



PLO goes for 'two states'

Israel elects the most right-wing government of its history, and PLO leader Yasser Arafat recognises the right of the Jewish state to exist, explicitly and unequivocally. How can these wildly divergent tendencies both be happening?

Israel's move to the right is a fact, but is best understood as an expression of a deep social and political crisis. As a result it may prove temporary. The PLO's shift to 'moderation' has been impelled by the last year's powerful intifada in the occupied territories, and is

best seen as a shrewd grasping of the nettle. The intifada is thus at the root of both processes.

What made the intifada possible, after 20 years of occupation? A number of factors came together. First, there was a natural fruition of the Palestinian movement in the occupied territories. The external resistance was in a bad state, and had suffered bitter defeats and divisions. This might have led to demoralisation among West Bank and Gaza Arabs, the most compact parts of the Palestinian nation. In fact it did not. The political organisations developed in particular since the mid-1970s were able to move to

the fore, seizing the political opportunities. Moreover, in the months preceding the intifada's beginning, the various PLO factions were able to rebuild their own unity and cohesion in a way they had not since the defeat in Lebanon in 1982. The split in the PLO (which had reached civil war proportions in 1983) was healed, only a few hard-line pro-Syrian groups excluding themselves from the new unity.

So by the end of 1987, the movement was strong enough to undertake an uprising. The initiative came within the occupied territories, where PLO groups forged an alliance with a young Islamist movement. But immediately co-ordination began with the external leadership.

The intifada put Israel on the defensive — both politically and diplomatically. Politically, the Israeli army found itself plunged into a repressive policing operation that broad layers of Israeli society could not approve of. Internationally, Israel was seen as a South African-style repressive state. The PLO would have been fantastically ultimatic and ultra-left if it had not seized on the opportunities this situation presented by declaring a Palestinian state. This entailed recognising Israel (which was done obliquely by accepting UN security council resolution 242) but the question for the PLO leadership was not whether they should recognise Israel, but whether they could persuade harder-line nationalists to go along with it. They succeeded in doing so, with a compromise in which a government-in-exile was not formally proclaimed. Thus a small amount of ambiguity remains in the PLO position — enough to be seized upon by Israeli propagandists, but not enough to worry the various governments the PLO wants to appeal to. 50 such governments including, with reservations, the USSR, have recognised the new Palestinian state.

In Israel, the intifada is a nightmare come to life. Israel was always supposed to be the Middle East's democratic trailblazer, founded on democratic and even socialist principles. Israel was supposed to have an army that fought only defensive wars, and only killed anyone if it really had to. And here Israel was, bashing children's skulls.

The effect this has had within Israeli society, provoking a moral as well as a political debate, should not be underestimated. Indeed much of Israeli opposition to repression remains, for now, on moral grounds, and on the sentiment that this sort of behaviour is bad for Israel's soul.

Israeli brutality is not in reality new. But this is the first time Israelis have acted so brutally so close to home for such an extended period — and in such international view. The Israeli army itself believes the intifada will not die down for years to come. And so the moral and political dilemmas will only become sharper.

The move to the right in Israel is very

SURVEY

profound (which is not to say irreversible), although different elements in this 'new right' need to be distinguished. There is the religious right; there is the ideological Zionist right; and there is the 'mainstream' right represented by the Likud Party (although Likud itself is a coalition of different elements, and Shamir as an individual is closer to the ideological far right — closer than was, for example, his predecessor Menahem Begin).

Religious parties have always been prominent in Israel, and have always forced religiously-based legislation on essentially secular governments. But the old National Religious Party, which accepts Zionism as a political creed, used to be the ally of the various Labour Zionist parties, and unaggressive on other than narrowly religious issues. Even the NRP has moved to the right now; and the new 'oriental' Jewish, orthodox Shas Party has more seats than the NRP in the new Knesset. The orthodox groups, which do not accept Zionism (the most extreme refuses to participate in elections), have grown in strength.

The anthem of the secular, 'Revisionist' Zionist right proclaims: "Jordan river has two banks. One belongs to us and so does the other!" and all the far right draws its ideology from this tradition. Shamir in fact comes from a still more extremist tradition that lays claim to the entire area from the Nile in Egypt to the Euphrates in Iraq.

Now there is a rise of ultra-right groups calling for the 'transfer' (deportation) of Arabs from the occupied territories which they see as rightfully Jewish. One of these racist parties, the more-or-less explicitly fascist Kach Party, was refused permission to participate in the elections. Others get elected (obviously picking up Kach votes).

Different factors have affected the rise of these groups. There is an element of political logic to it — getting rid of the Arabs is a logical way to maintain Israel's Jewishness. There is the deepening social and political (and economic) crisis — which typically produces a growth of right-wing forces out of desperation. And there is social change. Israel is a peculiarly stratified society. The old establishment is European Jewish Labour Zionist; 'Oriental Jews' were always at the bottom of the social pile (although above the Arabs), and excluded from the centres of power. Thus they gravitated to the oppositional right who knew how to appeal demagogically to them. Oriental Jews nowadays outnumber Europeans. Likud has incorporated Orientals far more than Labour has (one of Likud's most fearsome leaders and likely successor to Shamir is an Oriental), has adopted social programmes designed to help them and so on. When Labour lost the 1977 election to Begin it was partly due to ignoring this demographic, as well as political, shift.

It is more complex than that, of

course, and Orientals should not be regarded as 'naturally' with the right. But the big problem for the Israeli left is how to win the Oriental — that is, largely working class — Jews. Plainly a social programme is necessary; and traditional left Zionism, which is very kibbutz based, is totally unable to develop such a programme.

The left remains based on sections of the European middle class, and the Israeli Arabs. The Communist Party, which is thoroughly Stalinist, remains by far the strongest section of the left, also drawing its support largely from Arab voters.

Social change also underlies developments among the Palestinians. The old pro-Jordanian rural notables who dominated Palestinian society into the 1970s have literally died out, although Jordan's recent 'disengagement' from the West Bank is still an economic shock.

Many of the militants in the occupied territories were not even born when the resistance was at its most self-assured in the late 1960s. Even older ones will barely remember, for example, the 1973 war. Social contact with refugees outside the territories is minimal.

Both the West Bank and Gaza have been incorporated into the Israeli economy to a high degree, particularly as suppliers of cheap migrant labour (although unlike in South Africa this labour force constitutes a minority sub-proletariat in Israel). Ultimately and in theory this process of incorporation could lead to the demand for independence being rendered obsolete; Israel could evolve into a new South Africa. So far this has not happened: rather, the process has led to a sharpening of the demand for a state in the West Bank and Gaza. This is partly because a big element in the conflict is over land. Jewish settlement, which has grown enormously since late '70s, focusses nationalist anger — both against the seizure of land and the imperialistic arrogance of the settlers.

The essential aim of the *intifada* has been to demonstrate the impossibility of continued Israeli rule. An entire population is in revolt. Deeply-rooted political structures have been formed, which potentially at least have a greater weight than the exile leadership.

All Israel's attempts to form quislings to 'negotiate' with have flopped; and now there is obviously little point in trying again. If Israel wants 'legitimate' leaders to negotiate with, they are there — and in open support of the PLO.

So how will the crisis resolve itself? The rise of the Israeli right is unsustainable in the long term without Israel ceasing to be a democracy (which it is, for Jews). Voices favouring a settlement are growing louder all the time.

So far an explicitly working class voice has yet to be heard. But Palestine's turmoil can and must increase the openings for such a voice.

Clive Bradley



Yugoslavia

'Market socialism' crumbles

The unstable compromise which has held Yugoslavia together for the past 40 years has begun to fall apart.

Over the past months, not a week has passed without news of strikes, nationalist protests, and the sackings of party officials. The country is in turmoil.

The biggest protests have been around the ethnic conflict in Kosovo, a predominantly ethnic Albanian province of Serbia. The Serbs, under the leadership of regional magnate Slobodan Milosevic, have claimed that the 20% Serbian minority in Kosovo is being persecuted and have demanded that Kosovo be re-integrated into Serbia. Serbian nationalism has resurfaced in an ugly form.

Meanwhile, Yugoslavia is in the grip of a tremendous economic crisis. Inflation is running at over 200% a year. Around one million are unemployed — 15% of the workforce. In some regions — the poorer south — the rate of unemployment is nearer 30%.

Unable to keep up with repayments on a foreign debt of \$20 million, the federal government has come to a rescheduling deal with the IMF; the IMF's demands, not surprisingly, being an austerity plan removing state subsidies to loss-making enterprises and a wage freeze.

The crisis, and the austerity plan, have



Serbs and Montenegrins protest

fuelled workers' protests. Last year there were 1570 reported strikes in Yugoslavia, involving some 365,000 workers. Workers and groups of students have demanded an end to the economic attacks on the working class and also the right to organise.

But the crisis has also exacerbated regional tensions. The north — Slovenia and Croatia — is considerably more prosperous and highly developed economically than the south — Macedonia and Montenegro. The Northern bureaucrats resent what they see as being forced to subsidise the poorer South.

The increased reliance on the IMF will further affect the South, as the federal government will not be encouraged to subsidise the loss-making enterprises there. The results: further poverty and unemployment in the South.

The Yugoslav CP, under Tito, took power after a guerilla war in 1944, and broke with Stalin in 1947. They had massive support in Yugoslavia because of their struggle against the Nazi occupation. Stalin could not deal with a ruling CP with an independent base.

In 1947 Tito ejected the capitalist ministers from the government and began a programme of nationalisation. Between 1948 and 1950 Stalin withdrew all aid to Yugoslavia.

But Tito's programme remained a Yugoslav version of "socialism in one country". Many socialists saw Yugoslavia as a new anti-Stalinist model of socialism because the system of "workers' self-management", introduced in June 1950, appeared to give workers real power over their factories and communities.

But the "self-management" structures were never more than a top-down system to give the workers only token power. All real political power lay in the hands

of Tito and the CP. As time went on it became clearer and clearer that in the factories the technocrats ruled, that the "power" of the councils was circumscribed by federal government. It was pseudo democracy with no real content.

Tito got Western financial aid after the split with Stalin. Industry was rebuilt and developed. Between 1950 and 1960 the economy grew at an average rate of 13% a year. But the economy was beset from the start by sharp regional variations in development, and by empire-building which meant that regional bureaucrats duplicated production wastefully and ran many plants at a loss, putting a massive economic strain on the central government.

Tito's answer to this was "market socialism". Only profitable enterprises were to qualify for state money for expansion. From 1955 all central plan directives to enterprises were abandoned. The new scope for market forces led to unemployment, increased inflation, growing foreign debt. It also exacerbated the divide between north and south. The federal government intervened to subsidise prices of basic goods and to direct banks to invest in the poorer regions. The bureaucracies in the richer regions resented this.

Yugoslavia — the state was originally established as the victors of World War 1 tried to sort out the fragments of the collapsed Turkish Empire — comprises six republics and two autonomous provinces in Serbia. There are four main religious groups, 22 ethnic groups, and even two alphabets. In Vojvodina autonomous province, the public notices are all in four languages. Tito had to find some mechanism to avoid ethnic disintegration.

In 1974 a new constitution was in-

roduced, giving considerable powers of self-government, including the right to raise taxes, to the republics. The federal government worked on a consensus basis so that no particular grouping could dominate. Sitting on top of this edifice, and holding it together, was Tito himself, with his huge personal prestige.

After Tito's death in 1980 a "collective presidency" was established consisting of representatives of each of the six republics — an arrangement which still exists.

By the late 1970s signs of a crisis were beginning to show. Over the past few years things have become steadily worse, culminating in the IMF agreement.

Workers have struck and protested, but the dominant form of dissent is nationalism, partly for the reasons outlined above, but also because in a state where workers cannot organise legally, nationalism is a sanctioned form of dissent.

The nationalist agitation in Serbia is going well beyond the bounds with which the federal government could feel comfortable. The Serbian leader, Slobodan Milosevic, is exploiting the discontent of the Serbian population to gain a bigger role on the national political stage for Serbia and himself. The leaders of other republics look on this with horror as it will threaten their own power.

On more than one occasion Milosevic has ordered striking Serbian workers back to the factories, with the promise that they can "rely on him". The nationalism of provincial bureaucrats like Milosevic is a form of petty empire building and has nothing in common with the legitimate demands for regional and national rights which would be part of the programme of a democratic workers' movement in Yugoslavia. The demands for re-integration of Kosovo into a strengthened Serbia is thoroughly reactionary.

Kosovo is 85% ethnic Albanian, and should have the right to secede if the population so wish. (In fact it is highly unlikely that the demand for secession to Albania would win much popular support; Albania being the most notoriously repressive of the Eastern Bloc countries.)

A democratic programme would include:

- Autonomy for Kosovo — up to and including the right to secede.
- Guaranteed rights for national minorities.
- The legal right to organise independent trade unions and to strike.
- Free all political prisoners.

Despite all its peculiarities, in many ways Yugoslavia today shows the future for the whole of the USSR and Eastern Europe: the inability of "market socialism" to cure the crisis of the state monopoly systems, the explosive force of nationalism as the grip of Stalinist repression is eased, and the unbridgeable conflict between the bureaucrats and the workers.

Workers on the streets of Belgrade

SURVEY

have shouted "Down with the socialist bourgeoisie!" A democratic programme on the lines outlined above would be the starting point for workers to organise against their bureaucratic rulers.

The crisis in Yugoslavia now shows the impasse of the sort of "market socialism" that other Eastern Bloc countries are looking towards introducing. What is clear is that the system is fundamentally irreformable, that only real workers' power, rather than the sham of "self-management", can provide a future for the workers and oppressed nationalities of Yugoslavia.

Lynn Ferguson

The economy

An uneasy balance

Give them their due: by luck or by judgement, the big capitalist governments of the world have kept their balance well in the aftermath of last October's stock market crash.

That crash was triggered by increasing unease among capitalists over the US's huge trade deficit. To avoid the crash turning into a slump, the governments needed to manage a *gradual* redressment of the deficit — a gradual cutback of US consumer spending, and a gradual reduction of the dollar's exchange rate.

So far they have done it. Since the end of 1987 US share prices have stabilised. The dollar declined towards the end of 1987, and has stabilised and risen a bit since then; in November 1988 it was slightly lower against the yen, and about the same against the deutschmark, as in August 1987.

After rising at 5% a year for some years, US consumer spending slowed down to about 2½% increase in 1987, and probably about 2% in 1988. US exports have increased. US industrial production in October 1988 was a respectable 5% up on October 1987. Most remarkably, industrial investment in the US has increased from a low point in 1986.

All that is pretty much just what's wanted to cope with the crash without getting a slump. There's just one problem: but it's a big one!

Despite all favourable trends, the US payments deficit is still huge. From mid '87 to mid '88 it was \$146 billion. The IMF expects that it will still be above \$130 billion in 1989.

Can world capitalism live with this huge imbalance? And for how long? It is difficult to say. But for sure the system has not yet solved the problems that led to October's crash. Bear in mind that in the past there have often

been big delays between a stock market crash and the subsequent industrial downturn. In 1973-4 industrial production did not turn downwards until ten months after the stock market; in 1968-9 the delay was 12 months. The slump of the 1930s gathered momentum only in 1930-1, well after the 1929 stock market crash.

The capitalists themselves are jittery. That was shown by the sudden Wall Street slump after George Bush's presidential election victory in November. Capitalists are worried about Bush's lack of any defined policies to correct the deficits in the US government's budget and balance of payments.

The underlying problems can be summed up in two sets of figures.

Between 1968 and 1988, labour productivity (output per employee) rose only 11% in the US, but an average of 86% in the 4 next biggest capitalist economies. The US, which once had a huge advantage in productivity over all other economies, is falling behind. But the world system of trade, credit and finance still depends on dollars — IOUs repayable, ultimately, in US-produced goods — being considered "as good as gold". In 1985, \$2,400 billion was held in bank accounts outside the United States. If confidence in the dollar slides dramatically, and the holders of all those dollars try to change them for other assets, the US's gold reserves could be wiped out in days.

Martin Feldstein, one of Bush's top economic advisers, has said that he thinks the dollar should be valued 20 to 30 per cent lower than it is now. Otherwise — so he says, plausibly — the US's trade deficit won't be corrected before it becomes disastrous. But Feldstein's opinion itself could become a cause of disaster. If capitalists worldwide become convinced that the dollar is going to lose value, then they will sell their dollars — and send the dollar crashing.

The surprising robustness of Wall Street after last October's crash has, paradoxically, created another factor for crisis. In November 1988, the giant US insurance company Metropolitan Life sued the big tobacco and food corporation RJR Nabisco. MetLife boss John Creedon said he wanted to get \$40 million damages from RJR, but also "to preserve our great capitalist system" from excesses of speculation and greed.

Why does Creedon think that speculation and greed is endangering his "great capitalist system"? RJR Nabisco has been taken over by the KKR financial group in the biggest yet of the so-called "leveraged buy-outs". Cash for these is raised by selling "junk bonds" — bits of paper whose resale value is uncertain (hence "junk") but on which high rates of interest are paid.

MetLife was angry because the sale of new junk bonds drove down the value of the old non-junk RJR bonds it already held. The RJR Nabisco buy-out is a sign



Nigel Lawson

of surprising robustness on Wall Street because the only thing that makes it worthwhile for KKR is the prospect of being able to resell the RJR shares it has bought at much higher prices in the future. And the continuing buy-out boom makes nightmares for capitalists because it means a spiralling increase in dodgy credit. The latest figure for the junk bond market is \$175 billion. In 1983 it was little more than \$40 billion.

It is surprising that the buy-out boom survived the October 1987 crash. It is unlikely to survive future upsets; and the longer it does survive, the bigger the ensuing crash, and the wider its effects.

Meanwhile, another factor of instability has been added to international capitalism by the sudden explosion of Britain's balance of payments deficit. Here again, a superficial boom combines with fundamental imbalances.

Britain's Tory government claims to have brought about a veritable economic renaissance. The evidence for this is slight.

Manufacturing industry has grown quite briskly in the last year or so. Profits have increased a lot, with the real rate of return on capital rising from 4 per cent in the early '80s to 11 per cent today. The Tories's implicit strategy of establishing Britain as a low-wage offshore site for multinationals to produce for the EEC market has had some success — substantial Japanese investment, in particular, has come to

SURVEY

Britain. But that is all.

By October 1988 Britain was in as bad a state with its trade as the US: its exports covered only 70 per cent of the value of its imports. This is not a passing problem or an episodic blip.

Throughout most of the 1980s, income from North Sea Oil has provided a large and soft cushion for British capitalism. In the early 1980s, Britain, once the 'workshop of the world', plunged into trade deficit on manufactured goods; it started importing more manufactured goods than it exported. At first, because of the oil income, that caused no problem in the balance of payments. Now the oil income is dwindling.

The small boom in British manufacturing over the last years goes nowhere near redressing the position. Over the 1980s, capital investment in Britain has been markedly more sluggish than in other major capitalist economies; it runs at an average of 17 per cent of national income, well below the figures for Japan (29 per cent) or for France, West Germany, and Italy (all over 20 per cent). A recent survey in the Financial Times reported that "British companies no longer make many of the products necessary to beat back imports in some sectors". Britain's position in more modern and rapidly-expanding sectors, like information technology, is particularly bad. Its share of the world market in information technology has dropped from 9 per cent in the 1970s to 5 per cent today, and it imports £8.9 billion of information technology while exporting only £6.8 billion (1987 figures).

Ronald Reagan may yet end his presidency on a note of triumph. But what will the Thatcher/Reagan 'revolution' look like a couple of years from now? The evidence is mounting that it will be revealed as a showy but ineffective attempt to boost two of the world's laggard economies — and one that contributed to tipping world capitalism into a damaging slump.

Martin Thomas

Nicaragua

Harassed into crisis

Three times in 1988, the harassed Sandinista government in Nicaragua has introduced drastic economic reforms. And despite 1987's Arias peace plan, military activity by the contras continues.

An economic package in February 1988 introduced a new currency, the cordoba (C\$). In mid-June the cordoba was devalued, from 10C\$ to 80C\$ to the American dollar. Inflation was up to

2,000%, industrial production dropped by 34%. As a result of the June reforms, transport and fuel costs rose by over 100%. Wages in the public sector were raised by 30% and big state subsidies on health, education and transport were maintained.

In August the cordoba was devalued again. Public sector wages were raised by another 140%.

Things are bad for the average Nicaraguan. After the June package, the Institute of Sociology at the University of Central America (UCA) found that "the raising of wages by 30% was perceived as a slap in the face or a cruel joke because the price of some basic necessities has risen, along with the exchange rate, by as much as 566%, and the price of fuel and transportation rose respectively by 1,066% and 350%." (*International Viewpoint* No.149)

Many people working in the capital, Managua, but living in its environs, would have to pay more in fares to get to work than they could earn in wages. Interestingly, the UCA's survey of Nicaraguan attitudes found that people felt the government, as well as US imperialism, were responsible for the economic crisis. Indeed, only 19% of Managuans believed Reagan, the war or the blockade to be the cause. Even so, a poll found that 71.7% of the population of Managua supported President Daniel Ortega, and the Sandinistas generally.

American harassment must be a major cause of Nicaragua's economic difficulties. An economic blockade continues. And despite the Arias Peace Plan and a US Congress decision to withdraw aid from the Contras, the war goes on.

The Arias plan allowed for a ceasefire in the Contra war in exchange for various concessions from the Sandinistas. For example, the liberal oppositionist newspaper *La Prensa* was relegalised, Radio Catolica relegalised and censorship lifted from the media.

As negotiations continued afterwards, however, Contra leaders pushed for impossible concessions. For example, Contra leaders demanded the immediate separation of the Nicaraguan army from the Sandinista government, an amnesty for ex-Somozist National Guards, and the right to unrestricted political activity for the Contras.

This would be tantamount to the Sandinistas laying down their arms in a situation that would still be close to war. No government could be asked to do that. The Contras' intention was merely to provoke the Sandinistas into breaking off negotiations and thus renew outright war.

The Sandinistas said they were prepared to make concessions — but only in stages. On a fundamental political question — the direction of the economy — the Sandinistas have retreated from socialist (or rather Cuban-model) ambitions. Ortega has said that the economy can survive only by adopting measures "similar to those taken by capitalist countries."

Conflicts are developing even between the Sandinistas and their own union federation, CST, whose leaders have called for a sliding scale of wages to keep up with inflation.

The labour movement should show solidarity with Nicaraguan workers. Simultaneously we should show solidarity with the Nicaraguan people as a whole, including their government, against continuing US-inspired aggression and American hostility. George Bush will be no friendlier to Nicaragua than Ronald Reagan was. America must never be allowed to think a second Grenada is possible.

Gerry Bates

Brazil

Gains for the Workers' Party

Brazil's municipal elections on 15 November saw remarkable gains for left-wing parties, especially the Workers' Party.

The most spectacular PT gain was Sao Paulo, Brazil's largest city, where Luiza Erundina won the election for mayor, defeating right winger Paulo Maluf.

The other leftish party to make big gains was the populist Democratic Labour Party (PDT) of Leonel Brizola.

The formerly huge centre party, the Brazilian Democratic Movement (PMDB), which supports President Jose Sarney, did extremely badly.

Now PT leader Luis Inacio da Silva, known as Lula, a former metalworkers' leader, is a serious contender for the next Presidential elections.

The immediate background to the left victories is Brazil's economic chaos. The 1964-85 dictatorship presided over an 'economic miracle' which did expand industry fast but also left Brazil the Third World's largest debtor and millions of Brazilians in desperate poverty. In 1985, the army handed over to civilian rule in the midst of a slump.

Famine was also developing in the north.

Jose Sarney was not elected: he took over when the man who was elected, Tancredo Neves, died before taking office. And Sarney has not proved popular. On public appearances he has needed his armed escort.

Brazil is a big country of big contrasts — from the gradually diminishing Amazonian rain forests, where some people are barely out of the Stone Age, to the huge car plants of Sao Paulo. It

SURVEY

was in these car plants that the dictatorship's fate had been sealed, and the PT born.

After a decade of lull, the working class burst onto the scene in a wave of mass strikes in 1978. A new militant trade unionism, similar in certain respects to South African democratic unionism, grew very quickly. Car workers in the metalworkers' union, were central to all this, and their most prominent leader was Lula.

Early on elements in the new movement felt the need for a political wing and the PT was founded in 1979. The following year it became a legally-recognised party.

A number of different forces came together to form the PT. As well as militant trade unionists, leftist intellectuals (many from former Guevarist or Castroite organisations, some even ex-guerrillas) and radical Catholics were involved. From the start there was tension about whether the PT should be a party with strict rules and structures, or a broad 'movement'. Also, of course, there were debates on policy. There is a strong revolutionary left in the PT, including various Trotskyist groups.

From a firmly revolutionary perspective in its early stage, the PT seems to have evolved in a more parliamentarist direction. Nevertheless, it has remained committed to the independence of the working class.

A big issue was Brazil's move from dictatorship in 1984-85. Strong pressure was put on the PT to do like the Communist Party and support a 'single candidate of the opposition' — ie the PMDB. After a long debate, the PT refused to do so. Rather, it was central to the enormous campaign for direct elections, instead of the 'electoral college' set up by the army.

Recent electoral successes have demonstrated the value of keeping out of the PMDB swamp.

The PT's growth has gone hand in hand with the rank-and-file based union movement. There are two major union federations in Brazil, the bureaucratic CGT, and the PT-dominated CUT (United Workers' Central). The CUT also has developed close links with the movement of landless peasants.

Six days before the voting the army shot dead 3 striking steelworkers in Volta Redonda near Rio, a grim reminder of the army's role in Brazil. Many commentators believe the fingers on the trigger will get ever itchier as presidential elections approach in a year's time.

Brizola's PDT is of the traditional Brazilian populist stock. Brizola was a figure in the government led by Joao Goulart that was overthrown by the army in 1964.

He is a political heir of the 1930s populist leader Getulio Vargas. 'Vargismo' is similar to Peronism in Argentina, although more diffuse and less organised.

There is talk of a lash up between the

PT and PDT for the presidential elections. On current performances it would make them unstoppable. But who would dominate? An electoral victory would be little compensation for the submersion of independent working class politics into Brizola's nationalism and populism.

Brazil's crisis continues to deepen, with inflation approaching 1000%, the foreign debt growing (despite a small amount of rescheduling earlier in the year). Capitalism means making the workers and poor pay for the crisis. But the ruling class can't implement its austerity.

Indeed it was the PMDB's association with such an austerity programme last year, immediately after a huge success in National Assembly elections, that probably saw it off. This latest humiliation is only the most recent — the PMDB has previously lost state governor elections to the right.

The PT still says that it does not look purely to elections to bring about change. We must hope that the Marxists in the PT can hold it to a perspective of mass struggle through next year's electoral challenge.

Max Collins



Link up with European workers

The EEC's 'single market'

Whose Europe in 1992?

The single European market promised in 1992 has been a long time coming, and falls far short of what some of the European Community's founders wanted. But it is an inevitable next stage in Western Europe's evolution.

The transition to a 'European' capitalism, superseding French, German, British or whatever, was bound to be bumpy. Britain has been a particularly obstreperous obstacle to it — joining the EC late (in 1972) and to this day opposing many changes according to what Mrs

Thatcher sees as "good for Britain".

But with 1992 the transition will reach a new level. What will it mean? The Single Europe Act passed by EC member countries aims to create a Western Europe-wide movement free of the restrictions that currently exist on the movement of people, goods, services and money.

Already there are increasing (though still small) numbers of cross-European mergers. The Financial Times comments: "The vision of an economically more integrated, barrier-free Europe may be starting to be something of a self-fulfilling prophesy. Even if the 1992 legislative programme ground completely to a halt, the economic landscape would have undergone irreversible changes." (November 11, 1988).

The labour market may prove less flexible than others (money is easier to move than workers). But there will be an increasing integration of companies' activities. Peter Evans of the OECD's trade union advisory committee, says: "It is likely there will be some convergence in industrial relations procedures in European companies. But it will be another matter whether there will be any convergence in the substance of collective bargaining."

Bosses will prefer to keep collective bargaining localised. Forthcoming pay negotiations at Fords will test unions' abilities to coordinate action across Europe.

1992 is also supposed to bring a common social policy — a Social Europe. An equalisation of welfare benefits and workers' rights is indeed a logical corollary of creating a single market for labour and capital. Some steps have already been taken in this direction: Britain's Equal Pay and Sex Discrimination laws owe much to EEC pressure.

But child benefits and family allowances in France are about three times as high as in Britain. Unemployment benefit in Denmark is much higher than in Britain, and is paid for much longer. Italy has many more public holidays, more nurseries, and wide-ranging legal rights for workers to have trade union representation and to strike.

No national working class will easily agree to have its social benefits levelled down to the rate of those countries with more meagre provision, like Britain. But to level up would be very costly for the capitalists. That is why Margaret Thatcher is so vehemently opposed to a "Social Europe", and why EEC President Jacques Delors has gone silent on the issue.

Every evening now on television, business people tell us that they are preparing for 1992. It's time the labour movement started preparing seriously, too — to win a "Social Europe" by way of levelling-up, to demand that the best conditions won anywhere in the EEC are extended everywhere in the EEC, and to fight for a Socialist United Europe.

Edward Ellis