

# ECONOMIC REVIEW

Oct. / Nov. / Dec. 1992

FRANCOIS  
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ASIAN TIGERS

KEN  
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EUROPEAN  
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CAPITALISM

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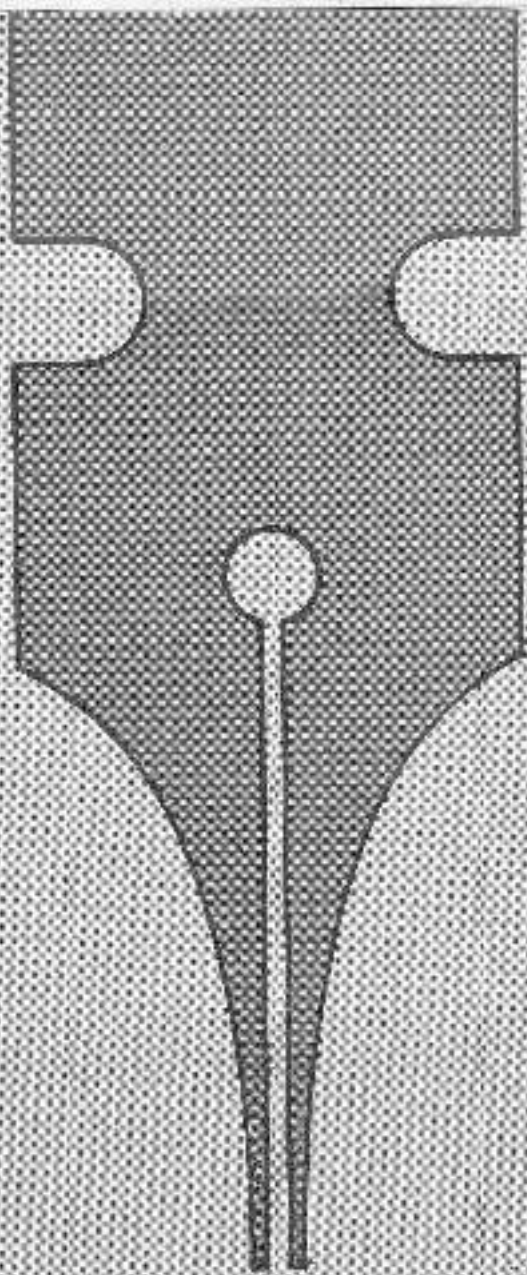
NELSON  
**PEERY**

OCTOBER 1917

Alejandro  
**Bendana**  
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Today

Dayan  
**JAYATILLEKA**  
A MEDITATION  
ON CHE

25<sup>TH</sup>  
Death  
Anniversary



# OVERVIEW

October 28 - the 25th death anniversary of Che Guevara, November 10 - the 25th anniversary of the October Revolution. We are commemorating these two anniversaries of a man who for Cuban Revolution Che believed to make is revolution a mere but gain battle for survival and the Socialist Soviet Union which the October Revolution gave birth to, has been since 2017.

Lenin said: "All revolutionary parties which have sprung up since 1917 are because they grew up because of the need to overcome their own weaknesses" (Collected Works, Moscow: Foreign Languages Press, 1961, p. 259). Today we are living in an era of setbacks and reveals, and we should comprehend these two setbacks by going to understand what Leninism, the socialism which was to be the force of making socialism was swept away by the forced march of China.

That era remains in production and do not remain, but forever and ever, a certain point begin to get at a point, a term in the future, the beginning of the forces of production, the existing mode of production, with a more advanced mode, is one of the fundamental principles of Marxism. So we have seen this is not an accident but this is a process with concrete steps. So, class is well, despite the very crude contradictions between forces and relations of production. Gorbachev Yaroshenko is mistaken when he is seen that there is no contradiction between the relations of production and the productive forces of society under socialism. Of course, our present relations of production is in a period when they fully conform to the growth of the productive forces and help to advance them at a remarkable speed. But it would be wrong to say that there are

in fact that there are no contradictions between the productive forces and the relations of production. There certainly are, and will be, contradictions, seeing that the development of the relations of production lag and will lag behind the development of the productive forces. Given a correct policy on the part of the directing bodies, these contradictions should grow into antagonisms, and there is no chance of matters coming to a deadlock between the relations of production and the productive forces of society. It would be a different matter if we were to conduct a wrong policy, such as that Gorbachev Yaroshenko advocated, if that case, no doubt, would be inevitable, and the relations of production might become a serious brake on the further development of the productive forces." (Marxism-Leninism of Socialism in the USSR - Concerning the errors of Gorbachev, p. 195-198).

But on the debrainization of the 1980s, these words were forgotten. Gorbachev's reforming and self-satisfaction, this socialism is and will always be a more advanced mode of production than capitalism was taken on socialism. While Khrushchev was dragging about his own imperialism and building contradictions in the USSR, the relations of production began to act as a brake, a barrier to the further growth of the forces of production. The economy which was growing at a fast pace, began to falter, finally ending up with a stagnation. So, the abundance of raw materials and services, of raw materials, the more advanced than the exception. While capitalism was getting a new lease of life with the technological revolution of the 1950s and the 60s, really pricing socialism was getting out, inefficient and becoming gradually incapable of even comprehending, let alone fulfilling the needs of the masses.



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# THE NEWLY INDUSTRIALISED COUNTRIES OF ASIA (NIC'S) ARE THEY A MODEL FOR THE SOUTH?

Francois Houtart

*"It is clear that the "phenomenon of Newly Industrialised Countries" has become the new ideology of development"*

—Randolf David,  
University of the Philippines.

Prior to tackling the analysis of the four dragons (South Korea, Taiwan, Hong Kong and Singapore), it is good to remember some basic data concerning Asia and know the vision of the Asian Development Bank that advocates neo-liberalism, as a paradigm of development and alleviation of poverty.

## I. THE NIC'S IN ASIA

### 1. The indicators of economic growth of Asia

	1988	1989	1990	1991
Developing Asia	9.3	5.4	5.9	6.3
NIC's	9.4	6.4	6.2	6.8
Southeast Asia	8.0	7.8	7.2	7.3
South Asia	8.5	4.4	5.3	5.2
China (People's Rep. of)	10.9	4.0	5.5	6.5
South Pacific	2.5	2.9	-0.8	2.6

Source: Asian Development Bank, 1992.

On the whole, Asia has a growth rate higher than Africa (-2% in 1990) and Latin America (0.6% in 1990), but that covers very different situations. In the course of the past years the growth rates of the NIC's were not significantly higher than the growth rates of the rest of Asia in general when one considers the percentages, that is to say, without taking into account the fact that the bases of calculation (absolute figures) are vary from each other.

### 2. The vision of the Asian Development Bank

In its annual prospective study of 1992 on the economic trends of the region, the ADB

considers that "high growth, the free market and the economic strategies directed towards international markets have been the most efficient means for reducing poverty". On the other hand, according to the ADB again, "the agrarian reforms and the subsidised social services are often inefficient or even make things worse". This is a repeat of the World Bank Report of 1991 on world de-

velopment.

This means that the governments would have to let the economy function freely and deal only with the duties that the State alone can perform such as defence, education and essential services. According to the ADB, this is the best way to reduce rural poverty which is of No.1 priority in the Asian countries. Contrary to the common belief, the report says, there is no contradiction between the promotion of economic growth and the measures intended for combating poverty: each percent of per capita growth goes hand in hand with a decrease of 1.1% of poverty per inhabitant.

Asia accounts for two third of the 630 million people living in extreme poverty and three fourth of the 1.1 billion of the world's poor (half of this in India). Billions of dollars have been spent on integrated rural development programmes, agrarian reforms, credit projects, but according to the ADB, a liberal economic climate exerts an indirect effect, but is far more effective in fighting against poverty. It adds that certain social measures serving as a lifebuoy, such as health programmes, are very effective for lightening the situations of extreme poverty. But they are expensive and can be maintained only on condition of rapid economic growth.

According to the report, the agrarian reforms of India and the Philippines have reduced the efficiency of production, without lessening the social disparities. Therefore, it is necessary, the ADB says, that the governments revise their policies of subsidising of fertilisers, pesticides or agricultural material that often rather benefit those who are privileged already. It is the same with policies a "health or housing that often favour the non-poor and that are generally of low quality.

Explicitly at least, the report presents the NIC's (Newly Industrialised countries) or the "four dragons" (South Korea, Taiwan, Hong Kong, Singapore) as compelling references, or also as models for the developing countries, all the more so as two other Asian countries are already on the right track: Malaysia and Thailand.

Such a discourse is frequent in Africa, in the Arab world and in Latin America too. Because the interest in examining more closely the success, the socio-economic and political structures of these countries which the neo-liberal theory raises as milestones of development.

## II. THE "FOUR DRAGONS" OR THE NIC'S OF ASIA

The economic analyses concerning the NIC's of Asia are not lacking. All emphasise the exceptional success of their economies and those of Asian countries that seem to follow this model, such as Malaysia, Thailand, Indonesia and to a lesser degree, the Philippines. "The economists", Hans F. Hemmer writes, taking a census of the book of Marcus Noland on the question, "see here a dazzling confirmation of their prescriptions in favour of the opening of economies and of the exploitation of comparative advantages permitting each nation to use its productive

resources in the most efficient manner in order to achieve high rates of economic growth and development". The figures in Table 2 prove the point. The table is taken from M. Noland and we are also giving by way of comparison those of the Philippines and Japan.

to that of products manufactured at a higher added value. According to M. Noland, the growth of income has reduced the inequalities, thanks to an increase of salaries, bound to the steady growth of demand of manpower of export industries, which the accumulation of capital permitted increasingly

Table 2

Country	Income per inhabitant, share of world trade and position between PFR and exports in the NIC's of Asia		Share of trade		Exports/PFR	
	1000 US \$ 1975		1985		1985	
	1962	1975	1985	1985	1985	1985
NIC's (S. Korea)	954	5300	10	11	—	68.7
S. Korea	732	4600	10	11	48	67.8
Taiwan	380	4600	14	21	15	57.1
Hong Kong	2297	11972	17	18	19	130.0
Singapore	1736	10993	6	13	15	210.2
Philippines	96	1360	1.4	0.8	10.8	27.2
Japan	2931	10588	3.8	8.3	10.0	55.1

The four dragons represent a proportion almost equal to that of France or that of Japan in the world trade. In the course of the last twenty five years, they have more than doubled their share in the world production and adopted the same in the foreign trade. On the basis of the present trends, their relative share, H. F. Hemmer says, would have to be the largest in the world in the year 2000.

Their economic growth has been stimulated by exports. Their international specialisation, according to the same author, is founded on their comparative advantage (great availability of man-power at the start). The income drawn from exports has reduced the necessity of foreign financing. At the beginning they have depended on the export of industry products of average to poor technology (textiles), then they have processed

successful competition with the European and American producers.

Let us also take a look at the evolution of the GNP figures between 1960 and 1990, (See Table 3).

The growth is spectacular in the course of these thirty years, even if one has the impression that the last period marks time a little.

From there, to propose these four countries as models of economic development for the rest of the countries of the South, there is just one step. That is why it is useful to study more closely the conditions which were present at the beginning, both internal and external, the choices put into action, the role of the State, the social and political costs and the recent evolutions.

Table 3

	Growth of the GNP in the NIC's of Asia 1965-1990					
	1965-80	80-85	1985	1987	1988	1989
S. Korea	9.5	7.4	37.7	12.3	12.1	9.6
Taiwan	9.1	6.5	28	11.4	6.5	6.3
Hong Kong	8.5	5.4	8.6	10.5	7.7	6.6
Singapore	10.2	6.5	12	8.8	5.0	6.2

Source: The Far East and Australasia, 1990, Europa Publications, London, 1990

## 1. THE GENESIS OF THE GROWTH OF THE NIC'S OF ASIA

The first question to pose itself is that of the origin of the phenomenon of economic growth of the NIC's. Too often, the omission of the genesis leads to simplifications in the judgements. We take from Richard Robison the essentials of the analysis<sup>2</sup>. According to this author, the following factors must be raised.

1. The conditions prevailing at the entry into the postcolonial era of the four countries concerned were favourable to industrialisation. In Korea and in Taiwan, the Japanese had set up genuine industrial bases, the beginning of an educational system, a qualified work force and a tradition of State administration and centralised planning. As for Hong Kong and Singapore, they were strategic centres of trade and British finance endowed with banking and commercial infrastructure, with an efficient State system.
2. During the first period of the postcolonial era, there was in each of them a substantial injection of capital. In South Korea and Taiwan, during the import substitution period loans and aid from the United States financed respectively 70% and 85% of the imports and 80% and 38% of domestic capital. In Hong Kong, the influx of capital from Shanghai created the base for industrialisation. In Singapore, the industrialisation was supported by foreign contributions which 70% of the investments until the 80's.
3. In South Korea and Taiwan, it is the import substitution industry which created the base for the subsequent economic growth. Hong Kong and Singapore had a population too small for pursuing such a policy. The policy of the first two countries was based on tariff protections and monopolies or State concessions.
4. When the strategy of import substitution began losing its effectiveness at the end of the 50's and in the beginning of the 60's, new opportunities appeared due to low salaries. This was the expansion of the production for export: textile, electronic assembling, plastic, cement..., industrial activities which the Western countries and Japan transplanted in the countries of the South. The four NIC's of Asia were well placed for starting this

transformation, thanks to their existing structure and they could thus continue their process of accumulation.

5. The State played a considerable role in the process of industrialisation. In Taiwan the direct public investments rose to 62% of the national contributions in 1958 and to 50% in 1980. In South Korea, during the 60's, crucial for the change of production structure, they amounted to 30%. In Singapore, in 1960, the figure was 29.8% and in 1985, 30.7%. despite the recommendations of the IMF, this type of state intervention continued in South Korea and Taiwan well beyond the period of transition. One has to add here a very active role of the State in the selection of the customs tariffs, the encouragement of the cartels, the construction of infrastructures, the grants of credits for export and the repression exerted against the labour organisations.
6. A last factor, according to R. Robison, was the fact that the State in these countries was not controlled by the social classes desirous of conserving their privileges. In South Korea and Taiwan the rural oligarchy was led to invest in industrialisation through agrarian reforms intended to make agriculture enter a capitalist logic. At the time when it was necessary to pass from import substitution on to export promotion, a military takeover took place in South Korea and measures were taken to control the economy in Taiwan. The alliance between the bureaucracy of the State and the neo-capitalists avoided any obstacle to the changes. Moreover, a good number of these latter groups were involved in the new direction of the production. Contrary to the situation in Latin America, the period of import substitution was not accompanied by people's regimes and organised workers' movements. The authoritarian regimes of these two countries did not permit it.

In Hong Kong and Singapore, State-towns, there was no rural class of oligarchy and the smallness of the domestic market had not permitted to develop a policy of substitution. In fact, the population of these two States was respectively in 1982, 3 and 5 million while Taiwan had at the same time 17 million and South Korea 39 million. In Singapore particularly, the State was the sole architect of the export policy, with the collaboration of foreign capital. In Hong Kong,

it was a local capitalist class that was engaged in exports with the very effective accompaniment of the colonial State.

## 2. THE ECONOMIC STRUCTURES

Certain information will help better understand the economic data of the success which some people do not hesitate to present as the Waterloo of the Marxist theories and in particular of the categories of "periphery", "dependence", "exploitation"<sup>3</sup>.

Table 4

Value of exports of the NIC's of Asia- 1965 and 1985 (in millions of dollars)	1965	1985
South Korea	104	27,669
Taiwan	129	23,363
Hong Kong	995	27,540
Singapore	338	13,317
<i>By way of comparison</i>		
China	-	13,380
Philippines	43	2,53434

Geographically, these countries are relatively small in comparison with their Asian neighbours. This fact, for some people, constitutes an advantage for the pursuit of a consistent economic policy, notably thanks to the least cost of infrastructures. Some say that their geographical situation has been a favour, but aren't there a number of other countries well placed themselves, along the seas or close to industrially developed economies, without attaining such a level of exports? Therefore, other explanations are to be found.

We have already indicated that the starting conditions had been favourable enough, at least in a number of other developing countries. The degree of urbanisation was high. Without speaking about Hong Kong and Singapore of course, Korea had a percentage of urban population of 28% in 1950 and Taiwan 58%. Moreover, the rates of literacy were important too: in 1960, 70% in Hong Kong, 71% in South Korea, 54% in Taiwan. By way of comparison, this was 28% in India and 15% in Pakistan<sup>4</sup>. It has to be added here that you are in a zone of heavy concentration of Chinese minorities, having a long tradition of trading activities. This was the case in Taiwan, Hong Kong and Singapore.

At the time when the economies of the four "dragons" (or "tigers") developed the world economy and especially that of the United States was open and expanding. Still, there is no competition on the part of other countries of the Third World. They may have thus profited largely from their relative advantage due to cheap man-power. It is only in the 80's that the cost of labour increased under the influence of the social movements. The production will then be directed more towards products of a greater added value, leaving other developing countries to direct themselves towards the export of products at a high work intensity.

In order to maintain this relative advantage as long as possible, a very tight legislation of work was imposed and the repression exerted on the workers' organisations. The official working days were very long. In 1980 the working time rose up to 59 hours a week in South Korea and 51 hours in Taiwan (against 35 hours in India)<sup>1</sup>.

All this was possible, thanks to the constant intervention of the State, of which we shall speak again further, tending to protect the interior market, encourage exports and prevent and suppress the social movements. One has to add here massive aid from outside at the start, due to the geo-political position of these countries when the cold war began (which in the region broke out in to hot wars: Korea, Vietnam).

During the last period, (that of the production of export goods), relative importance was accorded to "research and development": 6.2 people per 1,000 workers in Taiwan, 5.2 in South Korea, 4.8 in Singapore, against 6.0 in India, 0.3 in Indonesia and 0.2 in Thailand<sup>2</sup>, but nothing comparable however to Japan, Germany or the United States. Thus, the dependence in relation to Japan became considerable, for the capital and the supply of intermediate goods and technology alike.

Let us add, secondarily, that these countries attract many a tourist, notably due to their policy of free zones. Thus, the income from tourist amounted to 10% of the GNP of Singapore, 7.7% of that of Hong Kong, 2.0% of Taiwan and 1.7% of South Korea in 1991. In India, the comparable figure is 0.8%.

Let us now see more in detail how these economic policies unfolded themselves in each of the four countries. This will permit to know better the mechanisms that obviously take different aspects according to the

specificities of each of them.

#### (a) South Korea

Korea has known two quite different periods, that of import substitution industry and that of export oriented industry. Each time this was accompanied by a State policy. The split between these two periods was marked by a military takeover.

During the first period a close link was established between the bureaucracy and the entrepreneurs to achieve an industrialisation of substitution. The small and average ventures played an important role up to the 50's, notably in textile, exploitation of wood and minerals<sup>3</sup>. There was strong resistance on the part of these ventures at the time of passing to the second phase of economic development and the State intervened to force them in. This brought about a concentration of production activities. In 1980, the 10 major big ventures (*chaebol*) contributed to 70% of the GNP, which greatly influenced the development of economic authoritarianism<sup>4</sup>. The production is concentrated on electronics, iron and steel industry, oil-chemistry, textile, autos and later motor cars and nuclear.

Between 1960 and 1980, the number of engineers was multiplied by 10 and that of managers by 2.5. As for technology, it was obtained from outside, with considerable aid<sup>5</sup>. During the second period the dependence on Japan increased, despite the first national resistance to the influence (even economic) of this country, which had colonised Korea for more than 50 years. Thus, 59% of patents between 1962 and 1980 were Japanese and Japanese companies were in the main responsible for the management of exports. As for the foreign investments of Japan, when it was necessary to find cheaper man-power, they turned naturally enough towards the former colonies (Korea and Taiwan).

The Korean economy managed to absorb the cost of the oil crisis of 1973/75 as well as the world recession of 1980. The country has equally succeeded in paying its debt of 47 billion dollars in 1985, 30 billion in 1988 and nothing in 1992, date on which Korea becomes in credit<sup>6</sup>. Pleased before the protectionist resistance of the United States, South Korea keeps its commercial surplus with this country within the limits of 7 to 9 billion dollars<sup>7</sup>. In 1987, under the pressure of the IMF, the 'won' was revalued by 9%. From 1988, the workers' demands make the sala-

ries rise up and little by little the initial relative advantage is crumbling. Hence the surge of investments towards foreign countries, notably the Philippines.

As for agriculture, it is undergoing transformations, especially led by the State. The agrarian reform, meant for eliminating the traditional oligarchy, was rapidly carried out, but without assuring a balance with the industrial development, causing instability, inflation, inequality of income, social frictions<sup>8</sup>.

#### (b) Taiwan

Taiwan has a history quite parallel to that of Korea. It also was a Japanese colony from 1885. In 1949, with the victory of Communist China, a large number of entrepreneurs from the continent emigrated to Taiwan, with (at least) a part of their capital. All in all, some 2 million Chinese from the continent settled down in the island.

Between 1946 and 1952, the industries destroyed by the war were put back on track. The textile and chemical industries were strengthened and protected and work was done especially for the interior market. But the system entered a crisis from 1954. From 1958 the accent was put on exports. The rate of industrial growth rapid (between 1961 and 1973, 17% annually), with ups and downs in the following years, according to the inflation rates<sup>9</sup>.

Between 1951 and 1965, American aid amounted for 26% of the capital formation and until 1967 the priority was given to foreign capital, coming from overseas Chinese and from Japan. After this date, it was the export income that financed the local development.

In 1986, textiles accounted for 1/5 of the exports, exceeded only by electronics and machine tools<sup>10</sup>. In 1960, the light industries formed 60% of the industry, contribution to the Gross National Product (GNP). In 1977, it was 48%. The new industries which developed after 1965 were heavily concentrated on and directed towards export, specialised itself in optical equipments, plastics, electrical goods, chemical products, manufactures, microelectronics, etc. In the 80's, the production of motor cars was started and an agreement was reached with the Japanese constructors in 1982. In 1992, negotiations were in progress with the American aeronautical industries for a share of production. Moreover, a conflict broke out with the United

States concerning a question of intellectual property, notably on the production of computers. The loss of profit was valued by the Americans at 350 million dollars annually<sup>15</sup>.

It was in 1964 that the first export surplus was achieved and it reached a peak between 1971 and 1973. In 1974, the oil crisis caused a heavy deficit that was progressively absorbed. The United States counted for 47% of the exports in 1986 and 1988; the surplus with this country amounted to 10.4 billion dollars, which led the government of Taiwan to take measures to reduce it and among them were several revaluations of the Taiwanese dollar. As for the foreign investments, they were important: between 1952 and 1988, 8,531.5 billion dollars of which a quarter in electronics and electrical products<sup>16</sup>.

With the increase of the price of man-power, those responsible for economy began seeking new markets, notably in continental China and also exporting capital. From the end of the 80's foreign man-power was recruited, notably from Thailand, which in 1992 caused again a conflict between the governments of the two countries, concerning the levels of salary.

Between 1949 and 1953, the first phase of agrarian reform widely compensated the former proprietors who were encouraged to invest in industry. Between 1975 and 1982, the second phase reorganised the farms irrigated according to mechanisation, which 2/3 of the land under cultivation. In 1987, 80,000 farmers received new training and subsidies were granted to buy land to enlarge the units of production.

#### (c) Hong Kong

In 1949 when the whole of China became communist, a good number of refugees landed in Hong Kong. Among them were entrepreneurs and businessmen coming from Shanghai, notably in the field of textiles and manufacture. Before this, with the setting up of the British colony since 1843, following the opium war (to protect the English drug merchants), the territory developed as a port, a naval yards and above all as a commercial and banking centre. Thus there existed an important infrastructure and a tradition of economic activities.

The already existing textile industry was developed particularly. The latter even today represents about 40% of the whole. One also notes electronics, toys, watches, plastics,

etc.<sup>17</sup>. About 90% of the production is exported. The re-exports of products coming from China occupy a prominent place, notably textiles, manufacture and electronics. In this context, it is hardly astonishing that Hong Kong should be world's second port of containers<sup>18</sup>. From 1986 the United States intervened to get the deficit of commercial balance reduced, which led to looking for other markets. The dense industrial production created serious ecological problems and from 1988 Hong Kong exported its most pollutant industries towards the east of China, notably the production of circuits for computers<sup>19</sup>.

Agriculture is obviously marginal and the prices are influenced by the cost of rice coming from China. Another factor that influenced the circumstances was the fluctuations of the American dollar to which the currency of Hong Kong had been linked.

The economic success of Hong Kong has been based largely on the cheap labour. Between 1950 and 1980 a constant clandestine immigration permitted to be supplied with a less claiming man-power. From this date, the industry began to be short of workers. This resulted notably in an increase of salaries. Between 1985 and 1988, these wages increased by 20%<sup>20</sup>.

#### (d) Singapore

Singapore, as a centre of commercial activities, was founded in 1826 by the East Asia English Company. From the inception, the town was a free port which developed according to the finest tradition of "laissez-faire" of British capitalism, which attracted marchants and foreign nationals from the whole of Asia, a majority being Chinese. In 1867 the town became a crown colony, which sped up its commercial function between Gibraltar and Far East. At the beginning of the 20th century, the Chinese made up 3/4 of the population. In 1927, 360,000 of them landed at Singapore. After the first world war the colony became an English military and naval base. It was in 1965 that Singapore was separated from Malaysia to become an independent nation<sup>21</sup>.

The industrial development knew three periods: from 1960 to 1968 during which a relatively modest substitution industry developed and priority was given to foreign capital; from 1968 to 1979, the period characterised itself by a labour intensive export industry and from 1979 an exporting indus-

try with a strong technical and capital component. The production was directed towards machine tools, printing, electronics, computers, television and radio sets, telecommunication equipment, etc. At the same time port and airport activities, naval yards, transports and insurance policies grew.

Despite a spectacular development that saw the exports multiplying by 12% between 1960 and 1980 (with an important part of re-exports), the country knew several recessions, notably in 1985 and 1986, due to too great a dependence on technics and capital coming from abroad. This led to an austere policy that largely took the form of a freeze of salaries. The exports were directed particularly towards the United States and then towards Asia and the European Community. It has to be said that the two wars of Korea and Vietnam gave a strong impetus to the economic activities of Singapore. From the 80's the surplus produced by the exports became very important.

The workers' movement quite active between 1960 and 1968 was first suppressed and then absorbed into an institution of State management. There were periods of unemployment: 2% in 1957. From 1980, the man-power began to be missing, due, in part, to the demographic policies of the preceding decades and in 1984 there were already 150,000 foreign workers.

The salaries increased from 1972, leading to the progressive decrease of some of the previous relative advantages and in 1988 there was a revaluation of the currency<sup>22</sup>.

### 3. THE ROLE OF THE STATE

The comparison between the policies followed by the four countries concerned permits to draw, in the midst of differences, some basic similarities. It is all the more important to emphasise these because it seems to imply that the market laws alone have presided over the economic development of the four dragons whereas, in reality, (to a lesser extent in Hong Kong at the start at least), the State has played a considerable role. In the Bulletin of the Asian Development Bank, Prof. George Rosen, an economist from the University of Illinois, declares that "the great success of the industrialisation programmes of Singapore, Republic of Korea and Taipei-China in the 70's and 80's constitutes a powerful argument in favour of an active role of the government in development"<sup>24</sup>.

(Cont. on page 50)



# A EUROPEAN RECOVERY PROGRAMME

The 1992 monetary crisis has been generally reported as a threat to the process of European union. But, paradoxically, that same crisis offers the clearest possible support to the idea that a single European currency is a vital necessity.

Such a contradictory perspective cannot easily be translated into practical measures. How feasible is the translation to full European monetary union? The criteria of the Maastricht Treaty were elaborated in terms of monetary policy. They presumed existing levels of deregulation, and beneficial market conditions. Long before the Danish vote against the Treaty, recession had posed a large question-mark over the practicability of many of these criteria. Convergence between highly developed and less developed economies sounds all very well, if it reflects an improvement in the productive potential of the poorest. But one law for the lion and the ox is tyranny, and to impose tight limits on public indebtedness in richer and poorer countries alike would be to lock the poorest into dire recession.

Awareness of these problems stimulated the demand for a European Recovery programme which would concentrate on full employment as the necessary benchmark of progress towards integration. A modest commitment had been made, after the Maastricht meeting, to the proposals known as the "Dolors 2" package, allocating funds for the development of social cohesion in Spain, Portugal, Greece and Ireland. But even this package has not been honoured by the Council of Ministers, who are reluctant to apply the necessary resources to fulfil commitments which flow directly from the decisions of Maastricht. We shall return to this matter below.

What lessons can be drawn from the great speculation of September 1992?

First of all, the sheer scale of that speculation gives us a picture of the ferocious monster which has been unleashed in the processes of deregulation. Today, more than ninety per cent of foreign exchange transactions concern currency speculation, as

opposed to less than ten per cent during the age of exchange controls. That transnational companies become deeply embroiled in the game is no mitigation; on the contrary, it intensifies the casino atmosphere of the contemporary economy. Corporations play the currency markets, partly to avoid the punishment of prospective devaluation. But defensive speculation is a contradiction in terms, and the result of the September crash gives a fearful warning of things to come.

It must be said, in passing, that the manner of the British Government's departure from the Exchange Rate Mechanism was as damaging as any blow struck by the Major administration against European institutions. It created the maximum confusion and pressure in allied armies. Britain delayed seeking realignment until it was already too late, and then arbitrarily devalued by unilaterally breaking from the agreement. The result was further mayhem, much of which might have been avoided if there had been a serious attempt to reach agreement about the realignment of currencies within the mechanism.

We have now reached the point in which the case for a single currency is social and economic more than it is financial. Which country or its own can afford increased expenditure on job creation, or on social allocations, when its currency is vulnerable to the slightest movement in the foreign exchange? It is not necessary to envisage a conspiracy to enforce Thatcherite programmes on reluctant governments. The speculative army, following the instincts of the wolf-pack, will achieve conformity, all unbidden. If the invisible hand is supposed to regulate this process, its enforcement will be all too visible, red in tooth and claw. If governments are ever to recover the capacity to plan for higher levels of investment and expenditure, they will need to work together while moving towards the strength of the single currency. They may well also need to restrict the power of speculation by devising an appropriately progressive common tax on currency transactions, refundable only on the basis of hard evidence of their economic and social

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justification. Such a tax would penalise speculators and it would not be difficult to introduce alongside the Exchange Rate Mechanism. It could be maintained for external transactions after the advent of monetary union. Some estimates maintain that even an initial standard tax of a quarter of one per cent on such transactions would inhibit speculation by rendering it quite unprofitable for a large part of the time. Higher rates could be imposed on very large deals, or during periods of intense pressure. Of course, no individual government could control such transactions, but if all were to act together a tax would be perfectly feasible.

All this implies a resumption of the priority of public needs over private gain in the determination of Exchange Rate realignments. Evidently, Maastricht alone is not enough to produce such an outcome. Moreover, monetary union in the Maastricht style, as we have already seen, assumes measures which are highly deflationary. Strong though the measures for the single market may prove, countries balanced on the knife-edge between recession and depression will find a limit of three per cent. Of GDP on budget deficits far too restrictive. Of course, temporary derogations are permitted by the Maastricht Treaty. But in some countries, temporary relief is not likely to be sufficient. It is one thing to pursue policies which ensure that overall Community expenditure is not inflationary. But the unevenness of economic development within the Community insists on flexibility in pursuit of this policy. Where ten, fifteen or twenty per cent of the workforce is unemployed, public expenditure need not be inflationary. Work done by Stuart Holland and a team of economists reveals that the unemployment trends in the Community are most forbidding. Given the present low expectations of growth, and assuming weak cohesion, it is likely that the average unemployment rate in the Community could be as high as twelve or twelve and a half per cent by the turn of the century. Some analysts put it higher, at up to fifteen. This would give national and regional figures which are quite incompatible with the maintenance of present social institutions in some countries. On the worst guesses, almost twenty-five per cent of the Spanish population could lack work. Thirteen per cent could be unemployed in France. In Germany, even, the figure would rise to nine per cent. We must always recall that in recent years youth unemployment has been running at approximately twice the rate

of general unemployment. Small wonder that areas of despair for youth correlate with the rise of racism and extremism.

The Stuart Holland team, which continues the ten-year old labours which were begun in the project, out of crisis, have produced detailed calculations based on an estimation of the effects of different variables on the likely unemployment levels in all the countries of the present European Community by 2000 AD.

The variables involve high and low growth rates, and strong and weak cohesion programmes. By way of assumption, estimates are made on the outcome of growth rates of 1.6% and 3.5% respectively. These are combined with projections of the results of maintaining present "low" levels of cohesion expenditure, and the outcome of "strong" social policies, which involve an increase of the Community budget of 0.44% of European GDP by 1997, rising to 0.60% by 2002, a

Table 1

Country	If cohesion expenditure is minimal		If cohesion expenditure is strong		If strong cohesion is linked to strong growth and 5% reduced working time
	1.5% growth rate	3.5% growth rate	1.5% growth rate	3.5% growth rate	
EUR12	14.2%	10.6%	13.6%	10.0%	8.3%
B	14.9%	11.8%	14.8%	11.7%	9.9%
DK	9.3%	6.4%	9.1%	6.3%	4.2%
D	9.5%	5.9%	9.4%	5.8%	5.8%
GR	11.6%	9.2%	9.3%	7.0%	4.9%
E	24.4%	19.1%	22.1%	16.8%	14.7%
F	16.1%	13.0%	15.8%	12.8%	10.7%
IRL	25.6%	22.6%	23.2%	20.2%	18.2%
I	15.6%	11.8%	14.3%	10.6%	8.5%
L	4.4%	0.9%	4.3%	0.8%	0.8%
NL	13.1%	9.2%	12.9%	9.1%	7.5%
P	9.0%	4.8%	8.1%	4.0%	2.1%
UK	12.3%	9.3%	12.3%	9.2%	7.0%
GDR	9.7%	7.1%	9.4%	6.8%	
GDR + D	9.6%	6.2%	9.4%	6.0%	

large part of which would fund external and internal cohesion programmes. As the table shows, strong cohesion plus high growth could diminish unemployment by one third in the Community as a whole. A similar reduction would pertain in Germany and Spain, Britain, France and Ireland would achieve a twenty-five per cent reduction. The overall average would then be ten per cent. Even better results could be achieved by average reductions of five per cent in working time, which are necessary because the productivity obtained with new technologies constantly outstrips the enlargement of market demand.

Whilst it is clear that shorter working time involves today, as it always has, keen bargaining in industry, and the likelihood of sharp contests, trade unions are likely to see the struggle for reduced hours as a key strategy for job creation and control over the allocation of working time. Already the 1500-

hour year as within reach in Germany and bolder ideas are gaining currency. The sharing of child-minding and domestic commitments adds to the pressure for cuts in working time and the recognition of new rights to domestic leave. The training revolution which new technology demands reinforces the need for paid educational leave, and indeed for educational access throughout working life. The European Parliament should endorse this case, and recommend it as a priority item for the social dialogue between employers and unions in Europe (involving UNICE and the EFPLC). This is necessary because no solid progress can be made piecemeal by one country at a time, since those who refuse receive a competitive advantage in the short term even if they lose out in the end.

But necessary though it is, this argument is not enough. Evidently it must be conjoined to political and economic action at every level, from locality, to nation, to Community.

What precedents are there for a European Recovery Programme? They are quite clear.

The Japanese announced a special recovery programme, this summer, involving a total expenditure of 61.4 billion yen (£43b). This is almost the same as the Community annual budget, of 63.2 billion ecu. It is comparatively vast, and calculated to prime pumps in every sector of economic activity. Yen expenditure equivalent to 27.1 billion ecu is to be allocated to public works and infrastructure. Of that sum, the yen equivalent of 7.1 billion ecu will be allocated for regional and local programmes. If replicated in the Community, a programme of this magnitude would take structural funds to 24.8 billion ecu, a level they would not reach until some years into twenty-first century on current projections. No less than the equivalent of 28.5 billion ecu are to be injected by Japan into the financial system: not only to fortify weakened banks, but to boost development through special low-interest loans.

Can Europe afford to do less than Japan for its economic recovery? And how should this recovery be organised? It is no longer possible for nation states to be the motors of recovery. The main engine must surely be the emerging Community. There are confounding questions, but we do not have long to answer them.

Speaking to the socialist Group in the European Parliament, Jacques Delors said succinctly:

"We must bear in mind one figure. In 1997, Community expenditure will represent only 3 per cent of the total public expenditure of the member states. I myself had calculated the necessary amount at 5 per cent in the framework of economic and monetary union, and in the framework of subsidiarity, properly applied . . ."

In point of fact, the Delors 2 package, as it has become known, has been the subject of a continued filibuster, in spite of the fact that it has been a rather modest project. True, it has been misrepresented by various national governments, some of whom have complained that it proposed a 30 per cent increase in Community expenditure. In fact, the increase which is projected would amount to 15 per cent, devoted to economic and social cohesion expenditure. This would be matched by national expenditure of an equivalent amount. But the national expenditure would come from the recipient state, and not be levied across the Community as a whole. Be that as it may, nobody could possibly compare this programme with the Japanese recovery effort, and think that it might substitute for a matching European Recovery Programme.

Here, we must face another paradox. Under the Maastricht Treaty, restrictive three per cent of GDP deficit limits, which have already fuelled strong criticism in the debate on the ratification of the Treaty, would certainly inhibit national decisions on recovery expenditure. Actions short of full-scale Community involvement will be divisive, and will in any case prove unlikely to succeed. Only a major increase in the Community's own budget would facilitate the development of a recovery programme on anything like an appropriate scale.

In this dilemma, we must join the urgent question of the deflation of social expenditure, which accompanies every recession, and will prove exceptionally marked in the present deep depression which has hit some countries. Social expenditure needs to be deflation-proofed.

Here, we encounter the major weakness in the Maastricht framework, which is most sharply reflected in the decision to allow the British Government to opt out of the entire Social Chapter. But that Social Chapter is by

no means as strong as it should be, and it leaves much to be desired in the area of social cohesion. The Delors 2 package shows a distinct awareness of this problem, and insists that competitiveness and cohesion should be two main dimensions of Community action in the 1990s. It also suggests an extension of cohesion funds into additional areas.

Not all social cohesion policies involve major expenditure. Both at the national and Community level, there are many policies of direct interest to working people which do not weigh heavily on the budgets. Let us list some of these which should be carried out in unison:

- (1) Reduced working hours would impose costs on employers to the extent that they were not matched by productivity increases. But the structural problem of modern industry is that productivity increases far outrun potential market growth. A five per cent reduction in working time throughout the Community would almost have the volume of unemployment to be anticipated by the year 2000. In optimum conditions, unemployment would come down to slightly over eight per cent in the whole area of the Community, without entailing any significant budgetary change.
- (2) Likewise, the establishment of rights for women and other employees can be widely secured without involving substantial spending. The right to negotiate flexible working hours to suit family needs can, with modern technologies, improve productivity at no additional cost.
- (3) Industrial innovation should have been underpinned by the pluri-annual research and development programmes in the Maastricht draft text, to which the British Government took exception. These proposals were both necessary and timely, and should be revised. The key is the combination of some Community expenditure with a vast innovative effort by leading firms.
- (4) Europe will not meet the challenge of Japanese competition if it does not transform the status of labour on the shopfloor, enabling greatly closer co-operation. This implies joint action rather than expenditure. We need an active Community to sponsor new innovation agreements in key sectors, and a participatory style of

management. These element of the Social Chapter and the social dialogue could bring immense improvement to productivity, at minimal cost.

- (5) The enhancement of the scope for small and middle sized enterprises through networking in production, marketing, and innovation will enlarge the possibility of improvement for both manufacturing and sales. This can develop through the **Recite** and **Ouverture** programmes, which should be augmented and matched by other specialised initiatives. The promotion of networking by the Community can ensure that relatively small seed costs produce considerable returns which generate great gains both for the participating companies, and the nation states within which they are operating. This is a key dimension of regional policy, to which Community regions themselves should commit resources. It needs systematic encouragement and expansion, not least by the new Committee of the Regions.

None of these measures is entirely without cost if carried out collectively, but all can produce immediate and tangible benefits. However, the key question must remain one of substantial funding for a recovery programme, which can match the initiative taken in Japan, and thus help to ensure that the world economy does not slide through recession into deep depression and slump. Unless Europe is prepared to will such a programme, there will be no conceivable means of addressing the global problems which have already suffocated trade in many developing nations. It is possible that the political agenda may be eased after the American elections. But European response cannot simply wait on such beneficial changes, which may not happen. Europe's role in the world is sufficiently powerful to demand that we take our responsibilities for fostering global recovery, not only by international assistance, but also by reform of the conditions in which it operates.

The expansion of exports is absolutely inhibited by a wall of debt. Many underdeveloped countries are steadily sliding back, rather than advancing, in the grip of this debt. The collapse of primary commodity prices follows directly on the pattern which we have seen before, in the 1930s, and before that in the 1880s. In the 1880s, the fall in commodity prices relative to the prices of manufactured goods was round about twenty-

five per cent. In the thirties, this fall accelerated to fifty per cent, broadly the same as today's. The resultant pattern of default created the Baring brothers scandal in the eighties, when London's leading Merchant House had to be bailed out by the Bank of England with Government support. Government support was inadequate to prevent many of the failures of the 1930s, in spite of the creation of innumerable financial buttresses to shore up debt repayment. Michael Barratt Brown has documented this dreadful story, in a paper on commodity prices and debt, which offers a fearful warning to us today, at the present turn in global fortunes.

All these problems are likely to be aggravated by the failure of the GATT talks, unless a miracle intervenes. Positive steps to write off debt and correct widening inequalities are needed, if purchasing power is to be

re-established worldwide. No single government can do this without risking isolation and competitive strangulation. But if the European Community took the lead in an expansion programme, it could generate great pressures on the USA and Japan to follow behind. Instead, we seem to be poised on a new escalation of trade wars, with incalculable consequences. Were substantial resources focussed on the developing countries, European exports would rise in concert with the recovery of such countries. But if the debt and misery are to be reinforced, then they will suck in to their vortex many of those who have felt themselves to be immune from disaster.

Stuart Holland and Francis Cripps have offered a series of alternative projections of the European Community budget, between 1992 and 2012.

Table 2

Projections of the Community Budget for alternative expansion programmes (billion 1992 ECU)				
Base Projection	1992	1997	2002	2012
Structural Funds	17.7	20.2	22.9	29.4
External action	3.4	3.9	4.4	5.6
Other policies	42.1	48.1	54.5	69.9
Total	63.2	72.2	81.9	105.0
(per cent of GNP)	(1.15)	(1.15)	(1.15)	(1.15)
<b>Low Projection</b>				
Structural Funds	17.7	28.6	50.0	80.0
External action	3.4	6.1	11.6	21.3
Other policies	42.1	50.6	61.6	84.8
Total	63.2	85.2	123.2	186.2
(per cent of GNP)	(1.15)	(1.34)	(1.59)	(1.75)
<b>High Projection</b>				
Structural funds	17.7	44.3	62.9	88.3
External action	3.4	10.3	16.8	29.4
Other policies	42.1	54.6	66.7	93.6
Total	63.2	109.2	146.3	211.2
(per cent of GNP)	(1.15)	(1.59)	(1.75)	(1.80)

Table 3

Budget as a Percentage of Community GNP				
	Now	1997	2002	2012
Base	1.15	1.15	1.15	1.15
Low cohesion		+0.19	+0.44	+0.60
		1.34	1.59	1.75
High cohesion		+0.44	+0.60	+0.65
		1.59	1.75	1.80

(Cont. on page 63)

# THE PAST 500 YEARS: CAPITALISM AS A CARGO - CULT ?

Gerrit Huizer

Approaching the Third Millennium A.D., the year 1992 seems to be particularly appropriate to reflect upon millenarian and millenarist movements in a global context. It is not only the year in which European nations will try to merge into a kind of confederation after they have, during this century, waged among each other some of the most devastating wars of humankind's history. It is also the year in which peoples and nations all over the globe are confronted through worldwide media coverage with festive celebrations in Europe and America of 500 years of their "cultural encounter", an adventure that started in 1492 as a kind of Western cargo-cult. Hopefully the media will also give some attention to the manifestations of the descendants of those who were the first victims of that "encounter": indigenous peoples, blacks and women.

Is it accidental that on the American continent in the course of 1992 the first Earth Summit, United Nations Conference on Environment and Development was held, to discuss the future relationships between humankind and the earth? In the recently republished study by Kenneth Burridge *New Heaven, New Earth, A Study of Millenarian Activities* (1989 : 3) it is stated in "opening the problem"

"To dream a dream and make it come true; to realize the shape of what can be seen only in the mind's eye; to feel compelled to bring about the seemingly impossible - they are the prerogatives of man".

and:

"Whether as foul, fratid, saint, respectable bourgeois, farmer or tycoon, the pain of the millenium belongs only to man. It is why he is man, why, when the time comes, he has to make a new man."

Of course women are, or should have been, implicitly or explicitly included in this statement, particularly since some of them, such as Vandana Shiva (1988) most forcefully express their concern about ecology and "development", and the extreme discrepancies created by the latter, led by men, particularly bourgeois and tycoons.

As can be seen from *Global 2000*, the voluminous report presented to former president Carter in 1980 with projections about the world's situation at the beginning of the Third Millennium, the 10% of the world's population living in rich Western capitalist countries will consume over 60% of the world's produce, while 80% of mankind living in the so-called Third World will (after Eastern Europe and Japan also have taken their - relatively modest share) be left with about 20% of all goods and services. Thus in the year 2000 the few (10%) living in West-Europe and USA will - per capita - consume 24 times as much as the great majority of humankind and it is expected that this discrepancy will gradually worsen. Is it not an extremely naively utopian view to suppose that the majority of humankind, increasingly exposed to the Cargo of aggressive Western consumerist propaganda, will continue to take this discrepancy for granted for say another few "development" decades without massively engaging in more or less radical protest movements. As one of the first studies on millenarian movements Mühlmann (1961:355) already pointed out, the "cargo complex" of Papuas and other oppressed or exploited peoples is one example of the desire for just redistribution of the goods of the earth that (neo)colonized and proletarianized people all over the world feel towards the relatively few who have benefitted disproportionately until now.

A question to reflect upon could be: which kind of movement or cargo cult will in the next millenium be the most massive within the context of a global natural environment where growth is already now becoming a zero-sum game? As the Brundtland Report (WCED 1987) and the many documents prepared for the 1992 United Nations Conference on Environment and Development show, the resources of the planet to satisfy the need of its inhabitants are so limited that more growth for the have's (the 10% rich) of the world's people will go at the cost of the have-nots, the 80% in the Third World, or vice versa.

The socialist development approach, which placed considerable emphasis, though perhaps less in practice than in theory, on the need for more egalitarianism and sharing, has suffered in Eastern Europe a definitive set-back and is in China painfully struggling to combine the opposites of sharing and competition. In countries under the IMF and World Bank sponsored capitalist development approach, i.e. inequality and austerity in order to be able to compete in the "free" world market, increasing numbers of the most capable people follow the urge to migrate to the Disneylands of the North even against the odds there of a very unfree labour market (for "other people"). Thus, one of the dilemma's discussed in relation with "1992" in Spain is that Latin American descendents of the conquerors are not allowed visas to "discover" 20th century Spain out of fear that they may try to remain there.

Most of the known millenarian movements and cults for a just (re)distribution have occurred in areas where the encounter between indigenous and Western people and cultures has been massive, shocking and disastrous for the indigenous. These were the conquest of South - and Central America by the Spaniards in the 16th century, the "pacification" of indigenous North American people's by the whites in the 18th and 19th century, submission of Bantu peoples in Southern Africa and the Melanesian peoples during the 19th and 20th centuries. It is the reactions of these peoples to Western encroachment which fill (most of) the pages in the comparative studies on millenarian movements by Worsley (1957-68), Lanternari (1963), Mühlmann (1961) and Wilson (1975).

After discussing various assumptions about the origin of Melanesian cargo cults Worsley in the preface to the second edition of his book (1969 : xlii) insists "that the *millenarian movements that have been historically important* (and which include the cults discussed in this book) are movements of the disinherited. Indeed, there is almost an element of tautology in having to say this: the movements are normally important because they mobilize masses". Worsley makes a clear distinction between massive millenarian movements and "millenarism" as the belief system of small-scale sects or coteries as they emerge among the better-off. Brian Wilson (1975a: 9-30) in his comparative study of (mostly Western) sectarianist and millenialist (as he prefers to call them) movements emphasized as their main characteristic the element of "response to the world", particularly those aspects viewed as evil, often leading to a "search for salvation".

"But everywhere there is a problem of evil, and everywhere men are disposed to seek salvation from it. The scale of soteriological promise is clearly related to the scale on which evil is depicted, from the local incidence of illness to the destiny of all mankind. It is thus evident that salvation may range from limited demand for *ad hoc* instant therapy to programme for the reorganization of the world" (Wilson 1975a: 22).

He then distinguished seven types of responses: (1) conversion, (2) destruction and revolution, (3) withdrawal and introversion, (4) manipulation and transformation, (5) thaumaturgical relief e.g. healing, (6) reformism, (7) utopian response. These are sociological distinctions. In historical and political reality response can move from one type to another according to the degree of success or opposition encountered. Most of the cases of millenialist movements Wilson describes are a response to some form of domination, but he pays little attention to the motives behind the "magic" of the invader" (ibid: 309) to which movements responded. Also Trompf (1990: 2) recently pointed out in his comparative study that most millenarian movements and cargo cults have been pictured as a kind of anti-colonial resistance movements. In his discussion of Cargo (with a capital letter:

as essential to cargo-cults) Trompf (1990: 10-11) describes how this concept implies "a totality of material, organizational and spiritual welfare, collectively desired as a replacement for current inadequacy, and projected into the imminent future as a coming 'salvation' ". He further noted that what a "whiteman" or foreigner possesses is to the lowly villagers so extraordinary that it already implies for them some miracle or transcendence.

Taking up this interpretation of Cargo it could be said that the recent studies on the 1492 events seem to indicate that to the "whitemen" of that time the treasures of foreign peoples seemed to have had similarly miraculous attraction. Following up on Trompf's (1990: 9-15) questioning of precise definitions of cargo and cultist movements and his suggestion to apply the terms also to affluent situations, would it be too far-fetched to see also the manner in which colonialism (and its successor neo-colonialist "development" policies) have established themselves, as a kind of cargo-cult, "commodity millenialism" as Wilson called it? A crucial question is: what was it that motivated those charismatic personalities who unleashed "discovery", conquest and pillage upon far away tribal societies as well as upon highly sophisticated civilizations such as Aztek, Inca and Maya? What kind of Cargo were they after when provoking the "great dying" (Wolf 1982) in the Americas? The literature presently produced about the 1492 events shows that the search for El Dorado, the abundance of gold, was the main motivation of Spanish conquerors, though conversion of heathens to christianity was also important for the "most catholic majesties" who sent the conquerors out. Columbus, "that first great entrepreneur" (in the words of the head of the US Christopher Columbus Quincentenary Jubilee Commission established by the US Congress during the Reagan years), wrote in his logbook: "Of gold is treasure made, and with it he who has it does as he wills in the world and even sends souls to Paradise" (quoted in Searle 1992: 69-70). This led to what historian John Dyson puts in his celebratory biography of Columbus: "After Jesus Christ, no individual has made a bigger impact upon the Western world than Christopher Columbus" (quoted in Searle 1992: 67).

As Stevenson (1992) pointed out Columbus' aspirations had a powerful millenarian strain, as could be seen from one of the letters he wrote in 1500: "God made me the messenger of the new heaven and the new earth of which he spoke in the Apocalypse of St. John after having spoken of it through the mouth of Isaiah: and he showed me the spot where to find it" (quoted in Stevenson 1992: 27).

This statement, like others one can find in Columbus' logbook, shows a considerable cargo cult element in the drive for "discovery", conquest and gold of him and his sponsors. He also had certain characteristics strongly resembling those of charismatic leaders of such cults or movements. As Adolf Bastian one of the founders of German anthropology over a century ago remarked in an essay on insanity, shamanism and possession states:

"Columbus was considered a fanatic and crackpot, even insane, because the train of his thought was not in harmony with the ideas of his time. He was not morally ill, but he could have become so in time. His fanaticism and eccentricity lay in the fact that he had created a certain idea system through persistent study of ancient geographers, a system of thought in which he thoroughly believed. The traditional knowledge of his time knew the same hypotheses of those geographers, but most people had no personal interest in proving them true or false, merely accepting them side by side with other ideas. Columbus was considered to be a man who made strange jumps in his thinking, and people laughed about the eccentric" (Bastian in Koepplig 1983: 192).

It is interesting, however, to observe that in the most important literature on millenarian and cargo cults the name of Columbus is not mentioned in the index among the many charismatic personalities who have initiated or led such enterprises (see e.g. Mühlmann 1961, Worsley 1957/68, Wilson 1975).

In order to compare and interpret millenarian happenings Mühlmann (1961: 251) introduced Rudolf Otto's term "charismatic milieu". To understand the early emergence of christianity as a chlaistic movement Otto, in his classic

*Das Heilige*, tried to take into account the "atmosphere of charisma" in which it occurred, the expectation of people, the role of specially gifted personalities and their acceptance.

If the same is done with the initial emergence of the capitalist "world system" around 1492 one can also find an appropriate atmosphere in Spain. In that same year (2 January 1492) the Moors had been driven out of Granada, which for 800 years had been the most western centre of Islamic civilization. Thousands of books on mathematics, astronomy, philosophy, were burned by priests of the Holy Inquisition. In that year in addition to three million Moors, 500,000 Jews were expelled from Spain and many more were "converted" to Christianity (Carew 1992). The scientific knowledge of the Moors and the wealth seized from the Jews could be used for the adventure that Columbus intended to accomplish.

What was the motivation that led a small emerging nation, originating from the marriage of Isabella of Castile and Ferdinand of Aragon, the "most Catholic majesties", to immediately try to spread its influence through Conquest and Inquisition all over the world? Was it the inferior position of Northern Spain facing the sophisticated and powerful civilization of the Islam in the South that created the "charismatic milieu" for the cargo cult of "discovery" and conquest?

Were the Dutch who soon followed suit to move and spread that "world system" similarly motivated, reacting to many decades of domination and extravagance by the Spanish? Thus becoming, led by the charismatic William the Silent and his son Maurice, the facilitators of the emergence of the "spirit of capitalism" (Weber 1978: 235 and 242) and the first to fully develop the "colonial system" as Marx observed in his chapter on the original accumulation of capital? The Dutch cargo-search in the colonies was from the middle of the 17th century onward matched and outdone by the British in a competitive endeavour in which the Puritans and their charismatic leader Cromwell played initially a crucial role. Capitalism and colonialism became then institutionalized in these emerging West-European nations in the following period.

In his treatment of "nationalism" in the comparative context of chlaistic movements Mühlmann (1961: 382-388) deals only with modern forms of nationalism in Africa or the Orient but not with the European nations as they emerged one after the other "in response to the world" - to use Wilson's phrase - during the last five centuries. Neither does he analyse capitalism as the most important movement that tried to transcend nationalist aspirations, after initially nation-based expansion, though he did emphasize (Ibid: 334) the need to carefully study the initial advances of what he called "Raub-Kapitalismus" (robber-capitalism). In their effort to come to grips with the emergence and decline (or regression) of local millenarian movements most authors on this topic have overlooked the expectations, movements and cults of those against whom major social resistance movements have felt the need to move though some case studies have been made by Mamak (1974) for Bougainville, June Nash (1979) and Al Gedicks (1979) for USA and Huizer (1976) for Cuba.

Mühlmann (1961) is one of the few anthropologists who have given some attention to the history of dialectical relationships between millenarian movements and preceding but institutionalized former millenarian movements: early christianity reacting to officialized Roman "paganism", heretical movements against institutionalized christendom, protestant currents against the Roman Catholic church, puritans against the Anglican Church of England, but he gave little attention to the secularized expressions of such movements in the form of the "protestant ethic" facilitating the emergence of capitalism in Holland, England and later particularly in the USA. Max Weber (1978) in this classic essay, first published in 1903, *The Protestant Ethic and the Spirit of Capitalism* gives considerable attention to the work of Benjamin Franklin as a culmination of this trend. Later in the USA capitalism first became, after two world wars and the depression in between, a full-blown consumerist society ..... the "American dream", attracting the admiration and influx of millions of immigrants from all corners of the world.

Gary Trumpf's (1990:12) discussion of definitions of cargo and millenarian

movements, referred to above, pointed to consumerist capitalism in terms of a cargo-cult, without going into the implications however:

"In their *Manifesto of the Communist Party* (1848), Karl Marx and Friedrich Engels rightly perceived the immense potential for capitalism to undermine every traditional social order. Perhaps more slowly than they expected, yet by means far more astounding technologically than either of them foresaw, a thousand and one concrete statements of consumerism have come to be made in the furthest reaches of the Earth. Television has become available to virtually every Indian village (since 1975); transistor radios and cassette recorders sit in some of the most out-of-way villages of highlands New Guinea; Eskimos come into the trade stores to purchase cola and Amazonian Indians to buy tinned meat; and so on. There is a new world of more and more remarkable things, and the greatest, if often overlooked revolution of the last hundred years is that now millions upon millions of homes in richer parts of the world have more millions upon millions of gadgets, household appliances, time-saving devices, electrical outlets to go with them etc., while still more millions upon millions of people in other, less privileged parts of the world would like to share in this extraordinary abundance, indeed in the veritable 'miracle' of it all."

Therefore it may be worthwhile to quote what Marx and Engels wrote almost 150 years ago about the "bourgeoisie", the force behind the creation of the world market and the growing of what he called "universal intercourse, of allround interdependence of the nations":

"That which characterizes the bourgeois epoch in contradistinction to all others is a continuous transformation of production, a perpetual disturbance of social conditions, everlasting insecurity and movement. All stable and stereotyped relations with their attendant train of ancient and venerable prejudices and opinions, are swept away, and the newly formed becomes obsolete before it can petrify. All that has been regarded as solid crumbles into fragments; all that was looked

upon as holy, is profaned; at long last, people are compelled to gaze open-eyed at their position in life and their social relations" (Marx 1962/1848: 48-50).

This is not all there is to say, however, about the dialectical relationship between millenarian and other resistance movements and the force to which these react. Trompf (1990: 3) rightly criticizes Worsley, as a neo-Marxist, for underestimating the religious implications of millenarian movements. Another relevant observation about the Marxist explanation of millenarian movements was made earlier by Burrige (1989: 131).

"Being itself millenarian, Marxism can, like the early Christian, explain millenarian movement in terms of its own postulates and experience. On the other hand, denying the deity or divine interventions, the 'Marxist' cannot explain the prophet and his inspiration. Positive and materialist, it prefers to regard the prophet as irrelevant, accidental, or at most as occupying a socially determined role, an ambiguous and unnecessary catalyst in a developmental process that might be more rationally achieved and ordered without him. Concentrating on features of conflict in social relations, Marxism seeks to explain the conflict between groups or classes of persons by referring to a continuing process of competition for resources: the materialist historical dialectic."

Burrige sees millenarian activities as religious and explains that all religions are concerned with "different kinds of power, particularly those seen as significantly beneficial or dangerous" (Ibid: 5). He interprets millenarian movements mainly as a redemptive process striving for salvation from inner or outer forms of oppression. Burrige (1989: 32-55) also observed - though tentatively - that the majority of recorded millenarian movements seem to have occurred in Europe and in areas of the world strongly affected by Europeans and their Judaeo-Christian tradition.

While most anthropological studies of millenarian movements and cargo cults have concentrated on the local, often "exotic", peculiarities among specific peoples where they occurred, only few

scholars have given attention to Judaeo-Christianism itself as a millenarian movement, not to speak of capitalism and the "bourgeoisie" that created the situations in which, locally, other millenarian movements could emerge. This is not surprising since anthropologists and other social scientists themselves are part of the European Judaeo-Christian and Capitalist Colonialist traditions that have provoked millenarian reactions elsewhere, which on then - ethnocentrically - pictured as alien and exotic happenings. Self-knowledge and realization does not appear to be the greatest strength of Western science and religion.

Only of late has critical reflexion become fashionable in certain Christian circles. Thus a recent critical approach to the capitalist world system and the Church came from a representative of one of the most outstanding movements in Latin America at present, the thousands of ecclesial base communities spread over Brazil struggling for land reform and other issues. One of their main spokesmen, Franciscan theologian Leonardo Boff (1990), in the light of recent criticism of marxist theories (as regards Eastern Europe), strongly emphasized the usefulness of Marx' original analysis to come to grips with the influence of "bourgeois society" in Brazil (and most of the Third World). His activities were made practically impossible within the context of the Church, so that he resigned from the clerus in 1992.

Another recent expression of awareness about the dialectical relation of grassroots movements and "bourgeoisie" came from representatives of many social movements of christian origin in a document presented at the World Council of Churches' Assembly in Canberra, Feb. 1991:

"Local elites in almost all communities have been co-opted into the global power system controlled by the owners and administrators of transnational capital. The strategy of 'low intensity warfare' (LIC) has been developed to control and even destroy any social movements, Christian base communities, liberation theology, and also national governments trying to establish a more just order. Military interventions, political pressures, economic destabilization, disinformation campaigns and socio-psychological warfare



are all part of this strategy" (de Santa Ana c.s. 1990: 64)

At the "bourgeoisie" as well as the social and millenarian movements consist of what Evers (1991) calls "strategic groups" in their interaction, some actors in these groups are playing more or less recognized leading roles and others, the majority, follow. Leadership of the "bourgeoisie" and the movements can be bureaucratic, traditional or charismatic, to utilize so old but perhaps useful typology of Max Weber. Leadership can be more, or less, centralized and hierarchical, depending on the situation. While in most studies of social movements at least some attention has been given to the types of leadership, as regards the "bourgeoisie" and its national, comrades or other variants, hardly any study has been made to its leading personalities or "strategic groups". To give a precise definition of the term "bourgeoisie" is even more risky than to do so for millenarian movements. As Van der Pijl's (1983, 1984) dissertation has shown, there exists considerable differentiation or even polarization between "fractions" of the "bourgeoisie(s)". I would like to point out that the charismatic personalities, trendsetters within the "bourgeoisie" are also crucial for understanding the ups and downs in their movement(s).

The way some of charismatic personalities have shaped the "bourgeoisie's" *Wirtschaftsethik* has been amply discussed in a recent overview by Klaus Hansen (1992). Hansen describes the impact of leading figures like Benjamin Franklin, Andrew Carnegie, Henri Ford, Watson, Lee Iacocca, Donald Trump have on the spirit of conservative forms of merchant, industrial and postindustrial capitalism as they developed in the USA. Franklin's ideological statements were taken as an example already by Max Weber (1978) to describe the "protestant ethic" and the "spirit of capitalism". Franklin's mentality of the "success myth" (through hard work and saving) was overtaken at the end of the 19th century by the rise of "big business" represented by the founder of US Steel Andrew Carnegie, whose approach in an idealized way is reflected in his autobiographical "The Gospel of Wealth and other Timely Essays". Carnegie introduced massive organizational adjustments such as cost

accounting and cost based management in which the workers became mere cost factors to be kept as low as possible for the sake of profit and further investment. This "ethic" of what Carnegie called the "magic power of ownership" was supported by the British philosopher (and close friend of Carnegie), Herbert Spencer's interpretation of Darwin's theory that then became known as "survival of the fittest" (Hansen 1992: 88, 108).

At the beginning of the 20th century Henri Ford invented his model T automobile to be produced on the assembly-line and promoted a strategy and "ethic" that revolutionized capitalist production. Ford's prophetic role, as Hansen (1992: 112) points out, can be seen in transforming the automobile from a luxury product into an item for mass-consumption in a time that there was an unlimited market. When this market became saturated a few decades later the "visionary" Henry Ford, then an entrepreneurial "dictator" ruling a vast empire, missed the flexibility to adjust to the emerging need for competitiveness, "public relations", "appeal" (rather than simplicity) until he was practically forced to change after the death of his frustrated son Edsel causing the women in the family to rebel against his authority (Hansen 1992: 109-134). It is probably not unrelated to his authoritarianism that Ford supported the emergence of Hitler in Germany (Pool and Pool 1978).

Some outstanding business leaders whose efforts and ideas contributed to what Hansen (1992: 135-200) called the "post-industrial phase" are Thomas Watson, founder of International Business Machines and later Lee Iacocca and Donald Trump. They introduced new styles of leadership in line with the overabundance of consumerist society that emerged before and particularly after the Second World War in the USA. In this period salesmanship became more important than productivity and Watson was a "genius" in that field and developed "salesforce" and "public relations" of which "corporate identity" became an important aspect. From producing for the fulfilment of needs, which was part of Ford's strength, emphasis shifted to the creation of new needs. The importance of "marketing" and "styling" and in those efforts relying more and more on such

vague capacities as "creativity" and "intuition" were emphasized by Iacocca (who made the fancy *Musfauq* a success automobile) and the real estate speculator Donald Trump (who wrote "The Art of the Deal") whose excessive showmanship and risky deals brought him from glamour to bankruptcy.

According to some futurologists such as Alvin Toffler (1981: ch. 23) the most sophisticated developments in science and technology will facilitate a "super-struggle" still ahead so that a new "third wave" trend can gain impact (Toffler 1981: 346) out of the chaos created by post industrialism.

This "super-struggle" seems to be gaining influence at present. The "bourgeoisie" and its "large corporate actors" have become powerful determinants of individuals' lives but are not (yet) accountable for the risks they take (e.g. regarding the environment). Also scientific knowledge is increasingly entangled in the games of corporate actors, as was expressed by the post-modernist Lyotard (1984: 5-6) when he observed that science is now becoming a merchandise, a commodity no longer controlled by its producers:

"Already in the last few decades, economic powers have reached the point of impairing the credibility of the State through new forms of the circulation of capital that go by the generic name of multinational corporations. These new forms of circulation imply that investment decisions have, at least in part, passed beyond the control of the nation-states. The question threatens to become even more thorny with the development of computer-technology and telematics. Suppose, for example, that a firm such as IBM is authorized to occupy a belt in the earth's orbital field and launch communication satellites or satellites housing data banks. Who will have access to them? Who will determine which channels or data are forbidden? The State? Or will the State simply be one user among others? New legal issues will be raised, and with them the question: 'Who will know?'"

Herbert Schiller (1991) and Coos Hamelink (1982, 1984a) analysed the growing influences of banks and other financial-capital interests behind the information-

industry, and emphasized that the "battle for minds" has become a new arena for international conflicts, since large-scale military confrontations now have outlived their usefulness (Hamelink 1984b). The process that implies that "all that was looked upon as holy, is profaned" (as was observed by Marx and Engels in 1848) is apparently continuing unabated. Or is it beginning to reach its own ecological and other limitations, as suggested even by the Club of Rome's 1972 Report and many following statements emerging from the power elite circles themselves. When the "bourgeoisie's" expansionist cargo-cult stunts becoming a zero-sum game the scenario of the dinosaurs no longer fitting their environment and destined to die out may come on the agenda (Hamelink 1984a: 128). Some representatives from the corporate circles have predicted that the 1992 European unity market will result in the fast disappearance of about half the present large-scale corporations, as they will be swallowed up by the other half (Fin. Times Nov. 23, 1988). Is this part of the "super-struggle" that Alvin Toffler predicted? In a more recent statement based on his frequent contacts with top-managerial people, Toffler (1985: 128) pointed out:

"Our managerial elites are staggering under an impossible decision load. That will force the elites to allow more people to participate to help carry the decision load. That's why we hear more and more about participatory management.....".

Later he adds that he does not mean "to suggest that all this happens without conflict. In fact, I anticipate tremendous conflict about the right to participate" (Toffler 1985: 129). Does this imply that the cargo cult unleashed by the "bourgeoisie" particularly in the USA is becoming aware of its limits and muddling through? Kolko (1988) shows, with a wealth of official sources, that important but sometimes contradictory U.S. economic and political interests are often behind many complex and controversial events particularly since the early seventies (see also Huizer 1980: 184-210). These interests have put their faith in the cargo of export-oriented development in Third World countries which has been characterized as "dependent capitalism" and is monitored on a world scale by the World

Bank and the International Monetary Fund (Kolko 1988). As both Kolko (1988) and Hancock (1989) show particularly the US government, and corporate interests which it more or less openly represents, are using these international bodies to monitor the economies of Third World countries rather than doing this directly. The networks of various Western states (such as the G7) seem to follow the same line. To what extent are the "free-market" policies dogmatic and self-defeating if seen in a long-term perspective? Ironically, as Kolko (1988: 249-264) shows, it is this kind of dependent development and "free-market" policies imposed or promoted by IMF and World Bank on countries like the Philippines which create conditions favourable to the emergence of radical social protest movements, even "creating a revolution".

Expressing views representative for many local movements, the World Council of Churches' publication "The Political Economy of the Holy Spirit" describes certain aspects of this cult:

"Nobody can deny the fascination that the market exercises upon people. Consumption patterns bewitch the masses. People want to participate in the market, but they are actually excluded from it. The plight of the poor is closely linked to the affluence of the rich" (de Santa Ana 1990: 13).

As the authors of this document point out, the modern market is the highest expression of the application of instrumental reason, one of the main fruits of 17th and 18th century Enlightenment. Its functioning has been described and propagandized by Enlightenment philosophers like John Locke (who had a big stake in the slave trade) and John Adam Smith who noted in *The Wealth of Nations* that when two tradesmen speak together they are already conspiring against the public. John Adam Smith himself was aware that the market could easily be perverted (Ibid: 46). How can a different approach be initiated for the next millenium?

While historians have at times over emphasized the role of "personalities" in history-making, social scientists have probably under-emphasized their influence within the social forces and structures under consideration. In this context

Weber's term *charisma* has been used at times. Tentatively it can be observed that most renovating movements are led by charismatic personalities who can either be empowering their followers towards taking their fate into their own hands or can become authoritarian power-holders (not much different from their original enemies). Combinations or intermediate positions of these two "ideal types" are the most frequent in peasant or millenarian movements.

In his study of "cargo-cults" in Melanesia Peter Worsley (1968) deals extensively with the relative importance of charismatic leaders in the emergence of social movements. He points out (Ibid: xii) that a charismatic personality can only be called charismatic if he is recognized as such by followers:

"Charism, therefore, sociologically viewed, is a social relationship, not an attribute of individual personality or a mystical quality. That people believe in it is a datum, not a confirmation of the ultimate validity of the belief. Charisma thus provides, for those who believe in it, more than an abstract ideological rationale or a special kind of legitimation. It is a legitimation grounded in a relationship of loyalty and identification, in which the leader is followed because he embodies values in which the followers have an 'interest'."

Worsley's observations regarding leadership in millenarian movements correspond with those on the role of charismatic leaders in the emergence of peasant organizations (Huizer 1972: ch. 7). The leaders are not only dependent on inner strength but on a capacity to voice and represent the interests of those, who follow their guidance. This capacity as such, however, can be seen as a gift: few people have it, and many don't.

Marglin, in a provocative study on knowledge and power, has indicated that also in Western society the power of making people follow and believe is a crucial element in determining behaviour, even in modern economic behaviour:

"It would be a mistake to think that the power of belief is a characteristic of traditional society from which we are liberated by modernization. One

anner, I have argued, understand the workings of modern capitalist society without understanding the power of belief. Indeed, the most enduring contribution of John Maynard Keynes to twentieth-century economics may turn out to be his insight into the social construction of reality, particularly as to the way in which belief mediates between profit and investment. In the Keynesian view, the key to prosperity is the 'animal spirits' (his phrase) of the capitalist class. If businessmen are optimistic and believe profits will be high, they will invest in new plant and equipment to take advantage of the high level of profits. In this case, production and employment will be high, and growth will be rapid. In a word, prosperity" (Marglin 1990: 14).

Charisma is one of the concepts, used in Western sociology as well as in theology, that appears hard to define as "animal spirits". Max Weber (1968: 48) gave a classical description of charisma when he tried to make a typology of different kinds of authority:

"The term 'charisma' will be applied to a certain quality of an individual personality by virtue of which he is set apart from ordinary men and treated as endowed with supernatural, super-human, or at least specifically exceptional powers or qualities. These as such are not accessible to the ordinary person, but are regarded as of divine origin or as exemplary, and on the basis of them the individual concerned is treated as a leader. In primitive circumstances (his peculiar kind of deference) is paid to prophets, to people with a reputation for therapeutic or legal wisdom, to leaders in the hunt, and heroes in war. It is very often thought of as resting on magical powers."

Fabian (1971: 4-5) pointed out that Max Weber did not invent the term as Talcott Parsons once thought, but took it from theological thinking and seems to have accepted elements of this theological, if not magical, thinking.

"This aspect of the special, supernatural gifts of the charismatic leader remained a problem that neither Weber nor his followers were able to solve or to

reformulate in such a way that it could be tested empirically" (Fabian 1971: 5).

Weber has often been criticized for not being very precise in dealing with the topic of charisma (Worsley 1968: introduction). Also Downton (1973: 209) printed out regarding charisma (as a term to deal with forms of leadership): "Yet a concept that applied indiscriminately loses its usefulness for analytical purposes, except as a residual category for describing what we cannot fully understand or explain." Of course Max Weber (1956) himself, who characterized the book in which he introduced this concept as "verstehende" (= understanding, empathic) sociology, is not to blame for the fact that not all of his concepts also serve "analytical purposes", neither is he to blame for the fact that certain things cannot be fully understood or explained within the paradigms of Western social science. Probably the main founder of sociology as a Western science was more aware of its limitations and willing to transcend these than most sociologists following him. The Frustrations are well expressed by Downton, leaving one puzzled, though, by the question if Weber's thinking was confused or that of most following social scientists, including Downton (1973: 209-239) himself in his chapter on "charisma as a psychological exchange", where he noted:

"A major source of confusion that has developed from the discussion of charisma arises from the integration of two distinct analytic orientations. Most writers tend to combine haphazardly both the social and psychological aspects of leader-follower relations a tendency begun by Weber himself. In fact, the social and psychological dimensions of Weber's analysis of charisma are neither clearly distinguished nor fully discussed, a situation that has produced a dispute concerning his real intention. From the social perspective, Weber recognizes that charisma is associated with certain conditions of structural strain that are especially pronounced during periods of accelerated social change. Also, he alludes to the fact that charismatic leaders must produce concrete returns for their followers or they will lose their right to lead. From the psycholo-

gical perspective, on the other hand, charisma is described as an affective sentiment that springs from the follower's belief in the extraordinary or superhuman powers of the leader. Which of these two approaches is most likely to enlighten our thinking about the nature of the charismatic commitment?" (Downton 1973: 210-211).

Brynn Wilson (1975: ch. 1) rightly warns in his essay on charisma for the too simplistic view that all kinds of social situations are caused by specific personalities rather than impersonal forces. On the other hand he noted that charisma can be a cause of social change or a reaction to social distress or crisis. Weber (1968: 19) clearly emphasized that he used the concept of charisma in a "value-neutral" sense in order to distinguish this form of authority or leadership from normal patriarchal or bureaucratic leadership of everyday routine situations. When dealing with power and authority Weber (1968: 48 ff.) made a distinction between charismatic leadership that becomes "routinized" and the "transformation of charisma in an anti-authoritarian direction". In the latter case charismatic authority rests on the recognition by those object to it.

One of the problems in discussing charismatic and bureaucratic authority is that these phenomena are not always clearly distinguished or contradictory. Working in practical and concrete situations with these phenomena, e.g. in peasant movements, one finds, as Max Weber already suggested with his concept of "routinization of charisma", that there often occurs a process in which one type of authority gradually evolves into the other. This implies that there are stages between charisma and bureaucracy (see Huizer 1972: ch. 7). An interesting study, specially focussing on the routinization of charisma in Sarvodaya Shramadana, a social movement in Sri Lanka, initiated and later directed by a charismatic leader Ariyaratne, appears in Wisniewski's (1986) dissertation, showing the difficulty of applying typologies. In reality most social movements are showing elements of both charisma and bureaucracy in the leadership's approaches. It is not rare that in cases of a bureaucratization which stiffens

the flexibility of a movement, or concentrates disproportionate power in a leader or group of leaders, from the ranks new charismatic personalities emerge who, if duely supported, can revive the old impetus including (or not) the leadership.

It has been indicated by Mayer (1979: 20, 119) that the example of charismatic leadership that was a main inspiration for Weber to develop its conceptualization in his time were not leaders of the down-trodden but rather the more influential social actors, e.g. Bismarck, and in the economic sphere the bourgeois capitalist entrepreneurs. Weber was aware of the risks involved with such leadership, particularly if economics and politics were combined:

"The proclamation of the charismatic principle within the realm of the economic system must ultimately destroy democracy, once it concludes an alliance with the charismatic leader in the realm of politics" (Mayer 1979: 96).

The "bourgeoisie" has its charismatic personalities and these appear generally to be of the authoritarian hierarchical type, and in some cases even prepared to use terror to achieve their goals (see e.g. Kolko 1988, Chomsky 1985). Beyond the field of business administration little research has been done regarding the mentality of such personalities. A recent study by Dean and Mihalasky (1978) shows that of a sample of the most successful corporate top-managers about 75% has special "psychic" qualities (e.g. precognition).

To my experience, as yet not systematized, many charismatic mass - or grass-roots leaders often also have these qualities. A puzzling question behind such facts remains: what is it that motivates those who move or guide the people's social movements and on the other hand those who lead "the bourgeoisie (which) cannot exist without incessantly revolutionizing the instruments of production" (Marx 1962/1848: 49)? Another relevant question is: what are the differences between corporate elites of Western Europe, Japan and the U.S.A. as regards long-term or short-term strategies? Significant differences have been noted by Roos (1991). An outstanding example of the US managers approach, the I.T.T. General

Manager Harold Geneen (who offered US \$ 1,000,000 to the C.I.A. to overthrow the Allende regime) stated about his management approach:

"I wanted to create that kind of an invigorating, challenging, creative atmosphere at ITT. I wanted to get the people there to reach for goals that they might think were beyond them. I wanted them to accomplish more than they thought was possible. And I wanted them to do it not only for the company and their careers but also for the fun of it" (Geneen 1984: 129).

The main objective of this management effort was "a steady stable growth of 10 to 15 percent increase in earnings per share for each and every year. Together we set out the double our earnings in five years" (Geneen 1984: 131). This motivation (increasingly absurd in the context of a zero-sum ecology) was apparently enough to overcome moral qualms about killing thousands of Chileans and overthrowing a democratically elected government. To what extent is this "belief" as Marglin (1990) called it, part of the "abstract heartless philosophy" that according to two experts in management studies Peters and Waterman (1982: 45) predominates among the top-managers who reach "excellence" in their field. It was also observed by these experts:

"Professionalism in management is regularly equated with hardheaded rationality. We saw it surface at ITT in Harold Geneen's search for the 'unshakable facts'. It flourished in Vietnam where success was counted by body counts. Its wizards were Ford Motor Company's whiz kids and its grand pajandrum was Robert McNamara. The numerative, rationalist approach to management dominates the business schools" (Ibid: 29).

When facing the excalation in the confrontation with social movements such as the peasant rebellion in Vietnam this "hardheaded" management approach, an "affliction" as it was called (Ibid: 29) can lead to catastrophe, as noted:

"Our obsession with body counts in Vietnam and our failure to understand the persistence and long-time horizon of the Eastern mind culminated in one of America's most catastrophic mis-

allocations of resources - human, moral and material" (Ibid: 45).

A careful study of the leading circles in the (main fractions of) Western power elite(s) and their motivation, strategies and mutual relationships appears highly relevant particularly since the last few years the operations and activities of the "bourgeoisie(s)", appear more and more to resemble millinarian movements reacting to crises with a cargo belief in an increasingly aggressive manner.

Of course in the post-industrial phase as it first developed in the USA and later spread to Western Europe the growing influence of "mind managers" to spread and consolidate this cargo-cult has been crucial as was observed by Herbert Schiller (1973: 4).

"Where manipulation is the principal means of social control, as it is in the United States, the articulation and refinement of manipulative techniques take precedence over other intellectual activities. In accordance with market principles, therefore, manipulative work attracts the keenest talent because it offers the system's richest incentives. Talented Ph.D.'s in English literature wind up as advertising copy-writers. Madison Avenue pays a lot more than do college English departments."

Schiller (1973: 8-24) describes and analyzes some of the "myths" that form part of this manipulation of consciousness, among which are the myth of individualism and personal choice, the myth of the "end of ideology" and the myth of unchanging human nature and a pessimistic appraisal of human potential. Among the techniques to mould consciousness are the fragmentation and immediacy of information and entertainment. Schiller (1973: 94-102) pictures Walt Disney Productions Inc. as one of the strongest and extremely lucrative creations to entertain people into conformity and Walt Disney is therefore seen as "one of the ten greatest men of business in American history", along with Carnegie, Ford and John D. Rockefeller.

Although not specially studied by Hansen (1992) it is clear that the "charismatic milieu" in which the business leaders operated is at least as important as the

charisma of these personalities. And this "charismatic milieu" had to do with the crises and trends of an increasingly complicated and unpredictable global economy. It seems that these crises and complications are not faced with scientific rationality and the development of a total view on how and where the world economy (not to speak of ecology) is going, but rather with cargo-cultist beliefs (or IMF fundamentalist dogmas). The Witschua-fisethik prevailing particularly in the Reagan and post-Reagan charismatic epoch now seems to have come close to a most serious crisis.

Tom Peters (1988), in his latest work on excellence in management, speaks of "facing up to the need for revolution" and "living on chaos".

"Mergers and de-mergers are just one part of the madness. Strategies change daily, and the names of firms, a clear indicator of strategic intent, change with them" (Ibid: 8).

Such recent management literature is full of movement language on creative and "revolutionary" leadership. The "super struggle" predicted by Fuller (1981) that now appears to emerge in and among the "bourgeoisie" opens new perspectives for millenarian movements such as the New Age movement. In his recent comparative study of Cargo and millenarian movements Trompf (1990: 58-64) includes New Age and Aquarian themes from Western America and Eastern Australia.

A main spokes-woman for the New Age movement, Marilyn Ferguson has at several occasions stated how the activities of the "aquarian conspiracy", as she calls this movement, are supported or organized by companies like Lockheed, Royal Dutch Shell, IBM, General Motors, and Rockefeller and Ford Foundations (e.g. Ferguson 1976: 260; also in her interview Volkskrant, 15 September 1984). Some of the top managers of the corporations or institutions against which grassroots social movements direct their activities, do participate in the New Age movement. Herbert Schiller (1991: 9) quotes a relevant observation from a *Wall Street Journal* report on the usefulness of "New Age speak" to cope with the challenges posed to business circles and national policies "approaching the twenty-first century".

"A buzz with buzzwords, corporate America has started one of the most concerted efforts ever to change the attitudes and values of workers. Dozens of major U.S. companies including Ford Motor Co., Procter and Gamble, TRW, Inc., Polaroid Corp., and Pacific Telesis Group, Inc. - are spending millions of dollars on so-called New Age workshops. The training is designed to foster such feelings as team work, company loyalty, and self-esteem. Most of the programs share a common, simple goal: to increase productivity by converting worker apathy into corporate allegiance."

Interestingly enough a great deal of the inspiration of the New Age movement is derived from the Third World, particularly currents of the great religions such as Sufi-Islam, Hinduism and Buddhism (see e.g. Capra 1976, 1983). Among the "Eastern" influences that are highlighted in currents of the New Age movement Gandhi is an important example. When Ferguson (1980: 189-240) deals with issues of politics and "right power" she frequently takes elements from the Gandhi-led social movement for the independence of India, such as satyagraha or "soul force".

"Satyagraha is the strategy of those who reject solutions that compromise the freedom or integrity of any participant. Gandhi always said it is the weapon of the strong because it requires heroic restraint and the courage to forgive. He turned the whole idea of power upside down" (Ferguson 1980: 200).

The Indian Congress' civil disobedience campaign of 1930, disobeying British legislation regarding its salt monopoly is discussed as an example (Ibid: 238-239). Another important aspect of Gandhi's strategy incorporated in the New Age movement is networking or as Gandhi called it "grouping of units" (Ibid: 216). Ferguson also noted that networking and linkage building for social change can be compared to the "emerging supranational web of corporations" (Ibid: 227). It should be observed however that while some of Gandhi's strategies may be embraced by the New Age movement, this latter clearly remains an elitist and middle-class movement. As Rajini Kothari (1970: 50-60) pointed out Gandhi used his strategies

to build a bridge between the middle-class and the poor masses as a basis for "national awakening" and placed strong emphasis on "sacrifice", "constructive work" and "serving the people". These elements seem to be conspicuously lacking in most of the New Age movement.

The New Age movement, as described by most of its authors (Ferguson 1980; Capra 1978, 1983), deals with "global issues" but in fact restricts itself mainly to what happens in California, the USA, or the Western countries, covering altogether not more than 10 percent of the globe's population. They are not "anti-systemic" and the real issues of mankind's survival, the growing rich-poor contradiction on a world scale, are not tackled at all by these social movements neither directly nor indirectly. Is it the option for the better-off?

While the contradictions between the wealthy and the poor and powerless in the world as a whole are rapidly increasing, the wealthy, particularly the most extremely wealthy, seem to be sensing the impossibility of this trend to continue eternally, even for another few decades. Beginning doomsday feelings are often, as was observed by Mühlmann (1961: 371) accompanied by ideas about "the end of history". It is interesting to observe that while on the one hand businessmen see crisis and uncertainty all around, politicians and their spokesmen speak of a "new world order" or even the "end of history" (Fukuyama 1990).

As Mühlmann (1961: 367) describes, views regarding "the end of history" have appeared time over again among different peoples and civilizations, as part of millenarian tendencies. He also points out that such eschatological "the end of history" views mostly go accompanied by expectations of the beginning of a radically new and more satisfactory epoch or millenium. This, of course, is not exactly the idea of Fukuyama and the circles for which he wrote his essays, but - ironically - the publication of his works coincides more or less with a recession in his country which according to best-selling economic analyses like that of Ravi Batra (1988), have all the characteristics of becoming a cyclical "great depression", of the 1929 proportions or even worse. Batra (1988), whose view regarding the

# IDEOLOGIES IN THE PHILIPPINES: A COMPARATIVE ANALYSIS

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## Introduction

This paper, in brief, is an attempt to present the major ideologies espoused by different parties, groups, and aggrupations in the country today and analyze their concepts of an ideal political system for the Philippines. Given the multifarious and complex socio-cultural, economic, and political problems of the country, ideologies continue to compete in offering solutions and programs of government to respond to the national crisis.

Ideologies have sharpened their distinctions and differences from each other as they strive to gain peoples' support to their ideologies; while new ones emerged or re-emerged to suit the idiosyncracies of the country's political milieu. These developments are most welcome and encouraging because they signify the growth of political movements aspiring to answer the country's acute social illnesses.

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All ideologies have their *raison d'etre* and proffer convincing arguments to justify their programs of government and strategies for a better political system, either by etching and grafting new or re-modelled structures within the existing socio-economic and political order or building new ones from the ashes of the old.

Ideologies in one historical point,

oftentimes depending on its position from the power spectrum at a given time, can be generally considered conservative, reformist, and revolutionary or radical. These can be classified under the following groups: as staunch defender of the status quo, when it is deemed dominant and in power (conservative or "rightist"); an advocate of change within the existing order when it is in the fringe of political power (moderate or "centrist"); and a rabid believer in the total destruction of an existing social order through "revolutionary violence" when it is out of power and does not seem to have a chance of seizing political power under the present socio-economic and political structure (radical or "leftist").

Apart from these major categories, there are other ideologies which stand "in-between" the aforesaid classifications. These ideologies are modifications of existing ones and contain certain shades of two or more fundamental elements of major ideologies. These "shady" are formulated and "concocted" by political scientists through time and are continued to be done as the political landscape of a given society changes. However, they remain to be classified in accordance with their ideological roots, how they perceive change, and in what mode it should be done. Ideologies, therefore, are not mere products of abstract reasoning but are interpretations of political events and phenomena—historical and contemporary—based on the concrete conditions of the time.

Apparently, the future and survival of ideologies rest on the peoples' support and their ability to dynamically respond to new challenges and demands of political development as well as ideals of a "good" society. Whether such ideal political system is anchored on solid and material bases and viable given the country's political culture is for the people to decide and history to judge.

The discussion in detail and in depth of various ideologies cannot be done in this

forum, given the limited time. It takes a semester or even two courses in politics for us to explore the topic in a comprehensive and profound way. Thus, the discussion on ideologies shall be confined to those major ones prevailing in the country today.

### DEFINITION

Ideology (idea-logic), generally refers to ideas, principles, values, or a set of comprehensive beliefs and attitudes which are logically related that lend legitimacy or illegitimacy to existing political, economic and social institutions and processes (Rodee et. al. 1987: 76-77; Lawson 1989: 56-57): It offers a critique of the existing system and a view of an ideal system. It can be used to justify the status quo and resist every attempt to alter it or serve the purpose of change. In both cases, the defense of or assault to the prevailing order can take the form of reform or violence as the primary means to a perceived end—an ideal socio-economic and political system.

Moreover, an ideology can be an instrument of oppression or liberation depending on the perspective it is being viewed. For instance, those who defend the status quo and reluctant to change it invoke the "divine right theory" (conservatism) which sees that power and authority vested upon rulers are something derived from God. Thus, all policies, decrees, and laws issued by rulers must not be questioned otherwise it would be tantamount to questioning the authority of God. On the other hand, rebellious subjects may justify their acts of violence against those in power by citing the principles of "natural rights" or the "consent of the government" (liberalism).

However, it was the same ideology which liberated the subjects from their "gods" that, thereafter, was used to oppress the "governed". In the same vein, the socialists incite the masses, specifically the working class, to "break the chains of capitalist exploitation" and establish a democratic socialist regime from the ashes of a bourgeois state. Subsequently, socialism was used to legitimize dictatorial control over the working masses.

Apparently, ideologies tend to shift and change its color, ideals, and interests before and after seizing political power. An ideology seems to embody the principles and ideals of a progressive society when it remains

out of power but regresses to passivity and becomes lackadaisical when it takes power and thus, protects it from progressive elements in a society advancing an ideology that threatens the authority of power holders. In such case, the ideology loses its dynamism and turns itself to be reactionary and resistant to change. Obviously, ideologies of that sort fail to respond to the vicissitudes of contemporary politics and do not reflect concrete situations obtaining in a polity over time.

An ideology which refuses to see the dynamics operating in a particular political landscape and social milieu loses its relevance, reduces its sustainability, and diminishes support from the masses. Contrary to the beliefs of others, ideology is an independent variable that has an independent causal impact on politics. It is pro-active rather than acted upon. It incorporates progressive ideas and principles in one coherent system of political belief in order to advance the attainment of a better society.

However, an ideology which tends to be regressive upon seizure of political power, in spite of its progressive posture prior to its assumption, is a deliberate attempt to reduce the role of ideas and the significance of ideologies itself in political life. It tries to conceal the true underlying motives of political actors under the mantle of an "ideology", though it may look progressive. Theories that seek to reduce ideologies to sporadic perceptions and symptoms of something more basic is known as "reductionism". These reductionist theories fall into three main categories: power reductionism; economic reductionism; and psychological reductionism (Hagopian u. d.: 395).

For instance, power reductionism sees ideology as the dependent variable (See Morgenthau 1960). In this case, power is seen as the primary means and ends of politics. Adversaries are thrown off guard and neutrals are lured to the side of the power seekers or made to stay where they are. Ideological disputes are manipulated and "national interest" is defined in terms of maintaining or defending and enhancing the state's power position.

On the other hand, economic reductionism believes that economic interest is the only foundation of ideologies; if we know the economic interest of a certain group, we can easily predict its ideological persuasions.

According to this theory, privileged classes are inexorably drawn to conservative ideologies and work for the defense of status quo. While the less privileged and poorer segments of the society easily uphold revolutionary ideas.

This simplistic approach, however, proved to be inaccurate. Experience among revolutionary movements attest that leaders of revolutions, oftentimes come from the wealthy class while the poor are the ones that resist change or even serve as spies against the revolutionary forces.

Finally, psychological reductionism sees ideologies as rooted in one's mental traits and dispositions. The theory sees that peoples' attitudes and actions are rationalized in terms of some general principle or doctrine. Pareto (1963) calls all rationalizations as "derivations" from underlying psychological "residues". Derivations, among others, include theological beliefs and political ideologies which are projections of individual character.

Apart from the forecited flaws in reading ideologies, there are a lot of "loose" definitions as there are people using the term ideology. Apparently, there is a conceived notion that a distinction between political culture and ideology is unnecessary, if not true and unessential. However, it is preferred for purposes of precision and eschewing confusion over the use of the term ideology, that a "tight" definition be made.

This paper criticizes Robert Haber's definition of ideology. He states:

"Ideology as an intellectual production has several elements: (1) a set of moral values, taken as absolute; (2) an outline of the 'good society' in which these values would be realized; (3) a systematic criticism (or... affirmation) of the present social arrangements and an analysis of their dynamics; and (4) a strategic plan of getting from the present to the future..." (1969: 283).

Ideologies, therefore, are very explicit and highly systematic patterns of political belief. Hagopian (u. d.: 390) declares that it is "a programmatic and rhetorical application of some grandiose philosophical system, which arouses men to political action and may provide strategic guidance for that action".

On the other hand, political culture is far more complex and diffused sets of political beliefs—almost a mosaic—that includes not only several competing beliefs, but belief system (subcultures) that influence political life. It refers to all those aspects of a country's general culture that bear more or less directly on political processes and institutions.

An ideology has three (3) main structural aspects, namely: relationship to a grandiose philosophical system; program derived from a philosophical system; and strategy of realizing programmatic aims (Hagopian u.d.: 391). In other words, an ideology is not a philosophy but a translation of an abstract philosophical principle into a concrete political program intended to achieve a specific goal.

Moreover, an ideology performs the following functions: it tries to legitimize and provide moral justification for political power; helps interpret reality by organizing the complexity of the political world into more readily manageable categories of thought; and mobilize the masses either to support or overthrow an existing political order.

Given the aforesaid context, ideologies in the Philippines will be analyzed using the parameters set forth in the definition of an ideology.

### Liberal Democracy

Liberal democratic ideology is one of the various ideologies in the country espoused by parties, groups, and aggrupations which remained tied with the colonial-sponsored liberal democratic thought as propagated by the Americans. Perhaps, this is the longest existing ideology in the country prominently embodied by political electoral parties since the "granting" of Philippine independence in 1946.

Liberal democracy is neo-liberalism or modern liberalism as distinguished from classical liberalism of John Locke (natural rights liberalism), John Stuart Mill (utilitarian liberalism), Herbert Spencer (social Darwinist liberalism). Although classical liberalism and neo-liberalism share the same unit of social analysis—the individual—the former believes that liberalism is incompatible with democracy while the latter asserts that liberalism and democracy are inseparable.

Liberal democracy defines freedom in a positive sense. It contends that individual

freedom cannot be fully realized by mere absence or minimal government control and social pressure on one's thought and action. Freedom is deemed acquired only when one has achieved a certain "freedom-creating" state of mind which requires governmental action whose responsibility is to raise its citizens' level of consciousness to a point where an individual can exercise one's freedom in a mature and responsible manner. Beyond such point, the growth and expansion of one's freedom becomes a personal responsibility. The modern liberals do not advocate a "paternal government" which denies the individual the responsibility to nourish or destroy one's acquired freedom.

While it is apparent that the liberals call for the safeguard of individual's rights and liberties, classical and neo-liberalism differ in the means on how to secure one's individualism. For the former, the government should perform a minimum rule while the latter favour an expanded role in the affairs of its citizens especially in the areas of economics and education.

The transition from a "negative" or "positive" conception of freedom and the shift from anti-democratic liberalism to liberal democracy is a matter of logical necessity and not a product of historical development. The convergence of the ideas of liberalism and democracy resolves a pragmatic question in development rather than a doctrine. As Leonor Hobhouse states:

"The manner in which the state is to exercise its controlling power (over property and industry) is to be learnt by experience and even in large measure by cautious government" (in Sidorsky 1970:20).

A more interventionist role of government in the economy cannot be dispensed with and becomes fundamental as laissez faire economics could no longer ensure the ideals of liberalism (Lawson 1989:66). John Stuart Mill argued that laissez faire did not promote the survival of the fittest but ensured the exploitation of the many by the few. Neither did it guarantee the worker's just compensation for the amount of work rendered but the reward was inversely proportion to work (Rodee et. al. 1983:100). Thus, it becomes essential that social and political reforms be undertaken by the government. The State, therefore, has a social function.

Liberal democrats believe that the individual's liberty must be defined within a

social context rather than abstracting one's nature, motivations, and rights outside of an economically interdependent society. John Dewey maintains that individual development and progress necessitate social requisites and insulating an individual from society constitutes a debasement of one's individualism (in Hagopian u.d.: 470-71). He thinks that true individualism for the masses and elite requires collective (governmental) action against misery, poverty, and ignorance.

The neo-liberals perceive that true freedom of an individual can only manifest when one's thoughts and actions are governed by reason and morality, termed as the "higher" or "true" self, instead of the "lower" self (instincts and passions). True freedom, equated with the "higher" self or "self-realization", can be attained with the individual's association and participation with a group. As Dewey said:

"Liberty is that secure release and fulfillment of personal potentialities which take place only in wide and manifold association with others; the power to be an individualized self making a distinctive contribution and enjoying in its own way the fruits of association" (1954:150 in Hagopian u.d.: 471).

Evidently, liberal democracy is more pluralistic and democratic in addressing the question of individualism compared to classical liberalism. It recognizes the important role of a government, as a political institution, in promoting the citizens' freedom as long as it does not interfere into the realm of the individual's "freedom-creating" state of mind.

Neo-liberals, furthermore, accept the growing participation of government in civilian affairs as society becomes complex. For them, it is inevitable and consistent with the basic purpose of liberalism—to secure for all citizens an equal opportunity for self-development. The government is allowed to assume more welfare functions not only for the middle class but for those citizens who are prevented by circumstances beyond their control to effectively compete with those who are more privileged.

Liberal democracy, by virtue of its adherence to democracy, advocates for parliamentary government in the broad sense—an elected members of legislature which exercises a check on the powers of the executive. It believes in the idea that all rational



beings possess the inalienable right to rule themselves. It is to be noted that the liberal thought is the ideological root of democracy.

Liberal democracy works for an egalitarian society but does not intend to even off class differentiation nor eliminate classes as what the communists are advocating. Inasmuch as the neo-liberals posit that all human beings are capable of reason and rational action, the government is duty-bound to provide assistance only to those citizens who are willing to develop their potentials. However, it cannot force anyone to avail of the government's support if such is not being sought. Any attempt to help a citizen who does not ask for it is a transgression to individual's rights, liberty, and freedom. The "social evolution". Liberal democrats contend that progress requires social action which must be achieved and earned by individuals which may well mean using the government. Since the modern liberals see the State as an instrument for one's attainment of freedom, they likewise perceive that progress and political change have to be instituted within the government and under the parameters of the State's laws.

They believe that political change has to be made through peaceful, parliamentary, and non-violent means. The liberal faith in reforms is linked with its belief in historical progress which can be achieved through positive social action.

Liberal democracy promotes specific reform programs, whose aggregate sum equals the modern welfare state. In fact, its advocacy for positive freedom, social function of the State and government, parliamentarism, equality of opportunity, and reformism constitute the idea of a welfare state within the framework of liberal ideology.

Finally, liberal democrats support the separation of Church and State and freedom of conscience. Its anti-clerical posture is an offshoot of its individualism which demands that religion is to be made a "personal" and private affair.

Apart from the various differences in philosophy and ideals between classical liberalism and modern liberalism, the latter was able to preserve many aspects of the former: individualism, parliamentarism, reformism, and separation of State and Church. However, one significant difference is that liberal democracy was able to make liberalism and democracy inseparable and

moderated the "tyranny of the majority", feared by the classical liberals, *passé*.

In the Philippines, the first direct contact with the Anglo-Saxon liberal tradition of the 17th century was made no further back than the late 19th century. The few Filipino intellectuals sojourned in Europe before the Philippine Revolution of 1896 first came to know the great modern ideas in political thought—concepts of national self-determination, popular sovereignty, representative democracy, republicanism, constitutional government, political rights, and liberty.

Although these concepts and ideas were not exclusively European, the "ilustrados" happened to know them in their European flavor. In fact, the Malolos Constitution which very few Filipinos now have studied, is an "ilustrado" document and the first republican constitution in Southeast Asia. Evidently, the American colonization in 1900 largely cut off the link of the Filipino intellectual to European political thought.



As a result of the 45 years of direct American rule in the country, liberal political ideas were implanted to Filipinos' mind in American fashion. Through the establishment of an efficient mass-based school system where English became the only medium of instruction, Filipinos learned more of American history, culture, heroes, and system of government than its own. Moreover, the country's political and governmental institutions and structures until the present time were and are shaped from American political tradition. Thus, the meaning of liberty, freedom, and rights were understood by the Filipinos in the American context.

Inasmuch as the ideals and principles of liberal democracy remain unchanged, its application need not necessarily be identical either the Anglo-Saxon American tradition. The complexion and dynamism as well as applicability of liberal democracy have to be defined and suited to the peculiarities and idiosyncrasies of the society's historical development and political culture. As revolution cannot be imported, ideology cannot be imposed. It has to follow the contours of the peoples' political life. Otherwise, it will not survive and become an instrument of oppression rather than liberation.

The wheels of history cannot be turned back. Liberal democracy in the Philippines has been grafted than homegrown. However, recent political events and peoples' movements have indicated that the ideology of neo-liberalism seems to be a viable political thought. Nonetheless, its ultimate success shall be tested on how effective the advocates are in indigenizing and nourishing liberal democracy in Philippine soil.

#### Socialism

Socialism is an ideology which evolved out of the perceived failure of liberalism and its attendant economic system—capitalism, to provide the "true" freedom, democracy, and rights to the individual. The ideology believes that the undue emphasis given by liberalism to the individual has induced one's selfishness, in total disregard of the welfare and interest of others. This unbridled selfishness exacerbated the inequalities among individuals who were never born equal by virtue of talent, wealth, and capacity.

This inequality is thus reflected in the entire society. The relations between classes tend to be oppressive and exploitative, with the few privileged classes possessed with extreme wealth, power, and opportunities while the vast working masses squalor in poverty, powerlessness, and ignorance.

Moreover, the basic feature of liberalism and capitalism which is the private ownership of the basic means of production (land, mines, machines, and techniques) and exchange (wholesale and retail outlets, transportation and communication facilities, financial institutions, etc.) has resulted in the overconcentration of wealth and prosperity to the "bourgeois class" and deprived the "proletariat" or working class of its just share in the fruits of labour.

In this regard, the socialists say that liberalism protected the freedom, liberty, and rights of the bourgeoisie and constricted that of the toiling masses. They contend that the capitalist economic system engendered the exploitation of man by man and resulted in dehumanization and alienation for society.

The system, therefore, which places an individual as its center and disregards the interest of the society in general becomes abhorable. Furthermore, a system which gives primordial value to private accumulation of capital and maximization of profit and completely remiss of its social responsibility to those who made them rich is detestable.

Socialism becomes attractive to the most underprivileged masses—the exploited and oppressed. It feeds on the poverty, misery, material deprivation, and ignorance of the people. It is an ideology based on emotion and feeling, nonetheless, intellectually defensible, which accounts for its ascension to and later fall from power. This also explains the passion with which socialists contend against each other as one tries to defend the brand of socialism one believes in. Apparently, similar passion is exhibited against the non-socialist world.

Socialism departs from the liberal democratic concept of human nature. It views that the most important characteristic of human beings is the individual's natural sociability. People can readily engage in cooperative social activity only if given a chance. However, structures of society—political, economic, and social institutions, were created to respond to the selfish needs and demands of individuals who are fortunate to possess political and economic power due to

birth, race, creed, or sex. These structures eventually became instruments of the privileged class to expand and consolidate their powers through exploitation and oppression causing untold sufferings to the greater number of people in the society.

The socialists believe that a better society can be established through the social ownership of the means of production where the State becomes the owner, economic planner, and distributor of socio-economic benefits. It is argued that this economic system (socialism) would prevent the overconcentration of wealth to individuals, promote social equity and fair distribution of public goods, and correct social and economic disparity between the rich and poor.

Likewise, socialists advocate the limitation or total abolition of private property. This is viewed as the source of selfishness and greed. The absence of private ownership is envisioned to accelerate the attainment of an egalitarian society. This is the stage of society where one becomes totally free.

Under a socialist State, the working class which is the most exploited but most productive under capitalism would be the ruling and governing class. This will ensure political power to the once powerless class and use it to strengthen its power base against possible attempts of the bourgeoisie to redeem the power it lost. Moreover, with the workers at the helm of the State, employment would be guaranteed and just share in the fruits of their productive labour will be assured.

Socialism as an ideology covers a wide range of beliefs. Given the fundamental agreements on the imperative of eschewing away the root cause of multitude's suffering by limiting or abolishing private property, sharp disagreements are noted on the manner or method that would be most effective in bringing about the ideal social system; the extent on the limitation of private property ownership; the roles, if any, the State and government should play in the construction and consolidation of socialism; and the character of the socialist state.

C.A.R. Crosland (1963:67) stipulates the following principles of socialism, regardless of its variety:

1. A protest against the material poverty and physical squalor which capitalism produced:
2. A wider concern for "social welfare" for

the interests of those in need, or oppressed, or unfortunate, from whatever cause;

3. A belief in equality and the "classless society", and especially a desire to give the worker his "just" rights and a reasonable status at work:
4. A rejection of competitive antagonism, and an ideal of fraternity and cooperation; and
5. A protest against the inefficiencies of capitalism as an economic system, and notably its tendency to mass unemployment.

In the Philippines, the socialist movement has two major tendencies: One, the social democrats or democratic socialists who opt for a peaceful and democratic transition from capitalism to socialism; and two, the revolutionary socialists who believe in armed struggle as the primary means in seizing political power for the establishment of socialism in the country.

There is the third group which emerged in mid-1980s and calls itself as the "independent socialists". This group, for some reasons or another, thinks that it embodies a different strand of socialism compared to the two socialist blocks mentioned. However, a study of their program and strategy seems to indicate that it is no different from the social democrats/democratic socialists. Their interest in disassociating from the latter, perhaps, is a reason other than political.

#### Social Democracy and Democratic Socialism

Social democracy or democratic socialism traces its roots to Karl Marx. Contemporary social democrats would even label themselves as the "true" Marxists. They are the Marx of 1872 speaking before the Dutch workers on peaceful transition of capitalism to socialism than the Marx of 1848 proclaiming the specter of communism is haunting Europe and calls upon the workers of the world to unite and revolt against their oppressors.

Social democracy, also known as "evolutionary socialism", is a late 19th century ideology which grew out of the conviction that socialism can be achieved through a democratic process rather than revolutionary violence. It asserts that capitalism can be voted out in the electoral and parliamentary

system of the capitalist state without resorting to an armed struggle.

The thesis on the peaceful transition to socialism is based on the following assumptions: (1) the working class would eventually constitute the majority of the voting population; and (2) raising of political consciousness of the workers through educational programs would ultimately draw them towards the establishment of socialist state.

Thus, the sheer number of politically conscious workers makes socialism an inevitable reality. The indispensability of democracy in the socialist struggle is the cornerstone of social democracy. This makes the ideology to be known as democratic socialism. Apparently, this distinguishes the ideology from statist socialism of the "revolutionary socialist" or communist.

Now that democratic socialism emerged in the late 19th century in Europe—at the time when the Filipinos came to have a direct contact with the 17th century ideology of neo-liberalism. And it was only in the late 1960s that the social democratic movement began to take form in the Philippines. The Filipino Social Democratic Movement, popularly known as the Soc-Dem (SD), tries to sit the ideology and strategy to the Filipinos' political culture. However, a review of their political documents indicates that no significant deviation or enrichment has been made from the classical social democratic thought of the 19th century. The political thought has just been rephrased.

Soc-Dems trace the roots of the Philippine underdevelopment to the following interlocking structures: US imperialism, feudalism, and bureaucratic capitalism (CSPPA n.d.). US imperialism is said to be politically and economically responsible for the country's neo-colonial status. It continually frustrates the people's struggle for sovereignty and independence. On the other hand, the feudal economic system prevailing in the countryside serves as the economic base of imperialism. This system is maintained to provide capitalist countries with cheap agricultural products and raw materials as well as a source of low-cost labour. Finally, domestic capitalism with its "internally disarticulated structure and heavy dependence on foreign capital" serves as the economic base of political elites (CSPPA; Kamas 1987:18).

Given the structural problems besetting the Philippine society spawned by the domi-

nation of the elite in the political and economic spheres, the Soc-Dem intend to resolve these issues by democratizing the informal and formal structures of economic and political power. Economic democracy, in concrete terms, shall be advanced through specific programs and measures like national industrialization, workers' participation in policy-making relative to their welfare, and agrarian reform to mention a few (Kamas 1987:19).

On a similar vein, political democracy shall be fought on two major fronts: One, within the formal structure and political system of the state—parliamentary process and participation in a democratic election. Two, outside of the formal structure of State power. This shall manifest through the creation of mass-based organizations and institutions among students, youth, women, farmers, workers, professionals, church workers, media, minority groups, and others.

The social democratic conviction that people—and institution based organizations are "important venues for political education and practice of (democracy)" (Kamas 1987:19). Through this effort Soc-Dem believe that the ethic of democracy will be inculcated in the people's consciousness in turn protecting them against abuses that may be committed by the State's elites of statist socialists.

The Soc-Dem argue that the struggle for democracy is not merely a wrangle for the equalization of rights between the "haves" and "have nots" but the "equalization of power". It aims to reduce the inequality in power enjoyed by the different classes in a society rather than simply the extension of citizenship rights. The equalization of power is to be realized when the formal structures of power in government have been transformed from elite to mass-based institutions and alternative centers of power have been created outside the state structures. Thus, the form of representative democracy is dynamically linked with the organs of direct democracy in workplaces and communities (Tolosa Jr. 1988:5).

For the Filipino social democrats, socialism can be achieved through its two-pronged program: the minimum or what they call the "social democratic" stage, and maximum, the stage of "democratic socialism". The former is a transition stage to achieve the latter. In other words, social democracy is a necessary stage to attain the goal of demo-

cratic socialism. Soc-Dem contend that there is a qualitative difference between these programs.

The social democratic program (minimum) seeks to redistribute political power and economic wealth in the short run. It is at this stage where the roots of Philippine structural problems would be eradicated to establish the foundation of a democratic socialist order. Moreover, social democracy shall provide the venue for massive socialist education, thereby increasing the constituency for democratic socialism. The political and economic models for democratic socialism shall likewise be tested and strategic alliances among different political formations shall be strengthened in this stage (CSPPA n.d.).

On the other hand, democratic socialism (maximum program) is the stage where all social relationships and social institutions are democratized to their fullest. Social equality becomes a reality since the root cause of inequalities—the deprivation and alienation of labour from ownership and control of the means of production—would be completely extirpated (social inequality remains under the social democratic stage). Democracy, as conceived, is perfected and completed under this stage. Democratic socialism shall be characterized by: political pluralism; institutionalized people's participation; participatory and self-managed economy; socialized market economy; central economic planning; worker's control over key areas of the economy; and eradication of social conflicts as a result of continued socialist education (CSPPA n.d.).

Undoubtedly, doctrines espoused by the Filipino social democratic-democratic socialists (SD/US) spring from the late 19th century social democratic ideology, otherwise known as "revisionism" or "evolutionary socialism". Social democracy became a distinct ideological system from "revolutionary socialism" which advocated for a violent overthrow of the capitalist bourgeois state as the necessary means to pave the way towards socialism. Conversely, social democracy opted for a peaceful route of political democracy to achieve the ends of socialism.

The ideology is notably identified with Eduard Bernstein and the British Fabian Society led by George Bernard Shaw, Sidney Webb, and Beatrice Webb. To date, Fabian Society continues to publish ideological tracts and is an affiliate of the British Labour Party.

The Filipino SDs/DSs assert that they do not "attempt to appropriate the Revisionist ideology" of Bernstein nor share the premise of "progressiveness of capitalism" for their "gradualism" (gradual approach to socialism). Their "ideology" is said to be based on the "different reading of the realities of capitalism in the Philippines (domestic capitalism) and of global monopoly capitalism today" and "commitment to the primacy of democracy as the means to socialism" (Karaos 1987: 18-19).

No matter how the SDs/DSs try to disassociate themselves from revisionism in their effort to project their "ideology" as a political thought based on the Philippine "class structure, political culture, and level of economic development" rather than something borrowed, their minimum and maximum programs glaringly indicate that they are the piety followers and staunch defenders of revisionism. Practically, nothing was added nor taken away from the basic principles of the 19th century classical social democratic doctrine. In fact, their aversion to welfare state even placed them among the left-wing social democrats of G.D.H. Cole and R. H. S. Crossman, thus drawing them nearer to the moderate communists in the Philippines. In other words, only affirmations and nothing new were said.

In the general sense, Filipino SDs/DSs share the view with Bernstein and Fabians on the peaceful transition to socialism. Bernstein rejected the "catastrophic theory", whereby it was contended that the "immiserization" of the working class would precipitate revolutionary action. On the contrary, he argued that the progress of socialism does not depend on the "deterioration of social conditions" or misery but on eliminating abuses (Bernstein 1961:213).

Bernstein believed that the elimination of abuses can be done through massive education of the workers on their rights and powers as well as their future under socialism; organization of the workers which will strengthen their ranks to work for political and economic reforms within the parameters of the existing state; and use of democratic and parliamentary processes where political and economic benefits would reach the workers in the immediate tangible ways.

For Bernstein, improvement of the economic and political welfare of the workers presupposes a sophisticated, educated, well-organized, and confident working class. Piecemeal reforms will eventually raise the

material, moral, and mental level of the workers to a point where socialism shall become the logical conclusion and inevitable reality. Thus, revolution is rendered superfluous and "dictatorship" of any class becomes unnecessary.

Moreover, Bernstein contended that political and economic reforms are preconditions of both socialism and working class' emancipation and the struggle for reforms must be done in a democratic manner (Hagopian 1985:145). Political democracy as seen by Bernstein is the antechamber to socialism or economic democracy. Likewise, the Fabians express that the need for gradualism and the need for democracy are closely linked in its political approach. Sidney Webb recognized that:

"Important organic changes can only be (1) **democratic**, and thus acceptable to the majority of the people, and prepared for the minds of all; (2) **gradual**, and thus causing no dislocation, however rapid may be the rate of progress; (3) **not regarded as immoral** by the mass of the people, and thus not subjectively demoralizing to them, and (4) in this country at any rate, **constitutional and peaceful**" (in George Shaw ed. u.d.: 51; quoted in Hagopian 1985:147) (underscoring provided).

The Fabians' bias for gradualism stems from the British peculiar political culture which disdains untested innovations and abstract concepts and theories and the need to try it out in a certain transitional stage until confidence is built up for practical application.

The Fabians and Bernsteins think that the revisionist transition to socialism is most optimistic and democracy is not only valuable in itself but would hasten the victory of socialism. Classical social democracy posits the indispensability of democracy in the struggle for socialism. Democracy is considered both a means to an end (socialist economy) and an end in itself (just political order).

Clearly, the Filipino SDs/DSs are no different from the Bernsteins and the Fabians. In fact, their minimum program seems to be an exact replica of Bernstein's and Fabians' thought expressed more than 100 years back. Their concept of "equalization of power" is nothing but a rephrasing of Bernstein's idea of the "rise of mass democracy" and the "creation of a stronger and

more sophisticated working class" capable of contesting the power of the bourgeoisie in electoral politics.

Similarly, the SDs/DSs call for the democratization of society by building "alternative centers of power" both in the formal and informal structures of the State is indeed a re-echo of Karl Kautsky's statement that: "modern socialism (is) not merely social organization of production, but democratic organization of society as well" (1964:6). The democratic organization of the society is perceived to be crucial in instilling into the minds of the masses that socialism's time has come thereby can be voted in democratically.

Likewise, the SDs/DSs' vision for the nationalization of industries and establishment of the State as the central economic planner, defined in its maximum program, (democratic socialism), are the same arguments of the classical social democrats. The latter believe that full social justice would be realized only in an economy where the government had "nationalized" at least the "commanding heights" of the economy. Basic industry would be owned by the public sector and the whole economy will be ran in accordance with a central plan of the State. The new economic institutions, further, would be supervised by the representatives of the people. The aforesaid statement obviously, do not run counter to what the Filipino SDs/DSs have pronounced in their maximum program.

The desistance of the Filipino SDs/DSs from advocating a welfare state for the Philippines is to avoid the danger of being perceived as approximating the ideological line of the neo-liberals. They are quite emphatic to state that they "do not aspire for the establishment of a welfare state" (Karaos 1987-18). However, this does not make them distinctive at all. By driving the wedge between neo-liberalism and "Filipino" social democracy, the latter linked itself to the social democratic "left" whose doctrines have been personified by G.D.H. Cole and R.H.S. Crossman - with a hairline difference separating the leftist social democrat and less radical communist.

Cole and Crossman advanced the idea that full realization of democracy and other values of socialism shall be ensured only in a largely socialized economic system. Cole pointed out that welfare state is not socialism:

"It is in most socialist—if even that, but what we have been doing is not to put people on an equal footing, but only to lessen the extremes of inequality by redistributing greatly unequal incomes; and even this redistribution has quite largely taken the form of making the poor pay for one another's basic needs..." (1971:734).

Crossman, on the other hand, states:

"Whatever our intentions, wishes, or individual capabilities, the nations of the Western world will be unable to strengthen themselves by developing adequate public services until the public sector becomes the dominant sector in our economies. Only in this way shall we make it possible to work out a true national resources budget, which strikes the proper balance between production and consumption goods and ensures that community interests are given their priority over individual consumption" (1965:110) (underscoring provided).

Finally, the much avowed slogan of the Filipino SDs/DSs: "there is no socialism without democracy and there is no democracy without socialism" is an obvious touch of Kautsky's maxim: "socialism without democracy is non-sensical" and re-wording of revisionist axiom: "you cannot fully and truly have socialism without democracy".

So where is it now? What is "Filipino" in the Filipino Social Democratic Movement? Social Democracy and Democratic Socialism is one and the same. It is an ideology of the late 19th century. The Filipino social democratic/democratic socialists are nothing but revisionists and Fabians. They belong to the left wing of the social democratic ideological line of Crossman and Cole.

#### Revolutionary Socialism or Communism

Revolutionary socialism is the second tendency of socialism in the Philippines. It espouses the ideology of Marxism-Leninist-Mao Zedong Thought (M-L-MZD-T). This is the ideological line of the re-established Communist Party of the Philippines (1968) in contrast with the *Partido Komunista ng Pilipinas* (PKP) established in 1930 by Crispino Evangelista, which merged later with the Socialist Party of the Philippines (SPP) then headed by Pedro Abad Santos. The merger resulted in the adoption of a single revolutionary party—*Partido*

*Komunista ng Pilipinas* (Communist Party of the Philippines).

The PKP follows the Soviet Communist ideological line—Marxism and Leninism. However, this ideology became less prominent in contemporary political struggle and marginalized beginning in mid-1950s until the 1960s when its key leaders and ideologists were either killed in battles or imprisoned, while some vacillated and co-opted with the government.

Moreover, the intense ideological struggle within the PKP between the "old guards" following the Soviet model and the "green horns" advocating the Chinese model led to the further weakening of the PKP as a revolutionary party. The inner-party struggle reflects the tussle between the Chinese and Soviet Communist Parties led by Mao and Khrushchev respectively in the 1950s.

The PKP was then polarized between the Maoist and Khrushchevites, with the former gaining the upperhand. The struggle for supremacy, power, and leadership was indeed a critical stage in the history of the communist movement, oftentimes characterized by violence and killings between comrades, for it will determine the future of communism in the country.

On December 26, 1968, the Maoists broke away from the PKP and established the Communist Party of the Philippines (CPP) with Amado Guerrero (pseudonym of Jose Ma. Sison) as Chairman of its Central Committee. On March 29, 1969, the New Peoples' Army (NPA) was founded with *Komanderante* Danilo (pseudonym of Benigno Busacay) as its overall Field Commander. A number of young leaders of PKP and red fighters of its army, *Hukbong Mapagpalaya ng Bayan* (HMB) (People's Liberation Army), joined the CPP and NPA. This greatly decimated the ranks of the PKP and HMB ideologically and militarily.

To date, remnants of PKP and HMB remain but have opted either to join the government or pursue their struggle through parliamentary means. Their numbers become very insignificant and their ideology poses no threat to the present regime.

Evidently, the collapse of the Soviet Communist Party and other communist States under the influence of Soviet Union have practically rendered the PKP in near oblivion. This makes the discussion on PKP's ideology unnecessary. However, this does not

make the history of the PKP in the Philippine communist movement irrelevant.

The CPP with its armed group, the NPA, and unarmed alliance of political mass organizations, the National Democratic Front (NDF) collectively carries the ideology of Marxism-Leninist-Mao Zedong Thought (M-L-MZD-T). It tries to blend the fundamental contributions of these major political thoughts of communism in its struggle for power in the Philippines. The ideology virtually believes in the violent overthrow of the government through a protracted peoples' war, drawing support from the masses of peasants as its motive force and workers as its leading force, and the establishment of a socialist State under a single party system with the Communist Party as the ruling and governing party in the country.

Like the social democrats, the CPP believes in transitional stage towards socialism. As the former, identified the stage of social democracy as a necessary step before achieving democratic socialism, the latter contend that it should be the stage of "national democracy." The CPP argues that national democracy is not an economic system but a political system where the structures and institutions of socialism shall be shared until such time that the economy and the people would be ready for the next higher stage of society—socialism.

Political documents and propaganda of CPP-NPA-NDF have given excessive emphasis on their national democratic political line and the national democratic programme of government. The label "mat dem" has been attributed to anyone who espouses or are sympathetic with the *afonstad* program. The socialist orientation and direction of the political program have been downplayed either deliberately or unwittingly.

Nevertheless, it seems that highlighting the national democratic line serves the organizational and political agenda of the CPP. The term "national democracy" is more acceptable in the Philippines who have been exposed to the elite-based democracy in the country as well as the growing sentiments for national identity. Socialism, on the other hand, is perceived to be less acceptable in a populace whose revulsion against communism remains strong. Therefore, the call for national democracy becomes an effective propaganda and political tool to "mobilize, organize, and mobilize" the masses against the government.

(Cont. on page 22)

(Translation from Spanish)

## CHE AND TODAY'S SOCIALISM

**Fernando Martinez Heredia**

The events and social changes that took place in the last few years were of such a density that they may only be compared with what had accumulated in the decades of 1940 and 1950. Then there were the zenith and the downfall of nazism, the Soviet and American presence in the centre of Europe, the recognition of the end of capitalism in seven European countries and in a part of Germany and the conformity with its continuity in Greece, Italy, Austria and the rest of Europe. There was the open predominance of the United States in the capitalist world; there were the "contention" and the Cold War – postwar geopolitics of two social regimes – the end (incomplete) of colonialism and adolescent expansion of neo-colonialism. There were the triumph of the revolution in China, the Vietnamese victory in Dien Bien Phu, the war of liberation in Algeria, the triumph of the Cuban revolution. There were the postwar reconstruction of the U.S.S.R., the 20th Congress of the CPSU, the government of Khrushchev and the Soviet departure for the cosmos.

That world has been shaken today, emptied of sense, changed by gigantic commotions. The whole East European system and the political system of two counterpoised blocs that lasted four decades, has disappeared. The bipolarity was dismantled within a shortest period and the United States emerges as the only global power which imposes its military, ideological and economic power despite the fact that economically Western Europe and Japan have some predominance over it. The end of the U.S.S.R. is astonishing: there exists no other historical example of complete elimination of a powerful State without the intervention of a war. The maturity of imperialism, developed through economical and ideological processes during those decades,

now shows itself bare and proud. Its democracy, its market, remorseless way of living, its world order appear as victorious, desirable or inevitable – according to who judges or to whom the message is directed seeking to rise up against it seems absurd. The severe loss, the unpopularity and discouragement of the ideals of socialism have undergone can hardly be exaggerated. Carried away by those facts, the efforts for development and the struggles of liberation of the peoples of the Third World or even the most modest aspirations of survival and just treatment, of sovereignty of their States, seem far away.

The decades of 40–50, the years of adolescence and youth of Ernesto Guevara, were also those of his formation as a revolutionary. In 1959 he was already Che. These gloomy years which we are living today may make us forget Che's thinking. This forgetfulness would be part of the end of an epoch in which it was believed that the human being may become something more than an egoistic animal, that massive organised action can make the liberation and perfectibility of societies and individuals and the development of the Third World countries possible.

At the beginning of 1989 the final phase of an epoch that marked the 20th century elapsed. Throughout that period, the ideological influence and the general weight of the U.S.S.R. were decisive for socialism in the world. The only practical reference of state power of communist orientation during decades, protagonist of the first triumphant anti-capitalist revolution from the Commune of 1871, mother country of the most distinguished Marxist revolutionary leader, the U.S.S.R. headed a system of political parties almost the world over and made an impact on

millions of persons within all the conflicts. The magnificent epic of anti-fascism its people wrote renewed the Soviet prestige, although even then the revolution born in 1917 had been wounded to death due to a division in the power. After the victory its state power came to the zenith, in global controversy with the United States and though it was at the head of a group of realities, it proved to be incapable of recovering and deepening the Soviet socialist movement it had given birth to. It failed to generate a new culture that would be radically different from the culture of domination and would constitute the indispensable means for the transformation of the institutions, the relations and the persons that, in a long participatory process, would have to make the socialist transition a reality. Their basic deficiency (that deprived the ethnically diverse USSR of an efficient foundation) extended itself to the head of countries under its leadership and prevented these countries from advancing towards a community of socialist societies. In spite of the global role it came to play, it could not constitute an attractive focus for the oppressed of the rest of the world. Everything came to an end in less than three years. The sudden disaster, the scandalous ways in which leaders, ideologists and officials, without the least decorum, abandoned the ideals they were proclaiming up to then and which destroyed the institutions and the whole of the system: the end with neither resistance nor exemplary gestures, the simple participation of the ring of leaders of the previous system in the new political and economic regimes, engaged in re-establishing capitalism, make the socialist analyses of what followed, more difficult. Nevertheless, it is indispensable to know and evaluate that process, independently of the overwhelming totalitarian system of the marking of public opinion prevailing in the world today. I call the attention to the need of having our interpretations from Latin America, of the experiences of the so-called real socialism and its consequences.

The post-revolutionary power that prevailed during decades in the U.S.S.R. and the countries of the East European bloc attempted to develop a socialism of the productive forces and it was defeated by the development of the productive

forces of world capitalism. The almighty State in which the ideas of Marx, Engels and Lenin regarding the State as an instrument of socialist revolution, in practice were degenerated progressively asphyxiated the society, made permanent the power of a group and distributed privileges among them. State and society were spiriting up in such a chronic and a gradual manner that it seemed somewhat natural and the system drew to a close, needed to the marrow. The geopolitics of confrontation with the United States continued apparently, yet its rapid deterioration was one of the foreboding signs of the final crisis.

The downfall of the system did not take place through people's revolutions. It is obvious that the reaction to that order manifested and generalised itself when the dikes were removed. In certain movements and some new institutions there existed a rich potential favourable at least to renewals with people's participation. What is extraordinary, then, is as to how it was managed to stave off that possibility of the people taking the lead amidst such far-reaching changes and conforming at least up to now it has been so. In the roles assigned to form by the elements that produced and controlled the changes — changes often stemming from the structures of the previous system. The major confusions, the ethnic and nationalist confusions, some partial struggles, less interest in politics, ingenuous aspirations, form the image of the most generalised attitudes. It is paradigmatic: the ideological and moral disarmament, the castration of initiatives for the majorities which that regime secured referring its legitimacy to the most ambitious social plan of history: the Communist Utopia, the world solidarity struggle of the oppressed against capitalism, the creation of new societies based on the predominance of the bonds of solidarity, the Marxist theory.

The detestation of the revolutionary past and the denial, with all efficacy, of the epoch lived outside the capitalist system have been complete. Imperialism, overwhelmed by so many unexpected victories, has ended up by deriving the greatest benefit possible, setting a gigantic operation in motion for expropriating the hope that any defiance or any change

for the benefit of the people may be possible or at least conceivable and exhibiting wildly the neo-liberal ideology that exhibits its system today. Not only the ideas and the literature of real socialism, executed even by those who were using them, have been condemned; it is also claimed that Marxism is obsolete and that its themes and its judgements are of no interest at all. At length, the same is presumed for all revolutionary thinking.

In reality, in Latin America a new historical phase has begun. The thinking compromised with the people's causes will have to be capable of being independent of ideological and cultural hegemony of capitalism and, opposing it, if it is to be valid and efficient. The same will have to be done by the popular political and social organisations and those seeking to direct them, although each means has its specificities. In the long process that begins, the idea of socialism will play a growing role. Therefore, it is indispensable to base its definition with respect for socialism that has existed or claimed to be, recover critically the accumulated heritage of socialist experiences, movements and theories, the universal heritage and especially Latin American, and work on a proper socialist alternative as part of the new revolutionary currents that will develop in the continent.

For all these purposes, the action, the thinking and the whole legacy of Che continue to be valid and useful. His criticism of socialism of East Europe — which Suslov would call "real" — directed to the centre of its regime and the fundamentals of its consequences. In the political setting of his militancy and his responsibilities within the first autochthonous socialist revolution followed in the West, linked progressively from the power with the regimes of socialism existing in the world, Che produces a body of thinking on Socialist transition and proposes a type of relations between the resulting political practices and the theoretical and doctrinaire activity, in the three authentic cores of real socialism.

Che does not claim to be original, but no actor in the universalisation of Marxism of Marx and Lenin from the Latin American socialist revolution, although he is not an adaptor, but a creator; he is not a critic forced to the intellectual

exercise, but a protagonist of a socialist "construction"; he is not hostile to Soviet socialism due to prior formation and supports ample relations with the East European world from a position of prestige and power and with internationalist motivations. These three characteristics of Che give more weight and origin to his criticism of East European socialism and they make it more attainable and attractive for those having socialist convictions or considering socialism indispensable for winning liberation. They equally gave to his criticism a profoundly heretical character and rendered Che a dangerous, repudiated person, an object of attacks, distortions and oblivion.

The depth and richness of Che's criticism, elaborated thirty years back, is admirable when one studies it in the light of the recent events. In East Europe, emerged the practical proof, just as he believed, that the regimes of "market socialism", in all their varying practices, and up by becoming inviable, and that the societies those regimes promoted were not of a socialist transition, but of a deadlock in a permanent "intermediate stage" in which the mechanisms of the system were disguising the degeneration and abandonment of the original revolutionary values, the domination of a group, the impasses of the economic regime, the non-existence of internationalism victimised by the reason of State and the petty interests, the marginalisation of the majorities regarding the participation in politics and economy, the strangulation of the civil society. Che, as it is logical, had to change the same to reach his critical understanding, faced with a multitude of factors that tended to hamper the understanding. The lucidity, rigour and implications his thinking was bound to in relation to his situation, the extreme consequence with which he proceeded, are exemplary.

What I wish to project is that the said criticism is a result (and forms part) of some conception of Marxism and socialism, a practical philosophy articulating its conception on the struggle for socialism and communism from the power with the world revolutionary and anti-imperialist movement, the socialist transition conceived as a link between the communist

plan and the daily combat for its realisation that grants privilege to the conscious, massive and organised action as a creator of new realities in the individuals and in the society under transition, that works out rules of conduct, relations and institutions that may be effective in the struggle between the promotion of bonds of solidarity and the trading links, the individualism and the existing underdevelopment, struggle characterising all transition. A conception which, in an intimate and complex manner, links politics, ethics and economy, education with the former and with coercion, power and vanguard with service to the people, promotion of satisfaction and self-achievement of the individuals with the social struggle.

Che's thinking appears on the crest of a wave. In the 60's a gigantic contrast emerged, born from the very world of the 40's and 50's, evoked at the beginning of this text, but on the way of looking for its ultimate consequences, it came to deny that postwar world. The then recently named Third World was taken seriously, created instruments of co-ordination of its international roles and began to be pressed by their development. The universalisation of capitalism was made uneven due to the revolutions in a number of countries of Asia, Africa and Latin America and the rebellious climate they created. The picture of the East were the images of Vietnam, not the exotic trade of Gauguin. In the cities of central capitalism, protests appeared, which, at times, challenged the very order that had been considered intangible. The United States was shaken by the crime of Dallas, the struggle for the civil rights, the revolution in Cuba and Latin America, the rebellion of the black people, the opposition to the Vietnam war, Watergate. The apostles, the ideas, the daily accusation of such misery mixed with blood arriving from the Third World impressed millions of people in the developed world. The system and the way of living of imperialism underwent great impacts of illegitimacy and up to the 'musical' renewal coming about, it was stained with protests.

Yet, this is not the case of the capitalist world only. The 60's involved at the same time the challenge that cast aside primitivism, debility of the world, erected in the name of socialism. "Left against right"

with its pride and its distribution of rewards and penalties, disguised geopolitics, manipulation, reformism as the policy and dogmatism as the dominating ideology caused a crisis and fell bankrupt before the eyes and the needs of the countries, the masses and the new revolutionaries. Resulting from the hope given by the 20th Congress of the CPSU, this was called into question and the arrest of that process was rejected. "Monolithism" fell to pieces. The Maoist cultural revolution in China touched every country and many welcomed it according to their needs and deficiencies; their insufficiencies, errors and strict nationalism constituted a very hard blow for socialism promoted from the Third World. Numerous new voices were reclaiming Marx and revolutionary Marxist tradition, taking out for discussion the theory and the historical experiences, including Lenin and Bolshevik revolution, elaborating ideas, inquiring and expressing opinion about the nature of socialism, its effective ways and its distortions, its rules and obligations. The communist Utopia as a possible 'beyond' and the need of approaching it through action acquired a new vigour in new environments and territories.

The revolutionary Cuba was a protagonist of all that challenge. Contrary to what was believed about the dimensions of space and time, it triumphed and lasted out at the moment and the place least indicated for both. It was seen as a wonder of the will and its way of condensing and realising the historical plan of liberation of a nation, its socialism emerging outside the existing international communist movement, the youthfulness of its protagonists, the novelty of its language, the determined radicalism of its measures, its limitless popularity, the die-hard confrontation with imperialism, its internationalist calling marked its originality and converted it into a revolutionary paradigm and a magnet for those acting in favour of liberation in the world or wishing for it. So strong was the challenge involved in it, that it then took way into the United States and the U.S.S.R. a more serious rivalry existing for forty years: the imminence of a nuclear war during the Crisis of October 1962. In these days that Che would call "bright and sad" both powers knew the absolute

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 CHE

Dayan Jayatilleka

In her touching 'letter' to Che, Haydee Santamaria makes reference to the honours Fidel bestowed on Che, in his speech on the occasion of Che's death. I believe she refers to the speech of October 18th, 1967. And she focusses on the title of 'artist'.

I think Fidel used the term in the sense of Che as a maestro of guerrilla warfare, an artist of guerrilla warfare. But Haydee expands its meaning and goes on to state that Che's finest creation was himself—the new man; that he perfected himself, worked on his character and that was his artistic product. Che as an artist of himself.

That is our point of departure. Any significant work of art has manifold meanings; meanings which proliferate over time. The meaning that we derive from a poem or a painting, now, is not perhaps the same that we derive from it many years later. This has been said concerning the plays of Shakespeare. The work of art that is Che has a different meaning, a

different significance for us now, than it did when it was first unveiled, as it were, in the 60's. But it is also correct to say that the new meanings, the hidden dimensions and depths, do not obscure the original impression and memory and finally recompose in a way that **enhances** rather than negates that which our generation saw so clearly and powerfully in Che. This process of composition and recomposition is not something that has ended. Every generation will discover and rediscover the importance and meaning of Che Guevara. Everything that is capable of change, of growth, **lives**—and so, the self-creation that is Che, **lives**.

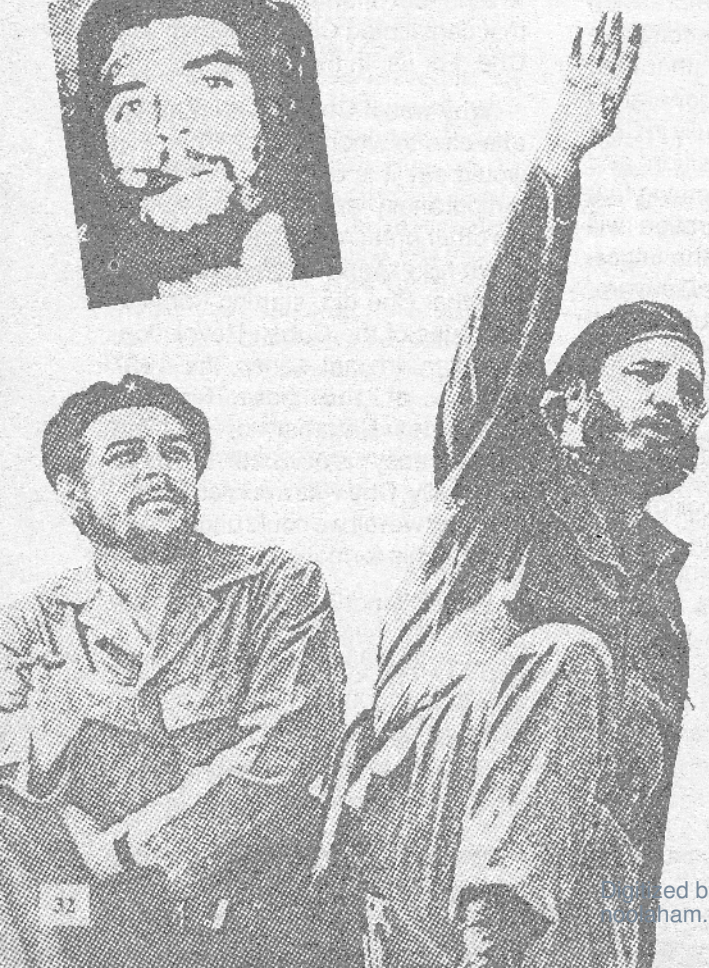
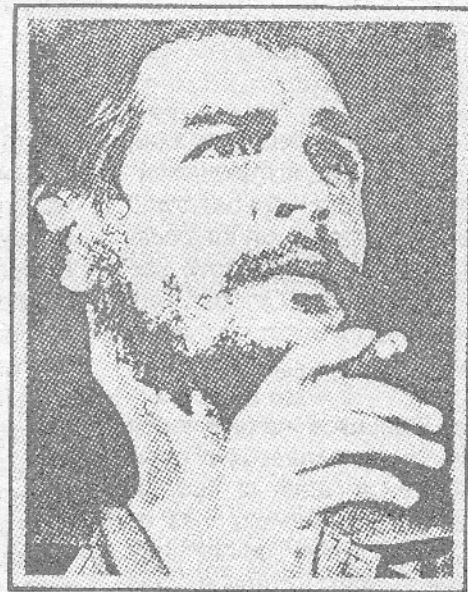
How did Che appear to us in the 60's and in the early 70's? A symbol of the most extreme radicalism and revolutionism; the Heroic Guerrilla, as Fidel dubbed him then; a man who believed in and was a practitioner of armed struggle, the most extreme form of rebellion; an internationalist who made the supreme sacrifice for Vietnam; a man of pure principles and ideals who gave up

which he had in order to start all over again as a guerrilla fighter in Bolivia. Che was the ultimate revolutionary hero. It was this image of 'heroism' and 'guerrilla' the two aspects on which Fidel unerringly put his finger that constituted Che. That then was Che. For us. In those times.

Why was it Che rather than anyone else to whom we felt closest? I would say it is because of his contemporaneity and his accessibility. No other great revolutionary had put down his experience in words in the way that Che did, starting from the Episodes of the Cuban Revolutionary War. In that sense the 1967 phrase of the poet Roberto Fernandez Retamar, of 'intimate transparency', is accurate. But more especially, Che was a contemporary man and we felt we could understand him and his formation.

Revolutionaries like Lenin remain profoundly relevant particularly in terms of method and attitude, but his intellectual achievement is so stupendous as to be daunting—because in the case of Lenin you are dealing

“We should always remember that by no means is quality at odds with this stage in the construction of socialism. We should always remember that our obligation as producers in a society that is freeing itself is to give the people the best we can, our best efforts embodied in the form of products of the highest quality.” (*A New Attitude Towards Work*)



“We don't talk of economics purely for the sake of economics, but of economics as a foundation for meeting all the country's other needs: education, a clean and healthy life, the need for a life not only of work but of recreation.” (*Political Sovereignty*)



“Socialism is built on the fruits of labour, on optimum production, on the greatest productivity. It would be useless to deepen our consciousness to the maximum if we did not increase our production, if we did not have goods to share out among the people.

Socialism is a social system based on equal distribution of society's wealth. But this requires that society has wealth to distribute, that there are machines with which to work, and that these machines have raw materials to produce the necessary goods for our population's consumption. To the extent that we increase the number of products available for the whole population, we move forward in building socialism.””

“We have always stressed this dual aspect of the construction of socialism. Building socialism is neither a matter of work alone nor of consciousness alone. It combines work and consciousness - expanding the production of material goods through work and developing consciousness. Emulation has to fulfill both of these goals; both of these functions.”  
*(Speech given at the National Sugar Conference - 1963)*



with a particular kind and level of genius. It is unlikely that anyone would consider Lenin to be a model that could literally be emulated. Che was different. In his 'Fire From the Mountain', Omar Cabezas tells us of very the rigorous forced marches that his trainer put that particular batch of Sandinista cadres through. There was a moment at which these youths rebelled against their trainer, 'Tello'. Things came to such a pass and since everyone was armed, it was perfectly possible that lethal violence could have broken out with tragic consequences. It was at that point that the Sandinista veteran reminds the youngsters of the New Man, and says something to the effect of: "Where is the New Man? Is the New Man to be forged after socialism and communism has been established? No. The New Man is up there on that ridge, waiting for you." I believe his allusion was to Che.

The New Man was waiting on the ridge and perhaps it was possible if not to catch up, at least to follow. Hence the emotional valency of the Sandinista watchword, deriving of course from Fidel's injunction in his 1967 oration: 'Be like Che'. It is less realistic to expect that 'Be like Lenin' or 'Mao' would have as much effect, not least because we did not know that much about them. Perhaps they belong to different cultures or a different age where the setting down of one's personal experiences and attitudes were considered to be something 'not done'.

But we could believe that Che was like us and not like us—analogue to the Biblical notion of Christ being human, like everyone else, but also something more. Che's writings and letters showed us a temperament, a sensibility that we could so easily relate to, even identify with, in a way we could not do with that of the other great revolu-

tionaries, because their temperaments were so veiled by the sheer volume of their political writings and the scope of their actions. But with Che everything was on a more human scale. You could relate to the characters and situations in 'The Episodes of the Revolutionary War'. You could identify very easily with the frankness, openness and wry wit of his letters.

Che spoke to us in a way that no one else had done before, treating us as equals, explaining himself, as it were.

But the rupture, the leap came with Bolivia. Because that was the point, the single act by which Che became someone very different from all of us. In his Message to the Tricontinental, Che, our friend and elder brother through his earlier writings, addresses us from a very different place; from a qualitatively different dimension of commitment. Then again, reading the Diary, we see Che at his most human. It was in Bolivia, when he was closest to divinity, that he reveals himself at his most human.

Many things have been said about Bolivia—from the scribbles of those sectarians, dogmatists and revisionists who dismiss it as an adventure so characteristic of the man, to that of those of us who see it as the supreme gesture of solidarity with heroic, embattled Vietnam. But it seems to me that Bolivia was also something else. Bolivia was the test that Che set himself. After all his writings, his reflections about the New Man, about internationalism, about armed struggle it was the Test that he had to face; something that he had to do. For Che, it was necessary "to risk his skin to prove his platitudes" **over and over again**—to himself. It was also for this rendezvous with himself that Che went to Bolivia. Bolivia was the place and

the point at which theory that had arisen from his praxis once again made a leap into the crucible of praxis. For genuine theory never translates itself smoothly into practice—as in 'add water and stir'. Theory and reality hurtle towards each other and there is the inescapable shock of contact. The dialectical unity of theory and practice is always a violent union.

In the pages of the Bolivian Diary we meet our friend and elder brother Che once again—the same Che we met in the Episodes, who took us through the years that followed, but also a different Che, in this, the final reel. (Would it be too flippant to say that the absence of any cinematic creation on Che by progressive filmmakers, helps us comprehend the collapse of our Socialism?). And if his Diary shows us anything it is also that the New Socialist Man is still very much a man, with all the pathos, pain and moments of weakness that entails. In these pages, are glimpses of Gethsemane. So at his most inaccessible, in Bolivia, Che still remains accessible to us. His chronicle of suffering, struggle, of retreat, of impending doom shows that if the New Socialist Man is anything, omnipotent is one thing he is not. His ideology and consciousness do not constitute a magic talisman! The New Socialist Man is as mortal as any other. And yet he is different. It is this dialectic between the human personality that he has by this time evolved and is trying to become, that we see in the final pages that Che left us. And perhaps, plagued by asthma, the many strokes of bad luck, the miscalculations, the betrayals, the disappointments and knowing full well where things were headed, somewhere in the Yuro Ravine—the Golgotha of our time—there was a moment when Che too glimpsed the New Socialist Man, on that ridge, just ahead of him.

# TOWARDS AGRARIAN REVOLUTION

Gail Omvedt

*Introduction, Introduction to "Towards an Agrarian Revolution" by Gail Omvedt, Political Economy, Vol. 19, 1992*

## Soviet Model / Nehru Model

What exactly has "fallen"? The Soviet model was an effort to build a socialist society on the basis of capitalist forces of production, that is, building a centralized, fossil fuel-based industrial economy on surplus extracted from the peasantry and from low priced natural resources. It gave birth to an exploitative state managerial class; to a command economic system at first powerful in extracting resources and mobilizing vast labouring masses for development, then ultimately inefficient, squandering its wealth of labour and energy; to a system of privilege culminating in corruption; and to a vast plundering of the environment—an over-centralized, exploitative, ecologically destructive system. We need not mourn its demise.

But what of its pale Indian counterpart, the "Nehru model", also failed? Unfortunately, the Left, in opposing the sellout to imperialism, is mourning for it, for while all may agree (in words used in various EPW articles) that the system was "sordid, bloated, corrupt, tyrannous, parasitical, gangster-ridden, sanctimonious", still most left and Gandhian intellectuals seem to think that its origins were far different, that it was a system originally progressive but hijacked by a new privileged class. The established leftists are becoming the biggest supporters of the Nehru model today, and whether it is trying to hold the line on public sector jobs, or valiantly defending "secularism" against the BJP. Or calling for "national integration," their posture is primarily defensive.

The new social movements (referring primarily to the dalit and anti-caste movement, the women's movement, environmental movements and the farmers' movement) are not on the defensive. From the beginning they saw the Indian system as fundamentally exploitative and oppressive, though they did not always use conventional

Marxist terminology; as brahmanical, patriarchal, ecologically destructive, anti-peasant. If anything, the movements are of the upsurge today. Dalits and low castes, while facing murderous attacks that in turn are a backlash to their new assertiveness at the village level, are pushing forward on Mandal Commission reservations and moving to formulate broad claims to land, water and resources. The farmers' movement, especially the Shetkari Sanghatana in Maharashtra but to some extent other organizations such as the RKU-Punjab and Khedut Samaj-Gujarat—is welcoming the weakening of the state which was holding crop prices down and moving towards low-input diversified forms of agricultural production. The women's movement, though fragmented and confused, is still seeing such rural developments as women making claims to land, and associating themselves with environmental, drought and water issues. Environmental movements are getting close to seeing such gigantic projects as Tehri and Sardar Sarovar halted; they are formulating new models of development with claims to local autonomy, as exemplified in slogans such as *hamara gaon, hamara raj*, "our village, our rule."

Together, in fragmented but converging ways, we are coming close to a new understanding, a new thrust of agrarian revolution.

## The Dalit Anti-Caste Movement

From its earliest period under the inspiration of Jyoti Phule in the 18th century, the anti-caste movement had four major thrusts: (1) a complete destruction of the caste system, of *jatis* and *varnas*, through the unity of dalits and shudras against Brahmanism; (2) a defence of the peasant community against bureaucratic-brahmanic exploitation (what Phule called the "blackshahs"); (3) a commitment to the liberation of women; and (4) an effort to reinterpret the meaning of the con-

Perms from the recent dalit movement such as *Comrade* express a spirit of self-confidence ("Now I have awakened! I am moving in blazing sunlight") and a process of extending the meaning of revolution ("what will happen/ from simply waving the red flag /over the many colours of reality") that are in contrast to the mood of gloom and retrenchment found in most of the established left as we enter the 1990s in a turmoil of unprecedented change.

How do we characterize this "turning point of time"? "Seize the final" was a major slogan of the Black Panthers in the U.S., but one has to know the time to be able to intervene. How do we know it?

I would characterize it as: "the proletarian state has fallen, long live agrarian revolution!" But this requires a vastly expanded understanding of the meaning of "agrarian revolution."

munity / nation with the assertion that there would be no "national unity" based on brahmanic, high-caste symbols.

Phule, and the dalit and non-Brahman movements after him, have praised the role of the *rakshasas* such as Bali Raja and Ravana, have indentified themselves with Shambuk, Ekalavaya, and Sita rather than Rama. The Ramayana has been seen as a history of conquest, of Aryans against Dravidians (the DMK), Hindus against Buddhists (Arun Kamble), patriarchy over matriarchy (Sharad Patil). For very broad sections of Indian masses, how could Rama—the killer of Shambuk, the first to toss away his wife on the grounds of a mere accusation—be a symbol of the nation?

Babasaheb Ambedkar carried forward the movement from the standpoint of the most oppressed section, the dalits. To the peasant question he added the necessity of giving dalits a major share in village resources, sometimes fighting for "forest" lands for cultivation, sometimes arguing for separate dalit villages, at one point calling for the "nationalization of land." Most important, the necessity of dalit / shudra, dalit / non-Brahman unity remained the base of his politics, in spite of his occasional periods of skepticism about its possibility; he sought always to form a political front of peasants and workers against the Congress which to him was inevitably the party of capitalism and brahmanism.

In the last twenty years the dalit movement has shown a new upsurge, seen in (a) the fight against atrocities; (b) the continuing challenge to all forms of brahmanic culture; and (c) working for dalit - shudra unity. The Mandal Commission has helped in giving a material basis for such unity. However, it is becoming clear that reservation in organized sector jobs may help in breaking down high-caste monopolies but are not sufficient to achieve the basic equalitarian goals of the movement. "We must become a ruling community" was Ambedkar's frequent formulation; dalits must have political power, and there is an increasing conviction that this has to be from below, from the village level. The right to land - and with it the right to water, to resources, entitlements in the village - have to be the basis of a collective move forward for the community as a whole.

### The Women's Movement

There have been three important contributions of the post-1970 women's movement in India: the pinpointing of "patriarchy" as a specific form of exploitation; the insistence on autonomy of organizations, and an expanded interpretation of labour and exploitation: labour is not just "wage labour"; exploitation under capitalism also means exploitation of non-wage labour, including nonpaid domestic labour and petty commodity production remunerated through the sale of products. At the same time, the domination of this movement—at the level of leadership and ideological interpretation—by two major networks, the urban feminists and the party women's wings—has hampered its growth.

Today, the women's movement in India is taking rural roots, and with this it is bringing forward a claim to such fundamentals as land and political power and a new questioning of the path of development. Almost spontaneously, women have in scattered villages put up "all-women panels" for village elections; in Maharashtra, ten villages have elected such panels. Similarly, beginning with the Chhatra Yuva Sangarsh Vahini in Bihar in 1982 and moving to the Shetkari Mahila Aghadi's "Laxmi Mukti" campaign (giving land rights in the names of women) in 1990-1991, rural women are claiming land. Along with this major campaign for the rights of the women of peasant families, we can see cases of Dalit women claiming their share of *watan* (inam) land, and mahila mandals (village women's -based development projects.)

Along with this is an interesting new debate on cultural issues. The women's movement before independence had identified with Sita and the ideal of *pativrata*; after 1975 there was a firm rejection of these "Hindu" symbols, but the dominant networks of urban feminists and party women veered to an anti-religious abstract secularism ("All religion is patriarchal"). Today however on one hand the *Manushi* group is trying to challenge this as alienated westernization and calling for a "defence of our dharma" and a reinterpretation of Rama (perhaps based in Delhi - U.P. they feel a greater need to defend Rama), while more southern and rural trends are beginning to use mother-goddess imagery. For example, while Sharad Patil had interpreted Sita as *bhumi-kanya*, the daughter of earth en-

slaved by Rama, the land-for-women programmes of the Shetkari Sanghatana used the name of "Laxmi Mukti" and began to describe process of farming the lands given in their names through in natural, no-cost and subsistence oriented methods, as "Sita fields."

### Environmental Movements and Farmers' Movements: Peasant Movements in the Periods of Contemporary Capitalism

Environmental movements and the farmers' movement are both peasant movements of protest against the current path of fossil fuel-based heavy industry - oriented statist development. The one is a movement of immediate victims of this development, of peasants whose land is being lost to projects or who are threatened by misery and displacement through drought. The other is a movement of the supposed beneficiaries of development, the peasants who are increasingly producing for the market but are finding themselves trapped and exploited by the "green revolution trinity" of HYVs, fertilizers and pesticides, falling into debt in the face of rising costs of inputs and inadequate prices for crops produced by their labour.

Unfortunately the left has not recognized these as "peasant movements." The real problem is that "agrarian revolution" cannot be easily understood by upper-caste urban leftists, who tend to reduce it a dogma, thinking of "redistribution" only when the question of land is brought up, forgetting what is grown on the land and how, whether the land is getting water, what concrete social relations (including those of caste and patriarchy) have to be taken into account, the relationship of crop land to forest and pasture, the relationship of village to industry and state. Left intellectuals have endorsed the planners' strategy of "cheap food" and extraction of surpluses from agriculture as the necessary adjunct to development and equality. They have ignored crucial issues of production, and reduced exploitative relations of production only to intra-village relations, peasant versus landlord or agricultural labour versus rich farmer. And thus the farmers' movement is characterized as a "kulak" movement, while environmental movements are seen as "tribal" movements. The one is condemned, the other romanticized, but the meaning of both is lost.

### Energy Use and Development

What kind of development has created these new movements?

In building up the public sector, heavy industry and planning, it was taken for granted that agriculture is primarily a source for accumulating surpluses. As Sukhdev Chakravorty has written:

"In actual fact, the planners' strategy boiled down to the traditional thesis . . . that during the early stages of industrialization it was necessary for agriculture to contribute to the building up of a modern industrial sector by providing cheap labour and also cheap food."

And when the planners came to the strategy for agriculture the thrust was also clear: peasants / farmers were backward producers who could do nothing for themselves; the state had to be the driving force of development. Thus a "liberal" planning orientation stressed "increased investment for agriculture" ("50% investment" in the case of Devi Lal). Few have remarked on the fact that this investment has centred on the two things most questioned by environmental movements, irrigation projects (primarily big dams) and chemical fertilizers. And neither Communists nor socialists have questioned this, except to say that land reforms must precede the application of "Green Revolution" (GR) technology.

But how effective, really, is GR technology? We know that there are declining rates of return to the use of chemical fertilizers and other inputs, i.e. it takes more and more applications just to keep up the growth rate, while any peasant will testify to the continual spoiling of the soil itself. The famed productivity of GR agriculture rests on increasing application of external petroleum-based and chemical inputs, which are becoming increasingly costly. It has been estimated by French scientists that contemporary U.S. and European agriculture requires 6 to 9 calories of energy to produce one calorie of food; and if these standards of production prevailed throughout the world, it would require the whole energy output of the world entirely for agriculture.<sup>1</sup>

K.R. Datta, a Bombay engineer, has tested the concept of "primary productivity" (output of glucose, the primary product of plant process, evaluated in terms of bioenergy production measured in units of wood equivalent bioenergy) to show that traditional agricultural systems of "natural ecosystems" were more productive in terms of water use than the command areas of large irrigation systems,

for example producing 20 to 50 kg/hectare / meter as compared to an estimated 5 kg / ha.m. in sugarcane and about 8 kg / ha.m. for summer paddy in peninsular India and kharif paddy in Punjab.<sup>2</sup>

GR agriculture is not more "productive"; it only applies more energy to agriculture, in a way that India cannot afford.

There are basically two kinds of technologies—energy - extractive technologies which make more and more energy available for use; and energy - saving technologies, which increase the efficiency of energy use. Probably for most of human history, energy - saving technologies were dominant as agricultural production developed in a way that harmonized with the natural evolutionary processes of our planetary system. The processes of imperialism and industrialism brought development based on extracting energy in the form of fossil fuel resources (first coal and then petroleum) to create "growth" in a subsystem of human society. This growth—which used both fossil fuel and bioenergy (crops, timber, foodgrains) extracted from throughout the world from the beginning of the Columbus era—not only involved the super - exploitation of third world human labour, it drew on the energy stored by the planetary system and began to do so in a way destructive of nature itself. This gave birth to what "ecological Marxists" now have begun to call the "second contradiction of capitalism"—i.e. between the production process (including both forces and relations) and the very conditions of production itself.

Today the U.S. has available to it about 7,000 kg. of coal-equivalent fossil-fuel energy per person; Europe has slightly less; India has 100 kg per capita.<sup>3</sup> To think that India could develop by significantly increasing fossil-fuel energy through energy - extractive technologies is an illusion. Development must be through a major increase in the efficiency of energy use. In fact radical engineers and activists in Maharashtra have argued that 3 acres of land can produce enough subsistence goods for a family, including its cash needs, on only minimal water and other inputs; to put it another way, it is estimated that in addition to 2 T of fossil fuel (400 kg x 5) available per family another 18 T of biomass could be produced to satisfy fundamental needs from fuel, fodder and food to the generation of energy.<sup>4</sup>

But, while an energy-efficient, needs-

oriented development is technologically possible, it cannot be done by bureaucracies which subsidize inefficient energy, whether in the form of chemical fertilizers or massive dam projects. It can only be done by drawing on the traditional knowledge of peasants and other producers in cooperation with the best insights of modern technologies. The state then claims to be benefiting peasants by providing them with irrigation water from Sardar Sarovar and Febril and subsidized fertilizers is standing in the way of a true development.

In other words we come back to the important Marxist thesis that ultimately relations of production are determinative. Energy - extractive and environmentally destructive technologies have been fostered by centralizing, exploitative relations of production in the processes of colonialism, slavery, capitalism, and imperialism; they have been based not only on private property but also on the violence of states; they have been associated with the enslavement of women, the dispossession of peasants, the genocide of tribals, the looting of third world resources. Alternative technologies (development of the wealth of biomass resources) must be linked to decentralized, egalitarian, casteless, nonpatriarchal, systems of human organization. Local ownership and control of resources by the village community, with the right of all inhabitants of the village to a share in these resources; access of all to education, science and technology; retention of surplus created by human labour primarily at the local level are all crucial to simply for achieving equity but for a true development, if we use the term "development" in its sense of "unfolding of potentialities." The technologies of this development will not be created by engineers or experts sitting on Delhi or Bombay but by men and women working in the field in alliance with the upgraded skills and knowledge of the actual producers. This requires a defeat which of the Brahminic forms of knowledge which despise manual labour and create "experts of the text" and of the Mughal imperial traditions of Delhi which make success and planning into a rigid framework imposed from above. Science and technology must be in the hands of — not simply for — the basic producers, dalits, women, peasants, tribals, and whatever their internal contradictions, the need for an alliance for democracy and alternative development is greater now than ever.

"Agrarian Revolution" for Today:

\* "Land to the tiller" expanded to include a

# Glory to the Great October Revolution

## Nelson Peery

*Nelson Peery, a revolutionary for over 50 years in the United States, is a founding member of the Communist Labor Party and served as its Chairman for 17 years.*

November 7, 1992 marks the 75th year of the great Soviet Revolution. That revolution began the greatest effort and the greatest achievements in the millenniums of struggle by the toiling masses against their exploiters. The revolution and the decades of socialist construction aroused the downtrodden of the world and proved forever and to all peoples that their liberation is possible.

Surrounded and blockaded by aggressive imperialism, fighting twenty defensive wars in the first twenty two years, the construction of socialism was an achievement unparalleled in human history. The assault by the fascist armies left 27 million Soviet citizens dead, scores of millions hopelessly wounded, the cities and economic infrastructure destroyed. The survival and reconstruction of the Soviet Union proved the moral and economic superiority of socialism.

The "cold war," waged for forty years, united with the internal counterrevolution to economically and ideologically undermine and finally overthrow the Soviet Union.

This anniversary finds the peoples of the former Soviet Union facing their greatest crisis. The once proud and mighty world communist movement is in disarray. The victories and the backsliding are part of the world historic progression to communism.

Dialectical principles guide Marxists. We understand the significance of new electronic productive forces ending the industrial era and creating a new mode

of production. Neither capitalism nor the Soviet form of socialism can survive this change. The Paris Commune ushered in the era of proletarian insurrection during the social revolution from agriculture to industry. High technology is ending the industrial era and forcing a new social revolution, resulting in the defeat of Social socialism. A historical epoch is ending.

The revolution is not destroyed it is transformed. There is now a world bourgeoisie, a world proletariat, world production and a world market. In every country, the proletarian fighters, radicalized by the revolution in the means of production are moving to the new worldwide front of struggle, toward world revolution. The final conflict is at hand.

Surrounded by grovelling cowards, confronted by swaggering traitors drunk with their moment of victory, we raise again the banners of revolution. We enter the trenches of our political Stalingrad fully aware of the significance of this critical and dangerous moment. Far from dispirited or disoriented, we serious communists battle for a firmer, mightier movement on a new and higher level. We join with the fighters throughout the world to militantly celebrate the great proletarian revolution, its immortal leaders and its eternal achievement

Forward Comrades! Freedom awaits you!



# SANDINISTAS V. WASHINGTON:

## PHASE 2

Alejandro Bendana

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For different reasons and with different interests, both the United States and the FSLN coincided on throwing their support behind the Chamorro government. Washington's presumption was that the economic would prevail over the political: that the new government's own neoliberal inclinations, its pro-US sympathies and undisguised need for economic assistance would force it to pursue a counter-revolutionary path eventually relegating the Sandinistas to the dustbin of history, that is to say Bush was to follow up on the electoral blow and continue to accomplish by civic means what Reagan had failed to achieve militarily.

The FSLN calculation was that the political and the social would prevail over the economic. When Daniel Ortega said that the Sandinistas would "govern from below" it was a stark theoretical proposition that the loss of state power did not mean the loss of the revolution. And not simply because that revolutions that depended more on the State power than on people's power were no revolution at all, but also because in the wake of an adverse international economic and geo-political setting, maybe the best thing that a revolutionary movement could do was to avoid governing, at least until a better global balance of power permitted a governing revolution a chance of survival.

A retreat to higher ground, or one step backward in order to take two forward later on. Some, like Ronald Reagan, or Jesse Helms believed that the Sandinistas had thrown the election and were up to their old tricks. Mrs. Chamorro's technocratic government was

doing some new thinking of its own: that the combination of economic support from the United States, military support from the Sandinista Army, and FSLN Neo-Laborista solely mobilizing social protests was supposed to insure a stability for political scheme of humanitarian capitalism.

Herein lay a test of the new world order. If the Chamorro government could pull off its balancing act, no doubt a clear signal would be sent to El Salvador and Guatemala that peaceful political change was possible and the United States would stand by negotiated agreements which took into account the grievances which had led popular sectors to take up arms in the first place. The left in Central America was in effect being asked to give up its weapons in return for a real chance to participate in a reformed political structure with adequate security and economic guarantees.

But, if on the contrary, the United States was to insist on counter-revolution and on blocking the government-sandinista modus vivendi, the chances for a new political order in Central America would be dealt a serious blow. Popular forces in El Salvador and Guatemala could come to the conclusion that signing with government was tantamount to bargaining with some one that could not deliver.

The test is still being played out in Nicaragua in similar fashion as it may in other parts of the world where negotiated settlements sustain political frameworks to which each of the old contending parties are committed. In what some believe to be the new modality of revolution, the armed conflict is resolved without a clear victory for either side. The struggle continues for social change and income redistribution, for an alternative political project which must be waged against a neo-liberal governmental project supported by the United States and the global market system. It is a struggle that

is being waged within the popular camp itself inasmuch as there is no shortage of technocrats and disenchanted leftists that resign themselves to "the fact" that a neo-capitalist alternative is no longer possible economically or "viable" ideologically, accepting the neo-Bernal logic.

In this sense, the contest between the United States and the Sandinistas was much more complex and ideological, also taking place within the Sandinista camp. The "revisionist" assumption, both in Washington and among some Sandinistas, was that the global and national changes could would force both parties to reassess their historical relationship, to take note of Sandinista electoral good behavior, and cooperate in providing support for the Chamorro Government. Unfortunately for the Sandinista revisionists and the liberals in Washington, the cold warriors in the United States and the people in Nicaragua also decided to be taken into account in determining Nicaragua's future.

### The Economic Battle

The FSLN had an interest in supporting a political institutional structure that it indeed had helped to create and which theoretically offered the Sandinistas a chance to come back to office. This meant in effect supporting the Chamorro Government's reconciliation platform. On the other hand, the state government was pursuing a "liberal" economic program that followed and even exceeded the standard structural adjustment requirements laid down by the international banks and the US AID wreaking havoc on a population that had already suffered ten years of war and economic blockade. A lack of coherence in this respect could endanger the unity of the Sandinista Party, already convulsed by the unexpected shock of losing the election and by way of the mounting demands from below to confront governmental economic policies.

As a price, for their support the Sandinistas placed two demands on Mrs. Chamorro's government: respect for the agrarian and urban reforms carried out over the last decade, and no upsetting of the command structure of the police and the armed forces. The point was to guarantee both economic and security guarantees for all who had benefitted from the revolution. An understanding was reached with the Chamorro government which was willing to strike bargains in order to buy time and stability.

That was unacceptable to Mrs. Chamorro's partisan coalition. Most members of her electoral ticket, including Virgilio Godoy, the Vice President, and Alfredo Cesar the President of the Legislature demanded that the government proceed swiftly and drastically against the FSLN and its legacy, instead of slowly land in stages as strategized by Antonio Lacayo, Mrs. Chamorro's son-in-law and virtual Prime Minister. By the end of 1991 the FSLN and the old UNO coalition legislators had switched places, the first becoming a supporter of the government and the latter its strongest opposition.

Chamorro's government, however, was also pledged to rectify arbitrary property confiscations and appropriations that had taken place under the previous government, and particularly in the months between the election and the transfer of office. Complicating the picture further was the fact that beneficiaries of the Sandinista agrarian and urban reform that had still not received property titles and required legal sanction.

In the legislature the right wing parties repeatedly came close to pushing through a bill a counter-agrarian reform bill and opening the way for all the old owners to reclaim their property in the courts. No less than one out of four Nicaraguans were now threatened with being dislodged from their home, urban lot or farm.

Evidently, more was at stake than simply the property issue. For months the extreme right and the United States had been demanding that the government assume a tougher stance with the Sandinistas. What was specifically demanded was the rescinding of the "Transition Protocol" agreement of March, 1990 between the government elect and the FSLN, whereby the new government pledged not to legally reverse the basic revolutionary changes. There was little tolerance also for what the rightists termed

the "co-government" between Lacayo and the Sandinistas, where differences were negotiated and concessions made and offered.

The abrupt attempt of the UNO coalition to defy the heart of the transition protocol, indeed the heart of the major changes of the last 10 years, forced the Sandinistas to further complement their negotiation efforts with those of public pressure on the streets. In what was perhaps to become a new modality of post-cold war revolutionary strategy, negotiations and mass actions would become interweaved as the FSLN learned that the two were not always mutually exclusive: to reduce itself to exclusively traditional political party opposition means—as some in the FSLN demanded—was to wage battle with one hand tied behind its back and under economic rules of the game that were unfavourable to the popular interests. But to take up purely confrontational stances more appropriate of a liberation movement—as other Sandinistas demanded—was to risk antagonizing other segments of the population whose support could be deemed crucial in an electoral contest.

If the government caved in to the right wing pressure on the property question, as it was ideologically inclined to do, a social explosion was sure to occur and the FSLN could not afford to sit on the sidelines nor could the people be turned on and off like a tap, as a function of the negotiation process. If the cooperatives and industries now in the hands of workers' collectives as the product of both bargaining and active resistance—were to be returned, this meant in effect that a counter-revolutionary economic structure was being implanted and that in time would reverse the revolutionary leverage and consciousness.

To many the stakes at hand were much greater than those at the moment of the election: the FSLN had lost the election, but if it lost on the property question (and on the military one), then the Revolution was also being buried.

The development of Nicaragua's political and social structure was tied to the question of ownership of the means of production. Economic groupings wielded power and had the capacity to mount political organizations and engage in ideological-electoral battle. A reversal of the agrarian reform entails a loss of political and economic space for the popular sectors—in effect it meant the United States and the old right would achieve by

economic means what they had failed to do by military and electoral one. Defending popular interests entailed defending a model of popular participation in the economy. A considerable gain in this regard was for the Sandinista-influenced National Labor Federation to have secured, following two general strikes, governmental recognition for collective property rights for workers and farmers of state enterprises in the process of privatization.

The view of the United States of course was that privatization should work to the benefit of individual private enterprise, that is to say to the benefit of the already wealthy who eager to acquire properties. For the FSLN the issue was one of economic democracy. How to advance the revolution—or at least uphold its gains—even in the face of a right wing government. True, that government operated within a political framework favourable to the advancement of popular issues and organization; legality, not to mention the armed forces, were on the side of the people, or at least could not be used as instruments of oppression and dispossession. The gains of the revolution were expressed in new forms of social and economic organization sustained by material holdings; were those material holdings to disappear, so too people's capacity to organize and sustain a non-capitalist consciousness would be undermined. Unless, people themselves rallied to defend their acquired rights.

The fundamental contradiction had not been resolved, and perhaps it was both in the interest of the socialist-minded model of most Sandinistas, and of the neo-liberal capitalist model of the government, that it should not be resolved at the expense of total social and political breakdown from which both would suffer. Secors in the United States and on the extreme right, of course, were willing to take that risk not aware that their chances for success were indeed dim. Judging by the severity of the economic crisis, and the spontaneous and mass response to the right-wing offensive, there was new hope that moderation would prevail. The question remained however: who would define the terms of moderation, of reconciliation? At whose expense?

#### Back to the Cold War in Washington

Much of the ambiguity and fluidity of the first two years of the Chamorro government was traceable to its prolonged honeymoon with the Bush Administration. The Nicara-

gian government soothed the Administration in Washington in the same way it did with the FSLN: telling them what they wished to hear in regards to the property question and the security forces. The promises of no or minimum changes to the Sandinistas, were, of course, irreconcilable with the promise of sure but gradual change made in Washington.

During the honeymoon, the Chamorro government received the political and financial benefits of the doubt. Over the course of this period the Bush Administration, represented in low keyed fashion by Ambassador Harry Schlaudermann, has had as a principal objective the steady reduction in influence of the Sandinista National Liberation Front, still the largest and most coherent political organization in Nicaragua. In specific terms this meant shoring up the Chamorro Government and the right wing private sector with external economic and political cooperation so as to allow it to attain a basic stability for the country and begin to develop its own social base and state apparatus to compete and eventually eradicate Sandinista influence.

The U.S. has been successful in helping the government achieve a relative economic stability. Foreign assistance, of which the US is by far the largest provider, explains current monetary stability and the boom in commerce; nonetheless national production and private investment has lagged far behind. This poses a problem for the US inasmuch as it has no intention of indefinitely sustaining its relatively large subsidy to Nicaragua.

Neither is the US happy with the political return for its investment. The Chamorro Government has tended to insure political stability by warring Sandinista support at the expense of the right wing parties in the UNO coalition. By mid-1992 there were unmistakable signs that the Bush Administration had lost its patience with this arrangement having accepted it only as temporary expedient in order to smooth the governmental transition.

In Washington's view, the danger was that the "co-governing" arrangement threatened to become permanent. Evidently this did not fit in with the new world order, particularly in an election year when the Bush Administration found itself hostage to the clamour of the old pro-Contra bloc in Congress, which had now turned against Chamorro in conjunction with the right wing parties in Nicaragua.

Seeking not to appear as the extinguisher and still professing general support for the Chamorro Government, the Bush Administration either exploited or promoted congressional objectives, led by Senator Jesse Helms, to the appropriation of funds that had already been authorized by the Executive. Helms openly denounced that the Chamorro government was a mere puppet of the Sandinista Front and that US monies were being squandered and channeled to Sandinista organizations.

These US legislators said they were taking such action principally in response to the demand of US citizens whose property had unrescued property claims in Nicaragua. Some of these were former Nicaraguan citizens. Other reasons, particularly on the part of Helms, had more to do with political questions in regards to the army, police and judiciary which he regarded under Sandinista control.

In effect, the demands made from US legislature are not that different from those made by the Bush Administration, the State Department and the US Embassy in Managua. But now the Administration was in a better position to push its demands claiming that Congress was to obtain. There was also full awareness of the fact that an interruption of the funding at this point could provoke an economic breakdown within few months inasmuch as the country's exports were one third of its minimum imports and that the government was committed to recuperating its international credit-worthiness by not falling behind in its debt amortizations.

In essence, the US sought to undermine the working relationship between the Sandinista Front and the Executive—a relationship which had entailed costs and benefits for each. By June of 1992 the Nicaraguan Government began hurriedly returning properties including some which had belonged to Somoza family interest and had been legally. Furthermore, police and army units were ordered to occupy and evict workers that were in control of property still under dispute or which they refused to give up.

These actions amounted, in many cases, to clear violations of the FSLN-backed agreements signed earlier between the government and the principal unions some months earlier. The government was also going back on its promise not to admit any

Somoza-related property claims. There was also a governmental rush to placate the US over the whole property question. In practical terms this meant giving the large capitalists the security guarantees that they were demanding including the reversal of understanding with organized labour and the Sandinista Front. The same guidelines entailed that no credit was to be extended to cooperatives or worker-administered enterprises that the government had promised to respect.

In September, 1992 the government sacked the Sandinista chief of police and dismissed six top police officials, all in the hope of placating the Administration and Senator Helms. Sandinista leaders were furious at the move-in but there was little they could do about it. Washington stepped up demands for the head of the Chief of the army and Daniel Ortega's brother, General Humberto Ortega. Quite clearly, the United States continued to insist that it was more important to insure the loyalty of armies than of governments in its own backyard. The Chamorro government, for its part, insisted that substantive "reorganizations" were underway and the countries like Spain were providing support for the "professionalization" of the security forces. The battle was on not only for the top posts but for the "minds and hearts" of the military and police bodies which, by and large, continued to feel an identification with the poor and the Sandinista cause. And unless the government disbanded the entire police and army, the likelihood is that one Sandinista officer would replace another.

During a one day visit to Managua in January, 1992, Secretary of State Baker had been typically blunt in spelling out US terms to Chamorro. Capitalist investment required respect for private property, respect was the product of security, and security could only be obtained by a "non-partisan" security force. In other words, until and unless the economic structural adjustment was complemented with a political and security adjustment, then a capitalist recovery and stability could not be attained. After two years of struggle and negotiation, one could come to the conclusion that the Sandinista revolution had not been reversed only inasmuch as its multi-faceted influence in Nicaraguan civil and political society had impeded the US and the government from advancing as rapidly as wished in imposing its new world agenda on Nicaragua and on the Sandinista Front itself.

# OPTIMUM USE OF FISH RESOURCES IN SRI LANKA

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## Introduction

The length of Sri Lanka's coastline is about 1,800 km and an area extending 200 km from it was declared an Exclusive Economic Zone (EEZ) in 1979. The area of the EEZ is about 233,000 square km, which is three and a half times the total land area of this island.

The marine fish resource areas of this island are classified as follows:

- (i) Contiguous Zone (adjacent zone) up to 40 km from shoreline.
- (ii) Exclusive Economic Zone (offshore) between 40 km to 100 km from shoreline.
- (iii) Pollution Prevention Zone (deep-sea) beyond 100 km from shoreline.

The marine fisheries sector of the country was mainly confined to the continental shelf area. This area was rather narrow and it extends about 40 km. The average width was around 25 km and the area of the shelf was about 26,000 km which covers only about one tenth of the EEZ.

It is claimed by some that marine fisheries resources are renewable and are not possessed by any individual or nation. Marine fisheries resources, it is claimed are an 'open access' resource to mankind and therefore open to harvesting by anybody. It is claimed further that fishery resources are unique compared to other natural resources such as minerals and fossil oils. According to a report published by the Asian Productivity Organization, 'marine living resources are generally considered as 'res nullies or res communies' (APO 1988, P 123).

Such claims are advanced by those who

are engaged in poaching on the fisheries resources of other nations.

The question arises, in the case of Sri Lanka, who should take the responsibility for managing our marine fisheries resources? Should it be the central government or the provincial council or the local fisheries associations or some other relevant authority?

Although the development of the national fisheries resources is primarily the responsibility of the central government, adequate attention has not been given yet to manage this natural resource. It is ironical that in this island nation, there is no responsible institute or organization for this purpose and no proper management system has been set up upto

Table I  
Fish Production by sources 1976-1990 (Unit: 1000mt.)

Year	Coastal	Offshore Deep-sea	Total fish Production	%change in total fish harvested	% change in coastal fish harvested
1976	122.3	0.6	135.9	-	-
1977	125.4	0.3	138.8	2.1	2.1
1978	136.9	3.0	156.6	9.2	12.8
1979	148.9	2.1	168.4	8.8	7.5
1980	165.3	2.1	187.7	11.0	11.5
1981	175.1	2.2	206.8	5.9	10.2
1982	182.5	1.1	216.9	4.2	4.9
1983	184.1	0.7	220.8	0.9	1.8
1984	136.6	0.8	169.3	-25.8	-23.3
1985	140.4	2.4	175.4	2.7	3.6
1986	144.3	3.4	183.1	2.9	4.4
1987	149.3	4.3	190.0	3.5	3.8
1988	155.1	4.4	197.5	3.9	3.9
1989	157.4	8.2	205.3	1.5	3.9
1990	134.1	11.7	145.8	-14.8	-29.0
1991	159.1	15.1	198.1	18.6	35.9

Source: Ministry of Fisheries

now. The development of our fisheries resources has not been properly and effectively provided for in many past development programmes. As claimed by a scientist, this applies to many other third world countries as well.

#### Development efforts in fisheries sector in Sri Lanka

The Sri Lankan fisheries sector has a high potential for development. One recent research study carried out by a Norwegian research vessel has estimated that in Sri Lanka the total biomass was 750,000 mt. with a sustainable yield of fish from these resources of about 250,000 mt. per annum. Current production is far below this estimate. According to available statistics, the harvest of fish during the last two decades has not increased significantly and the quantity harvested has fluctuated widely as the table I shows. These figures, however, refer only to the catch by Sri Lankan fishermen.

The quantity harvested during the last few years has stagnated and available supply has become less and less adequate for local consumption. According to the Central Bank of Sri Lanka, the value of fish production in 1989 was Rs. 2,370 million and this has declined to Rs. 2,252 million in 1990 and recovered in 1991. Further, the GNP percentage contribution of the fish production in 1990 has also decreased from 2 percent to 1.8 percent compared to 1989.

"Modernization and progress of the small-scale fisheries sector" was one of the key strategies in many past development programmes for the fisheries sector in Sri Lanka. Development programmes in this sector have mostly emphasized the increase of production and mechanization of fishing fleets rather than the management of fish resources. As a result, number of fishing crafts has increased considerably during the past decades. This was mainly due to many credit and subsidy schemes which were introduced by the government, State Banks and other agencies. The table II indicates the changes in the fishing fleets during the past three decades.

Our supplies of fish come principally from the following areas. According to official figures, in 1982, fish production of these areas and their percentage contribution to the catch for domestic consumption were as follows: (See Table III)

The fish supplies from the Jaffna, Mullativu, Mannar, Trincomalee, Batticaloa

and Kalumae have declined sharply due to the prevailing insurgency. The contribution from these areas was more than 50 percent and production has continued to decline during the last decade. However, the violence in the Northern and Eastern coastal areas was not the sole reason for the decrease in fish production. Several other important factors such as insufficient supply of spare parts, non-availability of fishing gear, lack of training in modern methods and increasing fuel prices have also contributed to this decline.

It should be mentioned that several other development activities have taken place in this sector, especially the infrastructure development such as landing centers, fishing ports and marketing and transport facilities.

In addition a large amount of money was invested in housing, health, and other community development activities for the fishing community. The 2nd Master Plan for fisheries development to be implemented during 1987-91 emphasized:

1. Increase the domestic production of fish
2. Increase the income of fishermen by improving productivity.
3. Raise the standard of living of the small scale fishermen.
4. Increase foreign exchange earnings through export of high-value fish.

It should be noted that the resource management of the fisheries sector was also not given priority in this plan.

Table II  
Number of fishing fleets in 1972, 1982, and 1985

Item	1972	1982	1985
Offshore and deep-sea fishing (mechanized)			
38' draft net/long line vessels		15	30
34' draft net/long line vessels	-	20	80
108' (83m) trawlers	5	01	
11 Ton boats (11.5)	27	-	-
Tuna boats	2	-	-
Coastal fishing (motorized)			
28' - 32' boats	1861	3347	2727
17' - 23' boats	874	5911	11513
Traditional craft	2246	3834	
Traditional craft (non-motorized)	14453	13939	13519

Source: Ministry of Fisheries

Table III

Supply areas	Production (tons)	Percentage contribution
Jaffna, Mullativu, Mannar	69,900	35.6
Puttalam, Chidaw, Negombo	48,000	27.2
Trincomalee, Batticaloa, Kalumae	32,000	17.9
Galle, Vellaru, Hambantota	26,300	14.7
Others	8,200	4.9

The first master plan for the development of the fisheries sector (1979-1983) also did not give priority for resource management. According to this plan, the main objectives revolved on increasing fish production, and fishermen's income and enhancing employment opportunities.

In the recent past fishing crafts belonging to foreign companies have been allowed to operate in Sri Lankan waters on a large scale for commercial purposes. This arrangement should be watched carefully and under the Fisheries Ordinance, regulations should be enacted to ensure that these fishing boats may operate only beyond 35 miles from the shore. Further, local companies were involved in collaboration with some foreign companies. These companies should also operate their vessels beyond the grounds reserved for local fishermen, i.e. beyond 25 miles from the shore. Their operation also should be carried out only after obtaining a licence under this specific facilities and attractive incentives, such as project financing, and marketing especially exports and mechanisation of the fishing industry are being provided by government to foreign fishermen as well.

**Resource Management of Fisheries**

A recent research report published in Sri Lanka has drawn attention to 'the pressure on the fishing ground exploited by the larger fishing boats with inboard engines, as well as by mechanized boats with out board engines' (Fernando, S. 1987, p. 30).

The table IV indicates the number of various types of fishing crafts which are in operation:

An overview of development of the Sri Lankan fisheries sector notes that there are some implications relating to the optimum use of fisheries resource management. The small and traditional boats operating in the small scale sector make one day trip and do not go far away and do not have cooling facilities. The quantity harvested by these boats is 200-300 kg per trip. The small-scale fisheries crafts can be operated within the distance of 25 miles from the coast and its accounts for almost 90 percent of the total fish production. Large mechanised boats of the large scale private owners and foreign fishermen make a few day's or weeks' trip and have cooling facilities on board. The off-shore fishery takes place between 25-60 miles. Their catch ranges from 3000 to 5000kg.

There is clearly a competition for our resources between large scale industrial fisheries operators and small scale artisanal fisheries sector in Sri Lanka.

This situation does not exist only in Sri Lanka, but in other Asian countries too. 'Panayotoura', Japanese expert has raised the following issues pertaining to fisheries resources management in south-east Asian countries:

1. How to attain a sustainable improvement in the socio-economic conditions of small scale fisheries communities.
2. How to manage the marine fisheries resources so as to maintain its productivity (or more appropriately the net economic or net social benefit from the resources.

marketing information the prices of fish (selected varieties) have increased by 100 percent during last five years (1987-1991).

**Imports value of dried fish**

Year	Value (Rs. Million)	Quantity (Mt.000)
1982	163	7
1983	222	105
1984	378	34
1985	510	25
1986	631	24
1987	767	30
1988	945	31
1989	1003	35
1990	1313	38

Source: Central Bank of Sri Lanka.

Table IV

Type of crafts	Range of distance from the shore	Percentage of the total fishing crafts in Sri Lanka 1985
1. Small non mechanized traditional crafts	5 to 7 miles	40%
2. 17.5 foot boats with outboard motor and traditional crafts	10 to 15 miles	42%
3. Large non-mechanized traditional boats	15 to 20 miles	8%
4. 28 to 32 foot boats (3.5 tons) with inboard motors	25 miles	
5. 34 foot and 28 foot boats with inboard motors.	Beyond 25 miles practice (however, they fish within the 25 miles range).	10%

Source: Fernando, CS. 1987, p 10.

3. How to allocate the country's limited marine fisheries between small-scale fisheries communities and industrial fisheries so as to minimize the conflict between them i.e. how to manage fisheries resources in order to reduce internal conflict and alleviate poverty among fishermen. (T. Panayotou 1985 p. 13 to 14 in Fernando. 187p. 16).

**Conclusion**

A decline in fish production and a drop in per capita availability of fish are two direct effects of industrial exploitation of our fishery resources. This results in high prices of fish in the domestic market. According to

The unequal supplies and demand were the major reasons for the increase in fish prices. This was mainly due to lack of fish production in the country.

It also has a far reaching adverse impact in the nutritional level of the people. High price of fish has reduced the consumption of fish and its impact on nutrition was negative. The annual per capita consumption of fish which was 14.3 kg in 1970 has decreased to 10.4 kg in 1977. According to the Labour Force - Socio-Economic Survey of 1980/81 per capita fish consumption was 7.07 kg in all sectors. But, the Socio-Economic survey which was conducted in 1986/87 reveals that

(Cont. on page 59)

# SOME CONSIDERATIONS IN THE DEVELOPMENT OF GIS DATABASES

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## INTRODUCTION

Geographic Information Systems have evolved and developed in the major industrial countries. Socio-economic conditions, political and administrative frameworks support the development of spatial databases and the successful implementation of Geographic Information Systems. While the information revolution that led to the development of this new trend is emerging in developing countries, in transplanting the technology, there are several factors that need to be considered. In North America and Europe where the technology was originally developed, it took about 20 years to evolve to the current growth of GIS. Introducing GIS or database concepts into developing countries which are culturally, socially, economically and politically different from developed countries, needs to be done with care, otherwise it can be an expensive and frustrating process.

Socio-economic realities and priorities in developing countries are different from those of industrialized countries. As Taylor (1991) indicates, GIS and database development should respond to those realities and priorities. Implementation of a GIS and database development is very expensive and maintenance of software and hardware may be obstacles in the full realization of GIS potentials. Therefore, after the initial introduction, GIS and database development should continue within a sustainable framework. While international agencies can play a role or role in transferring the technology in developing countries, local experts should address the issues of data compatibility, user interface development, and make the

design and development of a spatial database requires several factors such as data needs, data compatibility, and supportive technical and administrative frameworks. While the applicability of these techniques to resource management is being realized in developing countries, are in a disadvantaged position in relation to the most of the factors. The technology can be transferred but the gaps of data and parts of the existence of that technology should be developed within the locality. This paper addresses these issues, using the developing countries as the focus and implementation of GIS databases and suggests possible solutions.

knowledge available to the general user.

Adopting GIS technology by a planning agency or research organization cannot be considered as the solution to problems. The GIS should be viewed as a tool required to solve the problems which are spatial in nature. As the relevance of GIS to developing countries have been addressed elsewhere (Batty, 1990; Yapa, 1988; Yapa, 1991; Yeh, 1991), this paper limits its scope to the issues related to database development.

## DEVELOPMENT OF SPATIAL DATABASES

Geographic Information Systems are computer systems that can input, hold, and manipulate data describing locations on the earth's surface. It can assist in solving complex planning and management problems and can be an integral part of manage-

ment and conservation of resources in developing countries. Development of a GIS database is one of the key elements that determines the success of any GIS. Spatial database concepts are central to GIS and differentiate GIS from other computer map drawing packages (Riud, 1989).

Whether it is in developed or in developing countries, designing a spatial database involves several steps. Once the goals of a particular GIS system are determined, spatial data and attribute information of the objects are acquired and converted into digital format, and the relationship between spatial and attribute data established. The database should be manageable in terms of technical and institutional cost considerations, should consist of data that satisfy common needs of many users, and should be structured to maximize its utility (Johnson, 1989). When designing the database, Johnson identifies eight step process which is outlined below:

1. Evaluate current and future needs of the user community.
2. Inventory current digital data holdings.
3. Perform quality assessment of digital data holdings.
4. Consider future application demands.
5. Identify the most critical data to be stored and prioritize the remaining data for storage consideration.
6. Develop data organization strategy.
7. Implementation plan.
8. Perform implementation of the database.

Proper organization is an essential part of the successful implementation of a database. Databases should not be developed to perform a particular application and should have long range objectives with the ability to integrate with other databases and other GISs. As it is very expensive and difficult to maintain huge amounts of spatial data, only the required data need to be computerized. Further, Chambers (1989) lists some of the major factors that influence a GIS database design, such as data needs of the applications that will be developed, availability and format of existing data required to support the applications, update and maintain procedures, size of the database, hardware platform/configuration, organizational structure of the users and facility, budget, and management support. This indicates that database design alone is an integral part of a successful implementation of a GIS.

#### SPATIAL DATABASE DEVELOPMENT ISSUES IN DEVELOPING COUNTRIES

GIS database development has been a problem at developing countries, and in the 1989 International Conference on Geographic Information Systems Applications for Urban and Regional Planning, concern was expressed about the way GIS were being implemented in developing countries and Edralin (1991) indicates that it was perhaps a reflection of the current situation. The issues related to database development can be due to problems with the data to be used, or to technical, economic, administrative and management issues.

In a spatial database, both attribute and spatial information on certain objects are encoded according to some database structure and the relationship between different themes are established. To do this, data should be collected and encoded objectively. In general, as much as 80% of all information held by government agencies are spatially referenced (Franklin, 1992) but most of these data are still in paper map form (Evans, 1989) and in most cases, they were not collected objectively. In addition, they do not have socio-economic and other attribute data associated with spatial data. Therefore, it is difficult to maintain or update, and because of the incompatibility of the maps produced by different agencies, data can rarely be coordinated or integrated. In most cases, maps are not complete or have outdated information with poor accuracy. Referring to the African situation, Hastings and Clark

(1991) say that database development needs to start from nothing.

Most of the GIS programmes include relational database management (RDBM) capabilities. They are used to manipulate both spatial and non-spatial (attribute) data. However, GIS software generally do not come with RDBM software such as Dbase, Oracle, Rbase, Paradox, and Fox base (Pitman and Thrall, 91). In many cases, data need to be transferred back and forth between GIS software and RDBM software. When selecting a particular dbase system for database development, it is important to explore the compatibilities with existing software as well as interface capabilities with other popular existing software such as Quattro Pro or any spreadsheet formats.

Standardized spatial information helps data transfer, minimizing the cost incurred in duplicate data encoding, improves the quality, reliability and accuracy of both spatial and non spatial data. However, data standardization and integration are still major issues even in industrialized countries. Different agencies or states use different classification schemes so that the same object may be classified differently. The impact of incompatibility of data is severe in developing countries where funds to develop diverse databases for specific applications are limited. Another factor that limits the data transfer is the data security and the authority. Some agencies are reluctant to share data they possess and do not want to take the burden of updating information. This may be because some data need to be protected because of their confidentiality, but there are no clear guidelines on which data should be kept confidential or how data distribution can be managed.

There are also some technical problems associated with database development in developing countries. When Geographic Information Systems were introduced to developing countries, it was done within a technical environment and initial expectations were too high (Hastings and Clark, 1991). In most cases the goals were not achieved due to technological problems. A Geographic Information System integrates data, computers, software programs, database structures, the skill of the users and technical problems can be incurred at any of these levels. These may be related to the software interface, data format incompatibility, or to hardware problems. In a developing country such a problem can hinder the database de-

velopment and GIS implementation for several months.

Lack of basic guidelines in database design and base map production have caused problems when GIS are being introduced into a developing country. Base map production is also hindered by lack of standardized geo-coding system. Suitable case studies and literature are generally difficult to obtain and software manuals do not help the user in applying the software to a particular problem. Much software is not user friendly (Scholten and Padding, 1990) and often manuals are difficult to comprehend without a sufficient technical knowledge.

The problems associated with GIS development are compounded by management issues. Yeh (1991) identifies lack of staff and management support and staff training as some management issues. Without the support of all levels of management, the database development, and often, the entire GIS project can be threatened.

#### GIS AND DATABASE DEVELOPMENT WITHIN A SUSTAINABLE STRATEGY

Geographic Information Systems will not be the answer to all questions in developing countries. But, if properly used, it can be an efficient tool in assisting decision making. The decreasing cost of computers makes GIS more affordable in developing countries. International agencies such as UNCRD, UNESCO, UNCHS, IDRC, World Bank, ADB provide funds and technical expertise in transferring technology but GIS and database development needs to be achieved without external dependency. International agencies and expertise play a major role in introducing the technology but the environment that supports the technology should be developed within the society. Local technical expertise, training, research, user interface development, user education, a data management strategy, and the realization of GIS application potentials within their socio-economic priorities are required for the GIS project to be successful.

In the first instance, when adopting the technology, Geographic Information Systems and database development should not be viewed as a technological introduction. As a problem solving tool, GIS is highly appropriate to developing countries and it can drastically reduce the cost of data gathering, providing accurate information, and



guide decision making. Before designing the database, it is important to have a clear idea about the application areas where GIS can be used, aims of the application, type of output expected once the project is completed, and who will be using the information. For example, GIS may be applied within regional and local planning framework to study ground water potential, over grazing, decreasing vegetation cover, erosion modelling, salination studies, urban expansion, habitat monitoring, and suitability analysis for agricultural crops. Accordingly, database development should be undertaken and the expectations should be achievable. Once the database is installed, it is reasonable to allow approximately 9-12 months before the full realization of potentials. It is advisable to use the GIS and database to produce some thematic maps before undertaking any projects which require spatial analysis.

Expert assistance may be required at the initial stages of database development and base map production. However, this will be of limited use if the nature of spatial data, and associated attributes are not relevant to the socio-economic framework of the community.

Base map development can be carried out using existing maps (lower accuracy), extracting information from aerial photographs (if low cost scanner can be used), or using some existing digital (remote sensing) or survey data (high accuracy). However, it is very important to develop some standardized guidelines in base map production and database development.

Database design is a continuous process. Updating existing information and adding new information or attributes are essential for future expansion of the database. Software and hardware need to be changed in the expansion process and accordingly some adjustments to data need to be done. Even though most of the software can progress data in different formats, it can be a frustrating process when a new GIS is being installed. It is not necessary to have expensive sophisticated software or hardware to implement a reasonable GIS project. Availability of user friendly software can be obtained from conference displays, software review articles, obtaining some demonstrator programs provided by software manufacturers or by consulting the GIS community or community or by linking to some spatial data related co-ordinate mapping systems.

Initial database design should not start with a scale that is not compatible with existing resources. It is better to start with a pilot project and through experience can be extended to applications of various. Both database development and GIS implementation should be undertaken within a sustainable strategy. Unlike in major industrialized countries, facilities such as journals, articles, conference, educational videos, seminars, and workshops are limited in developing countries and constrain GIS staff's ability to improve their skills required in efficient database design and GIS project implementation and educate novice users. Therefore, it is very important international agencies or countries that support developing nations by introducing GIS should provide material which will allow user to improve their skills and intellectual knowledge. Unfortunately, journal subscriptions, conference registration and travels are expensive items and difficult to afford when limited foreign exchange is required to support their economic priorities.

Automation of existing management tasks and implementation of a GIS can change the administrative and management structure of an organization. Data security, authority, maintenance responsibilities should be determined initially when acquiring GIS and implementing the database. Potentials of GIS and database development to the institution need to be realized and educating the management is very important for a healthy and a long life of a GIS system. Therefore, it is important to have a central authority to monitor GIS work and data distribution/management. GIS can change the organizational structure of an institution by improving the efficiency of existing tasks. Database development and GIS introduction should be thought to fit in and in decision making. It is important to understand how the GIS can be used by improving the welfare of the whole community.

Universities and research institutions can play a major role in developing an environment that supports GIS within a sustainable framework through educating management and users. It is vital that all levels of management understand what a GIS is and its limitations. Workshops and training programmes should focus on regional properties, basic introduction to hardware and software components, guidelines to database development, and also how to link a problem with spatial context into a GIS perspective.

Some more experienced users may benefit from training programmes concentrating on computer programming and database design and development. These skills, although not essential, would accelerate progress in a GIS project. Other important topics such as user interfaces, scale and projection changes, georeferencing, and raster and vector systems should be addressed when the GIS project is in progress.

Digital data are encoded as points, lines, and areas/polygons. When a hard copy/base attribute is converted to a digital form in a GIS, an attribute becomes a layer of information integrating both spatial and non-spatial information about the attribute. To use spatial data to produce thematic maps and spatial analysis, it is often necessary to change scale, format data differently, change projections, correct topological errors, and maintain data integrity of user information whenever available. Solutions to these problems which are technical in nature, should be available within the society.

Generally, when a problem in technical or application nature arises, institutions need to depend on international experts, and, in most cases, different experts are approached which may not solve the problem (Lusting and Clark, 1999). The most viable method is to develop a network outside the GIS community who are exposed to wider GIS/database development experience and knowledge. For a user in a developing country, electronic mailing system (E-MAIL) is the best, low cost means to develop network with the other users. There are a number of user groups where one can seek solutions to some technical and application problems. For instance, electronic user groups such as GIS-E, COMP. INFOSYSTEMS, GIS, SCIENCE, PROCESSING, AACMSG, and GEOGRAPH concentrate on spatial data applications while there are no other electronic mailing systems coordinated by software manufacturers. By connecting to these systems a user can get suggestions/relations to questions, information about suitable software, hardware or can involve in discussions.

## CONCLUSION

There is no doubt that the GIS technology can be a valuable tool or a resource to developing nations, specifically to the management of natural resources and to the economic development. However, full utilization of this technology can be realized only if

# Determining the opportunities available in the Stock Market

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When one talks of opportunities available in the Stock Market, it refers to the trade off between risk and return. When companies go public their shares are listed on the Colombo Stock Exchange (CSE) which provides a secondary market where shares previously sold can change hands. Thus willing buyers would procure shares from willing sellers at prices to be agreed upon when the deal is struck at the trading floor of the CSE. Prices at the Stock Exchange are determined by market forces such as demand and supply. For example if a share is highly liquid and substantial quantities of it are available at a particular level of prices then it is unlikely that it would compare favourably with shares which are similar in quality but more scarce at low levels, with the result that the latter fetches a higher price.

### Talking of quality

What determines the quality of a share? There are a significant number of reasons attributed to either price advances or declines. The quality of a share would lie chiefly on prospects for future earnings, dividend payments, net asset value of the share and "Management" of the company in question. In order to make rational decisions for the valuation of shares series of forecasts have to be made, which on the following areas :

- (a) The economy.
- (b) The stock market and other forms of investing.
- (c) Sectors within the stock market.
- (d) The various industries ie. strengths and weaknesses.
- (e) Finally, the company.

Through this analysis one can asses or generate forecast of –

- (a) Earnings
  - (b) Dividends
  - (c) Growth
  - (d) Stability
- } in respect of individual firms

Then the question must be asked, what factors effects sales on a macro scale?

- (a) G. N. P. Growth
- (b) Unemployment levels
- (c) Trends in consumer savings and borrowings
- (d) Consumer confidence levels and buying plans
- (e) Trends in consumer durable expenditures
- (f) Tax changes as they effect disposable income
- (g) Consumer loan interest rates and availability.

To sum up your company analysis to assess the opportunity available it would include the following:

Thus values of shares are based on investor expectation. These value expectations are reliable when company's record represents a reasonably reliable guide to the future. Nevertheless the presence of a margin of safety in the distinguishing characteristic of true investment — a fundamental quantitative concept in share analysis.

Once you have achieved a reasonable assessment of the portfolio of 2 or 3 or more shares then you can look at other criterias such as P/E ratios, price to Book value ratios (PBR), dividend yeilds and so on. The P/E is generally considered a good indicator telling you whether the share is overpriced or underpriced relative to other shares or its historic values. Likewise, PBR also gives

<i>Quantitative Analysis</i>	<i>Qualitative Analysis</i>
1. Profit and loss account	1. Nature of business
2. Balance sheet	2. Character of management
3. Flow of funds statement	3. Trend of future earnings
4. Capitalisation	4. Relative position of the company within industry
5. Earnings	5. Intensity of competition
6. Dividends	6. Physical, Geographical and operating characteristics
7. Assets and liabilities	7. Longer term outlook

you a comparison with other shares. On the other hand you may be wanting a dividend income, which means you will probably move in to shares that have high dividend yields and possibly with high levels of reserves with prospects for bonus issues. The levels of reserves of a company is indicated in the Balance Sheet. While the formula employed when computing dividend yields and P/E ratios are as follows:

$$(a) \text{ Dividend Yield} = \frac{\text{D P S}}{\text{Prices}} \times 100$$

$$(b) \text{ P/E ratio} = \frac{\text{Price}}{\text{E P S}}$$

$$\text{Where E P S} = \frac{\text{Profit after tax}}{\text{No. of shares}} \text{ and}$$

$$(c) \text{ P B R} = \frac{\text{Price}}{\text{Net asset value}}$$

$$\text{Where N A V} = \frac{\text{Shareholders funds}}{\text{No. of shares}}$$

Having chosen the shares for investment, what factors would you consider necessary to initiate your purchases? You would now

have to look at timing aspects.

- Advances must outnumber declines.
- The CSE All Share P I and Sensitive P I should be on a rising trend.
- The shares should be below historic highs.
- The volume in the market must be a favourable one.
- The price pattern of the share chosen for investing should be on a favourable trend.
- The shares must be fairly liquid so that buying and selling can be done freely.

Hence your success in the stockmarket would rest on the following criteria:-

- Astute stock selection
- Brilliant market timing
- Clever risk diversification
- Ability to understand the risk return relationship
- An understanding of market psychology, fundamentals, technicals, flow of funds, policy issues and their impact on the market.

To conclude I wish to state that there is no short cut to investing safely. Every invest-

ment must of course be made, overcoming fear but made on rational assumptions and not by throwing caution to the winds. Just as much as making a careful study of the investment prior to buying you have got to take-in profits and not to miss opportunities due to greed (by overstayng in the market) and once shares are sold you should also be quick in switching to a different share which is either similar in stature and low priced or into a different stock with high underlying fundamentals. Another common way to adopt a disciplined investing style is to adopt a sieving strategy using a formulaic method for selling. Say, for example you buy 5 carefully chosen shares. Now you instruct your broker or investment advisor to dispose the shares if they fall below 5% of the purchase price. And add more of the same shares if it limbs up more than 10% of the purchase price. And sell all shares if it rises more than say 25% of the initial price paid. In the long term you would have exceeded the usual rates of return on passive investments such as fixed deposits and treasury bills and still have the necessary cash for a further round of investments. This would mean that the lead time for returns have been shortened by the formula approach.

(Cont. from page 37)

right to resources for all, especially for the historically deprived groups (women, dalits, other marginalising shudra castes);

- \* A new way of development, based on energy-saving technologies in harmony with the planetary system;
- \* An agro-industrial development centered on biomass production and a nature-centred agriculture, ecologically sustainable and equalitarian;
- \* Relations of production that include a mixture of individual ownership (generalized to all) and collective ownership, in which the latter can be seen in the ecological term of "common property resources" with some of these owned / controlled primarily at the village level, some at district, state or higher levels.
- \* "Community" defined and localized in terms of natural regions and the lives of the people producing in them; "nation" as a federation of communities.

What is "agrarian revolution"? In a poem entitled "Push Back the Catastrophes" the Black feminist poet Jayne Cortez writes,

*Enough of the missiles  
the submarines  
the aircraft carriers  
the biological weapons  
No more sickness madness poverty  
exploitation destabilization  
illiteracy and bombing  
Let's move towards peace  
toward equality and justice  
that's what I want  
To breathe clean air  
to drink pure water to plant new crops  
to soak up the rain to wash off the stink  
to hold this body and soul together in  
peace  
that's it  
push back the catastrophes."*

The linkage of equality and social justice with ecologically sustainable, needs-oriented production: that is "agrarian revolution."

#### Footnotes

- Sukhamoy Chakrabony, *Indian Planning*, New Delhi: Oxford University Press, 1990, p. 21.

- See Jean-Paul Delage, "Euro-Marxist Critique of Political Economy" in *Capitalism, Nature, Socialism*, 3, November 1989, pp. 18-19.

- K.R. Datta, "Ecosystem productivity, Sustainability and carrying Capacity" (1991); "Role of Renewable Energy in an Eco-Development Strategy for Sustainable Agriculture and Rural Development," Paper presented at IIDS and ICSSR work shop on Management of Renewable Resources, Hyderabad, June 1991. For an early description of the process of the evolving strategy of Datta and colleagues, in the context of local people's movement, see K.P. Datta and Subas Parajjpe.

- A survey on "Energy and the Environment" in *The Economist*, August 31, 1991, gives the figures of 1-2 barrels of oil per year for the developing countries, 10-30 barrels in Europe and Japan, and 40 barrels in the U.S. One barrel of oil = 2kg. coal.

- See Datta, "Sustainable Development: Alternatives in water Resources and Energy Sector," Paper given at Symposium on Large Dams / Small Dams, New Delhi, December 2, 1991; "Large Reservoirs: Environmental Costs or Gains?" (unpublished paper, 1992); see also the paper by the Mukti Sangarsh Team, "Village Ecosystems: Suggested Microplanning Approach and Examples" (1991).

(Cont. from page 6)

Among the main principles followed, one may note the following: (1) direct and indirect interventions in the industrial development; (2) establishment of protectionist tariffs in relation to foreign markets, especially during the period of development of industries of substitution; (3) promotion of exports by fiscal, credit and investment means in "the research and development"; (4) an encouragement to foreign investments by means of fiscal measures, as the local accumulation was not sufficient; (5) important financings of the infrastructures, scholastic and political science training (habitat for example) and; (6) a constant action on the labour market through a suppression of trade union movement.

It has to be added here during the period of taking-off, massive foreign aids coming from the United States, equivalent to a kind of Marshall plan and the geo-political aspects, bount to the cold war were never absent. Moreover, until the end of the 70's, the American market remained open and it was protected only progressively in relation to Asian exports.

In order to make these observations concrete, we shall again glance rapidly at the four countries concerned.

#### (a) South Korea

South Korea is the country where the State has played the most determining role in the diverse stages of economic development. It was of two orders. Firstly, an intervention organised to synchronise the economic activities under the direction of the State and then create the financial conditions favourable to the activities aimed at. In this regard, two mechanisms were used from the moment when one geared himself towards exports: on the one hand, the fixation by the firms, with the State's approval, of the export objectives and then a monthly meeting for the promotion of foreign trade under the direct responsibility of the President of the Republic<sup>25</sup>.

One may follow Alice Amsden in her work "Asia's next Giant" when she sums up in the following manner the orientations of the Korean State through two main periods of its intervention. "The State has always been strong. It controls the financial institutions and the capital movement. It intervenes in the industrial structure and the setting of prices. It decides on the economic policies and the "chaebols" (the big consortiums) carry it out"<sup>26</sup>. But all this has to be specified a little.

Under the presidency of Singman Rhee, after the Korean war and till 1961, the industrial policy which was based on the small and medium enterprises that reconstructed the country and on some big ones, began to break. The State bureaucracy was closely involved in economic activity. It led to high levels of corruption. The number of scandals that broke out at the time earned criticism of an opposition where the Christian Churches, protestant in particular, played an important role.

With the coup d'état of General Park in 1961, it was a new stage that took shape. Firstly, one banked on the industries of substitution for imports. The corrupt entrepreneurs were imprisoned, but they were released on condition that they share the views of the State and invest in this kind of industries<sup>27</sup>. A policy of protectionism was established. In 1970, of 1,312 basic products, 524 were subjected to restriction measures and 73 were prohibited to be imported<sup>28</sup>.

The method of President Park was not to promote State industries, but act indirectly on the process of production. He tried to destroy the obstacles to an export policy, caused by the bureaucracy of the previous regime. Thus, he made the costs of certain services for the exporters to be reduced, instituted a reduction of 50% of the direct taxes on the earnings of exports, accelerated paying off of debts, granted a privileged access to the short or middle term credit, exempted or reduced the import tax of goods and capital necessary for this kind of production, exempted indirect taxes of the intermediate goods<sup>29</sup>. By doing this, he clearly favoured the big multisector enterprises (chaebol). Between 1962 and 1970, the rate of interests were fixed at 6.9% while the inflation amounted to 12.57% and the rate of interest in the free market rose to 49.8%<sup>30</sup>. Besides, he did not hesitate to destroy the enterprises that did not share the model<sup>31</sup>. More recently, the government established a Research Institute that works on the acronotic production, the parts for the memories of computers and some high technologies<sup>32</sup>.

Foreign aid was very important too. In the 50's and at the beginning of the 60's, aid coming from the United States covered 50% of the revenue of the government. Between 1945 and 1978 South Korea received from this latter source more than 6 billion dollars, being practically the equivalent of the total of aid to the African countries during the same period<sup>33</sup>. 80% of the exports were fi-

nanced by the United States<sup>34</sup>. The training abroad of engineers and managers was done with the aid from the State.

One has to add the role of the war of Vietnam. In 1967 this contributed for 44% to the GNP and recorded for 58.2% of the exports. It contributed clearly to the takeoff of the export policy and some did not hesitate to speak about "life for sale", the economic advantages coming to compensate for the presence of 50,000 men on the sides of the Americans in Vietnam<sup>35</sup>.

Such an economic policy was accompanied with a military dictatorship which took various forms, but which justified itself due to its economic efficiency. It was the State again that determined the legislation of work. Low salaries had to be maintained so that the original accumulation could be rapidly realised. Suppression and intimidation were the weapons that were used most frequently. So, in 1980, there were just 11% of workers from trade unions<sup>36</sup>. Strikes, as a 'Closed shop' practice were banned. Alice Amsden, who is an admirer of the results obtained, does not hesitate to say that those responsible for the relations of work in the State sector were the Korean Central Intelligence Agency (KCIA)<sup>37</sup>.

In fact, the salaries were maintained very low for a long time and the working weeks were very long. As for the female man-power, a number of them were involved in textile and electronics. They were over-exploited. In 1980, whereas the minimum income necessary was estimated at 270,000 won for a family of 5 persons, 31% of the workers earned less than 70,000 won, 56% less than 100,000 and 86% less than 200,000<sup>38</sup>.

Yet, there were strikes, not to mention numerous students' demonstrations. They were held in 1961, 1975, 1977 and 1980. The year 1984 was a violent suppression. In 1987 an important strike resulted in a 20% salary increase. Between 1987 and 1990, there were 7,000 strikes, or 6.5 per day. The political opposition that also contributed to social changes formed itself at the time of President Singman Rhee. It was led in particular by the students and contributed, among other things, to the development of a national middle-class.

In 1987, the demonstrations demanded democracy in particular and they rallied a number of elements of the middle-classes

which was joined by the majority of national middle-class, desirous of ensuring the stability of the accumulation and aware that more democracy was the necessary conditions for this. The trade unions demanded salary increases and less long working days. The peasants, led by two Christian organisations, one Protestant and the other Catholic, demanded a cancellation of their debts, cessation of selling agricultural products at a cheap price, the expropriation of missing proprietors. All this led in 1987 to setting up of the Movement for Democratisation and Unification<sup>3</sup>.

All these struggles dispose the validity of the trickle-down theory. The benefits gained by the workers were the results of hard fought social battles.

#### (b) Taiwan

The process in Taiwan is somewhat different, but parallel enough. The mechanisms one may pick up in the practice of the State are, in short, as follows:

1. Benefits for the foreign investments that are directed towards the sectors defined by the State.
2. Encouragements to domestic capital for the same sectors, through reductions of taxes and benefits on the paying off of debts.
3. State investments in the priority sectors: oil refineries, aluminium, chemical fertilisers, steel, non-ferrous metals. In 1970, this represented 27% of the industrial production and 31% of the formation of fixed capital<sup>4</sup>.
4. Protection of certain sectors by means of taxes. Starting from the 70's, this was carried on 30% of the manufactured products. During the first half of this decade, 800 products were controlled in this manner. One also imposed a percentage of local components for certain imported products. A number of items (clothes for example) were prohibited to be imported when they were coming from immediate competitors: South Korea, Japan, Hong Kong.
5. Promotion of exports by way of credit granted at very low interests by the Bank of Taiwan, exemption from tax on the revenue for the exporters (equivalent to 2% of the

exports value), insurance paid by the State, State allowance to the industries putting new products on the foreign markets<sup>5</sup>.

Foreign aid played an important role in the first phase of accumulation. Thus, between 1951 and 1965, the aid from the United States rose to 1,465,4 million dollars and financed 26% of the making of the capital.

In Taiwan too the labour legislation was adapted to the economic policy. Up until the end of the 80's the minimal law prohibited automatically all kinds of strikes and collective negotiations. The trade unions were controlled by the party in power, the Kuomintang<sup>6</sup>. This permitted the maintenance of low salaries and long working days, for a long time.

#### (c) Hong Kong

The State in Hong Kong intervened less directly in economy. On the other hand, the British policy of Welfare State after the second world war seems to have exerted a certain influence on the measures taken in the colony. The colonial administration was associated particularly on the creation of a climate favourable to the economic expansion. Gradually, however, the interventions became more precise and direct, especially after the beginning of the 80's.

The mechanisms were classic enough: the protection of sectors determined by the State, the encouragement to foreign capital in defined sectors, the undervaluation of the currency, strict credit control and big investments in the infrastructures (from less than 10% of the gross domestic revenue at the beginning of the 50's to 18/19% at the beginning of the 80's). It was at the end of this decade that the interventions became insistent, due to the competition of the other NIC's and the protectionist policy of the United States. The State invested particularly in "the research and development", notably by means of the Hong Kong Productivity Council, the establishment of a micro chips Centre and a laboratory of digital communication. The State also financed consultations among the successful enterprises so as to study the new technologies and it supported the services<sup>7</sup>.

Contrary to the other NIC's, Hong Kong did not in the first place use the revaluation of its currency, as a mechanism of response to outside pressures, but rather the con-

nection of the Hong Kong dollar with the American dollar.

The suppression of the workers has not been as strong as in the other NIC's, mainly because within the first period, the labour market could rely on a constant influx of refugees from the continental China who offered a man-power without involvement in trade unions and docile and hard-working too. The trade union laws were formed in such a way that a few workers could really join one. This did not prevent certain protest movements from coming into existence that consequently brought about an increase of the level of salaries from the 80's.

The political activity was much reduced between the years 1952 and 1980 due to the colonial situation. The negotiations with China for the return of Hong Kong to the mother country in 1997 caused certain troubles, but after the access of 1984, granting economic and political privileges to the town, a renewal of economic and notably construction activities took place.

#### (d) Singapore

In Singapore, the government policy was very active in the economic sphere, since the first plan of industrialisation of 1961. It was characterised by the following measures: the protection of chosen industries, (notably in 1967 and in 1980, key dates of the different choices of economic development) through fiscal and credit measures, through the promotion of exports and tourism, through benefits given to the investments of certain multinationals, through important State investments in the telecommunications, on the whole of the infrastructures and in the education, by subsidising particularly the training of technicians and finally through a concerted salary policy with the industries at an added high value<sup>8</sup>. More recently, the government financed the development of new products by encouraging the sectors of high technology and the activities of high capital intensity and granted assistance to the small and moderate enterprises as well.

In the sphere of labour, after a short period of intense trade union activities and numerous strikes, the workers' organisations were closed within a very tight legal scope that at once integrated them into the mechanism of decisions for the fixing of salaries, but at the same time considerably

limited their margin of manoeuvre. This was the end of their belligerence and the beginning of repressive measures against the most active elements of the worker movement, including the one connected with the Christian Churches. The Communist Party was declared illegal.

In 1968 a legislation of work was decreed which gave a great flexibility to the entrepreneurs for the enlistment of workers<sup>46</sup>. Linked with the important immigration that followed in the post-war years, this legislation permitted to keep low accompanied by measures of austerity that particularly affected the workers.

#### 4. THE CULTURAL FACTOR

Some people have asked whether the cultural factor and particularly the influence of Confucianism had not played a central role in the development of the NIC's of Asia. The geographical coincidence between these regions and the zone of penetration of the Confucian culture gave birth to the hypothesis of a cause and effect relationship. An author such as Peter Berger, the American sociologist, favours in this regard the role of the culture in the social processes and he does not hesitate to say that the model of the four dragons cannot be exported, because of its links with the Confucian ethics<sup>47</sup>.

It is indeed undeniable that Confucianism is the predominant cultural system in East Asia. Therefore, one has to question as to the contents that could influence the economic and political behaviour of the populations.

Two fundamental principles direct Confucian thinking. The first is the idea that the individual is part of a whole and that the latter has the predominance<sup>48</sup>. The second is the hierarchical principle of father over son, man over women, higher over lower, within the scope moreover of the traditional Chinese distinction between yin and yang, two subordinate elements, yet necessarily complementary.

It is obvious that these principles may have an effect on the economic behaviour and on the ethics of work, quite like puritanism, well described by Max Weber. But again it has to be verified empirically. In fact, like everywhere, there are several ways of living through Confucianism, that of the higher classes (Confucianism of the elites) or that of the people, with the

synthesis of all philosophies or popular religions.

Translated into the concrete forms, these principles lead up to the following values: family stability; group solidarity and consensual effort; saving and ethics of work; reciprocity between supporters of power and administration, transforming a relationship of power into a moral community, but which also creates a spirit of protest in case of a split. It has to be pointed out nevertheless, that this can favour authoritarianism and male domination<sup>49</sup>.

However, it seems well that a more dialectical position has to be adopted. First of all, Confucianism was born in a definite society and the values it offers are in connection with logic. Yet, this particularly concerns the past. Then, one has to ask whether other factors did not intervene to direct the cultural values. It is the case, for example, with the long merchant tradition of the Chinese.

At last, it is obvious that during the contemporary period, the economic behaviour cannot be explained solely by a reference to the past, by favouring a cultural element. The logic of capitalist accumulation and the behaviour it induces are found in the whole world today. Such a logic contradicts certain aspects of Confucian values, as we have been able to note in the course of this report, but it makes use of them too when they can serve. It suffices to refer to the speeches of certain political leaders, notably in Singapore. Capitalism is a phenomenon of a certain origin, but it receives in East Asia a specific response inscribed in the culture and so in Confucianism too. The latter was an important element of the local response, but possibly replaceable by other systems of value in other societies. However, its role shows well that one cannot pose the problem of "modernisation" exclusively in Western terms.

#### 5. THE NIC'S OF ASIA, MODELS FOR THE DEVELOPMENT OF THE SOUTH?

To succeed in making a judgement on this question, it is necessary to proceed in two stages; firstly to analyse briefly the type of development they present and then to pose the question of the model for the South.

#### (a) The form of development adopted by the NIC's of Asia and its present crisis.

According to Peter Nolan<sup>50</sup>, the experience of the NIC's of Asia shows that capitalism is a powerful motor of economic growth which, he says, corresponds to the analysis of classical Marxism. But he adds that the pure free market capitalism of laissez-faire is an illusion, as the development of the NIC's has been characterised by a strong intervention of the State and through considerable foreign aid, due to geopolitical factors. It was in fact a non-dogmatic State, being adapted to the circumstances in a way much more flexible than in the socialist countries, but that did not prevent the pitfall of authoritarianism. It is pragmatism that guided the policy<sup>51</sup>.

However, such judgements, appropriate in the sphere of observation, do not emphasise that the economic objectives and political pragmatism were in the service of a project of development inspired exclusively by logic of capitalist accumulation – that is to say, connected with relatively short-term objectives, with a conception of man as a means of production and with the submission of all the decisions to the economic growth in the strict sense. On this basis, the form was a success. However, by using the same fundamental logic, one may notice with Walden Bello and Stephanie Rosenfeld<sup>52</sup> that the system entered a crisis from the 80's and that the new phase of adaptation did not find its solution. Here are the principal components:

1. A new international environment was created by the protectionist policy of the United States and the European Community. It thus became more difficult to export, hence a search for new outlets elsewhere, in the former socialist countries, in Central and South America.
2. One witnesses the flight of capital in the search for regions with low salaries. The salaries indeed tend to increase. By way of an example, in 1989, the hourly salary in textile was in Taiwan 3.56 dollars, in South Korea 2.87, in China 0.40 and in Indonesia 0.23. This, besides, goes hand in hand with import of foreign manpower. Moreover, instead of investing in high technology, the capital prefers speculative investments. The "research and the development" do not attain the levels of the other industrial countries.

One has to add a brain drain in Taiwan, of the 7,000 students abroad each year, only 1,600 return to the country. One estimates that of the 10,000 doctorates-holders in the United States, 85% have remained in that country.

3. The dependence on components from abroad for the manufacture of advanced techniques (television, computers, motor cars) is very high: from 30% to 85%, mostly from Japan and the United States.
4. The working class became full of protests and hesitated no more to resort to strikes. At the same time, the social crisis worsened, with an accentuation of social differences and even poverty: 30% of the inhabitants of Singapore and 60% of the inhabitants of Seoul live in unhealthy houses.
5. Agriculture faces difficulties and non-rice cultivating sectors collapsed due to the imports of cheaper agricultural products from the United States.
6. An ecological impasse was created. In Seoul, 67% of the rains possess the highest degree of sulphur dioxide in the world. Much of water is no more drinkable in the country and one will have to devote, between 1991 and 1996, 5 billion dollars to re-establish a normal situation. In Taiwan, 20% of the agricultural lands are polluted by the industrial wastes and 30% of rice is contaminated.

Thus it appears, according to this analysis, that the crisis is serious. The same authors propose solutions. They consider that one would have to re-adjust the economic policy completely by centering it on the domestic market that would have to be stimulated by an increase of salaries, a re-composition of agriculture and a battle against the ecological deterioration. One would also have to revise the export policy and concentrate on specific sectors, notably the export of intermediate goods and that of less sophisticated developing countries. Regional associations with the other countries of Asia could lead up to a division of the tasks. Finally, essential aspect according to Walden Bello and Stephanie Rosenfield, the establishment alone of a true democracy will be able to bring these countries out of the crisis.

(B) Model of development for the South?

The NIC's have got onto a pin through

the big international financial institutions. "In Asia, in Africa and in Latin America, the IMF and the World Bank really manage more than 30 loans of structural adjustment that, partly at least, are intended for creating the conditions of a passage crowned with success of the 'NIC phenomenon'".

Undoubtedly, W. Bello and S. Rosenfeld assert, one may draw useful lessons of experience from the NIC's of Asia, but not in the sense indicated by the World Bank and the IMF, that is to say, of creating an industry of exports towards the industrialised countries, at the expense of anonymous internal sacrifices. What one may learn from their experience, according to the same authors, is given below.

1. The importance of agrarian reforms. They have played a key role in Taiwan and in South Korea, by eliminating an oligarchic and reactionary class and by releasing resources for development.
2. The role of the State, as an agent of economic development, to ensure a certain autonomy in relation to particular economic interests.
3. The necessity of a democratic process. Some, like Samuel Huntington, assert that development can only be attained with the help of authoritarian élites. Yet, the above authors say that in both the NIC's and the countries of East Europe "the costs have accumulated, principally in the form of a feeling of alienation among the workers and other social groups who had the impression of being knocked over by the bonhomie of rapid growth which they were not able to halt. The destructions of environment in both the NIC's and East Europe were partly the product of an authoritarian development, as there were no channels capable of echoing the basic reactions concerning the ecological effect of different policies".

4. We add to this a fourth dimension which is that of the very definition of development. In fact, the latter cannot be considered the equivalent of simple economic growth. It does not suffice either that it integrates the battle against poverty, as is done today by the World Bank or the Asian Development Bank, trying to

put out the fire they themselves have lit. The concern over a better distribution of material and cultural goods, quite like that of the blossoming of the persons, are constituting elements of development. The taking into account of these will also result in criticising the false modernisation that accompanies capitalist development.

It is thus clear that the model of the NIC's of Asia can only serve as critical reference to the countries of the South. Even within the logic that was theirs, a minority alone would be able to follow this way. The social and political price the latter will have to pay is heavy, as is witnessed to by the case of Chile or the recent troubles in Thailand. Rather than an erroneous growth based on exports, it is an attenuated development that would have to be pursued, with the encouragement of the State. As far as the democratic focus, advocated to such an extent by the present Western speech, the experience shows that they certainly are not the automatic fruit of economic neo-liberalisation. The integration a world economic order dominated by the Western interests will influence the decisions and while the weight of "structural readjustments" will particularly affect the lower classes, increasing thereby even the social disparities.

Notes

01. David P. Brazer, *La Asie du Sud-Est: 1945-1990* (Paris, 1991), p. 20, and *Journal de la SIEA*, N° 81, (Dijon, 1982), p. 20, and *Journal de la SIEA*, N° 81, (Dijon, 1982), p. 20, and *Journal de la SIEA*, N° 81, (Dijon, 1982), p. 20.
02. Richard Robles, *Structuralist of Economic Development Process in Southeast Asia*, *Journal of Contemporary Asia*, Vol. 13, Issue 4 (1982), p. 373-377.
03. S. B. Lerner, *The Pacific Century*, London, 1980, p. 36, cited by Peter Hall, *Journal of Contemporary Asia*, Vol. 20, N° 1, (1989), p. 45.
04. *Approches de Développement*, *Journal de la SIEA*, 1991, cité par P. Hall, op. cit., p. 21.
05. Peter Hall, op. cit., p. 21.
06. *New Asia Economic Review*, Vol. 11, N° 6 (13 octobre 1992).
07. *Indonésie, Révolution de la "Méditerranée" Economique*, *Journal de la SIEA*, N° 81, (Dijon, 1982), p. 20.
08. *Asian*, p. 71.
09. *Asian*, p. 68.
10. Alexander Leung, *Industrial Policy, Class Struggle and the Manufacturing Sector in South Korea*, *Economic and Industrial Journal of Contemporary Asia*, Vol. 13, Issue 4 (1982), p. 408.
11. *Asian*.

(Cont. from page 27)

There is nothing original about the national democratic line. National democracy or "New" democracy was the battlecry of Mao Zedong's Communist Party against the Kuomintang Army of Chiang-Kai-Shek in the 1920s. Amado Guerero's Philippine Society and Revolution which virtually became the "bible" of all nat-dem political activists in late 1960s, does not seem to differ from Mao's Chinese Society and Revolution. Although there is nothing wrong with parallel analysis given the same ideological framework, there can never be identical analysis of both the Philippine and Chinese societies. Differences and idiosyncracies definitely exist between these societies—in history, culture, and socio-economic and political systems.



The guiding ideology of the CPP-NPA-NDF is a transformed ideology. It draws from Marx's fundamental philosophy of dialectical historical materialism as applied in the development of societies and the theory of economic determinism; Lenin's concept of imperialism and ideas on democratic centralism as the guiding principle in Communist party's organization, and; Mao's national democracy and internationalism, voluntarism, and peasant-based but workers led protracted peoples' war.

The ideology adopts Marx's doctrine, variously known as "scientific socialism", "historical materialism", and "dialectical materialism". However, the doctrine itself is not a product of pure Marxist thought. It is a synthesis of the writings of the British political economy as analyzed by the bourgeois economists such as Adam Smith, David

Ricardo, James and John Stuart Mill, and others; the French utopian socialist tradition; and G.W.F. Hegel's philosophy on dialectics.

From the British political economy, Marx was able to study the elaborate operation of the capitalist economy. He deduced that economic life and economics itself can be studied "scientifically". Nonetheless, he departed from the conclusion of the classical economists that capitalism reflects the "eternal laws" of human nature. Marx viewed the capitalist economic "laws" as not absolute and subject to change.

The French socialists influenced Marx' thinking on private property ownership. The socialists contended that private ownership of the means of production was an "histori-

cally obsolete institution" and the imperative of abolishing private ownership is essential for the future of social organization (Hagopian 1985:119; Hagopian u.d.: 454). Although the socialists maintained that absolute equality, elimination of poverty, and abolition of property ownership cannot transpire under capitalism, they do not see the need for a revolution.

Marx branded the French socialists as "utopian" and naive for their failure to grasp the importance of a revolution in establishing a new political and economic order. Contrary to the utopians, Marx advocated a violent revolution that would lead to the abolition of private property ownership.

On the other hand, Hegelian dialectics inspired Marx's insight into the process of change. Hegel pointed out two things which

appealed to Marx: First, history is unity and progress moving in a single process and; progress is not evolutionary nor moves slowly but is characterized by conflicts and leaps forward (Hagopian 1985:120). Nevertheless, Marx criticized Hegel for being an idealist who believed that mind or spirit was the essence of reality and considered ideas and culture as independent forces of change. Marx argued that the world, made up of matter and idea is but a reflection of matter and the human mind is the highest form of matter.

As Marx said:

"My dialectic method is fundamentally not only different from the Hegelian, but is its direct opposite. To Hegel, the process of thinking, which, under the name of 'the Idea', he even transforms into an independent subject, is the demiurge (creator) of the real world, and the real world is only the external, phenomenal form of 'the Idea'. With me, on the contrary, the ideal is nothing else than the material world reflected by the human mind, and translated into forms of thought" (in Stalin 1977: 5-6).

However, the materialism of Marx is a derivation from Ludwig Feuerbach sans its idealistic and religious-ethical contents. Marx extracted the "inner kernel" of Feuerbach's materialism and developed it into a scientific-philosophical theory of materialism (Stalin 1977:6).

The fusion of Hegelian dialectics and Feuerbach's materialism came to be known as Marx's dialectical materialism. Stalin (1977:5) views this as the world outlook of a Marxist communist party—the approach, study, and comprehension to the phenomena of nature is dialectical while the interpretation and conception of these phenomena is materialistic (For further discussion see Stalin 1977).

The application of dialectical materialism to the development of history and society led Marx to identify five stages: primitive communalism or communism; slave system; feudalism; capitalism; and communism with socialism as a brief transition stage towards a "classless", stateless" and "propertyless" society.

Moreover, the development of society would be characterized by revolution and class struggle. The contradictions in the



"mode of production" and "relations of production" would precipitate the dissolution of the old order and the rise of new forces, which in turn will be destroyed by newer forces until communism is attained. At this level, the contradictions in the "mode of production" and "relations of production" would cease. There would then be contradictions between man and nature rather than man against man.

Marx's theory on society's development complements his doctrine on economic determinism. The doctrine states that a society is defined in accordance with its substructure (mode of production or economic base) and superstructure (State/politics) system, laws, morals, culture, and religion. The superstructure rests on its substructure and it is the latter which defines the character of the former. Any change which occurs in the economic system will definitely affect its political system. Thus, a move towards a better society necessitates an improvement in its economic base and mode of production.

Similarly, political and social ideas, theories, views, and political institutions in the different periods of society's development is a reflection of the different material life conditions of the people. In other words, the concrete conditions of the material life of society is the determining force of social development rather than abstract "principles of human reason". Marx concludes:

"It is not the consciousness of men that determines their being, but on the contrary, their social being that determines their consciousness".

Marxism, as a political thought is a product of Karl Marx' synthesis of various philosophies, doctrines, and beliefs. His abstractions and deductions from these theories and his interpretations of social and political phenomena formed his beliefs which led to his concept of "good society". The Communist Party of the Philippines absorbed the Marxist doctrine as part of its ideology.

The CPP also adopted Leninism, which is Marxism after Marx and developed by Vladimir Ilich Lenin during the stage of imperialism. He stated that imperialism was the highest stage of capitalism which delayed the downfall of a capitalist state by exporting its crisis to underdeveloped countries.

Rather than be baffled with the problem of excessive commodity production and capital which lead to price cuts, less profits, low returns on investments, and reduction to

interest rates, capitalist states find it convenient to dump their surplus products and capital to less developed countries. These countries, in effect become ready markets and attractive sites for foreign investments. In other words, the rural and backward countries absorb the crisis of capitalism (See Lenin 1988).

This situation makes it improbable for capitalist countries to collapse and work for socialism, contrary to what Marx said. The imperatives of socialist revolution lie among peasant-based, feudal, and backward countries where the link of imperialism is weakest. Furthermore, Lenin describes the oppressed and exploited people of these countries as revolutionary, compared to the workers in the capitalist countries.

Lenin's redefinition of the revolutionary role of the peasantry also refutes the communist strategy in seizing political power. Given the feudal state of Russia, Lenin saw the significance of mobilizing the peasant masses against the Czarist regime. This revolutionary strategy enhanced the political role of the rural peasants in the struggle for power, contrary to Marx's claim that the urban industrial wage-earners of the advanced countries would be the leaders of world revolution. Nonetheless, it is still Mao who can be credited for creating the peasant class as the "driving and motive force" of the revolution, with his classic strategy of "encircling the cities through the countryside". This strategy was likewise adopted by the CPP.

On the spontaneity of proletarian revolution espoused by Marx, Lenin argued that this cannot be done without a communist party composed of elite, full-time, capable, competent, and professional revolutionaries imbued with a strong commitment to spread the doctrine of revolution, mold the proletariat into a revolutionary striking force, and lead the masses of peasants and workers towards socialism. Lenin believes that the Communist Party must be the "vanguard of the proletariat", it must be a "conspiratorial" and "elite" party of the working class (See Lenin 1929).

The establishment of an elite communist party is in contrast to Marx's view of a mass party which is open to all workers and people who believe in the legitimacy of the communist struggle. From Lenin's perception, it would be very difficult for a mass party to win a proletarian revolution. Seizing political power requires a highly-disciplined party

composed of hard-line cadres who can withstand or are ready to accept the rigors of a revolution. Lenin argues that opening a party to undisciplined and non-ideologue masses cannot assure victory nor contribute to the success of revolution.

In the attempt to instill "iron discipline" in the Communist Party, Lenin formulated its organizational principle: "democratic centralism". This principle combines centralism and democracy in the formulation and implementation of Party rules, directives, and decisions. In essence, democratic centralism means democracy under a centralized leadership and centralism based on democracy.

The concept operates on two aspects: One, the lower organs of the Party elect the members of its higher organs and decisions of the latter must be binding and followed by the former; Second, open and free debate on major policies of the Party are allowed in Party congresses. However, once a decision has been made (after a "democratic" discussion on congresses), no one is allowed to question the "party line" nor its authority in implementing Party decisions. All Party organs must defend and fully execute policies and directives of the Party without reservation, otherwise dissidents will be subjected to disciplinary action and rule on insubordination.

Mao Zedong expanded on the principle of democratic centralism by emphasizing the role of the group (collective) and Central Committee of the communist party in decision-making. He states that "the individual's decision is subject to the collective decision; the lower organ's decision is subject to those of the higher organ; and all Party organs are subject to the decision of the Central Committee". Apparently, the importance of centralism rather than democracy has been emphasized in the principle of "democratic centralism".

V.I. Lenin's study on imperialism and the principle of democratic centralism have greatly influenced the CPP's understanding of the current problems of the Philippine neo-colonialism as well as its conduct on policy decisions. In fact Lenin's *Imperialism: The Highest Stage of Capitalism* written before the Bolshevik revolution of 1917 and *What is to be Done?* (1902) are fundamental readings of CPP's political activists and cadres. From the CPP's viewpoint, no substantial things have changed in the revolutionary movements from Lenin's time in the present

and his works written less than a century ago are still relevant.

Mao Zedong Thought (MZDT) is another strand of CPP's ideological framework. The CPP considers MZDT as Marxism-Leninism in the present era. Evidently, the Chinese Cultural Revolution of 1966-69 had a tremendous impact on the local communists. It was in the same period when student activism in the country reached an unprecedented height, with hundreds of thousands, predominantly youth and students, participating almost daily in school boycotts, barricades, rallies, demonstrations, and strikes with Mao's oversized portraits held conspicuously by the demonstrators as it was done in China.

Likewise, it was during this period when the *Kabataang Makabayan* (Nationalist Youth) was founded in 1964 with Jose Ma. Sison as its Chairman. Sison later became the founding chairman of the CPP's central committee in 1968. He was also instrumental in building the New Peoples' Army in 1969 and the National Democratic Front a few years after. In fact, the founding of the CPP was made on the birthday of Mao which falls on December 26. Undeniably, the Mao cult pervaded the CPP for quite some time.

While the CPP believes in Marx's theory of economic determinism, it also adopts Mao's doctrine on "voluntarism". Voluntarism, as the CPP conceives is not a rejection of Marx's "determinism" but an application of dialectics in the present-day struggle. Voluntarism signifies the preponderance of mind (ideas, theories, and concepts) in changing one's material being, as contrasted with "determinism" which suggests that physical or material forces govern one's human behavior.

Mao states, without attacking Marx's economic determinism:

"When the superstructure (politics, culture, and so on) obstructs the development of the economic base, political and cultural changes become principal and decisive. Are we going against materialism when we say this? No. The reason is that while we recognize that in the general development of history the material determines the mental and social being determines social consciousness, we also—and indeed must—recognize the reaction of mental on material things" (in Wakeman Jr. 1973-299).

Mao always felt that "thought reform"

could change a person's attitudes and behavior. The doctrine of voluntarism was so important for who Mao at that time was trying to build a broad coalition and mass-based alliances of Chinese nationalists and revolutionaries to repel the onslaughts of the Japanese Imperial Army which invaded China. The Kuomintang Army then under Chiang-Kai-shek tended to vacillate and align itself with the Japanese. Mao expects a formidable "enemy" to face if the Japanese and Chinese "counter-revolutionaries" joined forces against the Chinese Communist Party. Mao's voluntarism was an attempt to break the alliance between the Japanese and Chiang's forces and believed in the possibility of winning over the least of the "counter-revolutionaries" to the side of the communists. He said:

"To exercise dictatorship over the reactionary classes does not mean that we should totally eliminate all reactionary classes but rather we should eliminate the classes to which they belong. We should use appropriate methods (like persuasion and re-education) to remould them and transform them into new men" (in Schram 1974:169).

Similarly, voluntarism was used by Mao during China's socialist reconstruction by inviting "reformed class enemies" especially the intellectuals and bureaucrats to help China build its economy within the framework of socialism.

The CPP-NPA-NDF's strategy in waging its people's war by establishing "rural bases" where guerrilla warfare is conducted and land reform is implemented is Mao's political strategy in building peasant-based centers of power prior to the seizure of State power in the cities. The encirclement of the cities through the countryside is the maxim of Mao's strategy of socialist revolution, which differed from the orthodox communists who clung to the idea of urban-centered proletarian-based revolution.

The peasant-based, proletarian-led revolution is the foundation of Mao's populism. He considered the peasants as the "driving force" of the revolution, the motive force in the struggle for liberation. The exaltation of the peasants tended to belittle the wisdom of the intellectuals. From Mao's perspective, a humble peasant could possess more genuine wisdom and contribute more to society compared to scholars basking in international renown (Hagopian 1985:137).

Another aspect of Mao's populism was his lament on the arrogance exhibited by revolutionary cadres towards the masses. This is apparent in his views on the role of revolutionary artists and writers:

"...no revolutionary artist or writer can produce any work of significance unless he has contact with the masses, gives expression to their thoughts and feelings, and becomes their loyal spokesman ...if he regards himself as the master of the masses or as an aristocrat .... then he will not be needed by the people and his work will have no future" (in Freemantle 1963:257).

Mao's adherence, to the imperatives of peasant support in a socialist revolution, nonetheless, does not mean a divergence to Marxist thought on the primacy of the urban-based industrial working class' leadership. Mao commits himself to the leadership of the proletariat in the Communist Party and even advised the peasantry to mold their consciousness in line with the proletarian thinking through "rectification" campaigns and "self-criticisms" that would transform themselves into "proletarianized peasants".

Another contribution of Mao to the communist movement, which the CPP adopted, was his view on nationalism and internationalism. While Mao admitted the universal truth" of Marxism and Leninism, he pointed out that the specific character of the Chinese society and revolution must not be overlooked. Mao saw no conflict between the nationalist revolution of China and Marx's idea of proletarian internationalism. For Marx, nationalist struggles are irrelevant and unnecessary as the "workers of all nations unite" against capitalism and exploiters. Marx surmised the differences between nations would wither out and nationalities would melt as the socialist revolution of the working class spreads all over the world. However, Mao remarked that:

"This patriotism and internationalism are by no means in conflict, for only China's independence and liberation will make its possible to participate in the World Communist Movement" (in Wakeman Jr. 1977: 244).

Furthermore, Mao noted:

"... in applying Marxism in China, Chinese communists must fully and properly unite the universal truth of Marxism with the specific practice of the Chinese

Revolution... the truth of Marxism must be integrated with the characteristics of the nation and given definite national form" (1954:134).

E. H. Carr contended that Mao's thought on nationalism was the third phase of modern nationalism which involved the "socialization of the nation" and the "nationalization of socialism" (in Hagopian *u.d.*: 454).

Mao's integration of nationalism within Marx's internationalist political thought serves as an inspiration to the CPP's "national democratic" struggle. It adopts Mao's dictum: it is nationalist because it is anti-colonial; it is democratic because it involves the vast majority of the population, the peasants; it is socialist because it applies Marxism and Leninism, the guiding ideology of the Communist Party.

The CPP's national democratic political line is essentially lifted from Mao Zedong Thought on the assumption that the Philippine society, problems and aspirations are the same as the Chinese'. The local communists identify the three root causes of the country's problems as: imperialism; domestic feudalism; and bureaucratic capitalism. These problems are similar to those identified by Mao. Given the similarity, the CPP argues that the peoples' war strategy which proved successful in China in the 1940s would undoubtedly be most effective in seizing political power from the "puppet State".

The Chinese model for the Philippine revolution as seen by the CPP, is as good as its assumptions. However, if the assumptions are incorrect, the entire model collapses. If Marxists demand concrete analysis of concrete conditions, then the local communists must re-study Philippine realities rather than be blinded by the fascination of successful revolutions in other countries.

### Christian Democracy

Christian democracy as an ideology in the Philippines is at its budding stage. It has not created a boat in the country's political landscape nor has its presence been felt in political affairs. Except for its participation in the 1992 national election when it coalesced with the Administration's political party, the National Union of Christian Democrats (NUCD) is unheard of. Although a Christian Democratic Movement once

emerged in mid-1980s at the height of student activism, their activities as a political organization have been too imperceptible to warrant attention from political analysts.

However, after three decades of near oblivion, the Christian democrats suddenly rose to power as one of the political groupings under the coalition party of the present government. Time will say whether they would be a political force to contend with.

Political scientists are notably agument on whether Christian democracy can be properly called an ideology, inasmuch as its political successes as a party, especially in Europe, are attributed more to their "middle-of-the-road policies and the outstanding abilities of their leaders" than it is to anything "Christian" about them (Hagopian 1985:167). Evidently, the same is true in the case of the Philippines where by the NUCD gained power as a result more of its association and support from the incumbent administration rather than the strength of its ideology which was seldom explained in political rallies.

Nevertheless, the fact remains that some Christian Democrats are now holding political power in government. Whether their political slogans guide them in governance and policy decisions or something which cannot be ascertained as of the moment. But it would be noteworthy to understand Christian democracy as expressed by Christian Democratic parties whose "Christian" marks if some policy areas are strong and conspicuous.

Christian democratic doctrines spring from the notion of Natural Law and transitional character of the Roman Catholic Church. The former refers to God's prescribed law that governs the relationship among national beings, known as the universal moral code. The latter, on the other hand, relates to the movement taken by the Church in making itself relevant by addressing social problems of the middle and lower classes of society as a result of modernization.

Christian democrats do not prescribe any particular type of political regime as long as the doctrine of the Catholic Church is maintained and its (Church) rights respected. As the Natural Law ordains, neither the State nor the material majority is considered as the dispenser of morality and justice. Obviously, Christian democracy rules out a regime purely based on classic liberalism and orthodox Marxism.

Ostensibly, its concept of democracy is a limited one. A type of democracy which protects Church moral principles and human personality from the possible "tyranny" of mass democracy. While Christian democracy favors social equality it is against extreme social leveling. For the Christian democrats, democracy requires a solid moral foundation which is the Catholic religion. Therefore, a political regime not based on Catholicism cannot be considered as democratic but still can be called pluralistic.

Social pluralism for the Christian democrats involves two aspects: vertical and horizontal. The doctrine of vertical pluralism alludes to the recognition of Protestant and other secularist outlooks as essential requisites of modern culture. While horizontal pluralism maintains that social groups—family, local community, and Church—are the proper loci of political thinking or social policy rather than the whole society or the individual. In other words, policies of the State must be aimed towards the promotion of the interest of social groupings. This explains the historical aversion of the Christian democrats to the legalization of divorce, birth control, or abortion and favorable support to policies which encourage the teaching of religion in educational institutions.

The Christian democrats adhere to the principle of the separation of State and Church. They believe that tasks as performed by each one in the society are completely distinct, i.e. the State is involved in temporal issues while the Church is more on the spiritual aspect, although there are some where cooperation and complementation becomes and feasible like in education and welfare.

However, the Christian democrats are convinced that they perform a superior and higher mission than that of the State. They argue that the Church's mission is measured against eternity—saving and safeguarding souls, while the State's promotion of the common good is limited to the present world, i.e. the here and now. In this context, the Christian democrats posit that the State should provide assistance and institutional recognition to these religious common ties—nursing homes, religious or secular, educational, and scientific organizations—concerned in social services and public welfare apart from their spiritual successes.

The Christian Democratic Movement is a predominantly Christian union like the

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turn of mind of the Cuban people to brave everything for its sovereignty and its revolution.

Cuba was a revolutionary call for Latin America, the most evolved continent of the Third World and the most contradictory. In Latin America a stage was then coming to a close and another was beginning, in which capitalist domination underwent very notable transformations in the economic formations, the State, the civil society, the ideologies. The dominating classes of the Latin American countries were working precisely for maintaining their hegemony and adapting themselves profitably to inevitable changes, inspired by the development of the world capitalist system, although this involved the growing U.S. control on their countries and all the characteristics and consequences which we today call transnationalisation. Such classes, thus, were identified with imperialism and worked against their people by means of repressive models on a large scale that would ensure the order during the changes, maintaining and increasing the levels of exploitation and marginalisation and avoiding or confronting with the protesting and rebellious organisations and the revolutions of liberation.

The repression prevailed, despite the great reformist efforts, as the protest had very grave reasons and the revolution had been placed to the order of the day. The new rebellion was beyond, from the accumulation of revolutionary culture of the previous Latin American history and generalised the most radical objectives; national liberation against capitalism, opposing its dominant classes led many people to identify and condemn both imperialism and reformism. The Cuban revolution was a happy coincidence and revolutionary cycle that embraced the continent: both influenced and fertilised each other.

The revolution was the card of introduction of Latin America to the world. Revolution of the events: guerrilla bands, inflamed masses, the Cuban people in power revolution of the conscience: political and ideological heresies, theory of dependence, theology of liberation, compromised social thinking; renewal of the languages, from the Plaza of Revolution to Havana to literature and art. Che

personified and constituted the synthesis of that Latin American challenge. Therefore, the apotheosis that ensued with his sacrifice was exceptional and thus was so short in time. As such, all the powers that had been combative so much, coincided in seeking to forget Che when the wave that rose in the 60's was breaking. The order of what was established prevailed again, in some cases recognising irreversible changes and advances while in others, assassinating, destroying and dispersing the agents and sympathisers of the changes. Then, came a new message of moderation, of renunciation of all dreams, of defence, of reconciliation, as part of the effort for legitimising the domination. Che's image may be, at the most, tolerated by this order if it is limited to be one among so many idols whose veneration certifies the diversity accepted by the power which is, in reality, a function of the domination. Che's example and thinking, on the contrary, are unacceptable to that power, as they continue to be absolutely subversive and useful at the present time.

The rectification sought to advance in its objectives within the frame of some international economic relations in which the U.S.S.R. and its camp were determinants for a small country which was forced to maintain its economic structure depending much on the foreign links. In reality, the rectification was also a precaution in the face of the gradual deterioration of the economic bonds with East Europe that was expected, and it proposed to recover and deepen the proper economic forces through the predominance of the subjective factor, profound and radical changes in the economic activity, popular dominion of socialism over the corresponding economy, ideology and culture, more efficiency, more diversity of bonds, more self-sufficiency. The constant adverse principal constituted by the American aggressiveness and blockade continued, as it has been up to now; the juncture brought about negative results in 1987 and internally the process proved to be insufficient for its economic objectives.

On the other hand, instead of undergoing a gradual deterioration, the links with East Europe collapsed in hardly two years. The foreign trade of Cuba came

down in its value to less than the half between December 1989 and December 1991. The food supply to the population and the very functioning of economy remained strictly embarrassing, the other part of fulfilling its obligations coming to a halt in an abrupt manner. The situation is more serious if one remembers that the long-term agreements were giving to the economic structure and the Cuban efforts an orientation, characteristics and objectives profoundly bound to those links. The provision for fuel, raw material, food-stuffs that were essential to us, collapsed; the markets of our principal products tumbled down; the system of prices and payments ground to a halt, leaving us almost internal, faced with the market and the world finance of the current transnational capitalism. The national security is threatened in various manners and the historical enemy of the Cuban nation has increased suddenly its activities.

I cannot examine here the themes of today's Cuba and its prospects. I shall point out at least that Cuban socialism faces a triple threat: *survival* of its population at decent levels, its national sovereignty and its socialist regime, before a very adverse juncture; *viability* of the economic structure and strategy seeking to be maintained and developed, before a heap of difficulties and enemies it has and it will have; and *nature of the system* that will emerge from the continuity and the transformations of economic structure that is underway, from the political evolution of the more or less hard and long struggles the country is bound to, from the international contexts and adequacies.

The downfall of the system of East Europe threw into relief the aptness of Cuban rectification as a socialist way and showed in a dramatic manner the abyss existing between both. The permanence of the Cuban regime, on its part, proved its popular hold, its capacity of resistance and its specificity. But it has also shed more light on the grave negative effects the assimilation to "real socialism" brought to Cuba, complicated with the same old and recent defects, at times children of revolutionary virtues or of other affiliations. And the so difficult situation that has been created conspires

against the deepening of popular socialist participation and control as the centre and motive of activity in society at the crucial stage we are going through. It is indispensable to identify well that exercise ever so arduous and risky, to be able to solve the fundamentals and solve them with success.

Cuba remains socialist and its existence, its rebelliousness, its anti-imperialism, its values, its revolutionary culture, the way of living of its people, constitute the Latin American proof that socialism is possible; there it is so. Referred to the Utopia of a society based on solidarity, total liberation and realisation of person, the Cuban regime is very insufficient and defective; that reality is more visible today than the disaster of real socialism makes more lucid to the true followers of socialism. Yet, due to the ambition of its objectives and its achievements, the permanent tension maintained between power and plan, its self-critical capacity and its internationalist calling, Cuba is a tremendous socialist experience. If we exclude that of the open enemies from all experience of people's power, the criticism that requires of Cuba to adapt itself to the hegemony of capitalism along the road of "reforms" is, in the best of the cases, ingenuous; or it is a sign of worthiness of whom seeking to be accepted by the bourgeois political system as premitted left. Solidarity without conditions of those defending, with Cuba, the socialist alternative and Utopia for their own countries, is a permanent reminder to the Cubans of the need to deepening participative socialism, precisely for strengthening it in the new and complex situations that were created and for fulfilling thus what Marti in his anti-imperialist struggle at the end of the last century called "the duty of Cuba in America" and it moreover involves today to continue to be the example of a true and possible socialism.

In an intelligent movement, socialism seems to have folded over towards Utopia, looking for new force in it to move ahead. Latin America offers exceptional conditions for that movement. The excluding, marginalising and anti-national character of its capitalism, the impasses for the majorities where they have been placed by transnationalisation, the growing structural misery, of sovereignty, do no contrast from the political and ideological

system. The politicians in power or around it and those controlling the making of public opinion preach the abstract virtues of liberalism, the atomisation of the people confronted with egoism, the associations proving to be innocuous or tributary of the hegemony of the system, the conformity and inaction. The petty democracy of the 80's has become exhausted, devoid of social fruits and has been political monsters or tiresome moves of responsibilities and promises.

The popular camp has suffered a prolonged crisis of plans, of relation between what is social and political, of strategy, of effective and wise organisation; crisis aggravated by the consequences of the end of real socialism. But, it is also certain that the popular camp has accumulated political culture, social organisations and development of its capacities and its sensibility, an immense potential that did not exist thirty years back and that permits millions of people to recognise situations and those responsible for same and to be self-identified. If the idea is correct that a new historical phase is about to begin in the continent, socialist Utopia has to be a decisive instrument to project the visions, enthusiasm and conduct much beyond which reach the meagre instruments of today.

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the annual per capita consumption of fish has decreased to 5.08kg. The recent World Bank Report on "Employment and Poverty Alleviation (1990:8)" has indicated that there has been an increase in acute malnutrition in Sri Lanka.

This is because of inadequacy of fish resources in the fishing grounds due to over exploitation, lack of conservation and management of living fish resources. The overall exploitation of fish takes place in the following manner:

1. All types of fishing crafts are involved in harvesting of fish in the same fishing ground.
2. Large scale fishing crafts do not go to deep sea, instead, they harvest fish within the inshore fishing grounds.

In all the efforts, ideas, feelings, organisations and current struggles are the sources of the future movements and changes. However, future remains blocked by a wall that seems insurmountable: hegemony of the dominating classes, assisted by external mechanisms of hegemony which gives the justification of what exists and the index of actions and changes possible within the system; and facing that, the disintegration and lack of self-confidence of those under domination in their autonomy.

I shall not refer to the debilities, characteristics and conditioning of both camps, much less shall I make predictions of the tendencies, of their conflicts and the future. I however risk the comment that only with tremendous labour Latin America will be able to produce an activity and a thinking capable of breaking the core of the systems of domination in force and their terrible social consequences. The motivations and the leaders of those events will bring forward the means and proportions in which the needs, yearnings, national accumulations and other types revealing themselves, are combined and manifest. I believe that if events like these take place, they will much resemble a new crusade and very soon a triumph of democratic reason.

3. According to information gathered from Sri Lankan fishing community, fishing crafts of foreign countries operate illegally in Sri Lanka's fishing grounds. Most of them sail from Thailand, Japan, India, Taiwan and Korea. They also over exploit the Sri Lankan fish resources.

In this context the relevant authorities should take measures to stop or curb illicit croaching by foreign vessels. Not only do them exploit a resource that belongs to Sri Lanka, thus taking away a big slice of the production which could be consumed by our people, they are also guilty of implicit extensive damage on those resources. The impact of this criminal exploitation of our fisheries resource include the devastation of spanning grounds and ecological damage from which it would take a century or two for them to recover. In the meantime the Production of fish will continue to fall and foreign exchange spent annually for the import of fish would sore and the malnutrition among the people also will rise up.

# INTERNATIONALIZATION OF FINANCE AND ECONOMIC DEVELOPMENT IN NIGERIA

*(Continued from Last Issue)*

Adolphus J. Toby

## Internationalization of Finance and Economic Development in Nigeria.

The recession in world business during the mid 1970s and the early 1980s shifted international lending towards the developing countries. Moreover, for lack of more attractive investments, internationally mobile funds have found their way into the syndicated Euro-currency market, resulting in a sharp growth in the scope and dimensions of Euro-bank sector as sources of external finance.

The beneficial role of the transnational banks could be viewed from the provision of a large source of external finance to Nigeria. Table 5 shows that external finance to Nigeria has been growing since 1980. Infact the Federal and State governments during the past civilian administration from 1979 to 1983 embarked on indiscriminate massive borrowing from this unsuitable external finance source, having failed to be prudently mindful of the heavy costs and future debt servicing problems. This has mainly complicated the country's debt management and external financing problems. At least we all accept that the role of transnational financial markets in providing a major source of financing the growing balance of payments deficits of developing countries is commendable - having made their credits more liberal than those from the IMF and from bilateral and multilateral official sources. In spite of this liberality, government has continue to show lack of priority in national resource management. For instance, the military administration under Buhari announced in its revised 1984 budget a drastic cut in further external borrowing; but surprisingly not on the less productive Abuja (Federal Capital Territory) projects opinion leaders had observed that the Abuja projects are not the type of investments that international finance should be obtained to executive because they are the type of priority

productive investments that could yield the required returns that would facilitate the servicing of the external debt later. We must also note that the size of international credits to Nigeria within the period under investigation constituted an insignificant portion of total global lending. Uzor (1990) had stated that in the securitized global market of the 1980s, Third world countries, due to impaired credit worthiness, have been left helpless bystanders. In the international banking market too, developing countries have lost their ground. Following the debt crises of 1989 developing countries share of total bank borrowing has dropped. Progressively in the 1980s, developing countries lost access to development capital.

The table also reveals that inspite of increasing external debt, the gross domestic product (GDP) increased on the average, but not by the same amount and rate at which external debt increased. Change in external debt was much bigger and faster. Infact the GDP in Nigeria was lower than the average in sub-saharan Africa between 1980 and 1988. Also, per capita income increased marginally and was far below the average in sub-saharan Africa within the period investigated. Strikingly noteworthy was the fact that balance of payments (b.o.p.) deficits were significant and exceeded BOP surpluses. Of what use then is the increasing role of transnational finance in Nigeria's economic development? Who must bear the blame? International financial markets or managers of the Nigerian economy? It is the opinion of this paper that most of the blame should go to the managers of the Nigerian economy. This opinion is held because economic development is not simply a matter of money. It is more important a matter of establishing a sound framework of policies designed to ensure that the money is invested productively. Developing countries must recognise the fact that every international lending ac-

tivity is a business with a profit motive. They must avoid diversion of international loans to non-productive purposes. If developing countries like Nigeria can utilize international credits with prudence and enterprise, most of their economic woes will be reverted.

The growing importance of international bank lending as a source of external finance to LDCs has not been without its mixed blessings. While the funds provided might have assisted in filling some financial gaps in these countries, they have, in many cases, exacerbated their external debt financing burden. The banks themselves will need to avoid lending policies that aggravate payments imbalances in the borrowing countries. It is, of course, not the bank's business to make conditional loans of the kind which the International Monetary Fund (IMF) provides and has been accused of making. But as reported by the BIS<sup>1</sup>, instances have occurred in the past where the banks clearly over lent to certain countries whose payments deficits were obviously unsustainable. As in the case of many other developing countries, transnational banks play a significant role not only in influencing the level of external indebtedness of Nigeria through increasing loans to the country on less favourable terms, but also through other forms of foreign currency leakages, as revealed in a study conducted by UN/ECA in 1983<sup>2</sup>. The dominant role of the transnational banks in the investment, production and distribution processes also enable them to exercise tremendous control over resource flows to and from developing countries like Nigeria in a manner to impose a net cost on the external financial position of the country. The important role of the banks in effecting transfers of international payments has been particularly detrimental to Nigeria's external finance situation by abetting and conniving at various dubious forms by which Nigerians and

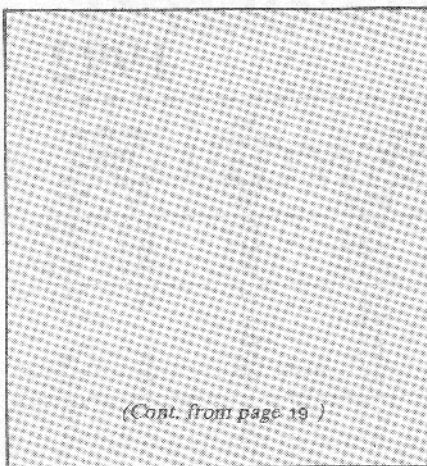
*(Cont. on page 83)*

## Basic indicators

1992

	Population (Millions, mid-1990)	Area (thousand square kilometers)	GDP per capita <sup>a</sup>		Average annual rate of inflation <sup>b</sup> (percent)		Life expectancy at birth (years) 1990	Child mortality (per 1,000)	
			Dollar 1990	Index 1985=100	1985-89	1990-91		1990	1991
<b>Low-income economies</b>	1,058.3 f	27,780 f	350 w	2.9 w	8.0 w	9.6 w	62 w	52 w	49 w
China and India	1,983.2 f	12,849 f	360 w	3.7 w	3.2 w	6.8 w	65 w	50 w	37 w
Other low-income	1,075.1 f	24,931 f	320 w	1.7 w	17.2 w	15.1 w	57 w	56 w	43 w
1 Mozambique	15.7	102	87	..	..	35.6	..	79	67
2 Tanzania <sup>c</sup>	34.5	895	119	-0.2	4.5	23.4	44	..	..
3 Zimbabwe	91.2	1,222	129	-0.2	3.4	7.1	43	..	..
4 Somalia	7.8	538	122	-0.1	19.2	49.7	44	86	76
5 Nepal	18.9	141	179	0.5	7.9	9.1	52	87	64
6 Chad	5.7	1,284	195	-1.1	6.7	..	51	82	70
7 Brunei	1.4	57	199	..	..	4.4	49	75	57
8 Sw. Sudan	1.1	257	200	..	..	..	49	..	..
9 Malawi	8.5	117	199	0.9	7.4	14.7	46	..	..
10 Bangladesh	106.7	141	210	0.7	15.5	9.6	53	73	55
11 Burundi	5.4	28	110	3.4	5.0	4.9	47	80	50
12 Timor	17.5	1,145	737	-0.2	24.7	60.9	52	59	78
13 Uganda	16.7	236	230	2.4	21.4	107.0	47	56	52
14 Malaysia <sup>c</sup>	11.7	582	330	-1.9	7.7	17.1	51	27	30
15 Sierra Leone	4.1	72	240	0.0	7.9	56.1	42	89	79
16 Mali	8.5	1,240	270	1.7	9.0	3.0	48	76	66
17 Nigeria	115.5	924	290	0.1	14.6	17.7	52	41	49
18 Niger	7.7	1,267	310	-2.4	7.5	2.9	45	45	35
19 Rwanda	7.1	76	310	1.0	12.5	5.8	48	65	50
20 Burkina Faso	9.0	274	330	1.7	6.3	6.5	48	91	80
21 India	899.1	3,258	359	1.0	7.5	7.9	59	46	32
22 China	4.7	113	390	-0.1	7.4	1.0	70	84	77
23 Cuba	1,037.1	8,351	330	5.8	-0.5	5.8	70	28	25
24 Haiti	5.5	78	570	0.2	7.5	7.1	54	77	61
25 Kenya	24.2	540	370	1.1	7.2	7.2	59	42	30
26 Pakistan	112.4	756	540	2.5	10.5	5.7	55	79	65
27 Ghana	14.4	219	390	-1.4	22.9	-0.5	55	45	40
28 Central African Rep.	3.0	625	530	-0.5	8.2	5.4	49	73	62
29 Togo	3.6	57	410	-0.1	7.1	4.3	54	69	59
30 Zambia	8.1	755	420	-1.9	6.5	42.2	50	35	27
31 Guinea	2.7	246	440	..	..	..	42	87	76
32 Sri Lanka	17.0	66	470	2.9	9.4	11.1	71	17	12
33 Mauritania	2.0	1,026	500	-0.6	7.6	9.0	41	79	65
34 Laos, th.	1.4	30	530	-4.9	6.7	12.7	56	..	..
35 Indonesia	175.2	1,905	570	4.2	25.5	3.4	67	32	23
36 Honduras	5.1	112	590	0.5	5.7	5.4	61	29	27
37 Egypt, Arab Rep.	52.1	1,001	600	4.1	6.4	11.8	60	66	52
38 Afghanistan	..	657	..	..	..	..	47	86	71
39 Cambodia	8.5	181	..	..	..	..	50	74	65
40 Liberia	2.6	11	..	..	6.2	..	54	71	51
41 Myanmar	41.6	677	..	..	..	..	61	28	19
42 Sudan	25.1	2,506	..	..	11.5	..	51	84	75
43 Vietnam	66.3	330	..	..	..	..	57	16	..
<b>Middle-income economies</b>	1,087.5 f	41,139 f	2,120 w	2.2 w	21.1 w	15.6 w	66 w	27 w	24 w
Upper-middle income	429.1 f	23,432 f	1,590 w	1.5 w	23.6 w	14.8 w	65 w	32 w	25 w
Lower-middle income	658.4 f	18,706 f	3,410 w	2.8 w	19.3 w	19.2 w	68 f	19 w	16 w
<b>Low- and middle-income</b>	4,145.8 f	78,919 f	340 w	2.8 w	16.7 w	11.8 w	63 w	46 w	36 w
Sub-Saharan Africa	495.2 f	23,066 f	340 w	0.2 w	11.4 w	30.0 w	51 w	62 w	50 w
East Asia & Pacific	1,577.2 f	15,572 f	600 w	5.3 w	9.3 w	6.0 w	68 w	74 w	74 w
South Asia	1,147.7 f	5,158 f	330 w	1.9 w	3.3 w	8.0 w	59 w	67 w	53 w
Europe	200.3 f	2,171 f	2,400 w	..	13.9 w	38.8 w	70 w	22 w	15 w
Middle East & N. Africa	256.4 f	11,334 f	1,790 w	1.6 w	13.6 w	7.5 w	61 w	60 w	47 w
Latin America & Caribbean	433.1 f	20,597 f	2,180 w	1.8 w	24.4 w	192.1 w	68 w	18 w	16 w
Other economies	329.9 f	32,634 f	..	..	..	..	71 w	7 w	6 w
Severely indebted	451.2 f	21,048 f	2,140 w	3.1 w	27.4 w	173.5 w	67 w	24 w	21 w
<b>World</b>	5,283.9 f	133,342 f	4,200 w	1.5 w	9.2 w	14.7 w	66 w	45 w	35 w
Fuel exporters, excl. former USSR	272.9 f	12,587 f	..	1.1 w	14.3 w	8.4 w	58 w	54 w	44 w

Source: World Bank Development Report.



(Cont. from page 19)

present economic crisis has a certain similarity with those of André Gunder Frank (1992), points out that such a depression occurs when extreme concentrations of wealth in very few hands occur, as became visible during the Reagan years in the USA. Will the obsessive pursuit of accumulation by these, the Cargo cult unleashed by "the bourgeoisie" and its charismatic leaders, reaching worldwide impact during the last five centuries finally falter or even come to a halt, like command socialism in Eastern Europe, because of the limits imposed by Mother Earth and the world's peoples movements for survival and a whole world?

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foreigners have sustained through the failure in other countries billions of the country's foreign exchange resources especially over the past decade. Considerable sums of money have been siphoned away through:

- \* transfers of assets and potential foreign exchange by over-invoicing of imports, under-invoicing of exports, and through adulteration of commodity pricing, e.g. transfer pricing; and
- \* excessive transfers of profits and other capital gains, especially in the absence of effective national policies to prevent or reduce the incidence of such transfers,

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a sustained development of the technology can be achieved. This may be done through the continuous support of the agencies maintaining the system and the GIS community both in developing and developed countries.

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The table 2 calculates the size of Community budgets, allowing for economic growth, assuming first the continuation of present policies, secondly a "low cohesion" scenario, and thirdly, assuming a "high cohesion" scenario. These figures reflect the possibilities for external assistance, and for increases in structural funding.

"In the low and high cohesion scenarios, we have assumed that spending on "external action" will rise from ECU 1.4 billion in 1992 to twenty to thirty billion in 2012, while the budget for structural funds will rise from ECU 7.7 billion (1992) to eighty to ninety billion (2012)."

These calculations are based on a series of assumptions of growth rates which are tabulated in Table 3.

**Conclusion**

Nigeria's present financial problems have thus become aggravated by the past massive multinational bank loans mainly because the proceeds of the loans were not productively utilized to bring about a healthy development of the economy. The resultant rising external debt was utilized primarily to cover avoidable balance of payments deficits rather than to finance specific projects that would have later assisted in the servicing of the debt. Furthermore, such general purpose loans from the multinational banks were used by the government to avoid badly needed fundamental adjustment in domestic economic policy. By thus aiding the postponement of

urgent economic adjustment measures, the doom day was only postponed, which has now made the economic adjustment measures being taken to be rather more costly, less effective and for the problem to drag on for a longer time, in a more painful manner. Nigeria, and indeed other developing countries must now learn the lessons of Prudence, Enterprise and Priority in national resource management. To be forewarned is to be forearmed.

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The base projection presumes that the budget will remain constant as a percentage of Community GNP, at 1.15. Of course, the size of the budget would still increase as a result of growth in the Gross National product and enlargement of Community membership.

The low cohesion scenario would increase the budget by 0.19 per cent in 1997 to 0.44 in 2002, to 0.60 in 2012, mainly from expansion of the Commission to include former EFTA members. The high cohesion budget would mirror these increase substantially, to 0.44 in 1997, and 0.65 in 2012.

It is on these calculations that the projections of potential employment recorded in Table 3, and the substantial discussion, have been founded.

Disast though the present outlook appears, after the collapse of sterling, these estimates should show us that there is a way

forward, out of crisis. That way depends upon joint action. In the circumstances of the 1990s such joint action should naturally be led by the Commission, and co-ordinated with member governments. Not only will this be easier than the arrangement of convergent national initiatives outside the framework of the European Community, but it will provide a necessary catalyst to cross-border flows which can be calculated to maximize development possibilities, and the multiplier effect which thereon exert. Of course the more through the attendant convergence of incomes and social cohesion can be, the more dynamic the recovery will prove. But this will require completely different policies from the restrictions on public expenditure which obsess so many Government in Europe, and above all from the dogmas which will dominate the reflexes of Government in Britain.

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55. Walden Bello y Stephanie Rosenfeld, *op. cit.*, p. 460.

(Cont. from page 57)

Philippine has not been successful enough in spreading its ideology and political thoughts. To date, there seems to be a dearth of its political documents embodying their analysis of the Philippine society, vision for a better society, programme of government, and strategy in achieving its goals.

The Christian democrats' ability to clinch political power in government, however, does not mean the acceptance of their political agenda nor does their continued stay connote a presence of mass-following for their ideological line. The election of some Christian democrats was not a result of the popularity or approval of their ideology but of effective use of the flawed Philippine electoral system to their advantage.

Apart from the aforementioned ideologies, there are other political beliefs espoused by various political forces in the country but failed to qualify as an ideology due to inchoateness, e.g. popular democracy is one case. Some political views, in spite of their seeming acceptance to a relatively significant constituency, cannot be analyzed fully because of insubstantial political documents in circulation.

#### Final Note

Ideologies perform a critical function in the country's political life. It can make and unmake regimes and governments. In the Philippines, ideologies remain to be sharpened and fashioned to the country's needs and demands for development. Many of the solutions proposed by various ideologies are shaped by the way the national problems are defined or seen. Oftentimes it suits the ideologues' interest—legitimizing its own theory. Rather than abstracting theory from realities, most ideologies try to shape realities in order to suit their political ideologies.

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...essentially a catalogue of the features of the period of primary accumulation, i.e. State socialism, to the status of its essential and underlying economic principles of socialism, while condemning them absolutely and unconditionally, in practice, only marketisation. Stalin's success lay not in the way for the domination of the basic economic laws of socialism, he didn't succeed, but "The essential features and requirements of the basic economic laws of socialism might be determined much in this way: the securing of the maximum satisfaction of the material and cultural needs and requirements of the whole of society through the continuous expansion and perfection of combined production on the basis of highly developed technology" (Fundamental Problems of Socialism in the USSR).

...based on the experience of the victorious Cuban Revolution the Cubans came up with the same idea, in a more concise form: "... socialist development and the economic development of society productivity and efficiency, higher social environment, the solution for the sake of peace and guaranteeing man's happiness. ..."

...Reading Cuba's Economic Problems, We report understanding the ability to order to be able to change it. One of the main lessons we should learn from the course of newly existing socialism is that socialism in power is not only unacceptable to a majority of our people, it is also unworkable mode of production than modern capitalism. As Che pointed out: "... Socialism is built on the basis of labour, on constant production on the greatest productivity. If we do not release ourselves of our consciousness to the maximum, if we do not increase our productivity, we will not have goods to share but among the people. Socialism is a social

system based on equal distribution of society's wealth, but this requires that society use wealth to distribute, therefore use machines with which to work, and that these machines fully and productively reproduce the necessary goods for our population's consumption. To the extent that we increase the number of products available for the whole population, we move forward in building socialism." (A New Attitude towards Work).

Perhaps one of the reasons for the failure of really existing socialism was our ignorance of our own history and therefore our inability to learn the correct lessons from it. We probably referring to the generated misconception that the NEP was a retreat from socialism and a compromise for the time being that suggested the young Soviet Union and its development. The truth is far from this. The principles of the NEP were captured in a pamphlet by Lenin published in early 1921: "The Immediate Tasks of the Soviet Power". It was the only text which overruled these policies from being implemented in 1921. What it showed us the New Economic Policy, the basic principles of which were practically defined already at the time of the first session in the spring of 1918, is based on a strict evaluation of the economic weakness of Soviet Russia. The implementation of this policy, which was interrupted by the combined attack of the counter-revolutionary forces of the Russian landlords and bourgeoisie and European imperialists on all the workers and peasants' state, became possible only after the armed suppression of the counter-revolutionary attempts at the beginning of 1921. (Preliminary Results of the New Economic Policy - Resolutions of the All-Union Congress of Soviets).

...Newly existing socialism failed to diverge from the State socialist model in the '30s and indeed didn't think any such change was necessary, while capitalism managed to reindustrialize itself several times. Then there were those that supported and opponents of the Soviet Model; capitalists as well as Trotskyites who equated marketisation (change with de-Stalinisation - a costly and slow process) with other than Stalin who understood that under certain forms of socialism, forces of production can exchange, thus creating a crisis of socialism. Ignored or bred commodity, ill-conceived capitalism overtook and surpassed us - it's starting really existing socialism without and redundant.

...Besides you with the history of socialism may have given the concept, new thinking added, and the new thinking is precisely what we need today. If we are honest over the current crisis of survival of socialism, thinking should mean a abandonment of the Market Economy. For now, we have to study and adopt the ideas of Marx, Engels, Lenin, Stalin, Mao, Che and other Masters and try that be able to creatively apply their ideas to the reality of today. We must also study and learn from the social democratic tradition, the experience of certain Western countries such as Sweden which have managed to achieve economic growth, while providing a high standard of life welfare of the people. Another area of interest is the ongoing Chinese experiment of building a Socialist market economy. We only by broadening our horizons, reflecting on all these, whilst retaining our Marxist perspectives, that we may be able to come up with a successful answer to that all important question we are faced with today: "What is to be Done?"

“ In the wake of an adverse international economic and geo-political setting, may be the best thing that a revolutionary movement could do was to avoid governing, at least until a better global balance of power permitted a governing revolution a chance of survival. ”

— Alejandro Bendana —

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