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Resisting the Euro-right

A corrupt system ●

The French Left ●

Yugoslavia ●

Militant International Review

MIR

Issue 52, July/August 1993

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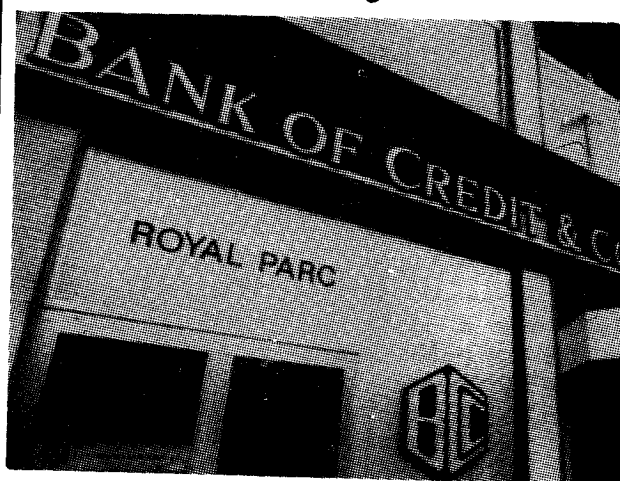
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Resisting the Euro-right



How far can reaction go? Nick Wrack looks at the rise of the European far-right.

THE RECENT GROWTH of far-right and neo-Nazi groups across Europe, the increased votes for these organisations and especially the horrendous increase in racist attacks and murders, raises a series of vital questions for socialists.

In France the neo-fascist Front National (FN) took over 20% of the vote in 30 towns in the 1992 regional elections. Exit polls showed FN electoral gains among the industrial working class. A BVA institute poll found that the FN's 19% support amongst workers matched both the Socialist Party (PS) and the conservative UDF. The Ipsos

Institute concluded that the working class vote was 28% of the FN's total electoral support. Its total 3.3m votes compared with 4.5m for the PS.

More recently, in March this year, the FN received its best ever general election results. Although a first-round poll of 12.5%, 3.15m, was lower than the 1992 regional elections figure of 13.9%, it was a big increase on the 9.7% obtained in the 1988 general election. The FN strengthened its support amongst young males under 25, small traders, sections of the working class, and those who consider themselves to be marginalised from society. The FN's leader, Jean Marie Le Pen,

won 27% of the first-round vote in Nice and 42% in the second. More than a hundred FN candidates gained enough votes to enter the second round.

Support for the FN has been growing since the mid-1980s, mainly as a result of the failure of the Socialist Party government. Unemployment stands at over 10% and at 28% for 18-25 year-olds. The FN's overt use of racism has been aided by the racism of the traditional right-wing leaders and also by the PS. Former Socialist Party prime minister, Edith Cresson, talked of chartering planes to repatriate immigrants, leading demonstrators to chant 'We won't fly Air Cresson'.

In Belgium the neo-fascist Vlaams Blok (VB), led by former Nazi collaborator Karel Dillen, stands for an independent Flanders and a return of all non-European immigrants to their countries of origin. It obtained 25% of the vote in Antwerp in 1991 and now has one MEP, two MPs and 60 councillors in ten cities.

In Austria the Freedom Party (FPO) stands openly on racist anti-immigration policies. Jorg Haider, the FPO leader, has praised Hitler's labour policies. In November 1991, while the Socialist Party (SPO) lost 10% of its vote in Vienna, the FPO increased its vote three-fold to 22.6%, pushing the conservative People's Party (PP) into third place. In last year's presidential elections, it received 16.5% in the first round. Whilst it cannot yet be described as a neo-fascist party, its strident anti-immigrant racism is a feature it shares in common with neo-fascist parties in other countries.

In Germany last year the neo-fascist Republikaner Partei (REP), whose leader Schonhuber was a former Waffen SS volunteer, won 11% in Baden-Wurttemberg, giving them 15 seats in the state parliament. The fascist DVU won 6.4% in Schleswig-Holstein, taking six seats. In Baden-Wurttemberg an estimated 170,000 deserted to the Republikaners from the ruling conservative CDU party and 110,000 from the Social Democratic Party (SPD). In Schleswig-Holstein the SPD lost an estimated 30,000 votes to the DVU. In this year's local elections, in the state of Hessen the Republikaners won an average vote of 8.3%. In Frankfurt they polled over 25,000 votes, 9.3%, winning ten of the city's 93 seats. The SPD vote fell 8%.

In the first quarter of 1993, there were 1,339 officially recorded racist attacks in Germany, compared with 807 in the same period in 1992. These figures underestimate the extent of racist attacks. In Soligen, on the night of 29 May, five Turkish women died after an arson attack on their home. Fourteen were injured in a fire-bomb attack on an asylum hostel in Munich. Asylum hostels in Berlin and Hanover were also fire-bombed.

THE RISE OF racism and the increased support for the far-right is related to a number of common European-wide trends. Despite the prolonged economic upturn in the 1980s, there was a continuous and widening gap between rich

and poor. Then the problems faced by workers and the middle class were exacerbated by the onset of recession. Unemployment hit three million in Britain, France and Germany. The idea of permanently growing prosperity has been profoundly shaken.

At the same time there had been the relentless drift to the right of the labour and trade union leaders, as they swallowed the capitalists' triumphalist belief in the efficacy of the market. With the collapse of the planned economy in the former USSR and Eastern Europe, this trend was reinforced. To these leaders the collapse of Stalinism meant the 'death of socialism', which pushed them even further to the right. With the onset of recession, none of the traditional parties of the working class was able to offer any real alternative to the workers. Indeed, where they were in power, as in France and Spain, they were responsible for carrying out pro-capitalist, anti-working class policies.

There has been a loosening of the bonds between the parties of the working class and sections of the working class itself. Workers have been prepared to vote for other parties, either as a protest or because they see them as offering an alternative to the established political parties. This is shown in the vote for the Greens in France, the rise of the Northern League in Italy, and also partly explains the rise in electoral support for the far-right and neo-fascist parties. These parties have benefitted from the inability of the traditional workers' parties to offer any solutions to the problems facing workers and sections of the middle class.

There is widespread disenchantment with the established parties.

There is widespread disenchantment with the established parties. In Germany this year, a layer of national and regional politicians have resigned because of corruption scandals. These included former SPD leader, Engholm, transport minister, Kraus, and Max Streibel, CSU premier of Bavaria. Steinkuhler, leader of the German TUC (DGB), was forced to resign after it was revealed that he had purchased shares in a Daimler-Benz holding company and made a profit of DM64,000 when the company was dissolved. He is said to have benefitted from inside knowledge.

The intensification of the economic crisis has enabled the far-right to step into a vacuum. They have latched onto social and economic issues such as unemployment and housing and used the poison of racism and anti-foreigner demagoguery to try to win support.

The rise of the far-right and neo-Nazi parties must also be seen against the explosion of na-

tionalism in the aftermath of the collapse of Stalinism. The racism which is a common feature in the propaganda of all of these parties is an extreme form of nationalism. The collapse of Stalinism in the former USSR and Eastern Europe led to a massive number of refugees coming to the West. The question of asylum-seekers has also been used by the racists to fuel their arguments.

It is ironic that part of the process which led to the opening of the Berlin Wall was the growing number of asylum-seekers from East Germany and Poland entering West Germany following the breach in the Austria-Hungary border. At the time, it was hailed as a triumph for capitalism that so many from the Stalinist countries wanted to settle in the West. Now the whole question of asylum-seekers has become a central problem for the capitalist politicians of Europe.

MORE THAN TWO million people have claimed asylum in European countries in the past four years. Ten years ago the total number seeking asylum in 23 European countries was just 71,000. Last year the figure was over 700,000: 438,000 of those applied to Germany, taking its cumulative number of asylum-seekers over the past four years to over one million, half the European total. Given the deepening recession, none of the capitalist countries is prepared to accept the extra cost of providing for these asylum-seekers.

The EC governments have agreed tougher guidelines for combatting illegal immigration. Germany and France are currently introducing much stricter border controls, tougher police measures and deportations. Charles Pasqua, the right-wing interior minister in the new French conservative government, has presented draft legislation restricting immigrants' rights to family reunion and extending police powers. His declared objective is 'zero immigration'.

In May, the German parliament changed the constitution to tighten the asylum laws. Until then the basic law had granted any refugee the right to seek asylum in Germany. The change will now mean that Germany will send back asylum-seekers to the neighbouring country from which they entered, for example, Poland or Czechoslovakia. Although the previous law was relatively liberal, asylum status was only granted to about 4% of applicants.

While the questions of immigration and asylum have been used by the parties of the far-right to gain support, these issues have also been utilised by the traditional conservative parties. Racism is a weapon used by the capitalist class to sow division within the working class. The immigration policies of the various capitalist countries, and particularly recent measures, have to be seen in this light. Faced with a worsening economic and social situation, the governments are attempting to divert the attention of workers away from the real causes of these problems -

capitalism and capitalist crisis-policies.

Across Europe the capitalists have in the past deliberately encouraged immigration to provide cheap labour, fuelling the economic expansion up to 1974. In Germany, for example, the number of Turks rose from 68,000 in 1964 to 600,000 in 1974. Presently there are about 1.8m Turks living in Germany.

Now the Turks along with asylum-seekers clearly not of Germanic origin, ie with darker skins, are bearing the brunt of the racism actively whipped up by the far-right and neo-fascist parties but cultivated by the CDU government. The asylum 'debate' was initiated by the ruling CDU in the summer of 1991. A CDU circular to its branches argued that this should be the main issue with which to beat the opposition SPD. Prior to the debate only 11% of Germans considered the issue of asylum-seekers to be important. Afterwards, the figure was 41%. No sooner had the 'debate' finished than the attacks on the asylum hostels by the neo-Nazis began. The racist propaganda of the traditional conservative politicians fuelled both widespread fears about the scale of immigration and the violence of the fascist thugs.

The SPD made no attempt to offer a socialist alternative to the CDU's racist policies.

In response, the SPD has made no attempt to offer a socialist alternative to the CDU's racist policies. Instead they simply capitulated to the CDU's pressure and agreed to the constitutional change on asylum. Instead of lessening the problem of racist attacks, this simply fed the confidence of the racists and fascists who felt they had achieved a victory, with the tragic consequences at Solingen.

The wave of racist violence in both west and eastern Germany and the increase in the votes for the neo-fascists is a reflection of a widespread malaise throughout German society. The psychology of the German masses has undergone a series of profound shocks since 1989.

The reunification of east and west on a capitalist basis marked a counter-revolution. While initially popular, unification has led to massive disappointment, particularly in the east. The promise of greater prosperity has been rudely dashed, and the euphoria of 1989 has gone. In 1989 the workforce was 9.8m. Now it is 5.5m. Manufacturing employment in the east has collapsed from over 3m to only 700,000. Real unemployment is 35%. While easterners pay western prices, wages are less than 70% of western levels. This disillusionment has been a breeding ground for the racists and fascists.

In the west too there has been the shock of the biggest recession in twenty years, on top of the costs of absorbing the east. A ZDF television poll found that only 4% of those surveyed thought that Germany was 'in order': 46% said the country had 'large problems'; 38% felt it was in 'a difficult crisis' and 12% said it was facing 'catastrophe'. There has also been a dramatic disenchantment with the political system. A poll carried out in March showed that 60% believe political corruption is commonplace. A year ago 73% thought it was exceptional. The authority of politicians has reached an all time low.

GIVEN THE ABSENCE of any lead by the established workers' parties, the frustration and despair of wide sections of the population, especially the youth, can find succour in right-wing parties which seem to offer something different.

In the 1920s and 1930s fascism arose as a result of the economic catastrophe that racked capitalism and of the revolutions that shook Europe. Fascism triumphed as a result of the defeat of those revolutions due to the betrayal of the social-democratic leaders. Fearing they could lose everything, the capitalists resorted to the fascist groups, financing their organisations and unleashing them against the working class. The main feature of fascism in this period was its mobilisation of the petit-bourgeois who were neither part of the organised working class nor of the ruling capitalist class, but who had been ruined by the economic crisis. Whipped up by the demagogy of the fascists they were used as a battering-ram against the working class.

Today there is an entirely different situation from the 1920s and 1930s. The strength of the working class, despite setbacks and defeats in



Anti-fascist demonstration in Solingen.

The rise in support for these parties raises the question: how far can fascism develop as a form of reaction? In the course of the class struggle there will be periods of advance for the working class but periods of reaction are inevitable. This does not mean, however, that this reaction will, in the present period, give rise to fascist movements capable of taking power.

Fascism is a product of capitalism in extreme crisis. Trotsky described it as the 'distilled essence of imperialism' and as capitalism 'with its fangs bared'. Fascism aims at the complete destruction of all the democratic gains that have been fought for and won by the working class. It aims at the destruction of the trade unions and all other workers' organisations. In Nazi Germany even the workers' chess clubs were prohibited. Fascism has as its aim the atomisation of the working class, destroying all elements of a new socialist society that exist within the old.

the 1980s, remains fundamentally intact. There is no longer the vast social reservoir for fascism amongst the peasantry and the urban petit-bourgeois. The section of the labour force employed in agriculture has been reduced to a tiny fraction. The urban petit-bourgeois has largely been absorbed into the working class. Teachers, civil servants and students, who in the past would have inclined to hostility towards the unions, are now part of the labour movement and have themselves been involved in strike action.

The ruling class too has learned from its experience with fascism. They found out to their cost that, having put the fascists in power, they could not control them. An autonomous mass fascist movement, based on the mobilisation of the frenzied petit-bourgeois and lumpen layers of the proletariat, is too unwieldy a weapon to be used again lightly. After all, as a result of Hitler's policies, the capitalists lost eastern and central Europe to

Stalinism for thirty years. Since the second world war, the capitalists have preferred, when necessary, to resort to forms of bonapartist or military-police dictatorships rather than handing power to fascists. The generals are far more closely linked through family and social ties to the ruling class and therefore are a more reliable instrument for maintaining direct rule.

This does not mean that fascism no longer poses a threat to the labour movement. On the contrary, it poses an extremely dangerous threat, which must be taken seriously. The capitalists will ruthlessly utilise the fascist gangs as auxiliaries in their battle against the working class.

However, the parties of the far-right such as the FN, the Vlaams Blok or the Republikaners have not, as yet, felt able to challenge the workers' organisations directly. At present, they are not confident of revealing completely their anti-working class programme. For the time being, their targets remain immigrants, ethnic minorities and small left organisations. They cannot, at the moment, challenge openly the trade unions. This is an indication of the weakness of these groups and of the strength of the organised working class. But this does not mean that they cannot grow and become emboldened if they are not challenged. With the continuous growth of mass unemployment, there is fertile breeding ground for them to grow if they are not countered by the labour movement.

Fascism poses an extremely dangerous threat, which must be taken seriously.

PARTIES LIKE THE Republikaners and the French FN cannot yet be described as fully-fledged fascist organisations. Although their leaders may have fascist pasts and express fascist ideas, that alone does not completely determine the character of these parties. Their character has to be viewed as a process.

At present, in order to try to win support, organisations like the Republikaners and the FN have tried to present a respectable 'democratic' face. By attacking the failures and corruption of the established parties, while at the same time utilising racism to appeal to the backward prejudices of sections of the workers and middle class, they have been able to register a protest vote against the traditional parties of government. Not all of their votes, however, can be described as protest votes. These votes also represent a growing national chauvinism. The virulent nationalism and racist anti-immigration stance of the far-right parties plays on the fears and worries of large sections of society who are faced with social crisis but



Part of last October's YRE demo.

are offered no alternative by the traditional workers' parties.

The Republikaners, the FN and the Vlaams Blok are still trying to establish themselves as respectable, mainstream parties, although as something new compared to the old parties. To do this they have to play down the overtly fascist aspects of their policies and activity. This is another indication of the limitations to their development at this stage.

In Germany there is a difference between the Republikaners and the openly Nazi-style organisations. While the latter play the role of extra-parliamentary fascist combat organisations to attack ethnic minorities and the left, the Republikaners have so far not developed in this direction. However, within such organisations there are undoubtedly Nazi elements and fascists with links to the openly Nazi combat organisations. For example, in the state elections in Hessen, the Republikaner Partei's leading candidate in Hanau, Klaus zur Lienen, was forced to resign after his membership of the hardline neo-Nazi GdNF was revealed. It was also revealed that one of the Republikaner's leading youth organisers in Baden-Wuttemberg took part in a Molotov cocktail attack on a left-wing youth centre in Pforzheim in 1991.

There are, therefore, tendencies within these organisations which can and will move in a more open fascist direction in the future. The leaders, for the time being, will try to keep these elements in the background. On occasions, however, Le Pen has not hesitated to use his street fighting thugs against demonstrators and to defend their actions later.

The electoral successes of parties like the Republikaners, the FN and the Vlaams Blok will tend to reinforce the more parliamentary wing at

the expense of the extra-parliamentary, fascist elements. The Republikaners, formed in 1983, have in the past made overtures to the CDU with offers of coalition.

The CDU, fearful that it could lose votes to the Republikaners, has echoed their racism. However this has not prevented a loss of votes from the CDU, or undermined the Republikaners, but has actually tended to re-inforce their position and give them greater confidence. There are obviously elements within the CDU who are politically very close to the Republikaners. Heinrich Lummers, a former CDU West Berlin minister, has advocated a coalition with them. Recently Rudolf Krause, a leading CDU member in the state of Sachsen-Anhalt, left the CDU to join the Republikaners, to become their first member in the Bundestag.

The FPÖ in Austria was until 1986 regarded as a small mainstream right-wing party. Until the autumn of 1986 it was in a governing coalition with the Socialist Party. The election of Haider as leader marked a new stage in its development with its adoption of nationalism and anti-immigration policies. There was an uneasy coalition between the Haider wing and its more liberal wing around Heide Schmidt. The electoral successes kept the liberals on board.

Earlier this year, however, Haider launched a petition campaign to force a constitutional change to end immigration, establish separate schools for non-German speakers, repatriate illegal aliens and make foreigners carry insurance papers and work permits. Haider's boast that the petition would receive one million signatories, more than the 780,000 votes the FPÖ won in the general election, was not realised, with fewer than 420,000 signatures collected. In contrast 250,000 demonstrated in Vienna against the petition. The opposition organised against the petition opened up divisions within the FPÖ and Schmidt's wing split to form Liberal Forum. This will have its impact upon the future evolution of the FPÖ.

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These new right parties are unstable groupings whose development will be determined by the class struggle and the balance of forces within society. In Germany in the last few months there has been a massive strike movement of steel workers and engineers in the east. Last year there was the massive public sector strike in the west. Revolutionary and counter-revolutionary trends are stalking one another, but it is clear that the

balance of forces rests with the working class. At present the working class is far too strong to be confronted directly by these organisations. As the workers' struggles develop these organisations will be pushed back.

Already we have seen that the whip of counter-revolution, in the form of the horrendous racist attacks in Germany and elsewhere, has provoked a massive response from workers, youth and wide sections of the middle class. The huge demonstrations that took place across Germany in response to the Solingen murders, as well as demonstrations before, show this. This strength of opposition has to be taken into account by these parties. They have to be careful not to overstep the mark at this stage. On the other hand, seeing this mass anti-racist movement can lead the more extreme and openly fascist groups to adopt even more terroristic actions out of frustration at their own impotence.

The response to the racist attacks so far, even without the traditional parties and unions of the working class taking a lead, shows the limitations, at this stage, for the development of more openly fascist organisations. In many cases, demonstrations have been spontaneous or organised by relatively small forces and yet they have received a massive response. In the course of these events, a campaign around a clear anti-racist and anti-fascist programme can win tremendous support.

The Youth Against Racism in Europe (YRE), launched in 1992, has already given a bold lead, organising in October a European-wide demonstration of over 40,000 in Brussels, and conducting anti-racist campaigns throughout Europe. It is vital to extend the ideas and approach of YRE to the wider labour movement.

Our task is to make clear to broad layers of workers the real anti-working class aims of the racist and fascist organisations. The lies of the extreme right, which are used to place the blame for social problems onto immigrant workers and long-settled ethnic minorities, must be systematically answered. Through demonstrations and other actions, the advanced sections of the labour movement must campaign to shatter the influence of racist and chauvinist ideology among sections of workers and the middle class. Organised sections of the working class must be mobilised to counter intimidation and physical attacks by fascist thugs, building up local and national organisations to defend communities and left organisations against attacks.

The fight against racist and fascist organisations, which are a auxiliary weapon of big business, must be linked to socialist policies to eradicate the rotten social conditions in which racism and fascism breeds. The divide-and-rule tactics of the right must be answered by a strategy to unite all sections of the working class around a clear programme, forging strong links between immigrant workers' and ethnic minority groups and the trade unions and traditional workers' organisations. □

International Notes

By Soraya Lawrence

Elections in Italy

THE ITALIAN RULING class now faces a complete collapse of its authority as the entire fabric of its establishment is eroded by the corruption investigations. More than a thousand senior politicians and businessmen are implicated alongside top executives from major companies such as Olivetti and Fiat.

Giovanni Agnelli, Fiat chairman, set an unusual precedent when he admitted his company's guilt in illegal collusion with politicians. Discounting allegations that the inquiries were part of a plot or political manoeuvrings he called for "a new season of material and moral reconstruction".

Described by the bourgeois press as "the real symbol and incarnation of economic power", Agnelli represents the sober voice of Italian capitalism. In the face of absolute turmoil, with daily evidence emerging pointing to state involvement both in the murders of anti-Mafia judges and recent fire-bomb attacks, their desire must be to restore some sort of order as quickly as possible.

Results in recent local elections, involving nearly a quarter of the electorate, must have been particularly disturbing for the ruling class as they confirmed the general trend of rejection of all the traditional ruling parties and growth for those parties in opposition.

If a general election were held today the ruling coalition parties would muster less than 20%. The Christian Democracy (DC), chief representatives of the ruling class, saw its vote more than halved with many traditional strongholds threatened. The dis-

graced Socialist Party (PSI) plummeted from 17% to less than 2%. The two minor coalition parties face oblivion. The only groups which increased their support were those presenting an aggressive opposition to the status quo.



Northern League leader, Bossi.

Foremost of these was the separatist Northern League which received 32% and has now established itself as the main party in the rich industrial north. The fascist MSI and the anti-Mafia Network also increased their vote.

The results for the workers' parties reveal the tip of the iceberg of the untapped potential for genuine change. Despite being tainted by implication in the corruption investigations the PDS (the bulk of the former Communist Party) retained its traditional strongholds in central Italy.

It was, however, overtaken by the success of the Communist Refoundation party (RC), the left-wing split from the PDS. RC improved on its vote in last year's general elections, going from 5.6% to 8.2% and overtook the PDS to become the second party in the major industrial cities of Turin and Milan.

The election results will put further pressure on the government to reach an agreement on new electoral laws for early elections, to satisfy the demand for change and attempt to restore some credibility to the system.

MEANWHILE THE DC hopes to stem its haemorrhage of support by changing its name either to the 'Popular European Party' or its original 'Peoples Party'. The PSI is opting for 'European Socialists', though it remains to be seen how they could revive from their present crisis. They have had to find yet another new leader to replace Giorgio Benvenuto who resigned after only three months, taking with him half of the secretariat. The party has an estimated £128m of debts and full time workers at the HQ have not been paid for the last four months (including Benvenuto!).

When those Socialist Party members resigned, PDS leader Achille Occhetto appealed to them to join his party in a 'democratic alliance'. At the same time he has made overtures to the Democratic Alliance party of former DC MP, Mario Segni. Occhetto faces internal divisions within his party. In May, veteran left leader Pietro Ingrao, resigned from the party. He said that the PDS had become a 'mutation' of its socialist aims. Whilst the 10% support he enjoyed in the party does not seem to have followed, it remains to be seen what will happen following the resignation of the left trade union leader Fausto Bertinotti and 30 others in protest at the party's support of the new Ciampi government. Although initially proclaiming that they would found a new 'left-wing alliance' it seems possible that they may join the RC. □

Patronage and *profit*

Dave Cotterill examines the common roots of the international trend of corruption scandals.

AS A RULE of thumb five per cent of \$200,000 will win the help of a senior official below top rank. The same percentage of \$2m and you are dealing with a permanent secretary. At \$20m enter the minister, while a cut of \$200m justifies the serious attention of the head of state”.

This is the report of Transparency International, recently set up by businessmen to highlight global corruption, particularly in the economically under-developed and semi-developed world. In a 50-page analysis they spell out the realities of the capitalist system.

We may be taught that private enterprise flourishes on the basis of savings, hard work and observing laws, but we are also bought up on the myth of Santa Claus. If you really want to get ahead in business then ‘Transparency’ International reveals how to oil the system. Top of the kick-back system are aircraft, ships, military supplies and telecommunications.

Corruption scandals are now a worldwide phenomenon revealing the truly hypocritical nature of the ‘free market’. ‘Democracy’ is a commodity like any other, bought and exchanged to the highest bidder. Whilst our leaders preach law and order, morality and the virtues of the market, they are busy gorging themselves on the proceeds of the public purse. Economic crisis and rising



social and class tensions have combined to tear away the mask, exposing the real nature of society. Dragged into the mud are the leaders of workers' organisation who were drawn into the system, corrupted - and now unceremoniously spat out.

In Italy - the apex of capitalist corruption - the 'end justified the means'. Keeping the Italian Communist Party (PCI) out of power justified corruption, murder and terrorism. This goes without a comment in the press, though imagine the frenzy if this had been a left-wing regime. But no, this is a Christian Democracy, backed by the morality of the Catholic church sanctioning these methods.

Throughout Europe 'little Italys' are springing up. Hardly a week goes by without some new scandal surfacing. But it is clear many of these revelations are being manipulated to attack the workers' movement. Champagne socialists in Spain and France have carried out pro-capitalist policies, undermined their electoral support, and left themselves open to attack. In Germany the Social Democratic Party (SPD) is in opposition, but the press have highlighted corruption in the run up to the election.

Currently 20 parliamentary inquiries are being conducted into political scandals. Bjorn Engholm, SPD leader, was forced to resign over one such scandal. Growing disillusionment is reflected in opinion polls, with 39% saying they will not vote.

The problem for the German ruling class is, as Italy shows, once the carpet is rolled back all the dirt is revealed, thus sucking into the scandals the conservative parties, big business and establishment figures.

Capitalism by its very nature is a system of ruthless exploitation, domination and oppression.

CAPITALISM BY ITS very nature is a system of ruthless exploitation, domination and oppression. It thrives on the principle of 'dog-eat-dog'. In its early development it flourished through what Marxists term 'primitive accumulation'. This represented the extreme exploitation of the working class to extract maximum profits, combined with looting, piracy and sacking of colonies. By such methods vast fortunes poured in to lay the foundations for industrial capitalism.

Industry and working class power forced relatively 'civilised' norms of behaviour and laws on the bosses in the so-called democracies. From a purely commercial viewpoint the capitalist class were happy to have a codified system of law and order which regulated trade, business and above all

protected property.

Nevertheless, even in normal periods of upward economic development there always exists a shadowy world where competitors are driven out of business by bribing officials, fixing prices and industrial espionage. Alternatively, businesses resort to shoddy work, defective materials, cutting corners or speeding-up work.

Despite talk of observing the law, businesses everyday resort to tax evasion, not paying national insurance contributions, and cutting back on safety. According to the *Encyclopedia Britannica*, fraud and embezzlement is ten times the cost of theft, burglary and robbery, whilst corporate crime is three times the cost of organised crime. Little of this features on the front pages of tabloid papers.

Even within the confines of a 'normal' capitalist system, the lure of super-profits is always strong enough to break the law. After all, it is only a natural extension of the basic theme of the system: 'get rich quick'. As Karl Marx pointed out a "profit rate of 10% will ensure its (capitals) employment anywhere, 20% will produce eagerness, 50% positive audacity, 100% will make it ready to trample on all human laws, 300% there is not a crime at which it will scruple nor a risk it will not run". (*Capital*, Vol One, p712).

This explains why intertwined with the 'legal' businesses are also drugs, arms trading and smuggling. Originally developing in an illegal 'underworld', the Mafia and other crime syndicates long ago infiltrated respectable business organisations and the institutions of the state.

Roberto Calvi - known as God's banker and prominent in the 1980s Italian scandals - was the opposing twin of this process. A prominent, respectable figure in the state institutions, he ended up as a pawn in the 'silent government'. Calvi was linked with the P2 masonic lodge, which in turn was linked with the Italian and American secret services. One of his main activities through his bank was to set up ghost companies in Latin and Central America to finance right-wing groups.

With the collapse of Stalinism, the threat of a communist takeover in Italy has gone - and with it the strategy to boost all parties to keep the PCI out of office. Patronage, kickbacks and votes kept an alliance of Christian Democrats, the Catholic church and Mafia together. At the best of times capitalist democracy is limited, due to the control of the press and media, but the recent scandals show how money can buy the state machine. In Naples two-thirds of the city's income was from graft and public spending. Because the bosses' parties wanted to guarantee social peace, the illicit economy was ignored. Now Naples is bankrupt and the national state is not far behind.

All layers of society have been drawn into the corroding web of corruption - only the new Communist Refoundation party (RC) and the Northern League have not been involved. As a consequence all parties have undermined their electoral base



Former Italian Socialist Party leader, Craxi.

- in the case of the Socialist Party it is likely to be fatal. The party is now bankrupt, 44 out of 140 MPs are currently under investigation. Only the RC and the regional parties are seen to be clean. For a period they will gain electoral support, especially with candidates who are prosecuting attorneys and state investigators.

The lure of super-profits is always strong enough to break the law.

Italy's corruption scandals will not just remain at the level of politicians. The top names of big business have admitted systematic corruption, and the investigation of Andreotti is likely to reveal the links between top politicians and organised crime. Only the Catholic church stands relatively unscathed, though the 'Calvi affair' showed clearly the links between the church and corrupt financial affairs.

Commentators have likened the event to a 'velvet revolution' and a 'melt-down of the old regime'. But the bosses' representatives are now trying to gain time by dragging out electoral reform and hoping to de-criminalise the crimes committed.

SO WHY DID the corruption scandal arise now and not in the 1980s at the time of the Calvi affair? The answer lies with Italy's deepening economic and state-deficit crisis, together with the Mafia's strategy in Sicily of taking on the state apparatus - instead of working to corrupt it. Corruption has cost Italy an estimated \$20bn over the last decade. Business is now opposed to paying bribes in a poor economic climate - the captains of industry want to cut their overheads.

Economic crisis meant complete reform was needed. Altogether 130,000 jobs fed off the political kickback system. Privatisation of the state industries, seen as the solution to the budget deficits, hits directly

or in other words we can tolerate corruption but not if it undermines business.

Big business, now on the stand, is trying to turn the accusation of corruption around, whining that they were corrupted by the politicians. Only by paying bribes, they plead, could they do business. Olivetti admitted that in 1987 they did 2.1bn lira of work, whilst after paying bribes this rose to 204bn lira. In other words they paid a company protection tax - and as the profits rolled in said nothing. For over a year the owners of Fiat would not admit to paying bribes; whilst Beneditti from Olivetti did admit to paying bribes, his plea of being corrupted wears thin when you consider he is currently appealing against a sentence of six years on charges of fraudulent bankruptcy.

ITALY'S CORRUPTION SCANDALS are linked to the country's historical development, but many features are common to other advanced capitalist countries. Flowing from these scandals have come revelations of Belgian Socialist Party leaders participating in kickbacks from defense deals.

EC fraud has also come to light. In the tobacco industry officials sold tobacco to cartels and resold to the ex-USSR and developing countries. Over \$1bn was given to Italian and Greek farmers to export phantom tobacco.

Springing up daily in Russia and Eastern Europe are criminal gangs involved in arms, drugs and prostitution. Mushrooming are share schemes that rip-off small investors, with foreign bank accounts that transfer billions to offshore companies in Cyprus, where ex-Communist bureaucrats turn up with \$3m in suitcases. In two years \$17bn of illegal transactions has out of Russia whilst \$8bn in aid has gone in.

Throughout the so-called Third World shortages inevitably lead to black markets, smuggling, corruption in foreign exchange deals and export licences. Corruption in the ex-colonial and developing countries is considered a necessary lubricant to the system. Straight forward exploitation of the working class and peasantry is supplemented by

at patronage. Having cut back on state borrowing and state industry the government finds itself in direct conflict with those who fed off the old regime. Events have had a momentum of their own. No one probably intended to go this far - but the wool has unwound itself. As *The Financial Times* put it, "Corruption in Italy has gone beyond the bounds of decency", (27 February, 1993)



Protests over nepotism in Japan.

top politicians and industrialists using the state institutions as their own personal banks.

Up until the 1980s corruption and fraud was largely concealed in the advanced countries. Since the big bang in financial services and the explosion in credit there has been a parallel development of corruption. World recession has now punctured the credit bubble, and revealed a veritable flood of scandals: insider trading, pension fund fraud, bank fraud and collapses, savings and loan collapse - where investigators discovered criminal misconduct in 40% of thrifts seized - misappropriation of parliamentary funds, in short, a billion dollar burglary of the public purse.

*Eddie Murphy's film
Distinguished Gentlemen
perfectly sums up a
practice of the American
age.*

Eddie Murphy's film *Distinguished Gentlemen* perfectly sums up a practice of the American age which could be transplanted almost anywhere on the planet. Murphy plays a con-man who takes the name of a dead senator and is elected. His sole purpose is to gain access to the Congress gravy train - a legal and less dangerous way of acquiring a fortune - only to find out that he

is a novice.

Reacting to this graft and corruption, millions in America have either turned away from voting or voted for the 'outsider' Ross Perot, expressing their disillusionment with traditional parties and politicians. A similar process is identifiable throughout Europe with 25% of the electorate voting for fringe parties.

In Japan a new stage in the corruption cycle has been reached. Events are moving quickly. Construction companies have now admitted that a proportion of their contracts were donated to the Liberal Democratic Party (LDP). Leading LDP politicians have been found with gold bars in their offices. Print companies have admitted rigging bids. An unbroken line exists between the LDP, right-wing organisations and the Yakuza (organised crime).

Everyone knows that this kind of corruption is the real norm in the capitalist system. When the managing director of Fiat gave

evidence he said he would "outline the *general* system of corruption". (My emphasis - DC).

Fiat's involvement in corruption lead to its shares climbing! So much for the morality of 'law and order'. In the EC, illegally creamed money is hardly ever recovered. One official is quoted as saying "internal investigations never result in a public scandal - (people) are given a bit of money and asked to leave. We don't want any scandal". Do an armed robbery and you get 20 years in goal. Rob billions from a state institution and the old boy network makes sure you get - a pension!

Britain is not immune to all of this - in spite of Norman Tebbit's remarks that we should stay out of European Monetary Union to 'avoid the contagion of corruption'. Thatcher's legacy has been mega-fraud, little known prior to the 1980s. Privatisation sold off the family silver with shareholders making obscene profits at the expense of the tax payer. Our national health service has turned into an El Dorado for business consultants, administrators and computer contractors. Greed has taken over from need.

Business scandals now abound: Guinness, Blue Arrow, Polly Peck. Serious fraud in 1991 amounted to £2bn. Pension fund rip-offs perfected by Maxwell are now copied by the government - which looks greedily towards the miners and railway workers' funds to meet their debts. BCCI can collapse with billions in debts and no-one bats an eye.

Yet inevitably in Britain, as in other countries, when the final house of cards comes tumbling down, then the thieves will fall out with one another. □

The French Left in flux

Dave Webb charts the rise and fall of the French Socialist Party and the prospects ahead.



Students demonstrate against a right-wing government in 1986. New explosive movements lie ahead.

THE FRENCH SOCIALIST Party (PS) seems to be shattering into pieces after its electoral debacle in March, when the seats of 200 Socialist deputies evaporated in a wave of discontent.

Now the very future of the PS is in question. In an unprecedented move, just a month before the election, a former prime minister Michel Rocard announced his plan for a 'Big Bang in French politics', for the formation of a new party of Socialists, dissident 'reformed' Stalinists, ecologists,

human rights activists and the so-called 'centre'. It was hardly guaranteed to inspire confidence in the Socialists winning the election. In the event the biggest bang so far was the sound of Rocard himself being booted out of the Assembly.

A virtual civil war has raged in the PS since his announcement, followed by his 'coup' to seize control of the executive in April and the ousting of party leader Laurent Fabius.

On the other side, Jean-Pierre Chevenement,

former defence minister, resigned 'in disgust' from the party to form the 'Citizens' Movement'. He could possibly attract support from leftward-looking workers in the future, although that is not happening at present. Rather it is defectors from the right-wing of the Communist Party (PCF) who have joined him. Chevenement has leaned towards his nationalist tendencies of late. His resignation as defence minister during the Gulf war was not to oppose the war, but for France to take an independent stance from US imperialism.

Whatever the outcome of the PS congress in July, which will discuss Rocard's proposition, the party will have changed dramatically. Like many of the socialist parties in Europe the PS is now regarded by many as being part of the 'establishment'. Scandals over money paid to party members by private companies, the sinking of the Greenpeace ship, and the use of HIV contaminated blood in transfusions for haemophiliacs, re-inforced this attitude.

This corruption was compounded by the miserable capitulation to big business in the running of the economy. When elected in 1981 unemployment, then about one million, was top of the PS agenda. The government immediately set about a wide-ranging programme of nationalisation.

During this election unemployment passed three million, 10% of the population. The Socialists, especially after the two years of right-wing government from 1986-88, just carried on the right's policy of denationalisation, albeit at a slower rate. Living standards have fallen and France has now plunged into recession.

The PCF, despite retaining 23 of its 25 seats, is riven with splits and confusion. Knocked sideways ideologically by the collapse of the Stalinist states, some of their leaders may even move towards Rocard.

The question remains: how will French workers build a genuine leadership to measure up to their traditions of struggle?

The new right-wing government, with its crushing parliamentary majority, should remember the lessons of the past. In 1968, after ten years in power, they faced the wrath of the population. A movement beginning with university students protesting against the crisis in education, developed into a strike involving ten million workers. Although only 10% were unionised, 50% of the workforce came out on strike. All the ingredients existed for the overthrow of capitalism.

However, the leadership of the Communist Party and the trade unions refused to carry out a struggle to take control of society into the hands of the working class. They pushed the movement towards purely 'economic demands', rather than a political overthrow of the capitalist class. In the following elections the PCF vote fell from 5m to 4.4m. The Left Federation, including the old Socialist Party, the SFIO, also lost 570,000 votes. In contrast, the United Socialist Party (PSU), led by Rocard but pushed to the left by the events



Rocard and Mitterrand.

of May 1968, almost doubled its vote to 874,212.

An opportunity to transform society had been lost. But the great events of 1968 were a turning point for the parties of the left. Within a year the old Socialist Party, the SFIO, had decided to disband.

THE FRENCH SECTION of the Second International (SFIO) was formed in 1905. At the Tours Congress in 1920, swayed by the victory of the Russian revolution, a majority voted to affiliate to the new Communist (Third) International and form the French Communist Party.

However, the minority who remained in the SFIO saw their fortunes favoured compared to the PCF. While in 1922 the PCF had 130,000 members to the SFIO's 30,000, the SFIO outpaced the PCF electorally and, later, in membership: as the PCF, following Stalin's line, first attacked the SFIO as 'social fascists' and then tail-ended the 1930s Popular Front.

It was not until the elections of 1945, when they won 26% of the vote, that the PCF became the dominant workers' party. This was a result of the role played by Communist militants in the underground resistance which meant that by 1944-45 the PCF were seen as the main party of struggle against the Nazi occupiers.

The SFIO in the meantime formed coalitions with the MRP (Christian democrats) and the Radicals, trying to become a 'third force' between the PCF and the Gaullists. Whilst officially spurning reformism for 'class struggle', the SFIO participated

in coalition governments carrying out counter-reforms. In 1956 the Socialist-led government of Guy Mollet reversed the party's policy over Algeria, supporting fully the settlers and local military against the Algerian workers and peasants.

By the end of the Fourth Republic in 1958 the SFIO had become totally discredited. De Gaulle's Fifth Republic drastically changed the political system, with a presidential government taking much of the power away from parliament. De Gaulle attempted to hold down the working class with a semi-authoritarian regime, whilst trying to unify the right-wing forces. At the same time, under the impact of the long post-war boom, French industry began to develop. The percentage of small farmers and peasants fell from 21% in 1954 to 7% in 1975. This led to a huge influx into the major cities and a decisive increase in the working class population.

The SFIO, discredited and with dwindling membership, attempted through Gaston Deferre, mayor of Marseilles, to form an alliance with the 'centre'. His failure in negotiations with the MRP, Radicals and the mushrooming 'political clubs', alongside enormous pressure from the ranks of his own party, led the SFIO to an alliance with the Communists.

A 'mini-federation' of the SFIO, some of the Radicals and Francois Mitterand's supporters in the Convention of Republican Institutions club (CIR), formed the Federation of the Left, with Mitterand forcing De Gaulle to a second ballot for the presidency in 1965, and signing an electoral agreement with the PCF for the legislative elections in 1967.

The events of May 1968, however, smashed this federation. Due to the treacherous role of the PCF and Socialist leaders, many small left groups mushroomed in French society. Following the left's electoral defeat in June 1968, and then the Russian invasion of Czechoslovakia, rifts blew up again between the PCF and the SFIO, and within the PCF itself. Many worker militants also left the Communist union, the CGT, for the CFDT, formerly the Catholic union federation, going on to fill out the new Socialist Party when it was set up in 1971.

The 1969 presidential elections saw no common candidate of the left, with the PCF getting 20% and the Socialists 5%. This was the lowest level ever for the Socialists and the SFIO decided to disband later that year. From a membership of 355,000 in 1945 the SFIO had collapsed to only 70,000 by 1970.

IT WAS AT a 1971 congress in Epinay that the current Socialist Party was formed, out of a fusion of the old SFIO, the CIR, CERES (a left-wing group led by Chevenement) and a number of independents. Mitterand overthrew the SFIO old guard and was installed as First Secretary of the new Socialist Party.

A set of legislative proposals that a left-wing

government would enact in its first term was signed with the PCF, and the 1973 elections saw the Union of the Left, with both parties doing well. Mitterand lost the second ballot in 1974 by only 1%, after the death of President Pompidou. Michel Rocard then led an influx into the PS from the PSU.

During the 1970s the relationship between the PS and the PCF fluctuated. By the Metz Congress in 1979 the PS leadership was split. Mitterand's supporters wanted to reaffirm the Union of the Left, while Rocard called for a more 'independent' line.



1968: a turning point for the left.

At the Congress the CERES group backed Mitterand and their leaders were readmitted to the party secretariat. This was a decisive step as the new 'Projet Socialiste', written under the close direction of Chevenement, became the new party programme, promising much more radical change than any previously.

CERES, although very much an intellectual group, played a key role in pushing the policy of the PS to a left-reformist position and also in building a stronger base in the working class. One of its members, Georges Sarre, from the postal workers' union, brought a number of trade union activists into the party. He set about the establishment of workplace branches, the number of which grew from 54 in 1971 to over 800 by 1974. The growth of CERES, especially after 1968, reflected the possibility for small groups with a radical programme to grow rapidly in a time of crisis.

The 1981 presidential election campaign saw D'Estaing and Chirac fighting to be the right's

candidate. Mitterand was presented as 'the tranquil force', but with the PS emphasising the fight against unemployment. Supported by the PCF in the second round, Mitterand won with 51.75% of the vote and the left then swept to power in the parliamentary elections.

Significantly for the PS it gained in areas where it had previously been weakest, often at the expense of the PCF. Youth and workers, especially in Paris and its suburbs, switched to the PS. Compared to only 15% in 1973, in the working class Paris region the PS won 33% in 1981. In the country as a whole their share of the working class vote rose from 27% to 44%, whilst that of the CP fell from 36% to 24%.

Despite this position of strength the Socialist government turned from reforms to counter-reforms, under pressure from the capitalist class. The leaders of the main trade union federations (CGT, CFDT and FEN) accepted a wage freeze. Hundreds of thousands of redundancies took place in the steel and car industries alone. Attacks were launched on social security, education and the public health system.

By the 1986 elections all enthusiasm for the left government had faded. Chirac, leader of the RPR Gaullist party, came to power and immediately launched an onslaught against the working class. Thinking that the Socialists' electoral defeat had cowed the workers and youth the bosses seriously miscalculated. Firstly one million students demonstrated in Paris against education cuts. This spurred workers to take action against the government, notably the rail workers. The Socialists' return to power in 1988 was purely as a result of this movement from below against Chirac's government.

THE NEW RIGHT-WING government should not be blinded by their record success at the polls. The massive parliamentary majority does not reflect a stronger base in society. Already within the first few weeks the police, believing they have carte blanche to attack immigrants, killed four immigrant youth. The response was thousands of youth rioting on the streets.

Current economic forecasts are for a contraction by 0.75% in the first half of 1993. Domestic demand is weakening as export orders did last year. Business investment is expected to diminish by 11% in volume this year, while production capacity is greatly under-utilized.

Privatisation of state-run industries planned by Balladur's government will mean an enormous exacerbation of unemployment. The labour minister has forecast that 340,000 jobs will go before 1994. With recently announced tax rises, the government's popularity in opinion polls has already fallen substantially.

In this light, although they lost their one MP in the recent elections, the National Front (FN) of Le Pen has been able to attract support. All parties, from the Gaullists to the PCF, have

pandered to racism. The right-wing parties tried to outdo the FN in their racist language to win 'popular support'. Although with relatively low support the FN is a danger to workers, youth and immigrants through attacks on homes, meetings and individuals, and will only be combated through a serious, concerted struggle.

But this leaves the question of which avenues workers will take to defend themselves against the bosses' attacks. The trade unions are down to a membership of under 10%, with last year seeing the lowest number of days lost through strike action for decades.

However, the volatility of the French working class has been seen on numerous occasions throughout history. While traditionally only a small proportion of workers have been organised, when movements have started, as in 1936 or 1968, millions of unorganised workers have been drawn in. Huge explosions are entirely possible despite the right-wing parliamentary majority. The government will be one of crisis, over the economy, Europe, and between the main two right-wing parties. Workers and youth will be forced to defend past gains with the struggle set to move back onto the streets.

These formations could develop rapidly, as the PS did in the 1970s.

At present it remains unclear which organised political expression will be found by the movement. The PS will certainly not exist as the same party that grew from the early 1970s. Rocard's new party could possibly retain the name of the PS but it seems more likely he will create a social democratic, liberal-type party on a right-wing programme.

With that scenario Chevenement's group, alongside sections of the CP, Greens, etc, may become a pole of attraction around which workers could move politically, possibly under the name of the PS. Despite his present nationalist stance Chevenement also called on workers to campaign against privatisation on the night of the election defeat. The CP itself will probably decline, with splits to the right and the left. These tendencies have already begun to open up in the last few months.

With the vacuum which exists these formations could come under pressure from a movement of workers and could develop rapidly, as the PS did in the 1970s. For Marxists in this situation the task will be to intervene in the day-to-day struggles of workers, for example, against privatisation, government attacks and the rise of racism, putting forward a clear programme of action, an explanation of the crisis in the system, and the need for its overthrow. □

The break-up of Yugoslavia

Kevin Simpson reviews a recently published account by a Croatian socialist of the disintegration of Yugoslavia.



HAVE YOU EVER seen a wedding without meat?" This indifferent response by an Albanian Kosovar miner was given to a journalist asking whether he realised thousands of protesting miners would be attacked by police. These miners led half a million workers and youth in opposition to the absorption of Kosovo into Serbia by the Milosevic government, in November 1988.

At many points in her book, Magas, a socialist from Croatia now living in London, gives similarly graphic accounts of the

break-up of Yugoslavia, concentrating on the 1980s.

As Magas explains, Yugoslavia was formed in 1945 on the basis of a united struggle between all nationalities against fascist occupation. This unity, forged in action, offered the promise of ending the poverty and national oppression faced by the working class in pre-war capitalist Yugoslavia. However, Magas is confused about the nature of the Yugoslav regime. Thus she argues that post-war stability was achieved by an 'alliance' between the League of Communists of Yugos-

lavia (LCY) and the working class. On the other hand she refers to the post-war regime as being based on Serb centralism and on the vicious oppression of the Kosovars.

*The Destruction
of Yugoslavia,*
by Branka Magas.
Published by Verso, £12.95.
Available from
World Socialist Books,
3-13 Hepscoot Road,
London E9 5HB.

In fact, despite the 1948 split between Tito and Stalin, the Yugoslav regime was a deformed workers' state. This means that it was a planned economy, a basically progressive system of organising production, but controlled by a bureaucratic caste, which ruled by totalitarian methods and grotesquely mismanaged the economy. The bureaucracy, made up of former officers of the partisan army, maintained stability by giving reforms to the working class, but at a price. They siphoned off a huge share of the wealth produced by the working class, directing a planned economy from above without real workers' participation.

Serbs were the most numerous nation in the federation, although not the majority. Under Rankovic, the Serb Stalinist, the federal bureaucracy attempted to impose rule by Greater Serbian chauvinism, despite formal guarantees of equality for national minorities. A section of the federal bureaucracy led by Tito realised the mortal danger this posed to the federation and their continued rule. They purged a section of the Serb bureaucracy and Tito became the federal president.

Central control from Belgrade also resulted in the increasingly complex economy grinding to a standstill. The new federal leadership's response was to decentralise political and economic control, leading to so-called local 'workers' self-management'. However, the problem was never centralisation or decentralisation, but the party apparatchiks themselves.

Decentralisation simply meant a huge growth in the bureaucracy throughout society. But it also released a much more dangerous genie from the bottle. As Magas describes, "strong local party bosses emerged who provided an institutional funnel for the growth of nationalism". They used workers' anger at their economic conditions to attack the federal leadership and obtain further funds (which usually ended up in their own pockets) while diverting the class nature of these protests along national lines.

Yugoslavia's exclusion from the



Tito at his hunting lodge.

Comecon meant reliance on the West for investments and markets. This saw increasing Western capitalist influence over the economy, and a growing section of technocrats looking towards the market. This forced the federal bureaucracy under Tito, resting on the army, to take action, especially after 1968 when protest in many forms swept across Europe. Sections of the bureaucracy were purged in Serbia, Slovenia and Croatia from 1970 to 1972. The replacements were more committed to a centralised apparatus, conducting repression to drive out 'nationalist counter-revolutionaries'. In the main, however, self-management of the economy remained with a few restrictions - the federal leadership did not feel strong enough to launch an all-out attack on the nationalist inclined-leaderships of the republics. They were wary of exciting outright opposition from the national minorities.

This fear led to the 1974 constitution which elevated the representation of the two autonomous provinces of Serbia, Vojvodina and Kosovo, to federal level. In all but name these provinces had the same rights as the six republics - the right to veto any measures at federal level which affected themselves. But the refusal of republic status, a concession to the Serbian League of Communists (LC) who claimed that Serbia was being divided, merely encouraged the Serbian LC to whip up Serb

nationalism further, aggravating the feeling among the Kosovars of being denied their national rights.

The 1970s laid the foundations of the economic crisis of the 1980s. Trying to escape the contradictions of their economic policies, the federal government borrowed from the West, especially in the period following the 1974 world economic crisis when the IMF had access to billions of petrodollars. Production was centred on consumer goods in order to buy social peace. However, raw materials and primary products came from the West, because of imposed IMF loan conditions, further weakening Yugoslav manufacturing industry.

In Magas's opinion the 1980s saw a Stalinist and nationalist degeneration in the LCY, marking a decisive turning point in Yugoslavia. The impression is given that the period of Tito's rule was a stable and progressive era of socialism in which the rights of minorities were protected, and workers' self-management developed the economy. Despite this she recounts examples of oppression in Kosovo and says at one point that self-management did not have the content that workers were promised. Yet how can this be the case if the only real problems began in 1980? In reality the interests of the bureaucracy could not be conciliated with genuine workers' democracy and socialism. The Yugoslav regime

had different faces. Only in a period of economic crisis did its real reactionary content become clearer.

She invests in Tito's death greater significance than necessary.

Therefore, she invests in Tito's death greater significance than necessary. Tito's authority allowed him to fulfill an important role: playing one republican bureaucracy off against another, balancing between the federal and the republican bureaucracy, and between the working class and the bureaucracy as a whole. While there was sharp conflict amongst the bureaucracy, their all pervading common interest was to stay in power. All this information is supplied by Magas - unfortunately it is not crystallised into a clear Marxist analysis. Even if Tito had remained alive the same process which she goes on to describe would have unfolded at some stage.

Tito was replaced by an eight-member rotating federal presidency, with representatives from the republics and the two autonomous provinces. However, stability could only have been ensured on the same basis that it had existed under Tito - an expansion of the economy and rising working class living standards, which did not happen. Magas graphically describes the economic crisis: mounting debt, rocketing inflation, and soaring unemployment. In 1981 the federal government admitted foreign debts were \$20bn! This smashed the federal bureaucracy's authority and confidence. In 1983 industrial losses stood at 118bn dinars, with one million unemployed out of a workforce of 7.7m, and inflation at 250%. Macedonia, Montenegro, and Kosovo went bankrupt. So did Bosnia-Herzegovina's flagship enterprise,

AgroKomer. The government fell.

These bankruptcies shifted the balance of power to the three other republics, Slovenia, Croatia, and Serbia, and brought them into much sharper conflict with each other. Magas points out: "In this situation the political consensus within the LCY and the intricate system of checks and balances which it had hitherto underpinned, simply collapsed. The economic crisis was expressed as a political crisis".

Another factor came into play; the differences in the economies of the federation, which had only



Serb President Milosevic.

partially been rectified in the post-war period, and which the crisis polarised further. Net income in Slovenia, for example, was more than double that of Kosovo, which had 50% unemployment. The richer northern republics used the economic crisis to whip up opinion against continuing to subsidise the southern republics. The working class in the latter began to protest at a catastrophic collapse in living standards. As Magas says, "social differentiation had taken the form of national conflict".

The increasingly strident anti-Kosovar campaign was stepped up by the Serb bureaucracy, re-awakening historical fears of the Serbs being overrun by a growing Albanian population. As a result of Kosovar protests in 1981 Serbia imposed martial law with the federal government's acquiescence. By 1987 the Serbian republic passed a law stating that common crime would be treated

as anti-state if the ethnic origin of the victim was different to the perpetrator. There were increasing demands for the two autonomous provinces' absorption into Serbia. Growing Serb nationalist propaganda and the lack of a revolutionary alternative drove the working class of other republics into the hands of the various reactionary nationalist leaders.

History also played an important factor in the growth of Serb nationalism. Magas explains: "National dispersion made the Serbs especially sensitive to any weakening of Yugoslav unity, while any mobilisation of them on a nationalist basis directly threatened the Yugoslav federal structure". Increasingly there was a unity of interests between Serb nationalists who were let off the leash and the ex-Stalinists around Milosevic. Both encouraged the formation of Serb autonomous areas in Croatia which eventually declared themselves independent states, led by extreme reactionary, nationalist elements.

The economic crisis saw the gradual adoption of capitalist ideology by most bureaucrats. In Croatia economists talked of joining the EC while a Slovenian 'communist' economist called for "a revolution in the old social and political relations so as to recognise formally the growing dominance of capitalist economic categories".

Milosevic couched market ideology in socialist rhetoric: "A contemporary, efficient... society can only be built on the basis of commodity production and a modern market mechanism". However, none of the bureaucracy were prepared to implement these policies. "Instead the federation, republics and local communities are trying to outwit each other at the game of who should pay the bill. Nobody is prepared to take responsibility for the coming storm". The refusal of the federal government to take decisive action, despite attacking workers' living standards, undermined its authority further.

The intelligentsia moved towards nationalism as a result of this impasse in society. Magas

had previously glowingly praised these intellectuals for their commitment to democratic liberalisation. Although able to explain the reasons for their evolution, she seems particularly dismayed by this development. This is a sign of her lack of confidence in the ability of the working class to play an independent role in the transformation of society.

Republic after republic experienced strike action.

This is also shown by her passing references to the huge struggles of the workers in the 1980s, which represented a move towards political revolution. Republic after republic experienced strike action. As late as 1987, in Bosnia-Herzegovina there was a strike by Croat miners who took united action with their Kosovar workmates. There were federal strikes even in the late 1980s. However, unity in action over economic questions is one thing. In the absence of a revolutionary alternative and with increasing economic crisis and a vacuum in society, workers were stampeded into the various nationalist camps.

By the end of the 1980s, Milosevic had won control of the Serb political apparatus and drove out the leaderships of Vojvodina, Montenegro, and Kosovo, replacing them with his own representatives or military occupation. The federal government apparatus became a shell whose sole existence was to be a cover for Serb nationalism. This put in motion a chain reaction which led to the vote for independence in Croatia and Slovenia.

The federal army sided with the Serb government. There was a predominance of Serbs among army officers but also the federal army saw its privileges being best protected by siding with Greater Serb chauvinism, especially since the Slovenian and

Croatian governments called for their removal from the two republics.

The federal army invaded Slovenia and then Croatia. Its campaign was more successful in Croatia since the former contained no significant Serb minority. The Bosnian government, resting on its Muslim and Croat population, proposed a referendum on independence. The leaders of the Serbs within Bosnia, playing on fears of repression within an independent Bosnia, called for a boycott. The way was thus opened to civil war in Bosnia, and its subsequent break-up. More dominoes are waiting to fall in the Balkans. One thing is abundantly clear from Magas's book: Kosovo is likely to be the next flashpoint.

The hypocrisy of Western imperialism is given especially sharp

interests of the new Croat and Slovene governments as being diametrically opposed to the working class.

Therefore, her final response is a timid plea for the European parliament to intervene to ensure the status quo. Her conclusion is that Balkanisation (the splitting of the former federation into its constituent republics) is far more preferable to Lebanisation (the division of the country into smaller and smaller parts). Unfortunately, the process of the restoration of capitalism has meant that one leads to the other, and more is to come.

The solution to the civil war lies with the working class of the region and its development as an independent force. The war has thrown back working class consciousness and reaction-



Police beat protesters in Kosovo, 1989.

relief by the inability of the UN to fulfill its commitments to 'safe areas'. The Vance-Owen peace plan, which itself was based on a shamefaced acceptance of Serb and Croat military successes and the disappearance of a viable Bosnian state, lies in tatters.

The unintentional lesson of Magas's book is the danger of straying from a class approach to the national question. Starting as a left apologist for Yugoslav Stalinism, she becomes increasingly blinkered by seeing Serb nationalism as the root cause of all problems. She makes only passing reference to reactionary Croat nationalism and is incapable of identifying the class

ary nationalism has left it semi-paralysed. While there are independent trade unions, many of them are led by ex-Stalinists or reformists, both with illusions in the market.

Struggles around democratic or economic demands will not be enough to solve the national conflict. Nonetheless, out of these workers' struggles, a new generation of fighters can be built. The exact content of a new genuine socialist federation of the Balkans, including the right to self determination and equal rights for all national minorities, will be decided by the workers and youth of the region through the struggle to change society. □

Behind the Tory Tests

What lies behind the current dispute over testing? Bob Sulatycki, secretary of Kensington and Chelsea NUT, looks at two recent books that uncover the Tories' strategy for education.

THE VANDALS ARE after our schools". So opens the withering critique by Brian Simon and Clyde Chitty of the Tories' education white paper *Choice and Diversity*, aka chaos and perversity, which formed the basis of the last Education Act.

The most striking feature of *SOS - Save Our Schools*, and more particularly of the accompanying collection, *Education Answers Back*, is the formidable achievement of successive education secretaries in uniting such a diverse body of opinion against their policies. It includes many of those instrumental in devising those policies in the first place.

Here, lined up against education secretary John Patten, one finds Eric Bolton, senior chief inspector of schools, 1983-91; Professor Black, former chair of the Task Group on Assessment and Testing; and Duncan Graham, first chair and chief executive of the National Curriculum Council until he resigned in 1991. These are not closet socialists. They are not even part of the liberal tradition in education. Yet they all testify to the chaos and extreme right-wing manipulation of

current education policy.

The crisis has now been brought to a head by the revolt over Standard Assessment Tests (SATs), which has forced a partial but still significant U-turn over future testing, leaving Patten perilously exposed. Patten, however, has had the misfortune to be merely the one to pick up the mess left by those who went before him - notably Kenneth Baker and Ken Clarke.

It was Baker, as architect of the Education Reform Act in 1988, who bears responsibility for most of the policies that are now unravelling: opted out grant maintained schools, open enrolment, and local management of schools. As one author points out, schools now consider em-

ploying public relations consultants, whilst experienced teachers, at the top of the salary scale, are shown the door. The Education Reform Act also introduced the national curriculum and SATs.

The Education Reform Act was Baker's big idea; yet, as with his predecessors and successors, he quickly moved on. Short-termism, spiced with half-baked market nostrums, is the order of the day. The despair of those like Eric Bolton, someone who still upholds the idea of planning, is evident: "I suspect that if we were able to lift the veil hiding the government's intentions for education, we would find, not a coherent vision, worrying or otherwise, but uncertainty, confusion

SOS: Save Our Schools, by Brian Simon and Clyde Chitty, published by Lawrence and Wishart, £9.99.

Education Answers Back - Critical Responses to Government Policy, edited by Brian Simon and Clyde Chitty, published by Lawrence and Wishart, £9.99.

A Socialist Education Policy, by Bob Sulatycki. A Militant pamphlet. 50p.

All titles available from World Socialist Books, 3-13 Hepscoot Road, London E9 5HB. Cheques payable to WSB.



Teachers have fought back against Tory plans.

and incoherence”.

Yet, alongside a rampant market philosophy, there is a concurrent trend towards centralisation, an undermining of local democratic accountability, a war on elected local education authorities (described as “obstacles” in the last white paper), and a rigidly controlled national curriculum. The Education Reform Act gave the secretary of state 400 new powers. Michael Barber of the NUT calls it ‘free market Stalinism’. As Professor Black accepts: “Those who gave dire warnings that the Education Reform Act would be an instrument of direct government control... have been proved correct”.

The process continues. Another 40 powers were handed to central control via the last act. Any planning of the 24,000 state schools, once they become autonomous as local education authorities go, will be undertaken by the new, unelected, Funding Agency.

The disappearance of any local accountability, even if far from perfect, will spell disaster. It will facilitate massive school closures - Patten has identified one-and-a-half million so-called surplus school places. It spells the end for authority-wide pro-

vision: specialist music tuition, art and drama centres, teachers’ training centres etc.

Schools will supposedly be freed from bureaucracy, but, as Bolton again warns, “it is surely a triumph of hope over experience to expect that such self-interested, isolated, fragmented decisions, made in thousands of different institutions, will add up to a sensible, effective and efficient national school system”.

GOVERNMENT POLICY IS now directed by the far-right Centre for Policy Studies, whose chair is Lord Griffiths, new chair of the National Curriculum Council. Other members of the Centre for Policy Studies include John McIntosh, also a member of the National Curriculum Council and head of the London Oratory School, the first state school to threaten to abandon teachers’ national pay rates; and Dr Marks, a new member of the School Examination and Assessment Council, who advocates a return to selective schools and streaming.

In fact, although some are more candid than others, they all believe in this and the legislation is designed to that end. The buzz words, ‘choice’, ‘diversity’

and ‘specialisation’, are in reality more acceptable ways of presenting concepts such as selection, grammar and secondary modern schools.

Creating an elite tier of opted-out grant maintained schools is an attempt to create a body of popular, over-subscribed establishments which then can and will select the pupils they want. It means schools choosing the pupils, not parents choosing the schools. As Lord Griffiths has explained: “if you give parents a real choice in the system, it is inevitable that the schools themselves will demand to choose the kind of pupils that come”.

In fact, it is happening already. A 1992 survey by Leicester University highlighted the tendency towards selection in opted-out schools. A more selective, in reality segregated, school system is the end goal.

A more selective school system is the end goal.

THE SATS HAVE a central role in this ‘vision’, particularly the tests planned for eleven year-olds. It is very easy to see how they will be used as an 11-plus mark two - especially, ironically, if they are simplified into ‘pen and pencil’ tests. However, with the momentum of the boycott of tests for seven and fourteen year-olds so strong, the whole future of such testing is now in doubt.

Research from Warwick University shows infant teachers having to work a 55-hour week to implement the national curriculum, with one in five working 60 or more. But teacher hostility is not confined simply to the issue of workload, important though that is. A key purpose of the tests, particularly with the threat of appraisal, is to police teachers. Indeed, via league tables, they are intended to police schools as well. The misuse of the results is well highlighted in an essay

by Caroline Gipps, which documents the history of the first seven year-old SATs in 1991 - the lies and deceit of people like Clarke, the unreliability of the statistics provided, the abuse of the information.

The arguments against SATs and league tables are explored in further essays in *Education Answers Back*. One interesting point to emerge is that, in the USA, where standardised testing has ruled (and where pupil achievement is notoriously low) they have been increasingly discredited.

What is not sufficiently analysed, however, is the manner in which SATs mark an extension of the ideology and practice of the exam system into every school, creating an ongoing treadmill of examinations starting in infant school. Simplified tests will make this even more blatant. Right from the start pupils will be accustomed to the idea of being selected or rejected.

It is no accident that the introduction of SATs is accompanied by an attack on mixed-ability teaching. Under the guise of differentiation, the Tories want to ensure that pupils get used to the limits on their horizons from an early age. Clarke and Patten have enthused on the need for streaming in primary schools.

But neither volume examines in any depth the relationship of the new post Education Reform Act structure, with its attendant regime of testing, to the exam system as a whole, and thus to the demands of the labour market. It is as if education operates in a vacuum and that the main problem is that the government fails to listen to those involved on the ground. Of course they don't. But Patten and co operate within a wider context which has to be addressed. That context

is capitalist society.

Education has always served the interests of capitalism: in 'good' times the system needed, and was willing to pay for, a relatively educated workforce. Things have now changed. That is the basis of all the reforms since 1986. In fact the roots of these changes can be traced back to 1976 when Labour's education secretary Shirley Williams opened 'The Great Education Debate', an attempt to get more 'cost-effective' education - at a time when the long post-war boom was over and a Labour government was embarking on a programme of IMF directed public spending cuts.

In the context of capitalism, exams have always been a mechanism through which the division of labour has been achieved. All exams, however thoughtfully constructed, exist to this end. They are there to fail pupils, to ration opportunities, and to maintain class divisions.

*All exams are
there to fail
pupils, to ration
opportunities.*

This explains the current onslaught on GCSE standards from the right. If an increasing number of pupils are succeeding, then the exams are not fulfilling their function. Especially in an era of mass unemployment, the Tories see the need to reduce expectations.

In reality, there is no evidence to support the assertion of falling educational standards - on which supposition rests so much of the Tory case for 'choice' and 'differentiation'. Simon and Chitty

in *Save Our Schools* quote from research showing that comprehensive organisation has led to a considerable improvement of attainment. It is not listening to such facts, however, which determines government policy: it is the requirements of the system.

A FEATURE OF these volumes is how far even radical critics accept as given the underlying assumptions underpinning the education system. It is a mark of just how far the terrain has moved since the mid-1970s that in the emerging controversy over the content of GCSEs, for instance, nobody questions that, however the exam is constructed, its principal function remains that of segregating pupils post-16.

To question the value of exams per se clearly raises deeper questions about the organisation of society itself. Socialists support teacher assessment of pupils, including appropriate, diagnostic testing, but we need to recognise that genuine attainment and an exam system are incompatible. A school system ruled by exams enforces a pass or fail model of education that has nothing to do with real learning.

These books provide a searing indictment of the Tory education record, as well as showing the scope of the opposition that has now developed. As the SATs campaign has illustrated, there is huge potential support for a campaign, involving teachers, parents and school students, to secure resources for schools, reduce class sizes, prevent school closures, and democratise what is taught in schools. For a programme for changing education, you will have to look elsewhere. But for the arguments as to why it is necessary, these books are an indispensable resource. □

Standard Assessment Tests (SATs). Tests at seven, eleven and fourteen, planned to accompany the national curriculum.

National Curriculum Council (NCC). Set up to supervise the implementation of the national curriculum. Members solely appointed by the Secretary of State.

School Examination and Assessment Council (SEAC). Set up to supervise testing and exam implementation. Members solely appointed by the Secretary of State.

Economic Focus

By Pete Watson and David Kaplan

What prospects for growth?

IT'S LOST THAT faltering feeling", declared *The Financial Times* (22 May, 1993). The article's author believed that the British economy had finally pulled out of recession. But has it? And if it has, what are the prospects for growth?

In the depth of recession unemployment is high, prices and wages fall, and interest rates are typically low. The employers launch an offensive on jobs and wages to restore profit levels. Unprofitable plant is shut. Machinery is scrapped. Bank owners seek to get money capital working by reducing interest rates to encourage borrowing.

The economy comes out of recession when profits recover and the prospects for a sustained rate of return on investments are good enough for capitalism to start up production.

In the first phase overtime working would tend to increase and workers will be drawn off the dole particularly into consumer industries, making the goods that workers buy. With more jobs available, or at least the hope of a job in the future, spending rises. Sales in the shops and car showrooms pick up. Then investment into plant and machinery tends to increase, usually at a later stage.

How does the British economy match up to this brief, and short-hand, model of recovery?

Retail sales do not show a strong recovery. While they rose between January and March by 1.4%, they fell again in April by 0.3%. In March net lending to consumers from credit com-



Kenneth Clarke — a new face with the same problems.

panies, building societies and finance houses did rise. At £232m it was the highest since April 1991. This may well however be a 'blip', as chronic indebtedness is holding back recovery throughout the advanced capitalist countries. There is no significant increase in overtime working. It fell in March compared to February.

This picture seems to be contradicted by the falling unemployment statistics. But no one can any longer believe the government's figures. The Unemployment Unit believes that the unemployment figure has only fallen because of performance targets set for the Employment Service for job placement and reducing new claims.

The Employment Service were asked to place 1.42m people from the register into jobs, compared to a target of 1.23m in 1991-92. They were set a tremendous 'employment target' of rejecting 500,000 applications for benefit - about 10% of the total. This

activity became especially feverish in the run up to the end of the financial year during the first quarter of 1993.

The reality is that unemployment is probably still rising. There are continuing falls in manufacturing employment and in weekly hours worked. The Engineering Employers Federation alone predicts another 99,000 jobs to go in engineering. There are now only 4.2m manufacturing jobs in Britain, compared to the peak of 7.89m in 1971.

A bosses' offensive was launched during the recession without an effective response by the trade union leadership. This resulted in worse conditions of work for many workers. Unit labour costs (the labour cost for each unit of output) fell 2.9% in the first quarter of 1993, compared to the same period in 1992. Manufacturing productivity rose 7.8% comparing the same periods. Investment has started to pick up. Capital spending on plant was



Firefighters are preparing to fight the 1.5% pay limit.

6.1% higher in the fourth quarter of 1992 compared to a year before. But the basis of rising profitability for capitalism has largely been laid by the added sweat of the working class.

The British economy seems now to be slowly crawling out of recession. It grew by 1.4% in the last three months. A growth of 2.5% is predicted for this year. This is probably over-optimistic. By any measure it will be a weak and anaemic recovery.

The Tories and their class are haunted by the twin demons of a likely £50bn budget deficit and a £17bn current account balance of payments deficit.

A deficit is where more is spent than is received. The budget deficit is the difference between what the government receives in taxes and revenue and what it spends. The Public Sector Bor-

rowing Requirement (PSBR) is the money required to bridge the gap. The balance of payments deficit is the difference between export receipts and import payments for goods and services coming in and out of Britain.

To restore the confidence of the capitalist class in the Tories and the British economy, Chancellor Clarke must tackle the budget deficit. A failure to do so will likely lead to a run on the pound and rising interest rates. To tackle this deficit will probably mean tax increases and cuts in spending - both will cut the spending power of society and make recovery more difficult.

The balance of payments deficit makes Britain a net importer of goods. This is despite the devaluation of the pound which cheapens British exports. This deficit underlines the weakness of British capitalism.

More expensive imports from abroad are sucked into the economy. In the six months since September industrial raw material costs rose by 15% (at an annual rate). By the end of the year it seems likely that Britain will be faced with rising inflation, probably beyond the government's target of 4%. The Tories may be forced into taking anti-inflationary measures such as raising interest rates. This would make borrowing more difficult and again cut the market, strangling recovery.

This fragile recovery may also be brought back with a bump

by international factors. An expanding economy needs markets abroad. In the three months to June every major economy in Europe experienced a fall in production compared to the previous quarter except Britain. The European Community itself predicts no growth in 1993. The German economy, the powerhouse of Europe, shrank by 1.5% in the first quarter of 1993 and 3.2% over the year. Fifty-seven per cent of Britain's exports go to EC countries. Nor can the Japanese economy be seen as a saviour. In the last quarter, production contracted by 0.3%.

Only the United States shows any sustained growth. There may be signs of take off in the US economy after sluggish growth since 1991. Equipment investment rose 14% in real terms in the first quarter of 1993 against a year ago and after tax profits rose 10% in 1992.

The general international picture is however one of economic stagnation. An economic depression appears to have developed. A depression can be defined as when the normal cycle of booms and slumps or recessions gives way to a chronic and drawn out stagnation of the productive forces.

The OECD predicts 35m unemployed in the advanced capitalist countries in 1993 and 36m next year. The British economy will be unable to ease this world crisis. It may well be throttled by it. □

The working week

THE EUROPEAN COMMUNITY (EC) have agreed to a 48-hour maximum working week. All workers would welcome this, particularly if it was linked to a decent minimum wage. It will however have almost no impact because of the large number of exceptions to the rule. Those 'excused' from the proposed limit include air, rail, road, and sea transport workers. The Tories in Britain have won a 10-year opt-out from the 48-hour limit.



British workers have the longest hours in the EC.

More overtime is worked in Britain than any other EC country except Portugal. Only Britain and Denmark have no statutory controls on the working week, and in Denmark collective agreements extend to unorganised workers. Of all EC states, only Britain and Italy have no right to statutory paid leave.

British workers work longer hours than workers anywhere else in the EC. They put in four hours a week more than the average 40. More than 4m workers put in over 48 hours, averaging 60 hours a week.

Lengthening the working day is in the bosses' interests. The working day can be divided into two 'periods'. Firstly there is time spent producing the value of the workers' wages. Marx called this 'necessary labour time'.

The rest of the day is spent producing value over and above the value of their wages. This 'surplus value' is the unpaid labour of the working class. If daily wages remain the same and the working day is extended, extra surplus value is produced for the boss. This Marx called 'ab-

solute surplus value'. In addition, the extra costs of administration and overheads from employing more workers are avoided.

The history of capitalism has been one of struggle over the working day.

A 35-hour maximum working week is something the trade union movement must make a central demand. □

Not a Marshall plan

AT A MEETING of the Group of Seven (G7) countries in April this year, the US proposed a new \$4bn multilateral fund to promote privatisation in Russia, thereby bolstering Yeltsin's 'reform programme'. This was on top of the \$24bn promised just one year earlier. But how successful has the West been in giving financial support to the 'transition countries' of the former USSR and Eastern Europe?

A large part of the UN's December 1992 *Economic Bulletin for Europe* examines whether international financial support has

meet the "huge need for assistance to help create a functioning market economy".

Because of the "persistence of political uncertainty in the region," the report argues, including "armed conflict in certain areas and generally poor economic results, private creditors and other investors have generally remained cautious... this policy has tended to aggravate the financial weakness of the transition countries and make them virtually dependent on official lenders (eg, the IMF and World Bank)".

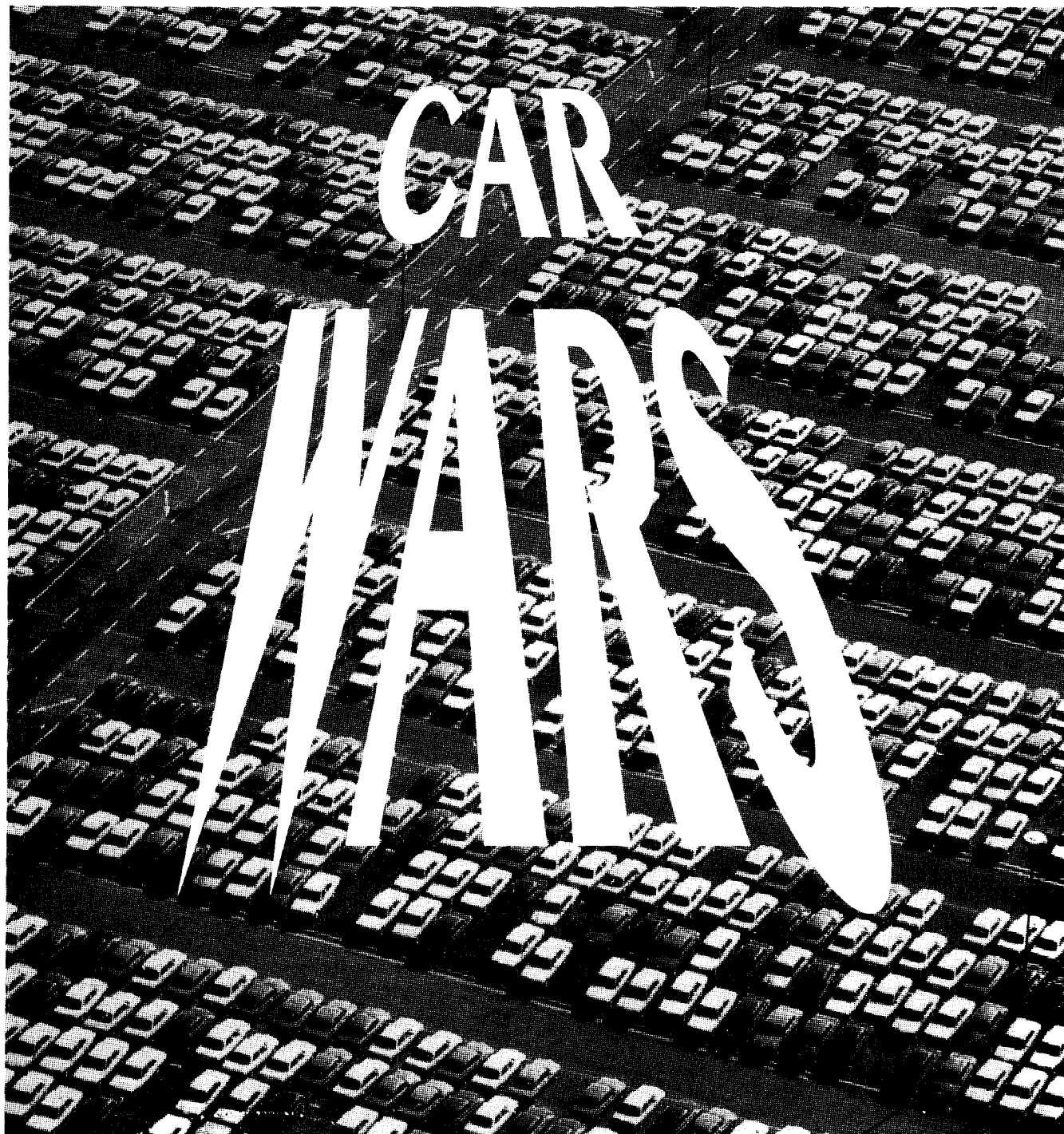
Credit guarantees and official bilateral credits and grants to the Soviet Union, for instance, amounted to \$79bn between September 1990 and January 1991. But many of these credits were frozen throughout most of 1991, the year of the August coup against Gorbachev, when the future course of the Soviet Union became more uncertain.

While the financial facilities frozen in 1991 were reopened in 1992, in many cases they were counted in the \$24bn financial package assembled for Russia by the G7. In the event only \$8bn of the \$11bn in direct aid promised has been received; just \$1bn of the \$4.5bn promised from the IMF was received; and the \$6bn fund to stabilise the rouble in relation to Western currencies was not established.

The commitment and release of multilateral funds to Russia will clearly be less than originally planned, partly because of delays in the implementation of a 'credible reform programme'. Aside from the Baltic republics, the other states are even further behind in this regard.

Borrowing from the IMF fell in 1992 because certain countries failed to meet agreed performance criteria. Poland missed targets relating to its budget deficit, inflation rate and foreign reserves.

As the report concludes, "given the persistence of budgetary pressures and poor economic conditions and prospects, it is unlikely that Western governments will provide large additional amounts of resources to the successor states". □



Pete Dickenson examines the looming clash that is being prepared between the giants of the world car industry.

THE 1990s WILL be a decade of economic crisis for capitalism, characterised by long recessions and weak upturns. The crisis of the 1990s is part of the long-term period of depression which has followed the ending of the post-war boom in 1975.

The rise in the rate of profit in the 1980s was due mainly to the intensification of exploitation

in the workplace. Compared to the years of the boom, investment was a third to a half lower. The investment in new technology which did take place, for example in the car industry with robotisation and computerisation, was used to cut costs leading to a fall in the workforce. This was in contrast to the boom period when the implementation of new technology was an important

factor in the rapid expansion of the market.

The current world economic situation is consistent with a perspective of long-term depression, with weak recovery in the USA while in Europe, Germany, France, Italy and Spain are in recession. In Japan the economic slow down has led to a slashing in overseas direct investment, particularly to Europe, and it is unlikely that there will be any major new Japanese car production capacity added for the rest of the decade.

The development of the world car industry, now dominated by Japan, has been conditioned by the growth of protectionism over the past 15 years. The General Agreement on Tariffs and Trade (GATT) is in deep trouble. As the GATT talks have proceeded the trend to hidden protectionism has increased either through 'voluntary' bilateral quotas mainly between Japan and the EC and Japan and the USA, all of course to the detriment of Japan, or protectionism through the implementation of restrictive safety or environmental standards.

Even if a cosmetic GATT deal is put in place, the trend to greater protectionism will continue. According to executive vice-president William Hoggland, quoted in the trade paper *Automotive News*, General Motors (GM) is ready to abandon its free trade philosophy and "co-operate with Ford and Chrysler on policies to keep the Japanese at bay". The more outspoken president of Chrysler, Lee Iacocca, put it more bluntly. "Japan is beating our brains out", he stormed to rapturous applause and a standing ovation at Detroit's Economic Club.

Protectionism, with the consequent fall in world trade, will compound existing economic problems caused by capitalism expanding production beyond the needs of the market in the late 1980s. Capitalist economic forecasts, although of limited accuracy, point to slow recovery in 1993 in the USA and the UK, zero or negative growth in Germany, Japan, Italy and France. It is still possible that the present economic conjuncture could deteriorate into a generalised world slump. The growth of nationalism and the unravelling of the EC will go hand in hand with economic crises and developing trade wars. This is the sombre background against which the bosses of the big car companies will take their strategic decisions in the 1990s.

Japanese companies produce in their US plants more cars than Ford.

EVEN THOUGH TOYOTA has not yet toppled General Motors from the top spot in the USA, the Japanese now dominate the world car industry. Japanese companies produce in their

US plants more cars than Ford, and the Honda Accord has been the top selling car in the US for three of the past four years. Japanese makes have 27% of the market compared to Ford's 20%, and in the critical Californian market they have more than half. The true Japanese share of the US market is about 35%, because General Motors, Ford and Chrysler all sell Japanese-made cars under their own labels. In the high value-added luxury car market, once the preserve of the 'Big Three' of Ford, GM and Chrysler, Honda and Toyota, with their Accura and Lexus marks, are expanding rapidly.

How have the Japanese achieved their dominant position?

Forecasts of sales in the three biggest markets, the USA, Japan and Germany, predict a slow but steady improvement over the next two years. But forecasts in the past have been wildly inaccurate. The anarchic nature of capitalism, particularly in its present phase, makes it very difficult to predict short-term fluctuations, as the car makers themselves realise. Car registrations in Germany in the first four months of 1993 were in fact down 20%. On the other hand, sales in the UK have increased 8% over the same period, although this increase has had an insignificant effect on the 20% fall in the European market.

Japan has 35% of world car sales, forecast to rise at least to 40% by the year 2000. This assumes a 20% growth in all car sales over the decade. If this doesn't materialise the Japanese share could be 50%, as other weaker manufacturers are pushed out of production. Continued depression in the 1990s will exacerbate world overcapacity and could push companies like Chrysler in the USA and Peugeot out of business.

How have the Japanese achieved their dominant position? There have been three phases of Japanese expansion: establishing a strong market presence through exporting; setting up manufacturing facilities in North America; and finally, building a manufacturing base in Europe. Manufacturing will in the future be expanded by developing the present 'transplant' or 'screwdriver' assembly operations to include research and development (R&D) and design. However, this process, which has developed over the past ten years, has not been done to some master plan, but has been an empirical response to the fear of protectionism, similar to the US auto industry's move into Europe before world war two.

The first stage in the expansion of the Japanese car industry led to the virtual elimination of European companies in North America. In 1970 European imports took 10.5% of the US market with the Japanese share at 4%. By 1985 the

Japanese had 20% of the market with the Europeans down to 5.6%. Since then this trend has continued.

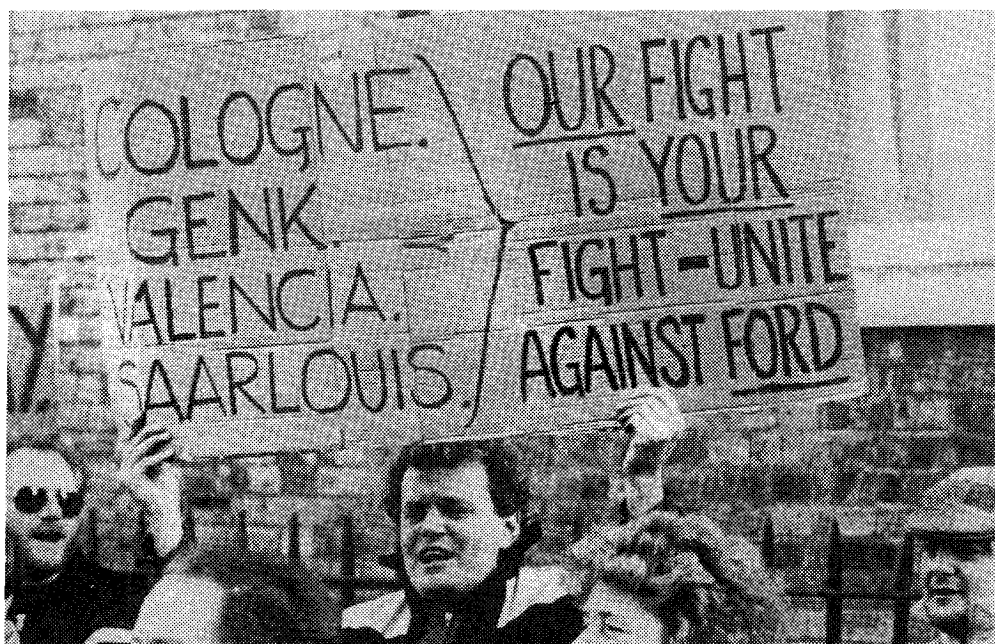
Due to the fear of protectionism Toyota, Honda and Nissan then established factories in the US which has pushed their current market share to 35%. The market share of Japanese car firms in Europe has been limited by voluntary restraint, but it is significant that in Ireland and Denmark, where no restraints apply, they have 42% and 36% market share respectively. The advent of local production will mean that Toyota, Nissan and Honda will push hard to increase market share in Europe.

The USA's 'Big Three' lost a record \$7bn in 1991 and have started big cut backs in staff. GM has said that it will reduce its workforce by 74,000 and close 21 plants in the next three years, because while it has the capacity to supply 45% of the US market, its share is predicted to fall to 30% in the near future. For the moment the 'Big Three' are holding their market share due to voluntary restraint by the Japanese and the rising value of the Yen, but further contraction and huge job losses are inevitable on the basis of present trends.

The European car industry is following the British lead into deep recession in 1993.

The European car industry is following the British lead into deep recession in 1993. Pressure on non-Japanese manufacturers will intensify as the market tightens at the same time as the new Nissan, Honda and Toyota factories build up production. Their capacity will increase to one million units in 1996 and could rise to 1.7m by the year 2000. Within Europe there is a surplus of about 2m in car and light van capacity, with the prospect of this rising to 3.2m by 1996, representing 18% of the market. In the light of this Ford of Europe's operational chief, Bill Fike, declared that "the battle for Europe has begun".

Volkswagen is predicting that car sales in Germany will fall by 20% in 1993 and in Europe by 16%.



1988: Ford workers call for international solidarity.

All the main continental markets are collapsing, Italy, France and Spain. The depth of the crisis is such that even Nissan is cutting back its projected increase in production levels after a 12% fall in sales in the first four months of 1993. The formerly profitable continental European manufacturers are complaining about the 'high wages' and 'feather bedding' of their workers, foreshadowing the end of the relative industrial peace and so-called consensus approach between management and union tops as attacks on pay and conditions are mounted.

Volkswagen, the most successful European car maker with 17% market share, has warned that it has slumped into loss in the final quarter of 1992 and it is facing widespread short time working and further job cuts.

THE TREND OF growing dominance by Japan of the world car industry is clear, implying large scale plant closures and massive redundancies by the established Western firms. In the context of economic crisis it is likely that one or more firms will go to the wall or be broken up, perhaps even the largest, General Motors. In Europe, Ford is in a weak position and the closure of a major plant is possible, although its global position will protect it more than a company like Peugeot.

The economic crisis weakens the position of car workers but at the same time changes in technology have had the opposite effect. The use of 'just in time' production techniques (see box) and the integration of production internationally, means that strikes can have a devastating impact very quickly. Production at Renault was severely hit by a strike at one of its factories in Cleon in November 1991. The workers struck against a 2.5% pay offer and threatened redundancies. Within

A Japanese 'miracle'?

THE EXECUTIVES OF Western car corporations are preoccupied with adopting the methods of 'lean production' to meet the new competitive pressures. Lean production has its origins in Japan, particularly in the Toyota company. The phrase was originally linked to new production methods like 'just in time' (JIT), where stock levels were kept to a minimum, 'designing for quality', 'computer aided design and manufacture' (CAD/CAM) and 'flexible manufacturing systems' (FMS). The bosses at General Motors, Ford etc, now see the term as part of a more traditional agenda, super-exploitation of their workers and attacks on the conditions won in the post-war boom.

The initial success of Toyota and the other Japanese car makers was based on the conditions that followed the smashing of the power of Japanese unions in the 1950s, particularly the influence of the Communist Party, accomplished with the active support of the American occupation forces.

Docile company unions were formed in the private sector, while wages and conditions were nearly at the level of the ex-colonial countries. Capital investment per worker was then lower than in the West, which, combined with super-exploitation, led to high profit rates.

The Japanese production system developed in the 1950s and 1960s with a background of shortages of land, machinery and foreign exchange: 'just in time' was introduced in response to these pressures. Toyota realised that taking in

large batches of components was inefficient in terms of the need for land for storage. They also found that large batches were linked with high quality failure rates. 'Just in time', involving small batches, got over these problems and also allowed specifications to be updated more rapidly.

Toyota operated a system of a network of sub-contractor suppliers, the *keiretsu*, which were situated near to their plant and were closely integrated with it, to the point where the suppliers were completely dependent on the customer. This made 'just in time' very efficient.

By the 1980s a labour shortage had developed and Toyota used its power to poach workers from its suppliers. This, together with high land prices, forced many component makers in the *keiretsu* to move to outlying parts of the country where land and labour were still available. As a result Toyota were forced to begin to dismantle the just in time system by opening a parts distribution centre in Toyota City.

This development shows that the efficiency of the Japanese car makers is beginning to be undermined, although reports in the West speculating on the downfall of the Japanese car industry are premature. Capital investment per worker is still higher than in the USA or Europe, living standards are lower and organised labour is still slumbering. But the experience at Toyota shows that 'just in time' developed in a unique environment and it will be very difficult for Ford or General Motors to reproduce it to get the same benefits. □

ten days production was stopped at six factories in France, one in Belgium and one in Holland. 80,000 workers were laid off or put on short time as a result of the dispute. Work also stopped on the Volvo 400 series which uses Renault engines.

The strike at Cleon, which makes gear-boxes and engines, had such a quick and devastating impact because of the computer stock control techniques used by the management. This allowed low levels of stocks to be kept without getting production bottlenecks but it also meant that any disruption of supply had an immediate impact.

All the car makers are using this method. The Ford strike in Britain in 1988, for example, quickly affected output at Cologne and Genk. This new technology has significantly increased the potential bargaining power of the unions. The weak position of management at Ford was shown recently by a leaked secret document in which an assessment was made of strike risks if a programme of bringing in outside contractors was accelerated. The document warns that the whole

of Ford Europe operations would be halted in three days if lorry drivers walked out in Britain, a devastating comment on the vulnerability of companies with integrated trans-national businesses.

The 1990s will be a decade of remorseless crisis, a real possibility of a slump and trade wars. Under these conditions workers in Asia and the West will have to have a programme to fight vicious management attacks. The central theme of this programme must be internationalism.

Co-operation at shop steward level, and the building of concrete structures, is essential to stop worker being set against worker and to exploit the vulnerability of the big car companies with their internationally integrated production systems. When the organised workers do move into action they will quickly become aware of their enormous power and the doubts and uncertainties of the past period will quickly be swept aside. □

A more detailed examination of the case of Ford and the strategies open to the unions will appear in a future edition.

Book Reviews

Official And Confidential: The Secret Life Of J Edgar Hoover

By Anthony Summers

Published by Gollancz, 1993,
£18.99

Reviewed by Andy Walker

FAR TOO many biographies are full of sycophantic praise of their subject. So it was a refreshing change to read Anthony Summers's account of the life of J Edgar Hoover, director of the FBI from 1924 to 1972.

In over 400 pages Summers describes the activities of a man who became one of the most powerful individuals in modern history. As head of the FBI, Hoover discredited politicians,

often attended orgies dressed as a woman. Notorious for his hounding of gays ('sex-deviates' he called them) this revelation exposed Hoover as a hypocrite.

Summers also alleges that the Bureau did little to combat the activities of organised crime because the Mafia had compromising photographs of Hoover. Whatever the reason, Hoover was certainly happy in the company of leading Mafia figures like Meyer Lansky and Frank Costello. He often attended horse races the results of which had been fixed by the Mafia. Hoover would get a 'tip' and sometimes make over \$100,000 in this way. No wonder he left the Mafia alone!

safety of every individual... they would destroy the peace of the community".

At the end of world war one, the US state was horrified by the growth of Communism in Europe following the successful workers' revolution in Russia. In recessionary times the US bosses were afraid such ideas might gain support.

In 1919 there were 3,000 strikes as workers fought for better conditions. Hoover's job was to gather evidence on revolutionary and ultra radical groups. The great Red Scare had begun.

He compiled a massive card index on left-wingers with half a million names. He assigned agents to train the thugs he

used against trade union activists. On 2 January, 1920, Bureau agents arrested 10,000 people in 23 cities across America. Most of those seized were innocent and had to be released.

This was of no consequence to Hoover. He made a career out of imprisoning and persecuting the innocent. Given absolute power by successive governments there was no control over what he could or couldn't do. But Hoover didn't operate in a vacuum. His reign spanned a time

when the US was predominant on the world stage. These were the halcyon days of US capitalism when both in terms of economy and ideology the free market ruled.

Anthony Summers's book over-concentrates on Hoover the individual, without putting his life in the context of the times in which he lived. Despite this, the book is very readable and for an expose of corruption at the highest levels, it's invaluable. □



The Cold War strengthened Hoover's position.

smeared organisations and dictated to presidents.

Before he was 30, Hoover had become the director of the FBI. Ostensibly the Bureau was the organisation which led America's fight against crime, in reality it was the instrument through which the US state kept tabs on its political opponents.

The release of Summers's book was accompanied by a blaze of publicity, largely because it reveals that Hoover was gay and

With no checks or accountability, such bribery and corruption is inevitable at all government levels. Many of Hoover's colleagues knew about the bribes but did nothing. And why should they? Such corruption is part of the capitalist system.

Despite his claim that he was 'not political' Hoover was a lifelong Republican supporter and a virulent anti-communist. "Bolshevism", he said "threatens the happiness of the community, the

Anatomy of Love - A natural history of adultery, monogamy and divorce

By Helen Fisher

Published by Simon and Schuster, 1993, £16.99

Reviewed by Eleanor Donne

INTO THE DEBATE raging amongst 'opinion formers' of capitalist society on the decline of the nuclear family and the dire social consequences which (so the argument goes) have resulted, Helen Fisher throws her book *Anatomy of Love*.

The book is a best seller in the US, reflecting a widespread desire by people to make sense of their lives and their relationships which seem to conflict so strongly with the 'little house on the prairie' marriage for life ideal pushed by the media, the church and the politicians.

Helen Fisher's field is ethology, the study of animal behaviour, and as such the main thrust of her book is to look at genetic/biological contributions to human sexual behaviour from 'primitive times'; what she calls the "innate aspects of sex and love and marriage". She gives only a cursory nod towards the influence of social, economic and cultural factors.

Through the study of divorce data, of existing hunter gather societies and of the anthropological evidence available, Fisher has come up with two interlinked theories which have been described as 'controversial' and 'provocative' (at least in her publicity material!).

One is that *life long* monogamy (marriage to one partner) is not a natural state for humankind. Where it is allowed to, humankind indulges in serial monogamy, ie several relationships one after the other. This, Fisher asserts, is part of our biological heritage.

The other theory is that despite many cultural differences, the pattern of separation and divorce in 62 different societies over four decades reveals 'a four year itch'. The majority of relationships that end in divorce do so around the fourth year of marriage. This is irrespective of the divorce rate.

Through her studies of higher primates and very early humans, Fisher concludes that monogamy or the pair-bond is "the hall-mark of the human animal". But these pair-bonds lasted only for as long as it took to raise a dependant child through infancy, ie four years. Although other factors affected the length of pair-bonds, those who remained together until the child was weaned, survived disproportionately. Thus a process of natural selection led to serial monogamy.

The pattern of separation reveals 'a four year itch'.

The idea of the pair-bond is not new. Engels in *Origin of the Family* argues that in the earliest form of the family, group marriage, where no restrictions were placed on sexual intercourse, temporary pair bonds formed a majority of relationships.

Could genetic selection, however, have led to the built-in obsolescence of the pair-bond - the four year itch? With a set of fairly general statistics it is probably possible to identify any

number of trends and come up with reasons for them. In my view Fisher greatly underestimates the influence of conditioning and culture on human behaviour and greatly overestimates the role of our genes and biology.

Her assertion that short relationships, single parents, step-fathers and families with children from various relationships are not unnatural, is an antidote to more reactionary messages. The fact that, despite her own recognition of the direct link between rates of divorce and the levels of economic independence of women, she sees this change in the family as a reversion to a natural state compatible with our 'ancient human spirit', shows a certain lack of understanding.

Fisher is not only a Darwinist ethologist but a business consultant. This could explain her curious predictions for the future. These are a mixture of biological determinism, attributing to substances like testosterone and serotonin major responsibility for the dominance of some men over women, and other men, and slick middle management platitudes about the vital role of women's "networking and negotiating skills" in international business life. □

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