

hegemony in the working class. One should not forget: even if we act together, we may not possess enough resources for the solution of world problems. That is why the *link between the Communists and Social Democrats should be firm*. Let us search for and explore — each separately and all together — what can be done for this.

¹ Bela Kun — the leader of the Hungarian Soviet Republic (1919), founder of the Communist Party of Hungary. — *Ed.*

² Mátyás Rákosi was the leader of the Hungarian Communists from the 1930s up to the start of the crisis of 1956. — *Ed.*

Poverty: Cause And Cure

Cheddi Jagan — General Secretary,
People's Progressive Party of Guyana

THE gap in living standards between the industrialised capitalist states and the imperialist-dominated countries is ever widening. For the latter, the situation has become intolerable and explosive.

More than a billion people in the Third World suffer from hunger, malnutrition or inferior nourishment and hunger-related diseases. The UN Food and Agriculture Organisation noted: in the early 1970s the total number of people hit by hunger¹ was 400 million while in 1980 their number climbed to half a billion. In the middle of the current decade their number fluctuates between 600 million and 700 million. Every week a quarter of a million children are dying in what UNICEF calls “the quiet carnage of undernutrition and frequent infection”.

The situation has become critical in Africa to which the epicentre of the food crisis has shifted from South Asia. In 1980, 60 per cent of Africa's population lived below the poverty line of \$135 per year, and this was expected to increase to 80 per cent by 1995 if Africa's decline continued.

For the Latin American peoples, life means, on the one hand, extreme wealth for a small minority, and on the other — grinding poverty for the vast majority. The prospects are bleak; the 130 million living in conditions of total poverty or critical poverty in 1980 will rise to 170 million by the year 2000; the 80 million unemployed and under-employed in 1980 will reach 112 million in 1995.

Hunger and poverty in the Asian, African, Latin American and Caribbean countries, whether stark and overt resulting from natural disasters, wars and harvest failures, or chronic — social — and covert, has its roots in external and internal factors. The aggravated situation in the Third World is largely due to its dependent status with the capitalist states, which suffered from a prolonged downturn and cyclical declines in

Cheddi Jagan was born into a working-class family in 1918 and has a university education. One of the founders of the People's Progressive Party (in January 1950), he became the Party's General Secretary in 1970. From 1961 to 1964 he was Premier of British Guyana. He is also a member of the Presidential Committee of the World Peace Council. Cheddi Jagan has been arrested more than once for his political activity.

production in 1974-75 and 1980-82. This dependency leads to underdevelopment, backwardness, poverty and instability which in turn in a vicious circle strengthen their dependence. It was reinforced by the machinations of the imperialist states and the transnational corporations.

The ‘development strategies’ of imperialism strengthened the position of foreign capital. Even the ECLAC model, based on import substitution and import-substituting industrialisation and designed to counter the adverse effects of unequal international trade in order to break out of dependency, emphasised reliance on foreign capital for development.

Industrialisation in the Third World greatly expanded, especially in Latin America and the Caribbean. But instead of becoming a liberating force for the Latin American countries, it further subjugated and integrated their economies into the imperialist system. The traditional colonial form of dependency gave way to a neodependency with a deformed type of industrialisation under a new international division of labour, whereby the most advanced and capital-consuming industrial branches requiring high-skilled workforces were reserved for the ‘centre’ while the ‘periphery’ Third World countries became the ‘intermediate products shops’ of world capitalist production. Consequently, external dependence grew and became more complex.

The domination by the transnational monopolies and banks led to a vast financial tribute from the Third World to the developed capitalist countries. The net outflow increased from about \$120 billion to \$200 billion annually during the past five years.

The sum total of profits obtained in Latin America by American monopolies alone from 1945 to 1980 was more than \$120 billion. Through this period the entire flow of American capital (both private and state) to Latin America amounted to only a quarter of this sum. In the 1980's, Latin America became a net exporter of capital. In the 1982-1985 period, according to ECLAC, the net transfer of profits, principal and interest was US\$106 billion.

Imperialism constantly manoeuvres to solve its own crisis by exporting it to the Third World by such measures as high interest rates and protectionism. Especially since 1980, the United States bowed to pressures from its steel, copper, sugar and footwear interests on grounds of ‘domestic injury’. The industrialised nations, said the ILO, are blocking world trade and severely limiting growth in developing nations by their increasing protectionism.

Due to the high interest rates in the United States, coupled with recession, IMF-imposed devaluation of developing countries' currencies and declining incomes from exports, there was also a flight of capital. Latin American deposits in US banks total between \$110 and \$170 billion.

Unequal international trade, the ‘price scissors’, is adding to the financial drain from the Third World countries. In 1981 and 1982, according to UNCTAD, “the prices of basic products — that constitute 40 per cent of Latin American exports and 80 per cent if energy sources are included — dropped almost 31 per cent, the largest decline in the last twenty years.”² In 1985 alone, they lost \$65 billion from a fall in prices: food — 10 per cent; metals — 15 per cent; oil — 5.5 per cent. The steep fall

in the price of oil in 1986 also caused the loss of billions of dollars.

Thus, in Latin America, the injection of large amounts of foreign capital and modernisation under the control of Western powers led to growth and finally to crisis, as became evident from 1981.

The debt crisis is simultaneously the cause and effect, or a concentrated expression, of the international crisis.

The total external debt of Third World countries was estimated at around \$1,000 billion at the end of 1986, of which 60 per cent was owed to private sources, including commercial banks. It increased as follows: from \$75 billion in 1970 to \$970 billion in 1985. Africa's aggregate debt stood at \$200 billion at the end of 1987. This was \$400 per head, more than the income of most Africans. Africa's debt service payments rose to more than \$20 billion in 1985. The foreign debt of the ASEAN (Association of South-East Asian Nations) countries is nearly \$100 billion. The Latin American foreign debt increased rapidly from \$10 billion in 1966 to \$410 billion today. According to UNESCO, each child in Latin America and the Caribbean is born with a US\$30,000 debt.

The loans were issued on a 'floating interest rate' basis. This was in keeping with the high interest rate policy pursued by the United States to attract foreign financial resources for the purpose of sustaining increased internal borrowing to cushion huge budget deficits caused by the fuelling of a growing arms expenditure. Every 1 per cent rise of the interest rate caused Third World and Latin American countries' debts to grow annually by \$3.5 billion and \$2.5 billion respectively. Consequently, Latin American debt service payments alone were in excess of \$400 billion in the period from 1978 to 1985.

The 'debt service ratio' — interest and principal payments as a share of export earnings — should not exceed 20 per cent if development and welfare are not to be seriously affected. But it increased from approximately 32 per cent in 1977 to about 59 per cent in 1982.

So huge is the burden of debt payments that many of the big debtor countries are forced to borrow, not for development and amortisation but simply to meet part of their interest payments!

Consequently, development has been seriously affected. The goals and objectives of the UN International Development Strategy (IDS) were not attained. For example, the Regional Programme of Action of the Economic Commission for Latin America and the Caribbean fell far short of targets. Instead of a GDP growth rate of 7 per cent per year, there was an average growth in the 1981-1985 period of less than 1 per cent per year. To attain the goals of the IDS, the annual growth rate for the rest of the decade would have to be around 14 per cent. Based on past experience and present realities, this will be an impossibility.

Other countries which pursued an independent course have made economic and social progress. Cuba under a different socio-economic system, socialism, is solving the grave problems inherited from the past, in spite of perpetual imperialist harassment and blockade. In the 1981-1985 period, the gross national product there grew by an average rate of 7.3 per cent, well above the 5 per cent forecast, and industrial production increased by 8.8 per cent. Average monthly wages and salaries increased

by 26.4 per cent over the five years. Cuba has the best education and health systems in Latin America and the Caribbean, indeed in the Third World.

In 1982, fearing default on debt payments, particularly by the biggest debtors, and a consequent collapse of the international capitalist banking system and the major US banks, President Reagan reversed his position and agreed to an increase of IMF funding by the US to \$8.4 billion. But the debt problem became more acute. In the next decade, the Third World debt will amount to \$2 trillion. According to ECLAC, the Latin American foreign debt will increase from \$360 billion in 1985 to \$475 billion in 1990 and to \$692 billion in 1995.

The imperialist states have consistently refused to heed the demand of the Third World for a *New International Economic Order and a reform of the international monetary system*. They want to shift the responsibility for the crisis to the Asian, African, Latin American and Caribbean countries, and call for a 'reordering', 'adjustment' and better management.

The focus of the 'adjustment' programmes of the IMF and World Bank on inflation and balance of payments, and not on the totality of factors causing the economic and social malaise, led to the very opposite of what had been intended. The very people, the poor who were to be helped, were further penalised with wage freeze and wage restraint, increased prices and cuts in social services. IMF credits were given supposedly to cope with the negative balance of payments and foreign exchange situation, but in reality they were used to meet debt payments. The IMF's own figures show that the seven leading debtors are currently transferring some \$30 billion a year more than either 'aid' or new loans flowing in. As grinding poverty and riots, as in Brazil, the Dominican Republic and Jamaica in the 1980s, became more prevalent and the countries were caught in a 'debt trap', IMF 'conditionality' became more stringent: reaching out from the traditionally economic to the political spheres. Consequently, more and more states are becoming increasingly critical of imperialism and the imperialist-controlled IMF.

The solution to the crisis of the Third World and the eradication of poverty and hunger require a *revolutionary approach*. Central to this approach must be a recognition that foreign monopoly capital and the transnational corporations and banks are the source of the problem.

The IMF way must be rejected. No country which has followed that way has achieved development and the satisfaction of basic human needs. The free flow of foreign monopoly capital leads to neocolonialism, capitalist dependence, underdevelopment, poverty, the violation of civil and political rights and ultimately the death of democracy.

In Guyana, IMF prescriptions led to a decline in real wages, per capita income and national savings. Real wages declined by about 50 per cent compared with 1977, a year before the first agreement with the IMF was signed. Per capita income is close to 40 or 45 per cent of what prevailed in 1975. Financial dependency also increased. Whereas foreign savings represented about 30 per cent of total savings in 1978, they increased to between 85 and 90 per cent in 1986. This situation has led to further anti-democratic methods of rule and massively rigged elections.

It is necessary for Third World countries to pursue *an independent*

course, both in domestic and foreign policies. Internal adjustment and change are required, but not under the aegis of imperialism and its controlled monetary and financial institutions. A genuinely non-aligned policy with the fundamental principles of opposition to colonialism, neocolonialism, imperialism, racism; support for peaceful coexistence; disarmament and world peace; a New International Economic Order and a New International Information Order should be pursued.

In particular, the January 1986 proposal of the Soviet Union to the UN, which states, inter alia: "Ending the arms race, liquidating nuclear and chemical weapons, and substantially reducing the military expenditure of states are the most realistic and effective sources of funds that are so necessary for the economic and social needs of the less developed countries, and for a solution of such global problems facing mankind as the surmounting of economic backwardness, and the elimination of vast areas of hunger, poverty, epidemic diseases, illiteracy," must be vigorously fought for.

Development is not simply a question of finance and economy. The economic base is integrally related to the superstructure — politics, ideology, institutions and culture. Between them, there is an interconnection, interaction and reciprocal influence. Success will depend on the extent to which there is a harmonious interconnection of all public spheres, a world view and political will.

An integrated revolutionary-democratic, socialist-oriented programme must be elaborated. The anti-imperialist and anti-feudal democratic revolution must be brought to completion. The dominance of foreign monopoly capital must be broken. The 'commanding heights' of the economy must be nationalised. If in certain circumstances, private foreign capital is deemed necessary for development of the economy, strict control must be placed on it to protect the interest of the nation and the local entrepreneurs. Experience in many undeveloped countries shows that unrestricted private foreign monopoly capital not only strangled and subjugated local private enterprise, but also deepened the status of dependent and distorted capitalist development.

In a tri-sectoral economy — state, cooperative and private — the private sector, in the interest of economic growth, can and should grow but to ensure social progress and to bring about growth with real development, equity and the satisfaction of basic human needs; *the state and cooperative sectors must also grow and must at all times be dominant.* And while the entrepreneurs greatly assist economic growth, they must not be put in political command, lest the countries take a capitalist, and given today's realities, a dependent capitalist, course.

Scientific principles in economic planning and planned proportional development of the economy with emphasis on industry and agriculture must be instituted.

Land reform is vital for agricultural and industrial development and for social progress. It is necessary to produce more agricultural goods for self-sufficiency in food; to provide the raw materials for industry; to raise the income of peasants to enable them to buy the locally-manufactured, import-substituting goods; and to prevent the internal migration from the

rural to the urban areas. However, it must not degenerate into minifundia and latifundia; agriculture must be organised on a large-scale, preferably cooperative, and on a scientific basis.

At the centre of the Third World crisis is the debt problem. Tinkering with it will only aggravate the problem later. The neocolonialist debt-for-equity scheme and other imperialist manoeuvres are mere palliatives. The foreign debt must be written off or cancelled. As President Fidel Castro said, it is "not only unpayable but also uncollectable".

The solution of the debt problem must be linked also to a *radical reform of international trade, financial and monetary relations.* The IMF and the World Bank must be reformed to break the imperialist monopoly of these institutions. Aid must not be tied to political conditions. It should be channelled through independent auspices like the UN Relief and Reconstruction Administration (UNRRA), which was set up in 1943 to help the countries that had been ravaged by World War II. If there is a moral justification for the payment of the legitimate debt, there is none for the illegitimate portion, which resulted from the deterioration in the terms of trade, flight of capital, high interest rates and overvaluation of the US dollar. The payments on the legitimate portion of the debt should be *deferred for a period of 10 to 15 years.*

To cope with the intrigues and attacks of imperialism, unity and solidarity must be strengthened. Internally, cooperation between revolutionary democrats and Communists must be forged and strengthened, and the broadest front of all left and democratic forces must be created. Internationally, Third World links with the socialist world must be strengthened. At the economic level, self-reliance and collective self-reliance must be given an anti-imperialist content like the Andean Pact and the Latin American Economic System (SELA). At the political level, Third World cooperation must be expanded to incorporate the world's three revolutionary streams — the socialist community, the national liberation movements of the Third World and the working class and peace forces in the capitalist world. *Worldwide militant solidarity* is necessary to stop rampaging imperialism. Only in this way the revolutionary democratic states like Nicaragua, Syria, Angola, Ethiopia, Afghanistan, Kampuchea, etc., which are in the firing line of imperialism, directly or indirectly, can be defended and the revolutionary gains preserved and strengthened.

Development cannot be attained and unemployment, poverty, misery and backwardness cannot be removed without the active and *decisive participation of the people's forces.* Democracy is essential for mass mobilisation in defence of independence, sovereignty and territorial integrity and for building the foundations of socialism. As V. I. Lenin pointed out: "Whoever wants to reach socialism by any other path than that of political democracy, will inevitably arrive at conclusions that are absurd and reactionary both in the economic and the political sense."³

Bureaucratic/administrative and police/military methods of rule, racial and political discrimination, political patronage, corruption and extravagance, which directly and indirectly fetter the productive forces, must be ended.

A state of people's revolutionary democracy must be established which

will transcend bourgeois democracy and its degeneration into a disguised one-party authoritarian dictatorship, where the aim of the state becomes private gain, and effective working people's control is minimal or non-existent. It is essential not merely to transfer ownership of the means of production (factories, land, machines, tools, etc.) from foreign-private to state, but also to change the relations of production. Economic growth and nationalisation alone will not achieve social progress. It is necessary to establish the rule of the working people. Only such a revolutionary, anti-imperialist and anti-feudal state of the working people, aimed at the transfer of the revolution by several stages to socialist revolution, can bring an end to poverty and hunger.

¹ Here hunger of the extreme type based on the individual's energy requirements sufficient only for life on the verge of death. — *Ed.*

² See: M. A. Aguilar, *Crisis and Development Strategies in Latin America*, Budapest, 1985, Vol. 2, p. 20.

³ V. I. Lenin, *Collected Works*, Vol. 9, p. 29.

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Can The Right Be Pushed Back?

Prof. Bernard Jeune — member of the CC Executive Committee, Communist Party of Denmark

ALL the peace forces view the current relaxation of tensions as a victory. It is all the more inspiring since it has been achieved during the presidency which many people consider the most militaristic government in US history. That victory shows that with the present alignment of world forces it is possible in principle to restrict the more aggressive and dangerous manifestations of imperialism, although its nature has not changed.

Militarism and international reaction, however, are still capable of disrupting the incipient disarmament process and blocking advance towards détente. The conservative and far-right forces still formulate government policies in the United States, Britain, West Germany, Japan and some other capitalist countries, including Denmark where after the May 1988 elections the cabinet was again formed by the Conservative leader Poul Schlüter.

That is why it is still pertinent to ask: *to what extent can the Right be pushed back while it is in power* and be made to respect the demands of the progressive forces and to give up the more reactionary and undemocratic aspects of their policies?

Bernard Jeune was born in Lyons, France, in 1943. His father, a Resistance fighter, perished in a Nazi concentration camp. When a small boy, he moved with his mother to Denmark, where he received medical training. At present he heads a research institute of Odense University. Jeune joined the Communist Party in 1972. For six years he was a senior official of the medical workers' union and now heads a union branch. In 1980 he was elected to the Central Committee and in 1983 to the CC Executive Committee of the Communist Party of Denmark. He also heads the party organisation of Fyn Island.

Answering the reaching causes

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