

REPORTS

BELGIUM

Two Chairmen, leading One Socialist Party

Every two years the Belgian Socialist Party holds an 'administrative' congress. The one which took place at the end of April was mainly concerned with three items:

1. the chairmanship of the party;
2. the revision of the statutes;
3. the examination of reports on internal and international policy, and on the activities of social, cultural and sports groups coming under the control of the party.

The congress unanimously elected Josse Van Eynde and André Cools to the chairmanship of the party, both of whom are chairmen for the whole country. This fact needs to be underlined, as it was the subject of a brief discussion: was there not a need to appoint a chairman for Flanders and another chairman for Wallonia? The reply was clear and unequivocal—the party must remain united in leadership and in action. Jan Luyten and André Leonard were re-elected as National Secretaries.

The congress accordingly consisted of a single assembly, in which the Flemish, Walloon and Brussels federations declared their support for two chairmen speaking different mother tongues but enjoying the same democratic authority throughout the party which manifested its total and warm confidence in Van Eynde and in Cools. The Prime Minister of Belgium is comrade E. Leburton. The statutes forbid a person to exercise a ministerial function together with the chairmanship of the party, as in the opinion of Belgian socialists—and it is unanimous—governmental policy is one thing and party action is another. The two should not be confused.

It goes without saying that the party supports its ministers, and the Prime Minister above all. But it so happens that governments in Belgium are always composite affairs, being temporary coalition governments. It therefore normally transpires that, parallel with government action, party action is exercised in an entirely independent way, with strictly socialist aims in view.

The revision of the statutes was an occasion for numerous modifications on points of detail, but there were no fundamental alterations.

The Socialist Party is the only Belgian political formation which re-

mains integrally united. Indeed, because of linguistic quarrels, there are two Social-Christian parties and two or three liberal fractions. As for the Communist Party (5 out of 212 MPs), its unity is not sufficient to give it strength.

The congress and the Bureau registered with satisfaction an important increase in membership. At the end of 1971, the Walloon federations had 112,000 members, the Flemish federations 102,000 members; and the Brussels federation 21,000 members. This makes a total of 235,000, representing an increase of 20,000 members in comparison with 1969, and the increase in membership is continuing.

The reports were approved unanimously, having been discussed for a month at federation level, and international policy was reviewed in respect of Europe, East-West relations and the Third World.

On being designated to make this report, I gave an advance notice of its essentials in the March/April issue of *SOCIALIST AFFAIRS*. I shall confine my remarks to recalling that, whilst still in favour of the European Community, the Belgian Party considers present performance as wholly unsatisfactory, especially in regard to monetary, agricultural and social affairs. Whilst continuing to seek agreement amongst all the socialist parties, the Belgian Party will strive to extend the field of socialist influence in Europe.

At the opening of the congress, a solemn tribute was paid to the memory of Henri Rolin, minister of state and a great servant of international law and peace.

Victor Larock

GERMANY

SPD Hanover Congress

The Congress of the West German Social Democratic Party (SPD) held at Hanover on 10-14 April re-elected Chancellor Willy Brandt to the chairmanship unopposed. Finance Minister Helmut Schmidt was re-elected Deputy Chairman, and Heinz Kuehn was elected to the other deputy chairmanship in succession to Herbert Wehner.

The basic document before the delegates was the draft of a long-term programme for the SPD up to 1985, setting out the social and economic goals of the party over the

next decade. Following criticism of the draft, the Congress decided that a new text should be prepared. Other decisions were to adopt a proposal for a profit-sharing scheme for workers and to call for curbs on land speculators. In the field of foreign policy, the Congress reaffirmed the SPD's commitment to the Atlantic Alliance and to western European integration.

AJD

NEWS IN BRIEF

LABOUR PARTY LEADER Joop den Uyl became Prime Minister of a new Dutch coalition Government on 11 May, comprising the Labour-led Progressive Front and two of the confessional parties (the Catholic and one Protestant). Other Labour ministers are: Max van der Stoel (Foreign Affairs), W. F. Duisenberg (Finance), J. van Kemenade (Education), Henk Vredeling (Defence), J. P. Pronk (Development) and Mrs Irene Vorink (Public Health).

A MAORI, Charles Moihi Bennett, was elected Chairman of the New Zealand Labour Party at its annual conference in early May, the first time a member of the country's indigenous people has held the post. Eddie Isbey was elected Vice-Chairman.

THE NEW GENERAL SECRETARY of the International Union of Socialist Youth is Johan Peanberg of Sweden. He was elected at IUSY's 10th Congress held in Malta on 1-4 May. He succeeds Jerry Svensson. Luis Ayala of the Chilean Radical Youth was elected President.

ILPO ROSSI of Finland was elected as the new General Secretary of the International Falcon Movement-Socialist Educational International at the organisation's Congress in Helsinki on 24-27 April.

THE SAN MARINO Social Democrats went into opposition in March after sixteen years as junior coalition partner to the Christian Democrats. The latter have formed a new coalition with the San Marino Socialists supported externally by the Communists. The San Marino Grand and General Council comprises 27 Christian Democrats, 14 Communists, 11 Social Democrats, 7 Socialists and one independent.

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Interviews with Mick Young and Dr Subadio Paul Derrick on Incomes Policy and Inflation Judith Hart: Problems of Developing Countries Tagliacozzo on Fourth Generation Marxism Book Reviews, Reports



This striking design for May Day 1973 appeared on the front page of the Belgian Socialist Party's daily newspaper *Le Peuple*. All over the world the traditional day of labour solidarity was celebrated by the International's affiliated parties. The International itself, in its statement, said that May Day was 'the moment to reflect upon the massive problems confronting the democratic socialist movement in the developing world'. The statement said that while modern capitalism claimed to have disproved the concept of the increasing misery of the proletariat, in reality the national class struggle was now being fought on a world stage, with the gap between developing countries and the industrialised world widening, not closing.

Ninth Congress of EEC Socialists in Bonn Establishes Social Policy Guidelines

Social policy in the European Community was the theme of the Ninth Congress of the EEC Socialist Parties held in Bonn on 26-27 April. About 150 participants attended the Congress, consisting of representatives of all the Socialist International's member parties within the countries of the enlarged EEC (with the exception of the British Labour Party) as well as members of the Socialist Group of the European Parliament. Representatives of a number of socialist parties and organisations from West European countries which are not members of the EEC, representatives of the European Trade Union Confederation and the German trade union organisation (DGB) and certain members and staff of the EEC Commission attended as guests. The Socialist International was represented by its Chairman, Dr Bruno Pittermann, and the Assistant General Secretary, Rodney Balcomb. The Congress was chaired by Lucien Radoux, Chairman of the Bureau of Socialist Parties of the European Community, and Francis Vals, Chairman of the Socialist Group of the European Parliament.

The Congresses of the EEC Socialist Parties, which in the past have usually been held at two-year intervals (the last was held in Brussels in June 1971)

have tended to be congresses of a general nature, at which a wide spectrum of questions relating to the internal development of the European Community and its relations with non-member countries were discussed. The Bureau of the Socialist Parties of the European Community (a permanent liaison body consisting of representatives of parties, of the Socialist Group of the European Parliament, and of the Socialist International) had decided, however, that the Ninth Congress should be devoted principally to a discussion of social policy, and that consideration should also be given to devoting future congresses of the EEC Socialist Parties to specific policy questions of topical interest. Discussion at the Ninth Congress in Bonn on 26-27 April centred upon a draft policy statement entitled 'Towards Social Justice in Europe', which had been prepared by a working party chaired by Helmut Rohde, Parliamentary State Secretary in the Federal German Ministry of Labour.

Appropriate timing

The timing of the Congress on social policy was very appropriate, in view of the decision by the Summit Conference of Heads of State or Government of 'The Nine' in Paris last year to

instruct the EEC Commission to draw up a programme of social policy for the Community by 1 January 1974, and in view of the fact that a conference on social policy in the Community is to be held in June 1973, consisting of representatives of the EEC Commission, EEC member governments and trade unions and employers within the Community.

The great interest taken in this Congress by the socialist parties was shown by the very high level at which the parties were represented: the

SOCIALIST AFFAIRS

Vol. 23 No 3, May-June 1973

Ninth Congress of EEC Socialists, by Rodney Balcomb 49

Interview with Mick Young, by Alan J. Day 51

Interview with Dr. Subadio, by Vera Matthias 53

Inflation and Incomes Policy by Paul Derrick 55

Problems of Developing Countries by Judith Hart .. 58

Fourth Generation Marxism, by Enzo Tagliacozzo 63

Book Reviews: Emanuel Litvinoff, Mary Saran, George Yannopoulos 66

Reports: Belgium, Germany .. 68

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French delegation was led, for example, by the First Secretary of the French Socialist Party, François Mitterrand, while the German delegation included Walter Arendt, Federal Minister of Labour; Helmut Schmidt, Minister of Finance in the Federal German Government and Vice-Chairman of the Social Democratic Party, delivered one of the opening addresses to the Congress. The Danish delegation included three Government Ministers, Eva Gredal, Erling Dinesen and Ivar Noergaard, and the General Secretary of the Social Democratic Party, Ejner Hovgaard-Christiansen, and the Irish Labour Party delegation included three Government Ministers, Justin Keating, Conor Cruise O'Brien and Michael O'Leary, and the Vice-Chairman of the Party, Niall Greene.

Prominent amongst the other delegations were: Italy (PSI)—Lionello Levi-Sandri, a former Vice-President of the EEC Commission, and Mario Zagari, International Secretary of the Party and former Minister of Foreign Trade; Italy (PSDI)—Antonio Caviglia, Chairman of the PSDI group in the Chamber of Deputies; and Egidio Ariosto, Chairman of the PSDI group in the Senate; Belgium—Louis Major, former Minister of Labour, now General Secretary of the Belgian Socialist Federation of Labour; Netherland—Henk Vredeling*, a Vice-Chairman of the Socialist Group of the European Parliament (Joop den Uyl, parliamentary leader of the Dutch Labour Party was unable to attend the Congress because of government formation negotiations in the Netherlands, but nevertheless sent a message of greetings to the Congress); Luxembourg—Antoine Wehenkel, Chairman of the Luxembourg Socialist Workers' Party. Amongst the party delegations were included a considerable number of trade union leaders. The guests attending from the EEC Commission included a socialist member of the EEC Commission, Altiero Spinelli (Italy), and also Patrick Hillery (Ireland), a Vice-President of the EEC Commission, who, though not a socialist, was invited because of his responsibility for social affairs on the Commission.

Social policy guidelines

The statement adopted by the Congress, which Helmut Rohde described as providing social policy 'guidelines' for the socialist parties in the European Community, is a substantial *New Dutch Minister of Defence—see p. 68.

document, entering in places into considerable detail and consisting of sections with titles like: 'The Right to Work', 'Towards a more Humane Environment', 'Social Security in Europe', 'Towards a more Democratic Economy in Europe' and 'Income Distribution and Asset Utilisation'. A number of amendments to the draft statement put before the Congress were debated and voted on by the Congress, and the final text which emerged was then adopted unanimously by the Congress.

Congress stressed that, in the past, priority has been given in the European Community to the liberalisation of trade and that Community social policy had played a relatively minor role, being limited mainly to easing the social problems brought about by the creation of a common market and by structural change in industry. This situation could not continue, they said, and it was vital that a dynamic and far-reaching social policy should in future be pursued jointly by the EEC member states, that economic growth, and the development of the European Community should be geared to social objectives and that 'a high quality of life' for all its citizens should be a primary aim of the Community.

The statement adopted by the Congress says 'The European Community must become a socially progressive area of the world. The task of developing its social dimension must be given priority by governments and social forces. The Community must not be allowed to become the Europe of dealers and combines. It must serve man. Europe is on the way to becoming a workers' society . . . without social justice for all, European integration will remain a pipe dream. . . . Growth has to be geared to social goals. It is not only the results of economic effort that count but also the way in which economic effort is pursued, i.e. how working conditions and human relations are organised in industrial life. If Community policy is to enhance the quality of life, it must be ensured that economic results are used to meet social requirements including environmental protection, social security arrangements and the development of a social infra-structure.'

Need for joint action

The emphasis throughout the statement is on the need for joint action to achieve a socially-just European Community, joint action by the

governments of the member states, and joint action by the socialist parties of the member states. The main points of the statement may be summarised as follows:

Full Employment. A policy of full employment, which will make it possible for every worker to exercise his right to work, must be pursued at Community level. Although every worker must have the right to move freely throughout the Community in search of work, he should not be compelled to do so by lack of reasonable employment possibilities in his home region; regional policies must be introduced which ensure that employment is created in those areas suffering from heavy unemployment; much more information must be made available about job vacancies throughout the Community, and there must as far as possible be equality of employment opportunities through the removal of various forms of discrimination and through the provision of adequate vocational training schemes. Eventually a European Labour Office should be established.

Social Security: There should be harmonisation in an upwards direction, but not necessarily standardisation, of social security provision throughout the Community. A charter of basic social objectives should be the foundation of further advance in the sphere of social security, and the socialist parties should campaign for this when the European Community's social policy action programme is being prepared. The population of the Community as a whole should be covered by adequate and comprehensive social security provision so that no islands of neglect remain.

Distribution of Wealth. Policies must be pursued which prevent the concentration of disproportionate amounts of wealth, and therefore power, in a few hands. The present large differences of wealth between different sections of society and different regions of the Community must be greatly reduced.

Migrant Workers. Migrant workers from countries outside the EEC should not have to remain on the social fringe of the Community, and should be able to integrate themselves fully into Community society, with full social security provision, proper housing and educational facilities, etc.

Environment. As regards the natural environment, urgent action is needed to reduce the present pollution of land, water and air, and cooperation at Community and international level

is needed to forestall further damage to the environment. The environment in which most people spend much of their lives is, however, the environment of their work-place and action is needed to make people's places of work more agreeable physically and mentally (for example, by changing the dehumanising assembly-line production techniques), and to reduce industrial accidents.

Democratic Control of Economy. Planning and democratic control are necessary at all levels of the economy in the Community, and ways must be found for workers to have a larger share in control and decision-making where their enterprises are concerned (there were different views between the parties as to how this should best be done, and in the statement the parties commit themselves to increase their exchanges of views and experi-

ences on these questions).

The statement adopted by the Congress in Bonn on 26-27 April says that 'cooperation between the socialist parties must be more tightly organised and close coordination, leading to joint action, established with the Socialist Group in the European Parliament. The realisation of the basic ideals of democratic socialism requires cooperation extending beyond national frontiers.'

It is clear that in the coming years, the European Community can and must evolve a positive and far-reaching social policy, and that the socialist parties intend to play an active and major role in creating a Community in which, to use again the words of their Congress statement: 'The marriage of freedom and justice can become a living reality for all.'

Rodney Balcomb

ASIA-PACIFIC SOCIALISM — 2 INTERVIEWS

1. Australian Labour Firmly in the Saddle

In this interview with the Editor of SOCIALIST AFFAIRS Mick Young, General Secretary of the Australian Labour Party, describes the prospects of the new Labour Government in both foreign and domestic policy.

AJD: Looking back at the election, what do you think were the key issues that accounted for the ALP success?

MY: There were a couple of positive issues as far as the Labour Party was concerned. Firstly, there was a distinct lack of performance by the Government. They had had great problems with their leadership and over the past six years they had had a variety of leaders, none of which had really met the challenge of what was required in national political leadership in Australia. The ALP, on the other hand, was led very forcefully, both inside and outside Parliament, by Gough Whitlam.

Also contributing to the Government's failure was their lack of appreciation of the very distinct growth of nationalism in Australia, both in relation to our views towards Asia and our powers to discriminate in the manner in which we would make our resources and industries available for overseas takeover.

AJD: What exactly does the Labour

Government plan to do as regards foreign investment in Australia?

MY: We have always contended with the problem of the federal system. If you walk down the Strand in London you find the offices of the six states and the last office you meet is Australia House. And all seven are competing one with the other for investment and offering all kinds of inducements. But the Federal Government does have powers to control these investments because the states can't export anything without a licence from Canberra. So that in the final analysis the Commonwealth has great powers.

Of course, we do not want to discourage the exploitation of some of the vast resources that we have. But one area in which the Labour Government has moved immediately has been on the gas fields. We have had recent discoveries of huge natural gas fields in Australia—and the previous government had given tacit approval to the development of a national pipe-

line system by private enterprise. The Labour Government has reversed that decision and has said quite categorically that the new pipeline throughout Australia will be government-owned and government-sponsored. And the Government is now in effect looking at the possibility of taking over the complete fields. In addition to this, as a result of the Commonwealth Government's enthusiasm to be not just a watch-dog but a partner in some of these enterprises, negotiations are under way for us to take over a very large shareholding of the Rio Tinto Zinc Group in Australia, which has very large mineral and mining rights in Australia.

So while there has been no haphazard rush, there have been definite moves to give the Commonwealth Government new identification to reflect the national flavour which has been building up within the electorate over the past few years.

AJD: In the general field of foreign policy, the Labour Government has been taking various fairly rapid steps, and there were signs that perhaps it was being rather more progressive than some other governments in the South-East Asia. Do you agree?

MY: I think that is quite likely. There are no two governments which are quite the same in Asia. We don't have the gigantic problems that Asian governments have, and we can afford the luxury of making decisions based on our own common interest. I mean there was no necessity for us to avoid the recognition of China—it has been our party policy since 1955. As you well know, Mr Whitlam has visited Peking, and the conservatives only refused to recognise China to score a political point over us. Thus it was political stupidity not judgement which governed their attitude.

In relation to Asia we have taken a lot of new initiatives and given Asia new priority because it was felt in Australia that we had dwelt too long on the importance of relations with London and Washington. Those relationships are going to be maintained, but obviously Australia must know her own neighbours—Indonesia, Singapore, Japan, China, Cambodia, Vietnam and the rest. We have lived since 1949 according to conservative attitudes: 'Beware of Asia', 'Let's fight Asians in Asia', 'Don't let them come down here'. For a long time there was also the White Australia Policy.

Now obviously these things cannot continue if we are going to prepare a new generation of Australians for

what is going to happen in that region. We want to build proper relationships, and for that we have got to understand that it is impossible for us to export parliamentary democracy as it applies in Australia to Asian nations. They are going to have another 500 million people by the turn of the century. All sorts of steps are going to have to be taken in Asia to meet this enormous challenge, and there are many ways in which we can help. But we can't help unless we show, as we have demonstrated since December, that we are interested in their welfare.

AJD: What exactly is the new immigration policy of the Government?

MY: It is related very much to Australian sensitivity to unemployment. Everybody is sensitive to unemployment all round the world, but in Australia particularly. It is something which no group of any political persuasion, except for a very small section of industrialists, will tolerate.

If we get to 1.5 or 1.6 per cent unemployment it is a major political issue. During 1972, of course, we went over this figure—up to 2 per cent. While the conservatives were saying that by world standards this was not high, at home it was very much an issue.

And it had a direct relationship with immigration. The migration scheme which was in operation was bringing in almost all the people who applied—about 140,000 per annum.

Now what the Labour Government has said is that we will be more selective about the people brought in, but not on grounds of colour. During the past few years we have had the experience of a great number of migrants spending a short time in Australia and then going back to Europe or wherever they came from. From now on the emphasis will be put on bringing in migrants who are endorsed by people already in Australia or who have family ties or possess the skills that will enable them to fit into the community. And within this framework there will be no discrimination on the basis of colour. The new policy means that the numbers are going to be restricted, but now that has developed into an economic rather than a political or racial argument.

AJD: What are the main things that the Labour Government will do in the domestic fields?

MY: There are a couple of very important areas. We are going to hold a national enquiry into industrial rela-

tions. I don't think industrial relations in Australia are nearly as bad as they seem to be in Britain and some other countries; in fact, they are not really bad at all. But we are going through the trauma of trying to identify which is the best system of industrial relations. Since 1908 we have had compulsory arbitration and, of course, to the unorganised labour force it is essential that there be some statutory body laying down what it considers to be a minimum wage. But among the well-organised forces, there is a growing tendency to negotiate outside of arbitration. So we have an amalgam of arbitration and conciliation which stems from the arbitration system and collective bargaining. Whereas the conservatives were very much trying to force all industrial relations into the arena of arbitration, and they had written very severe penalties into the Arbitration Act, we are taking quite the opposite view and already there is a bill before the House amending the Act, taking out the penal provisions.

The national enquiry will look at a whole range not only of negotiating systems, but also subjects like democracy within unions and the encouragement of amalgamations. We think, like the British, that we have got too many unions. There seems to be a great deal of benefit to be gained from having fewer and avoiding such costly breakdowns in industry as demarcation disputes. If that is successful it will be tremendously important.

The other area where the Labour Government will be very active is in social security—national health, workers' compensation, pensions, etcetera. Giving the community a complete social security service within the first term of government is one of the ALP's central aims in domestic policy. It will be a radical change and I suspect we shall move towards the German system of having a pact of security. Labour will also be looking at the role of the housewife, to see whether she should be paid some sort of wage and given training.

AJD: Is the ALP now established as the permanent majority party in Australia?

MY: It has already been very much the majority party for many years. It has taken the combination of other parties, the preferential system of voting and the very unfair electoral boundaries to keep us out of office. I think by world standards we should have been in government on many occasions in the previous twenty-three years of political drought. Eventu-

ally, although not in the first term, a 'first-past-the-post' system will probably be adopted. Labour is also changing the weighting between city and rural electorates so that there can be no greater than a 10 per cent discrepancy, whereas at the moment it is 20 per cent, greatly to the conservatives' advantage.

As to the longer-term prospects, it is difficult to see the Government maintaining the sort of pace that it has set over the first months. But with our small population and with all the resources we have, there is no reason why new initiatives can't be thought of. It depends very much on the manner in which we can utilise the party membership for ideas. If this is done there is no reason why the Government shouldn't prosper.

AJD: What is the latest situation with the French nuclear tests?

MY: The Australian Government is challenging the French right to proceed with the explosions in the World Court and until such times as we get a decision from the Court, or an injunction until the case is heard, there will be no other actions announced from Australia. But this is very much an issue on which all Australians and New Zealanders and people round the Pacific, even the Frenchmen living in the New Hebrides, are very much alive to. I am quite sure that if the French announce that they are going to proceed irrespective of what the Court says or any injunction which may be taken out, they are going to have to put up with a lot of problems before they can get it off the ground.

creating and maintaining the New Order and who belong closely to our socialist cadres. The New Order had from the beginning support of quite a number of socialists and there are at present a number of prominent and respected men from our circle who hold important political posts. Among the MPs elected at the 1971 Parliamentary election there are, for example, more than 30 people who were former members of our party and who now work within the framework of the so-called functional groups (formerly representing trade and occupational organisations, which are known as the *Golka* and have developed into something of a ruling party. I myself have encouraged many comrades to join *Golka* and to participate actively with the New Order and make socialist ideas come across.

VM: Is that a realistic strategy vis-à-vis the régime?

SS: There are, of course, also socialists who are very critical of a régime made up of the military and the technocrats. The critics more or less agree with the principles and programmes of the régime but are of the view that they are not being carried out accordingly, but instead believe that we are increasingly facing people who are in power for the sake of power. It seems to some people that we can no longer give credence, as we did some years ago, to the régime's promise that after a while it will hand over governmental responsibilities to civilians after a slow process of re-democratisation. It is particularly significant in this connection that those military men who are in earnest about this are more and more being squeezed out of the centre of power. If one is cynical one becomes suspicious that the motivation for power is no longer idealistic but purely materialistic. Life at the top is comfortable. Any observer analysing the Indonesian scene will notice who is making money.

VM: Do you see an alternative to the present régime in the foreseeable future?

SS: There is no question of a change as far as the régime is concerned, either on a short-term or on a long-term basis. What is important is to find a new political concept for the New Order. Wrong developments have to be revised. For the socialists, under the circumstances we find ourselves in, it means to continue to work tirelessly in order to try to influence the régime from the inside. There are no other possibilities.

2. Problems and Prospects of Socialism in Indonesia

The new Secretary of the International Council of Social Democratic Women, Vera Matthias, was in Indonesia recently, where she made contact with prominent members of the Indonesian socialist movement. The following is an interview she had with Dr Subadio Sastrosamoto, former parliamentary leader of the Indonesian Socialist Party and holder of various ministerial posts during the country's parliamentary period in the late forties and fifties. The PSI was banned by Sukarno in 1960 to appease the Communists and Dr Subadio was imprisoned for five years. He was released when General Suharto came to power, although the Socialist Party continued to be proscribed.

VM: What is the present position of the Indonesian socialists, who seem to be a group of highly educated Western-oriented intellectuals totally eliminated from the political scene?

SS: It is not true that the members from the old Socialist Party have been eliminated from political activities.

For example, in 1967 at the Seminar at the Military Academy held by the Army in Bandung and where the policies of the New Order were outlined, socialists took part in the discussions and were able to exercise considerable influence in defining the programme. The fact that the Socialist Party was unable to be revived after the military take-over corresponds to their policy of reducing the great number of parties which emerged after independence in Indonesia and to their policy of simplifying the political life for a people who lack the political sophistication of choosing between, say, fifteen parties. Amongst the most recent reforms in Indonesian political life, the

nine parties which participated at the 1971 general election have under certain guidance merged into two big blocs. One bloc consists of all Islamic groups, the other of Sukarno's former Nationalist Party as well as the Christian parties.

Since our party is still banned, our strategy is to use the existing cadres in order to have dialogues with all intellectuals of the country and to influence them with our ideas for the political, economic and social development of Indonesia. The basic principle of our activity is to support each national government which can claim with some legitimacy to be working for the well-being of the Indonesian people. To understand our position one has to know the fact that in Indonesia political influence is very much a matter of personalities and connections, and power is wielded in a discreet, not to say smart way. I could name a number of well-known personalities who have been decisive in

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We believe, for example, as far as economic policy is concerned that our small entrepreneurs should be better protected against the power of foreign capital, which is threatening to dominate Indonesia. Greater emphasis should above all be given to agrarian development, since the majority of our people live from the land and they should be given the chance to have a better existence. The problems we face are not easy to solve and to achieve success it is necessary for millions of people to change their conservative way of thinking and to learn how to engage in a dynamic economic enterprise.

Our main criticism against the present economic development—which has nevertheless taken a considerable turn for the better—is in short: that foreign investment has up to now not been distributed widely enough for the development of our rural areas and has not created new jobs in any considerable number. The Government is well aware of this and plans in their second 5-year-plan to concentrate more in these fields. We must admit that on the whole the economic concept of the Government is geared towards the right direction, but we think that the Government is lacking the necessary drive to push it through more effectively.

VM: How much freedom of expression does the ordinary Indonesian citizen have?

SS: One is free to have one's political convictions and to express them. There is no brutal intimidation such as was the case under Sukarno's era. Naturally there are limits as far as activities are concerned to change the present structure of power by force. One ought to add that we are dealing with a typical Indonesian system. Here there are no frontal attacks: rather one tries to come to an arrangement with as little conflict as possible. This is ingrained in the Indonesian character. As far as we socialists are concerned, there is quite a lot of freedom to raise the political consciousness of all those key political groups in the population who play a particularly important role in the development of the country.

VM: What were your party's mistakes in the past?

SS: As socialists I think we committed our greatest mistake in believing that it would be possible to transplant liberal-Western parliamentary democracy to Indonesia just like that. We know today that this is not possible. We have to adapt Western liberalism and socialist values according to the

Indonesian social and cultural background, and to a people who, for example, distinctively dislike conflicts being carried out openly and brutally and who seek to find solutions as far as possible with the general consent principle of majority rule in Europe, contrary to the generally-accepted principle of majority rule in Europe, for example.

VM: How can socialists from other countries best help in the development of Indonesia?

SS: They must first of all stop trying to dictate to us how in their view we should develop. They should make a greater effort to understand that a country with a cultural tradition like Indonesia's must go its own way. They should stop trying to impose their way of thinking and they should not judge or make demands without having any knowledge of the Indonesian realities. For example, when our Scandinavian comrades demand that we endeavour to campaign for the release of Indonesian communists, then we must tell them that such decisions are best left to us. It is amazing and quite bewildering that foreign comrades often engage in violent campaigns against the Indonesian so-called dictators without even seeking to have a dialogue with us and letting us give them some factual advice. Our request would be: if someone wishes to do something for Indonesia, and we are extremely grateful for any help given to us, he should seek to contact us and trust our judgment about what is necessary for Indonesia, even if it does not wholly correspond to his preconceived ideological theories.

20 YEARS AGO

Socialist International Information dated 2 May 1953 carried an article on May Day by the then Secretary of the International, the late Julius Braenthal, containing the following passage:

The great question with which we are now faced is whether the end of Stalin's era might also bring to an end the Russian anti-socialist counter-revolution. The foremost and indeed the supreme condition for the resumption of the socialist offensive is the termination of the Cold War. For as long as mankind is threatened with the danger of a third world war, the free nations cannot discontinue their defence efforts. But it is precisely the heavy burden of rearmament which paralyses the power of the working class. Any action aiming at the relaxation of international tensions will, therefore, be supported by the Socialist International with all its political and moral resources.

SOCIALISM AND INFLATION

Common Ownership as a Solution to Inflation

PAUL DERRICK

Paul Derrick, of the International Co-operative Alliance, looks at the problems of incomes policy and inflation, and doubts whether inflation can be controlled or an acceptable incomes policy found within the context of capitalist society. The way forward for socialists, he maintains, is to explore the possibilities of common ownership in industry.

The monetary situation in West Germany at the end of the 2nd World War was almost as chaotic as it had been twenty-two years earlier. In France inflation for some years seemed to be an incurable disease and the franc had to be replaced by a new franc worth a hundred times as much. In Italy the lira today is only worth about one-fourteenth of a new penny as a result of continuing inflation. But in recent years, inflation has seemed to be more of a problem in Britain than in most other European countries.

During the first fifteen years of the European Economic Community the six original members achieved significant economic growth and rising living standards—to some extent, it was said, as a result of the formation of the Community. By contrast the British economy was relatively stagnant, partly as a result of attempts to control inflation by imposing curbs on demand. Some have argued that by joining the Community Britain would be able to achieve greater economic growth and the Conservative British Government has been insisting on its determination to maintain expansion. But it seems at least possible that other countries will be affected by the 'English disease', that there will be new curbs on demand leading to more unemployment in Britain and other countries in the hope of bringing inflation under control.

Accelerating inflation

During the years between 1963 and 1971 prices increased steadily in all nine Common Market countries, the increases ranging from about 3 per cent a year in West Germany to 5 per cent a year in Britain, 5.4 per cent in Holland and 6.1 per cent in Denmark. In the early 'seventies, however, inflation has been accelerating in Europe, even in those countries that had been most successful in controlling it. In the year to August 1972, according

not exceed the prescribed limit. The Labour Party and the Trades Union Congress have, however, maintained that the Government's policy is unfair because it has not applied effectively to prices.

Rising food prices

In the first place the price controls did not apply to fresh foods and the prices of some of these have increased spectacularly—particularly beef prices. The Government has dismissed this as a result of increases in world prices that cannot be controlled, but the Labour Party and the TUC have argued that the cost of basic foods should be stabilised with the help of subsidies if necessary. Food prices have been increasing in Britain as a result of the application of the Common Agricultural Policy of the EEC and the prices of many things in everyday use have increased as a result of the replacement of purchase tax by added value tax. Moreover, import prices have increased as a result of the floating of the pound in the summer of 1972 and prices have increased over a wide range of food and other products in spite of the price controls. There had been a substantial trade surplus in 1971 but the trade deficit in March 1973 at nearly £200 million was the worst on record, and membership of the Common Market will make it more difficult for Britain to try to correct this by allowing the pound to float downward against other Common Market currencies.

Continued expansion is going to mean rising imports and Mr Heath will be under pressure to impose new curbs on demand, though experience has shown that these are not effective in controlling inflation. As prices rise in spite of controls the British Government will be faced with mounting pressure for wage increases and new confrontations are likely. The Labour Party and the TUC published a Joint Statement on the inflationary problem at the end of February (see last issue of *SOCIALIST AFFAIRS*) and on 5 March a special Trades Union Congress approved a statement on 'Economic Policy and Collective Bargaining in 1973'. Both called for more effective controls on prices, particularly food prices and rents, and also called for redistributory measures such as a wealth tax, increased taxes on capital gains, changes in the taxation of inherited wealth, measures to make the new surcharge on investment incomes an effective measure of redistribution

and measures to deal with the large gains made from rising land values.

Mr Heath's phases

The Conservative Government refused to introduce any such redistributory measures in its 1973 budget: on the contrary its abolition of surtax and reduction of taxes on company dividends through the new 'imputed' system of corporation tax clearly favoured the rich. Nevertheless it continued to say that it wanted to talk with the TUC about what should be done to make its incomes policy acceptable as fair to trade unionists. It did what it could to persuade other members of the Common Market to keep food prices as low as possible, and it is reported that it is considering the possibility of using subsidies to keep down food prices. It remains to be seen what the British Government will propose in Phase Three of its incomes policy next November. But one of its basic problems will be to convince trade unionists that it is fair and it is likely to have some difficulty in doing this.

Mr Heath did insist last January that he was trying to be fair in Phase Two. So he said that controls would be imposed on profits and dividends as well as on wages and prices. He is, however, likely to have considerable difficulty in controlling profits in an expanding economy, for a sharp increase in profits is the usual consequence of expansion. Profits reported in the month that the freeze was announced were 19.6 per cent higher than a year earlier and profits in 1972 as a whole were 17 per cent higher than in 1971. In the early months of 1973 profit increases of about the same size continued to be reported and they were sometimes significantly greater—for example in the week before Easter profits reported were more than 28 per cent higher than a year earlier. Mr Heath said he would try to control profits by controlling prices and profit margins; but these controls do not seem to have been very effective. In any case the Confederation of British Industry has protested strongly against attempts to control profits on the not unreasonable grounds that the profits are needed to finance the investment that will be needed if the economy continues to expand. At the same time everyone knows that the legal restrictions on dividend increases mean little because company profits simply accumulate on behalf of shareholders.

The Governments of other Common

Market countries will be watching closely to see how successful the British Government is in controlling inflation and whether the Labour Party has a convincing alternative. Similar policies in the USA appear to have had some success, perhaps partly because of the timing of three year contracts with the trade unions and also partly because unemployment in the US has remained high. The Americans have certainly not found a way of controlling inflation in an expanding full employment economy and it is unlikely that Mr Heath will do so.

So far the other Common Market countries seem likely to rely mainly on measures to reduce the supply of money by raising interest rates and by requiring banks to increase their reserves. A meeting of the Common Market Finance Ministers in Luxembourg at the end of October hoped that it might be possible to reduce price increases in the enlarged Community from 6 per cent a year to 4 per cent a year by the end of 1973; but British experience suggests that such curbs on demand cannot solve the problem. M. Raymond Barre, then Vice-President of the European Commission, told the European Parliament last October that all the countries of the enlarged Community might have to introduce statutory incomes policies; but experience with prices and incomes policies has not been particularly encouraging.

Price controls have been a familiar device in France in the post-war years; but have not prevented a continuing decline in the value of the franc. Comprehensive price controls in Finland for six years have not prevented prices increasing by 5 per cent in 1971 and by 7½ per cent in 1972. In Holland price controls and compulsory notifications were abandoned in the spring of 1972. It is widely recognised that price controls are a very useful instrument for relatively short periods but that they cannot provide an answer to the problem of inflation and can, if applied too vigorously, have an adverse effect on investment. They can also lead to shortages and black markets, as Mr Wilson found rather more than 22 years ago when he made a bonfire of certain controls.

Capitalism breaking down

In Sweden centralised wage bargaining has made a contribution to the control of inflation, but clearly has not solved the problem. In Holland a system of job evaluation was de-

veloped after the war with adjudication by a Board of Government Mediators and later through the Foundation of Labour and through a Wages Advisory Committee; but price increases in Holland have recently been higher than in most other European countries. In 1966 the French Government set up a *Centre d'Etudes pour les Couts et les Revenus*, but it does not appear to have contributed much to the control of inflation. Indeed it begins to look doubtful whether inflation can be controlled in the context of a capitalist economy and as if socialist parties should be seeking a specifically socialist solution. Capitalism appears to be breaking down in inflation because it cannot provide an incomes policy which trade unionists can accept as fair. It is beginning to look as if Keynes was wrong in believing that full employment could be achieved in a capitalist economy without inflation.

The British Labour Party promised in its 1964 election manifesto to devise an incomes policy that would apply fairly to all incomes; but it did not succeed in doing this and the result was a head-on collision with the trade unions and curbs on demand which had an adverse effect on production and led to unemployment. It said it would control profits by controlling prices and profit margins and increasing taxes on profits if they increased faster than wages; but this did not work. The TUC pointed out in its Economic Review for 1968 that dividends over the previous ten years had increased twice as fast as wages in spite of tax increases and in spite of curbs on demand in 1956 and 1961 and 1966. The basic problem arises from the fact that industry is run for the profit of private shareholders, so that any restraint by wage earners is bound to lead to gains for shareholders.

Changing the basis

As the National Economic Development Council put it ten years ago: 'A policy for prices and money incomes can only succeed if those concerned are convinced that restraint by one section of the community will not merely lead to gains by other sections.' As the TUC put it in 1968: Why should trade unionists exercise restraint in wage claims in order to make the lives of shareholders more comfortable? The TUC made the same point in its 1973 policy statement when it said that trade unionists would be 'considerably less willing to co-operate in an anti-inflation policy if they feel that any restraint in formulating

claims will merely increase the relative share of the product going to directors and shareholders'.

However heavy taxation on profits may be and however strict price controls, any restraint by wage earners is bound to lead to gains by shareholders because industry is run for the profit of private shareholders. The incomes problem can, therefore, only be solved by changing the basis of industrial ownership, by replacing capitalist ownership by common ownership. It will not be enough to restrict dividends temporarily as the Labour Government did in Britain in 1968 and as the Conservative Government did in 1972, for that merely means that profits accumulate on behalf of shareholders. It is essential to change the basis of ownership.

It will not help very much to introduce capital sharing schemes like those encouraged by the Capital Formation Acts of 1965 and 1969 in West Germany or those required by the Vallon legislation in France in 1967. German companies are still run for private profit in spite of any 'investment wages' paid to wage earners, and so are French companies in spite of the investment of a proportion of profits on behalf of wage earners. In France the tax concessions have been so generous that the worker's share comes, in effect, from the state. The capital sharing scheme proposed in Denmark has been shelved on the grounds that it would be inflationary—the contributions that would have been required by companies would have been used by them as an excuse for raising prices in order to maintain profits. Capital sharing schemes should be welcomed by socialists for what they are worth insofar as they are redistributive; but it does not seem likely that they can contribute much to the control of inflation.

The root of the problem

The proposals of the British Labour Party and the TUC for more effective and comprehensive price controls and for redistributory taxation are excellent as far as they go; but they do not get to the root of the problem. The Labour Party has also put forward proposals for the acquisition by a National Enterprise Board of shares in twenty-five of the largest companies in the country and this should be welcomed by all socialists as helping to give the government a more effective control over the economy and to provide employment where it is most needed. Of even more significance,

however, is the declaration by the TUC that it intends to study the case for the permanent limitation of dividends. This could do much to help the Labour Party to find a way of organising production in the interests of the community instead of for the profit of private shareholders and at the same time provide a socialist solution to the problem of inflation.

The idea that production should be organised in the interests of the community instead of for private profit is a familiar one to all socialists. It was the basis of Robert Owen's work at New Lanark and the limitation of the return paid on capital is one of the basic principles of the co-operative movement, applied by more than 250 million co-operators around the world. In a report on monopoly published in 1967 the International Co-operative Alliance pointed out that the growth in the size of companies in the EEC made competition less effective and prevented the fruits of technological and economic progress being passed on to consumers as required by Article 85 of the Treaty of Rome. It suggested that it might be done by applying the co-operative principle of a limited return on capital to all large companies.

The idea of setting a permanent limit on the return as well as the liability of the shareholder is one that this was discussed by R. H. Tawney in *The Acquisitive Society*, by Jim Callaghan at the 1950 Labour Party Conference, by Austen Albu and John Strachey in the *New Fabian Essays* in 1952 and by Roy Jenkins in *Pursuit of Progress* in 1953. In 1969 the Labour Party declared in *Agenda for a Generation* that it was about to undertake a broad review of company structure involving an examination of various proposals for the statutory limitation of dividends, and in 1972 in *Labour's Programme for Britain* it said that it would propose radical changes in company law which would challenge the approach and philosophy of existing company law. The decision of the TUC to study the case for the permanent limitation of dividends is one of considerable significance.

Limitation of Dividends

In a paper for the OECD seminar on prices in Paris last November, Professor Alfred Eichner of Columbia University, argued that controls over wages were not necessary for price stabilisation if certain conditions were met; and one of the conditions on which he insisted was the limitation of dividends. The

British Conservative Government has prepared the way for permanent legislation on dividends by the next Labour Government by itself introducing temporary restrictions on dividend increases.

At the 1972 Labour Conference and in a House of Commons debate on 24 January this year, Harold Wilson discussed these restrictions imposed by the Tories and argued that the retained profits should not simply be distributed later to shareholders but should be invested on behalf of workers or used in some other way. There should be active discussion in the Labour Movement about the 'most equitable distribution that may be possible' of company earnings after a permanent limit had been set on the return paid to shareholders; and active discussion too on how to devise the 'best obtainable system of popular administration and control', how to 'socialise' the company and how to make company ownership a form of common ownership.

Changes of this kind in the character of the company would fit in very well with the Labour Party's plans for increased public investment and state shareholdings in large companies. It would help to create that sense of community and common purpose which is only too likely to be lacking if state enterprise is organised on a state capitalist basis. The European Commission will need to pay very careful attention to any proposals that the Labour Party may put forward on the future of the limited company. It would also be an advantage if socialist parties in the EEC and other countries were to pay more attention to forms of common ownership other than state ownership and to the possibility of organising companies in the interests of the community instead of for the profit of private shareholders.

SOCIALIST AFFAIRS

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Economic Problems of Developing Countries—Two Aspects

JUDITH HART

In this paper the former British Labour Overseas Development Minister examines debt servicing and repayment, and nationalisation and expropriation—two basic aspects of the economic problems of developing countries which are linked when it comes to evolving socialist solutions.

One of the most serious problems of very many developing countries is the mounting burden of obligation in the payment of interest on debts contracted in the past, and the repayment of their debts. The greater part of debt which has been incurred is owed to governments and international agencies; a much smaller part consists of private suppliers' credits.

Before we consider the serious effect of debt obligations upon the prospects for growth of the developing countries, it is as well to contemplate why they have reached such alarming proportions. The gut reaction of Calvinist conservatives in these matters is simply to say: 'They shouldn't have borrowed so much if they couldn't pay it back', rather as though the developing countries were feckless constituents with hard-luck stories. The background to their mounting debt is rather more subtle than that, and is primarily the 'fault', if the Protestant ethic demands the assignment of blame, of the industrialised countries. The Pearson Commission calculated that in 1965 to 1967 debt service amounted to 87 per cent of new loan spending in Latin America, 73 per cent in Africa, 52 per cent in East Asia and 40 per cent in the Middle East and South Asia; and that if the total of new loan disbursements remained at the same level, debt service would exceed them by about one-third in some parts of the Third World by 1977.¹

There are two sides to any debt commitment which is incurred. The first is the amount borrowed and the terms on which it is borrowed; the second is the secure expectation of future income; and the difference between the careful man and a developing country is that whereas he can predict his expectations within reasonable limits, the developing country's future income is determined to a large extent by factors beyond its own control and beyond prediction. A developing country, committing itself to the repayment of loans, and to the interest payments which will be required, might reasonably suppose that what it earns abroad from selling its produce—and this is its only source of foreign earnings—will be as much in ten years' time as now, given at least stable production, and that its earnings will keep pace with the prices of the goods it has to import, again assuming that they remain at a stable level.

No loans came cheap

Such was the market for borrowing for the Third World in the 'fifties and early 'sixties that no loans came cheap. Whether from the governments of the rich world or from multilateral sources, most of them were on hard terms,

ticularly copper.² Almost 90 per cent of the export earnings of the Third World are dependent on such primary commodities, with many countries almost entirely dependent on single products, and even more vulnerable to price fluctuations. What matters to developing countries is that the price they get for their primary produce should be a good one, and that they should be able to find markets for the semi-processed and processed food and raw materials they produce, and for the semi-manufactured and manufactured goods they make as they begin to industrialise. Indeed, getting a fair price for their produce is more important to them than aid transfers at the level of the 'sixties. What happened to their trade in the 'sixties was that total export earnings of the developing countries from food, tropical crops and agricultural raw materials actually fell.³ The 1970 Report of the Agricultural Development Assistance Committee explains why:

The international community has become well aware of the crucial role of export earnings in the economic growth of the less-developed countries, a role which for a variety of reasons is more important than it was in the comparable growth phases of the industrialised countries. It will be useful at this moment to consider how foreign trade trends have developed in the 1960's. Export receipts from agricultural commodities have proved to be disappointing, since demand for them has not kept up with the economic growth of the industrialised countries. This is explained by the low income-elasticity of some of these commodities (such as coffee, cocoa and tea), by the technological process which has replaced in various degrees the non-food commodities, particularly rubber and textile fibres, by the growing efficiency of production of certain foodstuffs in the high-income countries themselves and the protection they offer to their own agricultural sector through subsidies and import restrictions and in a few cases by expanding domestic consumption in developing countries of items also exported.

Falling commodity prices

Other commodity prices fell during the 'sixties, with savage effects on developing country hopes of earning their own prospects for progress. To take one specific example: a difference of one cent per lb. in the price of copper on the London Metal Exchange has an impact of \$15 millions on the foreign exchange earnings of Chile. In 1968 the average price of copper was between 68 and 70 cents per lb. In 1971 it had fallen to 48 cents. And while Chile suffered a decline of \$300

²World Bank, *Annual Report*, 1969, p.43.
³1970 Review of the Development Assistance Committee of OECD, Table VI-9, p.108.

¹Partners in Development, p.74. Table 3-4.

millions a year in her foreign exchange earnings, the technology of the industrialised countries was more and more successfully creating substitutes for copper.

The very success of Western technology is in itself a new threat to the poor countries. Nylon and other synthetic fabrics invade the textile markets and the raw materials and textiles of the tropical countries fall in price. We gain; they suffer. Rubber synthetics and plastics substitutes capture trade formerly reserved for the primary products of developing countries: rubber prices have dropped by 50 per cent since 1955. Europe extends its beet sugar production and competes with the cane sugar of the Caribbean and Mauritius. And in rich countries with their own problems of foreign exchange and balance of payments, such as Britain during most of the 'sixties, the call goes out for import substitution, and for further technological effort to replace imported natural products. Given the comparative inelasticity of demand for most primary commodities, the result has been that in 1970 some commodity prices were actually lower than they had been at earlier points in the last 20 years, including cocoa, coffee, cotton, rubber, sugar, tea and wheat.⁴

At the same time, the rich countries engage in elaborate conspiracies to discourage imports from developing countries. The whole structure of tariff protection schemes protects the rich against the poor; particularly at points where the developing countries most need outlets for their trade. The first momentum of the development process itself results in a tentative beginning in processing and manufacturing, and throughout the 'sixties the trade barriers of the industrialised countries were most firmly raised against precisely the semi-processed and semi-manufactured and manufactured goods the poor countries sought to sell in order to earn resources for further investment. At the 1964 United Nations Conference on Trade and Development (held only every four years) the developing countries urgently listed a whole series of requests for the liberalisation of donor country trade practices. But it was not until 1971 that the first of these—for generalised preferences—began to come into operation and even then, some countries adopted generalised preference schemes which still stacked the odds against the exports of developing countries. For example, the

⁵Under the EEC scheme imports will be limited to the value of specific items in 1968, with an addition of 5 per cent of the value of increased imports from EEC sources since then.

⁴p.107, op. cit.

tries have sought a rescheduling of debts (India, Ghana, Indonesia and, most recently, Chile have done so); and that the developing countries have called for 'urgent measures to soften the terms and conditions of external assistance for the future, with low rates of interest on loans, longer grace periods' (before which no repayment need be made), and longer periods for repayment, together with a higher proportion of outright grants. And they have called for new procedures to meet the crisis of the debt burden of the present:

The criteria and procedures of rescheduling of external debts of developing countries, particularly those with serious debt servicing problems, should be reviewed and revised so as to ensure that the rescheduling of debts does not interfere with the orderly process of development planning in debtor countries and should be systematically designed to prevent both disruption of long-term development plans and need for repeated rescheduling. Loan agreements should invariably contain a clause for postponement of debt repayments in situations of serious balance-of-payments difficulties such as those brought about either by an unexpected severe fall in exports or an unexpected increase in imports.

Developed countries should accept the principle of assuming the responsibility for suppliers' credits from companies registered in their territories and spread the repayment in easy terms, whenever necessary, in order to reduce the adverse effect of such credits on the balance-of-payments of developing countries.⁶

But there was little response to this plea from the developing countries when it was discussed at UNCTAD III in Santiago, Chile in the spring of 1972.

Rich Socialist role

What should a socialist rich country do? It is doubtful if in fact it should accept responsibility for suppliers' credits. Paul Streeten has pointed out that a distinction should be drawn between commercial and official debts, and that for governments to refinance or reschedule commercial debt would be to use scarce aid funds to rescue private creditors. Some countries, including Britain, have export credit guarantee systems, which are self-financing and provide a kind of insurance against non-payment or default. Any rescheduling of commercial debt would be best met from these sources.

This point apart, the developing countries do not go far enough in their requests. It is absurd in the case of developing countries with severe debt burdens to give loans and grants with Selected Conclusions of the Ministerial Meetings of the Group of 77, Lima, September 1971 (preparatory to UNCTAD III).

the one hand and take money back with the other hand. (For example, in 1970 Britain provided a total of £44,780,000 in loans and grants to India; India paid back £15,622,000; net aid to India taking account of both interest and repayment was thus reduced to £29,158,000. A total of £11,030,000 was provided for Nigeria; Nigeria paid £4,819,000 back to Britain, leaving a net total of only £6,211,000.)

There is a strong case to be made for waiving past debts in the case of countries carrying a heavy debt burden and meeting severe balance-of-payments problems which impede development. In other less severe cases, rescheduling should be agreed without reluctance.

As important as generous help to deal with the problems arising from the past is an insistence on generous terms for future development assistance. A strong emphasis has been placed on the need for 'soft terms' by the Pearson Commission, the World Bank, the United Nations and, most recently, by the developing countries at UNCTAD III.

We may conclude that interest and repayment of debt should be waived or reduced so that the burden of past debt bears a reasonable relationship to the circumstances of developing countries, and, in particular, to the ratio of debt service to foreign exchange earnings; and the terms of aid should be even further softened.

Nationalisation and expropriation

What emerges from the study of the development process is that the control and ownership by the State of basic resources is a pragmatic necessity. It is only the most thoughtless of the doctrinaire free marketeers, and those among them who are least acquainted with the realities of Third World development, who fail to understand this. They relate the experience of Europe during its most energetic period of industrial growth to the circumstances of the developing world today, without any comprehension of the differences in the two situations. Europe originated its technology: the Third World must import it. Europe had surplus capital for investment: the Third World has none. Its wealthy are small in numbers, feudal in attitude and parasitic in behaviour, using their wealth to assimilate western cultural patterns and western habits of conspicuous consumption.

In the nineteenth century, British entrepreneurs poured their capital into

the railways and power industries at home, and had surplus capital to build railways in Latin America and Africa too. There is very little entrepreneurship of that kind in the Third World today: when the Tanzam railway is needed in southern Africa, it is public capital from China which builds it. It is a very different situation, and in trying to leapfrog the centuries of normal and gradual economic evolution, what happens is that the Third World also leapfrogs the rise of capitalism as Europe knew it.

Control is not enough

The public utilities have to be financed from the very beginning from public capital; and they are the indispensable base for development. (Even in the industrialised countries, private enterprise no longer finds investment in service industries attractive.) But the developing countries increasingly also see the public control and ownership of their natural resources—their minerals, their oil, their land—as being essential for progress in development. Control alone is not enough, for control without ownership requires a high degree of administrative sophistication; and in any case outright public ownership can ensure that the exploitation of resources yields benefits for the country as a whole. This may well require expropriation, since one of the legacies of the imperialist age is the foreign ownership of natural resources in the Third World. Perhaps we may best understand the need to nationalise and expropriate by analogy with the position in Britain and other western countries during the period of their Industrial Revolution. If the coal-mines, the ironworks, the shipyards and the cotton mills of Britain had been owned by foreign capital during the nineteenth century, and the profits exported for reinvestment in the country of origin, Britain could not have achieved the growth in national wealth and the high rate of internal capital investment which made her the leading industrial power in Europe for half a century, to say nothing of the investments in the colonies which gave her a substantial income from "overseas earnings" for so long. In such a situation, a demand for British ownership of the mines, the ironworks, the shipyards and the cotton mills would have expressed a national need rather than any ideological doctrine; and it would have been natural, in the absence of any strong private enterprise pressures within Britain itself, and without any collection of private entre-

preneurial skills, that British ownership would have been exercised through the public sector.

The present trend of the developing countries to move towards the nationalisation and expropriation of foreign companies is, in just this way, motivated by nationalism and pragmatism, rather than by political ideology. It is a trend which is likely to increase: and the governments which carry out expropriation certainly cannot be categorised by any sharp political definition. It was a conservative government which passed the legislation for the nationalisation and expropriation of the copper mines in Chile, although it has been a socialist government which implemented it. It was a right-wing government in Colombia which legislated many years ago for the later reversion of its oil-fields to the State, a right-wing government in Peru which expropriated the tin-mines, a right-wing government in Guatemala which expropriated British firms a few years ago. It was a moderate socialist government in India which nationalised insurance and a moderate socialist government which took over the copper mines in Zambia. It has become an essential formula for development: a pragmatic formula.

Adverse consequences

Of course, if the history of the last 20 years had been different, who can tell what course events would have taken? If the transfer of resources from the rich to the poor world had balanced the reverse flow of profits from direct foreign investment and invisibles? If the terms of trade had allowed the poor countries to accumulate capital for investment from the sale of their products? There might then have been strong deterrents to expropriation. As it is, to incur the displeasure of the rich countries has fewer adverse economic consequences than to permit the continuance of foreign ownership of major resources and industries. The Third World has nothing to lose but its chains.

But the adverse consequences can sometimes be serious. Aid may be reduced or ended by donor countries whose firms are taken over: that is a minor loss, to be endured with a shrug of the shoulders. What can be more important is the tightening-up of credit from the rich world as a whole. Many developing countries have continuing serious foreign exchange problems, largely arising from the mounting burden of debt servicing and repayment and from the failure of earnings

from commodity exports to keep pace with the cost of essential imports, mainly for industrial development. Credit is of urgent importance to them. Just as serious can be the crisis of management they often face after expropriation. Crises which may flow either from the act of expropriation itself, or from the arrangements made for compensation or from quite unrelated but simultaneous factors. It is more often the compensation, as far as government attitudes are concerned, although the more primitive faithful of the private enterprise lobby react angrily to the act of expropriation itself. The details of the disagreements which may arise are important in their implications, and two examples may be considered to illustrate the issues which arise: British behaviour towards Tanzania in 1971-72; and American behaviour towards Chile in the same period.

In 1971 Tanzania nationalised all rented property, having decided—and this was a political decision—that landlordism was incompatible with socialism. Compensation was to be paid only to those who had owned their property for less than ten years, on the grounds that those with a longer period of ownership would already have recouped their investment and made a profit. For the most part, the landlords were Tanzanian Africans and Asians: but a handful of British were 'caught' by the new laws. There was already a long history of tension in the aid relationship between Britain and Tanzania, which may usefully be summarised, for there is some confusion in some minds about the precise order of events. In 1966, Tanzania broke off diplomatic relations with Britain as a protest against British policies on Rhodesia: it was the year of 'talks about talks', leading up to the Tiger negotiations. Since aid is administered through diplomatic channels, there was necessarily a break in aid. When diplomatic relations were resumed in 1968, aid was also to be resumed. But a dispute arose on the subject of the payments of pensions to former colonial civil servants who had worked for the Tanzanian government. Tanzania refused to pay their pensions, and on this occasion Britain suspended aid. It was an unfortunate period. During my own time as Minister, the issue was resolved: my colleagues agreed with me that Britain should take the responsibility for the payment of all such pensions, at the request of the governments concerned, and the way

was opened for a new aid programme for Tanzania, a result I had been very anxious to achieve. After I had made some private contacts, it was agreed that a team from ODM, led by its deputy secretary, would visit Tanzania to formulate a programme jointly with the Government of Tanzania during the month of June, 1970. The visit was made at exactly the time of the General Election, and I had hoped to go myself to Dar es Salaam later in the summer to finalise matters. In the event, we lost the General Election. By the autumn, the Conservative Government had decided to resume the supply of arms to South Africa, and Tanzania announced that she could in these circumstances no longer accept British aid.

Sorry background

It was against this sorry background that the Conservative Government, unattracted by Nyerere's socialism, decided to take a strong line on the issue of compensation to the handful of British nationals who were landlords of more than ten years' standing. Negotiations failed to produce any satisfactory solution, probably because the question was one of considerable internal political sensitivity.

It was at this point, in early 1972, that the British executive director at the World Bank was instructed to object to a Bank loan to Tanzania for tea production, and took other directors considerably by surprise by raising the matter at a meeting when the final stages of the loan were on the agenda. The outcome was that the Bank made its normal enquiry into procedures for resolving the compensation within Tanzania, was satisfied that the procedures were adequate, and proceeded with the loan. It was an ignominious defeat for the British Government, which apparently received little support from other colleagues at the Bank. It was entirely a defeat for the Foreign and Commonwealth Office, for this was a 'Foreign Office' decision, not one of the Overseas Development Administration. The issue was important. It was whether or not an individual donor country should carry a bilateral disagreement with a developing country into the multilateral agencies. There may well be occasions when a donor country seeks to persuade the multilateral agencies to refuse aid to countries whose policies are in one way or another offensive in general terms: Greece under the colonels, the Portuguese provinces in Africa (other than aid to their lib-

eration movements), Pakistan at the time of the war in Bangladesh. There is nothing improper in that. But there is something very improper and offensive about seeking to use the multilateral aid agencies as instruments to bring pressure upon developing countries to yield ground to an individual donor country in a private dispute.

The second example is that of the United States and Chile, already mentioned earlier. After the Chilean expropriation of American copper companies in 1971, the compensation question was complicated: on the basis of reports from expert French and Russian teams of mining engineers and technologists, the socialist Government of President Allende said that no compensation was due, on the grounds that the copper companies, in the knowledge that nationalisation was on the way (following the earlier legislation), had neglected the preparation of reserves of copper, and that the expense involved in clearing heavy deposits of waste more than counterbalanced compensation payments to which they might otherwise have been entitled.

In the Chilean case, there was a suspension of American aid. More serious, there was a withdrawal of American mining technologists and managers. This was not entirely a direct political consequence. Until nationalisation, they had been paid in dollars: but one of the steps taken by the socialist Government was to introduce two exchange rates as a measure to improve the Chilean foreign exchange position. The external rate was roughly double the internal rate, and the American technicians working in the copper mines found their salaries much reduced in real terms when they were paid at internal rates. Their departure left a most critical gap, at a time when increased copper production was of the most urgent importance to the Chilean economy. Since then, there have been further serious developments, including the present Kennecott case in the courts of Germany.

Conclusions to be drawn

What conclusions are to be drawn from these and other cases? What should a socialist donor country do when its own commercial firms are affected by developing country expropriation? It should first of all fully recognise the right of any developing country to nationalise and expropriate foreign companies. More than that, it should understand and identify with

the motivations and economic necessity which lead to expropriation. And it should seek to help in the problems and difficulties which can follow expropriation. It must obviously appreciate that the need for national ownership and control of basic resources and industries to be exercised arises only out of the history of the past, and that it was a past of exploitation, even though it has sometimes been softened in recent years by managerial paternalism. Many of the men who work for private companies in the Third World have an extraordinary identification with the countries in which they work.

But their companies have made their profits. There should be no irritated quarrels with third world governments, and compensation issues should not be regarded as factors influencing aid programmes.

But beyond these negative minimum requirements, there is much more that it can do. Inconceivable as the idea may be to those who have a Pavlovian reflex of anger and indignation to any act of expropriation, what a difference it would have made to Chilean copper production, and to the whole economy of Chile, if the United States Government, instead of withdrawing aid and seeking to persuade others to do the same, had encouraged the American copper technicians to stay, and offered to use aid resources to bring their salaries up to their former level! There may well be many occasions in the future when technical assistance can help a developing country to phase in its public sector management of an expropriated industry, and when such occasions do arise, the help will be invaluable. It may also be possible to smooth over compensation disputes from time to time. What really matters is that the attitude should be one of sympathy, understanding and a readiness to help instead of one of hostile indignation and resentment. To summarise:

a socialist aid programme must recognise the developmental necessity for nationalisation and expropriation, and seek to help in meeting the technical and financial problems which may arise.

Role of public sector

In this light, we should consider another possibility which has not been explored in any depth. In any socialist donor country, it is likely that there will be a substantial public sector. Even in non-socialist countries, there

is a general pattern of public ownership of service industries and some productive industry. Italy has ENI and IRI. France has Renault. Britain and Sweden have large public sectors, and a future socialist government in Britain would extend it significantly. There is certainly no socialist inconsistency in encouraging donor country public sector investment in the Third World, on terms which do not involve exploitation, do not result in any excessive reverse transfer of resources, and are agreed on a government-to-government basis, with public sector co-operation. It happens only a very little at present—but it does happen.

Nationalised industries must usually seek borrowing power from their Governments: an extension of borrowing powers for investment in developing countries could be granted, since any inflationary effect would be balanced by the probable increased export of goods, particularly capital equipment, financed by the developing country's own share in the investment. This is not to assume any insistence on the tying of the supply of goods: it is simply to assume, on the basis of experience, that most of them, in such circumstances would be likely to be ordered from the country concerned rather than from others. Nationalised industries must usually conform to accepted commercial criteria in the rate of return on their invested capital: yet it would be agreeable, if not essential, to offer concessionary rates to the developing country (not essential because private enterprise is extremely unconcessionary, and public sector participation could well be welcome to a developing country even without a concessionary aid element). The difference between the normal rate of return on capital and a concessionary rate would be met out of the aid budget.

I am in no doubt that there are a number of developing countries who would welcome such public sector co-operation as a way of increasing their resources for capital investment and importing technology, management and technical skills, and commercial expertise, without at the same time importing the private enterprise ethos which they seek to avoid, and without enduring the prospective drain of repatriated profits.

To Summarise:

we should encourage public sector co-operation between donor and developing countries, and subsidise it where necessary from aid budgets in order to assist the transfer of capital and skills without the disadvantages implicit in direct foreign private investment.

undertaken by diversified branches of the nationalised industries under a socialist government which reversed conservative policies of 'hiving-off' and enlarged the role of the public sector in Britain.

The precise rate of return expected by the nationalised industries varies somewhat from one industry to another, and from one type of investment to another (for example, to fulfil essential requirements, or to undertake beneficial improvements). But the lowest rate of return expected appears to be of the order of ten per cent, with amortisation reckoned over a period of 20 years. On this basis, an investment of £10 million would require a total return of £1.2 million each year, of which £0.2 million would be a repayment of capital. If the rate of interest charged to the developing country, which would be the counterpart to repatriated private enterprise profits, were to be concessionary, and were to be of the order of four per cent—a higher rate than the most generous concessionary governmental and multilateral loans, but much lower than non-concessionary loans—the annual cost to be borne by the aid budget in subsidising the difference would be £720,000. On these assumptions, a British public sector involvement in capital investment in developing countries of up to £200 million a year could be subsidised by some £14 to £15 million a year from the aid budget, out of a total which is rising to £300 million a year by 1974: a very worthwhile fraction of it. These calculations are merely illustrative. Obviously, there are a number of variables: the total amount invested, the rate of interest charged, the period of amortisation.

The first wave was that which accompanied the birth of the Italian Socialist Party, and although Antonio Labriola, who had studied the incunabula of this ideology, was in no way satisfied by the mish-mash of positivism and Marxism effected by Turati, Treves, Bissolati and others, it was at this period that a certain number of the writings of Marx and Engels began to circulate even in Italian translation among a wide circle of intellectuals, and it was then that historical materialism permeated and rejuvenated historical, economic and social studies.

MARXISM TODAY

Marxism in the Fourth Generation

ENZO TAGLIACOZZO

The author, who is Professor of History at the University of Rome, examines how it is that the pre-1914 prophets who forecast the end of Marxism have proved to be extremely wide of the mark, now that support for that political philosophy is in its fourth generation and showing no signs of flagging.

To judge by the varied psychology and mentality displayed in our university lecture rooms, at least as far as the arts faculties are concerned, the prophecies of many people in the years prior to the 1st World War who forecast the end of Marxism, have been clearly refuted by the facts. We are now at grips with the fourth generation influenced by Marxism, nor does this state of intellectual conditioning show signs of slackening.

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The second generation

The second wave occurred after the 1st World War, stimulated by the October Revolution. The founding of the Third International, the experience of Gramsci's *New Order* and of factory councils, the birth of the Communist Party at Leghorn, the bitter criticism of social democracy and the Second International—these were the things which put their stamps on the period. And it was at this time too that the first of Lenin's writings were seen to circulate in Italy. Even if it is not possible to saddle the late-born Communist Party with a great responsibility for the advent of fascism, the fact remains that in the year 1921 the Communists were the instigators of the policy that the worse things were so much the better, seeing as they did in the strengthening of fascism merely a stage towards that frontal encounter between the capitalist bourgeoisie and the proletariat which would be the harbinger of the latter's inevitable triumph

under the guidance of the Communist Party. For these people there was no great difference between Turati and Mussolini, between a democratic government supported by socialists and a fascist government. This was an error which would prove to have fatal consequences years later, facilitating Hitler's coming to power.

Marxism-Leninism received a fresh infusion of oxygen from the difficult conditions of the underground struggle against the fascist dictatorship, as it appeared to many young people that only a social revolution would feasibly lead to the overthrow of fascism. The economic crisis of the year 1929 appeared to confirm the bankruptcy of capitalism. Many anti-fascists with differing tendencies were now converted to Marxism. Gramsci wrote his Prison Notebooks, and these were to exercise considerable influence in the second post-war period. Very little was known in Italy of Soviet Russia and of Stalin's crimes. Russia appeared as the country that was free from crises and a shortage of employment. Marxism even found a good number of followers in the United States.

It should be added that in the struggle against fascism the Communists stood out as the most resolute, the most numerous and the best organised, thanks to the aid that came their way from Russia. The reports of the fascist Special Tribunal reveal that the greater part of those condemned by it was made up of Communists, though the fascists had an interest in classifying as Communists many who in fact were not. The Communist contribution to the resistance was on the first level expressed in terms of numbers of supporters and organisational efficiency, followed closely behind by the nuclei of the *Justice and Liberty* movement, whose elements were also fairly active in the underground struggle waged during the twenties.

The prestige acquired by the Communists in the resistance, Russia's military might as she emerged victorious from the war, the paucity of hard news about the realities of life behind the Iron Curtain, Togliatti's careful and elastic political line, which aimed at swelling the ranks of the party by catching the shoals of fascism's little fish, all these factors serve to explain the considerable electoral successes of the Communists in the post-war period, transforming them into the second largest mass party in Italy.

The Communist leaders meanwhile set about publishing Gramsci's Prison Notebooks, duly emended so as not to conflict with Togliatti's party line, and they reprinted in cheap editions an entire library of the writings of Marx, Engels and Lenin. Moreover, a certain tolerance made it easier for the intellectuals to support the Communist Party, and the wide diffusion of the sacred texts prepared the way for the support accorded to Marxism by the fourth generation in the seventies as these young people now crowd into our university lecture rooms. This support is split among several rival groupings, which are proceeding to accuse the Communist Party of revisionism and bourgeoisification, but which still swear by the writings of Marx, Engels and Lenin, and by some additional books on the Chinese revolution or some work of Mao Tse Tung's.

Persistent vitality

How are we to explain in countries which are still free, such as Italy and France, the persistent vitality of an ideology that belongs to the nineteenth century, many of whose main prophecies have been refuted by history? We must admit at the outset that the theoretical refutation or erroneous or outworn concepts is not in itself sufficient to lessen their influence on young minds with little training in probing facts without ideological preconceptions. In Russia and in the countries of 'people's democracy' formal kow-towing continues to be practised in respect of Marxism, and every piece of published work is larded with quotations taken from the sacred texts.

Those who actually live in these countries experience on their back the difference between reality and propaganda, between theoretical Marxism and daily practice. Nevertheless, a handful of writers are battling heroically on behalf of intellectual liberty under extremely difficult conditions, and such people know only too well what it means to live in modern police states. But, given the fact that this resistance is confined to isolated individuals, that section of western youth whose gaze is directed above all to the masses is left indifferent. Many of our young people afford themselves

the luxury of distinguishing between the 'formal' liberties which we enjoy and the 'real' liberties which they ever are taken away from our masses and which apparently, so they would argue, are enjoyed by the populations in the Communist countries. The first kind of liberties would seem, according to them, to be of scant or minor importance since they benefit only privileged minorities. The problems of intellectual and political liberty are accorded only secondary rank in contrast to the problems of housing, food, work, medical care and the fight against illiteracy. It remains to be demonstrated whether the problems enumerated here are really solved in a more satisfactory manner in the socialist countries than in the free countries.

Urge for social justice

It is certain that the basis for the support given to Marxism by so many of our young people rests in their urge for social justice. Coupled with this is the spectacle offered by our society with its imbalances, the snail's pace of the legislative process, the paralysis of the bureaucratic apparatus, the endless success of scandals, the abuses at lower levels, the inability of the political parties to rejuvenate themselves and to offer a constructive channel for youthful energies: all this excites the indignation of the young and excites our own. But for individuals at a certain cultural level this should still not be sufficient motive for them to support in dogmatic fashion theories that go back 125 years, leaving untouched what is new and different as demonstrated in the history of the past century. We are presented with a strange phenomenon when intellectuals, and not only young people, refuse to modify their theories on the basis of lessons offered by historical experience, and prefer instead to ignore or distort the facts so as to fit them into their own theoretical schemes. A new scholasticism has arisen, and Marx and Lenin have become the Aristotles of our times.

Marxism above all attracts inexperienced youth with little cultural background because it offers them the vision of a world and a life that they deem to be complete, furnishing to those with little or no grounding in doctrine a key that can supposedly solve with the minimum of trouble every historical problem, and at the same time promising inevitable success for the revolution which will usher in the reign of freedom and equality for

all and not for merely a few privileged persons. This—and we have repeatedly noted the phenomenon—has now become a faith with all the characteristics of a religion, admittedly practised by devotees who profess to be atheists, and it cannot be conjured away by the observation of hard facts. Dante said: 'Faith is what nourishes things that are hoped for.' And so you can hear a student calmly parroting the theory expounded by Lenin in *State and Revolution* on the withering away of the state, sublimely indifferent to the fact that in Russia there has been created a military, bureaucratic, police state apparatus of the most terrible kind ever recorded in history.

Yet another student will submit to you with evident candour the proposition that the dictatorship of the proletariat is an assurance of true liberty. And if you were to object that in the socialist countries privileged groups have been re-created, this particular student would reply that we are at present going through a transitional phase on the road to socialism or communism and that these groups will surely disappear. It is of little avail to remind your student that the October Revolution took place more than half a century ago, and that in recent decades the social stratification in the Soviet Union has hardened in an increasing degree.

The Chinese myth

As little was known about Russia in that huge prison of fascist Italy, where it was difficult to obtain objective news, those who today have lost faith in the Russian myth turn to the Chinese myth, since we know as little about China as we knew about Russia some thirty or forty years ago. Our Maoist youth accept without demur news emanating from government sources on the China of today, whereas news appearing in the 'bourgeois' papers is not believed by them as it contains 'a pack of capitalist propaganda coming from Hong Kong'. They are so used to this hot-potch of facts and propaganda, of which the Communist Party daily is an outstanding example (and let us not forget that even those of our young people who have turned into critics of the 'revisionist' and 'reformist' policy of the Communist Party of Italy were brought up on the columns of *Unita*, a newspaper that they still eagerly read), that they are unable to conceive the existence of 'bourgeois' newspapers which actually make some effort to refer to facts with

a certain impartiality and which, particularly outside Italy, keep fact separate from comment, the latter being reserved for editorials or leading articles.

It can happen in a lecture room, when the talk turns to the rights to freedom enjoyed by individual citizens in relation to the state, that the discussion is interrupted by a student who has spent some years in Russia's satellite countries and who warns his comrades that they do not know what it really means to live under the regime of a police dictatorship and so, in the name of economic equality, they display indifference regarding the rights to political liberty. At the end of the lesson, once the foreign student has taken his departure, I have heard the other students raise the objection that this particular person must have had personal grievances to speak in such a fashion.

In discussion with a group of students about the television pictures relayed on the occasion of Nixon's visit to China, I found them not hesitating to define the whole business as 'so much American propaganda'. I replied that it seemed to me, on the contrary, even if the technicians involved were American, that the affair was a fine example of anti-American propaganda since the streets through which Nixon drove in Peking were deserted, thus demonstrating the fact that the population had received the order to refrain from making their presence felt and from applauding. One of these young men then promptly said that popular demonstrations in China are not made to order but always occur spontaneously. *Sancta simplicitas!*

Concrete examples

If an attempt is made to show by concrete examples that, in contradiction to what Marx said about the concentration of wealth in fewer and fewer hands at one pole and of the growing impoverishment of the great majority at the other pole, there has in fact occurred in the industrial countries of the west an appreciable numerical increase in the middle layer, the inevitable reply is that what Marx said is still valid, and that the well-being-existent in strata containing the proletariat is only apparent. They say that is the time available for enjoyment that has increased and not diminished since Marx's time, and that the concentration of wealth in a few hands is even more marked than a century ago.

And similar prejudices are to be encountered not only amongst young people with just a first examination to their credit but also amongst people holding degrees and qualifications in the historical sciences, who ought to accord pride of place to a respect for the facts. What history lecturer has not come across the obstinate Gramsci interpretation of the *Risorgimento*, and found it useless to remark that Gramsci was speaking as a revolutionary and not as an historian, and that his criticism of the Action Party and of Mazzini for not having been able to organise the agrarian revolution, when virtually the entire peasantry was illiterate and controlled by the reactionary clergy, was indeed anti-historic?

Many of our students read abundantly, but in a single direction. They like to find in their reading confirmation for the convictions they have previously acquired, and they skim through material of any other political tendency. They jib at the effort required to make a comparison between different political theories, and find the study of theories of the past century boring and superfluous, as if Marxism did not have more than a century of life behind it and had sprung into its immediate present as an occurrence bounded by recent decades in the historical and political field. They would like our courses to be for ever devoted to a discussion of Marxism, Leninism and the Russian and Chinese revolutions. There seems little point in bringing to their attention the fact that the function of schooling is to transmit the patrimony of ideas accumulated over the course of centuries, whereas present-day questions can be very well discussed also outside the bounds of lecture rooms, and that this ought especially to be borne in mind having regard to the alarming crisis through which our schools are passing at all levels, with shortages of lecture rooms, books and above all teachers in numbers adequate for the massive influx of students.

It is indeed an odd claim on the part of so many of our youth that they should prefer the lecture room for all these debates, skipping their reading, and leaving aside personal meditation and fruitful discussion between friends. And Marxism exercises an even more negative pressure on their cultural education because the influence of Leninism is such as to encourage them in absorbing a lack of scruples and partaking in the cult

of violence and Machiavellism. These are moreover lessons much easier to acquire than those to be found in Marx's obscure youthful philosophic writings or in the pages of *Capital*, which in any case are only partially read and are badly digested by young people with a smattering of political economy, or by girls whose training has been in philology and literature as provided by our grammar schools and our arts faculties.

African and Asian analysis

Linked with fanciful Leninist schemes are errors of perspective in evaluating the regimes which emerged in Asia and Africa after the Second World War, and which purport to be socialist, when they are really raw dictatorships based on an admixture of nationalistic and religious fanaticism. A valid example of this aberration is the way young people of the extreme left line up in support of the Arab guerrillas or of Egypt in the conflict with Israel, whilst exhibiting indifference over the discrimination against the Jews in the USSR. Since they conceive politics in exclusively mass terms and in terms of class confrontation, they are induced to shrug off problems of intellectual freedom in the countries under Russian control and to shut their eyes tight at the spectacle of the total abolition of the individual in Mao's China.

Our official Communists, with their constant twisting of facts and with their scant respect for truth, which they always subordinate to the ends of their own propaganda, bear some of the responsibility for these dogmatic attitudes, since these young people come in large measure from the ranks of the Communist Party and continue to read its daily paper. But the Communists pursue their task, intent on enlarging their electoral base at all costs.

Other political parties

What is to be said of the other political parties, who have shown little ability and will in facing the concrete problems of the country, and who have allowed a slow cancer to invade free government over the past twenty-five years? They have failed to attract youth and the intellectuals in general into studying and seriously debating the questions of principle and programme that cause so much passion.

They have indeed often afforded examples of corruption and misgovernment. It is sufficient to recall that none of the parties which are ostensibly socialist has deemed it useful

and timely to conduct a debate on the principles of modern socialism, or on what is still acceptable in Marxism, for fear of wounding the susceptibilities of the working masses who are still traditionally attached to the old myths and to the over-simplified formulae that have been bandied about for decades, and for fear of disturbing them in their dogmatic slumber. The sum effect has been to alienate many enthusiastic and idealistic young people, and to drive them into an outworn revolutionarism, which has weakened the forces of the democratic left and profited the extreme reactionary right.

What can we do? Without nourishing excessive illusions, since a faith of the religious kind held by our extremist youth is not shaken by arguments of an empirical or rational nature but can only collapse from within, we can in the meantime direct our attention to those who are not Marxist-Leninists, and whose numbers are greater than is generally thought, even if they are less talkative than the extremists. Moreover, since youth is deeply aware of the problems of poverty and social inequality, but is less sensitive about problems of political freedom, it is up to us in our discussions to declare our stand in favour of economic democracy and the gradual disappearance of social abuses, whilst at the same time making it abundantly clear that we are determined to safeguard the heritage of ideas and liberal and democratic institutions which have been fashioned in the course of the last three centuries of history. Let us read with our young people the classics of liberal thought so as to adjust the balance between their intellectual and moral interests, now too heavily inclined on the side of equality to the prejudice of liberty, and let us mull over the proposition that the free countries are also the most economically prosperous and the countries where the workers least enjoy the fruit of their labours.

But let us not deceive ourselves: the work of political education can only be achieved in a minor way in the context of the school. It is above all in free associations, and in the political parties, in the support of a free and better informed press that we shall be able to develop that critical spirit which is ready to profit from the lesson afforded by facts, and to evolve a democratic way less immature than the one which at present is seen to obtain amongst us.

BOOKS

Jewish Bolsheviks

Zvi Y. Gitelman: *Jewish Nationality and Soviet Politics. The Jewish Sections of the CPSU, 1917-1930.* Princeton University Press, 573 pp. £10.

The existence of Soviet antisemitism has perplexed most of us at one time or another. The USSR is a society overtly dedicated to the ideas of national and racial equality, yet its official propaganda does not hesitate to borrow from the virulently anti-semitic Tsarist Black Hundreds, and even from the Nazis, to spread hatred of Judaism, Jewish history, Zionism and some mysterious body described as 'the rich Jewish bourgeoisie' who are busily ruling the world. How has it come about? Mr Gitelman's book, a fascinating account of the role played by the Jewish sections of the CPSU, the Yevseksia, is only indirectly revealing on this point. It has so little to say about the seeds of Soviet antisemitism as to confirm one's suspicions that it has nothing to do with communism as such but is a modernised version of that old disease that drove vast numbers of Jews from Tsarist Russia.

Mr Gitelman shows how the Yevseksia was brought into existence in order to assist the bolshevisation of the Jewish population, who were territorially concentrated in the vast ghetto of the old 'Pale of Settlement', with their own intense ethnic culture in Yiddish, their schools, newspapers, religious and communal institutions and political parties. The Yevseksia had a 'modernising' function in integrating the Jews into emergent Soviet society and 'secularising' them to the point where they would voluntarily relinquish traditional Jewish culture. In those early days of relative tolerance, the Bund and the Marxist Poale Zion were also active in the Jewish community. Despite the prominence of men of Jewish descent like Trotsky, Zinoviev and Sverdlov in the Bolshevik leadership, the majority of Russian Jewry was not enthusiastic for communism as such. But the removal of restrictions against their employment resulted in a large influx of Jews into governmental posts and prominent positions.

The Yevseksia episode was relatively brief. In 1930 the special Jewish

sections of the party were disbanded. The demerits, some would say vices, of these organisations have been widely advertised—the fury with which they assaulted Judaism, their assimilatory zeal which rode roughshod over intrinsic and precious Jewish values, etc. But within the narrow concept of the Stalinist nationality formula they also stimulated Yiddish education and publishing (albeit national only in form and communist in content) even to the point of using coercion to enrol Jewish students in Yiddish schools. After 1927 the party began to move Soviet society towards more rigid centralism and national activity was viewed with suspicion. Even the feeble Jewish cultural consciousness permitted in Yevseksiaism became undesirable and the organisation was abruptly and silently dissolved.

Emanuel Litvinoff

Fabian Counterpart

Heiner Flohr, Klaus Lompe, Lothar Neumann (Eds.): *Freiheitlicher Sozialismus. Beiträge zu seinem heutigen Selbstverständnis.* Neue Gesellschaft, Bonn-Bad Godesberg 256 pp.

The Friedrich Ebert Foundation is known internationally mainly for its work in the field of education designed to benefit the developing countries. It also engages in research and publishing activities which render a service to the Labour movement. This book of 256 pages is volume 95 of a series published by the research institute of the Foundation and appears as a tribute to its honorary president and past chairman Gerhard Weisser on his 75th birthday.

Like Willi Eichler, who presided over the drafting of the SPD's Godesberg programme (he died in 1971), Professor Weisser came to socialism through the late philosopher and educationist Leonard Nelson whose ideas on ethical realism and on equality and freedom as foundations of society he embraced, and—after 1945—helped to bring to the attention of the younger post-war generation. Gerhard Weisser made numerous contributions to the subject dealt with in this book; there is no short English equivalent for its title, which means a socialism which

gives due emphasis to freedom. These are listed in a special section, but none of Weisser's own writings are included.

The book's quality is a fitting tribute to a man who made his mark as a theoretician and a teacher, as well as in the field of public administration. The clarity of argument and presentation stands out in the contributions which maintain an evenly high level, a credit to editors and contributors alike.

The eighteen authors chosen for this collection of essays are friends of Weisser who share with him a basic though by no means uniform outlook, that of an ethical realism which applies scientific analysis to problems of society without the hindrance of pre-conceived theory. Most of the contributors are academic colleagues, many of whom have been Weisser's pupils in their student days. Others have known him in the party and the trade union movement or in his wider public functions.

It is impossible in a short review to do justice to the individual chapters. They appear under three main headings: Historical Developments, Basic Foundations and Social Change. They deal with central problems facing democratic socialists in one form or another in many countries. In West Germany the book appears at an appropriate time. It has a place in the recently revived discussion in the Social Democratic Party on the fundamental values of democratic socialism as embodied in the Godesberg programme.

The 1973 party congress in Hanover re-endorsed the Godesberg programme. But it left no doubt about the need for continued clarification. Much of what is contained in the first two sections of this book is intended to serve this purpose of clarification. There are chapters on Robert Owen and Franz Oppenheimer, whose ideas contributed to the development of democratic socialism in England and Germany; the background of the Godesberg programme; the philosophical, scientific and socio-psychological foundations of democratic socialism; Marxism in the SPD; the social importance of certain 'untenable' economic theories; the state and the exercise of state power; socialism and the future of mankind.

Clarification can and should be assisted by historical analysis and theoretical exposition such as are undertaken here. But for a political party the final test lies in application. Thus the third section is concerned

with the practical application of socialist values to various spheres, with special emphasis being placed on the place assigned to freedom, and on ways and means of safeguarding it.

The themes treated in this section include political planning (one characteristic chapter heading is 'More freedom and social justice through flexible planning'); humanisation and democratisation of working life; collective bargaining; the future of co-determination in German industry; political education; growing points for social reform; the older employee in the light of the modern science of gerontology.

This collection of essays could be described as a German counterpart to the New Fabian Essays in Britain, first published in 1951, then in 1970, and just republished with a new introduction. The comparison is interesting because German and British background and experiences respectively give a different form and flare to the treatment of fundamentally similar questions.

Mary Saran

Socialism in Europe

Altiero Spinelli: *The European Adventure.* Charles Knight & Co, London, 194 pp, £3.

Hugh Thomas: *Europe: the Radical Challenge.* Weidenfeld & Nicolson, London, 224 pp, £3.50.

The vision of a united Europe has stirred the imagination of many people, perhaps more so in the past than presently. To chart the road from dream to reality is a task that only uncommon minds can do. Fortunately, the authors of these books combine the vision of the thinker with the pragmatism of the statesman. It is this unusual combination of qualities that makes their books intellectually stimulating and politically challenging.

Professor Thomas addresses himself to the sceptics, to those within the labour movement and outside it who fear that taking part in the construction of a united Europe in the way that this has been going on in the last fifteen years simply helps to strengthen crumbling capitalist institutions, to undermine the interests of the Third World and to aggravate the problems of Europe's depressed areas. Marshalling ample evidence Professor Thomas deals with these questions lucidly and cogently, showing that the only alternative to the dynamic impetus of European capitalism is not the strategy of building up socialism within the

nation state but a socialist strategy for the development of a humane, outward looking and creative European Community.

Signor Spinelli's book defines with admirable clarity the tasks presented to the enlarged Community. According to him the issues most challenging to those that are concerned with the future of economic and political integration in Europe are the creation of the monetary union, the curbing of the power of the great multinationals, the role of the European Parliament and the problem of the quality of life in a world with fast technological progress. Signor Spinelli's practical ways to solve these problems are the creation of a European Reserve Fund, the elaboration of an effective European Regional Policy, the radical reform of the Common Agricultural Policy by moving away from price support programmes to income subsidisation schemes and the careful preparation of plans for industry, technology and the environment.

All is far ranging and exciting. But somehow I feel that both authors have rather pushed to the background

the problems that are likely to appear as a result of the fact that the rise of the European Community has effectively challenged the economic supremacy of the USA within the capitalist world.

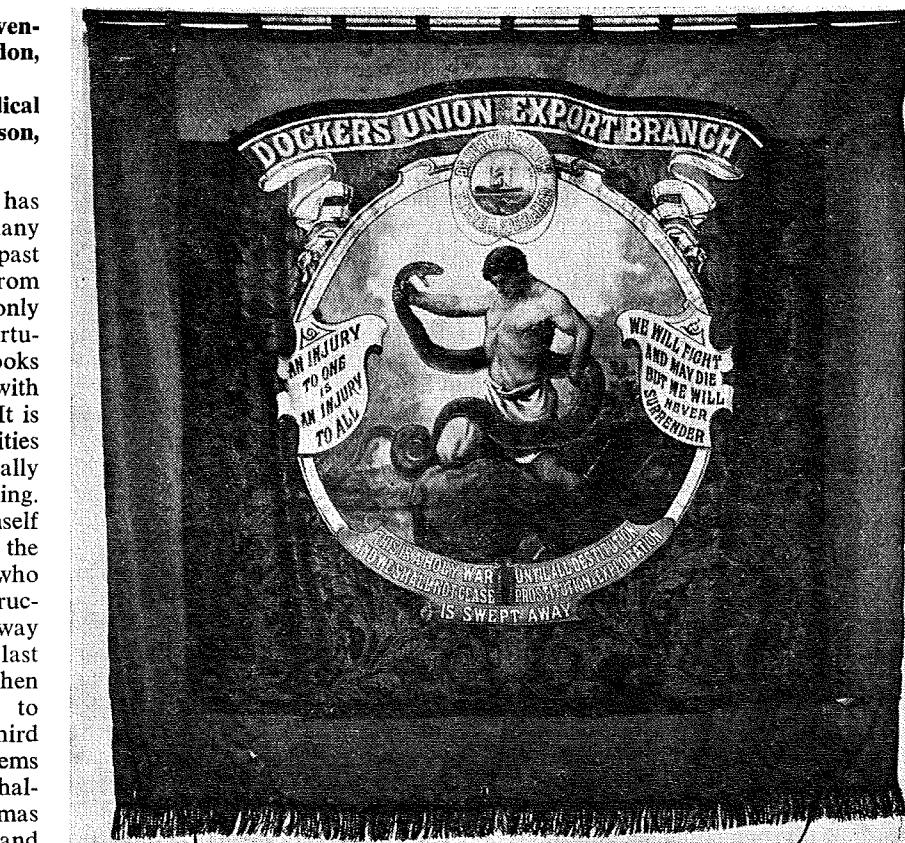
George Yannopoulos

Unequal distribution

A. B. Atkinson: *Unequal Shares. Wealth in Britain.* Allen Lane The Penguin Press, London, 279 pp, £3.

This book shows how the left in Britain has failed to make an impact on the unequal distribution of national wealth. The same is true of other Western European countries, although the book supports the contention that Britain leads the world in this respect. In Britain three-quarters of total wealth is in the hands of only 10 per cent. of the population and successive strata to unload the wealthy have come to little. Professor Atkinson analyses this state of affairs and produces remedial proposals which are certain to have great influence on the British left.

AJD



This British Dockers' Union banner of the 1890's, in which the phrases indicate the social conditions in the docklands of the period, is one illustration in the recently published *Banner Bright*, by John Gorman (Allen Lane, London, 184 pp, £5.00).