform. Although the NP vote fell, the total vote for 'reform' (counting also the liberal bourgeois Democratic Party) was more than 70% — holding off the ultra-right Conservative Party (KP) which stands for partition of the country on racial lines.

For the moment, most whites are prepared to give De Klerk a chance to achieve racial reconciliation and peace. A KP government could catalyse open civil war. What such a government would mean was shown on a small

Mandela has emerged from prison into an unfolding revolution



scale by the attempt of the KP municipal council in Boksburg in 1988-89 to reintroduce petty apartheid. A black boycott almost crippled small white businesses in the town.

Coming from the right wing of the NP, De Klerk is taking bold steps. His government has been forced to recognise that the ANC — previously denounced as a 'terrorist organisation' — is overwhelmingly popular among the black majority. If constitutional reform is to work, they understand, it is necessary to secure its acceptance in negotiations with the ANC leadership, particularly Mandela.

But these aims run four-square against the aspirations of the masses, as embodied in the Freedom Charter, program of the ANC. The minimum demand of the black people is for majority rule — power in government in accordance with their numbers in society. The black majority want the power to end poverty wages and achieve decent jobs, homes, education and health for all.

A real government of the majority would come into immediate conflict with SA's backward and diseased system of capitalism. The Freedom Charter calls for the nationalisation of

the banks, mines, and monopoly industry — the commanding heights of SA's economy.

All this is anathema to the ruling class. Against the black masses, their ultimate bastion of defence is the armed might of the state machine, staffed at its core by whites. To preserve the cohesion of the state, they must protect white privilege through an effective white veto in politics.

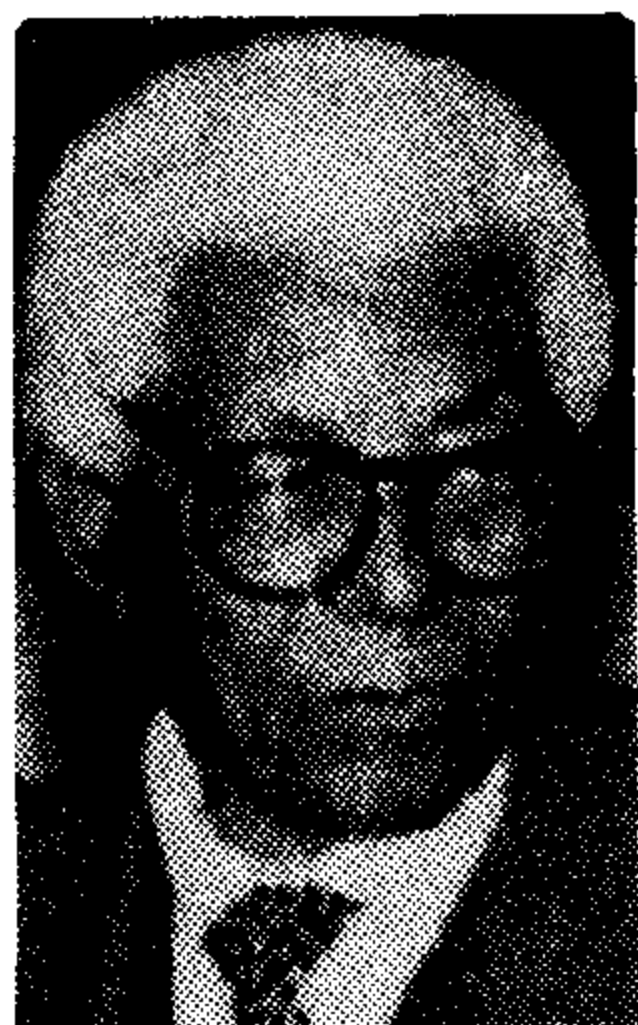
At the same time, to try and hoodwink the masses and trap the ANC leaders, government ministers increasingly speak the language of non-racialism and 'democracy'. De Klerk, in his speech on 2 February unbanning the ANC, committed himself to 'universal franchise.' **Despite this, the government has no intention of conceding majority rule.**

Gavin Relly is boss of Anglo American Corporation, SA's largest monopoly, and is one of the 'progressive capitalists' who has met ANC leaders. As he declared recently, there was no question in SA of a British-style democratic government "with its 'winner take all' constitution". This "would not work for South Africa." (*Financial Times*, 15 February 1990).

De Klerk and his ministers are insistent that

Huge hopes are now vested in Mandela to lead to victory the struggle to transform society.

The minimum demand of the black people is for majority rule



ANC leader
Walter Sisulu.

existing privilege — in housing, education, etc — must be protected. "We cannot allow the minorities that live here to be swamped by majority decisions", said one minister. "We believe community life is a right." (*Guardian*, 6 February 1990)

What precise constitution the government is aiming for is a matter for speculation. But they appear to want to combine the principle of votes for all on a non-racial basis, with blocks on majority rule by new and sophisticated 'divide-and-rule' mechanisms. For such a constitution there are precedents in SA, at least on paper.

Something along these lines, for example, has been proposed for Natal by the KwaZulu/Natal Indaba, a body involving white political parties and Inkatha. It combines a 'lower chamber' of parliament elected by universal franchise, with an upper house, standing committees and an executive through which minority 'background groups' (effectively ethnic groups) can exercise a veto.

"The essence of the legislative process", a participant in the Indaba writes, "is that bills require the agreement of the executive, both Chambers and the relevant standing committee before they can become law... it is impossible for a majority party, irrespective of its size, to obtain approval for proposed laws without gaining the support of members of other political parties." (Peter Mansfield, 'Checks and Balances', *Leadership*, 1987)

Such a constitution, of course, would be a recipe for legislative and even executive paralysis. Neither advancing the interests of the majority nor protecting minorities, it would guarantee increasing extra-parliamentary conflict along race and class lines. Moreover, it is one thing to propose such a constitution for a province like Natal. There are a whole new set of problems in devising one for the whole of SA, involving control over the armed forces, finance, and foreign policy.

Under the huge opposing pressures of the different races and classes such a constitution, even if it were introduced, would sooner or later break down, with real government assuming a dictatorial Bonapartist character, perhaps in the hands of the military. The constitution would become as irrelevant to the processes in society as the constitution of Lebanon.

Yet, these are the lines along which the government appears to be moving in its futile attempts to square the circle of irreconcilably opposing forces — the interests of the overwhelmingly working-class black majority on the one hand, and those of the ruling class on the other. The regime is gambling that, if it can secure the support of the ANC leadership for such a constitution, it can hold off the pressures that will come from the whites on the one hand

and the black masses on the other.

These developments have been enormously influenced by the world situation: by the prolongation of capitalist upturn in the advanced capitalist countries, and the shattering crisis of the Stalinist regimes of Eastern Europe and the Soviet Union. All this has created the appearance that capitalism has an optimistic future and that socialism has failed — an impression trumpeted by apologists for capitalism, and echoed as well by sections of the Stalinist bureaucracy. It has created illusions in the idea that all the antagonisms in society can be resolved through negotiations.

In his 2 February speech, De Klerk spoke extensively of the crisis in Eastern Europe: "The collapse, particularly of the economic system in Eastern Europe, also serves as a warning to those who insist on persisting with it in Africa. Those who seek to force this failure of a system on South Africa should engage in a total revision of their point of view."

In reality the crisis of the Stalinist regimes is not a crisis of **socialism**, nor of **planned economy**. It is a crisis of nationally based **bureaucratic rule**. The way to free the forces of production from these barriers, as Marxism explains, lies in political revolution — workers' revolutions overthrowing the bureaucracy, establishing workers' control and management of production and society, and linking together in a federation of socialist states.

Moreover, the upswing in the advanced capitalist countries, while it may continue for a further period, cannot last indefinitely. The anarchy inherent in capitalism means it will give way at some point to a renewed downturn and recession.

Nor does the condition of capitalism in the advanced countries offer hope for the impoverished black masses of SA. SA's economic crisis is, at root, not a product of sanctions, nor of apartheid alone, but of a cheap labour economy in a world dominated by production on the basis of advanced machinery. The investment required to transform the basis of the SA economy, and provide every South African with a decent life, will not be forthcoming while it is ruled by the profit system.

The way forward for the black masses in SA lies in winning majority rule, establishing a government with the power to end capitalism. This will require a revolution consciously led by the working class, mobilising all the oppressed to defeat the state, establish workers' democratic rule, and open the road to socialism. For the whites also, such a society is the only guarantee of peace, security, and lasting prosperity. This is the struggle that the ANC needs to organise in South Africa.

Speaking on the day of his release from the

balcony of Cape Town City Hall, Mandela made warmly-welcomed reaffirmations of his commitment to armed struggle, democracy and nationalisation. At the same time, in regard to a new constitution, he has said he understands the insistence of the whites on 'structural guarantees'. It is right to support guarantees protecting language and cultural rights of all; protecting all individuals by law against racial, religious or sex discrimination. But 'structural guarantees' to the whites is something different. It means constitutional powers in the hands of whites to block legislation needed by the majority to end poverty, end social inequality and redistribute wealth — ie an effective white veto.

Interviewed by the British TV programme, *Newsnight* on February 23 Mandela also stated, "If we do desire to negotiate, we must be prepared to compromise. If we are not prepared to compromise, there is no point in negotiating." The NEC of the ANC agreed to send a delegation headed by Mandela to meet De Klerk — to discuss remaining obstacles to negotiations: the state of emergency, amnesty for all political prisoners, etc. They have made clear they are placing their hopes in a negotiated settlement with the government.

Journalists in the British capitalist press are already sketching out an optimistic scenario of 'reconciliation', previously unthinkable. "The ritual minuet of negotiation has only just begun. But not many years down the line we shall probably see a coalition government in which Mr De Klerk's National Party and the ANC will share as equal partners, probably leading to a phased program for complete majority rule." (RW Johnson, *Independent on Sunday*, 25 February 1990)

After decades of bloody struggle, and huge sacrifices, many black workers and youth are no doubt hoping that there is a peaceful way to freedom. There must be many whites too who are hoping that Mandela, with his enormous authority, can produce miracles. But it is wrong for the ANC leadership to take part in these negotiations. Negotiations should be **only** for majority rule. De Klerk is not putting majority rule on the table to negotiate.

The as yet small forces of the Marxist Workers'

Tendency of the ANC are explaining all these realities in the ranks of the Congress movement. We say that negotiations are a trap unless a number of key conditions are on the agenda which could ensure the immediate transfer of power to the majority through them:

- * A Constitutional Assembly, with delegates all freely elected on the basis of one-person-one-vote from every part of SA (including the so-called 'independent states') to draw up a new constitution;

- * Immediate suspension of all segregation

laws, and the Labour Act;

- * The equal right of all the people irrespective of race to bear arms for their own defence. The right of local people to form militias for defence purposes in all residential areas, and of the trade unions to form workers' defence guards in all industrial areas and on buses and trains.

The idea that the NP and the ANC could become indefinite co-partners in a stable government which led step-by-step to majority rule is completely utopian. The contradictory pressures on the opposing parties are too intense for this.

For blacks, the harsh burdens of daily life — in the workplaces, in the townships, in the schools, in the countryside — cannot wait to be resolved. They will drive the black working class again and again into struggle against the bosses and the government, striving to use the ANC, the Congress of South African Trade Unions (COSATU), the South African Youth Congress (SAYCO), etc as organisations of combat.

The very retreats of the regime are an incentive to push for further gains. 'Now that Mandela is free we should get higher wages and pay no rent', is what many workers are saying. The great danger is that, in the name of a policy of negotiations, the huge potential power of the mass Congress movement will not be mobilised in a struggle for power. But unless political power is taken decisively by the oppressed majority out of the hands of the ruling minority, black working people will continue to be cheated even of the most basic real reforms.

In January De Klerk told a closed door meeting of 500 senior police officers "that the force would no longer be used to fight the government's political battles... 'In the past you have been asked to handle situations that had nothing to do with ordinary crime... Circumstances have changed'," he said. (*Financial Times*, 29 January 1990)

But who can imagine that the ruling class will abandon the use of their bloodthirsty armed forces, security guards, and vigilantes in trying to hold down and crush the movement of the working people? Every use of these forces will be a reminder for the masses what the state power is, and that it is essentially intact. As soon as the working class comes to recognise that De Klerk's schemes are a trap, designed to defraud them of real democratic rights and political power, they will have to find their way back to the road of revolution.

The black majority has a deep-rooted mistrust of the age-old treachery of the white regime. It will not willingly accept compromises with it by the Congress leadership. The danger is that the policy of negotiations, which cannot lead to

The very retreats of the regime are an incentive to push for further gains



FW De Klerk.

the full exercise of majority rule, will open up splits and divisions — weakening the unity which the black working class has struggled to build over two decades of struggle.

At the same time, the ultra-right is likely to take advantage of every opportunity to sabotage the negotiating process and whip up fears among the whites of impending black dictatorship.

De Klerk is hoping to have a new constitution in place before the present parliament requires fresh elections — in a form which would make it impossible for the KP or any ultra-right party winning a majority among the whites to win control of government. But, even in the short run, many developments can cut across the plans of the ruling class. Negotiations can begin, break down, and then be revived again and again. The course of events will reveal that the demand of the African majority for power in their hands cannot be achieved through negotiations. All the attempts will ultimately founder in the irreconcilable struggle between capitalist wealth and white privilege, and the unquenchable needs of the black poor.

In his address to senior police officers in January, De Klerk warned apocalyptically of the dangers of race war: “if this Armageddon takes place — and blood flows ankle deep in our streets and 4 or 5 million people lie dead — the problem will remain exactly the same as before the shooting started.” (The ‘problem’ for him being that the blacks form an ever-increasing majority of the population).

He claims his policy will avert this danger. But the truth is the exact reverse. It is out of the frustration, confusion, and disappointment that would arise to afflict both black and white through the failure of negotiations to solve the problems of SA society, that the danger of all-out racial war — not only of white against black, but black against black also — would arise.

The openly fascist banners displayed by the AWB on the fringes of the 30,000-strong march of ultra-rightists in Pretoria on 15 February are an indication of the depths of racial fanaticism lurking in white society, particularly among the police.

The war waged by Inkatha against Zulu workers and youth in Natal has proved unstoppable, despite attempts at making peace with Buthelezi by the Congress leadership. Buthelezi is terrified of the ranks of Congress, and does not want peace. His gangster mafia; the atrocities of vigilantes around the country; the rise of gangsterism in the townships — are all small symptoms of the future of South Africa unless it is fundamentally transformed. All these forces must be defeated.

Speaking in Natal on 25 February, Mandela called on the youth defending their com-

munities against Inkatha violence to “take your guns and your knives and your pangas (machetes) and throw them into the sea.” To hisses from his audience, he hoped “that it would be possible one day to share a platform” with Chief Buthelezi. But, despite his authority, Mandela will find it impossible to establish lasting peace between the counter-revolutionary Buthelezi and Congress. The warlords will not disarm. Mandela is politically disarming the Natal youth by his call.

All these vicious forces of reaction can be defeated if the Congress movement mobilises for majority rule on the basis of workers’ revolution. And, with such a revolution, linking up with the international struggle of the working class, there is the perspective of peace, justice, and growing prosperity for all.

The ANC leadership are taunted by Foreign Minister Pik Botha that they have been ‘abandoned’ by their ‘ally’ the Soviet Union. In the interests of compromise with imperialism Gorbachev is exerting strong pressures on the ANC leadership to enter negotiations and reach a compromise with De Klerk. But the Soviet bureaucracy have always been terrified of workers’ revolution anywhere in the world. It has never been a genuine ally of the oppressed masses in South Africa.

Their surrogates within the ANC, the leadership of the SA Communist Party, have never put forward a realistic strategy for freedom in South Africa. The SACP’s support for negotiations with De Klerk is entirely consistent with the ‘two stage’ approach to revolution they have advocated. The ‘armed struggle’ they promoted — for all the heroism of those who have participated in it — is not in SA conditions a strategy for power. Against the might of the regime, urban guerrilla actions have been no more than pinpricks, failing to defend the struggles of the masses, and driving whites into the arms of reaction. But the state can be defeated. De Klerk’s concessions show that the enemy is on the retreat.

To achieve victory, the black working class in SA will need to form itself into a mighty mass army, arming itself politically and physically, to build a force capable of splitting the whites, and thus of defeating the state.

For this it can rely only on its own strength, on the genuine ideas of Marxism, and on its real allies, the working class around the world.

The rise of the black working class in SA, as a force of steel against a ruthless regime, has won the respect of workers internationally. It will not easily give up the gains it has won. We can be confident that it will turn increasingly to building a mass ANC under its control around the program of Marxism. □

1 March 1990

Poll tax – Thatcher's terminal crisis?

The poll tax has become a lightning conductor for the accumulated bitterness at eleven years of Thatcherism. Peter Taaffe examines perspectives for Britain.



"As Trotskyists the world over scurry for cover, their British comrades are suddenly on the march in the vanguard of the working class revolution in such hitherto neglected proletarian outposts as Windsor and Maidenhead, Worcester and Norwich.... The only real gainer.... is *Militant*. It is a strange situation. But then as Trotsky observed in his *History of the Russian Revolution*, 'The revolution does not choose its paths.' It made its first steps towards victory under the belly of a Cossack's horse.' How wonderful it is – how richly, exquisitely comic – that Trotskyism has made its biggest advance of the 1990s in the conservative home counties, under the belly of an English police horse, outside the local town hall." (Robert Harris, *Sunday Times*, 11 March 1990).

The poll tax revolt has swept like a tidal wave through Britain. Inspired by the year long resistance in Scotland, demonstrations of hundreds and thousands have besieged town halls

throughout the land, culminating in the magnificent demonstrations, 200,000 strong in London and 50,000 in Glasgow, on March 31. The London demonstration was the biggest in Britain for a hundred years, and one of the largest in history. The violent clashes and rioting which took place at the end have done nothing to diminish its huge impact. (See *Militant* No. 987 for an analysis of the march and the causes of the violence).

Not just in the towns and cities but in the smallest village in the remotest rural areas the resistance has developed on an unprecedented scale. This is typified by Bishops Green in East Sussex where from a population of 280, 180 are not paying the poll tax. The sign outside the village reads, 'You are now entering a poll tax free zone'. It is as if Thatcher has taken a giant spoon to stir up the whole of society. Hitherto firm supporters of the government have besieged local Tory dignitaries. In Bexley former



Former Tories
now denounce
Thatcher as a
'traitor'.

Tories denounce Margaret Thatcher as a 'traitor'.

Hesseltine has launched a barely concealed challenge for Thatcher's crown. Rifkind, Scottish Secretary, by threatening to resign, forced the government to do a complete about-turn and extend relief for poll tax payers in England and Wales to Scotland. Incredibly he subsequently stated "she (Mrs Thatcher) has fallen in line with my better judgement" (*Observer*, 25 March 1990). Such public 'insolence' in the past meant dismissal from the Cabinet for Biffen and others. Now a weakened Thatcher, desperately clinging to her premiership, is incapable of her previous 'firm leadership'.

This situation completely confirms the analysis which the Marxists alone made both of the consequences of the poll tax and perspectives for the Tory government. In summer 1988, for example, answering Thatcher's declaration that the poll tax was the 'flagship' of her third term, we explained that "with clear leadership the labour movement can sink the Tory flagship without trace. And when the flagship goes down, **the Admiral either goes down with it or is sacked!**" *Militant*, 29 July 1988.

Hegel was fond of stating that 'reason becomes unreason and unreason becomes reason'. Those qualities, which a fawning capitalist press lauded so much in the past, have turned into their opposite. Thatcher, hailed as the 'Warrior Queen' able to face down foreign dictators and 'the enemy within', is now assailed on all sides as 'stubborn' and 'inflexible'. Ritualistic support for the 'community charge' has now been completely abandoned by Thatcher's Tory opponents. John Biffen, writing in the *Observer*, states "the major political liability of the community charge is that the flat rate concept is considered to be unjust. It offends a widespread belief that higher incomes merit higher taxes. Arguments showing that the community charge accounts for only a quarter of local spending and that the bulk comes from the general and progressive taxation are words in vain. It is a rich man's tax devised by a government dedicated to the elite of wealth... the prime minister, in a maladroitness (this is Tory code for idiotic — PT) political judgement, elevated this measure into 'the flagship of our legislation'." (25 March 1990).

Thatcher's second blunder was to take the pusillanimous stance of the labour and trade union leaders as indicative of the resistance of the working class to the poll tax. She also totally underestimated the capacity of the Marxists to organise a mass movement against the tax. Originally, it is now revealed, Baker, the architect of the poll tax, considered the issue so sensitive that he wanted it introduced over 12 years — death by a thousand cuts! However the

feeble resistance of Labour's front bench convinced the Tory strategists otherwise. Even then, in 1987, it was planned to soften the impact in the inner city areas by a three year phased introduction. But the clamour for its immediate introduction by the massed ranks of the Tory petty bourgeois at the 1987 Tory conference, and the realisation that the full impact of the tax would be felt just before the next general election, changed the governments' mind.

The critical factor however was the complete abandonment of any campaign by the labour leaders. Scotland was chosen because of the traditional militancy of the Scottish working class. With Scotland beaten into submission minimal resistance could be expected from the working class in England and Wales. This was the calculation of the Tory strategists.

If it had been left to the summits of the labour movement, Thatcher would have succeeded. Indeed, the labour leaders actively assisted in smoothing its path in Scotland. Tory ministers did not need to denounce the mass non-payment campaign. Her front line troops in this were unfortunately the leaders of the labour movement in Scotland. Without the magnificent organisation of a mass non-payment campaign, resistance to the tax would have been scattered and incapable of defying the onslaught of government agencies which, buttressed by police and bailiffs, would have picked off individual protesters.

The potential for a mass movement of non-payment existed in Scotland. But from **potential** to an **actual** movement history demonstrates that the working class needs an organised focal point. This vital ingredient was supplied by the Scottish Anti-Poll Tax Federation and now by the All-Britain Federation. While the generals at the top of the labour movement abandoned the field, and from the sidelines denounced those still engaged in struggle, this organisation took root amongst the housing schemes and workplaces of Scotland. This was a broad-based movement, including different political trends and workers who subscribed to no particular political standpoint. However, *Militant* supporters took the initiative in founding and organising the Federation, and supplied its political backbone.

Trotsky once described the role of Marxists in a mass movement as the equivalent of a 'crystal in a saturated solution' which gathers around it all the disparate elements. The strategists of capital, as well as the labour leaders, are conscious of the decisive role played by the *Militant*. In Scotland, however, having written and re-written the obituaries for the *Militant*, and eager not to give the credit to the Marxists, the role of *Militant* was deliberately underplayed and that of the Scottish National Party



given prominence. In effect the SNP have played a minimal role in the Scottish resistance to the tax, with very little forces on the ground.

In England and Wales, however, the capitalists were compelled to adopt a different position. There was no English equivalent of the SNP. Moreover, Tory strategists were eager to play the 'red card'. Baker and Tory Central Office planned for months to denigrate and slander *Militant* and thereby the non-payment campaign. Baker's right-hand man was Dr Julian Lewis, a Tory 'entrant' into Newham North East Labour Party in the mid-1970s, the infamous defender of Reg Prentice who subsequently joined the Tory Party.

Lewis, it seems, had been in America studying the 'dirty tricks' methods of the Republican Party. However, when these methods were deployed in March they completely rebounded on Baker. The attempt to picture *Militant* as the 'orchestrators' of violence cut no ice with the mass of the population. While understanding the legitimate anger of protestors, some of them youth embittered at what they had suffered under Thatcher, *Militant* pointed out that throwing a brick through a town hall window, attacking the police or looting the shops of small shopkeepers, who are also groaning under the weight of the poll tax, will not stop its implementation. Only a mass civil disobedience campaign would stop the tax and with it Thatcher.

The hired scribblers in the service of the ruling class such as Robert Harris can barely conceal their venom against *Militant* supporters, whom he describes as 'insufferable young leaders'. But he concedes that, "in the past the government was able to enact anti-left measures — against the trade unions for example — because they had widespread public support. But the poll tax is different. It does not have the consent of the governed... it has created what Trotsky would have diagnosed as the classic pre-revolutionary phase. Elements of the petty bourgeoisie, hitherto Mrs Thatcher's strongest supporters, believing their incomes and savings to be under threat, have allied themselves with the dissatisfied working class."

The laws of revolution and counter-revolution are foreign to the superficial Harris. It is wrong to describe the position in Britain as 'a classic pre-revolutionary phase. Nevertheless, the fundamentals of his analysis are correct and were predicted by *Militant*. He also correctly writes: "I doubt whether the ordinary voter watching the violence on television says, 'Look at all those horrible communists, Mabel. We must vote for Mrs. Thatcher as the only person who can deliver us from these ruffians.' The voter is more likely to say 'Look at the latest bloody mess that woman has landed us in. Everyone told her this was going to happen, but she thought she knew better, as usual'."

London, March 31: one of the largest demonstrations ever.

Tory strategists were eager to play the 'red card'

Rather than undermining support for *Militant*, the Tories' attacks have exactly the opposite effect. Such is the deep loathing for the poll tax, of workers but also of sections of the middle class, that those organising resistance to its implementation have gained enormously in their eyes. A *Sunday Correspondent* poll on 25 March showed that 7.8 million, even before the bills had arrived, intended not to pay. This would not have been possible without the magnificent resistance of the Scottish working class. The scale of the Scottish resistance has seeped through to the population of England and Wales by a thousand different channels. The marvellous Scottish campaign, and the priceless weapon of an organisation that would co-ordinate the resistance, has had a decisive effect on the mood of millions.

This achievement is all the greater given the ferocious opposition of the labour and trade union leaders and the perjured Tory press. In action the Scottish Federation has demonstrated that it is possible to resist the forces of the state in seizing goods for non-payment of the tax. This has proved, as Tony Benn has now belatedly recognised, that in England and Wales only the use of massive state forces could guarantee the imposition of the poll tax. But for the government this would make a desperate position absolutely catastrophic. It would prepare the ground not just for mass civil disobedience but also for industrial action which could assume general strike proportions. When ten million people say 'No' it is impossible to cow them into submission.

The poll tax has also become a lightning conductor for the accumulated bitterness at 11 years of Thatcherism. Thatcher's 'property-owning democracy' has become a nightmare for millions. As mortgage rates soar, hundreds of thousands are in arrears and house repossessions are spiralling. One houseowner, a solicitor's receptionist, angrily declared to the *Financial Times* "we've all be conned... I've no intention of buying again if I do sell up." The attacks on the health service have completely alienated even former Tory voters.

More than 500,000 families are facing severe financial difficulties. At least 200,000 households are in serious arrears with loan repayments. Overall, one in nine households are struggling to make ends meet with debts worth £2.9 billion, 2.4 million out of 21 million families in the UK. The much vaunted 'prosperity' of the Thatcher years — only a reality for a few — has floated on a sea of debt. Last year bank and building society lending totalled a colossal £90 billion.

However, refugees from home ownership will find little comfort in the rented sector. A Labour Party survey of 100 local authorities' rents showed an average rise of 10% and a

colossal 54% in parts of southern England. In Gloucester rents have risen by 35%, in Salisbury and Reigate 39%, in Cheltenham 29%, and in Merton 44%. The poll tax is just the last imposition, and not necessarily the largest.

These factors resulted in the huge electoral swing in the Mid-Staffordshire by-election, the biggest by-election upset since 1935, and in recent opinion polls. The *Daily Telegraph* Gallup poll on April 6 gave Labour a 24% lead over the Tories, its biggest ever. Thatcher has the lowest personal rating of any prime minister since polling began in 1938. Professor Anthony King commented that "Labour is benefitting and the government suffering from the fact that scepticism is widespread and growing about the alleged 'economic miracle' of the past decade... around half the electorate — 51% — believe that there has not been such a miracle; only 37% think there has been." The Tories have attempted to dismiss their position as 'mid-term blues'. Yet no government has recovered from so far behind to win the next election.

If the polls were to be repeated in a general election the Tories would suffer an electoral massacre. Thatcher's Finchley seat would fall on a swing of 11.1%. The Scottish Secretary, Malcolm Rifkind, the departing Welsh Secretary, Peter Walker, and the 'poll tax ministers' David Hunt and Christopher Chope, would all go. What an answer to the ingrained sceptics headed by Neil Kinnock's guru, Eric Hobsbawn, and *Marxism Today*, who a year ago were arguing that Labour could not win the next election.

Indeed the Labour Party leadership itself had given up the ghost, with Kinnock contemplating giving way to somebody else. The majority of the Parliamentary Labour Party, in desperation, had embraced proportional representation, and by implication a coalition with the 'centre' parties, as the only means of defeating Thatcher. These worthies argued that Labour's electoral base was 'shrinking', ie the working class and the Labour strongholds in the North, while that of the Tories, the middle class, the homeowners, the shareholders etc and the South was growing.

We characterised this, in the language of Marxism, as **impressionism**, mistaking the outward appearance on the surface of society as an expression of the underlying reality. We argued on the contrary that society was moving towards an enormous class polarisation which would shatter to its foundations the Tory Party and with it Thatcherism. This in turn would completely undermine the SDP and enormously weaken the Liberal Party.

Our contention that Tory supporters could pass over straight to the Labour Party was met with scarcely concealed mirth. Yet as poll analyst

Only the use
of massive
state forces
could
guarantee the
imposition of
the poll tax

Ivor Crewe now writes in *The Independent on Sunday*, 25 March, "not since 1945 have the middle classes of middle England been so ready to embrace the Labour Party." The SDP, the deserters from the Labour Party, face complete extinction. Owen graciously condescended to endorse Neil Kinnock in a general election – as an opinion poll in his own constituency showed Labour 26% ahead of the SDP! There is open speculation that Owen might stand down at the election rather than risk a heavy defeat.

Labour's front bench ascribe this swing to the new 'moderate' image of Labour. It is nothing of the kind. It is primarily a massive anti-Tory movement. Moreover the massive unpopularity of the poll tax has more to do with the mass campaign conducted by the anti-poll tax federations than Kinnock and the leadership of the Labour Party. History has demonstrated that only when the labour movement translates words into deeds can it draw behind its banner those sections of society who usually stand outside its orbit. The main factor in the massive Labour vote in Scotland in 1987 was the Caterpillar workers 'illegal' occupation, which represented the last possibility of maintaining an industrial manufacturing base for the Scottish economy. Bold action by the labour movement in turn drew support from the middle class and other sections not traditionally supporting Labour.

A similar victory resulted from the heroic stand of Liverpool city council from 1983-87. Neil Kinnock seems to think that slavish acceptance of patently unjust laws will draw the middle class and the more inert and politically uneducated workers to Labour. It is exactly the reverse. Of course the labour movement would accept those laws that prevent crime against ordinary people and their personal property. Yet not one of the rights that the working class possess today, the right to strike, freedom of assembly, to form unions, or a free press, would have been conceded unless the pioneers of the labour movement had not been prepared to break unjust laws.

Another 'legal' refuge for the Labour leaders is the argument that Labour in opposition must obey the law for fear that when the Tories are in opposition they will also break laws that they don't like. This argument is childish and betrays a complete ignorance of the real lessons of history. When have the ruling class ever allowed legal niceties or constitutions to stand in their way in seeking to overthrow not just laws but governments which threaten their vital interests? The legally elected government of Allende in Chile was brutally overthrown by a military coup in 1973. Faced with a similar situation the British ruling class would not hesitate to resort to similar measures.

If it is objected that such 'unconstitutional'



actions are possible abroad but not in 'democratic' Britain, then what about the 1914 Curragh mutiny? Then the British officer corps stationed in Ireland staged a mutiny, encouraged and supported by the Tory leader Bonar Law, effectively preventing the Liberal government granting Home Rule to Ireland.

'Yes, but this is all in the dim and distant past,' the right wing reformists will object. But the Labour government of 1964-70 introduced a variation of a wealth tax, the Corporation Bill, which amongst other things attempted to restrict the income of company directors. This was denounced in the City of London as a 'Bolshevik' measure. Such was the colossal pressure exerted by the handful of monopolists who control industry and the banks that the then Labour government introduced 134 amendments to neuter the Bill. The Labour leadership have a completely non-class approach, in effect a bourgeois conception of the law, which flies in the face of the historical experience of the labour movement. If a future Labour government introduced measures to benefit the working class and was met by Tory extra-Parliamentary resistance, then it would have to call upon the forces of the labour movement to ensure the implementation of those laws.

Neil Kinnock, at the Scottish Labour Party Conference, correctly stated that millions will not be able to pay the poll tax. He then went on to denounce those who were prepared to assist the poor in their resistance to such an unjust measure. But Kinnock's dismissal of *Militant* supporters as 'toy town revolutionaries' is not echoed by the serious strategists of capital. They well understand the vital role which

Lobby in Stroud. "Not since 1945 have the middle classes of middle England been so ready to embrace the Labour Party", Ivor Crewe, The Independent on Sunday.

The Economist magazine surveyed city economists on their views on a Labour government. "Do they tremble in their air-conditioned towers? NO, three fifths believe Labour would either be good for the economy or make no difference."

14 April 1990

Militant supporters have played. Hence the unprecedented explicit denunciation by the prime minister and the chairman of the Tory Party in the House of Commons. The attempt of both front benches to picture *Militant* supporters as 'alien', seeking to 'hi-jack' the anti-poll tax movement, has cut no ice with the mass of the population. Nor will Kinnock's attempts to once more engage in a witchhunt stop the advance of the anti-poll tax movement or the forces of Marxism.

Kinnock is not at all original in this respect. The TUC General Council banned the Unemployed Workers Movement in the 1930s but this did not prevent the mass hunger marches which had the overwhelming support of the working class. Marx wrote that 'once an idea grips the minds of the masses it becomes a material force.' Millions have decided that they are not going to pay. They have turned to those who have the strategy and tactics to ensure victory in this struggle. Black propaganda from the Tories, as well as denunciation from Labour's right, will be as effective as a dew-drop on a hot stove.

Is it possible however for Thatcher to escape? Maintaining the tax in place is a guarantee of electoral slaughter. Any concessions have always been 'too little and too late'. And rather than mollifying the opposition, the circle of discontent has been widened. The dilemma of the government has been summed up surprisingly by Norman Tebbit, not the most sensitive of political commentators. He bewailed the fact that the Tories now appear to be 'dogged' by the 'rottweiler syndrome'. Such is the adverse press for rottweilers, that if one were to jump into a river to save a drowning baby, it would be attacked for wanting to eat the baby! Thatcher will be damned if she does not give concessions but also if she does.

This does not mean that out of sheer desperation the Tories will not attempt to at least mollify the opposition of their own supporters to the tax. Thus Environment Minister Patten has 'capped' the poll tax levels of 20 Labour councils. This panicky measure, introduced at the behest of Thatcher with Patten himself reluctantly acquiescing, is a brazen act of political spite which will further rebound on the government. It has undermined the *raison d'être* of the poll tax, of 'local' as opposed to government control, and it will not result in huge financial gains to poll tax payers. It will however slash jobs and services in the 'capped' authorities, resulting in a 'Bradford situation', with the closure of schools, old peoples homes. Meals on Wheels etc. Given the mounting opposition in local government unions like NALGO to being put in the invidious position of acting as collectors of the hated tax, capping is a formula for further inflaming the situation.

Concessions, to have any effect, would have to be huge. One billion pounds extra expenditure would only reduce poll tax bills on average by £28 a year, if the local authorities do not spend the extra government grant. To have any effect, the government would have to inject £5 billion or more, probably next year, slashing the government's budget surplus. This would rule out tax concessions in the run up to the election. The predicted budget surplus in any case has fallen from £14 billion last year to £8 billion this year.

On top of this the Tories are faced with a recession this year with the inevitable rise in unemployment. As the last issue of the *MIR* pointed out, the economic prospects confronting British capitalism are calamitous. Such are the trends in the world economy, with the rise in interest rates in Germany, Japan and America, it is likely that interest rates will be jacked up once more. The value of the pound has dropped 5% since October. This, together with rises in fares, the poll tax, water rates etc will add to underlying inflation. In the past British capitalism plugged the massive deficit in manufacturing trade with the surplus earned on 'invisibles', that is banking, insurance and profits repatriated from investments abroad. Yet Britain had a deficit on 'invisible' trade in the fourth quarter of 1989!

The rout in Mid-Staffordshire was bad enough. It has not escaped commentators that the captain of the Titanic was born in the constituency! Yet even worse looms. The May local elections will further shatter the electoral base of the Tories. Loudly proclaiming itself as a 'unionist', that is, all-British party, the Tories have been reduced to near extinction in Scotland and are an endangered species in Wales. The North is largely foreign territory to them. And now they are under siege in the West Midlands and in the South. Against this background it is not excluded that Thatcher will be compelled to find an excuse to retire to Dulwich. Some bourgeois commentators are urging Thatcher to ditch the poll tax as a means of clinging to power. *The Times*, *The Financial Times*, *The Independent* and *Today* are all urging Thatcher to drop the poll tax.

Things have become desperate when Murdoch urges Thatcher to retreat! Yet, as we have pointed out, this will not save her. Consequently a growing Tory opposition has been searching for an alternative in the candidatures of Howe and Heseltine. The latter has been deliberately built up by a section of the press. Yet Heseltine is no liberal. He initiated the sale of council housing, fought CND and has urged a tighter implementation of the vagrancy laws to drive the homeless off the streets of London. Heseltine would seek to achieve the same goals as Thatcher only he would be prepared to bend

a little more when facing hostile winds.

The more far-sighted Tory strategists are seeking an escape route in a new leader, who would resort to what John Biffen called 'the social market economy.' This would involve a defence of capitalism, no less determined than Thatcher herself, but buttressed by increased spending on education and the infrastructure which is in any case in a disastrous state. They hope in this way to salvage something from the wreckage of the Tory Party. Yet a new leader would not guarantee victory for the Tories in a general election. The pendulum has swung too far in the opposite direction. Two thirds of those polled who have swung over from the Tories to Labour would not go back again.

If Howe was to replace Thatcher he would be a modern day equivalent of Douglas Hume who replaced MacMillan in 1963. This did not prevent a Labour victory in 1964, in an economic and social situation far more favourable to the Tories than the one which looms in two years time. If Heseltine were to become leader this also would not prevent a Labour victory. Possibly Heseltine is looking towards the aftermath of the next election. Probably he is not too keen to preside over a party heading for inevitable defeat. Far better, as the strategists of capital have undoubtedly concluded, to send the British working class back to the school of reformism, to the school of a Kinnock government.

Kinnock, John Smith, Cunningham and the rest of Labour's front bench have been busy demonstrating that they, as opposed to the labour movement, offer no fundamental threat to the existence of capitalism. They are the 'second XI' of capitalism, who can be put into bat when the wicket becomes a little bit sticky. Even *The Investors Chronicle* has given its seal of approval to Labour's front bench: "The old ideological battleground is, after all, defunct. The primacy of the market is now recognised in theory as well as practice." The *MIR* supports the election of a Labour government. But we want a socialist Labour government. The experience of Spain, Greece, France, Australia, and above all, Sweden, shows that a Labour government which remains within the framework of capitalism will be forced to carry through counter-reforms.

The only guarantee that a Labour government will carry through lasting measures in the interests of the working class is to take over the handful of monopolies which control 80% of industry and introduce a socialist plan of production. Failure to do so will inevitably result in retreats and disappointment for those who repose so much trust and faith in such a government. At a certain stage of a Labour government an inevitable recoil by the trade unions in particular will take place. The

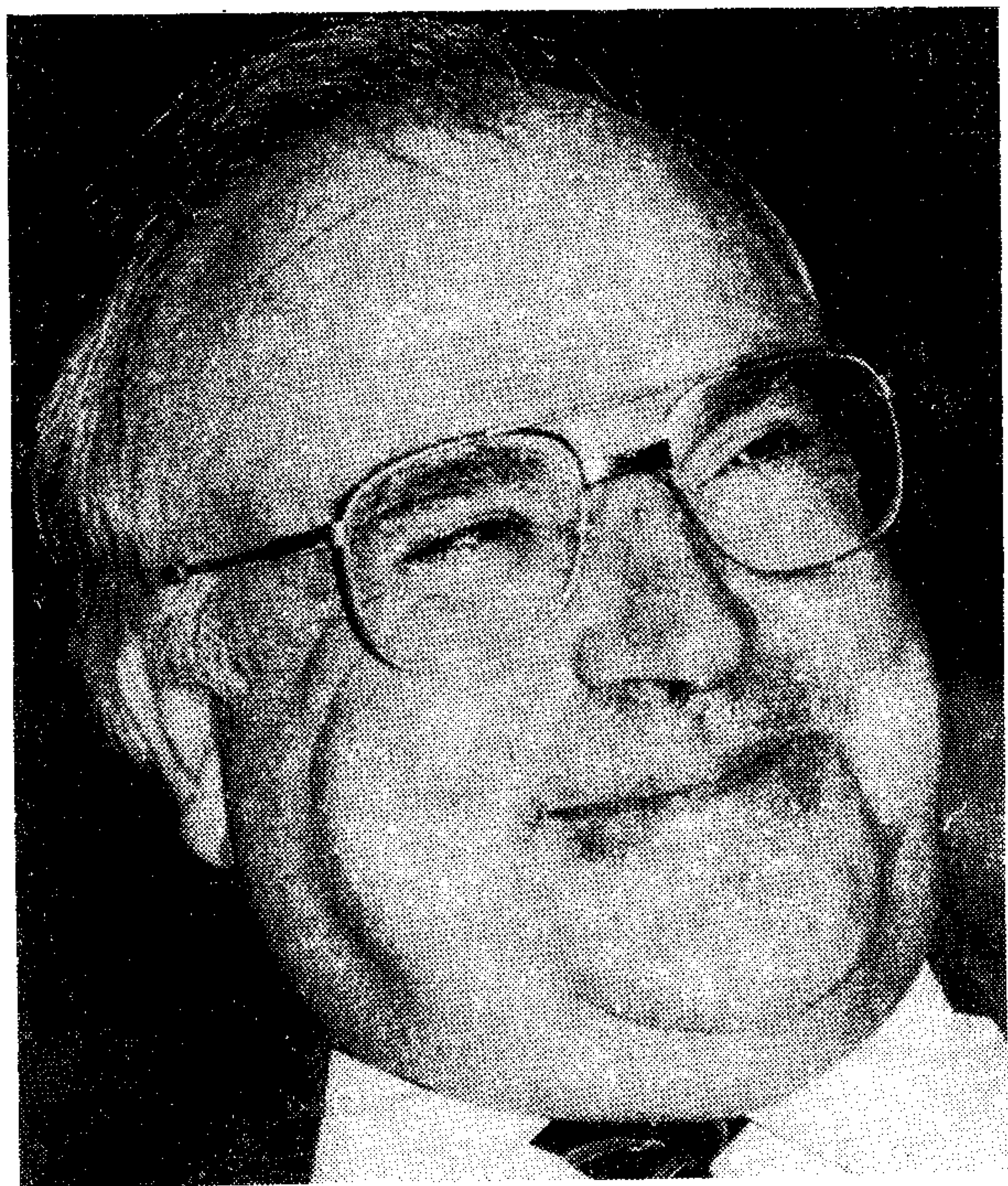


Swedish Social Democrats, held up as models for the British labour movement by the Kinnock leadership, have bent the knee to capital. They recently attempted to ban strikes and were met with a hurricane of opposition from below, particularly from the trade union rank and file. The Finance Minister, Feldt, was forced to resign. Those trade union leaders who went along with the anti-strike proposals are under pressure to resign and the ideas of Marxism are finding a ready audience in the factories and in the ranks of the Social Democracy.

Retreats by a Kinnock Labour government, after an initial delay of one or two years, will result in even greater turmoil in the British labour movement. All trends of opinion will be put to the test. This is what has already happened in the anti-poll tax movement. Only the Marxists, the supporters of *Militant*, were prepared to go to the end with the working class in the struggle to defeat this tax. It is this which has earned them a spectacular increase in support and influence. The attacks of the capitalist press, rather than undermining *Militant*, has buoyed up its support. The threats of a witch-hunt, and the actual expulsions of some of the best class fighters in the labour movement, have not gone unnoticed by the mass of ordinary workers engaged in this battle. But this has done nothing to undermine support for *Militant*. The poll tax is one of, if not the decisive battle we have seen in Britain in the last decade. On the basis of the strategy and tactics advanced by the *Militant*, it has every prospect of victory, not just over the tax but over Thatcher and the Tory government itself.

Militant has supplied the political backbone to the anti-poll tax struggle.

German unification: capitalism triumphant?



Lynn Walsh argues that, in the absence of a clear alternative, the collapse of East Germany's Stalinist regime, combined with the overwhelming impression of prosperity in West Germany, undermined the movement towards the political revolution begun by last year's mass demonstrations. What are the prospects now?

ON 18 MARCH, the CDU-dominated Conservative Alliance won an overwhelming victory in the East German elections. The scale surprised even the most optimistic capitalist commentators. Forty-eight per cent of voters, including almost two-thirds of workers, voted for Kohl's allies in the East.

This was a vote for unification, but unification in the form of immediate *anschluss*, or annexation, by West German capitalism. How could it happen that decisive moves towards counter-revolution, the replacement of the nationalised, planned economy (grotesquely distorted, it is true, by Stalinist bureaucracy) by the domination of Western banks and monopolies could receive such overwhelming endorsement in free elections?

Only last year, between 9 October and 9 November, mass demonstrations in Leipzig, Dresden, East Berlin and other cities brought down the Honecker regime. The movement was triggered by the opening of the Hungarian-Austrian border, which provided the first 'opening' in the Wall, undermining one of the regime's vital supports. At the same time, Gorbachev disavowed support for Honecker and the old guard leaders of the ruling Communist Party, the SED.

Hundreds of thousands of students, youth, and workers sang the *Internationale* on the streets. There was a spontaneous demand for the purging of bureaucrats and a radical democratisation of society. The outline of the political revolution could be seen on the streets and in the factories.

Tragically, however, the absence of a conscious Marxist party capable of giving the movement clear aims allowed the movement to be diverted. After the opening of the Wall on 9 November, the call for unification came to the fore. This was not an upsurge of nationalism. Merger with West German capitalism was seen as the best escape route from the blind alley of Stalinism and the quickest path to the high living standards prevailing in the Federal Republic.

Such a rapid turn of events can not be understood apart from the international situation. There is a general crisis in Stalinism, which has exhausted its ability to develop the planned economy. At the same time, the growth of the world economy since 1981 (a distorted, one-sided boom drawing on the fat accumulated in the long postwar upswing) has boosted the attractive power of the market economy, ie capitalism, especially among workers living under the grey austerity of Stalinism.

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East Germany, moreover, is a special case among the East European states. Bordering on Europe's richest capitalist economy, with which until 1945 it formed a single nation state, the GDR inevitably came under the pressure of West German capitalism, which has always harboured a desire to reclaim its territory in the East. The collapse of East German Stalinism and the bankruptcy of the GDR's reformist parties provided the leaders of German capitalism with an historic opportunity — which was seized by Kohl. From the start, the East German elections became a proxy battle ground for the West German parties. The resulting grand coalition, composed of the CDU, SPD and Free Democrats (the surrogates of the West German parties) will enable the Bonn government to proceed with the dissolution of the GDR and the integration of the reconstituted Eastern Laender into the Federal Republic on the CDU's terms.

Monetary Union will be pushed through, probably by the end of the Summer, clearing the way for the beginning of privatisation of state firms and the introduction of the capitalist market. The 'Four-plus-Two' talks between the allied powers and the two German states, due to start in May, will pave the way for full unification.

The triumphal mood of the West German capitalists, however, is tempered by caution on the part of serious commentators. Congratulating Kohl on his 'famous victory', the *Financial Times* warned: "The path ahead is unlikely to be strewn with roses." Election victories do not provide magical solutions for economic and

social problems. While a majority have swung to the CDU at the moment, the working class will not passively accept capitalist measures which threaten their interests. Nor will German unification prove to be an unmixed blessing for world capitalism.

KOHL WAS PUSHED into action on reunification much quicker than he or the strategists of capital originally intended. Poehl, for example, the head of the Bundesbank, envisaged unification over five to eight years. Kohl was forced to act by the mass exodus which threatened to destabilise both the GDR and the Federal Republic.

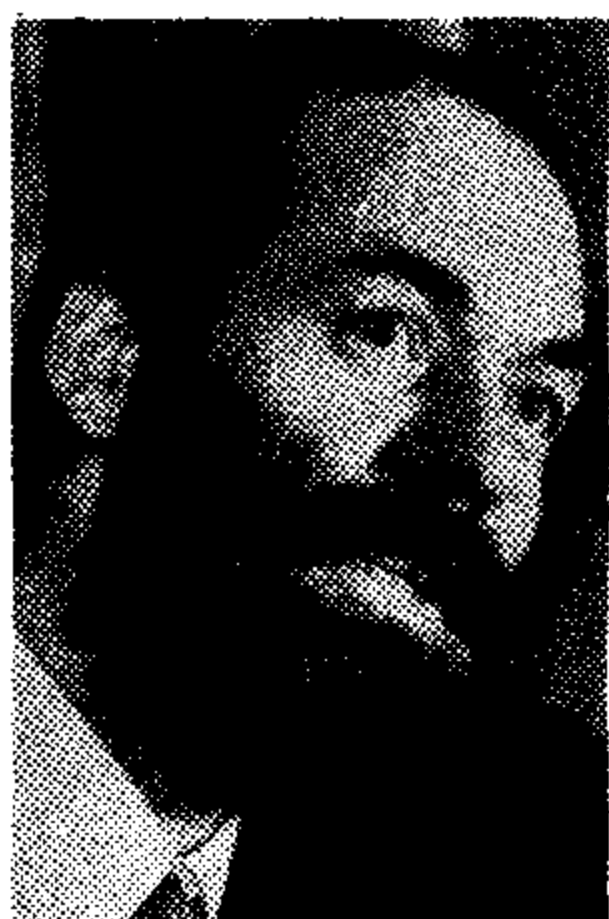
In 1989, over 300,000 East Germans arrived in West Germany. This was in addition to a further 300,000 from the USSR and Eastern Europe, mainly from Poland. Moreover, the Bonn government estimated that another 2m East Germans were sitting 'with suitcases packed'. While the initial wave of youthful migrants supplied much needed labour in some sectors of the economy, a floodtide threatened to produce explosive social tensions and a political backlash for the CDU government. In 1990, East Germans were still leaving at the rate of 2,000 a day, another 100,000 by mid-February.

Western leaders feared that a sudden collapse of the GDR regime could produce another explosion like Romania. In the British parliament, the Tory Minister David Howell warned that an uncontrolled exodus could mean "a vortex of chaos... a black hole which could be full of dangers." (22 February)

An anti-Stasi demonstration in East Berlin.



Bundesbank president Poehl.



**SPD-East leader
Markus Meckle.**

Kohl decided to make a virtue of necessity. In February he put forward a ten-point plan for rapid monetary union and reunification under Article 23 of the FGR's Basic Law, which allows new Laender (states, like the Saarland in 1957) to join the Federal Republic.

Kohl awakened to the political advantage of presenting himself as the 'Unity Chancellor' in next December's FGR elections. At the same time, the expansionist aims of German capitalism, held in check by the postwar political settlement which denied the FGR the full political fruits of its economic power, began to reassert themselves. Unification, said Karl Hahn, boss of Volkswagen, was "an unimaginable gift of fate."

At the start of the campaign, it seemed likely that the SPD (East) would emerge as the biggest single party. As it developed, the election became a referendum on the issue of rapid unification — and Kohl was determined to be the highest bidder. At Cottbus, a few days before polling, Kohl announced: "We want savers to know that when the change in the currency comes, it will be at one-to-one for them." This carefully left open what the ceiling on one-to-one conversion would be. But as the West German SPD leader, Lafontaine, said: "They had the impression that if they voted for Kohl, then the money would flow."

Kohl also reassured East Germans that "The passage to a market economy is no cause for fear, since the market order and social security are inseparable in our way of thinking." Throughout the campaign, the CDU in the East stressed the social aspect of the market economy. "Even a party of the right contending for East German votes," commented the *Wall Street Journal* (13 March), "is not prepared to renounce totally the country's socialist past."

Kohl addressed six massive rallies which were bigger than the SPD's. Even the editor of the Conservative West German newspaper *Die Welt* was amazed at the remarkable transformation of the 'sometimes bumbling, often stumbling, forever mumbling' politician into a popular hero. Kohl may lack charisma, but "He was the leader of a government which had given its citizens one of the highest standards of living in the world." (*Financial Times*, 20 March) Given the crumbling of the GDR's rotten Stalinist regime and the collapse of the economy, a big section of the electorate saw unification as the only road to higher living standards.

"We now realise that the GDR's economy is really rotten — and everybody deceived us about it," said a young crane driver (*Wall Street Journal*, 19 March). He had voted CDU "because it's the party that will make unification happen as quickly as possible." "What would you prefer? A long, agonising death, or a quick end? I prefer the latter," commented a bureaucrat.

At Kohl's Magdeburg rally, one man said: "We have had 40 years of socialism (ie Stalinism). We have had enough. Helmut is our man." (*Sunday Times*, 11 March) At the start of the campaign, about 40% of the electorate were undecided. The Conservative Alliance (the CDU plus the German Social Union and the Democratic Awakening) won the support of most of these 'floating voters'.

In the South especially, in Thuringia, Saxony, Sachsen-Anhalt (SPD strongholds before the Nazi regime), the workers turned out for Kohl. The electoral districts of Dresden, Erfurt, Gera, Suhl and Karl-Marx-Stadt all recorded votes for the Alliance of about 60 per cent, with less than 20 per cent for the SPD and less than 15 per cent for the PDS. According to one survey, 58 per cent of workers throughout the country voted for the Alliance. After four decades of grey, oppressive, bureaucratic 'socialism', the workers delivered their verdict on the basis of the system's dismal practical results. Industrial workers in the South have experienced even worse conditions than in Berlin and the Northern cities.

What happened to the SPD? "No doubt we are the biggest losers in this election," admitted Markus Meckle, the SPD (East) leader. But the SPD lost, gaining 21.84% of the vote, because its leaders offered no real alternative to the CDU. From its formation last year, the Social Democratic Party (Sozialdemokratische Partei), although trying to distinguish itself from the SPD (Sozialdemokratische Partei Deutschlands), adopted a pro-capitalist position. Rapidly, however, the party in the East became a client of its rich Western patron, changing its name to SPD. They supported unification on a capitalist basis, but advocated a slower route, using Article 146 of the FGR's Basic Law, which would mean unification under a new constitution. So, while Kohl offered the fast track, the SPD appeared as the party of 'ifs' and 'buts'.

Until very recently, the SPD in the West opposed reunification. Brandt, Schmidt, and other SPD leaders have never called for unification on a socialist basis. On the contrary, over many years the leadership pursued a policy of rapprochement with the Stalinist regime, and SPD leaders established close ties with Honecker and other discredited CP (SED) leaders. The SPD nevertheless drew support from many who feared that unification and the market would undermine the GDR's social welfare network, though some support appears to have been lost back to the PDS, the renamed Communist Party.

"This was a victory for the bloc parties," ruefully commented Willy Brandt, the former SPD Chancellor who spoke at big rallies in the East. The CDU (East) had long been a stooge of the SED in the Stalinist 'coalition' government.

Wolfgang Schnur, leader of the Democratic Awakening, was forced to resign after his links with the Stasi were revealed. When Lothar de Maiziere became head of the CDU last November, he replaced Gerald Goetting, who is now awaiting trial on charges of corruption. Yet the sordid past of the Conservative leaders in the East has been like a little speck of effluent swept away by the political tide. Voters overwhelmingly voted on the basis of the parties' current proposals for the immediate future, not on an assessment of their past record.

Mass revulsion against Stalinism, which has poisoned the popular conception of socialism, meant that the SPD suffered from what Willy Brandt described as "unfair comparisons between communism (ie Stalinism) and social democracy." (*Financial Times*, 19 March) The Conservative Alliance played on widespread fears that the SPD might provide a means for the SED leaders to find a way back to power. The CDU took a lion's share of the estimated DM20 million which was reportedly funnelled into the election campaign. (*Wall Street Journal*, 19 March) Almost daily, their propaganda machine produced anonymous leaflets alleging that the SPD was dominated by former communists. "A lot of communists threw their Little Red Book away and joined the SPD, hoping to save their privileged position," a middle-aged man from Bitterfeld said. "I am frightened they will just form a coalition with the communists and it will be the same mess all over again. I am voting Christian Democrat so it doesn't happen." (*Sunday Times*, 11 March)

Alliance 90 (Bundis 90), the left coalition made up of New Forum, Democracy Now, and Initiative for Peace and Human Rights, received a mere 2.9 per cent of the votes. The New Forum leaders were unceremoniously pushed aside by the surrogates of the main West German parties. While Havel is president in Prague and Kuron, Minister of Labour in Warsaw, the intellectuals who were projected into the limelight by last year's mass demonstrations have been dropped back into obscurity.

Jan Peter, editor of Leipzig's *The Other Paper*, nostalgically recalled the heady days of the mass demonstrations, "when we thought we could have a separate democratic, but socialist, state here." (*Correspondent*, 18 February) The writers, artists, and intellectuals who had in many cases courageously opposed the Honecker regime were incapable of giving direction to the movement. Lublich Mehlhorn admitted that, "When the communists fell, there was a power vacuum. We were unable to fill it, so the West Germans stepped in." (*Independent*, 17 March) They called for an 'alternative' socialist society, but they had no understanding of the character of the bureaucracy, which is a ruling elite, a social strata based on material privilege.

The New Forum called vaguely for democratisation. Some believed that they could replace Stalinism by a 'user-friendly' form of socialism without the overthrow of the bureaucracy. Many of the leading supporters of the New Forum, however, while they claimed to defend socialism, actually supported the introduction of the market. Now, the intellectuals blame the workers for the derailing of the revolution. "It's the triumph of money over ideology," commented the East German novelist, Thomas Brasch. "The people in East Germany rose up — and went to Woolworths." Another, Rainer Pietsch, said: "As soon as the border was open, the revolution was over. People went over to West Germany and were spell-bound. It was no longer 'We are the people', but 'We are one people'. Unification suddenly appeared to be the answer to their dreams." But the revolution took this direction because of the weakness of the subjective factor, the political consciousness of the working class, and the absence of a party based on Marxism. The leaders of New Forum, while blaming the workers, have confessed their own political bankruptcy. There was no party capable of putting forward the programme of workers' democracy, of fighting for the perspective of the political revolution, or of raising the call for the socialist unification of Germany.

The political revolution which began in the mass demonstrations last year has therefore suffered a severe setback. The workers and youth rose up against the totalitarian regime of Honecker. The regime was toppled, and through the intervention of the workers from below, the Stasi was disbanded and corruption exposed and rooted out. The workers formed committees in the factories and began to move to take democratic control into their own hands.

But in the absence of a clear alternative, the collapse of the Stalinist regime combined with the overwhelming impression of prosperity in West Germany undermined the movement towards the political revolution. The spontaneous mass initiative on the streets dissipated. With the rapid move towards elections in the East, the movement was diverted to the electoral plane. The majority of workers, desperate to find a way out of the Stalinist blind alley and despite skepticism among some more conscious layers, then began to look towards the West German parties in the hope that they could accelerate progress towards West German levels of prosperity.

The party which ruled over the GDR and defended its 'socialist' achievements, the Communist Party, formerly called the Socialist Unity Party (SED) and now renamed the Party of Democratic Socialism, gained a mere 16.33 per cent of the votes. True, this was more than the



Willy Brandt
and Oscar
Lafontaine.



Gregor Gysi.

predicted 12 per cent! Its highest vote was in East Berlin, where it received 29.97 per cent of the votes, coming second to the SPD, which received 34.95 per cent (the CDU and allies received only 21.62 per cent in East Berlin). In Berlin, especially, which is the centre of a massive bureaucratic apparatus, the PDS's vote reflected the loyalty of a large section of the state and party bureaucracy, as well as continued support from intellectuals whose positions depend on the nationalised economy and government institutions. A small section of workers voted for the PDS, seeing it as the best defence against the privatisation of industry and the dismantling of welfare provision. Nevertheless, such a vote is a monumental condemnation of the Stalinists' record.

The new leadership under Gysi are now presenting themselves as ready to play the role of a loyal opposition under a capitalist government. But for forty years they lived privileged lives on the backs of the workers. Their bureaucratic methods discredit the idea of socialism. In the last analysis, it was the Stalinist leaders who delivered the East German workers — for the moment — into the hands of the West German parties of capitalism.

CAN UNIFICATION, IN any way, be considered a step forward from the standpoint of the working class? After all, Mark and Engels hailed German unification under Bismarck as an advance. Bismarck acted as a Bonapartist, leaning for support on the reactionary Junker landlords. Nevertheless, his measures demolished many of the feudal remnants, clearing the ground for the development of capitalism. This meant, in turn, the growth of an industrial proletariat, creating more favourable conditions for the struggle for socialism.

Unification under Kohl, however, is a backward step. Marxists support the right to self-determination. But self-determination cannot be separated from the contending class forces involved. By whom is unification being carried out? In whose interests? And what consequences will follow for the working class? Unification is not a transcendental good which allows these questions to be ignored.

Writing in 1939 (with reference to the Ukraine), Leon Trotsky said: "The right of national self-determination is, of course, a democratic and not a Socialist principle. But genuinely democratic principles are supported and realised in our era only by the revolutionary proletariat; it is for this very reason that they are interlaced with socialist tasks." (Trotsky, *Writings 1939-40*, p45)

Earlier, with regard to the Saar, Trotsky sharply criticised the leaders of the German CP, who initially advocated a 'yes' vote over reunification with Germany. After the First World

War, this German area was placed under the League of Nations, with France controlling the coal mines as a form of war reparations. Its future was to be decided by a referendum fixed for 1935. By then, however, the Nazis had come to power, and the call for the return of the Saar was a prominent nationalistic plank in Hitler's demagogic programme.

"To rally to Hitlerite Germany in practice, ie through the referendum," wrote Trotsky, "means, theoretically speaking, to put national mystification above the class interest and psychologically to conduct a really cur-like policy. Naturally, only traitors can demand annexation at present, for that means to sacrifice the most concrete and vital question of the German workers in the Saar territory to the abstract, national factor." (*Writings 1933-34*, p135)

The present Federal Republic is not, of course, a fascist state like Hitler's; the working class still possesses democratic rights. Nevertheless, unification under the present circumstances will be through capitalist counter-revolution, even if it takes a democratic form, with parliamentary and trade union rights being spread to the East. It will entail the replacement of the nationalised, planned economy of East Germany by the domination of the big banks and monopolies and the anarchy of the market. This will be an historical regression. The planned economy, despite Stalinism, still represents an advance over capitalism. Planned production, under democratic management, remains the only means by which the proletariat can take control of society into its own hands.

In recent years, the bureaucracy has squandered the gains of the planned economy. The advantages of the plan over the market system, particularly in comparison to West Germany, appear to have been largely cancelled out. An assessment of the current results of planning, that is, the actual economic record of the bureaucracy, is obviously of decisive importance to the workers living under a Stalinist regime. But this is not the same thing as evaluating the historical potential of the underlying property relations and mode of production.

Unification would be progressive only if it extended the planned economy, with the addition of workers' democracy, to the whole of Germany. This would require a combination of the political revolution in the East and social revolution in the West. In the GDR, the bureaucracy would be replaced by the democratic rule of the working class. In the FRG, a fundamental transformation of property relations would be required, replacing capitalism with a planned economy, under democratic management and control. The combined resources of East and West Germany would then provide the basis for unparalleled social progress. The creative power of the working class would be

tapped as never before. Such a transformation, moreover, would not be confined to a unified Germany, but would spill over into both the capitalist West and the Stalinist East.

Therefore, Marxists stand for the socialist unification of Germany by the working class. Unification by the capitalist class, even under the democratic conditions which exist now, will inevitably have reactionary consequences for the proletariat.

Today, the GDR's planned economy is portrayed as a totally negative phenomenon, not only by capitalist commentators but also by the demoralised Stalinist leaders. The top bureaucrats themselves lost confidence in their ability to run society on the basis of planning. For example, before 18 March, the boss of Mikroelektronik, one of the most modern state firms, said he favoured unification and the market (capitalism) rather than the 'chaos of uncertainty.' After the results, the boss of Robotron, the largest electronics combine, welcomed the majority of the CDU. "We (the Robotron management) believe this is the most favourable result the Kombinate could have hoped for." (*Financial Times*, 20 March) For the workers, as the Mikroelektronik boss admitted, the market would mean "inevitable social hardship." The bureaucrats, on the other hand, could afford to take a more positive view because many of them had already fixed up jobs for themselves with big West German companies. Reporting on the Leipzig trade fair, the *Financial Times* (12 March) noticed many "old faces wearing new masks."

But in spite of the bureaucracy, the plan, for two or three decades, did mean social progress. Up to the early 1970s, the foundations of a modern, industrial economy were laid. Industrial production grew seven-fold between 1950 and 1975 (71% between 1961-70 and 38% between 1971-75). "By the mid-1970s," writes Martin McCauley, in *The GDR since 1945*, "the GDR was a modern, industrial society. The dominance of industry, the rise in the level of skill and expertise of the labour force, especially the growth in the number of university and technical college graduates, heralded a future in which more and more could be expected from scientific-technical progress."

Even with workers' living standards, which cannot be measured by a single yardstick, there were significant gains. Employment was guaranteed for workers, including the vast majority of women. Rents were low, taking less than five per cent of average income. Comprehensive child care and nursery education were developed, and even the capitalist commentators are forced to acknowledge the quality and scope of the GDR's welfare services, though they have deteriorated recently.

However, workers' appreciation of these

gains have been offset in recent years by the short supply and especially the poor quality of consumer goods. This was glaringly highlighted by the contrast with the seeming abundance of all the latest consumer goods in West Germany. Material frustrations were sharpened by the lack of progress towards the more egalitarian, democratic society continually promised by the bureaucracy. The greyness, the stultifying conformity, and the hopelessness of 'real existing socialism' brought deeper and deeper alienation from the Stalinist system.

Underlying the falling back in the field of consumer goods and services was the slowdown in economic growth. The bureaucracy could take the nationalised economy only so far. It was able to build up heavy industry and mass production units. But it cannot cope with advanced technology and more sophisticated modern processes. Only workers' democracy — lethal to the bureaucrats — could provide the necessary methods of management and control.

The opening of the Wall on 9 November, which mega-amplified the siren call of the West's opulent consumer market, coincided with full exposure of the rottenness of the bureaucracy. The economic position was even worse than it had at first appeared. The regime had to some extent put off the crisis by ever increasing foreign loans, which now absorb about half of the GDR's hard currency export earnings to capitalist countries. Workers were stunned by the depth of the privilege and corruption of the top bureaucrats, previously largely concealed. Top party leaders enjoyed the same exclusive hunting lodges used by top Nazis up to 1944. Others accumulated hard currency fortunes in foreign bank accounts. The grotesque scale of surveillance by the Stasi, used to secure the power and privilege of the bureaucracy, was also revealed. Almost 200,000 people, or more than one in a hundred of the population, were allegedly either full-time Stasi employees or informers on their neighbours or fellow workers.

Events last October-November shattered what remained of the workers' support for the Stalinist counterfeit of socialism. Moreover, fear of the state evaporated on the streets as the youth and workers increasingly felt their own power. But the absence of a genuine Marxist alternative has allowed a profound swing towards the idea of the 'market economy' (in reality, capitalism) as the answer to the workers' problems. This is undoubtedly based on profound illusions in capitalism. Nevertheless, when illusions hold sway over millions, they become a material factor in the situation. They have gained a hold because of the extreme weakness of the subjective factor, the absence of the genuine ideas of Marxism.

The current illusions in capitalism, however,



Car production
in East
Germany.



FGR Finance
minister
Waigel.

have their material roots in the present international conjuncture, which is temporary. The slow decay and recent sudden collapse of the Stalinist regimes has coincided with an apparent re-invigoration of capitalism. The post-war economic upswing since 1945 has made the Federal Republic into the most powerful European economy, rivalling Japan and catching up with the United States. The boom since 1981 is still continuing, particularly in the case of West Germany. Growth is now slowing down in the United States and Britain, and the world boom will exhaust itself in the next few years. The West German economy will not be immune to the crisis now being prepared in the world economy. Nevertheless, for the time being, it appears that West German capitalism is thriving. This has had a powerful effect on the consciousness of East German workers.

IMMEDIATE UNIFICATION THROUGH *anschluss* currently appears to be the quickest route to higher living standards. Underlying fears about unemployment and social welfare have been cast aside for Kohl's more optimistic promises. But in the coming months and years, the promises of the election campaign will be put to the test.

All serious commentators, West and East alike, agree that millions of jobs will be wiped out. "Unemployment in East Germany — currently estimated at about 70,000 — is likely to rise substantially as the country's moribund and inefficient companies are exposed to the full force of competition." (*Financial Times*, 20 March) Voigt, head of the GDR's IFA car group, warned that 60 to 70% of its work force could lose their jobs. Joachim Lezock, head of Kombinat Schuhe, the state shoe combine, predicted at the recent Leipzig trade fair that there would be 4 to 5 million unemployed during the 'transition' to economic union with the FGR. He pointed out that the GDR's state retail organisations were already switching to West German products, and the Kombinat workers were 'holding regular demonstrations'. (*Financial Times*, 14 March)

The conversion of wage rates to DM at one-to-one or even at one-to-two might raise the East German workers' income levels. But big business wants to invest in the East to exploit the cheap, but relatively skilled, labour; and "given the relatively low productivity levels of East Germany, a West German standard of living for some is all too likely to mean unemployment for many others." (*Financial Times*, 17 March) High unemployment in the East will be used by the capitalists to hold down pay levels in both the East and the West.

During the election campaign, Kohl promised that the social provisions would be protected after unification. The Federal government has

promised subsidies for pensions and unemployment pay. But to what extent, and for how long? Shortly after the elections, Hahn, the boss of Volkswagen, warned against "ambitious East German demands for a social charter protecting socialist ideas for guaranteed work and housing, factory nurseries and canteens." (*Wall Street Journal*, 22 March)

The escape route to the West, meanwhile, will be increasingly closed off. Immediately after the East German election results, a number of cities and states began to stop welfare support to migrants from the East. "When the temporary camps are shut down," announced the Mayor of Hannover, "it will become clear that resettlers are to be treated like homeless persons. They have to return to where they came from." (*Wall Street Journal*, 21 March) The evangelists of freedom who previously denounced the Berlin Wall, are now quite prepared to use administrative and economic 'walls' to force workers back to the East. Bremen is turning East Germans away, while the Saarland has stopped all welfare support. Shamefully, Lafontaine, the SPD leader, has led the chorus demanding measures against East German workers migrating to the West.

When the realities of capitalism hit them, the workers who moved to bring down the Honecker dictatorship will be forced to move into action again to defend their interests. Millions of workers will come to regret their support for capitalist *anschluss*. Even the *Financial Times* (10 March) soberly warned: "The likelihood that unemployment, rents, prices and social disruption will all increase in East Germany will make unification increasingly unpopular."

Already, the Federal government is retreating on Kohl's promise of one-to-one conversion of East Marks to Deutsche Marks. Within hours of the election results, the Bundesbank president, Poehl, was warning that 1:1 conversion would be limited to savings of 2,000 East Marks. The FGR Finance Minister, Waigel, bluntly stated that the 1:1 conversion could not apply to wages and pensions. "We must not burden the corporate sector," he said (*Financial Times*, 29 March), "with too many difficulties as it tries to make a start in the market economy."

Signs of a retreat on 1:1 conversion provoked angry mass protests in the East. Over 100,000 turned out in East Berlin and elsewhere in demonstrations called by the trade unions, coinciding with the opening session of the newly elected parliament. In the face of this upsurge, and with protests too from the East German parties, the Bonn government made conciliatory statements. It now seems likely that savings up to at least 4,000 East Marks as well as pensions and wages will be converted at 1:1. Prices will rise rapidly, however, and high unemployment is likely to depress wage levels. Public-

sector debts will be converted at 2:1, effectively writing off half the GDR's domestic debts — thus reducing the cost of privatisation.

Kohl urged the CDU leader in the East, de Maiziere, to form a 'grand coalition' including the social democrats. This was "to spread the risks likely to stem from unpopular economic measures, such as cuts in subsidies." (*Financial Times*, 20 March) Initially, the SPD leaders refused the poisoned-chalice. After playing hard to get for several days, however, they joined the new government.

But does the success of the CDU mean that the East will now be an assured bastion of support for the Christian Democrats? The pro-unification vote, as the *Financial Times* commented (19 March), "almost certainly overstates the true level of support in East Germany for the mainstream conservative groupings." Similarly, the *Wall Street Journal* said (20 March): "It is quite possible, of course, that the East Germans who voted for the conservatives this time, may later list leftward again."

Winning the elections is likely to be the easiest step for Kohl. The West German capitalists are far from having ready-made solutions to all the problems now facing them. The underlying uncertainty was shown in the response of financial markets to the election results. The stock exchange rose, reflecting optimism about investment and profits in the East. The bond market, however, which reflects the prospects for government finances, went down, revealing investors' fears about higher state expenditure and the danger of inflation.

Prior to the elections, the banks and big business were poised for investment in the East. East Germany is seen, not only as a field of investment in its own right, but as a bridge to the market of Eastern Europe (140 million) and the USSR (280 million) — "a type of mega-market without parallel," as VW boss, Hahn, put it. (*Financial Times*, 23 January) Hahn said that the joint development of car production in the East between VW and the state-owned IFA would require DM5 bn investment over the next few years, most of which VW would find from its own cash reserves and profits. A spokesman of the Federation of German Stock Exchanges (*Wall Street Journal*, 20 February), said that "estimates indicate that amounts of up to DM500 bn (about \$300 bn) would flow in to East Germany in a short time."

But it will take time before big business begins to get a return. It will be five years before new projects, whether joint ventures or direct investments, will start to yield 'real, extractable profits.' Hahn admitted that current projects were still in the 'pre-feasibility stage.' Real businesses would emerge in 1993, "perhaps starting to produce a profit in 1996." (*Financial Times*, 15 January)

But what will be the state of the world economy in 1996? If the world boom were to continue, then the capitalists might well reap rich profits. The boom, however, is exhausting itself: all the conditions for a new crisis are being prepared. West Germany, despite its huge trade surplus, will not escape the effects of a world recession. If there is a downturn within the next five years, the West German capitalists may well find they have made enormous investments but are unable to recoup the profits they expect. Instead of prolonging the boom, therefore, West German capitalism's enormous outlays in the East are likely to rebound on them, further aggravating the crisis.

The leaders of West German capitalism recognise that the absorption of the East will mean enormous costs, particularly to the West German state. According to RWI, an economic institute in Essen, the overall cost to the public purse will be DM35 bn a year for the next few years. The Ministry for Labour in Bonn estimates that the social costs (eg underwriting unemployment pay and pensions) will be DM15 bn a year.

There are widely varying estimates of the costs of bringing the East's infrastructure up to the standards of a modern economy. The telephone system, railways, roads, water and power supplies all need drastic upgrading. Some estimates put the cost as high as DM2,000 bn. The cost of cleaning up the terrible pollution in the GDR is estimated at about DM200 bn.

West German capitalism still has enormous reserves. Last year, the trade surplus was DM135 bn. The net foreign assets of big business in the FRG are about DM500 bn. One indication of the affluence of the past period is that West German citizens spend DM45 billion on holidays abroad. Nevertheless, the question remains: will such expenditure be justified by the returns in the next period? Under favourable economic conditions, the absorption of the East would transform West Germany into the most powerful European economy, rivalling Japan and the United States in the world arena. In the event of a world downturn, on the other hand, West German capitalism could be acquiring an enormous liability — without the certainty of reaping the expected rewards.

A UNIFIED GERMANY will be sailing into uncharted waters, and there will be storms ahead. The process of integration will be complex, with many unknown factors. The *anschluss* greeted with enthusiasm by the capitalists today will tomorrow bring unwelcome instability and crisis.

During the postwar upswing, West German capitalism, on the basis of high and rising living standards, enjoyed relative social peace and political stability. Now the FRG will be absorb-



Lothar de Maiziere.



**International
frictions loom.**

ing a foreign body, a society thrown into turmoil by the degeneration of Stalinism and the inevitable dislocation caused by capitalist restoration. The lives of millions of workers in the East will be turned up-side-down. Notwithstanding the mass support for the CDU, workers in the East have a different experience and outlook. When their aroused expectations come into collision with economic reality in a capitalist Eastern zone which will remain much poorer than the rest of Germany, they will move into struggle. The experience of the mass movement in October 1989 will not be forgotten. This is recognised by the serious capitalist commentators: "...a united Germany will be a more polarised, disharmonious and unstable place than the Federal German Republic." (*Financial Times*, 10 March)

One potentially inflammatory question is how the claims of former owners to property confiscated, nationalised or collectivised in the GDR will be settled. Such property includes many private homes and small farming plots, as well as more substantial property like factories.

In international relations, the emergence of a strengthened German capitalism incorporating a state extracted from the Eastern bloc will inevitably create new tensions and instability. US imperialism has signalled acceptance of unification. But this does not rule out intensified rivalry in the future between Germany and the US, particularly in a period of sharpened conflict on the world arena. Thatcher most clearly reveals the fears of West Germany's weaker capitalist neighbours. Other European states fear that up to 20% of the cost of unification will be passed on to them through reduced FGR contributions to the European Community budget and increased expenditures on the East when it becomes, in effect, an underdeveloped region of the EC. The EC has hardly begun to resolve the many different problems of integrating East Germany, undoubtedly a rich source of acrimony. There are also fears, already reflected in the Netherlands' threat to break the link between the Guilder and the DM, that increased state expenditure in the FGR will lead to a higher rate of inflation, which would adversely effect the EMS and other major currencies.

The ruling bureaucracy in the Soviet Union has also accepted unification. Gorbachev now accepts a return to capitalism in Poland and Hungary, and the departure of the GDR from the Eastern bloc. This is a major defeat for the Russian bureaucracy's longstanding foreign policy aim of maintaining an East European security zone around the USSR. Publicly, Schevardnadze has been demanding that a unified Germany should be 'neutral', ie outside Nato. From US State Department statements, however, it seems likely that the Kremlin has privately

agreed that Germany will remain in Nato, provided the Soviet Union is allowed to maintain troops in the Eastern zone — at the expense of the FGR! For the US (and Germany's other rivals), the presence of Soviet troops in an enlarged Germany will act as a certain check on the freedom of action and ambitions of West German capitalism. For the sake of their immediate objectives, Kohl and company will accept this, but such conditions will soon become irksome for the German ruling class and turn into another bone of contention between the powers.

Germany's eastern borders with Poland are also a thorny issue. In reality, West German capitalism will have to accept, for the foreseeable future, that the postwar borders will remain unchanged. During the election campaign, however, Kohl would not publicly repudiate the idea of any revision. Clumsily, he tried to link the issue with the FGR's refusal to make any further reparation payments to Poles. This was to appease ultra-right wing, nationalist opinion, especially strong among German emigres from the German territories occupied by Poland and the USSR after 1945. While not a major issue at the moment, the Polish borders will be raised again by the ultra-right in a new period of social tension.

The 'Two-plus-Four' talks, between the big powers (the USSR, US, Britain and France) and the two Germanies, will no doubt reach some compromise on the immediate issues raised by reunification. But the relationship of an enlarged Germany to NATO and the Warsaw pact is interlinked with the fundamental economic, political and strategic relations between the super-powers. With the present detente it appears that the powers can resolve their differences through talks and compromise. But the underlying class and national-capitalist antagonisms remain. Detente, with a world economic downturn and revolutionary upheavals, will give way to a new period of tension and struggle between the powers. A united Germany, although apparently a victory for capitalism, will in no way soften the antagonisms.

The restoration of capitalism in East Germany is a big set-back for the proletariat. But the price to be paid by a temporarily triumphant German capitalism will be the incorporation of many volatile, combustible elements into its once so-solid foundations. It will not be so long before the complacency of the capitalists is shattered by stormy movements of the German workers, who will forge their own class unity in the struggle to abolish capitalism. They will reconquer the social gains squandered by Stalinism. They will build a planned economy under workers' democracy which will demonstrate the inestimable advantages of the socialist organisation of society. □

Romania

A participant's account



The Romanian revolution inspired workers worldwide. Elena, an infant school teacher from Bucharest, recounts her experiences of those momentous days.

10 and 11am on 21 December thousands of people came on to the streets of Bucharest. It was a popular explosion. The demonstrators were pacific but the police used violence. Although at this time they used batons, not guns, a lot of people were hurt. There was massive participation by the people, many active, many more passive, giving encouragement and support.

The police acted very quickly. They blocked all the main streets and squares. The people couldn't get in or out. The same tactic was used all over the centre of Bucharest. I was in Romana Square about 5pm with a group of friends. We noticed a gap in the police blockade, in one of the side streets. So we left the square and went to see what was happening in other parts.

Everywhere the situation was similar. We reached University Square. Suddenly a large number of armoured cars appeared. They were firing flares and water cannon in order to frighten the people and force them off the streets. But there were so many on the square, it was impossible to move them. After an hour we returned to Romana Square but were surprised to find it deserted. We found out later what had happened. In our absence the Securitate had arrived in large numbers, shooting and arresting people.

A Securitate man recognised us as demonstrators and called to us: 'Hey, you, come here!' We could not escape. He kicked me and pulled my hair and pushed me inside a police car. I was taken to the Securitate Centre Number One where I was interrogated for five hours. After this I was taken in a police bus to jail where I was interrogated again, and then locked in a cell... (See inset)

On the morning of 22 December a prison doctor came in and gave us medicine and bandages. Then at 12 noon the prison director came to the cells and said: 'After one hour you will be

"The movement really started four years ago in Brasov by workers who began to organise protest meetings and a strike. This movement was quickly silenced by the authorities, with a massive police presence on the streets. Many people were arrested, and this succeeded in eliminating the movement for a time...

But the discontent was growing all the same. Finally, the patience of the people ran out. The explosion in Timisoara marked a new beginning. Somebody told me that Ceausescu was planning to call a big demonstration in Bucharest to protest against the movement in Timisoara. This kind of organised demonstration was nothing new. But this time it was different. I told my headmaster that I wanted to go too. But he said: 'You can't go, I'm only taking special people'. So the regime was only mobilising its own supporters, party members and bureaucrats. Clearly it did not trust the people.

I decided to go anyway. I went on to the streets with my friends and saw many cars with flags. In Victory Square Ceausescu was speaking from a balcony. Suddenly I heard people begin to shout and boo. It was incredible... Between



Iliescu.

free'. We still couldn't believe it. In the end we were taken away in a nice car and released. They left me in a square but I couldn't go home immediately because I was so shaken. I hadn't really realised what had happened to me. Only now I realise how close I'd been to death. I was very lucky that they'd arrested me at that moment. Just before we returned to Romana Square the police had opened fire. Just after we were taken away another group of Securitate arrived and started firing again. The police who arrested me didn't treat me too badly. At the other centre they were much worse. Interrogation was very harsh and many people were killed or mutilated for life.

While I was in jail the revolution had triumphed. The workers came onto the streets demanding freedom for the prisoners and an end to the regime. It is thanks to these workers that I am alive today and Ceausescu is no more. Once the workers came onto the streets there was no turning back. This was the revolution.

After the storm came the calm. People were very happy that Ceausescu was gone but found it difficult to understand what had happened. No one asked what would come after.

After the old regime had been overthrown by the revolutionary workers and students, many political parties were formed. These parties wanted to take the power but were not concerned with the people. All kinds of political speculators wanted to take advantage of the revolution made by the people. Many emigres came back and tried to get the power for themselves.

The student and working-class youth saw what was happening and were very angry. That

led to another explosion. At first everyone was in favour of the National Salvation Front. But it became clear that many of the leaders of the Front were bureaucrats and opportunists from the old regime.

On 5 January the students demonstrated for democracy. Then on 22 January another demonstration was organised by the opposition parties, the National Peasants Party and the National Liberal Party. These are pro-capitalist parties which get a lot of money from abroad and want to return to capitalism. But the Romanian workers are suspicious of these parties which they see as a threat to the gains they have made as a result of the revolution. They don't want the rule of a privileged bureaucracy, but they do not want the rule of private capitalists either. So they organised a counter-demonstration against the capitalist opposition...

Now we see the beginning of a polarisation in Romanian society. Probably the majority of workers still support the Front and Iliescu. Don't forget that Iliescu gave very important reforms after the revolution, which made him very popular. Of course these reforms were really conquered by the workers. They were not organised to take the power. Now the task is to organise.

In the factories the workers are beginning to organise committees. The students are beginning to organise their own unions. But we need help to organise genuine democratic socialist organisations. We need money to buy typewriters, duplicators, paper and books. We hope that our friends and comrades in Western Europe will give us this help. We hope that the workers and trade unions here will establish direct links with the workers of Romania so that we can learn from each others' experience. We hope that the students here will establish direct links with the Romanian students and help them to set up their own organisations.

For more than 40 years we have not had in Romania either communism or socialism, but the rule of a corrupt and brutal Stalinist bureaucracy. The revolution in Romania has begun, but it is not yet finished. We hope to establish a real socialist Romania based on the democratic rule of working people. With your help we will succeed." □

I was put in a cell with 36 other girls. Some of the girls from another police station were in a very bad condition. They had been forced to walk between two rows of police, who beat them with sticks. Their faces were so swollen, you couldn't see where were their noses, their ears or their eyes... One girl's skull was fractured in three places and a dog had savaged her leg. She died in our cell that night.

Physically I was OK but psychologically I was in a terrible state. In the night more Securitate came to the jail. Every half hour they took somebody out of the room for interrogation. I lay in a bed with a blanket over my head. I thought: I can die tonight or I can die tomorrow – but now I sleep! I was lucky – they had no list of the prisoners in our cell and they didn't take me out...

In the morning a doctor came to us with medicine and bandages. I was very surprised. The police asked do we want cigarettes? Do we want food? I was very afraid. Was this to be our last meal or cigarettes before we were shot? It seemed there were only two possibilities – either Ceausescu had fallen, or the police were going to kill us.

The Socialist Campaign for Workers Democracy was established towards the end of 1989 following requests for aid and assistance from a number of workers' organisations in the USSR and Eastern Europe – miners' strike committees, independent trade unions and new student formations. To sponsor the campaign, or for further information, write to SCWD, c/o Terry Fields MP, House of Commons, London SW1A 0AA. Cheques payable to SCWD.

The stage is set

November's revolution sent the bureaucracy into headlong retreat. But, argues Len Anderson, the future direction of Czechoslovakia — political revolution, capitalist restoration or Stalinist reaction — is still to be decided.

Last November Czechoslovakia's workers and youth made a dramatic entry into the revolutionary upheavals sweeping Eastern Europe. Within ten days the seemingly all-powerful Stalinist regime of Jakes and Husak, 'elected' by the tanks of the 1968 Warsaw Pact invasion, was swept from office. Mass demonstrations in Prague, Brno, Bratislava and other cities culminated in a two-hour general strike on 27 November, the first in Czechoslovakia for 40 years.

This electric pace reflected the international character of the political revolution against Stalinism. The demonstrators were inspired by the East German revolution, while Honecker's downfall was a stunning blow to the morale of the Czechoslovak 'Communist' party (KSC). When the vicious attempt to crush the 17 November demonstrations backfired, the KSC leaders realised that the old methods of rule — naked Stalinist terror — were no longer possible. By 24 November, the hated party leader Milos Jakes joined Honecker in the dustbin of history.

Forced to retreat, the representatives of Czechoslovakia's ruling bureaucracy appeared to concede more, and more swiftly, than their counterparts internationally. On 30 November the KSC's monopoly was abolished, before the East German and Bulgarian bureaucracy were forced to do likewise. On 10 December the KSC abandoned their majority in government.

Formally, they have gone further even than the Polish bureaucracy did in their deal with Solidarity. Neither the President, Interior Minister nor Prime Minister are KSC members. In Poland Jaruzelski still retains official control of the armed forces. In Czechoslovakia these powers theoretically reside with the former dissident — now President — Vaclav Havel, although significantly the Defence Minister is General Vacek of the KSC.

But this humiliating retreat by Stalinism does not yet mean an end to bureaucratic domination of the economy or the state. In desperation, the bureaucratic elite have sanctioned concessions but their power and privileged positions survive. The situation is somewhat analogous to the February 1917 Russian revolution where the strength of the workers brought the old regime crashing down, but the working class was not sufficiently organised and conscious of its power to take control of society into its own hands.

The Czechoslovak working class has overwhelming weight in society. According to the Prague Institute of Economic Forecasting, industry accounts for 70% of the economy compared to 43% in the Western OECD nations.

This powerful working class found its voice during the events of last November. Within days of the students' general strike call, thousands of strike committees were set up. Today 6,000 enterprises, 75% of the total, have democratically elected strike committees. A central strike committee for all Czechoslovakia has been established. The official trade union (ROH) has lost all authority among ordinary workers.

But as Trotsky described the mood in Russia in February 1917: "These innumerable crowds have not yet clearly defined what they want, but they are saturated with an acid hatred of what they do not want." So the Czech people are unanimous against the KSC 'mafia' bureaucrats, but as to the next steps the revolution must take, there is uncertainty and confusion.

Big illusions exist. As Trotsky explained "every revolution, even with people who accomplish a dozen, begins with a kind of 'February' stage. It is with illusions, stupid confidence, and so on." There are widespread illusions that the capitalist 'market' will lead to a



Milos Jakes.



New post for
Havel.

new era of higher living standards. Understandably, after 40 years of dictatorship, there are also illusions that parliamentary democracy will solve virtually every problem.

Forty years of Stalinism has trampled people's understanding of communism and socialism, and of Marx and Lenin, into the mud. The coincidence of the onset of Stalinist collapse and the first wave of political revolution with an economic boom in the West (albeit temporary and unstable) has enhanced the apparent superiority of capitalism over 'socialism' or the planned economy. Adding to its other historic crimes, Stalinism has partially erased the workers' consciousness of their own historical interests — ie for a genuine socialist society.

However, even though illusions in capitalism run deep, the first attempts at capitalist restoration could strip them away. The new government's economic 'experts', mostly inherited from the previous regime, partially understand this. The KSC leaders, their 'independent' advisers and the Citizens' Forum (OF) leadership all stand for the market.

All are agreed that the workers must pay for the economic crisis. But their concrete economic prescriptions are more cautious. Finance Minister Vaclav Klaus, who drafted OF's economic programme, has called for a 'good dose of monetarism' and says 'there will be a lot of plant closures' — by some estimates two million jobs could go. He says "There is some discussion over whether we should apply shock therapy or use a gradualist approach. I think it is difficult to maintain the credibility of gradualism." He argued that painful austerity measures should be introduced "like a television series, an episode every week!" But even Klaus prefers to wait until the elections and a 'legitimised' government before tackling the potentially explosive issue of cutting consumer subsidies.

Consequently, while courting foreign investment, the government only proposes to sell 30% or 40% shareholdings in state enterprises. Havel has said "private ownership would retain a space, chiefly in the sphere of services and small businesses." At this stage therefore, those who support capitalist counter-revolution are held in check by the fear of workers' reaction. But further delay of the political revolution could give these restorationist tendencies greater force in the future.

The founding aims of the new trade union movement call for 'preparations for work in a market economy.' But the building workers' conference also voted for wage rises to keep up with inflation; full employment; a lower retirement age; and union control over the introduction of new technology. These demands are entirely contrary to the idea of restoring private ownership and the rule of profit.

The illusions in capitalism reflect the influence of the intellectuals and former dissidents who lead OF. They are almost exclusively artists and intellectuals from Charter 77, the Czechoslovak Helsinki Committee, Artforum, Obroda ('Revival' — a perestroika grouping), independent students, the Committee for the Defence of the Unjustly Prosecuted and other groups. There are 'revolutionary marxists', clergymen and the dominant pro-capitalist group.

Trotsky pointed out that one characteristic of the Stalinist bureaucracy was fear of the masses and of revolution, which is the entry of the masses into the arena of struggle. This describes perfectly the cowering KSC leadership. But it is also true of the OF leadership. From the outset they have demonstrated a complete lack of confidence in the masses and a desire to contain the struggle, especially from the moment the KSC's retreat began.

Dubcek warned of 'anarchy' and 'too extreme demands'. Havel said "it would be in everybody's interests if the problems in our country did not get to the point of uncontrolled strikes, bloodshed, confusion and confrontation. Any sort of delay (in making concessions) would hurt not only us, that is OF, but also the government and society as a whole. That would mean all of us would have lost control of the situation." (*Rude Pravo*, 2 December 1989)

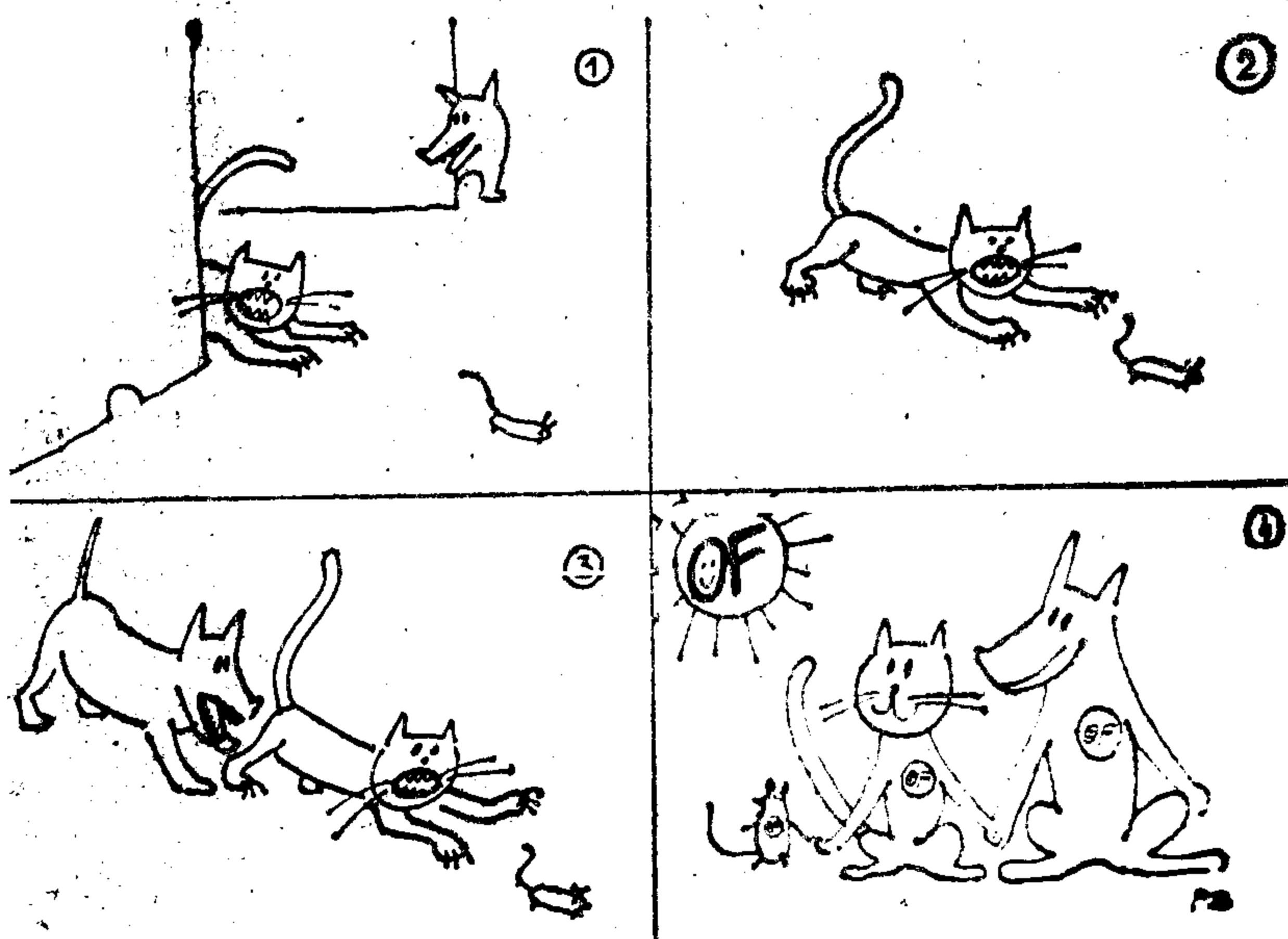
Of course, 'bloodshed' instigated by the secret police (StB) or other agents of Stalinist reaction is a real threat. But the best safeguard against this is precisely by mobilising the workers' strength and a bold 'confrontation' with the bureaucracy. To speak of 'uncontrolled strikes' and 'too extreme demands' shows that Havel and the liberal bureaucrat Dubcek share the same fear: that the initiative will slip from their hands into the hands of democratically elected workers' committees.

Although the KSC is in crisis, the Stalinist bureaucracy is not a spent force. The formation of the coalition government indicates that the more astute representatives of the bureaucracy intend rather to rely on the OF leaders as a new point of support. The OF leaders have obliged by cancelling demonstrations and a threatened general strike and by opposing all initiatives from below. They have led the movement into the safe conduit of 'round-table' talks. In this way the bureaucracy hope to absorb at least a section of the OF leaders. Despite Havel's professed modesty, his image appears on postage stamps and a cinema film about him is on national release, promoting a new 'cult of personality'.

Nevertheless, at present the KSC is disintegrating. At least 200,000 members have abandoned it since November. Thousands of workplace branches have abolished themselves. In



HAVEL NA HRAD



January three KSC ministers, including Marion Calfa, the Prime Minister, resigned from the party. So a Stalinist counter-revolution, ie a resort to traditional methods of terror, is extremely unlikely. A military putsch could ignite a Romanian situation — a mass uprising which might push the working class into much greater measures against the bureaucracy.

Today OF and its Slovak equivalent 'Public Against Violence' (PAV) have overwhelming support. Local committees exist in every town with workplace committees closely linked to the strike committees and the new independent union. An embryonic form of workers' power exists alongside the old, much weakened authorities. In many enterprises the OF committee or strike committee have secured the dismissal of hated bureaucrats. Some committees have even been established in the army. At present the vast majority of workers look to the Forum.

OF achieved this commanding position at the head of the movement through the authority and prestige of the students — the first group to challenge the regime — which rose enormously during the November events. Students were the messengers of the revolution, overcoming the cordons of militia surrounding major factories to take word of the general strike to the industrial workers. The workers therefore respected the students who in turn conferred leadership upon the OF leaders. The OF leaders, in their turn, have opted for compromise with

the 'new, purified' KSC leaders and try to pacify the mass movement.

Last November, demonstrators chanted 'We are the power!'. This was not far from the truth. With a working class leadership clearly aware of its tasks, power could have passed peacefully from the bureaucracy to the democratic organisations improvised by the workers and youth, ie the strike committees, if these bodies had been linked at regional and national level. Then, if they had based themselves on the programme of workers' democracy — election, recall and rotation of all officials, no representative to earn more than the average wage — they could have organised free elections without fear of Stalinist manoeuvres and trickery, and transferred control over industry to the committees themselves.

The institutions of bureaucratic rule — the government and its puppet Federal Assembly — were shipwrecked. Unfortunately, the compromise approach of the OF leaders partially restored their shattered authority. OF leaders like Vaclav Havel — who spent five years in jail — enjoy tremendous popular support. Many workers and especially young people support Havel because he is 'honest' and a break with the past. Increasingly they will be more exacting in their judgement, wanting to know what programme the OF leaders stand for.

Sections of the bureaucracy are abandoning the party they have ruled for 40 years. They are seeking out other points of support: in the

Left: 'Havel to the Castle' (the Presidency) proclaims the poster but the OF leaders opposed an election. Right: Satirical cartoon — all trends together in the OF.

Last November, demonstrators chanted, "We are the power!"

**The decisive
question is
whether a
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built in time**

Forum, possibly in the Social Democratic Party, and through various 'independents'. Calfa's resignation is quite consistent with his bureaucratic past (he was Deputy Prime Minister in the previous government of Adamec). For two decades he could not achieve high office without a KSC party card. Now he cannot stay in high office with one! Nevertheless, OF spokesman Petr Pithart greeted this blatant careerism, saying "Calfa is a pleasant surprise for us, and is certainly acceptable as a senior member of the government."

Despite a U-turn by the official press and a saccharin campaign praising Havel, the KSC have exploited every mistake of the OF leaders. Hypocritically, they met demands for Havel to assume the Presidency by proposing an election.

Incredibly, the OF leaders opposed an election, believing Havel would lose. Instead of seizing the opportunity to rout the KSC and mobilise their mass support, Forum spokesmen argued that people outside Prague did not know Havel and that an election campaign would leave the country without a President for too long. The Stalinists' reply was a poster campaign: "Havel's afraid of an election!"

Thus instead of exposing the unelected Federal Assembly inherited from totalitarianism, the OF leaders actually shored up its battered authority. Indeed, they argued: "We are convinced that in the Federal Assembly there are also deputies who are capable of acting in accord with the current situation." (OF statement 30 November 1989).

A deal was struck and on 31 January 120 new deputies were co-opted, of whom only eight were KSC members, wiping out the KSC's majority. No popular election took place and the OF leadership appealed for an end to mass petitioning organised in local areas. The OF leaders said the deputies should stay as a 'temporary measure' until the June elections: the demonstrators who demanded 'free elections' in November 1989 are still not 'ready' for democracy!

In the elections, OF, which is 'not a political party', may support candidates from a range of parties and 'non-party' individuals, including ex-KSC members. If this happens it is quite likely that a new version of the present coalition will emerge.

Unless a clear workers' alternative is built to carry through the political revolution, an unstable period of successive coalitions is possible. If the political revolution fails, then mass disillusionment and potential economic chaos could later produce either capitalist or Stalinist counter-revolution. How the developing political revolution unfolds in the USSR and the timing of economic recession in the West will also have a decisive effect on future events.

There remain great opportunities for a successful political revolution. The rank and file of the armed forces and police have been infected with the virus of revolution. In November, units of the riot police and militia refused to attack demonstrators. In January there were soldiers' strikes and one regiment forced their officers to cancel military manoeuvres and allow a delegation to visit OF leaders in Prague.

The vast majority of the ranks could be won over to the workers' side. Rank and file soldiers' committees linked with the committees in the factories, together with the right to elect officers, alongside practical steps by the workers' committees to organise defence, would insure that the army could not be used against the revolution.

But failure to act would leave the initiative in the hands of the senior officers, ferociously struggling to re-assert the norms of discipline and thereby their control over the ranks. The abolition of KSC cells in the army and police is purely cosmetic, while 90% of officers and 55% of NCOs are still KSC members.

The pressure from the streets, not the OF leaders, has blocked attempts at reaction. Havel warned the Stalinist conspirators that 'the Poet also has teeth!' But what has the government actually done? There have been numerous announcements 'finally' dismantling the STB (secret police). But in reality this was not the government's intention. Sacher, the Interior Minister (People's Party) said: "a whole number of professional units must be preserved" for dealing with terrorism and drug trafficking. He added that informers would not be prosecuted and that all files would be sealed. When sections of the regular police called for the right to form a union, the Minister said "even in countries where free trade unions exist, there are certain professions which cannot go on strike."

These developments indicate that the bureaucracy has not surrendered control of their state apparatus. The hardliners of the regime, who under different international and domestic conditions could once again become the dominant wing of the Czechoslovak bureaucracy, may at a certain stage be prepared to resort to military terror in order to save their positions.

The period ahead offers the working class tremendous opportunities to take power and initiate a regime of genuine socialism. But the decisive question facing the Czechoslovak revolution is whether a mass workers' party, based on workplace committees and which can win the support of all the oppressed people to the programme of workers' democracy, can be built in time. □

February 1990.

The Sandinistas' defeated

A victory for reaction

Alejandro Rojas examines the reasons for the defeat of the FSLN and draws out lessons for future struggles.



The recent election defeat of the Sandinista FSLN in Nicaragua will be a big disappointment to activists in the labour movement internationally. It has especially shocked and disorientated the youth of Central and South America who have enthusiastically supported the Sandinista regime. From it they drew encouragement and inspiration, perceiving it as a socialist revolution combating the might of 'Gringo Yanki' imperialism.

Ortega's defeat by the 13-party coalition UNO came as a surprise to both the FSLN leadership and the Nicaraguan bourgeois as well as their backers, US imperialism.

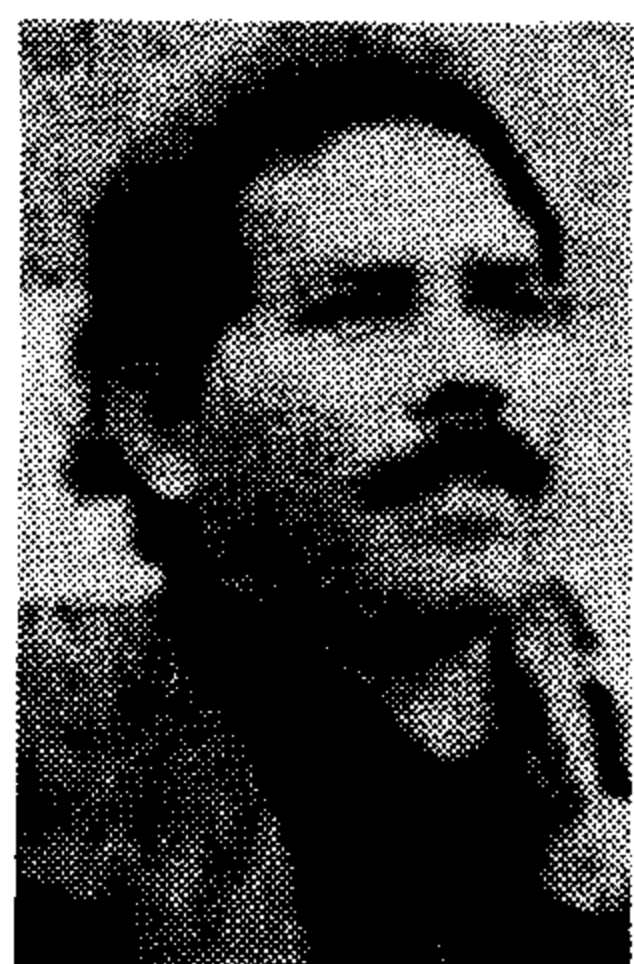
The victory of UNO candidate Violeta Chamorro was a victory for the counter-revolution. UNO, despite the participation of two 'Communist' Parties, is dominated by various bourgeois parties, the largest being the Independent Liberal Party. It has in reality been the political voice in the recent period of the Contras.

As with all victories and defeats there are crucial lessons to be learnt which can strengthen the struggle against landlordism and capitalism. From the very beginning of the revolution,

when the FSLN seized power, the *Militant* and the *MIR* warned that the failure of the Sandinistas to complete the revolution and overthrow landlordism and capitalism would eventually pave the way for the counter-revolution. This process is clearly under way. Whether it will be completed, with the bourgeois able to fully regain control, dismantle all the gains of the revolution and establish a relatively stable apparatus, will depend on many factors, not least international developments. The timing of the onset of the forthcoming world recession and the tempo of development of the revolution in the rest of Southern America will be critical.

Marxists have a responsibility to speak the truth, however unpalatable it may be. This defeat unfortunately flows directly from the mistakes of the FSLN leadership and its policy of trying to appease US imperialism and accommodate itself to landlordism and capitalism. Despite the Sandinistas' control of the state apparatus following the 1979 revolution, they failed to overthrow landlordism and capitalism, leaving the majority (60%) of the economy in private hands. But neither imperialism nor the

Despite the Sandinistas' control of the state they failed to overthrow landlordism and capitalism



Daniel Ortega.

national bourgeois accepted a state apparatus which was not their own, and therefore unreliable. It left the Sandinistas with the worst of all possible worlds: an economy not under their control and open to sabotage by the capitalists and imperialism, combined with a military offensive by the US-backed remnants of the Somoza state machine in the form of the Contras.

The result was an economic catastrophe for which the Nicaraguan masses footed the bill. In reality all of the initial gains made after the revolution have been taken away. The US imposed a trade embargo in 1985, which made a deteriorating situation even worse. With over 50% of GNP committed to defense expenditure the economy has simply collapsed. During 1989 alone industry contracted by 29% and there were 39 successive devaluations. Inflation soared to a record 33,600% per annum in 1988 leading to a massive austerity package in 1989.

Private consumption has fallen by 70% and real wages by 90% since 1981. By March 1989 the average worker's wage packet could purchase a mere 12% of items in a basic household basket. Unemployment is now higher than under Somoza and living standards actually lower. **The standard of living has fallen so far as to leave Nicaragua as the nation with the lowest per capita income in the entire Western hemisphere, lower than even Haiti!** This collapse, and the absence of any perspective for a way out being offered by the FSLN, was the underlying cause of the election defeat. The Nicaraguan masses became battle weary, both economically and militarily. Fifty thousand were killed in the last two years of the struggle against Somoza. Since then a further 35,000 have died in the war against the Contras.

The FSLN leadership have argued that they had no alternative when confronted with the economic and military might of US imperialism. Such a claim goes right to the heart of the analysis and perspective they adopted for the revolution from the very outset.

The Russian revolution of October 1917, under the leadership of Lenin and Trotsky, provided the classical model for how the revolution could proceed along healthy lines in a backward country. The weak national bourgeois, tied to imperialism, was incapable of completing the tasks of the bourgeois revolution which were posed, that is to say, the development of industry, the solution of the land question, national independence and the establishment of a parliamentary or bourgeois

democracy.

The Russian revolution highlighted that in such backward countries those tasks which historically had fallen to the capitalist class, now fell to the proletariat, which even when in a minority could draw behind it the poor peasants and other exploited layers and take over the running of society. Having embarked upon the tasks of the bourgeois revolution, the revolution under the leadership of the working class would inevitably pass on to the tasks posed in the socialist revolution, with its success and future development being dependent upon the unfolding of the revolution in the advanced capitalist countries. It was the isolation of the Russian revolution, after a series of defeats of the workers' movement in critical countries such as Germany, which paved the way for political counter-revolution and the growth of the Stalinist bureaucracy.

In the post-war period a further twist developed in the unfolding of the colonial revolution. In a number of countries, the overthrow of capitalism and landlordism has been carried through but in a distorted manner. With society at an impasse, guerrilla armies based on the peasantry have come to power, often with massive support in cities but where the proletariat, in the absence of a Marxist leadership, has not been consciously at the head of the revolution. Alternatively, even sections of the old state apparatus, utilising mass pressure, have intervened and carried through measures to overthrow landlordism and capitalism. The establishment of a state plan of production marked a massive step forward. However these regimes, despite enjoying massive support as in the case of Cuba, were not workers' democracies. The state machine which was established was that of a bureaucratic regime of proletarian bonapartism, resting on a state plan of production but without the proletariat undertaking the management and planning of society.

The overthrow of the Somoza dictatorship in July 1979 was the result of a spontaneous insurrection in the cities. In the absence of any alternative the FSLN found itself thrust into power, but the proletariat did not consciously take over the running of society. Yet at this stage, and for a prolonged period after, the FSLN was tremendously popular and enjoyed massive support.

However, a fundamental contradiction was established from the outset. The state apparatus they constructed was on the model of Cuba but the economy, unlike Cuba, remained dominated by the bourgeois despite some nationalisation, especially of the old Somoza estates and factories. The dominant wing of the FSLN leadership followed the so-called two-stages theory, of a period of capitalist develop-

From the beginning, the MIR warned that the failure of the Sandinistas to complete the revolution would eventually pave the way for counter-revolution.

ment and collaboration with the so-called 'progressive wing' of the national capitalist class.

But the Nicaraguan bourgeois and US imperialism would not accept the Sandinistas who, despite defending a capitalist dominated economy, formed a new state machine that was based upon the forces of the revolution. It was, from the point of view of the bourgeois, unreliable, and threatened at any stage to complete the social revolution, even in a distorted manner, as a result of pressure from below. Given its composition, at the outset of the revolution neither US imperialism nor the national bourgeois felt they could incorporate such a state machine and use it to defend their own interests. They therefore systematically tried to undermine and overthrow it.

As with their Cuban counterparts the FSLN leaders envisaged a period of capitalist development. Under the impact of the crisis and the pressure of the masses, however, they did look at various stages towards overthrowing capitalism and landlordism. After 1979 and again in 1985 they went to the bureaucracy in Moscow to seek endorsement. On each occasion they were rebuffed.

Once again the role of the Stalinist bureaucracy in the process of the world revolution was revealed. It opposed the revolution being carried through, even in a distorted way, because this would upset the balance which it sought for itself and imperialism. As Gorbachev explained in his book *Perestroika*, "rightwing forces portray our interest in Latin America as an intention to engineer a series of socialist revolutions there. Nonsense! The way we have behaved for decades proves that we don't plan anything of the kind... We don't want either its raw materials or its cheap labour. We are not going to exploit anti-US attitudes, let alone fuel them, nor do we intend to erode the traditional links between the US and Latin America." (pp187-88).

In Cuba, despite opposition from Moscow, Castro in 1960 had been left with no alternative but to complete the revolution because of the boycott by US imperialism, which dominated 90% of the economy before it was nationalised. Moscow, confronted with the established fact of the overthrow of capitalism, incorporated Cuba into its orbit. In Nicaragua the FSLN did not take this road but systematically attempted to find an accommodation with the Nicaraguan bourgeois and placate US imperialism, making concession after concession to its demands.

The consequence was the election defeat, reflecting an ongoing process over the past period. Mass participation in the CDS's (Committees for the Defense of the Sandinistas), which reached 500,000 at their peak, had fallen dramatically. These bodies never played the

"As we have stated before, if Reagan could wait some years, there might be a serious possibility that the Nicaraguan revolution, stuck half way, would succumb to its internal contradictions and permit the triumph of bourgeois counter-revolution from within." MIR No. 27, Autumn 1984.

same role as the soviets in Russia, which acted as the organs of control and management by the working class. While reflecting the enthusiasm which existed for the revolution, they acted as transmission belts for the decisions of the FSLN Directorate, where power was concentrated.

The professional army was increased to 80,000, together with a 10,000-strong police force, while the 'popular militia' was reduced. The mass organisations of the FSLN became less and less democratic with greater evidence of privileges in the life style of the leaders in the face of growing poverty for the masses.

Recently the morale of Sandinista activists and supporters fell dramatically, showing the effects of exhaustion, both economic and military, and the lack of a perspective for a way forward. An interview with one ex-Sandinista, Pablo, reflected what was happening. He simply stated, "I was a radio engineer. Me, a radio engineer, a fighter in the revolution, a Sandinista brigade commander and I had to go to the rubbish dump to collect paper to sell to feed my children... It wasn't me who changed it was the Sandinistas who let me down. I'm still a revolutionary." *The Independent*, 27 February 1990.

The growing political degeneration of the FSLN was reflected in the 'Americanisation' of their election campaign. Under the slogan 'Everything will get better', everything was offered except a programme to take the revolution forward. The youth (52% of the population are between the ages of 16 and 28) were given free condoms in FSLN colours at election rallies and a poster with the caption, 'The first time is beautiful when you do it with love.'

US imperialism has watched these developments unfold over a period. They held back from military intervention initially for fear of the consequences in the rest of Central and Latin America. They also feared that after an initial military victory, they would over a period become bogged down in another guerrilla war which they would not be able to win. So with the Sandinista leadership embarked on a programme of appeasing the interests of capitalism, the dominant view of the strategists of US imperialism was simply to allow the Sandinista leaders to do the job for them. The election of Chamorro has vindicated such a strategy.

Only the method adopted by Lenin and Trotsky during the course of the Russian



Bush.

**For the
Sandinista
leaders the
revolution
was 'a
national
affair'**

revolution offered any prospect of defeating imperialism and defending the revolution. The completion of the revolution, with the overthrow of landlordism and capitalism and the establishment of a genuine workers' democracy, would undoubtedly have provoked US imperialism to act. However, with an internationalist perspective, a conscious appeal could have been made for the spreading of the revolution to the rest of Central America and most importantly to Latin America with its more powerful working class. This would have raised the spectre of the defeat of the US, the first steps in the unfolding of the world revolution. Only such an alternative could have offered the Nicaraguan masses the prospect of participating in the defeat of the world's foremost imperialist power.

As the Russian revolution demonstrated, with such a perspective and confidence in the international proletariat, it was possible to defeat not one but 21 armies of foreign intervention. The proletariat and poor peasants, conscious and confident of the development of the world revolution, were able to sustain even greater sacrifices than the Nicaraguan masses in order to defend the revolution. The failure of the international revolution, although paving the way for a political counter-revolution in the form of the Stalinist bureaucracy, still did not result in the loss of the social revolution and the gains secured by the nationalised planned economy. Now, however, the impasse of the Stalinist bureaucracies has resulted in at least sections of the ruling bureaucratic clique abandoning the idea of the planned economy and attempting to restore the market and private ownership of the means of production.

But for the Sandinista leaders the revolution was, in the words of one of the most 'radical' FSLN leaders, Tomas Borge, "...a national affair". This approach has led to the advent of counter-revolution and the possible loss of all the gains of the revolution itself.

The election is clearly a serious defeat, one which could have been avoided had the FSLN based themselves on the ideas of Lenin and Trotsky and a clear perspective for the international socialist revolution. It does not signify,

however, that the bourgeois have now established a completely stable situation. With 42% of the vote, the FSLN are still by far the largest party in the Assembly and a powerful force. UNO is a very unstable coalition.

The UNO leadership clearly intend now to try and incorporate their own representatives into the state apparatus. The majority of the FSLN leadership, grouped around Ortega, seem likely to collaborate with the bourgeois in establishing a more reliable state machine. Exhaustion from the war makes it likely they will succeed. Indeed, even before the elections the Sandinista state was clearly developing tendencies as a bourgeois bonapartist regime, working with the capitalists, banning strikes and agreeing to the demands of US imperialism such as the release of former National Guardsmen of the Somoza dictatorship and even the return to Nicaragua of some ex-contra leaders.

Under the current conditions such a process will continue. However, it will not proceed along an entirely smooth path. The FSLN was established as a coalition of various tendencies and the contradictory pressures have continued. It is quite possible a section of the FSLN, maybe around Tomas Borge, who heads the armed forces, will come into conflict and a split develop within the army. Should imperialism and the bourgeois step too quickly they could easily provoke a backlash from sections of the youth around the FSLN who once again could take to the road of guerrilla struggle.

US imperialism will now take measures to invest in the economy in order to try and stabilise the situation. Indeed this was a factor which gained support for UNO, given the lack of an alternative being offered by the Sandinistas. Bush has pledged an immediate \$300m aid package. Such an investment will give the new Government room to make concessions. This may have an effect for a period after such a devastating collapse.

However, with the onset of a new world economic recession, Nicaragua, like all of Central and South America, will be seriously affected. It will inevitably open up new upheavals and struggle, probably pushing the bourgeois at a certain stage to resort once again to a more ruthless form of rule, if it can construct a reliable state machine to rest upon. How far such a process will develop depends upon the speed with which the movement in Nicaragua recovers from the past decade of struggle and the tempo of the unfolding revolution throughout Latin America.

If the lessons of the experience of the Nicaraguan revolution are learnt they can ensure a future victory of the masses throughout Central and Latin America and the establishment of a Socialist Federation of Latin American states. □

"In the light of such a rising the impression has been implanted that the Sandinistas are carrying through the socialist revolution. Unfortunately it has been their failure to do exactly that which is now putting the revolution in jeopardy... The bourgeois hope that the support enjoyed by the Sandinistas will be eaten away by the frustrations and dissatisfaction which is developing because of the consequential shortages etc... bring sections of the Contras into the government and in effect overturn the existing state apparatus and replace it with their own." MIR No.34, Spring 1987.

A capitalist new dawn?

The theory of 'Post-Fordism' denies that socialism is the next progressive stage in the development of the productive forces. Michael Roberts examines the arguments.

The theorists of modern capitalism have latched onto the collapse of Stalinism in Eastern Europe to proclaim the permanent triumph of capitalism. Unlike the 'rigidities of the command economy', capitalism is a flexible system that continually adapts to new circumstances and thus can take society forward. Even prior to the momentous events east of the Berlin Wall, many bourgeois economists argued that modern capitalist economies had undergone a qualitative change in the 1980's. The information technology revolution had altered fundamentally the process of industrial production and marketing. Consequently, capitalism has changed its spots, and even evolved into a different animal altogether.

This new theory of industrial change is called 'Post-Fordism'. Post-Fordism has been latched onto by certain Labour leaders like Bryan Gould and by other pundits to justify revisions of some of the basic tenets of socialism.

In particular, a stream of writers for *Marxism Today*, the journal of the so-called Communist Party of Great Britain, has embraced post-Fordism to propose that socialism cannot be achieved through the mass action of the working-class, and that class struggle is no longer, if it ever was, the central feature of capitalist society.

How does the theory of 'post-Fordism' support those in the movement who want to ditch socialism and to deny the role of the working-class in achieving it?

The concept of 'post-Fordism' comes from a group of semi-socialist academics who have tried to identify qualitative changes in the nature of modern capitalist society. According to these theorists, in the early part of the 20th century, capitalism became Fordist. By Fordism they meant that capitalism adopted mass production through giant factories concentrating

its workforce in large numbers, often on assembly-line principles in a way supposedly pioneered by Henry Ford in his US motor company in the 1920s.

Under Fordism the machine became dominant and old handicraft skills gave way to semi-skilled assembly line work. The high concentration of workers inspired the growth of trade unions in the workplace, along with collective bargaining and a growing class consciousness, leading to heightened industrial struggle, and even political parties and collective action. Commodities produced by capitalism became more and more standardised so that mass production stimulated mass consumerism. Competitive capitalism gave way to monopolies who increasingly regulated the markets they operated in, controlling prices and production. The capitalist state also became a centralising force for the maintenance of capitalist profit and markets through subsidies, and the trade unions were integrated into this 'corporatist state' through the welfare state and reformist governments. Thus capitalism became a regulated and relatively stable system, particularly after World War II. (Some of the academic post-Fordists are thus called 'regulation theorists').

But, so these academics argue, in the more recent period (it is not clear exactly when), this Fordist system broke up. Now we are in the post-Fordist era of capitalism. Mass production has given way to 'flexible specialisation' where commodities are no longer produced on assembly lines, but in small batches. New factories are no longer large but are small high-tech units with relatively tiny highly skilled 'core' full-time workforces, alongside a growing unskilled part-time mainly female periphery or a self-employed sector. Products are varied continually to meet specific



Bryan Gould.

sumer needs so that mass consumption of standardised commodities has disappeared. As Robin Murray in *Marxism Today* (October 1988) graphically put it: "if the Ford plants at Halewood and Dagenham represented late industrialism, Centre Point and Habitat are the symbols of the new age". Bryan Gould declared that post-Fordism meant socialism as its founders had seen it was out of date because "the new terrain is that of high technology, of small firms, computers and information technology. It is a future of diversity and flexibility, of internationalisation on the one hand and specialist production on the other", *Guardian* 25 August 1988.

Consequently, there is a weakening of the large monopolies, contrary to Marx's predictions about the development of capitalism. Correspondingly, the working-class, as Marx described it, is also tending to break up into small atomised groups with divergent interests; between full-time and part-time workers; between skilled and unskilled; between employed and self-employed. Collective action through trade unions has already been weakened, trade unions are in permanent and irreversible decline; and it is doubtful if socialists can really talk of a working-class or of class struggle and class issues anymore.

If Hall, Jacques, Hobsbawm and other post-Fordists are right, then clearly socialists would have to abandon Marxism; and above all abandon any hope of socialism. But is this theory of Fordism and post-Fordism correct?

There will be no room in this article to deal with the political conclusions of the post-Fordists about the existence or otherwise of a working-class or of the power of trade unions and mass action, which will have to wait for another article. However let us consider their analysis of modern capitalism, from which their political conclusions flow.

Was 1920s capitalism Fordist? Firstly, it is not true that at any time the capitalist production process was **entirely** by assembly lines in large factories. That was certainly the overriding tendency that Marx identified in his analysis of modern industrial capitalism. But even by the 1920s less than one-third of British manufacturers used assembly lines and only half of those were automated in any way. According to the OECD, even by 1980 the USA still had more people employed as bookkeepers using manual techniques than were employed in all the computer-related industries.

Car production has never been Fordist in the sense that companies produced only one standardised model. Manipulating and creating demand i.e. flexible marketing in the post-Fordist sense with several models, regular product changes and new launches has always been a feature of 'Fordist' production.

In the Fordist era, many consumer goods were produced with little mechanisation. On the other hand, heavy capital goods industries have continued to develop intensively mechanised processes using robots etc in our apparently post-Fordist era. Modern capitalist production has generally been characterised by some important and key industries being heavily mechanised and automated, while others continue to be labour intensive, often requiring craft skills. The qualitative change in capitalism from Fordism to post-Fordism that our theorists claim to have discovered is highly exaggerated at the very least.

Also, the development of monopoly capitalism did not end competition as the regulations theorists suggest. On the contrary under imperialism there was increased competition for markets nationally and internationally. Monopoly enterprises cannot hold prices and profits up indefinitely against any superior new technology employed by competitors. The lower costs generated by better techniques will eventually allow competitors to undermine monopoly control of a market. That is why British industry eventually lost markets to the USA and Germany before 1914 and why US industry has lost ground to Japan and West Germany since 1945. The Marxist analysis of monopoly never suggested that small firms would steadily disappear. As Rosa Luxemburg explained: "small capitalists play in the general course of capitalist development the role of pioneers of technical change... the struggle of the average sized firm against big capital cannot be considered a regularly proceeding battle in which the troops of the weaker party continue to melt away directly and quantitatively. It should be rather regarded as a periodic mowing down of the small enterprises which rapidly grow up again, only to be mowed down once again by large industry", *Reform or Revolution*.

Price competition is still a crucial battleground for the multinationals, and there is a continual drive to lower costs through improved technology and scientific management of production and the labour force. The regulation theorists have ignored these vital features of monopoly capitalism.

Blinded as they are by what they call these 'New Times', as the CP likes to describe the post-Fordist era, the post-Fordists are also not troubled by features of capitalism in the 1980s that do not fit into their categories.

The major capitalist industries which provide the bulk of the surplus-value appropriated and accumulated by the capitalist class worldwide are just those sectors which require large investments of capital, sizeable plants and well concentrated workforces, assembly line production i.e. Fordism eg motor vehicles, chemicals, electronics and agricultural production.



Martin Jacques,
Editor, *Marxism
Today*.

And those industries which are dominated by small firms specialising in certain crafted products can only survive because they depend on components and machines that have been produced on mass production Fordist lines.

New technology has created conditions in which workers can be physically separated in the production process while communicating by computer networks, but that has created even greater dependency between units of production. Small component suppliers are now even more dependent on the large firms for their business and through information technology are increasingly integrated into the production cycle of the larger firm. In the motor industry the number of small component firms is declining as long-term contracting work for one large motor company expands. Japanese industry particularly resembles this model of modern capitalist production.

Computerised planning, robots, and high-tech communications technology enable firms to produce commodities in short production runs which can be geared to specific markets. But this change from old style mass assembly on long production cycles does not mean the destruction of large firms as the post-Fordists claim. Batch production of diversified products is being carried out by just those big Fordist firms that are supposed to be on their last legs. The bigger the firm, the greater the scope of products that it can produce, the more it can spread its overheads and use the costly capital equipment on various products. The larger firm can afford much more easily to reprogram its expensive capital equipment than the smaller supplier. New technology means shorter design cycles, lower stock levels through the use of 'just-in-time' computerised inventory programs, shorter production runs and quicker response to changing demand. But the cost of investing and developing the technology for these production benefits is consequently so high as to **increase** the tendency towards larger firms, not weaken it.

As one Japanese expert put it in the *Financial Times*, 16 February 1989: "the lifespan of any one product has become much shorter: the typical audio set is used for anywhere from six months to one year. This means that manufacturers must be able to put a wide range of products on the market and must keep producing new ones very quickly, to keep pace with changing demand and to create new demand. Success depends on heavy investment in research and development. With products changing at such frantic pace, a wide and efficient distribution network also becomes crucial. In all these respects, the larger manufacturer has a definite advantage over small and specialised companies".

Research and development costs have ac-

celerated in the last 15 years. In the car industry the cost of designing and developing a new model has risen to over \$1bn and according to the *Investors Chronicle*, 31 March 1989, it will rise to over \$10bn in the next 10 years.

In the modern telecommunications industry it is ludicrous to talk of small units and small firms. On the contrary, the move is to global multi-national operations, as a firm like BT demonstrates. As Sir John Harvey-Jones, the former head of Britain's biggest industrial firm, ICI, commented: 'the speed of supplying a new product to the markets of the world is an important competitive factor. This means having access to a world marketing network... global systems of this sort... require constant feeding with the new, and impose crippling costs on their owners... the sheer cost of research, development, launch and branding... impose burdens which the small guy cannot face up to.' *Observer* July 1989.

And is it really true that there has been increased product diversity through consumer market specialisation to meet a growingly prosperous population? The affluent readers of *Marxism Today* may think so as they make their credit card purchases in Benetton, Next etc (62% of *MT* readers are professional, they visit wine bars and restaurants at least three times a month, and have two or more holidays a year).

But the truth is different. Agribusiness gets more and more standardised. A recent report showed that world seed production is gradually being reduced to just 150 standardised varieties, with local variants being destroyed by the multinational agrobusinesses at the rate of 10,000 a year. Food quality is steadily declining with the expansion of battery assembly-line production.

Increasingly we find in every shopping centre, the same retail chains with the same products. Coke can be bought anywhere in the world, as can MacDonalds hamburgers. *Marxism Today* or *Guardian* readers, buying their special cheeses at the local supermarket may think that there is greater product diversity. But they can only purchase a particular goat cheese because it is no longer produced in the local Mediterranean villages but comes from huge mass production vats in the cities. Modern consumer diversity can therefore mean more standardised production from larger units.

The decisive change that has taken place in post-war capitalism is not that from Fordism to post-Fordism. It is from the post-war epoch of upswing of 1949-73 to a new era of downturn, instability and crisis. This development is a product of the underlying contradictions in the capitalist process of production through accumulation of capital which Marx identified 130 years ago, not through some mythical post-

The decisive change in post-war capitalism is not from Fordism to Post-Fordism but from the 1949-73 upswing to a new era of instability



*Micro-chip
 production.*

Fordist break-up of capitalism.

In particular, Marx predicted that accumulation would have a tendency to increase the concentration of capital i.e. firms would tend to employ larger amounts of plant, machinery and labour; and a tendency to increase the centralisation of capital i.e. smaller firms would increasingly be gobbled up by giant firms leading to greater monopolisation of markets.

Contrary to the arguments of the post-Fordists, none of these basic characteristics of capitalism that Marx revealed and predicted have disappeared. It is true that modern capitalist economies have shown a decline in the proportion of workers in production industries like manufacturing and energy. In the UK there were 8.6 million workers employed in those sectors in 1955, 7.3 million in 1977 and only 5.9 million in 1985. But this fall in the UK is much more the result of the terrible cut back in manufacturing capacity during the 1979-81 recession than a long trend away from 'Fordism'. In Japan manufacturing employment has increased, and the share of manufacturing in total product has risen.

If we look at engineering employment in the UK over the last century, we find that the number of workers is still the same as in 1951 and much larger than in the heyday of British industry in the 19th century.

Although there has "been a tendency towards a greater concentration in small firms... even after account is taken of shifts in industry structure" (OECD Employment Outlook 1985 p64), the OECD still found that larger firms (with more than 500 employees) overwhelmingly predominate in all the major advanced capitalist countries as employers of labour compared to small firms (with less than 100 employees) in manufacturing and are still important for the whole economy even when services, where small firms and establishments are prevalent, are included. (See Tables in panel).

Internationally, there has been a general stability in employment shares by size of plant. There has been only marginal growth in the small firms' share, hardly justifying the arguments of the 'post-Fordists.' Most of the movement has been due to the shift of employment into services and partly to the last recession hitting larger firms harder.

The UK's peripheral workforce ie part-time, temporary and self-employed, has remained small in manufacturing and is mainly concentrated in public services and in private sectors like catering and hotels where it has always been. There has been no significantly fundamental post-Fordist change here. What change there has been is more due to the weakened bargaining power of trade unions in the early to mid-1980s under the threat of high unemployment.

Moreover, the growth of self-employment —

from 6.8% of workforce in 1965; 8.4% — 1971; 7.7% — 1979 to 12% in 1987 has been generated mainly by subcontracting from large firms and is heavily dependent on them.

Part-time working (less than 30 hours a week) has increased as a proportion of jobs only because full-time jobs have declined, not because there has been a dramatic absolute increase in the number of part-time jobs. The increase in part-time jobs 1979-85 has been 217,000, almost all in the services sector.

The latest estimates show that in the UK as a whole, 71% of all employees work in firms with more than 200 employees (Source: C Hakim *Employment Gazette* Jan 1989). In manufacturing it is 62.7% and in the service sector including public services it is 75.8%. Thus medium to large firms remain the decisive employing enterprises in the UK economy. Capital remains heavily concentrated as Marx predicted.

Contrary to the arguments of the post-Fordists, there has also been no let up in the centralisation of capital in larger and larger multi-national enterprises which dominate national and world markets. The latest figures hardly justify the claim that there is a break-up of monopoly control.

According to the *UK Census of Production Summary Report 1986*, the top 100 companies in the UK control 33% of employees in manufacturing, 33.8% of sales in manufacturing, 37.7% of net manufacturing output and 45.7% of assets in manufacturing.

A wide range of sources, including Labour's own Policy Review documents, state that the top 150 UK companies control 60% of GNP.

And recent figures compiled from *The Times* 1987-8 analysis of the top 1000 companies in the UK show:

Centralisation of capital 1987-8

	sales turnover%	capital
Top 25 companies	37.3	53.6
50	50.0	63.7
100	64.2	76.7
150	72.6	85.0
200	78.1	90.9

Including those outside the top 1000, it can be calculated that the top 150 companies have 78% of capital and the top 200 84%.

Far from capitalist enterprises diversifying into smaller units and breaking up in this post-Fordist era, the last decade has witnessed an unprecedented orgy of mergers and acquisitions as corporate predators gobble up weaker brethren. In 1979 there 53 takeovers or mergers worth £1.6bn. In 1986 there were 696 mergers worth £14.9bn. But in 1987 this leapt to 1125 takeovers worth £15.4bn, and the last year has seen that record broken.

The new pressures imposed by further integration of the European market in 1992 have already produced a rash of mergers as companies in high tech markets like GEC and Plessey and in consumer retail markets like Rowntrees, Cadbury's and Nestle form into even larger conglomerates. According to UNCTAD the world's top 200 companies now control 60% of world GNP.

And this merger boom has affected just those enterprises which supposedly represent the epitome of post-Fordism. Robin Murray's "symbol of the age", Habitat, has disappeared into the Storehouse conglomerate along with British Home Stores — a perfect example of growing centralisation in the last haven of the smaller producer — the retail market. Now it is rumoured that the great computer marketing success story, Amstrad, may find a larger 'partner.'

The post-Fordist arguments that capitalism is now fundamentally different from how Marx analysed it in the 19th century are really nothing new. They follow a long line of preceding theories which seek to deny that socialism is the next progressive stage in the development of the productive forces organised by human society and argue that progress merely depends on some evolutionary changes or reforms in the capitalist system of production.

It was just under 100 years ago that Eduard Bernstein propagated similar views about capitalism as the post-Fordists do now: that capitalism was becoming highly flexible and that small-scale production was increasing at the expense of the giants of industry.

The arguments have not changed and neither has their validity, they are demonstrably wrong.

Tables

The tables below were compiled by the author from OECD *Employment Outlook 1985*. Tables A and B show what proportion of the workforce in different countries work in large companies (ie over 500 employees) and in small companies (ie under 100 employees); both by size of company and by size of the factory site. They show the dominance of large firms in manufacturing, with the exception of Japan with its unique reliance on small compo-

nent subsidiaries to big firms. When the services sector which includes shops, hotels etc where small firms dominate is added in, then there is higher percentage of workers in small firms — as there has always been.

Tables C and D show the trend since 1970 when post-Fordism is supposed to have been operating. They show that there has been no real change in the proportion of workers in small or large firms either by size of company or by size of factory or workplace.

Table A

For enterprises (ie. firms or companies) in the whole private sector:

	% of employees in large firms	% in small firms
Austria	33	47
Belgium	33	46
France	39	42
Japan	27	56
USA	48	40

Table C

For establishments (plants or factories) in whole economy:

	% of employees in large plants		% in small	
	1971	1983	1971	1983
France	42	40	38	40
Japan	30	28	55	57
USA	47	48	41	40

Table B

For enterprises in private manufacturing:

	% of employees in large firms	% in small firms
France	49	28
W Germany	60	15
Italy	46	25
Japan	33	46
UK	66	20
USA	71	16

Table D

For establishments in manufacturing:

	% of employees in large plants		% in small	
	1970s	1980s	1970s	1980s
France	52	50	25	27
Japan	37	35	43	45
UK	72	68	15	17
USA	71	67	na	17

Book Reviews

Beyond the Casino Economy

By Nicholas Costello,
Jonathan Michie and
Seumas Milne

Published by Verso, 1989,
at £8.95

Reviewed by
Michael Roberts



Tony Benn.

This book, with a foreword by Tony Benn, represents the arguments of the 'Bennite' wing of the Labour Party. Costello, Michie and Milne — an information technology expert, economics lecturer and *Guardian* journalist respectively — are strongest rebutting the theories of Bryan Gould et al which accept the alleged success of modern capitalism.

They effectively refute claims of a 'British economic miracle' (p42-44 and p77-92) and expose the deficiencies of market forces (p59-73), showing that between 1970-84 the City's financial markets made no contribution to building British industry which had to finance all its investment out of retained profits (p120).

They proclaim, with evidence,

the virtues of planning, although they have illusions that the planned economies of Eastern Europe are 'socialist' and that Gorbachev's economic reforms are 'steps in the direction' of workers' self-management (p262). Indeed the book's weakness is its alternative to capitalism, which closely resembles the Labour Lefts' 'Alternative Economic Strategy' of the 1970s.

The deficiency of this programme remains: political cowardice. The authors' arguments often lead them to conclude that only public ownership and workers' control of industry and the plan can take the economy forward: "If a Labour government is to implement a long-term strategy: it would need to have powers to change the behaviour of the largest few hundred firms that dominate the British economy. Ideally that would mean the nationalisation of all of them" (p109); "The most rational and long-term solution to the problem... would be to turn those few hundred companies into democratically-owned and accountable public bodies." (p254).

Yet as this conclusion is reached, the authors back away and look for some half-way house.

Why? Because: "common sense (!) dictates that even to carry out an extension of public ownership on the scale that the French government did in 1981-2 would be an enormous political and organisational struggle" (p109).

Thus the old formula of a radical strategy aiming at "planning what would of course be — as Neil Kinnock pointed out at the 1988 Labour Party Conference — a market or capitalist economy" (p259). The programme becomes important reforms in wages, housing etc through public ownership of one or more banks and some key industrial companies, coupled with exchange controls and compulsory planning agreements.

It is a programme they admit cannot really take the economy forward, and thereby mobilise the enthusiasm of the working class, and yet will nevertheless provoke a violent reaction from big business that will force a Labour government to retreat. It is dangerous political cowardice: if public ownership of the top 200 companies is the 'most rational solution' why not tell working people the truth and campaign for it?

The Money Machine: How The City Works

By Philip Coggan

Published by
Penguin, £4.99

Reviewed by
Mike Waddington

"People may be in chains but in the 1980s capital has become free," Coggan begins. Deregulation and 'Big Bang' have created a world system of 24-hour trading.

The book explains in simple terms how the system attempts to work. The chapters on foreign exchange and Euro-money are the most helpful. Euro-dollars are simply dollars held in banks outside the USA and consequent US restrictions. With oil priced in dollars, huge dollar surpluses are

held by oil rich countries. As Coggan says, "The world is now a single capital market, in which vast quantities of money shift from one country to another in search of short term gains."

The problem is what comes in can just as easily go out! The last interest rate hike in Britain came after £2bn was spent by the government buying pounds that 'investors' didn't want. At that rate the £40bn reserves wouldn't last long, so the interest rate went up to keep the 'investors' happy.

It is the (unstated) pursuit of profit that makes the system work and become distorted. Originally, the markets and exchanges were about providing capital for investment and trade. But with the vast amount of funds available and the low rate of profit in manufacturing, gains are made through spec-

ulating on the value of currencies and exchange rates. Nothing is produced but fortunes are made.

My favourite part of the book is about the confidence of the ruling class for the future. Companies and countries issue bonds, a promise to pay back money that is lent to them with interest. These bonds are rated AAA to D, when the bond is in default. Getting your rating depends on political factors, described in the book. The same point was illustrated in a newspaper advert from the government's Export Credit Guarantee Department: "If a revolution comes, who is going to protect your overseas investments?... don't wait to hear the rattle and roar of approaching tanks — take cover now"! The thought of boardrooms being preoccupied with revolution is very comforting!

Citizens
 By Simon Schama
 Published by Viking,
 1989, £20
 Reviewed by
 Peter Taaffe

In last year's avalanche of literature on the 200th anniversary of the French revolution, Simon Schama's book *Citizens* was singled out by bourgeois reviewers. Little wonder for, as he admits, he adopts "the unfashionable top-down" rather than "bottom-up" approach.

While *Citizens* has been praised and its author lionised, it is not a serious work. Not quite fiction, it is at best 'faction', and a not very good example of this genre. True the author admits that "what follows... is not science". On this at least we concur!

Schama's excuse is that modern history is "depersonalised, cut loose from the speech and conduct of great men". True, the output of most modern bourgeois historians is as interesting as a railway timetable. But real history, seeking to describe the objective unfolding of events, neither ignores 'great men' nor isolates them from the objective conditions in which they operate.

No bourgeois historian has explained fully the causes of the revolution, its rhythm and the role of the great figures shaped by and in turn shaping its course. Schama is no exception. However, many are at least readable in comparison to Schama. Some present accurate factual data, adding to our knowledge. Schama is not even capable of this.

Among pages of useless detail

about 'ballooning' in pre-revolutionary France or of prisoners who kept rats as pets, Schama's real theme is the alleged bloodlust of the French masses. Thus there is no coherent explanation why the Parisian masses stormed the Bastille. It was not to release the seven prisoners incarcerated there. Instead they believed this Royalist stronghold was stockpiled with guns trained on Rue St Antoine, the main bastion of the revolution.

Schama particularly laments the treatment of the Governor of the Bastille, Launey. He complains, "a sword was handed to Desnaux but he cast it aside and used a pocket knife to saw through de Launey's neck". This act was barbaric, but Schama ignores the 98 killed and 73 wounded because de Launey ordered the guards to fire. Is it little wonder that the besiegers of the Bastille were driven into a frenzy which resulted in the bloody execution of the Governor?

In passing, Schama mentions the privations of the masses without recognising this as the spur driving the revolution forward. A similarly selective approach is adopted to the Terror. While most bourgeois historians praise 1789 — the 'good revolution' — and excoriate 1793 — 'the bad revolution', Schama declares "the Terror was merely 1789 with a higher body count". This typifies the shallow and vulgar treatment of the ebbs and flows of the revolution.

History must proceed under the pacifist baton of conductor Schama. Violence, it seems, was "the revolution's source of collective energy. It was what made the revolution revolutionary". In fact the Terror arose from the attempts of counter-revolution.

internally and externally, to mobilise the forces of feudal reaction with the bourgeois of Britain in a coalition to smash the revolution.

Schama also goes to ludicrous lengths in his apologia of Louis XVI. Thus he writes "on July 14 1789 Louis's journal consisted of the one word entry 'rien' (nothing). Historians invariably find this a comic symptom of the King's hapless remoteness from political reality. But it was nothing of the sort. The journal was less diary than one of his remorselessly innuolated lists of kills at the hunt. Since his favourite pastime had been more or less permanently interrupted, there could hardly have been a more negatively eloquent utterance on his predicament than 'rien'."

We are asked to believe that while a social earthquake developed under his feet it was entirely normal for the French King to concentrate his mental forces on the 'hunt'. This comment says as much about Schama's method as it does about the vacuous Louis.

For Schama the revolution's social achievements are a dead letter. Yet the destruction of the last remnants of feudalism, the unification of France, the acceptance of bourgeois law etc, cleared the way for the future development of capitalism. This would not have been accomplished without the great French revolution. It is a measure of the fear of bourgeois historians that they have to denigrate the revolutions of the past in order to defeat its threat today. This song is sung in many different keys. Thatcher deploys crude invective in her ignorant broadsides. Schama merely adopts a more 'erudite' approach. □

MIR □39
 Spring 1990
 Book Reviews

For further analysis of the Great French Revolution read *The Masses Arise* by Peter Taaffe. Available at a special price to MIR readers for £2.95 plus 55p postage from Fortress Books, PO Box 141 London E2 ORL.

THE
 MASSES
 ARISE

THE GREAT FRENCH
 REVOLUTION 1789-1815



PETER TAAFFE

Letters

Have you a comment about this issue of the *MIR*? Let's hear from you.

Dear *MIR*,
I think that the new layout, typeface and design of the *MIR* is a vast improvement — and the articles are varied and interesting. However, perhaps it would be a good idea to develop the journal by having a regular 'Workers' History' column taking up relevant issues that we can learn lessons from like Red Clydeside, Poplarism, the General Strike, Popular Frontism, Chile etc. I would also suggest that the *MIR* publish something about the history of the Labour Party which is very important. *MIR* is a vital complement to *Militant* in building the forces of Marxism.

Guy Baker, Waltham Forest

Dear Comrades,
Congratulations to all concerned with the 'new look' *MIR*, and in particular for the excellent survey in *MIR* No.42 of the conflicting possibilities and forces inside Poland and Hungary.

At one time there was discussion over whether the tasks being carried out by the Soviet bureaucracy could be classified as simply the 'primitive accumulation', but in a non-capitalist framework, of the resources upon which a more advanced society could be built. It is presumably in having accomplished this, albeit at an appalling cost because of the bureaucratic and bonapartist deformations of the system, that the bureaucracy can be said to have played some progressive role if only for a period, a period now ended.

The fact that the costs of the bureaucratic deformations have been so high as to completely disorientate many as to the direction to that more advanced society seems to fit with the *MIR*'s analysis.

The recent letters of Bill Hopwood and Max Neil

questioned the books reviewed in the *MIR*. True some of them have been 'expensive and obscure' but that does not mean that they do not contain points of real value. To the extent that they do I would suggest that the reviews are more than justified, not because most of us are going to rush out to buy such books but precisely because the review itself gives us access to material which we would otherwise not know about.

That said I do agree that reviews drawing attention to popular classics would have a value of their own, especially given the obscurity into which many works which ought to be of value to socialists have unjustifiably been thrown by bourgeois prejudice. Even GK Chesterton, for example, now beloved by many on the extreme right, had a revolutionary anarchistic aspect to him now denied.

Ian Hunter, Sacriston

Dear *MIR*,
I am writing in reply to Max Neil, *MIR* No.42, who criticised the books reviewed in the *MIR* as 'expensive and obscure'. Instead he advocates articles reviewing general 19th and 20th century literature.

I think it is important that reviews should be of recently published material, or else they become a nonsense. But what Max Neil seems to be advocating are articles on literature in the *MIR*, which I think would be an excellent idea.

A few general observations — I think the history of Bolshevism series was very good, giving you an incentive to buy the next issue. For a new serial I would suggest some articles on the basic works of Marx and Engels. Recently I borrowed their *Selected Works* from the library — and every chapter had a nasty little introduction

trying to slag them off. Also some of their articles are heavy going.

On the last issue I thought the article on East Germany understated the possibility of capitalist re-unification and the article on the national question in the USSR was too short to really go into the specifics of the situation. The article on Hungary and Poland was well backed up and researched with loads of facts and figures, sources for all quotations were given — so readers could look at the articles themselves — and it was not glib and sloganeering but honestly explored all the processes unfolding. It was not afraid to say that there are no blueprints or easy answers, which after all is really the fundamental point.

Andrew Ford, Liverpool

The views expressed here do not necessarily reflect those of the Editorial Board. We reserve the right to shorten letters for publication.

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Towards a new revolution

As the regimes of Eastern Europe crumble, all preconceptions must be re-evaluated. Leon Trotsky, fighting the bureaucracy, predicted a new revolution to restore workers' democracy. Fifty years after his assassination, is this being borne out?

Elizabeth Clarke and Richard Peters visited the Soviet Union in November/December 1989. Their interviews and discussions provide a penetrating insight into the mood of the Russian people and an invaluable key to understanding the momentous events now unfolding.

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