



Red Flag

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Problems Mount for New Right Agenda

The results of the neo-liberal deregulation and high interest rate policy have come home to roost for much of the capitalist class, as the New Zealand economy plunges into official recession.

The economy shrank 0.5 percent in the March quarter, retail sales fell 3 percent in the year to May (appliance sales fell 8 percent and car sales fell 20 percent). Business confidence is falling, with 17 percent of firms expecting the economy to deteriorate in the next six months. The balance of payments deficit has plummeted to 4.8 percent of GDP, the worst in ten years, reflecting the 5 percent fall in exports and lower tourist numbers alongside higher imports and foreign profit repatriation. Unemployment is 6.7%, the highest since December 1994.

By every measure, the 'economic miracle' has been a disaster for the people of Aotearoa. Despite being lauded for the last ten years as a world leading economy, OECD figures show that New Zealand's real export growth and real GDP growth has increasingly lagged behind the OECD since 1986. The flurry of investment over this period has been predominantly speculative. What job growth there has been, has been part-time and casual work; there are less full-time jobs in the economy now than there were in 1985.

The faltering accumulation has thrown the capitalist class into disarray as the neo-liberal's promises of capitalist heaven on earth evaporated. The divisions amongst the capitalists was the main reason for the defeat of the National government in November and the shaky coalition government that has staggered along since.

Half-hearted Resuscitation

In a desperate attempt to resuscitate remaining sections of productive capital, the Coalition Budget paved the way for a devaluation of the New Zealand dollar. A slightly expansionary spending programme, together with a marginally looser Reserve Bank inflation target allowed an initial five percent devaluation of the kiwi dollar against the US.

The devaluation has made New Zealand exports cheaper overseas, giving some relief to exporting firms who had been facing plummeting sales for the last two years. The discontent of export manufacturers and farmers had been reflected in the Coalition agreement negotiated in November.

The small spending increase announced in the budget will go nowhere to meet the severe funding shortfall for major social services. Tertiary Education is to receive a mere \$18 million extra, less than the \$32 million ear-marked for anti-terrorist operations in anticipation of the APEC summit in Auckland in 1999. The rundown of core state services continues. Crown Health Enterprises expect to face a \$215 million funding shortfall in the June year.

Assault on Living Standards

This attempted resuscitation will quickly peter out. The expansionary effect of devaluation, domestic spending, and the small rise in the minimum wage, has been resisted every step of the way by transnational capital, to whom these measures simply mean increased import costs rather than increased markets.

The price of transnational capital's tolerance of this small expansion is a further assault on workers' living standards, in the form of compulsory superannuation payments and further labour market deregulation. If successful, this assault will undermine the expansionary measures, as it will reduce workers' spending in the local economy and thus again undermine domestic producers' markets. Export producers however will gain from holding or reducing wage costs as well as increased sales from the devaluation.

Instability

The pressure for a vicious assault on living conditions will be intensified by finance capital. Most of the investment in New Zealand over the last decade has been in speculative ventures by foreign finance capital.

As the value of the NZ dollar slips, the value of these investments in the NZ sharemarket and property market becomes less. The dollar has fallen much more rapidly than the initial five percent in recent weeks as these speculators pull out of these investments before their value diminishes too much. The capitalisation of the NZ sharemarket fell 3 percent in July from a post crash high at the beginning of the month.

The intensified activity of finance capital becomes increasingly erratic in these conditions as there are great speculative windfalls to be made by buying low and selling high at the right time. Rising interest rates have offset the exodus to some degree but speculative purchases have pushed the sharemarket back up to record levels again for the moment.

Collapse of the dollar and sharemarket will cause aftershocks throughout the capitalist class, just as it did after the 1987 crash. With little room to move they will try to pass the pain onto the working class.

Political Crisis

The deep divisions of interest among the capitalist class are reflected in the uneasy policy mix of the Coalition agreement and its instability in the ongoing political crises within the Government. Peters, architect of the alliance, seeks to represent both the small and medium producers via the expansionary measures and the transnationals via the superannuation proposal. Seeking to capitalise on the instability, Shipley is attempting to step into the breach 'on behalf of the underdog'. The sacking of Kirton as associate health minister shows the limits of the 'soft' strategy and the lack of capitalist consensus around the superannuation proposal shows the limits of the 'hard' approach.

A successful assault on living conditions, significantly reducing wage costs, would allow the transnationals to bypass their dispute with local producers and reconsolidate the capitalist class around the agenda of privatisation and deregulation of social services.

The ideological and propaganda work for this renewed assault is being undertaken right now, with the Todd Committee on Superannuation proposing a rising age for retirement and the reduction of pensions, the Tertiary Education Review considering proposals for full tuition fees and privatisation of universities and polytechs, proposals for the reduction of firefighting staff levels, 'Beyond Dependency' privatisation proposals for Social Welfare.

The assault has already begun in a number of workplaces, like Godfrey Hirst and the Devonport Dockyards, where foreign transnationals are testing the water for reductions of rest-breaks and other

clawbacks of working conditions. Forthcoming months are likely to witness a series of bitter industrial disputes.#

Imperialism In Crisis

Jose Maria Sison

The crisis of the world capitalist system is becoming more acute than ever before and is intensifying the suffering of the people. The youth, together with the proletariat and the rest of the people, have no choice but to resist the oppression and exploitation.

It is absurd and unjust that the higher social character and higher efficiency of the new means of production should bring about chronic mass unemployment and worsened conditions of work and subsistence. This is because the capitalist relations of production require that specific monopoly firms maximize their profits and win in the competition by putting in more constant capital in high-tech equipment and by cutting down the variable capital for wages.

Right in the homegrounds of imperialism, the drive of the monopoly capitalists to concentrate and centralize capital and to maximize profits (or--for that matter--to minimize losses) means a systematic attack on the hard-won rights of the proletariat, the massive elimination of jobs and the rapid erosion of social benefits, despite the superprofits extracted from the countries under imperialist domination.

We must understand the inherent laws of motion of capitalism which lead to the crisis of overproduction and consequently to the destruction of productive forces and we must reject the chauvinist and racist notion that migrant workers are to blame for taking jobs away from the host people or that the third world countries are taking away industries and jobs from the imperialist countries.

The unevenness in the development of countries has become ever grosser under the persistent mode of imperialist domination. The imperialists in countries having only some 10 percent of the world's population have reduced the rest of the world to various levels of underdevelopment and poverty and to various lower roles in the international division of labour characterized by colonialism and unbridled abuse of finance capital.

Imperialist domination has relegated the semicolonial and dependent countries to social conditions far worse than those in the imperialist countries. In these imperialist-dominated countries, where more than 85 percent of the world's population reside, the destruction of productive forces is taking place on a far wider scale through the disintegration of national industries, far higher rates of unemployment and the most senseless forms of counterproductive spending and foreign borrowing.

In most countries of Asia, Africa and Latin America, which are dependent on raw-material production for export, persistent feudal and semifeudal backwardness and neocolonial exploitation combine to further degrade the economies, generate unemployment and cause social turbulence. There is no industrial development.. These countries are being crushed by the foreign debt burden because they have long suffered deteriorating terms of trade for their raw-material exports.

There is increasing violence in the rivalry of reactionary cliques using the most backward slogans of fascism, racism and religious bigotry. Civil wars involving genocidal actions have been carried out by the most reactionary forces. In some countries, however, legal democratic mass movements and armed revolutionary movements for national liberation and democracy are being waged. There are the protracted people's wars being waged along the new-democratic line as in the Philippines and there are

the antidespotic armed democratic movements such as that now raging and winning victory in Congo-Zaire.

Even in the cases of certain oil-producing countries, which in the past could provide their small populations with a relatively high standard of living, there is the drastic decline in living standards and the emergence of social unrest because the imperialists have dictated the use of the national oil income by the local reactionary regimes and the local exploiting classes to pay for the rising costs of military supplies and consumption goods from the imperialist countries.

Even the handful of economies, previously allowed during the cold war to engage in export-oriented manufacturing and to use savings to build some basic industries, are now suffering from rising trade deficits and a deepening depression due to the overproduction of cheap consumer manufactures for the imperialist countries. Thus, general strikes and other forms of resistance are breaking out in South Korea and the like.

In the few economies where an industrial foundation was established in the past, either because of socialism as in China or bourgeois nationalism as in India, there is economic retrogression through compradorization and the undermining and closure of basic industries. This has resulted in disemployment of large numbers of workers in bankrupted and privatized enterprises. Social turbulence is spreading in these countries.

Membership in what can be called the league of underdeveloped countries has increased. Entire basic industries have disintegrated or closed down in the former Soviet Union and in Eastern Europe. In the main, surplus manufactures are being dumped on them from the West. The economies are being compradorized. Class polarization has engendered social turmoil. Civil wars have broken out in the Caucasus, Central Asia, the former Yugoslavia and Albania.

The imperialist countries dominate their neocolonies through bilateral relations as well as through multilateral agencies like the IMF, World Bank and WTO. They control social and economic policies, the actual investment and trade patterns, consumer tastes and culture, and military security.

Until the global debt crisis of 1982, the main thrust of loan capital from the imperialist countries was for infrastructure-building (roads and bridges) and raising raw-material production. It relegated the neocolonies to debt vassalage, constantly deteriorating terms of trade and rising trade deficits. Since 1982, without any solution to the debt crisis, the imperialist countries shifted to the use of speculative capital in stock and bond markets for financing consumer imports, telecommunications projects, real estate development and budgetary needs of the puppet state in a few so-called emergent markets.

Currently, the imperialists have shifted to the neoliberal policy of privatization, deregulation and trade and investment liberalization. Relatedly, they are pushing the flexible labour policy, which attacks workers' rights, job security and social benefits, pushes mass layoffs, freezes or cuts down wage levels and favours the use of part-timers and short-term contract workers.

More than 75 percent of global foreign investment flows are concentrated in only five industrial capitalist countries. Less than 25 percent go to some ten semicolonial and dependent countries in Asia, Latin America and Central Europe. China gets the lion's share of this secondary flow of foreign direct investments. But the privatization of the economy, the sweatshop manufacturing for export and heavy importation of luxury consumption goods have undermined the state-owned enterprises.

The imperialist countries aggravate and deepen the underdevelopment of the semicolonial and dependent countries both by allowing a few of them to engage in import-dependent manufacturing-for-export and consigning the overwhelming majority to stagnation and retrogression under sheer semifeudal conditions of raw-material production-for-export.

The imperialist curse of underdevelopment, mass unemployment, inflation and widespread social misery, the plunder of natural resources and ravaging of the environment can be ended only through the people's armed revolutionary movement to overthrow the counterrevolutionary state and establish the people's democratic state under working class leadership. This paves the way for the socialist revolution.

For every given period, the immediate demands of the working class and the people in every semicolonial and dependent country must be based on the current conditions of oppression and exploitation and must be reasonable and realistic enough to arouse, organize and mobilize the broad masses of the people. At the same time, propaganda and agitation must indicate further steps forward (such as the 30-hour work week) and place the immediate demands in the context of the two-stage revolution: new-democratic and socialist.

The demand for a 30-hour work week without wage reduction and without increased workload or without falling under the imperialists' flexible labor policy of mass unemployment and part-time job generation is good for exposing the absurdity and injustice of the capitalists' use of ever higher technology for private profit, for asserting the need to spread the social dignity of productive employment and for arousing, organizing and mobilizing the proletariat and the people to wage the socialist revolution against monopoly capitalism.

The demand should be premised on a condemnation of the capitalist system and on the advocacy of socialism. It should take into account the concrete conditions, especially in the semicolonial and dependent countries, where the minimum wage is at least ten times lower than that in the imperialist countries and where large numbers of people are suffering extreme conditions of either mass unemployment, untenured subcontract labor requiring more than 12 hours per day at piece-rate wage or a formal 8-hour work day under output quotas that are impossible to fulfill and are used merely for justifying lesser actual wage and the practice of six-month temporary work contracts.

In the Philippines, as in many other neocolonies, the going minimum wage is only 180 pesos or some nine Deutsch marks for an eight-hour work day for those lucky enough to be regularly employed. The typical multinational firm employs only a few to work in the factory and farms out more work to subcontractors outside the factory. The workers in a factory are subjected to impossible output quotas which drive them to produce more but still not enough to qualify them for the full legal minimum wage and for promotion to the status of tenured workers. The situation is worse for those who have to work more than 12 hours a day at starvation piece-rate wages under the rule of the subcontractors.

These conditions, similar to those obtaining in the sweatshops of China and India, must be taken into account in the formulation of the immediate demands. The workers themselves will not seriously consider any trade union organizer who advocates an overnight wage increase of 1000 percent or the corresponding decrease of work time and work load in order to come up even only to the current wage standards in the

imperialist countries. At the moment, the Kilusang Mayo Uno in the Philippines is demanding only a 100-peso or 55-percent increase in the current wage level of 180 pesos and respect for job security and all the basic trade union and democratic rights of the workers which are under attack by the flexible labour policy.

Responsibility for the deterioration of wage and living conditions in the imperialist countries should be placed squarely on the monopoly bourgeoisie and should not be obscured by the chauvinist and racist propaganda that jobs and industries are being taken away by the imperialist-dominated countries or by the workers there who are wrongly depicted as the scabs of the world.

The uniformity of economic demands of the workers of the world will not revive the jobs or improve wage conditions in the imperialist countries. The dividing line between reformists and revolutionaries in any part of the world is whether their set of economic demands, based on concrete conditions, is linked to the

armed seizure of power or to the preparation for armed seizure of power by the proletariat against the imperialists and their lackeys.

What the workers in the imperialist countries can do to help the workers in the imperialist-dominated countries is to undertake campaigns of protest against imperialism and against the veritable use of slave labour in the latter countries.

These campaigns have been conducted in some cities in imperialist countries against multinational firms engaged in sweatshop production of consumer electronics, garments, leather goods, toys and the like in the third world.

It is necessary for the proletariat and people of the world to unite against imperialism and struggle for the socialist cause. The revolutionary struggles in the imperialist countries and those in the semicolonial and dependent countries are progressively interactive and mutually supportive. In the industrial capitalist countries, the conditions are ripe for propagating immediately the general line of socialist revolution. In semicolonial or dependent countries, the general line of new-democratic revolution preparatory to socialist revolution applies.

However, while the economic and technical foundation for socialism exists in the imperialist countries, it is also here where the monopoly bourgeoisie is strongest in resisting revolutionary change in an all-round way. Therefore, the proletariat and the people in the imperialist countries must wage militant class struggle in preparation for the armed seizure of political power and must be supported by the people's revolutionary struggles in the semicolonial and dependent countries.

In the absence of a powerful socialist country, with an industrial base enabling it to give support to successful new-democratic revolutions, the proletariat and people in the semicolonial and dependent countries must wage revolutionary struggles even more tenaciously and militantly in order to create the conditions favorable for revolution in the imperialist countries as well in countries formerly or currently ruled by the revisionists and still retaining some basic industries.

The Philippine delegation expresses high appreciation for all the German organizations that are supporting the revolutionary struggles in the semicolonial and dependent countries and congratulates the Solidarity International for striving to develop mutual aid and benefit and international cooperation among the people and forces fighting for socialism and against imperialism.

We welcome the proposal for a broad international formation of anti-imperialist forces. This can arise from already existing anti-imperialist forces and can encourage the emergence of new anti-imperialist forces in various countries and regions. The solidarity of a broad range of anti-imperialist forces can be a sound political base for advancing the socialist cause and for carrying forward proletarian internationalism by the revolutionary parties of the proletariat.

The youth of the world have a crucial stake in the advance of anti-imperialist struggles and in the realization of the socialist cause. In societies ruled by the imperialists, the young men and women suffer the rising costs of education and living, unemployment and a life of uncertainty and misery. They are at the same time subjected to the most deceptive kinds of imperialist propaganda and cultural degradation designed to lull or distract them. When they carry out militant protests and wage revolutionary struggles, they are subjected to fascist repression. When war breaks out, it is them whom the imperialists and local reactionaries conscript and send to the battlefields.

The youth of the world must unite and march forward with the rest of the people to fight resolutely and militantly for a world free from imperialism and enjoying the bounty of socialism. Adhering to the revolutionary leadership of the working class, they can build a new and better world.#

Interview with Dai Qing

RF: Could you explain the nature of the Chinese party politics - how many parties are there, how do they relate to one another?

DQ: There is one ruling party [the CPC] and ten democratic parties. However of the ten parties one operates merely as a good assistant to the Communist Party, they elect their own chairperson but if this person is not acceptable to the CPC then they are dumped. The rest of the parties are also subservient to the CPC. They are not independent in terms of funding or developing an independent line. They do not collect levies from members, they are funded by the CPC. Although they elect their own Chairperson their General Secretary is appointed by the CPC.

RF: How did these other parties come about?

DQ: In 1945 the United States forced the ruling KMT to have democracy and there were a number of parties. Then, in the struggle between the CPC and the KMT the democratic parties formed an alliance with one or the other. After the CPC defeated the KMT those parties that united with the CPC were allowed to continue while the KMT and the parties that united with it were banned.

RF: So are there still Maoists in China?

DQ: Of course. The workers in the factories are very unhappy with what has been happening to them. They have lost their political rights as the leading class of the revolution, they are now the poorest class and they are suffering from mass unemployment. They want to go back to before the reforms. But there needs to be some short-term pain in order for there to be progress.

RF: We in Aotearoa/New Zealand have been told that there would be short-term pain as well, but the further the restructuring of the economy goes on the more suffering there is, the gap between rich and poor continues to grow, there has been no end to the "short-term pain".

DQ: I believe that the market cannot do everything and some things need to be done by the State. In Australia and in New Zealand more has been put out to the market than should have been. There should be less privatisation than in Australia and New Zealand.

RF: You were a Red Guard during the Great Proletarian Cultural Revolution. Is it accurate to describe the period as "ten lost years"?

DQ: The Cultural Revolution itself only lasted for three years, although in some places it took longer to get things back under control. While there were negative effects there were also really positive effects. Without the Cultural Revolution we would have been as foolish as we were before. Before I would have done anything for Chairman Mao, the Cultural Revolution taught us to question things. Without the Cultural Revolution Deng Xiaoping could not have done the reforms.

RF: You consider Mao to have been a dictator but if this was true then why would he have had the Cultural Revolution?

DQ: He can't have known what would happen.

RF: William Hinton talks of the Cultural Revolution as causing virtually no disruption in the aggregate growth rates of agriculture and industrialisation. He says that although there was struggle about who should be the new leaders which led to disruption in production there was also a massive increase in morale which increased production. Would this be your perspective too?

DQ: Bill Hinton doesn't understand what happened to the peasants in China. He is not Chinese. Thirty million people died because of the industrialisation policies. Industrialisation was built on the backs of the peasants. There was a lot of suppression in order to achieve the industrialisation policies.

RF: So what will happen now? Will Deng's supporters continue?

DQ: Jiang will continue. The old time of the leader being able to do anything he wants is over so the policies could not be changed even if there was a leadership change. The troops belong to the government not to the party.

RF: So what will happen to Tibet? Is Tibet part of China?

DQ: Tibet has been part of China for more than one thousand years, ever since there has been central government in China. It is not true that China is raping the minerals of Tibet either. The rest of China has always subsidised Tibet. The successionist struggle is not mass based. The common people just want to be able to practice their religion and lead a peaceful life. Although some business men going to Tibet are not good and do not behave well it is not the government. There needs to be a new relationship to be able to move on smoothly but there is no groundswell for succession.

RF: What really happened in Tiananamen Square? How many did Deng butcher? How many died?

DQ: In the square itself no more than 10 people died. In the immediate vicinity no more than one hundred. But in Beijing in total there would have been around one thousand and throughout China between three and four thousand members of the democracy movement were killed.

RF: So what was the line of the protesters? Were they calling for a return to Mao? Capitalism? Democracy? What did they want?

DQ: There were lots of different slogans and lots of different lines. At first the students wanted to build on the students movement that started in 1986 and question the death of Hua Geng, leader of that movement who had just been killed. Their first slogan was "you must tell the truth", a call for open government and freedom. As for workers and citizens: there were many different groups and each had a different demand. Journalists were there with the slogan "we don't want to tell lies anymore". Some workers were complaining about corruption, their slogan was "don't use foreign car". In the beginning the protesters just wanted dialogue but then it became "down with Li Peng!!". There was a call for democracy but I don't think that anyone was clear what they meant by democracy.

RF: So what do you believe in?

DQ: I don't believe in the one party state. I believe that there should be a free press like in Australia and New Zealand.

RF: We don't have a free press. We have a press that represents the class interests of the owners of the paper. Although we have many newspapers and magazines they all say the same things, they say nothing that calls into question the fundamental inequalities of the Capitalist system.

DQ: But you can say things and not be imprisoned for it.

RF: So do you still consider yourself a Communist?

DQ: In the past I was an idealist but I am not anymore. Now, as a journalist in the workers' struggle I defend the workers. The government defends the foreign capitalists. My sympathy is with the workers. However I can't be in the Communist Party anymore because of what they did on June 4. So I don't know. Maybe I am a Communist but not in the Party - can I still be a Communist? I don't know.#

Peoples War Rages in Peru

In a sweeping guerilla offensive, during the months of April and May, at least 120 military actions were carried out by the Peruvian Communist Party's People's Liberation Army. In San Martin on May 8, 100 rebels paraded the district governor before mass meetings denouncing his brutality against local people. The official state of emergency was renewed in 16 districts in March.

In the shanty towns surrounding Lima large demonstrations by street vendors and landless peasants against plans to stop them trading have been met by tear gas and bullets. A clash on March 24 left hundreds of vendors wounded and 50 military injured. Several vendors were killed in another clash on May 13-14, when thousands showered armed police with bricks, stones and Molotov cocktails in a four-hour battle, eventually forcing a police withdrawal.

The PCP continues to strike militarily in the heart of Lima. On March 25 two police commandos were killed in a clash with guerillas in Dincote. On April 4th three powerful explosions destroyed offices in Lima suburbs Comas, Cantogrande and San Borja.

On the 17th anniversary of the launch of the peoples war, May 14, eight troops were killed when PCP guerillas overran a heavily guarded police garrison in Ate Vitarte, Lima. The surviving police surrendered, handing over their arms. The action concluded with a truck with 100 kilos of dynamite then demolishing the compound.

Further actions in June and July put lie to government propaganda that the PCP has been severely weakened since the capture of Abimeal Guzman in 1992. In June police foiled an attempted escape of 300 imprisoned PCP members from a 70m tunnel at Huamancac Chico prison in Huancayo. Military reinforcements were sent to protect Yanamayo high security prison after reports that PCP guerillas were planning an attack.

On June 5 a 100-strong guerrilla column occupied a number of towns in the District of Cano, while on June 9th a large military clash between guerrillas and the military was reported in Ayna. To power pilons were toppled in Pacae on July 6th. Also in July rebels overran a 14-strong police garrison in Cura Mory, Piura.#

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