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BRITAIN AND
EUROPE

EASTERN EUROPE

END OF AN ERA

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**The
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BRITAIN AND EUROPE

No sooner had capitalist politicians started to rejoice at the collapse of Brezhnev style 'socialism' in Eastern Europe than they were forced to re-direct their attention to the recession that is gathering momentum in the 'economically superior' market economies. Unemployment is rising in every country and production is either declining, as in Britain, or increasing at a slower rate, as in France and Germany. In America there are many false dawns as hopes of economic revival are raised and then dashed.

Over the past thirty years or so we have seen many 'economic miracles' Sweden, Italy, France, not to mention the Thatcher 'miracle'. They all proved to be as genuine as the Turin Shroud. Now the German 'miracle' is in trouble as its trade and Budget go into deficit.

In every capitalist country, from Australia and New Zealand to Sweden, the high level of Social Security payments which marked the golden years are now being clawed back because the respective economies can no longer sustain them at the old level. In the U.S.A the very rudimentary health and social security provisions have been cut back by the President, who claims to be concerned with human dignity, at a time when long term unemployment in the major cities is returning for the first time since the 1930s. It seems to be generally accepted, even by the strongest supporters of the capitalist system, that even when the next 'upturn' takes place, the numbers of unemployed (taking the capitalist world as a whole) will remain at a level considerably higher than at any time since the war. The rate of inflation is less, but at what social cost? The capitalist world is moving back to the pre-World War 2 era when deflation was the key-word, and large scale unemployment was a byword.

In Britain we have the spectacle of a smirking Kinnock blaming the deteriorating economic situation on Major's ineptitude, thus implying that, were he Prime Minister, the recession would never have happened. For sheer political opportunism that needs some beating. Even he must know that the game is up for those who see expansion of the money supply as the answer to capitalist crisis. The high rate of inflation that it engendered has become a bigger threat to the stability of the system than unemployment.

Not to be outdone by the Tory determination to reduce inflation, trade union leaders have joined with the employers' side

of the National Economic Development Council in urging the Chancellor of the Exchequer to adopt a target of nil inflation, the idea being that with nil inflation, that component of the interest rate which represents a hedge against future inflation will be eliminated and so enable interest rates to industry to be reduced. There is everything to be said for reducing interest rates on money lent to industry because it reduces costs of production in the productive sector, but as every other capitalist economy is aiming at the same target, any 'competitive gains' will be wiped out eventually.

The concept of a nil inflation capitalist economy is on the same level of wishful thinking as that of a nil growth capitalist economy. Both inflation and growth are essential to the dynamics of the system.

The illusion, fairly widespread during the 60's, that ways had been found of managing capitalism so that the trade cycle was a thing of the past, has been dispelled in more recent years because it has been seen by all to have no basis in reality. The Marxist theory of capitalist crisis still holds good, even though the form that it takes varies somewhat from the classic schema. In times of slump, costs (but not necessarily prices) are cut, so as to bring about a return to profitability, but the boom only gets under way when prices begin to rise and the prospect of higher profits improves. The fact that this leads to a devaluation of the currency (inflation) is self evident. Just compare what the pound in your pocket is worth now compared to a year or two ago, or take the trouble to look at statistics and find out how the pound deteriorated in value during the years before inflation became the main bogey.

The truth is that in capitalist society there is always a trade-off between the rate of economic growth, the rate of inflation, and the percentage of the adult population who are unemployed. For years, economic growth has been stimulated by means which increase the rate of inflation but tend to reduce the level of unemployment. Now that inflation is the main enemy of the system economic growth will slow down and unemployment will increase.

Meanwhile, competition is sharpening, and those overheads of the system such as pensions, the health service, etc, are prime targets for a cost-cutting exercise, with the result that the 'caring society' is becoming the 'can't afford it' society.

It is a virtual certainty that, if a Labour government is

returned at the next general election, its failure to honour its promises will be blamed on 'the worse than thought' economic situation left by the Tories. The honest thing for them to do would be to admit that the post war jamboree is over and that from now on we must determine priorities. But this would prevent the Labour leadership presenting themselves as all things to all men, and that might lose them votes.

Problems are mounting. At the time when the needs of the system require that public spending be reduced the cost of maintaining a larger number of unemployed is causing an actual increase in public spending. The 'family silver' is all but sold off, so that the Tory pledge to reduce taxation is looking pretty sick, particularly after the increase in VAT to pay for the additional grant made to Councils to take some of the steam out of the Poll Tax issue. The Labour party admits that its programme will require increases in taxation, so between them, both parties concede that it is no longer possible to keep the cake and eat it. If there is to be more public consumption there will have to be less private consumption. Not exactly the recipe for creating a revolutionary situation, but certainly a step in the direction of bringing class politics back into the picture.

The 'Property owning democracy' is now a nightmare for thousands of couples who were encouraged to borrow beyond their means, not only to get a roof over their heads, but also to 'go up-market' or for 'home improvements' that they could well have done without. Repossessions are at the highest level ever, and likely to increase.

Those who lived in a Walt Disney phantasy world where debts could be permanently financed by taking out further loans have had a rough shock which, painful as it was, must have brought many people back into the real world.

THE ENTERPRISE CULTURE.

The 'enterprise culture' has already turned into a sick joke for many who borrowed money in order to start small businesses.

According to the Confederation of British Industry, the number of small firms (defined as employing fewer than 200 and owner managed) becoming insolvent is at a record level. The CBI complains that high interest rates are to blame, but does not explain why failures are increasing at a time when interest rates are coming down. The Banks are coming under fire for

discriminating against small businesses in terms of loan interest, but surely it is good business practice to cover one's business against bad debts. There is also the claim that small businesses suffer because larger businesses who are often their customers withhold payment until the last moment and beyond, but surely that also is good business practice, part of making one's business competitive. The fact that some win, (the big boys), and some lose (the small boys), is all part of the capitalist game.

The major banks are having to cope with the highest level of bad debts for many years.

The gloom in the retail trade shows how much of the Thatcher boom was dependent upon consumer credit. Higher interest rates reduced borrowings, but now fear of unemployment is reckoned to be the main factor.

It may be quite some time before people gain enough 'confidence' to begin borrowing again on the same scale, even if the government wanted them to.

Of course 'recovery is just around the corner', but what corner, and what kind of 'recovery'? The kind of recovery brought about through the operation of market forces creates the conditions for the next recession.

MARKET FORCES

One of the best examples of the consequences flowing from the operation of market forces can be seen in the decline of the British coal industry.

Fuel costs are an important component of total costs, therefore, 'in the interests of all industry' they must be kept as low as possible. Coal-fired power stations provide a considerable proportion of the total electricity output of England and Wales, therefore the price which the electricity generating companies pay for coal has a big bearing on the price of electricity.

The world price of coal has been falling for several years because of surplus production on a world scale, and attempts to make British deep-mined coal 'competitive' has, over those years, resulted in the closure of most of Britain's collieries even though most had many years of reserves left in them. Now, even the super-pits are under threat. The electricity generation industry, under pressure from the production industries to keep its prices low, has no other option than to buy the cheapest coal, no matter where it comes from. The only other option is a comprehensive

energy policy which includes political pricing, but that is ruled out by all political parties, including the Labour party,

Of course coal is a pollutant of the atmosphere, but it will probably be used for years to come, though perhaps less intensely. But what of the unnecessary pollution caused by transporting coal from China, Australia, and Poland, not to mention that caused by the transportation of the goods that we must export to pay for the imported coal.

This is, of course, bad economics, so we are told, because the benefits of trade far outweigh the disadvantages.

THE BENEFITS OF TRADE.

It is true that trade between communities can be mutually beneficial economically as well as facilitating cultural exchanges, but it can also lead to the exploitation of one community by another and to conflicts of interest which inhibit overall cultural development.

Capitalist trade results in the transfer of wealth from relatively low labour cost areas to relatively high cost areas.

This transfer of wealth is largely brought about by the export of capital from economically developed countries to regions where labour costs are relatively lower. The super profits thus obtained are then funnelled back to the country in which the investing company is registered.

This explains why the present conditions under which world trade is carried out has resulted in the gap between rich and poor in the world growing wider by the year.

Trade has also increased between the industrialized countries themselves, ie, within western Europe, and between the U.S.A, Europe, and Japan, because they comprise the largest markets for consumer goods, and the problem of how to increase demand while reducing costs is extremely acute. Cost reductions are mainly effected by improvements in technology which usually means that production becomes more capital intensive, which, in turn, requires an ever larger volume of production if it is to be profitable, so that in most cases, national markets are too small and custom barriers between countries become restrictive. Thus the need for European-based capitals to create a larger internal market in order to be able to compete with the U.S. and Japan.

The eventual consequences of this competition is the creation of excess productive capacity on a world scale.

It has been known for at least ten years that the market for the private car was approaching saturation point, but still each manufacturer has been compelled, under threat of extinction, to expand production. Now the point has been reached when the crunch can no longer be avoided. One of the consequences is a price war which will involve setting selling prices at uneconomic levels in the hope that competitors will be driven out of business. Another consequence is an increasing tendency to erect trade barriers against the most successful foreigners.

The Japanese, being the most successful, are now becoming enemy number one in the United States, and are close to achieving that distinction in Europe, with the French and others arguing that even Japanese cars made in Europe should be subject to restrictive quotas

Preparations for even sharper competition is now the order of the day in all capitalist societies, but at the same time 'regulation' of competition between capitals is an increasing part of the State's function - an acknowledgement of the danger to the system and the state of unbridled market forces. (Note the demands for stricter regulation of the 'financial services' sector in the wake of the BCCI scandal). The concept of 'free' competition has been replaced by that of 'fair' competition.

In the process the role and function of the state bureaucracy is enhanced.

THE EUROPEAN COMMON MARKET.

For Big Business, the attraction of a single European market is quite straightforward; the costs and delays of custom barriers will vanish, and tariffs will cease to exist so that all will have equal access to the bigger internal market that will enable them to benefit from greater economies of scale.

Their hope is that this will result in higher profits and greater ability to compete with their rivals in the U.S. and Japan on the world market.

Although heads of government are responsible for policy decisions the policies adopted are strongly influenced by civil servants.

A single market means common technical standards and common rules, and that in turn means that bodies must be created to deal with the technical detail, thus expanding the role of the bureaucracy.

Experience shows that bureaucrats have become a class which is increasingly conscious of its own interests as a class with its own political slant on things.

This applies to EEC as well as national bureaucracies, so that there can be conflicts of interest between them that are reflected in their respective attitudes towards European unity.

The self-serving attitude of bureaucracies can be seen in the way they are seeking to establish standards on such things as the meat content in sausages and the alcohol content in beer, rather than just compelling manufacturers to supply the relevant information and leaving the purchaser to make the decision.

The need to establish certain common standards and rules raises the question of the extent to which each member state will allow its own sovereignty to be eroded, and the spheres in which EEC laws will prevail over national ones.

The British people need closer economic, political, and cultural links with the rest of Europe, but the creation of a European super-state would not, in the long term, be in the interests of the mass of the people in the countries concerned because it would take decision-making even further away from the people and strengthen the hand of the European bureaucracy

Ever since the EEC was established, the European Commission, the top body of civil servants, has been extending its functions. Under the latest proposals, its functions would be still further enhanced so that it would become the executive arm of a European government. Decisions of the Council of Ministers, (heads of EEC member governments), would be made on the basis of majority voting. The question of greater political centralization is being made a central issue by the European Commission even though the economic preconditions for the Single Market due in 1992 have not yet been complied with by most member countries.

Nigel Lawson, in a speech at the Mansion House last year, had this to say:

"It is an observable fact that those nations that are most vocal about their support for European Monetary Union now tend to be those that are most assiduous in preserving barriers to free trade within the Community."

In just over a year, the end of 1992, internal barriers to trade in goods and services are supposed to disappear, but, according to Neil Collins, City Editor of the Daily Telegraph, 13/12/90:

"Many British industrialists react with a hollow laugh to the

idea that European trade will be free in January 1993. Tariff barriers may disappear, but unofficial cartels, extensive cross directorships between customers and suppliers and the challenge of getting local officials to play by the rules remain."

In the same article the writer reveals one of the main gripes of the British Establishment with regard to trade within the Community when he observes that, in areas such as financial services, where Britain is particularly strong, the barriers will remain. "Nobody in the City expects to be able to sell a British life assurance policy in France in January 1993".

The original purpose of the EEC was simply to create a single market. It seems odd that political unity is being pursued with such vigour and determination at this time. Why the haste to establish the present EEC as a political entity ahead of the actual creation of a single European market?

It would seem that the attempt to establish Western Europe as a political unit has now taken precedence over the single market idea because of the events flowing from the collapse of Brezhnev-style 'socialism' in Eastern Europe and the Soviet Union and the sharpening of contradictions between capitalist blocs as markets become tighter. It also reflects the euphoria that has affected the judgement of leaders of the capitalist world by the apparent victory of capitalism over socialism which tends to make them underestimate the contradictions within their own camp.

At present, decisions on the most important matters are arrived at by consensus, and, inevitably, this means that concessions must be made in order to achieve unanimity. The use of this method made it impossible for the EEC to adopt a common policy in relation to Iraq's invasion of Kuwait, which probably increased the perception that the method needed to be changed, but the question has become more acute now that 'outsiders' are virtually queueing up to join. Sweden now wants to become a full member of the EEC and other members of EFTA will probably follow suit in order to gain access to the larger market. The countries of Eastern Europe want to become members of the EEC, partly for the same reason, but mainly in the hope that they can join Ireland, Greece, Spain, in the queue for EEC handouts. But no matter what the reason for applying, their admittance to membership would obviously increase the number of states who would have to be consulted on questions of policy and the organization would, as a result, become more amorphous,

therefore, those who want Europe to become a political entity must move to create an inner core before the others can be admitted to membership on terms determined by that inner core.

The replacement of consensus by majority voting clearly means that the national sovereignty of the countries that are out-voted will be further restricted.

NATIONAL SOVEREIGNTY.

In Britain, Tories generally place great emphasis on preserving what we have of left of it; the Liberal Democrats take the view that it is an outmoded concept, and the Labour Party is concealing its indecision by playing party games. Marxists, splintered as we are, have no clear line on it.

National sovereignty is only an outmoded concept as far as Transnational corporations and finance capital in general are concerned. For them, national borders and national governments impede their activities and hence their ability to obtain maximum profits.

The activities of finance capital have already eroded the ability of national governments to control events within their own borders because of the ease with which they can transfer capital, and hence production, from one country to another in the search for higher profits.

Quite obviously, this means that people everywhere have lost a great deal of the capability to control the economic life of their country even when there is the political will to do so. The chief remaining weapon is control on the export of capital, but when the Single Market legislation comes fully into operation, even that weapon will be taken away from national governments.

It is sometimes argued that the EEC opens up the opportunity for the people of Europe to collectively control the Transnationals, but there is no evidence whatever to sustain such an argument. All the evidence indicates that it gives those organizations an even freer hand, and potentially, a greater control over the lives of the people. If a European super-state is created it will be a super-imperialist state.

The transnationals have a command structure that enables a relatively small number of people to take decisions to switch investment from one country to another, their subordinates just carry out the order. The leadership of the working class cannot work in that way. They must consult their membership because

effective leadership demands that the leaders carry their membership with them, and that means ongoing consultation.

Uneven economic development, differences in the social division of labour, different levels of political awareness among the various classes within each country, coupled with the ability of Transnationals to switch investment for political as well as economic reasons means that it will be virtually impossible for the forces opposed to their dominance to achieve the political unity necessary to defeat them on a Europe-wide front.

THE SOCIAL CHARTER.

The European Social Charter is, at the moment the biggest single mass attraction to the British, (and probably the European) working class

Delors' speech at the annual meeting of the British T.U.C in 1989 marked a turning point in the attitude of the trade union movement and the Labour party towards the EEC. Until then the trade union establishment had been opposed to Britain's membership, but here came a person who appeared to offer them a role in Europe that they had been denied in Britain since the late seventies, a voice in 'the corridors of power'. The chance of hobnobbing with the Transnational bosses at a European level, and a bonus in the form of a Charter which could be presented to the membership as a guarantee that they would, without any struggle, obtain improvements in working and social conditions.

It must also be said that this carrot has had the effect on trade union members desired by the European bureaucrats.

Some aspects of the Social Charter could, if implemented, bring improvements in terms of holidays, maternity benefit, and so on, but two things should be made clear; one is that they are only aims, there is no guarantee that they will ever be implemented, the second is that their principal purpose is not to improve conditions for the working class, but to create conditions for 'fair' competition between capitals, and to present them in such a way that the presenters (the European bureaucrats) can be seen as benevolent neutrals in the class struggle.

We need to remember that bureaucracies have their own axe to grind. They must try to convince all other classes in society that they are indispensable, therefore they always try to appear to be neutral, above the class struggle, but, in the final analysis, they must serve the interests of finance capital.

But, having said that, the average worker will retort, "Well, even if all you say is true, I can see no reason why I should refuse improvements given on a plate".

Our response to that is, "Alright, take what is on offer, but don't swallow the politics that are being included as part of the same package". The Social Charter is a ploy by the European Commission to get the European working class hitched, not only to the wagon of federalism, but to the corporatism (the concept of an homogenous group), which so closely corresponds with the class position of bureaucrats.

Experience shows, (and the Soviet Union is the clearest example), that the working class is disarmed, its capacity for struggle is undermined, if it disregards the objective existence of class contradictions.

The influence of the bureaucracy can be seen in its 'vision' of a future Europe.

According to The Economist, dated June 22nd of this year,

"Two months ago Luxemburg, as current EEC president, proposed a draft treaty for a 'European Union' of responsibilities in three distinct realms: the existing economic community; new arrangements for interior-ministry cooperation; and new arrangements for foreign and security policy. In the two new areas, the European Commission and Parliament would play a much smaller role than in the existing EEC. That suited Douglas Hurd, Britain's Foreign Secretary, but it upset Jacques Delors, the Commission's president.

"When foreign ministers met in Dresden earlier this month, Mr Delors argued that only a single community could present a coherent face to the world. Seven countries backed him, but France, Denmark and Ireland joined Mr Hurd in supporting the Luxembourg draft's 'temple with columns' against Mr Delors' 'tree with branches'.

This week Luxembourg presented a new draft to foreign ministers. It shows the marks of Mr Delors' counter attack. An introductory section links the pillars together and refers to 'a process leading gradually to a union with a federal goal'.

The 'Temple with columns' refers to the method of obtaining unity by representatives of the member states coming together to agree on policy in specific fields, which keeps control fairly firmly

in the hands of national governments. The 'Tree with branches' envisages one central organization.

WHERE DO WE GO FROM HERE?

The best basis for opposition to the activities of the transnationals is defence of the nation state because, at the present time it is the basic economic and political unit.

All the states of Europe are capitalist states, that is to say that they are specifically designed for the purpose of promoting the interests of finance capital, so, it is sometimes argued, what point is there in fighting to prevent them being absorbed into some kind of super-state?

In the first place, they are bourgeois democracies in which the people have common cultural ties that interpenetrate class divisions. This has been used historically by the ruling class who have managed to convince people that their interests are identical with the national interest with such success that many on the Left of the political spectrum regard the concept of national sovereignty as a reactionary one.

The concept of national sovereignty is closely linked with patriotism, and Marxists in imperialist countries have, except during the war against fascism distanced themselves from patriotism because of the way in which the capitalist class has prostituted it by turning it into jingoism

But patriotism is as different from jingoism as the concept of national sovereignty is from nationalism.

Patriotism has its origin in the need of a territorial group to defend and protect the source of its sustenance, the land, and by extension, its own form of social organization and the laws and customs which give it cohesion.

Today, the means of sustenance includes industry and the territorial group is organized as a nation state.

National sovereignty simply means that people living within a particular geographical area and having a sense of common identity, reserve to themselves the right to determine their own path of economic and social development.

It does not imply that people of any particular ethnic group possess special, intrinsic qualities that are absent in other groups.

Racial origin is unimportant. Undue emphasis on it detracts from the very obvious truth that we are all of the same race - the human race. It represents incipient racism.

Marxists in imperialist countries have traditionally, (and correctly), associated themselves with the struggles of oppressed people for the right of self determination. Now, the old form of colonialism has passed into history as those peoples have won political independence, but they are now oppressed by the economic imperialism of the banks and transnational corporations which lock them into the system of capitalist world trade.

Although Britain is still home to these organizations, and its people still derive some benefit from their exploitation of the 'Third world', the people of Britain are themselves no more than pawns in the game. The National interest, (defined as being representative of the interests of the mass of the people), must, objectively, be in contradiction with the interests of the transnationals, even though the mass of the people do not as yet recognize the contradiction as an antagonistic one. Much less do they realize that opposition to the direction of capital according to the criteria of profitability, must eventually lead to some form of social direction of the productive forces of society.

But we must start from the situation as it is, and the reality is that Britain is a member of the EEC and there is no way that it can revert to the relationship which existed before it became a member.

There is an objective need for international agreements on measures to be taken to prevent global warming, pollution, prevent over-exploitation of natural resources, etc, and cooperation between the countries of Europe can help in this respect, so there is no dispute about the absolute need for international cooperation in these fields.

No less important is the need to help the three quarters of the world's population who live in abject poverty, and those who suffer starvation on a gigantic scale because of climatic changes over which they have no control.

But the EEC is far less concerned with those matters than with creating conditions in which European-registered Transnationals can thrive. That is, as they say, the bottom line.

THE LEVEL OF DECISION MAKING

Probably the most prevalent feeling in modern societies is that of helplessness in the face of what appear to be elemental social forces, and the inability to influence decision making.

As a general principle, decision making should be at the

lowest possible level. Supporters of federalism use the word subsidiarity to describe this, and at the moment, some well meaning people are taken in with it. Scots and Welsh Nationalists interpret it as meaning that their claims to self determination will be treated with greater favour in a federal Europe than they are by the present British state.

According to the Collins Dictionary, 'subsidiary' means 'subordinate in function', so that the higher organization decides which, and what decisions can be taken at each level.

Delegation of responsibility is necessary in business and the armed forces for reasons of efficiency, but it is the very opposite of democracy because its purpose is to create a chain of command from the top downwards, not to strengthen control from the bottom upwards.

Increasing centralisation is a characteristic of all modern states. It is an anti-democratic trend because it reduces the ability of people to influence governments. The introduction of a higher level of decision making will only make matters worse.

The European Parliament

Under the new proposals put forward by Delors', this parliament would be given a few more powers to discuss and perhaps delay legislation, but it will still not have the power to either veto it completely, or introduce legislation itself.

In any event, even if the European parliament were given legislative powers it would not be a move in the direction of greater democracy because it would make the process of law-making more remote from, and less capable of being influenced by the people. It is a diversion, a bit of icing on the cake to attract support from those who seek a well paid and not too onerous job, and to give a democratic flavour to the EEC.

Support should therefore be given to those politicians who are fighting against federalism, and for the 'Columns' approach. That is the practical option, but it is mainly a damage limiting exercise.

When the British Parliament passed the European Communities Act in 1972 it was agreeing that community law would take precedence over British law. It was also agreeing that The European Court of Justice could interpret community law and overturn laws passed by the British parliament and judgements made by British Courts.

The true import of this has only been brought home to people through the decision by the European Court that Spanish trawlers can help themselves to the British fishing quota.

The supine attitude of the Government and the leaders of the 'opposition' parties on this issue does not bode well for the future. People are wondering if it would have been as quiet if 'Maggie' had been at the helm.

The chances of getting the 1972 Act rescinded in the immediate future is nil, so that if this flagrant injustice is to be righted, other methods must be used.

Harassment of Spanish-owned trawlers by British shipping vessels would focus the attention of the parliamentarians on the injustice and pressurise the Government to use the time honoured capitalist method of finding loopholes in the law which would frustrate the decision of the European Court. The French and the Spanish have already got it tied up at their end so that the same thing cannot happen with their fishing quota's, so what is sauce for the goose....

When the General election finally does come, candidates must be forced to declare their position on both the question of European law taking precedence over British law, and over that of European judges being able to override the British parliament.

But before and after the election, when the livelihood of groups of British workers is threatened there should be a no holds barred struggle to support them. It is only by refusing to take EEC decisions lying down that meaningful relationships between the peoples of Europe will be established.

CLASS STRUGGLE

The vulgar understanding of the theory of class struggle that has passed for Marxism over many years disregards contradictions between workers themselves. The working class is idealized to the extent that it is imagined to be a naturally homogenous class. In reality, there are contradictions within the class that have a material basis, and those contradictions cannot be resolved by appeals for class solidarity, but only by either removing the material basis for them, or by raising the ideological level to a point where they can be resolved by reasoned argument based on long term, rather than immediate considerations. In many cases the subjective conditions for resolving the contradiction can only be created by a trial of strength.

Contradictions between workers do exist, and the essential precondition for resolving them is that they be openly recognized.

The working class can only be united on the basis of policies which reflect their common interests. That should be self evident, but the point seems to be so often missed that there can be no harm in restating it. And to be effective, those policies must reflect interests that can be readily perceived and operative over a fairly short time scale. To say that this or that policy will ultimately benefit the people concerned will be regarded as pie in the sky because experience tells people to beware of politicians' promises.

Peter Shore and other Euro-sceptics reckon that the Spanish trawler problem is only the tip of the iceberg, and they are probably right, (the Common Agricultural Policy springs immediately to mind), so there are likely to be a great many issues in the not too far distant future around which to highlight the importance of national sovereignty, bearing in mind another self evident truth that the working class can only become the leading class in society if it pursues policies which can be explained in terms of the national interest, (the interests of the vast majority).

Long lasting cooperation between people depends upon an understanding of the contradictions which exist between them, both as individuals and groups, which arise out of their different material conditions of existence, and their distinctive historical experiences.

Policies which aim to smother those contradictions may succeed for a time, but ultimately they make themselves felt.

A European 'unity' achieved through administrative action, according to a 'plan', will end up in even greater disunity.

EASTERN EUROPE

The dream of international finance capital has now been realized insofar that the Communist parties of Eastern Europe and the Soviet Union have lost their authority, but the political instability that now prevails in the whole of the region is, to say the least, giving the politicians of Western Europe some headaches, as well as providing them with the opportunity to extend their sphere of exploitation.

They have consistently sought the weakening of Soviet hegemony over the states of Eastern Europe that has existed since the end of World War Two.

The military option was ruled out when the Soviet Union produced its own hydrogen bomb and developed a missile system, thus creating the possibility of mutual destruction if a war should break out in Europe. From then on the attention of the Western powers turned to subversion as the main means of attaining their objective.

This was made easier by the contrasting performances of the two economic systems from the mid-sixties onwards when the capitalist system experience a sustained period of economic growth while the economies of the Eastern bloc countries began to stagnate under the Brezhnev regime, whereas prior to that, when Stalin was alive, the reverse had been the case even though Western Europe had had the benefit of Marshall Aid while Eastern Europe had to pull itself up by its own bootlaces, so to speak.

In any event, Krushchev's boast that socialism would defeat capitalism as the result of economic competition was already being shown to be an empty one by the early sixties.

The inability of both the Khrushchev and Brezhnev governments to solve the economic problems thrown up by the actual practice of building socialism in the Soviet Union led first to economic stagnation and then to political collapse.

The 'Communist' states of Eastern Europe collapsed of their own accord when the Soviet government was forced to reduce its military presence in the region.

The collapse was so rapid and universal that it took the West by surprise and without a common policy on how to deal with a number of new and unstable governments now freed of the external discipline imposed as the result of membership of the Warsaw Pact.

The prime purpose of the Warsaw Pact in relation to

Eastern Europe was to ensure Soviet military and political hegemony in the region, but it also, incidentally, performed the function of preventing armed force being used to alter the territorial borders of its member states.

The demise of the Warsaw Pact, the weakness of the post Communist governments, and deteriorating economic conditions, have combined to create conditions in which old ethnic feuds and separatist tendencies can be resurrected without fear of a crackdown.

In most of the countries of Eastern Europe these demands are at the moment muted, but if the material conditions of the people continue to deteriorate, the conditions will be created for an increase in ethnic strife and demands for changes in current national borders.

Most of the EEC's political leaders are apprehensive about the possibility of the Balkans again becoming the Cockpit of Europe in which each of the capitalist powers backs its own bird in an effort to gain individual advantage.

The divisions within Western Europe over Yugoslavia give some indication of the way the land lies.

For example, the rapid, positive response of the German and Austrian Governments to the appeals of the Slovenian and Croat separatists for recognition was tantamount to encouraging the breakaway. The French, on the other hand, are pressing for military intervention in the affairs of the Yugoslav state, apparently in order to preserve it. The British, and most others, are playing a more cautious game, apparently for fear of inflaming the situation. The Soviet government seems to favour a similar line.

Chancellor Kohl's eagerness to swallow up Eastern Germany, coupled with his attitude towards the break-up of Yugoslavia indicates that there may be some substance in the claim by Yugoslav generals that the desire for expansion towards the east is still not dead in Germany.

But whatever the final outcome in Yugoslavia, it is a matter that must be determined in its entirety by the Yugoslavs. Outside intervention over the head of the Federal Government must be opposed, otherwise it will be another step in the direction of legitimizing any intervention by bigger powers in the domestic affairs of smaller ones.

There is a concerted attempt by the whole of the media to present the collapse of the Communist governments of Eastern

Europe and the increasing ineffectiveness of the Soviet government as proof that socialism has failed, but for all their prattle about the moves towards a Market economy being irreversible they are not so stupid as to really believe that any political process is irreversible.

The transition to a market economy is not so simple as the rather naive politicians and economists of the newly 'liberated' countries seem to have imagined. They wrongly assumed that massive economic aid would be forthcoming from EEC countries to make the transition painless. When it became evident that such economic aid was not going to materialise, divisions began to appear.

Theoretically, the way is now open for a huge increase in the flow of capital from Western to Eastern Europe, but that will happen only if individual capitals see the prospect of profit, and that depends to a considerable extent on political stability.

The attraction of that region for capital investment is that there is a skilled labour force already in existence, labour costs are low compared to Western Europe, and it is geographically close to the mass market of Western Europe.

In Third World countries the industrial working class is recruited from landless peasants who have no previous experience of industrial self organization. In Eastern Europe the working class is already formed, has historical experience on which it can draw, and is close enough to Western Europe to be able to make comparisons between wage and price levels in the two halves of Europe.

Bringing prices in Eastern Europe and the Soviet Union into line with world prices, as their pro-capitalist economists want, means that the value of their domestic currencies will fall and the mass of the people will be worse off as a result.

The huge increase in the number of unemployed brought about in the attempt to go over to a market system is already creating dissatisfaction, and so are higher prices for basic commodities. It is reported that in Romania meat is being thrown away because people cannot afford to buy it. Throughout the whole region the gap between rich and poor is increasing, and, even according to the most optimistic estimates, is likely to continue increasing for a considerable time.

The prospect is likely to be one of continuing economic and political instability.

Although there does not appear to be any tangible opposition

END OF AN ERA

Gorbachev started a chain of events which broke the mould of Soviet politics. His rise to power marked one stage of the class struggle within the Soviet Union, the defeat of the coup marks another stage.

Those who executed the coup against Gorbachev were acting no more 'undemocratically' than those who executed the coup against Thatcher. Both were removed without the mass of the respective Party members, let alone the mass of the people being involved. But that is by the by.

The only thing that connects the two events is that in each case a Party caucus decided that the individuals concerned were incapable of resolving the problems (contradictions) facing their respective countries.

The similarity between the two events is that both are concerned with the question of national sovereignty.

The difference between the two events is that the Thatcher episode was concerned with the relationship between the British capitalist class and the EEC, a problem connected with the preservation of capitalism.

In the other case it arises out of the problems involved in determining the power relationship between the Soviet central government and the constituent republics, a problem that connected with the struggle to build a new type of society.

Capitalism is essentially production for profit, and is, from a social standpoint, unplanned. Socialism on the other hand represents a conscious attempt to match production to rational human need, a thing that has no historical precedent.

It is against this background that developments within the Soviet Union must be evaluated.

Mistakes are bound to be made during attempts to build socialist societies because there is not, nor can there be, a blueprint for such a society. It must grow out of the society which precedes it. As a consequence, it will inherit some of its 'bad' as well as its 'good' traditions, as well as its productive forces and social structure.

As Engels wrote in a letter to Starkenburg, 25 Jan. 1894.

Men make their history themselves, only in given surroundings which condition it and on the basis of actual

relations actually existing".

When Gorbachev came to power he was faced with the task of resolving a number of contradictions that had accumulated over different periods of time, the principal one being economic stagnation, a thing that was foreign to all previous Soviet experience.

A BIT OF HISTORY.

Immediately after the Bolsheviks took power in 1917 they took the decision to go for rapid industrialization throughout the whole of the Soviet Union.

Whether the pace at which it was undertaken was too fast is a matter of contention, but it happened.

The extreme hardships that resulted were due to the fact that the accumulation of capital necessary to finance it had to come from domestic sources, and that primarily meant the peasants.

By comparison, the primary accumulation of capital which made possible the industrialization of Western Europe came about through the vicious exploitation of non Europeans, the horrors of which have been expunged from British school textbooks.

Furthermore, the industrial revolution in the Soviet Union raised the cultural level of the whole of the Soviet people. The one in Europe only raised the cultural level of Europeans, and this is still true today.

It is common knowledge that the Soviet people, under Stalin's leadership, and solely by dint of their own efforts, changed what was formerly the backward Russian empire into a top ranking industrial country. That is a matter of historical fact. It is also a matter of fact that after the end of the war in 1945, (a war in which Churchill said that the Russians had torn the guts out of the German army, and had lost over twenty million of its people in the process, as well as an almost unbelievable amount of material destruction), the Soviet economy was rebuilt with such speed that pre-war levels of output were exceeded within the space of five or six years. (Without the benefit of Marshal Aid).

But the price paid for all this was a highly centralized economy controlled by a class of state and party bureaucrats.

The working class was assigned the role of increasing production, mastering and improving technique, and the role model became that of achieving output targets set by the bureaucrats.

The newly created class had power over the producers that was, under Brezhnev, embodied in a legal code, and the workers

were ideologically disarmed by propaganda that class struggle was no longer necessary because antagonistic classes no longer existed in the Soviet Union.

The Communist Party degenerated into a party of place seekers. If one wanted to 'get on' one joined the Communist party and followed the wishes of the party bosses. This was reflected in the changing class composition of the party.

At the 20th Congress, Krushchev drew attention to what he called an abnormal situation where a considerable proportion of the Communists employed in a number of branches of the national economy were not connected with the decisive processes of production.

"There are some 990,000 Communists in coal industry establishments, for example, but only 38,000 work in the mines. More than 3 million party members live in rural localities, but less than half work in Collective farms, Machine and Tractor stations, and state farms."

Albert Speransky, an electrician, had this to say in a pamphlet published by the Novosti Press Agency:-

"I joined the Party when our country was going through the difficult times of the stagnation period. The demands placed on rank and file Communists were deformed. The Brezhnev type leaders needed a Party which would justify and protect stagnation. ---- I gradually started realizing that a quiet, tractable, and easily controlled organization was an imperative dictated from above."

Unable to resist by means of organized industrial action, workers responded as they do in capitalist countries, by adopting the attitude of getting as much money as possible for doing as little work as possible. That was one of the major causes of the breakdown of the old economic system.

Stalin, shortly before his death, published a pamphlet entitled Economic Problems of Socialism, in which he described some of the economic problems that would have to be solved if the advance towards a socialist society was to be maintained. Both the Krushchev and the Brezhnev governments proved to be incapable of solving those, and other problems caused by Stalin's political methods, with the result that the economy began to stagnate. Indeed, Brezhnev's "Socialist Division of Labour" policy accentuated the problems. Under this policy, regional specialization was taken to ridiculous lengths. Probably the most well known example of this being the concentration of electric meter

production solely in one of the Baltic Republics. This policy put excessive strain on the internal transport system, and, as was probably the intention, tied the republics more firmly to the centre, so that when the system finally reached breaking point the economies of the individual republics were in such a state the feeling grew that they could do better if they had greater control over their own affairs. Because the Communist party was no longer an ideological force the legitimate national aspirations became smothered with old nationalist prejudices.

That was the situation that Gorbachev inherited.

His report to the 27th Party Congress was brilliant in terms of analysis, and his speech to the Central Committee of the Party on June 26th 1987 excellent in terms of pointing out specific shortcomings in economic work.

Although he appealed to trade union leaders to pay more attention to the needs of their members and to stop 'dancing cheek to cheek' with the bosses, there was no mention that workers, as a class should raise themselves to becoming the leading class in society.

He was perhaps constrained from doing so by the fact that, in Krushchev's time, the Party had deleted The Dictatorship of the Proletariat from its political agenda. In a supposedly classless society, who needs it anyway?

But, for whatever reason, Gorbachov placed increasing emphasis on issuing decrees aimed at freeing economic activity from central control. He was trying to undermine the power of the state bureaucracy by decree rather than by waging an ideological struggle to bring the power of the working class into play. An ideologically barren Party and an ideologically disarmed working class, left a political vacuum among the ranks of the people that has been filled by the political and ideological representatives of non working class elements who yearn for the opportunities which they imagine that 'free enterprise' will offer them. A parallel with what happened in China as the result of Deng's market reforms.

Over the past few years, 'making money' has become the most laudable kind of activity

Those who believe that their interests lie in the establishment of a capitalist society are prepared to accept mass unemployment (for others), an increasing crime rate, and the more or less permanent impoverishment of part of the population. Along with their capitalist brethren in the West, they believe that it is

a small price to pay for 'freedom'.

In Russia proper this has become intertwined with a growing Russian nationalism that has a particularly reactionary flavour to it. The popularity of Boris Yeltsin is due more to the Russian chauvinist sentiments that he expresses than to the perception that he is capable of solving the economic problems of the Russian republic.

The timing of the coup indicates that its aim was to prevent the signing of the new Union treaty which will make the Republics virtually autonomous. The proposals to freeze prices and raise pensions were window dressing, but worthy of support because they may have provided a focus for opposition to market reforms. But coup's cast people in a passive role, so 'the passive majority' were never called into action, with the result that when it failed, its leaders were more isolated from the people than before.

The attempted coup reveals principled differences within the Communist Party over the future structure of the Soviet Union. It is not a matter of 'goodies and 'baddies', but of how to construct a socialist society.

In the event, the coup foundered on the rock of Russian nationalism—not on support for Gorbachov's economic reform programme.

. How else can one explain the widespread unpopularity of Gorbachov as an economic reformer, with the demand by the crowds for his reinstatement. They only wanted his reinstatement because he would sign a new Union treaty.

When it is signed, the Republics will have gained more political freedom from the centre, only to find that Russia is now, more than ever, the top dog. There will be no constitutional checks on its behaviour in relation to other republics, and, if extreme nationalist tendencies prevail, as well they might, the smaller republics will probably find themselves in a similar position to British colonies when they gained political independence. They will then have to struggle for their economic independence because Russia will be in a position to dictate the price at which it will sell the fuel and raw materials that are abundant in Russia but scarcer in most other republics.

The locus of class struggle will shift from the centre to the republics when each is responsible for its own economic policies, then Yeltsin will be really put through the test of whether he can solve Russia's economic and political problems.