

# Danube Blues

**The eastern contours of Europe's new order have become a little clearer recently. For the first time in the Soviet-led trading bloc's 40-year history, Comecon's Eastern European members have come together demanding either the organisation's radical overhaul - or its dissolution.**

A meeting of the seven Warsaw Pact countries, plus Vietnam, Cuba and Mongolia, in mid-January underlined the tensions implicit in the former allies' divergent - and competing - reform courses. "Comecon must change or die", warned the Hungarian Prime Minister, openly contesting Moscow's position that the bloc, as well as the Warsaw Pact, are key to European stability. The Third World countries' objections were casually dismissed.

"Comecon is an obsolete organisation," said the Romanian representative. "It has never worked and it doesn't work now." The system of bloc trading, they asserted, had paralysed competition and held back technical development while creating poverty and shortages in member countries. The delegates resolved gradually to adopt hard currency accounting and world prices, reforging trade contracts on a bilateral basis.

Without consulting member states, Stalin created the Council for Mutual Economic Assistance in 1949 to counter the West's Marshall Plan. In theory, the body was based on 'mutual aid' and socialist principles such as the common ownership of the means of production and the integration of social and economic policy. In fact, the bloc operated as a Soviet-run monopoly which imposed lopsided trade agreements and production plans on Eastern Europe to Soviet gain.

Designed to protect the East from Western competition, Stalin's fabricated 'socialism in one bloc' was

nevertheless subservient to the global capitalist market, falling ever behind the West in its isolation.

Trade within Comecon is carried out in transferable roubles, a unit of accounting rather than a convertible currency, set up specifically for intra-bloc trade. Most trade actually occurs on a barter basis - Soviet energy and raw materials in exchange for low-quality Eastern European manufactured goods. At its best, the system accelerated the industrialisation of near-feudal peasant societies like Bulgaria. For Vietnam, Cuba and Mongolia which joined in the 'sixties and 'seventies (Yugoslavia has special status) the bloc offered markets for their sub-standard goods and access to imports at below market prices. In Eastern Europe, single factories were able to produce enormous quantities of mediocre, uniform goods at prices that its partners could never afford from the West.

At the same time, the implementation of the stalinist model of development generated the conditions that have led to popular resistance from 1953 to the present. Rather than tangible benefits, workers saw only fewer consumer goods and chronic shortages. Even trade within the bloc never worked efficiently. The transfer of technology which was not sold, but given at cost, blocked its movement. Since the late 'seventies, trade within Comecon has stagnated even further, while trade with the West has grown. Their guaranteed markets, rouble-based value relations and anachronistic industries now leave the bloc members decades behind the West in their effort to compete on the world market. However, the implications of an over-hasty transfer have since forced the six to rethink the maverick charges they made in January. "The transition has to be gradual to take into account balance of payment shifts and other negative aspects," said the Bulgarian Deputy Prime Minister. "We are looking for a soft landing and not a hard landing."

Hungarian economists checked their calculators to discover that trade in fully convertible currency would cost their economy \$1.5 billion next year. The Soviet Union, keen on the prospect of selling oil and coal at world prices, shifted its position, pressing for the introduction of hard currency trading as early as 1991. Soviet energy at market prices would cost Eastern Europe an additional \$10 billion a year, not to mention the losses industry would suffer without the Soviet market. The Eastern European countries still do half to three-quarters of their export business within the bloc.

At the cutting edge of market reform, Hungary's and Poland's economic woes attest to the difficulties in store for the region. At the IMF's behest, the Solidarity government is implementing weekly currency devaluations which have fuelled hyperinflation (450% last year) and record unemployment.

With wages frozen, the standard of living is expected to drop by 20% this year. In Hungary, where a third of the population already lives at or below the poverty line, food and housing costs jumped 35% on January 1. Under the country's rapid integration policy, aimed at attracting foreign investment, inflation is expected to more than double the government's initial 19.5% estimate.

Criticism of the tough measures, rare at first, has begun to mount. The drive to boost competition was supposed to benefit the consumer, says Hungarian economist Imre Vöröös, but "the 'liberalised' prices move only in one direction - upwards. It proceeds unbridled without the slightest analysis of the economic conditions necessary for it.

"Without genuine competition, liberal prices are just a present to the supply side, and the piper is paid by the consumer. In a clearly monopolistic way, prices are simply agreed upon by the producers."

In recent weeks, trade unions have started to grumble, threatening strikes if pension and wage compensation - not part of the IMF program - is not swiftly instituted. Although over a million Poles could be unemployed this year, the government has prepared a social security net for only 400,000. The farmers' union, Rural Solidarity, warned parliament that the austerity program would cause major agricultural strikes if farms were not given special credit terms.

Their reform courses lock the Eastern Europeans into competition for Western aid and investment, but their existing relations are still vital to their economic survival. Although still vague, several proposals for Central European corridors and bilateral coordination, exclusive of the Soviet Union, are under discussion. Their goal is not new blocs, but flexible, cooperative trade alliances designed to offset the blow of integration, as well as provide some protection, however minimal, against the potential economic might of a united Germany.

Old grudges over sour business deals and minority questions are being patched up. Prague and Warsaw linked the krone and zloty in January, bypassing the rouble. In February, Hungary and Poland established a joint bank to facilitate trade in



Photo: Novosti

non-rouble exchange. Budapest also announced that it would cut exports to the Soviet Union this year by 20% and indicated its interest in bilateral trade with the Baltic states. All three are now working on the total withdrawal of Soviet forces from their territory, possibly by 1991.

A rehabilitation of a regional Danube-Adriatic-Alps confederation between Warsaw Pact member Hungary, neutral Austria, non-aligned Yugoslavia and NATO member Italy is also in the works. The "common economic zone" would reforge historic trade links which once connected Western Hungary, Slovenia, lower Austria and the Italian Alps. The three countries might also join forces to

reduce military-related nuclear activities, ban chemical weapons and jointly cut military expenditures.

The pacts alone, however, cannot deter the threat of political instability as austerity courses take full effect. The people of Central and Eastern Europe have found their voice, and goodwill toward reformers has already grown thin. Strikes and popular protest may slow the pace of marketisation, but neither trade unions nor opposition parties offer a political alternative. The hardship ahead for Eastern Europe is now only a question of magnitude.

*Paul Hockenos - a freelance journalist living in Budapest.*

## UNO's Double Trouble

*Penny O'Donnell is a freelance journalist in Managua, Nicaragua. She spoke to Mike Ticher about the future following the recent elections there.*

The atmosphere is just extraordinary at the moment. The determination and energy among Sandinista supporters and their incredibly strong fighting spirit is more reminiscent of the insurrectionary period than of a defeated political party. It's a very interesting time because the victory of the UNO has been marked by a notable absence of celebration among its supporters.

The feeling among the Sandinistas now is that while they've lost the majority they are still the major political force in the country because they are the only single party that has 40% of the vote. The Coalition is made up of fourteen different parties which basically agreed only on one thing - that Violeta Chamorro should be the candidate in the election.

Chamorro has to deal with two main factions in trying to hold the Coalition together. One is aligned to a group around Alfredo César, who used to be in the political directorate of the Contras and was also the head of the banking system under the Sandinista government in the early years.

He's the CIA's man here but he's also much more pragmatic than the sort of loony right element of the UNO, which includes people like the vice-president, Virgilio Godoy. They are much more interested in sweeping the Sandinistas completely out of power and reversing all the decrees made by the Sandinistas, with the exception of Decree no.3, which was the expropriation of Somoza's property.

In response to this threat to the achievements of the present revolution, the Sandinistas' position is that the election has been held in a constitutional framework and that the transition of power will happen constitutionally. The constitution main-

tains the army and the Ministry of the Interior intact, which essentially means that it allows the FSLN to maintain its dominance of those institutions. Whether it will be able to do so in practice is now one of the most important political issues.

The FSLN's political demands now are simply that the new government should do what it said it would do, principally in the economic field: that the boycott be lifted; that the war be ended; that the Contras be demobilised; and that people's living standards be raised immediately. The opposition's economic plan envisages an almost instant reactivation of the economy; and if it doesn't occur, their support will become disillusioned very quickly.

Another major question which overshadows the political debate is, of course, the future of the Contras. The conciliatory image which Chamorro has so far presented to the outside world on this issue is highly misleading. Immediately after the election, she sent a delegation to Honduras to talk to the Contras, supposedly to insist that they demobilise. But when this delegation arrived and were questioned by the Honduran press, they maintained that they were there simply to make a courtesy call and were not asking the Contras to do anything.

Few people believe that UNO will be able to control the Contras. Certainly, their capacity to do so will depend entirely on the United States. The Americans themselves, although delighted at the election result, haven't got an easy situation on their hands. The most reliable indicator of their position now will be their attitude towards the Contras. The prospects for their demobilisation are not encouraging at this stage.

The outcome of these two situations - the FSLN's determination to maintain control of the security forces and UNO's lack of political mastery over the Contras - is almost certain to be an upsurge in violence in general, and the formation of rightwing paramilitary death squads in particular. People fear a return to killing and torture as the pro-Contra forces attempt to take power away from the army.

So the transition may produce a functioning government but, at the



same time, there seems likely to be an enormous amount of violence and terror. In the best of worlds Nicaragua might end up like Costa Rica, with a bit more social consciousness and a bit more of a social program than most other Central American countries. But a more realistic possibility is that we're heading for a situation similar to that of El Salvador.

Together with the obvious physical threat to Nicaragua, which the Contras will represent if the US fails to restrain them, is the more insidious cultural domination. This is an incredibly politicised society, but it is about to undergo a massive and radi-

cal change (in the media for example) and a huge influx of American culture, clothes, customs, habits, food, etc, which will suffocate what has been an incredibly strong and vivid political culture.

This process may not be a deliberate strategy, but it will be the inevitable result of the opening-up of the economy to private enterprise, and American ideology. For example, the message that's coming from Washington now is that it's not even a matter of handing over the army, but of disbanding the army. Why would Nicaragua need an army? It's exactly the same process as in Panama, one of their first decisions was to disband the army so that there will never again be a military force in Panama that can defend itself against the United States. And that's basically the object of American policy here too.

Nicaragua is already changing. Exiles are starting to arrive.

For example, on the front page of *La Prensa*, which is the UNO newspaper, it was reported only two weeks after the election that the ex-director of one of the television channels had arrived to say that he'd returned to reclaim his TV station which had been taken from him in 1979.

He expects that the law of private property will be respected and the government will give him back his television station.

It's hard to see what the Sandinistas can do to resist these forces. Historically, events have caught up with Nicaragua. In some ways it resembled the kind of revolutionary society we all thought might happen in the 'sixties, but which in the 'eighties is thought of as slightly fantastic.

Now that reality has caught up, it's going to be very interesting to see what a revolutionary party, which won its way through a guerrilla war, can do in what is essentially going to be an ideological battle.

# How Green was my ballot

**"Yes, we can print in green ink on recycled paper" (pre-election sign in Sydney printers).**

While the environment is nearer the top of the political agenda than ever before, voters wishing to register a 'green' vote in the election had no clear choice of candidates. The bewildering array of alliances, grouplets and individuals which stood for both the Senate and the House of Representatives had few major policy differences, but their failure to unite on a common tactical approach led to widespread confusion and unnecessary duplication of resources.

This failure was highlighted by the decision of the mainstream environmental organisations to put the bulk of their support behind the Democrats (except in Western Australia and Tasmania), and to recommend the direction of preferences to the ALP, rather than supporting green candidates. Nowhere were the splits between the 'Peak Groups' (the Australian Conservation Foundation, The Wilderness Society, the Nature Conservation Council and the Total Environment Centre) and green candidates deeper or more damaging than in NSW, with no less than five 'green' Senate tickets.

Many of the problems in NSW arise from the fact that the name 'Greens' is registered with a particular group which has failed to agree on strategy with the Peak Groups and some of the other candidates. The Sydney Greens, who say they got sole rights to the name "quite by accident", are led by

ex-ALP Leichhardt councillor Tony Harris and Hall Greenland.

Together with the Democratic Socialist Party (formerly the Socialist Workers Party), the Aboriginal Land Council and the remnants of the Nuclear Disarmament Party (led by Robert Wood), they formed the Green Alliance, which stood candidates for 9 lower house seats and ran a Senate ticket. All candidates calling themself

is an amazing amount of unity on the ground", there was nevertheless considerable bitterness about the lack of cohesion among green groups. The three significant players were the Peak Groups (whose membership dwarfs all the others put together), the Sydney Greens and Dunn's group. Naturally, each had a different perspective on the reasons for the failure to present a united front.

Hall Greenland of the Sydney Greens said that unity in the future will be a question of "the Peak Groups being prepared to accept a democratic set-up" and reforming what he describes as their "top-down" structure. His view was echoed by Deborah Brooks, campaign co-ordinator for Dunn's group, who saw "formal executive bodies (making) decisions without consulting the membership".

Feelings ran equally as high in the other direction. Jeff Angel of the Total Environment Centre characterised the 'democracy' of the Green Alliance as "making up policy at public meetings" and

was highly critical of their "amateur" approach to campaigning: "The green movement has to appeal to a much broader base of people than the established leftwing vote in the state. The Green Alliance has no bloody idea how to reach those people. All they were offering us was failure and defeat."

The same conflict was also evident over the conditional support of the Peak Groups for the ALP. Sue Salmon of the ACF was at pains to deny that the relationship was a close one: "The



Photo: John Fairfax & Sons

Irina in Dunn

ves Green (with the exception of Green Independents) were related to, or sanctioned by, this group.

The other Senate tickets were the Irina Dunn Environment Independents (Dunn, Harry Recher and Peter Prineas); Robert Wood (NDP); the Gruen Party (a bizarre collection of rural environmentalists claiming descent from German Baptist settlers in Australia); and the Democrats.

Despite the claim by Dunn's office during the campaign (echoed by almost all the other groups) that "there

ALP is by no means what we want, and we have had enormous rows with the government. However, the reality is that we're going to have one or other of the two main parties in power and therefore we have to make an effort, through the distribution of preferences, to achieve what is best for the environment."

The furore over the decision of the Green Alliance to stand a candidate in Jeannette McHugh's marginal seat of Phillip further soured their relationship with the ALP. Their original choice as candidate, June Cassidy, withdrew after alleging harassment and intimidation from what Greenland described as "ALP supporters" who "disfigured and distorted" the debate at meetings of the Eastern Suburbs Greens, the local group connected to the Sydney Greens.

The situation had a certain irony, with the Green Alliance groups (including the DSP) complaining of infiltration of the Eastern Suburbs Greens and the stacking of meetings by "anti-Green" forces (i.e. ALP supporters). Certainly the democratic credentials of the Green Alliance were called seriously into question by the row, which resulted in open meetings being suspended and a very public split between two different factions within the Eastern Suburbs Greens.

The presence of the DSP in the ranks of the Green Alliance inevitably keeps

them at arms-length from mainstream organisations (and many green-minded individuals) with memories of their participation in the Nuclear Disarmament Party and role in its subsequent split in January 1985. Greenland accepts that "the outside perception of them as parasites and manipulators" is a problem, but one which would be resolved by the steady growth of the Greens. However, that seems improbable without the backing of the Peak Groups.

In many ways, this division seems to be a depressingly familiar re-run of leftwing splits between ideological purists and pragmatists. This impression is reinforced by Greenland maintaining that "it is a very disruptive thing when people get into office". A parallel could also be drawn with the conflict between the 'fundis' (fundamentalists) and 'realos' (realists) in the German Greens. However, such divisions in a party with substantial parliamentary representation are perhaps more understandable than the squabbling among Australia's relatively tiny groups.

The situation is further complicated by the stance of the Irina Dunn group. They confessed to "disappointment" over the decision of the Peak Groups, finding it "slightly odd in many ways". There's little doubt that the diplomatic choice of words covered stronger feelings. On the other hand,

their generally good relations with the Green Alliance (they swapped preferences for the Senate) were tempered by the personal history of Dunn and Robert Wood from the NDP days when Dunn filled Wood's Senate seat after he was disqualified from office.

For the future, they feel that "the broader conservation movement, not just the ACF and Wilderness Society, is going to have to think about what it's doing. If you wait for total unity before supporting green candidates, you'll wait until the year 2001." Prospects for that unity certainly do not look promising. "The higher the overall green vote in this election, the better the chances of unity next time", according to Judy Lambert of the Wilderness Society. But of course that equation works equally well the other way round - a united voice is surely a precondition for maximising the green vote.

Many echoed Jeff Angel's hope that "after the election people will realise that it's ridiculous to be disunited", but the question is, on whose terms will they be united? If no acceptable compromise can be found, at this crucial time for green politics, the real loser will be the environment itself. As Angel puts it: "we simply can't afford to stuff up the next three years of environmental politics in Australia".

*Mike Ticher*



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