

International

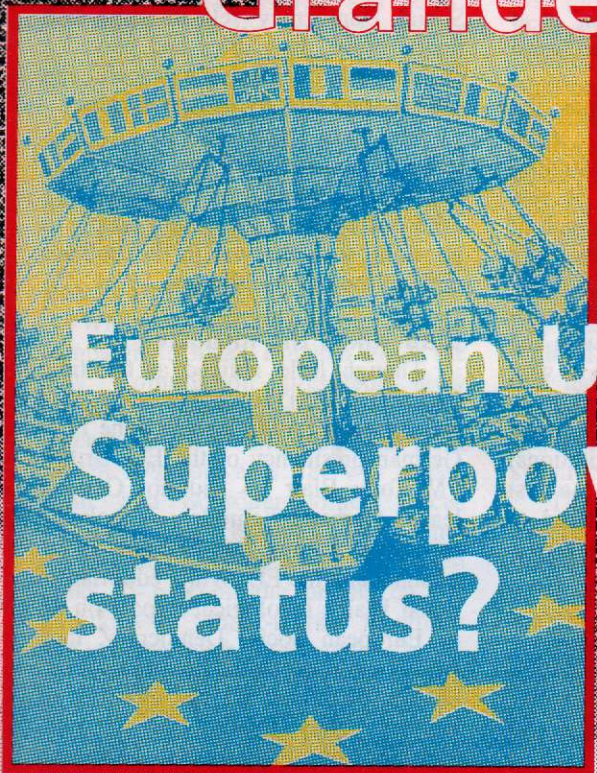
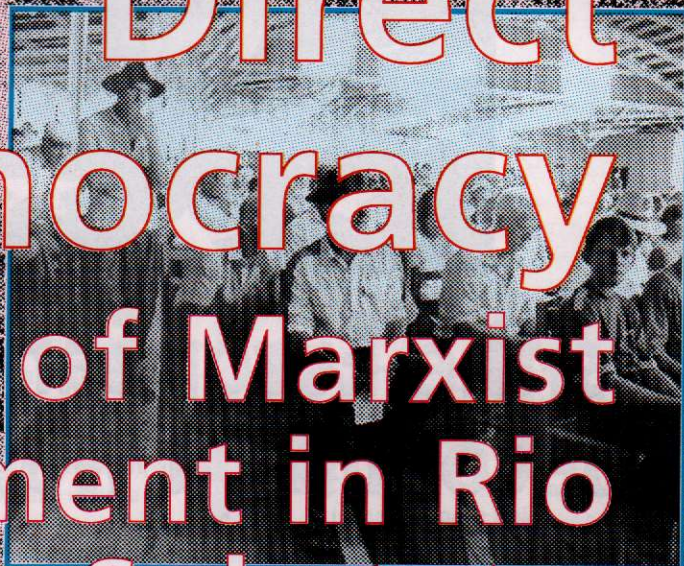
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VIEWPOINT

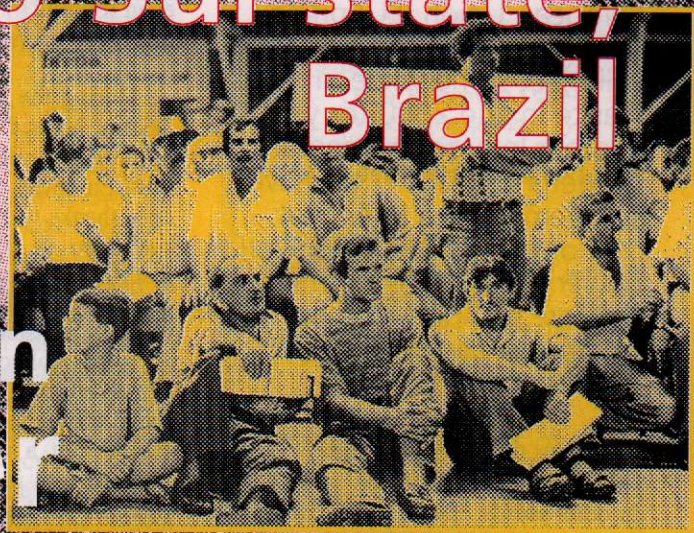


Direct democracy

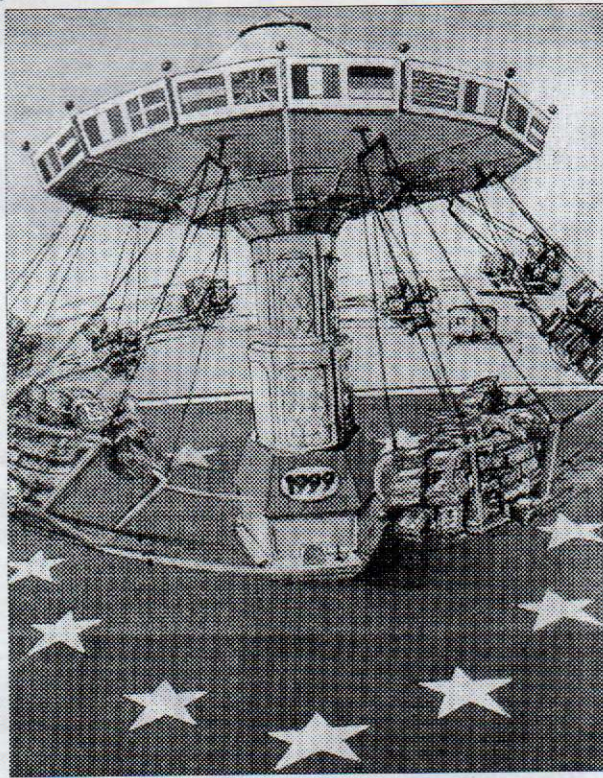
One year of Marxist government in Rio Grande do Sul state, Brazil



European Union Superpower status?



Argentina	\$2.00	Denmark	Dkr 20	Malaysia	M\$5.00	South Africa	R8
Australia	\$4.00	France	FF 35	Netherlands	f6.00	Sri Lanka	Rs 50
Brazil	R\$ 2.50	Greece	500 Dr	New Zealand	\$4.00	Sweden	SEK 20
Britain	£2.00	India	Rs 20	Pakistan	Rs 25	Taiwan	NT\$ 100
Canada	\$4.00	Ireland	£2.00	Puerto Rico	\$2.50	Uruguay	\$20.00
Czech Republic	10 Kc	Lebanon	US\$3.00	Philippines	P25	USA	\$3.50
				Poland	3.50 Zl	Other countries	US\$3.50



Is the European Union becoming a world power?

European Union (EU) prime ministers and heads of state will meet somewhere in France in late 2000 for yet another Intergovernmental Conference (IGC). They have set themselves a lofty goal: that of making the EU a world power. With this goal in mind, they are planning significant reforms to current EU structures.

by François Vercammen*

In other words, the EU saga continues. It has gone from breakthroughs to crises and back again. At times, these crises have set back plans for a supranational political structure for years and even decades: the failure and demise of the European defence Community (1953-1954) springs to mind. The fiasco at Amsterdam (June 1997) undermined the common sense of purpose needed to shepherd the Euro into being. But the Euro did indeed see the light of day —

even if only "by a stroke of luck," as at least one central banker has been heard to say.

During the war in the Balkans, the USA heaped humiliation upon humiliation on the EU, threatening intra-European unity. Clearly, it was only thanks to the successful launch of the Euro in January 1999 that the institutional framework of the EU didn't come undone. The success of this Euro-backed "resistance," coupled with the EU's first collective experience of war, cemented the EU and enabled it to move forward. At the June 1999 Berlin EU summit, a new sense of institutional purpose was in evidence. For the first time in its history, the EU dared to define itself as a global power in its own right.

The EU makes a comeback

The Euro is not the only reason for this. Other economic and, in particular, political factors set the stage for renewed EU confidence.

With the electoral victory of the SPD and the formation of the Schröder-Fischer government in the autumn of

1998, a new political and institutional situation was created at the commanding heights of the EU.

Social Democracy had taken control of the whole European Union. Having rolled into office with impressive results at the polls, it now ran 11 and participated in 13 of the EU's 15 governments. As such, it had virtual monopoly control at meetings of the Council of Ministers — "meetings of the Second International," complained right-wing Spanish president José María Aznar.

The social-democrat majority at the European Commission remained. The head of the European Central Bank was one of their men. And they continued to dominate the European Parliament, in alliance with Christian Democracy.

This unprecedented political homogeneity served Europe's capitalist classes well. After the huge electoral defeats of 1996-1998, the capitalists' parties themselves could no longer be the champions of a "European" breakthrough around the Euro. On the contrary: it was the march to the Euro itself that had the right-wing parties mired in identity crises of one sort or another. The question tore apart both the Gaullist RPR in France and the Tories in Britain. Even a Kohl-led CDU-CSU alliance didn't dare impose the neo-liberal diktats of the Euro project on German workers.

On the other hand, true to its pro-European and neo-liberal creed, 1990s Social Democracy felt its time had finally come. Its parties had played a decisive role in ensuring a peaceful and orderly transition to the new currency.

As part and parcel of this undertaking, and with the help of the Greens in a handful of countries, they even got workers and young people to go along with the war in the Balkans without too much difficulty.

Blair takes the initiative

Though little noticed at the time (autumn 1998) since everyone was getting ready for the January-June 1999 German presidency of the EU, British PM Tony Blair — and not German leader Gerhard Schröder — took the initiative within the Second International and the EU. While editorialists noted Blair's ideological impact on all of European Social Democracy, they hugely underestimated the political sea change underway on the question of Europe. They missed the breadth, strategic implication and historical significance of the changes taking place. By committing Britain to joining monetary union in the near future, by

promoting the idea of defence autonomy for Europe, and by referring favourably to current EU institutions, Blair initiated a split within English society and its traditional values. He will have to wage a real political fight over the next two or three years if he hopes to carry out this historic shift.

With the Euro still in a vulnerable early phase, Blair and the whole of European Social Democracy helped the EU weather the storm. Two unexpected developments put them to the test from the start.

First, the Euro began as a weak currency in relation to the dollar. While this favoured European exports to the USA, it prevented the Euro from becoming an international currency for billing and reserve purposes.

Second, the pivotal SPD party leader, cabinet member and parliamentarian Oskar Lafontaine tried to make a partial break from neo-liberal doctrine — with Germany at the head of the EU. With Lafontaine out of the way and the economy slightly improved, the storm clouds retreated once again from the horizon.

Of courses, new crises broke out soon after. Three crises, in fact: EU humiliation in the Balkan war, the collapse of the Santer-led European Commission, and the unprecedented electoral setbacks for Social Democracy in the June 1999 European elections. Yet even this was not enough to throw Social Democracy and the EU off course. On the contrary, a new momentum was found to push things ahead faster still.

Social Democracy's performance makes one thing quite clear: it never lacks "courage" when it comes to beating up on working people in order to get capitalism out of a fix.

Prodi: Delors II

While all this was going on, the campaign to make Romano Prodi the new Commission president drew together a viable alliance of political forces. Quite a lot happened from March 1999 onwards: the war began, Blair and Schröder joined forces (marginalizing French PM Lionel Jospin), and EU governments closed ranks to take on the unions on the questions of labour-market flexibility and pension funds.

Political gossip columns would have it that Prodi was dislodged by Massimo d'Alema (who then went on to become prime minister of Italy), and that d'Alema had in fact "sold Prodi out" to Blair. In fact, Prodi was part of an attempt to create a "Third Way

International". The brain child of Anthony Giddens, the baptism of this "International" was meant to be a September 1996 gathering in New York between US President Bill Clinton, Brazilian President Fernando Enrique Cardoso, Schröder and Blair. (The meeting took place, but the project went nowhere.)

The Prodi candidacy, pushed by Blair, certainly did not fall unexplained from the heavens. Prodi was a smart choice for the Blair project: a Christian democrat chosen by a social democrat; a technocrat graced in the wiles of political life (and Italian political life at that!); an experienced public servant in state-run companies, but entirely won over to "free-market" economics; a neo-liberal and modernist proponent of new technologies, but also a great champion of Christian-style volunteer social works.

We know all about the "role of the individual" throughout history in highly hierarchal structures, especially (as in the case of the EU) ones that are incomplete, diverse and in permanent flux. In the wake of the lacklustre Santer, whose principal mandate was to "not make any waves" (a mandate he would have fulfilled were it not for French commissioner Edith Cresson), a "new Delors" would now take charge of things.

The context has changed, but the "EU building" method will be the same. On the one hand, a wide-ranging "Europeanist" ideological and historical profile, coupled with a handful of new high-profile initiatives (such as the Euro) subject to ongoing evaluation and binding objectives (such as the Maastricht criteria). On the other, an operating mechanism that allows for "turning in circles" -- through speeches, green and white papers, "expert" commissions, endless meetings, and so on. This is the method — in concert with an impressive feel for politics — that led to the creation of the Single Market and the Euro, steering all and sundry through uncertainty and skepticism, conflicts and crises.

The context is not the same, nor is Prodi's programme. After the Berlin Summit, the programme can be summed up in a simple formula: make the EU a world power.

Specifically this means: successfully crossing the next Euro hurdle (making it a strong currency and introducing it as a circulating currency for the general public); establishing military autonomy for the EU; building a "Greater Europe" from the Atlantic to the borders of Russia; and overhauling

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the EU state apparatus to make it transparent, accountable and impartial. EU rules give Prodi five years to do all this. Five years to bring labour and the social movement virtually to their knees. Five years to convince European-based multinationals that a strong state apparatus could be useful and even indispensable to them.

Institutional reform

But Prodi's programme is also designed to help Blair win his upcoming "Battle of Britain". Prodi will have failed if Britain does not join Monetary Union. Prodi's job is to help Blair in word and deed in the difficult fight that lies ahead.

It was the "Battle of Britain" that prompted Prodi's choices for the new commission and his reform of EU institutions.

No surprise that former British PM Neil Kinnock is a vice president and the commissioner in charge of the internal reform of the Brussels administration. Kinnock immediately cut full-time staff, and shook up the "national" monopoly of some countries in parts of the Commission administration by moving around entrenched high-level bureaucrats.

As for the EU institutions, the report of the "three wise men" (Dehaene from Belgium, Von Weizsacker from Germany and Lord Simon from Britain) seeks to strengthen decision-making within the EU in a number of ways:

First, by eliminating the veto rights each member-country currently enjoys in the Council of Ministers. The goal is to introduce qualified majority voting in as many areas as possible, thus enabling the three main countries (Germany, France and Britain) -- who "informally" set the terms of debate under the current setup -- to proceed more smoothly and quickly.

Second, by granting full powers to the president of the Commission within the Commission.

Third, by tightening the links between the common foreign and security policy (PESC in French) and the body responsible for representing and carrying out this policy. The Council would be given this role, instead of the Commission. In fact, "Mister PESC" himself, Javier Solana, would play the decisive role. He would also become Council general secretary. (The EU got Solana from NATO to strengthen Europe's military autonomy, while former British defence secretary George Robertson, a

great proponent of a European defence policy and industry, is now at NATO. All in the family!)

Fourth, while concentrating real political power at the top, increasing the number of areas subject to "joint decision-making" with the European Parliament.

And finally, by rejigging the treaties to bring an end to the complicated "constitutional" games that unfold at every Summit and IGC meeting. On the one hand, there would be basic constitution-like binding treaties which would require unanimous member-country consent to be amended. On the other would be a series of norms with more flexible implementation rules.

The dynamics of the Euro

The Euro remains the cornerstone of plans to advance towards a supra-national "political" Europe. Its very existence, and its growing strength and success provide an ongoing source of constraint. The Euro seeps into every nook and cranny of the EU's institutional architecture, nurturing a centralising and authoritarian "state-building" dynamic.

In accordance with the agreed time line, two big hurdles await the new currency. The first is the introduction into circulation of Euro coins and bank notes on the first of January 2002, followed by the scrapping of national currencies by July 2002 at the latest. For the first time, the general public will have direct daily contact with the new currency. This is sure to have a huge impact on "European" consciousness and on economic behaviour (savings, spending).

The second hurdle will be the fight over British membership in Monetary Union. There are economic and monetary risks, stemming from the lag in economic cycles between Britain and other key EU members, and from a pound overvalued in relation to the Euro. And there are ideological and political risks, since the loss of the pound would be seen by a significant minority of Britons as a defeat at the

hands of "the continent". It would signal the demise of the "special relationship" with the USA.

The commanding heights of the British bourgeoisie are determined to adopt the Euro, the sooner the better. However, they want Blair to hold a referendum -- preferably risk-free.

All and sundry have been mobilized into the broadest cross-party coalition -- "Britain in Europe" -- that the country has seen for nearly a century. The opposition is being organized by a Conservative Party in tatters and led by its most chauvinistic wing -- with Lady Thatcher making yet another noisy return to public life. This is reactionary Britain at its worst.

Blair must decide when the referendum will be held. Should he hold it before or after the next parliamentary elections, which must be called before May 2002?

To sum up: if the Euro crosses both hurdles over the next two years, it will enter an entirely new phase, with wide-ranging knock-on effects. In the first place, its economic footing will have expanded qualitatively -- including beyond Europe, thanks in particular to the City of London, the world's main exchange market.

Second, the Euro will exercise tremendous pull -- for example, in relation to Denmark and Sweden, countries which are already members of the EU and which would be unlikely to remain outside Monetary Union for long. Pressure on Norway would be that much stronger in such a context, especially given the rate at which inter-Scandinavian banking, insurance and telecommunications mergers are proceeding.

For its part, the Swiss bourgeoisie would clearly be tempted to join both the EU and Monetary Union.

Third, there will be a "Euroization" of the countries of Eastern Europe. The Euro (for the time being, the German mark) will replace national currencies or become the reference currency, irrespective of EU membership status.

Finally, if all goes well, the Euro will boost moves towards unified financial markets in Europe -- which in turn would increase capital mobility in Europe and heighten pressure for tax harmonization in the EU.

The prospect of military autonomy

This is undoubtedly the most difficult question. Stopped in its tracks for many years, no



progress was possible without British involvement. Blair revived hopes in the project at the October 1998 Austrian summit in Pörschach and again in a joint solemn declaration with France at Saint-Malo in December of the same year. Thereafter the Balkan war provided some practical follow-up for the project, but it is still in limbo. France has been given the task of overseeing things and finding some kind of satisfactory solution by December 2000.

The very nature of the EU is a source of problems here. Any such military venture would involve states yielding in areas key to the defence of national sovereignty. What's more, national states would have to provide greater funding for the European budget. In these times of budget cutbacks, working people would have to foot the bill.

In other words, without an upsurge in militarism, it will be difficult to go very far in this department. And yet the commanding heights of the EU are determined to stay the course, particularly in order to improve the relationship of forces with the USA. The three main EU countries (plus Italy) feel their economic and political interests are at stake.

For Germany, this is really the only way it can give its "new economic might" some military punch, all the better to weigh in on the international level.

For France, the war in the Balkans highlighted the operational, technological and industrial weaknesses of the national autonomy it has so jealously guarded behind its nuclear arsenal.

As for Britain, now that major economic reasons have led it to embrace full membership in the EU, it has an obvious interest in playing — within an EU "common defence" framework — the global military role for which it is the best prepared of all EU member-states.

Common defence without operational autonomy would be like a knife without a blade. It requires having one's own industrial program of research, technology and production, where the line between military and civilian sectors is increasingly blurred.

The Americans are far ahead here. This is one of the cornerstones of their present dominant position in the world. Shirking the military side of things would have a direct and far-reaching impact on the overall competitiveness of the EU with American capitalism.

The USA is certainly fully aware of this. The EU's diplomatic absence at



Dayton and Richard Holbrook's manoeuvring at Rambouillet — alongside the breathtaking display of military might in the war (notwithstanding slip-ups with the Stealth bombers and Apache helicopters) — will hurt and fragment the European defence industry by taking post-war orders away from it and by unleashing a series of trans-Atlantic mergers controlled by Boeing, Lockheed and Raytheon.

In the wake of the Berlin summit, European governments have been exerting tremendous pressure on companies in the war industry to rationalise and systematically cooperate with one another.

In mid-July 1999, one Council of Ministers meeting on industry and another on defence made public declarations to this effect. One of many problems they face is ownership of the companies in question — now that government has withdrawn, there are calls for them "to remain fully European" (*Financial Times*, 11 July 1999).

A major campaign is underway to build a big European defence concern. But beyond this there is a great ruckus over the manufacture of all types of war hardware. The US government constantly makes deputations to European governments on behalf of American giants in this sector. One such company, Raytheon, wants to get in on the exclusively European merger (EADS) that brought together DASA (Germany) and Aérospatiale-Matra (France).

Other instances of cooperation are being negotiated: a joint-venture between British Aerospace and Finmeccanica, for example. This is just the beginning. Partial joint-ventures have emerged to conquer specific markets: for various types of missiles, and for satellites, planes, helicopters, detection

systems and so forth.

The British government has been in the thick of things. When he was sworn in as NATO general secretary, George Robertson spoke of the ambiguous stance of the USA on European autonomy. In the months that have followed, we have seen a sharp increase in pan-European cooperation to produce highly sophisticated missiles and in the preferential treatment accorded by European governments to military hardware "made in Europe".

This marks a real change in the situation. It might seem surprising, but is not so illogical as all that. After all, governments are both the "customer" and the co-owner/co-director of these companies, whose research is often richly funded from the public purse. The public protest from American firms and Clinton's repeated calls to Blair show just how high the stakes are.

Towards the "Greater Europe"

By declaring that "over the coming 25 years we will enlarge the EU from 15 to 20 to 25 to 30 member-countries," (*Financial Times*, 15 September 1999) Prodi was basing himself on the new consensus among EU leaders and firing a daring twin salvo to restart enlargement towards the East.

First, he eliminated the humiliating "waiting room" system which saw aspiring members tripping over one another to gain entry. The EU will now negotiate with the governments of all these countries, giving them some "recognition" to brandish to domestic public opinion. Admission will depend on each country's ability to fulfill admission criteria! Very "visionary" indeed — in a flight of false generosity and "objectivity", Prodi has made no real commitments here.

Second, by pushing back the deadline so far (25 years is an eternity in today's world!), he has resolved the dilemma that tore apart governments, political parties and the intelligentsia for years: should (economic) enlargement to the East be the priority or should it be the (political) deepening of the existing EU?

In fact, there was only a problem so long as the EU was at an impasse — after Amsterdam (June 1997) and steeped in doubt over the viability of the Euro. With the likely imminent adoption by Britain of the Euro, prospects for common defence and strengthened Monetary Union, Europe will de facto become more political in as much as it will be forced to strengthen its "current" institutions (or run the risk of an existential crisis!).

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The entry of between 10 and 20 new members means a real "process" involving admission criteria and the basic ground rules for a capitalism-under-construction. During the negotiations themselves, the *de facto* ties between the EU and the countries of the East will be strengthened on a country-by-country and *à la carte* basis.

Prodi has also said that those who do not gain admission right away should be seen as "virtual members", for whom the substantive content will become more and more "real" along the way and in successive fields (Monetary Union, sectoral economic cooperation, forms of security and defence cooperation, transitional observer status in EU bodies).

This political version of "enlargement" aims to create a stable and pacified eastern flank for West European capital. The goal is the progressive creation of a vast single market linked to the Euro zone. This project is already underway. Trade has increased, with the EU (especially Germany) having replaced the former USSR as the region's main trading partner.

Between 1992 and 1997, foreign direct investment from the EU has more than doubled in the former frontrunning "candidate" countries (Poland, Czech Republic, Hungary, Estonia, Slovenia) and increased almost tenfold in the second group of countries (Romania, Bulgaria, Slovakia, Latvia, Lithuania).

But the fact remains that a managed transition to capitalism is complicated and very costly. The example of the former GDR is telling. The EU is not ready to shoulder this cost. Its total budget remains tiny (1.1 per cent of GDP with the ceiling set at 1.27 per cent).

Budgeted subsidies aren't insignificant but fall below what is required. Agenda 2000 (overall EU budgetary allotments for the period 2000-2006) sets aside a total of 45 billion Euros spread out over seven years as structural assistance for ten candidate-countries. The cost of meeting environmental requirements alone during the same period is estimated to be between 100 and 120 billion Euros (*Notes économiques et financières*, Kredietbank-Cera, 15 January 1999).

To say the least, this is not an overall approach aimed at priority convergence around high social standards. Rather, it is an imperialist annexation in which the market (re)arranges things for capitalism while causing the disintegration of entire sections of society. This



creates a zone of perpetual instability in which local wars and social upheaval are already commonplace. Controlling these conflicts in the East is a powerful argument used to justify the strengthening of EU military autonomy. It is also used to promote a policy of tighter "EU border defence and "migration-flow control", and of combatting international terrorism and crime.

Lest it be forgotten, we are talking about a huge expanse of territory — a part of the European continent, the areas surrounding the Mediterranean and NATO's southeastern flank (Russia, the Caucuses, Turkey, the Middle East) — where various combinations and permutations of international rivalry play themselves out fully. Harnessing the entire repressive apparatus of the EU has thus become a priority.

Next stage: EU as superpower?

The leap forward the EU is hoping to make now is of the same magnitude and as meaningful as the one made between 1985 and 1993. The new goals (monetary union, defence, enlargement, legal institutions) all require a substantial extension and strengthening of the EU state apparatus — either by broadening the scope of matters dealt with supranationally or by beefing up existing intergovernmental cooperation bodies (or both). The significance of this development will increase in as much as the process itself registers real advances.

At the same time, there has been a sharp rise in European-based multinational capital. While still not in the same leagues as the Americans (not by a long shot!), a real change has taken place over the past year in the area of "mergers and takeovers". While these have hit their lowest level in 18 months in the USA, they have shot up in Europe — surpassing the USA for the first time in seven years.

Europe is just catching up for lost time. This might simply be an

intermediate stage which will be followed by a round of fusions and takeovers involving non-Europeans. But the change is unmistakable. The Euro has nurtured a single market and single unified financial market, with low interest rates and a mad dash to remain competitive ("cost cutting"). This has led to a breakdown in the traditional property structures of continental European capitalism.

Big European firms have bought 3.3 times more companies in the USA than US firms have bought in Europe (last year this ratio had already reached 2.6). The direction of capital flow has also changed. Just a few years ago, there was no clear preference of European multinationals to merge on one or the other side of the Atlantic. The centre of gravity has now decisively shifted towards intra-European mergers. The value of operations within the EU has more than doubled in the space of nine months to 688.3 billion dollars (*Financial Times*, 2 October 1999).

Here, too, there are two new and politically interesting developments. First, European multinationals are consolidating themselves in Europe itself. Second, this is most clearly the case in those sectors which historically have had the closest economic and personal links with national and European state institutions. To wit: banks, insurance, telecommunications, weaponry, utilities (gas, electricity, water).

We have two traditional "axioms" for charting the possible course of future developments.

First, we know that the logic of state institutions does not necessarily always coincide with the logic of the market. Big European firms are not consciously aiming at the creation of a social class "in itself" and "for itself". Nor do they necessarily seek to be in step with the policies of their governments.

Nevertheless, however internationalized they may be, it is

obvious that these firms do indeed rely on "their" national states — which they need in the global arena to win markets, to protect their investments, to gain or retain access to raw materials, and to vie with the competition.

There is undoubtedly a complex inter-relationship of these two tendencies — more complex in fact than at any time in the past. On the one hand, the EU is an incomplete supranational state based on inter-state cooperation. On the other, the dominant classes are primarily rooted in their respective nations but also deeply involved in building the EU.

What can take place in this shifting framework? Can a series of predominantly European very large companies — who also dominate the economic structures of the main member-countries — decide to take charge of the EU in its current phase and make it an instrument that will actively serve their interests? Especially when it comes to their competition and rivalry with the USA and US big capital?

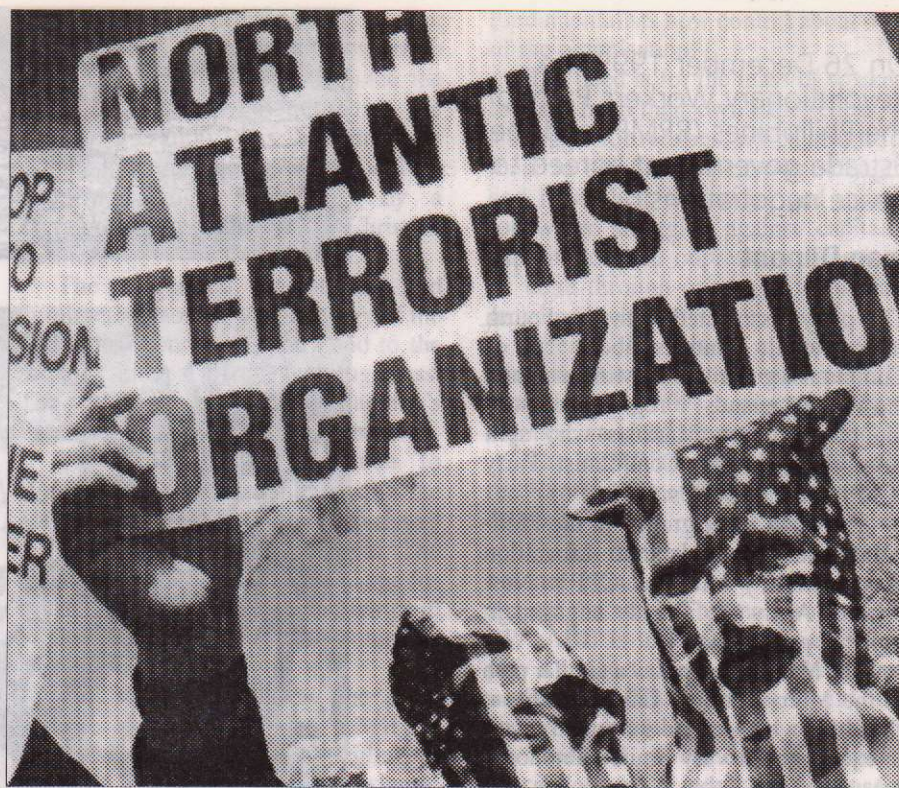
The other option would be to seek shelter under the umbrella of the American state and accept its dominant position, including in Europe and whatever the economic and monetary consequences. What would happen to the Euro, for example, in an EU with no political punch? And what of eastward enlargement?

The bourgeoisies of Europe are increasingly faced with the choice between pursuing the EU project and letting it fall apart. In the latter case, the course of the past 15 years would have to be reversed and the result would be the realization of the trans-Atlantic enterprise, with the merger of big European and American firms under the wing of the latter (Herbert Schul, *Courrier International*, 9-13 September 1999).

Has the EU already crossed the point of no return (as Peter Gowan argues in the May 1999 issue of *CounterPunch*)? For the moment at least, things seem to point in the other direction. While the USA has been asserting its supremacy (after the Balkan war), we have also seen new attempts to strengthen the EU and extend its economic dominion right up to Russia's borders. In tandem, there has been an impressive rise in the fortunes of some key sectors of big European capital.

Conflict across the board

There's many a slip twixt cup and lip. From the dream of an EU



superpower to its fruition, there are many obstacles to overcome — especially the conflicts between big member-states and the lack of material resources.

The main conflict is between capitalism — in the process of being reorganized on a global scale — and the international proletariat. The working class in the EU remains the best organized, the most conscious and the most politicized social force — in spite of its failures, its ideological retreat and its structural weakening as a class and movement. It will be a tremendous obstacle to the EU's quest for power and glory.

In his frontal attack on the very idea of a European social union, the well-known German bureaucrat and member of the European Central Bank directorate, Otto Issing, honed in on what he calls the "main enemy" (the organized working class) in his vast appraisal of the EU today (*Frankfurter Allgemeine Zeitung*, 21 September 1999). Publications like the *Financial Times* regularly declare that the Spring 2000 negotiations between German employers and steelworkers will be decisive for incomes policy in the EU, and therefore for the Euro. As for Prodi, he had hardly been sworn in when he decided to descend upon the European Trade Union Confederation (ETUC) congress to plead for further labour "flexibility" in the name of competition with the USA.

But now that the EU is trying to

advance to a new stage, the very legitimacy of the EU state apparatus has become something of a political truncheon. Lacking any strong historical and cultural identity, it must of necessity conjure up external enemies: the flow of refugees, for one, and America (given the disappearance of the yellow peril long ago, and of the communist menace more recently), for another.

Especially if it grows, the rivalry between the USA and the EU will be a perfect pretext for strengthening Europe against the USA and subordinating struggles and demands to the stability of the Euro, to a rising military budget, to the competitiveness of "our" companies, and more cynically still, to the "defense of the European social model" or to a "humanitarian" intervention on "our" borders or elsewhere.

We don't know if or to what degree the EU will manage to fulfill its dreams of power. But all anti-capitalist and anti-imperialist forces must rise to a higher level of struggle. Point by point, we must oppose "their" concrete policies. We must fight for a socialist and internationalist alternative.

And we mustn't miss the next opportunity for a huge mobilization at a major EU gathering — the Intergovernmental Conference in France late in the year 2000. ★

* François Vercammen is a member of the United Secretariat of the Fourth International.
Translation from French: Raghu Krishnan

On 26 December 1999 the Revolutionary Workers Party of the Philippines (RPMP) and the Estrada government agreed to peace negotiations.

Jean Dupont

The party, associated with the Fourth International, controls about 1/3 of Communist guerrillas in Mindanao and the Visayas islands. It regroups most of the revolutionary Marxists who split from the (Maoist) Communist Party (CPP) in the early 90s.

The main rebel groups in the Philippines, the Moro Islamic Liberation Front (MILF) and the CPP's New Peoples Army are already engaged in separate peace talks.

The MILF may follow a similar path to the Moro National Liberation Front (MNLF), which ended its armed revolt in exchange for very limited autonomy measures, and jobs in the police and administration. In Mindanao and the northern Cordillera region, ex-guerrillas have helped police track down and eradicate those of their former comrades who have not abandoned the armed struggle.

For the CPP-NPA, peace talks are a public relations exercise. They remain committed to a Maoist strategy of "protracted peoples war".

The RPMP has a very different motivation for seeking peace talks. The party is convinced that, in current conditions, the Philippine revolution is best served by open mass work, rather than a military struggle.

Since the split from the CPP-NPA in the early 90s, party leaders have been reevaluating fundamental strategic questions. According to Flor Siato, a journalist sympathetic to the RPMP, "it is the objective balance of class forces that will define whether maximum success will be achieved by the revolutionary forces. And it is the revolutionary interest of the stage of the revolution, that will define the direction of the revolution. Do the material conditions permit war? Is it in the interests of the socialist revolution? Not in the Philippines today.

In fact, entering a peace agreement can be a valuable revolutionary tactic. If the balance of forces does not permit the forces of revolution to win the war against their enemies, it may be better to negotiate a peace. This provides respite for the revolutionary forces, in order to avoid worse losses, and consolidate their successes. A peace



Peace talks help the mass struggle

agreement could allow many RPMP cadre to come out of hiding and devote their considerable experience to open forms of mass struggle.

"Lenin once wrote 'War is a means of obtaining a somewhat better or somewhat worse peace.' Justifying the unfavourable peace agreement with Germany in 1918, he said 'If I accept peace when the army is in flight, and must be in flight if it is not to lose thousands of men, I accept it in order to prevent things from getting worse.'

"Vietnamese revolutionaries under Ho Chi Mihn reached a peace agreement with the French colonists to gain respite, and consolidate their liberation of northern Vietnam.

"The Vietnamese entered peace negotiations with the USA even while they continued their offensive to liberate South Vietnam from US imperialism. The aim was to put the imperialists on the defensive in the international community, prevent worse losses and destruction, and end the war earlier.

"Do people think that the interests of the world revolution require war? Will peace give people the impression that imperialism is being legitimised? Perhaps. But revolutions develop as

class antagonisms sharpen. They cannot be "pushed" by declaring war on the capitalist state... Armed struggle is not obligatory under all conditions and at all times.

"To base tactics on the subjective desire to let the masses rise up in revolution, without their own direct experience and decision, is completely unscientific. It is an error of vanguardism.

"According to Lenin's fundamental law of revolution, 'revolution is impossible without a nation-wide crisis (affecting both the exploited and the exploiters)... for a revolution to take place, it is essential, first, that a majority of the workers would fully realise that revolution is necessary, and that they should be prepared to die for it. Second, the ruling classes should be going through a governmental crisis which draws even the most backward masses into politics... weakens the government, and makes it possible for revolutionaries to rapidly overthrow it...'"

These conditions clearly do not exist in the Philippines at this time. The intensity of class struggle is certainly not pre-revolutionary. Bourgeois rule is still strong, despite the growing disenchantment of the people with

President Estrada. Elected on a left populist platform, Estrada's popularity has plummeted from 60% to just over 5% in less than three years.

Despite media and international concern over crony capitalism, the Estrada administration is in effective control of the government. Unfavoured sections of the bourgeoisie still support key planks of Estrada's strategy of constitutional and economic reform to weaken workers' conditions and improve the profits of local and global capitalists.

There is no strong unified bourgeois opposition, except when the Catholic hierarchy joins with opposition leader Cory Aquino and some other opposition personalities to denounce specific dangers, such as the revival of a presidential monopoly on power and morality.

The mass of proletarian and semi-proletarian Filipinos, in urban and rural areas, are struggling under the worst unemployment and highest inflation since the overthrow of the Marcos dictatorship in 1986. Only 9% of the workforce is unionised, and this figure is declining as a result of mass layoffs, contractualisation, and union-busting.

The largest unions and federations are dominated by labour aristocrats. The CPP-influenced KMU labour federation combines militant action with sterile rhetoric. CPP cadre continue to use the federation as a recruiting ground and logistic base for their guerrilla struggle, rather than developing strong autonomous labour movements to fight for workers' direct interests.

A wide section of the unorganised working class is influenced by the reactionary hierarchy of religious institutions, through their programmes that provide some response to their suffering. There is noticeable mass participation by the spontaneous masses on protest actions initiated by religious institutions.

Liberation theology influence among priests and nuns, many of whom joined progressive or even

revolutionary organisations. But influence in general population much less than in Latin America. Since the overthrow of the dictatorship, the church hierarchy has become less accommodating to progressive politics, and increasingly dominated by a sacramental conception of the Christian mission.

The vulgarised Maoist line and "protracted peoples war" strategy of the CPP does more harm than good to the socialist interest of the working class. The "NGO left" and Popoy Lagman's PMP pursue their sectarian agendas.

The Moro people continue to struggle for self determination. But the MILF and MNLF have pursued different directions of struggle. The MNLF has demobilised in exchange for illusory "autonomy" measures and partial incorporation of their leaders into the ruling elite.

The MILF may follow the same path. Meanwhile, the MILF's progressive leadership is struggling to maintain hegemony — Islamic

fundamentalists now control about 40% of the organisation.

The need is for the mass of workers to learn from their own experiences, in a struggle for reforms, which also leads them to believe in their own strength, and raise their awareness and morale for wider struggles against capitalist exploitation and oppression. This is to be done through open and legal mass movement work.

There is also a role for parliamentary forms of socialist struggle, using this arena to educate, organise and lead the workers' struggle.

The RPMP has completely rejected the "protracted peoples war" strategy it followed as part of the CPP. Since the split, it has maintained its armed forces, but not launched a revolutionary war against the state. The main role of the RPA-ABB is to consolidate itself, and play a support role to the working class movement. Military actions should only be carried out to defend the interests of the workers' movement, and repulse specific enemy attacks against the revolutionary movement.

Peace negotiations must be evaluated in terms of the transitional programme for socialist struggle. In the present situation, it seems possible to obtain, through peace talks, real concessions and reforms that will benefit the masses and the revolutionary forces. The correctness and success of the party's new tactics will be measured on this basis.

The RPMP will designate a national panel to conduct the negotiations, under the supervision of the party leadership. It is still unclear how other left forces, and "civil society" will be associated with and informed about the negotiations. ★



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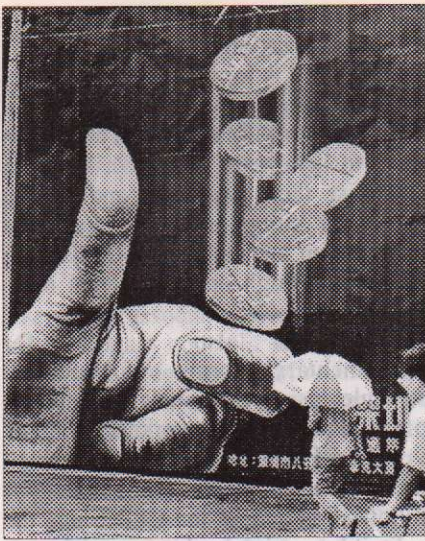
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Reforming State-Owned Enterprises

For twenty years, the Chinese government has stressed the need for reform of state-owned enterprises. But most of its "solutions" have been quite ineffective.

Zhang Kai

This failure was a main theme at the September 1999 meeting of the CCP Central Committee, which approved a "Decision on several issues relating to reform of the state-owned enterprises".

According to this document, "a large proportion of state-owned enterprises cannot adapt to the demands of the market economy. Their operating mechanisms are inflexible, their inventiveness limited, their debts and social burdens are heavy, their staff is much larger than they need, their production operations are difficult, their economic efficiency is declining, and some of their workers live an arduous life."

The Problem and the Reform

There is a problem of overcapacity in 83% of China's industrial sectors. Debt servicing (interest on loans) consumes almost 38% of profits. The deficit has almost doubled since 1990.

According to Zheng Xilin, Deputy Director of the State Ministry on Economy and Commerce, the production capacity use rate for over half the industrial goods is less than 60%; redundant staff around 10 million; and while the net assets of industrial

state-owned enterprises was 6,000 billion yuan, the mobile capital was only 1,300 billion yuan. Most enterprises run a debt rate of over 75%.¹

Xie Ping, Director of the Research Bureau of the People's Bank of China, has said that bad loans of state-owned enterprises at just four state banks exceeds 1,000 billion yuan, amounting to 25% of the banks' total loans. This constitutes a major obstacle for reform of state-owned commercial banks.²

The CCP leadership wants to reduce the weight of state-owned enterprises in the national economy. Except for some "key" enterprises on state security, advanced technology or those that provide significant public goods (the September 1999 Decision did not specify which enterprises are "key"). The rest can undergo restructuring and invitation of investment by the private sector.

The Decision encouraged the introduction of foreign investments into enterprises with competitiveness, the merging of enterprises with potential markets but now suffering from difficulties, and the bankruptcy and closure of enterprises which have long been running on a deficit and which are wasteful of resources and highly polluting.

The Municipal government in Chongqing, the largest industrial base in western China, has announced plans to implement bankruptcy or forced merger of 77 enterprises in the coming two years. This would be more than the total number of enterprises merged or

declared bankrupt in Chongqing since the establishment of a state sector after the Chinese revolution.³

The Decision reiterated that "all workers and staff should compete to excel in their jobs, labour discipline should be strict, and reward and punishment should be clearly executed." Corporate reforms will be conducted, and more power will accumulate in the hands of directors and managers. The party secretary in each enterprise will now be allowed to hold the position of director-general. The directorate will decide on all key questions. The income differentiation within the enterprises will widen.

It is not clear how many Chinese workers have been made redundant in recent years. A source from the Social Security Bureau, estimating that in the first half of 1999, 7.42 million workers were made redundant. But according to surveys by the Labour Security Bureau, the actual figures were much higher than those reported to the central government.⁴

Enterprises under-report the numbers of workers made redundant in order to evade some of their responsibilities in arranging the reemployment of the workers. In the report to the Standing Committee of the National People's Congress, Zhang Zaiji, Director of the Social Security Bureau, admitted that of the 5.4 million workers from state-owned enterprises made redundant, 6% (that is, around 300,000), did not receive any basic living allowance. (The law says that redundant workers are eligible for a basic living allowance of 170 yuan a month from their former employer, and 83 yuan from the state-administered social insurance fund.)

In reality, the social security system is very incomplete. In central and

western China, only one-third of those entitled to these benefits actually receive them, estimated. Over 1.63 million households have a per capita income lower than the local minimum level of social security.

Workers' resistance

It is thus no surprise that workers go on the resistance to fight for their rights and benefits. The following incidents were reported in the Hong Kong media.

On the eve of the October 1 National Day, 200 retired and redundant workers from the Changchun Machine Factory took to the street on protest. In the whole year, the 300 retired workers from that factory had received only 120 yuan, which is only sufficient for one month's living expenses. 200 retired workers from the Xincheng Motor Factory in Xian also took to the street for the fourth day, protesting that four months of living allowance had been overdue.⁵

2000 workers from the Juchuan Industrial City in Pinghu Township, Shenzhen, went on strike on October 11 protesting that wages were overdue for four months. The management made promises but went back on them, so workers having resumed work went on strike again. After several times, workers paraded to the Township government. Management then paid workers half of June's wages. Ten days later, they paid two more months' wages. Workers then resumed work.⁶

A porcelain factory in Hechun Township, Lianjiang City, Guangdong, went for auction, and several hundred workers demanded a refund of the shares they invested in the factory promised to be returned to them in 1998

in addition to six months of overdue wages. They rallied in the factory, chanting slogans, and the police was called in to maintain order, officials were called in to mediate. The workers said that if the matter cannot be resolved, they may take more radical action. 200 workers from a light bulb factory in Nanhai City, Guangdong, went on a strike to protest that some workers were laid off and their wages not paid, and some workers were beaten up by the factory security guards.⁷

A state-owned textile factory in Weinan City, Shaanxi Province, went bankrupt in 1998, and was auctioned for 40 million yuan. However, no compensation was arranged for the workers. In the first ten months, workers were paid only 100 yuan a month on which they could not survive. From November 2, about 1,000 workers blocked three main roads in that city, and the police clashed with them, arresting about 10 workers and seriously wounding three women workers.⁸

200 workers from a rubber factory in Changsha, the provincial capital of Hunan Province, had not received any wages for three months. On November 26, they blocked a highway in Yaoling. Dispersed by the police, they gathered again in the afternoon and blocked major roads in Changsha, paralysing the traffic. Since many state-owned enterprises are in deficit, there are road-block demonstrations every week in Changsha.⁹

The financial sector is riddled with chaos and mismanagement, causing urban and rural residents to suffer huge losses from their savings. Many protests and demonstrations have been caused by

this. For example, after the Beijing government ordered a rectification of the financial sector, in September alone, there were over 50 cases of attacks by the people on government offices. On October 20, 500 people blocked a railway.¹⁰

In September, the Hunan Provincial government ordered the freezing of 40 billion yuan, the savings of two million peasants in rural cooperative funds. They announced that peasants could only withdraw 30% of their savings immediately, and the rest only after three years. The result has been at least 50 large-scale riots.¹¹

While income has decreased, everyday living costs continue to rise. On 1 January 2000, public housing rent in Beijing increased by 150-600%. One resident said, "We stride into the 21st century with a smaller stomach."¹²

According to economist Hu Angang, 120 million rural people live below the internationally-defined (US\$1/day) poverty line. This terrible statistic is increasing every day, as peasants working in the cities are being sent home due to the economic downturn. China's entry into the WTO will increase foreign competition for agricultural products, and push even more peasants down into the ranks of the poor and the very poor. ★

Notes

1 *Wen Hui Bao*, 5 November 1999.

2 *Wen Hui Bao*, 21 October 1999.

3 NCNA 25 November 1999, from Chongqing.

4 *Lookout Weekly*, 13 September 1999.

5 *Apple Daily*, 26 September 1999.

6 *Oriental Daily*, 13 October 1999.

7 *Ibid.*

8 *Sing Tao Daily*, 6 November 1999.

9 *Sing Pao*, 8 November 1999.

10 *Sing Pao*, 20 October 1999.

11 *Apple Daily*, 29 September 1999.

12 *Apple Daily*, 2 December 1999.

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WAR AND PEACE

No peace in sight

On December 21 Chandrika Kumaratunga was reelected to a second six-year term as president of Sri Lanka.

The main election issue was the war in the north and east of the island, and the still unresolved national question of the Tamil speaking people.

Chandrika won only 51%, down from 62% in 1994. This is largely because of her broken promises to bring peace and economic justice. Her Peoples' Alliance Government has taken a hard line in the war against the "Tamil Tigers" (LTTE). Chandrika was hell-bent on a chauvinist campaign which aroused the rural masses. Her campaign was very successful in this sector. She also benefited from a sympathy vote after a bomb attack in her final campaign rally.

Unlike in 1994, Tamil-speakers rallied round Ranil Wickremesingha, leader of the right-wing opposition United National Party, who promised to negotiate with the LTTE if he became president. Wickremesingha received 43% of the vote.

The independent Electoral Violence Surveillance Centre said the election was "less than satisfactory" in more than a third of the country, as a result of

ballot-box stuffing, intimidation of voters, and misuse of the electoral machinery. Few people voted in the mainly Tamil northeast, where more than 2,000 polling stations were relocated at the last minute. Many abstained.

Just over 4% of voters supported the left regroupment candidate M. D. Nandana Gunathilaka. A member of the JVP, he was supported by the NSSP (Fourth International) and the Muslim United Liberation Front (MULF). These groups have been discussing and working together on a range of questions. The joint candidate was also supported by the Democratic Workers' Congress (DWC) which is mainly based among Tamil plantation workers.

Gunathilaka's electoral platform called for an end to the dictatorial executive presidency, an end to the war, peace and democracy under a left government, and resistance to WB, IMF & WTO neoliberal policies. In a separate document, the parties also reached a minimum basic agreement on the national question of the Tamil people.

In the 1980s, the JVP became involved in Sinhala chauvinism and violence. But in recent years it has resisted and opposed such tendencies.

Almost 24,000 voters (0.3%)

supported Vasudeva Nanayakkara, who split from the PA denouncing Chandrika's refusal to honour her 1994 promises for peace and social justice. He was supported by a range of small left parties, individuals and NGOs campaigning against the war. (In 1994 Nanayakkara left the NSSP, arguing that the revolutionary left should participate in the PA.)

Other left personalities like trade union leader Bala Tampoe called for a boycott. But political polarisation concentrated votes on the two main candidates, particularly as progressive voters realised the danger of a UNP victory. [JD] ★

Source: Compiled from media reports and a NSSP press release dated 12 January 1999. For more information contact NSSP, 143 Kew Road, Colombo 02, Sri Lanka, Tel. +94 1 430621, Fax +94 1 334822 E-Mail <nssp@mail.visual.lk>



Transformation and regroupment

Regroupments of forces determined to learn the lessons of the historical abomination that was Stalinism and to continue, against the winds and the tides, to fight against capitalism are being realised in a number of countries.

In all the countries where such possibilities exist, the organisations of the Fourth International are ready to be part of the re-groupment process. We consider this as an important step towards the recomposition of the anti-capitalist left on a world scale.

At the international level, the Fourth International is an active participant in re-groupment, bringing with it the advantages of a long tradition of combat against capitalism and Stalinism. *

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Consensus and apathy

The elections of October 24 in Argentina were marked by apathy, lack of debate between candidates, lack of concrete proposals, and scant credibility for political candidates.

Pedro Brieger*

Voters seem permanently fed up with the country's corrupt political parties. Everyone was looking forward to the morning after the elections, when at last there would be something else to talk about. Fifteen years after the return of democracy and after ten years of Menem government, civil society is disarticulated and disorganised.

It is true that in Argentina GDP has increased by 50% in the last ten years. There is no more hyperinflation. Some privatised services — such as telephones — work better than before. But the country's external debt increased from US\$61 billion to \$139bn between 1991 and 1997.

The average annual income is \$8,300, but 80% of the population earns less than this. One in five Argentines, live with less than \$2 per day. The gap between rich and poor has increased. This terrible situation was hardly mentioned in the debates or speeches of the principal candidates.

Over the last few years, a broad consensus has developed around the idea that the economic model must not be tampered with. The hyperinflation of 1989, which caused the fall of Raul Alfonsín, is an ever-present phantom. For this reason, the candidates of the majority parties assure us that there is no return to a "statist" or a "populist" past and that any alternative proposal will scare foreign investors — who are apparently the only guarantee of

stability and growth.

At the last minute Eduardo Duhalde, the ex-vice president under Menem and the candidate of peronism, attempted to portray himself as proposing real change, away from an "exhausted" model. He tried to give the impression of an opposing profile. But Menem reasserted his post-Peronist control over the right, stating — once the defeat was known — that if he had run, he would have won.

It is not surprising that the new president, Fernando de la Rúa, is always repeating that the economic model will be respected. De la Rúa belongs to the most conservative sector of the Radical Civic Union (UCR), the oldest party of the country with progressive traits, which has always had as its base of support the middle classes. While it is true that the UCR developed an alliance with centre-left sectors, the new government is dominated by the UCR.

De la Rúa's Alliance (Alianza) was the product of the weakness of the UCR after it came third (behind the Peronists and the Solidarity Front (FREPASO) in the presidential elections of 1995. The separate candidacies of the UCR and FREPASO allowed Menem to win that race. But the UCR reemerged from the ashes and ended up absorbing the remains of FREPASO, which had seemed like a breath of fresh air in 1995, supported by the entire left, until it was atomised by internal divisions. Today almost no one in FREPASO questions the basic premises of neoliberalism, but rather its "collateral" effects such as social exclusion and corruption. In the words of some of the leaders of the Alianza, the problem is not the economic reform carried out in the last years, but "how it was done."

President De la Rúa inherits an impoverished country, with increasing unemployment. Industry is in crisis, and Argentina has once again become a net exporter of raw materials, the prices of which are falling in the world market. He will not even be able to obtain financing by selling state enterprises because, after ten years of Menem, there is nothing else to sell.

Many of the votes for De la Rúa reflect people's exasperation with a style of government reminiscent of the

most grotesque aspects of banana republics: frivolous, ostentatious, arrogant. Several of Menem's top civil servants were involved in corruption scandals; his ex-minister of interior said that he "stole for the crown;" Argentinean weapons made their way to Croatia and Ecuador despite UN arms embargoes, which led to the prosecution of two ministers.

Menem's obsession with his own image and reelection made him desperate to appear in public with whatever rock star or top model was visiting the country. But during his ten years of government he never received the Mothers of the Plaza de Mayo or the relatives of the victims of the 1992 attack against the Israeli embassy and the 1994 bombing of the AMIA Jewish mutual society.

Once again, the Argentinean left has demonstrated its incapacity to present an alternative plan. The splintering of the left into different candidacies is not understood by the broad masses nor by the possible voters. Unlike Brazil and Uruguay, what remains of the left has degenerated into a number of sects hunting for the votes of the converted. Slogans proclaim the "purity" of their ideals while they accuse each other for the failure to achieve unity.

And now?

The 48% of the vote achieved by De la Rúa represents important support at the national level even though he does not have a majority of deputies and senators. But the country's largest province, Buenos Aires, will be governed by peronism (though Alianza has a majority in both chambers. This "coexistence" may later exist in other regions.

What is still impossible to determine is the reaction of peronism to electoral defeat. This is no longer the mass peronism of the fifties or the radicalised peronism of the seventies. The Menem regime achieved something that not even the military dictators were capable of achieving: the disarticulation of the social base of peronism through the destruction of the trade unions — the same unions that carried out 13 general strikes against Alfonsín.

For now, the new government will have a margin to rule, as long as it can negotiate with peronism, which is entrenching itself in Buenos Aires as a parallel government. Despite the social and economic crisis there are no foreseeable social explosions. ★

*Pedro Brieger is a sociologist and an analyst of international politics, author of several books, among them *Adonde va Nicaragua* [Where is Nicaragua Going?] (Prized by Casa de las Americas, 1989).

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Inside the "Stop the WTO" movement

Pictures of the dramatic demonstrations against the World Trade Organisation in Seattle last November filled TV screens all round the world.

Last month we presented the main ideas behind those protests. In the following article, Vancouver activist Harold Lavender reports on the difficulties of coalition building, and the internal dynamics of the "Stop the WTO" movement in North America.

Although it doesn't quite measure up to all inflated claims, protests against the WTO in Seattle were certainly a harbinger of things to come. It was a graphic reminder that capitalist globalization does not benefit the majority of people on the planet. As a result, over time it is likely to be met by increasing resistance and growing international movements.

The militant nature of the confrontation in the streets of Seattle and the inability of the WTO to advance the agenda of trade liberalization,

deregulation and privatization have helped shatter the illusion that imperialist-led globalization is inevitable and cannot be defeated. The struggle will continue, fortified by what is widely perceived as a people's victory.

The success in Seattle was achieved through a partial convergence of politically, socially and culturally disparate forces. A loose alliance was assembled, which include organized labour, the environment movement, the women's movement, a growing citizen's/civil society alternative current, and a more youthful radical direct action wing that formed the backbone of resistance in the streets.

The movement spanned much of the globe. This reflected specific concerns about the far-reaching effects of globalization — in both the advanced capitalist countries and in the South or Third World — and the destruction of health and the environment round the globe.

Despite a variety of differing and sometimes conflicting political visions, strategies, tactical choices and material interests, this heterogeneous movement succeeded in focusing against a specific umbrella target: the attempt to launch a

new round of WTO talks.

Meanwhile the free trade juggernaut was slowed by its own internal contradictions. Imperialism as a whole favours neo-liberal policies. But inter-imperialist contradictions and rivalries have far from disappeared. In fact, they are intensifying. Which trade blocks and states will take the lion's share? Who will be sacrificed?

WTO negotiations expose the contradictions between imperialism — which was trying to ram its agenda down the throat of the so-called Southern nations — and regimes which, though often far from progressive, don't want to get screwed in the economic power game.

The Canadian government was typical in its two-faced hypocrisy. On the one hand, it is one of the most active proponents of trade liberalization to expand Canadian imperialism's share of the pie in the competitive world of survival of the fittest. On the other hand, Trade Minister Pierre Pettigrew tried to reassure the domestic public that popular public services like medicare would not be negotiated away and that Canadian sovereignty would not be undermined.

Elected governments remain edgy about public pressure. That's why they prefer to do their business behind close doors and exclude any serious and informed political debate and choices.

When people speak out and visible movements get in the way, governments risk being held accountable to something more than corporate profit



margins. Too vocal a democracy gets in the way of doing business.

These days, defeats are the norm. But a victory was won in Seattle. Was this just an episodic and conjunctural moment that won't necessarily be followed up and repeated? Or does it offer model for future mobilizations? The jury is still out. It partly depends on what lessons are drawn from experience. The potential for massive and multiple international resistance that includes labour, social and environmental movements and radicalizing youth is exciting. But many political pitfalls could block realization of this potential.

In Seattle, the victory resulted from a relative convergence and rise of movements on our side and a relative fracturing of unity in the imperialist camp. However, these conditions are not guaranteed.

A fragile alliance

Accounts about Seattle tend to fall into two camps. The most widespread view, including in much of the labour movement, the reformist and civil society currents, tends to de-emphasise and downplay political contradictions and differences. A much smaller current of opinion has a counter-reaction, which highlights political differences and problems.

Some small far left organizations marginalized themselves from the movement by taking a dismissive attitude about the mobilization and its politics. Some radicals involved in the

direct action movement tend to draw negative evaluations about the role of labour, or the labour leadership, and reformist forces. Some of their criticisms are valid. But this does not resolve the problem of how to build unity in action with other forces, especially in the labour movement. We need to stress the need to struggle for unity in action.

However, a naive and uncritical approach does little to advance our cause. We should celebrate the rise of the movement. But as socialists and Marxists we need to be clear about the political problems within the broad movement. Unity cannot be successfully maintained without frank political discussion, clarification and examination of the political role of different forces within the action.

Overall Seattle was a step forward. This was highlighted in a greater level of mass mobilization, including by the labour movement. The AFL-CIO-led march mobilized roughly 40,000. About 10,000 people, predominately though not exclusively youth, participated at various levels in the direct actions and confrontations to shut down the WTO.

Some loose level of unity was maintained. The main organizing coalition in Seattle combined both fair trade and No to the WTO forces. This was an advance that enlarged the possibility for joint action.

However at another level it was a retreat in the sense that unity was achieved by political fuzziness and partial submergence of differences. In

short, there was more unity than in organizing against the APEC Summit in Vancouver, but with the trade-off of often-muddy politics.

The role of the labour movement

The presence of organized labour gave the week of protests a mass and at least a limited sociologically working class character that would have been otherwise lacking. Some more radical and young people tended to view the labour protest as controlled and dull.

But surely it begins to challenge normality when thousands of working class people gather together for a political protest around policy. To a certain extent, labour mobilized its troops — 30,000 people, and on a weekday!

However, this was not generally accompanied by collective strike action of even the one-day variety, with the notable exception of the International Longshore Workers Union (ILWU), which shut down US West Coast ports for the day. In a metropolitan area of 2.5 million, that was a good showing, though hardly the greatest protest of the century.

The problem was not the mobilization itself, but the politics of labour or more precisely the AFL-CIO bureaucracy. Labour activists in Seattle and elsewhere undoubtedly did good work in building the action, and do not necessarily share the politics of the AFL-CIO leadership. (AFL-CIO President John Sweeney went so far as

to endorse the Clinton trade agenda prior to the WTO conference.) But the labour march did not represent a clear political break with the leadership.

Labour's tactics seemed to have had a dual character, as was rather clearly explained on a panel by Barbara Shaylor of the Machinists.

On the one hand, it involves real mobilization to defend the interests of workers whose jobs and quality of lives were threatened by unfair trade and corporate-led globalization. The march reflects discontent and concern within the ranks, especially among industrial, which unions have suffered major job losses in recent decades.

On the other hand, the march was oriented to putting pressure on the Democrats to adopt a more pro-labour agenda on trade. At the same time, the official line also remains work like hell to elect the Democrats in 2000.

A related problem was how to protect workers' jobs. The general approach was fair trade, which included enacting minimum labour standards in trade pacts and incorporating them into the WTO.

The Clinton administration was willing to listen and perhaps twist the idea to exclude some imports to the US from countries that did not comply with fair trade rules.

But his idea got a frosty response from southern governments, who saw this as just one more way to stack the terms of trade even more heavily against them. Some southern activists also have a gut reaction against US imperialism dictating terms that might improve the lot of workers in the US, but would do nothing to improve the lot of the vast impoverished and unorganized majority in the world, including women.

International labour standards are a desirable goal, but if done without an equitable power relationship between workers and popular movements internationally, it can be used to line up workers from different countries in competition against each other.

There were some efforts to give an international flavour to the protest events. But within labour there are undoubted undertones of US economic nationalism. Most of the labour signs were okay if not great, such as "If it doesn't work for working families, it doesn't work." But some steelworkers carried signs and a float saying "Unfair trade destroys American jobs."

Neither labour nor the accompanying teach-ins gave a platform to reactionary protectionist views like those of Pat Buchanan.



For the most part, trade unionists and environmentalists managed to co-exist surprisingly well. A November 29 fair trade rally of 5,000-plus had a strong presence of both steelworkers and people masked as sea turtles (denied protection by a WTO ruling). But some found this US nationalism offensive. At a labour-environment fair trade rally, Vandana Shiva said that some people had gotten it wrong and the steelworker sign should read "Unfair trade destroys people's livelihoods."

But the most widely noted event was the actions of the AFL-CIO leadership on November 30. The direct action had started around 7:00 am in the morning leading to confrontations, tear gassing and other forms of police violence at some sites. How would the labour march respond when it reached the downtown area at 1:30pm?

About 1,000 marshals had been assembled to control the march. There was no attempt to involve the crowd in the decision. (Afterward, I found out second-hand that the permit to march directly by the convention site had been cancelled and there had been an internal discussion about alternative routes, with those favouring steering well away from the direct action winning out.)

As a result came the great parting of the ways, both literally and symbolically. As directed by the union marshals, the bulk of the march streamed away from the struggle in the streets. But thousands (the bulk of the non-union protesters and a significant minority of labour) voted with their feet and streamed towards the protest sites.

It was a public act no one present could miss. The labour leadership turned its back on solidarizing with

those engaged in direct action resistance on the streets.

The AFL-CIO leadership had an opportunity to lead both politically and tactically. But it failed to rise to the task. As a result, it left a political and tactical vacuum that was filled by other forces.

Canadian labour

A significant mobilization was built in Vancouver (41 buses went to Seattle). And labour collaborated with its partners on the respectable institutional left (the Council of Canadians, parts of the peace movement like End the Arms Race, the Canadian Federation of Students, some NGOs) to hold a substantial pre-conference of about 1,000 people, which was useful if a little top down and talking heads.

But there is no cause for celebration about the role played by the Canadian Labour Federation (CLC) and the British Columbia Federation of trade unions (BC Fed). I found out at the conference that the CLC leadership was unhappy with the protectionist aspects of the AFL-CIO approach. But little public was done about their concerns.

CLC President Ken Georgetti was among the first to dissociate from what he called violent anarchists who had hijacked the legitimate protest agenda at Seattle. This was not representative of the feeling of many in the labour movement, who reacted more positively to the struggle and Georgetti pulled back a little. But this type of statement and attitude feeds into the bitterness and many young radicals feel towards the labour movement.

Labour has important criticisms of the WTO. But its prescriptions don't match its words. The labour-backed New Democratic Party (NDP) has

capitulated to neo-liberalism like most other social democratic parties round the world and abandoned opposition to trade pacts, seeking only half measures to protect Canadian workers interests.

A defensive pragmatism now reigns in the labour movement. (The Canadian Union of Postal Workers, the notable holdout, is the only Canadian union participating in the People's Global Alliance.) But for the most part, labour wants a voice at table in future WTO negotiations, which is not the recipe to inspire radicalizing youth.

Other forces are more vocal, with economic nationalists like the Council of Canadians leading the argument for national sovereignty and defense of public interests and a citizen's agenda. Environmentalist groups are also playing a major role in taking up anti-WTO issues.

Globally, there appears to be a rise of kind of civil society, radical democratic citizens' agenda and environmentally conscious greenish current. This is influenced by a variety of forces from the Zapatistas to left liberal Canadian nationalists (like Maude Barlow of the Council of Canadians).

There were a number of teach-ins and conferences just prior to the opening of the WTO. The most important was organized by the International Forum on Globalization. Attendance wise, it was a success: 2500 tickets were sold and others could not get in. A number of very well informed and interesting speakers spoke on continuous panels, including Vandana Shiva, Susan George, Warden Bello, etc. The critique of the impact of globalization was good and international in scope. One panel highlighted "views from the South."

Intellectuals had played a positive role in challenging the notion of no alternatives and winning the battle of public opinion with a wide audience. But I was most inspired by the presence of militant peasant activists like Jose Bove, leader of the French anti-Macdonalds campaign, and representatives of Via Campesina, which coordinates radical peasant struggles. Indigenous peoples from around the world were also inspiring speakers.

However, aspects of the conference were problematic. It was not participatory enough. There was too much of a star system, which I found disconcerting. It was held in a posh symphony hall, which gave something of the wrong atmosphere. It felt far too disconnected from the militant struggle



that was brewing for the streets.

And the politics, though influenced by some Marxist ideas and a host of ideas from other social/ecological movements, were not that explicitly left wing.

Canadian speakers included Maude Barlow and Tony Clarke from the MAI fight, environmentalist David Suzuki, and Hassan Yousef from the CLC. This makes some sense from a broad alliance perspective. But the voices of the far left — socialists from below, revolutionary Marxists and radical anarchists — were simply not included.

Others events also drew in broad audiences. I attended a jammed interfaith service around Jubilee 2000's campaign for cancelling the debt of the poorest nations. There was a substantial march and participation in a human chain - perhaps up to 12,000. However, again neither the political framework nor the tactic was galvanizing to radical youth.

The marginalization of the socialist left

Seattle indicated a rise of the movement. However, the left wing socialist presence appeared very weak. Part of this is a matter of size — the number of organized socialists has shrunk or stagnated in the last period and is very small compared to the movement as whole. In other cases, groups may not have anticipated the potential of the anti-globalization movement at the WTO and consequently failed to make it a major priority. But part of the problem is political orientation.

From the self-styled Trotskyist left there were the usual glaring examples of sectarianism and dogmatism. Some marginal groups characterized the protesters in the street as the street fighters of protectionist/US national chauvinism. Others had a purely propaganda presence, and could not resist the urge to lecture the movement about its bad politics, its anti-free trade focus and the danger of supporting protectionists like Pat Buchanan.

The remnants of the US Maoist movement gave enthusiastic support to

a parallel People's Assembly, sponsored by Filipino groups associated with the Bayan movement and the Communist Party of the Philippines. The politics were unambiguously anti-imperialist (and this was the only event in which the large majority of participants were non-white). But it seemed a much more marginal force than the "No to APEC!" meeting in Vancouver. Much less preparatory coalition work had been done. About 500 people participated in the People's Assembly contingent which joined the main march on November 30th. This is not a high impact in a growing movement.

The environmental movement had the second largest presence in Seattle, though clearly less than the labour movement. Public Citizen, a group associated with Ralph Nader, played a significant role in the pre-organizing alliance-building that went on for the last year. Mainstream groups like the Sierra Club were quite visible.

There seemed a substantial audience for moderately anti-corporate, public interest, left green politics in Seattle. For some of these activists, Nader will fill a void if he runs a serious campaign for President for the Greens.

However, many young activist rebels have no faith in reform or the



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political system at all. Instead, they focus on direct action. Such an orientation runs risks of self-isolation. But in Seattle this current caught a wave, a growing mood of radical activism among sectors of youth. By riding the wave, the direct action current played a pivotal role in events.

The Direct Action Network

The pre-organizing, which built the protests against the WTO, is often ignored in the focus on November 30 events and police violence. One reason the protest was successful was that organizing and alliance-building began at least a year in advance. The Direct Action Network was formed in the spring of 99. It developed an approach based on non-violent civil disobedience (with training by groups such as the California-based Ruckus Society) and a heavy emphasis on the cultural forms of protest - including giant puppets - and street theatre (San Francisco-based Art And Revolution). These elements, combined with a strong participatory, hands-on approach to activity and education, attracted youth.

Many youth, unable to find a place for themselves in the labour scene or the conference scene, flocked to the Direct Action Centre. It became a key site for self-organization. The space was dreadfully overcrowded with about 500 people when I visited (several thousand youth must have dropped in the week proceeding the WTO). The participation of young women seemed substantial. However, the group seemed overwhelmingly white, with minimal participation of people of colour. The youth present seemed to be poor and

economically marginalized, although they may come from a variety of class backgrounds.

Some building events occurred. Art and Revolution organized a visually beautiful reclaim-the-streets parade of 4,000. But the main event was planning for November 30's attempt to shut down the WTO.

The politics were clearly anarchist-influenced, although I would definitely describe the atmosphere as anarcho-pluralist rather than anarcho-dogmatist. There was no ideological litmus test - all who wished to participate in organizing and action were welcomed.

Organizing was based around small affinity groups. Larger clusters would join together in common action. Coordination and discussion took place through an open spokescouncil of immediately recallable delegates selected by the affinity groups. (The model was drawn from anarchists in Spain.)

The plan for November 30 was highly decentralized. Clusters of people would lock down at some 13 intersections surrounding the conference site. There was loose coordination and communication. But, in stark contrast to the labour march, there were no marshals or peacekeepers.

The big day

I had concerns about both some of the politics and the possibilities of serious repression on November 30. But my political instincts told me it was important to be there. I was much reassured when a large crowd turned up at a main assembly point.

Close to five thousand had showed when we began to parade to the shutdown sites at 7:00 am. A line of horse cops tried to block our way. We simply turned down another street. It was a clear indication the Seattle police were not prepared for mass-based non-violent direct action. By 8:00 much of the access to the conference was blocked with groups of between 100 and 1000 occupying key intersections.

My experience of the day was mixed. At times, it seemed quite celebratory, effective and together and at others violent, utterly chaotic and divisive. Tactical leadership and communication seemed to make a difference.

I was on a semi-blockade of about 500 to 1000 people with arms linked in an intersection outside one of the hotels delegates were staying at. Some delegates turned away in disgust, others from Africa said they were with us but wanted to work in the system. International media were shooting footage for coverage round the world. Our purpose and instructions were clear and there was no violence (and no property damage as agreed in the DAN code of conduct).

The cops were initially passive aggressive. Sometimes they passively observed. At others they launched vicious forays with little warning, liberally using tear gas, pepper spray, batons etc. Some people were prepared with gas masks and face masks but most people including supporters like myself were not, although medical assistance people and teams had been organized.

Some people began to fight back, lobbing tear gas canisters back at the police. Later in the day, some dumpsters were overturned and set on fire. Although police assaults made inroads, they had not regained control of the streets by the time I left to attend the labour march.

Throughout the day, communications and cohesion seemed to deteriorate. It wasn't at all clear where people coming from the labour march should go or what they should do. At one crowded intersection (perhaps 1000), I saw divisiveness prevail. A handful of people climbed up and literally trashed the Niketown sign. A substantial part of the crowd booed loudly and chanted "No Violence" (some formed a line in front of the store to protect it). I couldn't relate to the no violence against property approach. But the trashing had zero tactical value. I was infuriated by this anti-democratic egotistical action of a few. A small

minority in the crowd approved of the trashing and snarled back at the "peace police" and "non-violent liberals with their priorities all screwed up."

Later, I heard that the anarchist groups from Eugene, Oregon and the Black Block claimed responsibility for strategic acts of property destruction of hated symbols of corporate oppression. These acts of window smashing by perhaps less than 100 people of 10,000

participants in the protest actions.

Some DAN people tried to organize a semi-cohesive withdrawal from the curfew areas. That evening, a friend reported, some 500 people participated in a spokemouncil. This was very divided with both supporters of no property destruction and defenders of property destruction being hissed by the other side. But a majority decided to march again next morning.



took place without respect to DAN guidelines. DAN had developed a moderately cohesive approach, but hadn't figured out any way to deal with those who disagreed.

It is quite possible agents provocateurs were also involved in property destruction. (I have never seen so many undercover cops in my life. In avoiding tear gassing, I stumbled by a dispatch point where about fifteen obvious-looking undercover cops were being sent out to gather intelligence from the street.) But without clear proof, raising allegations of agents provocateurs seems a wrong way to reach young radicals. What is clear is that the police made no effort to stop property destruction. And hard liners (perhaps federal agencies rather than local police?) used the violence as the suitable pretext for an all-out crackdown.

About 3:00 p.m., the Mayor declared a state of emergency and a 6:00 p.m. curfew in downtown area. After the labour march had dispersed, and office workers had begun to leave, heavy duty clearing operations began in the downtown. The sound of tear gas canisters became constant and the presence of gas pervasive. Later, people in residential neighbourhoods were also gassed, including many non-

that the PT controls the whole But the relationship of forces had changed. The direct action forces had lost some of their wider support and shrunk in size. The police, bolstered by the presence of the National Guard, now used pre-emptive tactics. This includes mass arrests of over 500 people.

Repress, divide and conquer

Some naively had believed that because there was some support for the protest within Seattle city council, the police would avoid major violence in the streets.

However, the state clearly showed that when its interests are threatened it will not hesitate to use violence. Shutting down the opening session of the WTO and preventing the likes of Madeleine Albright and possibly Bill Clinton the next day from attending a key meeting is a very serious crime in the eyes of the state.

Civil liberties were simply tossed out the window. Creating a substantial No Go zone for protesters is a blatant

violation of the US Constitution. Experimental "non-lethal" tactics of crowd control were employed - i.e. chemical warfare. Hundreds of people have reported atypical symptoms — including spontaneous menstruation — that suggest exposure to something other than tear gas. It appears nerve gas agents may be used in one form or another. There are numerous allegations of mistreatment and beatings from those arrested, as the police tried to break the protesters' tactic of not giving their names.

Police actions have been widely condemned, including by the American Civil Liberties Union and Amnesty International. The police chief of Seattle, who was scheduled to retire this year, took the fall by resigning earlier. Thousand have complained to Seattle council. And lawsuits are forthcoming.

Support for the prisoners (a camp in at the jail) led to the release of most detainees within a week. Now, after ongoing criticism, only about 40 people face trial.

Public opinion is split. Bill Clinton sought to maintain support by drawing a hard line between good protesters and bad protesters. The bad protesters were characterized as violent in the US bourgeois press, which raised a big hue and cry of "anarchism = violence". But Clinton had cleverly lumped in the many more people who had non-violently blocked delegate access to the WTO in the category of illegitimate protesters. Clinton's tactic is very clearly to isolate the radical wing of the movement from other, more politically or tactically moderate and pliable, parts of the movement.

Sectors with greater legitimacy and ties to the Democratic Party are to be co-opted. Unprecedented efforts were made to woo NGOs at the meeting. Some 770 officially designated were invited half way in to meet with WTO officials off to the side of the conference, although this was a farce in terms of real power. Strong overtures were made to the AFL-CIO labour bureaucracy to keep them in line. And no doubt there will be further overtures to those who have illusions they can participate in reforming the system. ★

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One year of "democratic and popular" government

The PT experience in Rio Grande do Sul

The new model of government which the PT is developing in Rio Grande do Sul state is a decisive test for the party as a whole, and for each of the currents inside the PT.

This article by Carlos Henrique Árabe* introduces a special report on the first year of "democratic and popular government", the tensions within the PT, and the particular role of Democracia Socialista, the PT current associated with the Fourth International.

The PT victory in the 1998 state elections was the result of a deep polarisation in Brazil's southernmost state. This class confrontation has continued throughout the first year of PT government. The successful resistance of the PT administration makes the Rio Grande experience all the more important to study. It is the most sustained, and most coherent attempt to develop a programme

of structural change anywhere in Brazil.

The Participative Budget is a key element of this process. This successful involvement of citizens in public affairs is not just a strategy to legitimate and strengthen the left government. It is also a way of building a new kind of institutional behaviour, based on elements of direct democracy, and transforming the established relationship between governors and governed.

It is 12 months since Governor Olivio Dutra and Vice-Governor Miguel Rosseto took power. The following articles evaluate their performance, and show the difficulties facing the left government. It is one thing to assemble a wide social base at election time. It is perhaps more difficult to actually govern.

Our "globally positive" judgment on the Dutra administration contrasts sharply with the record of PT administrations elsewhere in Brazil.

Other PT state governors (Vitor Buaiz in Espírito Santo and Cristovam Buarque in the Brasília Federal District) and most PT

municipal administrations (particularly in São Paulo state) had a large element of adaptation to the existing institutional structures. And they abandoned attempts to confront the interests of the local dominant classes.

But in Rio Grande do Sul, there is not just the participatory budget system. Conflicts like the renegotiation of the previous government's incentives to the Ford motor company, or the prohibition on the cultivation and sale of genetically modified crops have established a constant confrontation with the state's elites.

The PT's programmatic identity suffered a rupture in 1994. Until then, party documents expressed the aspiration to promote the interests of the working class and the majority. There were strong elements of a transition to socialism. But this perspective was much clearer in the 1989 documents than in 1994, when it was "watered down" by economic arguments. And in the 1998 "minimum programme", these elements of rupture were completely absent.

But the orientation of the Rio Grande do Sul government goes in quite the opposite direction. It has attracted so much criticism precisely because it has established a strategic confrontation between its own project, and the bourgeoisie.

Social organisation and party building

The Rio Grande experience has

maintained another continuity which has been lost in other parts of the PT — the link between institutional politics and social organisation. At the national level, and in many other states, the PT has "disconnected" these two areas of activity.

The campaign to elect Olivio Dutra as governor of Rio Grande was not just a political-electoral struggle. It was an intense popular mobilisation. The organised forces of the working class and middle classes confronted the bourgeoisie.

Rio Grande is the place where the PT has been most successful in developing an equilibrium between the two arms of its "pincer" strategy — attacking the centres of bourgeois power with a combination of institutional and mass struggle.

The PT in Rio Grande has continued to function in a very democratic manner. It was the first state PT to introduce proportional representation of the different PT tendencies in the party leadership bodies. PT meetings in Rio Grande do Sul still stress the importance of militants coming together to discuss and decide on party policy — despite nationally-imposed reforms that weaken this way of working.

In other words, the construction of the PT in Rio Grande do Sul is the most advanced experience in all Brazil. Although the above factors are not the only reasons for the spectacular success of the PT there, they are certainly crucial, and a key lesson for the rest of the party.

Those who don't like this often argue that Rio Grande has so many historical and cultural specificities that it is virtually "another country." More often than not, this argument serves to justify the watering down of PT policy, and the anti-democratic practices that occur in the PT elsewhere in Brazil. São Paulo, for example.

In fact, since Rio Grande do Sul is not another country, it is more and more affected by national factors. Not just the economic



crisis or the changing nature of the federal state, but also the degeneration of the PT elsewhere in the country.

And so, although Rio Grande certainly has many cultural specificities, it is more and more involved in national political debates.

And it is very positive that the idea of participatory democracy is spreading out across Brazil. This started when the PT won control of the Rio Grande capital, Porto Alegre, over 11 years ago. Now that the PT controls the whole state, there is much more potential to "spread the word." In fact, it would be good if they made this a priority, rather than just influencing the rest of the country as a consequence of their local activities.

But there are other, more worrying developments. Only a minority of the PT shares our "globally positive" evaluation of the first year of government.¹ Most of the PT in the state capital, Porto Alegre, recently approved a resolution which accused the Dutra government of "kissing the hand" of the right wing parties in its negotiations with Ford. This resolution was supported by Articulação de Esquerda. This is the current most strongly represented in the state government, but for some reason it doesn't defend the government, and generally avoids serious discussion of the question. They formed a block with the right of the party, the so-called "Broad PT" ("PT Amplo", comprising the Articulação Unidade na Luta current of party leader Lula da Silva and Democracia Radical. These currents produced a separate

document in which they criticised the Dutra government as ultra-left and "conflictive."

These currents have failed to understand that the Dutra government is the government of all the party. They are obsessed by short-term electoral interests (including the elections within the party). They exaggerate the responsibilities of the

leadership. And they fail to explain why their own currents act and speak in one way inside the government, and quite another in party meetings.

All this shows the growing distinction between the struggle for leadership inside the Rio Grande PT, and the willingness of each current to take responsibility for formulating, arguing and implementing initiatives which respond to the real difficulties of governing the state of Rio Grande do Sul.

It is time to build a new leadership, and a new dynamic inside the party, to reflect the new situation and the new dynamic unleashed by the election of Dutra and Rosetto.

The PT's reaction to what is happening in Rio Grande do Sul will be a decisive factor in coming struggles with the bourgeoisie. Dealing with the situation in Rio Grande do Sul will also be decisive for the evolution of each of the currents inside the PT. Particularly those which, at least until now, considered themselves as part of the left. The capacity to respond to the challenges of the most difficult moments, the key social and political struggles, and the capacity to exercise true leadership, is what tests and demonstrates the qualities — and the limits — of the party, and of each of its currents. ★

¹Carlos Henrique Árabe is a member of the PT's national leadership (Diretório Nacional) and a leading member of Democracia Socialista, the PT current associated with the Fourth International. his comments are taken from "O PT e sua experiência gaúcha," Em Tempo n°310, October 1999.



Building popular power

by Adam Novak

[this article should be read in conjunction with the articles on Rio Grande do Sul published in the June and July 1999 issues of International Viewpoint]

Introduction

Ubiratán de Souza of the Rio Grande do Sul Budget and Finance Department is one of the 200 PT activists from the Porto Alegre town hall who swept into the Rio Grande do Sul state administration after PT leader Olivio Dutra won the state presidential election in late 1998.

De Souza is proud of the first year of “democratic and popular” government. “Obviously, we live in a capitalist state, and that puts big limits on what we can do. But you can make many more changes at the state level, compared to our previous municipal governments. We can already dispute the redistribution of public income. At a national level, much much more would be possible.”

“Under the previous state government, public funds were distributed to the multinationals. Now, those funds go on health, education, small farmers and small business development. That’s a big change. One of our key successes was introducing the participatory budget. We decided to let citizens decide on 100% of resources: not just new investments. Because you have to

understand the whole picture of income and expenditure in order to make informed decisions.”

But the success of the new Rio Grande do Sul government goes far beyond its progressive reforms, or its experiment in direct democracy. The whole strategy of the Dutra government has been to build popular confrontation with Brazil’s economic and political elite. Including the conservative parties who still dominate the state assembly.

Inherited problems

Any evaluation of the new administration must start with an appreciation of the immense problems they face. The PT state government cannot immediately create the favourable conditions that exist in the state capital, Porto Alegre, where the party has been in power for twelve years (see previous issues of *International Viewpoint*).

Under the previous state president Antonio Britto, Rio Grande do Sul regularly ran a 30% budget deficit (R\$1.2bn). This disastrous situation was financed by privatisation. Tax income was collapsing, through neglect and corruption.

To make matters worse, Rio Grande do Sul was been particularly affected by the regional recession. The collapse of trade barriers almost destroyed the local shoe industry, and weakened much of the metalworking fishing and agricultural sectors

Despite privatisation, and the collapse of real spending on public services, the Britto administration spent more and more public money every year. This was largely because of the growing weight of interest payments on the public debt. This increased from R\$4.4bn in 1994 to R\$13.4bn in 1998.

The incoming PT administration faced a situation where salary and pension obligations consume over 80% of income, and interest payments over 15%. The whole spending structure was confined in a straitjacket of benefits to companies, exemptions and tax breaks.

Having ruled out privatisation and redundancies, “in the first months, the Dutra government was forced to implement a ‘war economy’,” according to an official report after six months in office. “Our government represents a clear break with the project that was previously underway: the neoliberal dismantling of the state apparatus leaving nothing but a ‘Minimum State’ and a bouquet of good business deals for big capital.”

Increasing income

The Dutra administration has removed some injustices and absurdities from the tax system. It has removed many of the previous government’s regulations which enabled Cable TV and breweries to pay lower taxes than food and other producers. As well as revising the web of fiscal concessions, the government is auditing cases from the previous administration. Reforms are leading to a simpler, more universal tax system. Enforcement is becoming easier. It is also a much higher priority than under the Britto administration. As Ubiratán de Souza notes, “Porto Alegre has achieved a massive increase in its income. We will try to do the same. We can’t take direct control of the means of

production, but we can use control of the state machinery to seize a bigger part of surplus value and distribute it to the people."

The government has also tried to stop the downward spiral of tax concessions by other Brazilian states, to attract industry. Procurator General Paulo Torelly and Vice Governor Miguel Rosseto have made repeated trips to Brasilia to challenge these tax cuts, and try to reach consensus on federal regulations for tax concessions.

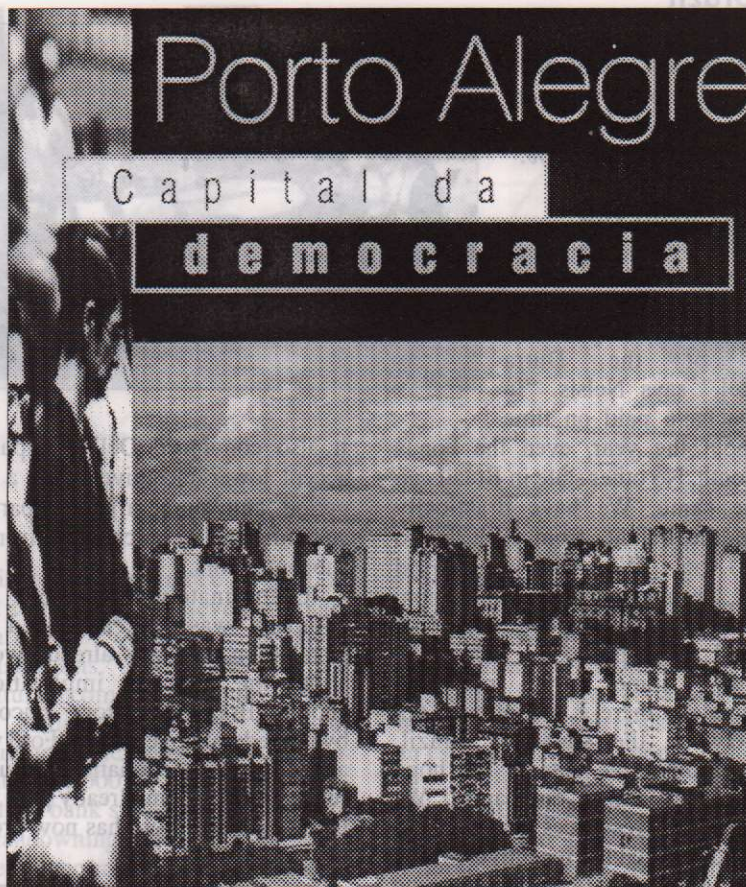
Each increase in taxation is a potential struggle with the economic elite and central state. In November 1999, the Porto Alegre administration was forced to reintroduce a standard tax rate for residential buildings, after the Federal Supreme Court declared illegal the progressive system introduced by the first PT city government under Olivio Dutra (0.95% for residential property, 1.18% for commercial property). Guilherme Barbosa, leader of the PT group in the city council, admits that this contradicts the progressive policy introduced in 1989, but expects total income will be the same, because successive administrations have been able to increase the collection rate of this tax to very high levels.

In Porto Alegre, 12 years of PT administrations have increased municipal income by 300%. The Dutra administration might not be able to achieve the same level of income redistribution from rich to poor. But it has successfully resisted immense pressures to continue privatisation and public sector redundancy, without cutting public services or increasing the tax burden on the majority of the population.

Debt

The new government has been handicapped by a very unfavourable debt repayment agreement which the Britto government signed in the months before the election. The Dutra administration found itself bound by an agreement to pay much more in debt repayment than Britto had done. In case of non-privatisation, this percentage was to increase. The outgoing state government had also ceded some of its sovereignty, authorising the federal government to directly seize state resources in pursuit of its claim. This legislation designed to impose a straitjacket on the incoming PT administration, and to force it to privatize what is left of the state sector.

Vice Governor Miguel Rosseto realised that refusal to repay the debt would isolate the new government, and



be used to justify an intervention by the federal authorities. Default would also prevent the Dutra government from borrowing money on the commercial market. The Dutra government could have continued Britto strategy, by selling the remaining state assets: Banrisul (Brazil's 14th largest bank), the remaining shares in the electricity utility CEEE, the water treatment company Corsan, and the information technology company Procergs. It could also use federal and international credits offer for "downsizing" the civil service.

But privatisation and redundancy were out of the question. Rosseto quickly developed a dual strategy. State procurator Paulo Torelly found a series of legal loopholes that enabled Rio Grande do Sul to deduct its debt from other payments owed by the federal government, but frozen because of the financial crisis. Meanwhile, Dutra and Rosseto tried to maximise an anti-debt movement, both in the institutions and in broader society. Dutra managed to bring together five governors (three from the PT and two from the ruling parties) to demand a renegotiation of the federal government's treatment of all states' debt. Meanwhile, the PT and trade unions threw their efforts into public discussion of the debt, and strategies for building a "can't pay, won't pay" movement. They linked this

to the development of a Brazilian wing of the international ATTAC movement for taxation of financial transactions.

Many PT supporters elsewhere in Brazil were disappointed that Rio Grande do Sul did not mount a more aggressive campaign, or simply default on its debt. Other state leaders, notably former federal president Itamar Franco, made much more noise. But according to Luis Felipe Nelsis of the Vice Governor's office, "bourgeois dissidents have more room to make noise than we do. They scream and shout, and then do a deal behind closed doors. After all, they're all part of the federal president's political 'family.' We on the other hand can only move forward if we have convinced the population of the need to do so, and educated them about the possible consequences."

Left frustration with Rio Grande's 'moderation' on the debt question has died away in recent months, as all the other governments have fallen in line with the federal administration, while Rio Grande do Sul has continued to build popular support for a renegotiation of federal debt, and of the country's debt to foreign banks and governments.

The new administration has also demonstrated its commitment to "governing differently" by cutting over 80% from the budget for publicity,

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governor's travel, car hire and congresses. Total non-wage and non-investment costs of the administration have been cut by over 29%.

Stability achieved

"The opposition said that, unless we privatised, there would be no money to pay the wages in March [the third month of the Dutra mandate]," says Nelsis. "In fact, we have paid on time throughout the year, even the bonus 13th month. No other state in Brazil can say the same. We have drastically reduced the deficit, from R\$1.2bn to R\$0.3-0.4bn. We have increased receipts, despite economic stagnation. We have ended exceptions that prevented us from taxing Cable TV, beer and some other products. Unfortunately, there is a continued tax war between the states of Brazil, making competitive cuts in the hope that this will attract companies. We have increased resources on detecting fraud, and reduced the incentives which had such a big cost to society. But we need a federal renegotiation to resolve the question of tax competition between the states."

Ambitious policies

Debt reduction and austerity measures required an enormous effort. But they made possible the regular function of the state machinery, and — so far — regular payment of salaries, without privatisation or redundancies. To have refused these pressures, and survived, was a considerable achievement. It distinguishes Rio Grande do Sul from all the other Brazilian states. But the Dutra administration has gone much further. It has already signalled new priorities, and changed the pattern of spending, so as to direct resources to the majority of the population.

Renegotiating with the multinationals

One promise of the electoral campaign was to reevaluate and renegotiate the previous administration's contracts with multinational investors. Tax breaks, infrastructure promises and other state commitments threatened to empty the public purse, while creating very few permanent jobs. The Dutra administration successfully renegotiated its contract with General Motors, saving over R\$103m.



It also convinced Dell Computers to accept lower incentives over a longer period, and source a greater part of its scientific and technical work from local subcontractors.

Unfortunately, the Ford motor company was less advanced in its installation, and was already worrying about the financial implications of another Brazilian factory. Encouraged by the federal government, Ford walked away from the negotiations, refusing to return the R\$134m already paid by Rio Grande do Sul. Ford has now promised

to build a factor in Bahia state, where it is already receiving massive state subsidies.

The new administration has also renegotiated over 400 contracts with a series of public sector contractors, mostly the road building and operating companies. In exchange for new orders and longer concessions, contractors have reduced their costs. Critics warned that the participatory budget system would force the government to split investment into impossibly small parcels. But in 1999 the Dutra government was able to spend R\$299m on road spending — more than any incoming state government. In Brazil, road building is a traditional election-year programme. In Rio Grande, election no longer depends on populist stunts.

Health

The government is only partially satisfied with its progress in the field of health. Most resources are federal, and the public health system is in crisis. According to Nelsis, "we were able to plan well, and integrate movements concerned with health care. We won greater control over health care, and passed control to the municipalities, at their request. We accompanied this with state financial and logistic support. Despite a generalised fall in health spending, we improved the public health system, compared to the previous government. The perspective is for growth in a well organised system."

The Unitary Health System (SUS) was decentralised and regionalised, improving access to health care across the state. An emergency loan of R\$3.8m to 12 charity hospitals prevented them from leaving the SUS, and preserved public access to these establishments. At the request of the municipalities, the state administration began devolving responsibility, and resources, for health care, to a series of inter-municipality health consortia. The state has also provided 31bn to create local and intermunicipal health consortia. Total health spending increased.

Education

The number of secondary school places increased by 18.62% (60,485 students). The state now guarantees a place in public school to every every child and adolescent who wishes to study. This required an additional



35,000 teacher hours, which was provided by contracting 2,500 new teachers (with another 2,800 planned) and 1,375 administrative personnel (when the PT took over the state, only one in three schools had administrative personnel to support the pedagogic staff). Rio Grande continues to have Brazil's best literacy campaigns (MOVA-RS), and the eradication of illiteracy is now a realistic target.

The government also launched an ambitious two year education debate (Constituinte Escolar), to refound the school system on democratic and quality system. Unfortunately, the teachers' union has so far boycotted the debate, in support of its wage demands.

Agriculture

Few in government are happy with their progress in the field of land reform. "This is a very conflictive area," says Nelsis. "But this isn't the only reason why we've fallen behind. The government's land reform secretariat is staffed by comrades from the Landless Movement (MST). But they had low administrative experience."

Nevertheless, Rio Grande do Sul does at least have an agrarian reform programme, after ten years of complete government inactivity. The government has allocated R\$43m for land reform, including R\$28m to buy land (which is quite cheap now, because of the agricultural crisis). But Nelsis is careful to warn that "the government can't substitute for generalised social struggle, around questions of land, salary and so on. The basic force for transformation is the social movement. We can make the public administrative system receptive to this pressure. But we can't do it all on behalf of the movements."

The new PT administration was never going to be able to solve the landless problem. Only the federal state has the authority to confiscate and reallocate land. And the balance of forces in Rio Grande doesn't allow the government to make its own legislation in this field. Nevertheless, the Dutra administration aims to house 10,000 families by the end of its first mandate — 1,000 in 1999, 2,000 in 2000, 3,000 in 2001 and 4,000 in 2002. Only about 800 families were actually rehoused in 1999, but the land reform secretariat consider themselves "more or less on target."

Other agricultural policies have been more successful. The state bank Banrisul has introduced a range of loans for small and medium farmers, and

there is a new insurance system to protect farmers against severe climatic fluctuations. Under previous administrations, only the largest agricultural companies could access loans. Under some new Banrisul programmes, the maximum loan is fixed at R\$30,000 — much too low to interest the bank's traditional customers in the landowning elite.

The government has also banned production and commercialisation of Genetically Modified crops (a concern it shares with the landless movement, ecological and consumer organisations). The Dutra administration has also promoted a couple of challenges in Brazil's higher courts, which may play a major role in stopping or slowing the spread of GM crops across Brazil. With 70% of grain in neighbouring Argentina already GM, Rio Grande is proving a key player in environmental politics at a continental level.

Employment

The "first job for young people programme" is the first of its kind in Brazil. It has already benefited 8,000 young people aged 16-24. (This group makes up 40% of the unemployed in the state. "We know this programme is inadequate," says Nelsis. "But we can't just build infrastructure and other long-term projects. We need to show that we are doing something directly, and immediately. We have also introduced quotas in public sector employment and contracting, to attack structural discrimination in the employment market." Street cleaning in the capital Porto Alegre, has been contracted to collectives of workers, many of them women. Other state programmes have provided support to micro, small and medium enterprises, and the clothing and shoe sectors.



Housing

The state collaborated with several municipalities in a house-building and improvement programme. R\$20m were allocated for the construction and renovation of public housing, benefiting an estimated 20,000 people.

Social security

Under the previous government, programmes were fragmented and clientelist. They have now been unified into two main programmes: Minimum Wage and Nutrition Security. 40,000 children receive milk, 11317 receive regular food parcels. There are also income support payments for families with malnourished children, and for the families of street children.

Public security and civic rights

The police is increasingly subject to state and public control, and increased transparency. Three top police officers were detained for insubordination after Olivio Dutra named a new police chief who is loyal to the "Democratic and Popular" government. The police is now forbidden to intervene in civil conflicts between workers and employers, peasants and landlords, or in political demonstrations. Police activities are now focused on protection of civic and human rights. Four new prisons will be built, to ensure more humane conditions for those detained. By paying police salaries on time, unlike most other states in Brazil, the Dutra government has so far enjoyed the support of most ordinary police officers, and neutralised reactionary officers.

The new government has also introduced policies for "invisible" sectors of the society. There is a new mental health policy, closing the isolation cells, and creating short-term residential facilities for people with

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mental health problems. The treatment of young people in conflict with the law has been humanised. The new philosophy of state intervention resists the paradigm of exclusion, and reinforcing criminality and violence. The state is also supporting over 100 voluntary groups working against the sex industry, and providing information, services and alternative career and training choices for prostitutes.

Rio Grande do Sul has also made a historic advance in its treatment of indigenous people. After his election, Olivio Dutra received delegations from the Kainkang and Guarani nations, according them the same respect as a foreign head of state. The two sides are drawing up a series of measures for the development of indigenous peoples, based on support for their autonomous development and improved access to the facilities of the majority society. The state also supported the II Citizen's Forum of Indigenous People, and rehoused Brazilian settlers squatting on indigenous land.

Participatory budget

These policies are underpinned and reinforced by the expansion of the participatory budget from Porto Alegre and the other municipal PT strongholds to the state administration. The process has been surprisingly successful, and is already transforming the relationship between the state and society.

The participatory budget process is based on open public meetings at the local level. These establish local priorities for government spending, and elect delegates to a regional level, which discusses in greater detail. State officials provide assistance and information, but have no vote in the assembly, which approves and supervises implementation of the final budget.

The budget for the first year of the new administration had to be decided before a participatory budget system could be introduced. But a series of open public assemblies were held, to ensure that legislators were informed about popular expectations. At the same time, a fully participatory process began to fix the details of the 2000 state budget.

Although participatory budgets are now a well-established part of PT administrations in many towns across Rio Grande do Sul, the extension of the process to state level was a very uncertain process. The tissue of popular

organisations is much weaker in the interior of the state, and the PT itself is less developed. In addition, the success of the participatory budget was based on its ability to give people decision-making power over matters that affect



them directly. Some PT militants worried that, while it had been relatively easy to establish this direct link over municipal questions like water supply, street lighting and public transport, it would be more difficult to convince ordinary people that the state government was determined to listen to and respect their priorities.

In fact, there was no evidence of a greater distance between citizens and government. While the state level decisions required more intermediaries between citizen and final decision, the issues decided on — health, education, agriculture — were of immediate concern to citizens in all parts of the state.

“The state participatory budget unleashed a process of radicalisation of democracy, which will have consequences on society's relations with all the public spheres of the state,” says Ubiratán de Souza. “As they begin to discuss the state budget, people began to wake up to the possibilities of

discussing their municipal affairs.”

Elite opposition

Not surprisingly, the opposition parties focused their attacks on the participatory budget process. “In the middle of the process of community discussions on the priorities for the 2000 budget, a local member of the federal parliament asked the courts to impede the progress of the participatory budget,” reports Ubiratán de Souza. “Without even examining the motivation of this appeal, the courts ruled that the state government could not use its infrastructure for the participatory budget meetings. In immediate response, the delegates of the budget process, mayors, popular organisations and citizens in general began to organise the necessary

meetings themselves, in a process of self-organisation of society. As a result of this process, popular organisations and political parties came together in a new Forum in Defence of Popular Participation. In this way, the participatory budget received its baptism of fire. And society made a qualitative step forward in the process of social organising independently of the state.”

The judges' rapid response to the opposition was the result of their own political and social affiliations, but also a reaction to their own conflict with the new administration, explains Luis Felipe Nelsis. “This tortuous ruling was provoked by out attempts to attack the high, illegal benefits which many judges and top civil servants received under the previous regime.”

“But, in overcoming these obstacles, we demonstrated the vitality of the system. There were no adverts, and no sign posting until half way through the process — so everything was organised by the trade unions and associations. The opposition set up its own “Democratic Development Forum” — but few people participated. We managed to bring 190,000 people to the meetings [from a total population of 10m]. This is a surprising success. In Porto Alegre, it took many years to build that level of participation. This institutional subversion was very positive. Not just did it fail. But it forced the opposition to become the “loyal opposition” within the participatory budget process — the only way they could make any impact on the population was to say that they supported the participatory budget, but

disagreed with the way it was organised or managed. Of course, all this required much energy, which limited our ability to pursue our own priorities.”

The process was even strong enough to incorporate the Regional Development Councils (CRDs). These largely cosmetic bodies were introduced by the Britto administration, and initially comprised of local deputies, mayors, trade unions and academics. In 1998 Britto instructed the CRDs to organise a popular consultation, where citizens could indicate priorities from a long list of projects. These only actually represented R\$100m of the state budget (R\$8bn). But, rather than challenge the CRDs' legitimacy, the participatory budget process accepted the same regional divisions as the CRDs, and incorporated a small number of delegates from CRD structures into the participatory budget council.

It was not possible to do the same with the Democratic Development Forum (FDD), a public consultation set up by the state assembly in direct competition with the participatory budget. Heavily manipulated by the opposition parties, this forum produced a huge number of amendments and budget proposals. (461 from deputies, 250 from population, and 619 collected at 22 public meetings). Opposition leaders hoped that this process would give them enough legitimacy to challenge the participatory budget, debate it in the state assembly, and vote the final version of the state budget. This was in direct opposition to the participatory budget process developed in Porto Alegre, where the city council votes to accept the participatory budget without discussion or amendment — since it is a direct expression of the considered will of the population.

Within this general strategy to regain hegemony, the opposition parties particularly hoped to reduce the progressive content of the budget being generated in the participatory budget process. According to the leader of the PT fraction in the state assembly, “51 of the 62 health amendments collected by the opposition deputies reduce funds from the municipal solidarity programme. The opposition parties want to reduce the funds allocated to



this area by 60%, even though health was one of the three top priorities chosen by the population.”

Mobilise people for broader struggles

The current situation is very unfavourable to the lower classes which the new government represents. A government that focused on local reforms would ultimately be crushed by much larger social, economic and political dynamics. But the leadership of the PT in Rio Grande do Sul has always seen its government as a strategic weapon as part of the wider struggle towards winning hegemony, and effecting a radical transformation at the level of Brazil as a whole. “The globally-dominant neoliberal model is in crisis in the core capitalist countries,” says state governor Olivio Dutra. “But, since most global tendencies take some time to arrive in Brazil, the neoliberal flood is still rising here... This situation won't change in the short term. The only solution in such a situation is for PT governors and mayors need to be more coordinated with the party. The parties must build much closer links with the social movements. And the social movements, which have so many repressed demands, must also learn how to carry forward opposition protects like this government. The administration, the opposition parties, and the social movements each have their own role. They need to reinforce their specific struggles, at the same time

as building closer links. This is the only way to administer the state, at the current period, and to take forward the struggle against the central government, and its substantial foreign support.” (*Reportagem* #2, 1999)

The whole government process in Rio Grande do Sul is an attempt to promote self-organisation of the population, and increase their awareness of the dynamics that govern life in Latin America today. The participatory budget provides a structure for discussion of broader questions. It creates a much denser tissue of links between the more active part of the working class, and draws ever larger numbers of people into political activity. This, together with the growing political awareness and consciousness of the population, is making Rio

Grande do Sul an increasingly important player in national political struggles. In November 1999, Porto Alegre saw the second largest demonstration in the national day of action for the resignation of president Cardoso.

Although the PT does not directly intervene in the participatory budget, it has built enormous prestige and support as a result of its 12 year rule in Porto Alegre. The PT delegation was also the largest, most sophisticated and most radical component of the recent 2nd national PT congress.

Party, social movements, government

The new administration is a strategic tool in the building of an ever-larger, ever-deeper movement for radical change. In building that new revolutionary movement, the traditional roles and interrelationship of government, political parties and social movements are changing.

Changing relationships within the state

The participatory budget has had a major effect in transforming the workings of the state. Corruption has been sharply reduced. Clientelism has become much more difficult.

International institutions like the

Inter American Development Bank are very interested in these aspects of the Rio Grande experiment. "Only about 48% of all taxes due in Brazil are actually collected, because of corruption, and a chronic lack of confidence in government. But participation ensures that there is a discussion of civic values, and normally leads to a deeper, and more universal acceptance of these values, including the need to pay taxes," comments Luceana, an Inter American Development Bank consultant. Brazil traditionally has a low level of fulfilment of internationally-funded projects, because of inefficiency and corruption.

"Under the participatory budget system, there is also less risk of 'capture' of the political process by powerful lobbies, as so often happens in Latin America. The participatory budget also enables authorities to control costs. It also promotes transparency. This is the most important element in increasing the voluntarist element in tax collection."

The Inter American Development bank is now attempting to use elements of the participatory budget process to increase transparency, tax collection and public works completion rates in a wide range of Brazilian cities.

At a time when the federal government is using neoliberal rules, and direct bullying, to reduce the autonomy of governments at all levels, the growing self-administration of the population of Rio Grande do Sul is creating much stronger and more self-confident administrations, which know they have solid public support.

The old clientelist and party-clique relations between municipal and state governments has also begun to change in Rio Grande do Sul. Government at both levels is transparent, and works to clearly defined popular priorities. In health care in particular, municipal and state governments have been able to negotiate a transfer of responsibilities and finances, in a new atmosphere.

The PT has not copied the patronage relationships that link city mayors and state governors elsewhere in Brazil. They have changed the system, and left little place for arbitrariness and clientelism.

The state of Rio Grande do Sul now respects its regular schedule of transfer payments to cities, and is carrying out a joint preparation of municipalisation of health. The state also surrendered control of vehicle inspection, because municipalities want to use this service to generate independent resources. (The



previous administration wanted to privatize this service, which generates over R\$140m/year, of which R\$30 in Porto Alegre. In other parts of Brazil, any such devolution of power would have only benefited municipalities of the ruling party. In Rio Grande do Sul, it is universal.



But, parallel to this improved relationship between the municipal and state administration, there has been an increasing confrontation with those parts of the state that most reflect the old order. Not yet with the police, which is under the governor's formal control, but with the judicial system — formally independent, but actually very close to the right wing parties and economic elite. The new administration would like to increase the autonomy of the state's own judicial system. At the same time, it accepts the federal justice system as a field of struggle, combining legal argument with the widest possible coalition-building 'within the system' and maximum pressure from social movements outside the system.

There has also been a conflict between the governor and the opposition-dominated state assembly

(and between the PT mayors of Porto Alegre and the city council). In both cases, the PT victory was the result of a presidential-style election — the traditional parties continue to dominate the representative assemblies.

Popular organisations

The role of popular organisations has been transformed during the 12 years of PT power in Porto Alegre. The growth in consciousness and militancy is a significant factor. But the most important single factor is the participatory budget process, which requires very different forms of popular organisation, and different strategies and alliances for promoting the interests of each segment of the population.

Most participants agree that the Delegates and Counsellors (community representatives elected at the local and regional level of the participatory budget process) should be autonomous, not dependent on the town hall or the state. But the boundaries of their role are unclear. And, so far, autonomy has

meant that they are not paid — not even their expenses are reimbursed. Public servants of any kind are not able to stand for election, though most of them are no richer or closer to power than their neighbours.

Luciano Brunet, a PT activist who works in the community liaison office at the Porto

Alegre town hall, has observed a growing desire among popular counsellors to hold private meetings, without council representatives. They want to discuss wider questions than the participatory budget. This raises a series of questions. What representitivity do these delegates and counsellors have? Do they have a mandate fro the population outside the narrow confines of the participatory budget. Would it be desirable for them to develop more formal structures? How should their aspiration be channelled?

At the same time, many traditional working class organisations are stagnant. They have not found a way to work alongside the participatory budget process. Some left currents blame this decline on the "centralisation" or "bureaucratisation" of the participatory budget.

According to Porto Alegre city councillor Sonia Sarai "the rules for hierarchisation of demands and organising the (ever longer) waiting list is a dispute for small resources — smaller and smaller, as the town hall divides and subdivides money into smaller and smaller parcels. The demand that all demands on the town hall pass through the participatory budget means that individual residents' groups, their federation, the Municipal Workers Trade Union and any other working class organisation lose their *raison d'être*, because they have to subordinate their demands to the municipal budget. This budget is now legitimated by the participatory budget process, which allows the town hall to reject as 'illegitimate' anything that doesn't emerge from its own discussion process."

These criticisms seem ill-founded: the process is self-managed by the community, and more decentralised than any traditional system. In one sense the amounts of money being decided are getting smaller — because the system is now sophisticated enough to allow greater precision of decision at the local level. But the overall resources which the community can decide about are increasing.

In fact, these criticisms reflect the frustrations of a certain layer of traditional community leaders, who, it is true, no longer have a clear role under the participatory budget. Since the 1930s, residents' associations have developed in a paternalist relationship with the state. Many of their leaders were interested in having a closer relationship with the various levels of the executive arm of government, but not with the administrative structures. Their conception of "a good relationship" with the state was paternalistic handouts, rather than regular consultation and decent service provision. But these organisations, and some of their leaders, are recycling themselves, and finding new roles. According to Waldir Bohn Gass, president of the Porto Alegre PT, "this is one of the revolutionary aspects of the participatory budget — it has changed the relationship between the people and the state."

Gass recognises that the co-ordination of the participatory budget should be based on parity of popular organisations and government, rather than being dominated by the government.

Gass himself comes from the urban residents' movement. In 1983 he helped form the city-wide union of residents' associations.

"We wanted to introduce some kind of participatory budget. At that time, the budget came from central government. The PT accepted our proposal into its own programme." He remembers that the first organisational meetings for the participatory budget



were coordinated by prefects and residents organisations (led at that time by a member of the PDT). "We hadn't had in depth discussion on popular power. One tendency within the town hall suggested that the town hall should dominate the process. Olivio Dutra, the first PT mayor, tried to mediate. But the PDT saw that they would inevitably lose power as "the" representative of popular organisations. So they withdrew from the process, denouncing "manipulation." The residents' organisations withdrew, and went with the opposition. And so, the PT town hall team ended up doing all the development of the initial participatory budget process.

Many modifications have been made since then, but the organised structures of the working class are very much outside the process. It didn't have to be that way. The first two PT mayors, Olivio Dutra and Tarso Genero accepted this rather state-dominated

version of the participatory budget process. Genero's vice-mayor Raul Pont began to organise a joint council of popular organisations and the town hall, something he has continued to promote as mayor. Things are changing in the right direction, but ordinary people are still not involved enough.

"Even under the new system, the residents organisations are not fully autonomous. They need to affirm themselves. To become real subjects, they need to become more political.

"We should realise that there are many types of leadership. The president of a residents' association shouldn't seek election as a representative or councillor within the participatory budget. His role is to ensure, on behalf of the organisation, that the local delegates and councillors in the participatory budget attend the relevant meetings, and that they come back and discuss all questions of interest with the residents' association members.

"For local problems which they can solve themselves, people need to create their own organisations. Not everything should pass through the participatory budget! Not everything should be linked to the town hall."

A former collaborator of Porto Alegre mayor Raul Pont, Gass rejects any suggestion that the PT town hall team welcomes the subjugation of working class organisations to the participatory budget process.

"Residents organisations are vanguard organisations of the working class. About half of the popular mobilisation that happens in this town passes through the network of residents' associations. Those of us in the political vanguard should be trying to build these groups".

In the new, evolving situation, there are a range of views about the future forms of popular organisation. Some militants say that traditional community leaders should actually seek election as representatives and councillors in the participatory budget. Residents organisations and other groups should become more integrated into the formal organisation of the participatory budget and local democracy.

Others worry about giving a formal decision-making role to popular organisations — even in a city with a high level of participation in 'civil society,' no more than 10% of the population are members of a

community-based organisation. But all have the right to participate in the participatory budget process directly.

This debate about increasing the role of representatives from inside the working class communities obviously has implications for the existing structures of representative democracy. As Waldir Bohn Gass notes, "we also need to rethink the role of the city counsellors. They don't decide on the details of the budget any more. Is their only role now to supervise the mayor's administration of the town? In my opinion, they should find a role much closer to that of the counsellors elected within the participatory budget process.

According to Gass, "the left has analysed the role of left parties in government in minute detail. But the problem is not simply that the left doesn't know what to do in government. We should also realise that social movements don't spontaneously know how to relate to and support a radical government. What we are doing here is learning and developing those abilities together.

Transformations in the PT

The participatory budget process has also had a very positive educational effect on the PT itself. The participatory process forces PT militants to recognise and work within the inevitable pluralism of the wider movement. According to Gass, "we mustn't lose the perspective of the popular organisations. The material interests of the working class are our interests. What are the best ways of advancing these interests? We need to listen. We can't say, like some 'left' currents do, that those close to us, but with slightly different outlook "create confusion." That's a wrong perspective. We need to work with them, learn from them."

Ignacio Fritzen is organisational secretary in the Rio Grande do Sul PT. He is positive about the first year of the government, though he sees a number of negative trends within the PT as a result of the intense pressures they now face.

"Over the last year we continued and increased the struggle against president Cardoso. We didn't privatize the state sector, we introduced job-creation schemes, and, most importantly, we introduced the participative budget at the state level. So the Dutra government has already demonstrated that it is governing differently.

"Since we came to power, we have had a different kind of debate inside the PT. There are inviable contradictions

when a left party takes power within the capitalist system.

"There is a strong differentiation within the PT over the question of government. Do we see this as a strategic government, a fortress for the progressive movement? That doesn't mean no conflict, no criticism. But criticism should be tightly focused.

"Unfortunately, there is a growing idea in the PT that there are 'those of us in government' and 'those of us outside government', or some such other false distinction. People don't understand that this is a strategic government. It is enabling the PT to build itself, and transform society.

"Of course, the PT, a party built out of social struggles, is opposed to heavy-handed government, the way the traditional parties operate when they are in power. The PT will always be in favour of increasing the salaries of the majority of Brazilians. But we need to decide if this is "just another government" that we can make demands on, or something we can use to construct our alternative.

"Unfortunately, party life is not dominated by the big political challenges facing the party, but by the search for petty factional advantage, and tactical agreements between the various cliques. The majority tendencies bear most responsibility for this sorry state of affairs. The 1999 congress was like a student union conference. I've never seen such a depoliticised meeting. Most questions were solved outside the conference hall, by deals between the supporters of Julio Quadra (centre-left) and Tarso Genero (right). Most delegates didn't understand what the votes were about.

"There is a big contradiction between the fantastic energy of the PT in R, and this terrible missed opportunity to transform the energy into a moment of change and growth, creating a higher level of articulation of the social and political struggles. Again, the majority currents bear most of the responsibility.

"Our number of sympathisers has increased from 70,000 to 90,000 since the elections in late 1998. In some cities, there has been fantastic growth in the party. But, overall, the growth is significant, but not overwhelming.

"There are some very good local examples of solidarity with the government, which contrast sharply with the irresponsible behaviour of the leaders of the majority currents in the party. For example, over the Ford renegotiation, people mobilised. there was a very strong feeling of solidarity

between the base of the party and the government. This feeling has not been lost."

Opportunism

According to Ignacio Fritzen, "some 'left' currents, like Articulação de Esquerda, actually have a rightist, corporatist vision of institutional politics. They want to preserve the existing corporatist relations between the social and trade unions and the state, and develop new ones. But a handful of leaders handing out money is not just unsustainable. It isn't really a left policy — how does it take the movement forward? There is a lot of opportunism in their activities. The public sector trade unions are a big source of PT members. By inciting these members against the government, they hope to win greater influence inside the party. This might work. But it would do terrible damage to the PT project."

Tension between revolutionary currents

There is also a worrying divergence between the various revolutionary currents in Rio Grande do Sul. Leading members of Democracia Socialista (DS), the fourth internationalist current in the PT, suspect that the Landless Movement (MST) is supporting the increasing hostility of Articulação de Esquerda towards the Dutra government, but particularly towards DS, the largest revolutionary current in Rio Grande. "The leaders of MST want to be the only revolutionaries," complains one senior member of DS. "They like to be the only 'hard' left, to stay in their countryside bases, but with the support of urban "tailenders" and uncritical supporters in the PT. They don't have the same tradition of democracy as we do. Nor the same idea about education in the movement. For them, the end result is all that counts. A bit of manipulation is OK to this end. Another problem is that their leaders don't understand the urban base of the left in the PT.

"They have no experience of government administration. For them, the government is something we can put pressure on. A source of resources. They reject anything else as 'accommodation to the system.' That's why the land reform programme is not moving forward.

"They don't realise the implications of their flirting with the right of the party. They are not interested in the long-term future of the Dutra government. This is somewhat understandable for their rural base, which has yet to see many concrete benefits. But it

could terribly miseducate their urban supporters."

There is little DS can do to avoid the coming isolation. "We will go through a more difficult period," says Lúcio Costa, who recently resigned as Rio Grande PT communications secretary and became a full time organiser for DS. "There will be difficulties within the left, over the future of the party, and the question of the Dutra government."

"This is why DS presented its own list in the PT congress, rather than continuing the broad left block together with Articulação de Esquerda and other groups who, here in Rio Grande do Sul, have created a dynamic of 'everyone on the left against DS.' We expect to become more isolated nationally, and even in R. So we need to strengthen our own apparatus, and increase our public profile. Of course, we must try to do this without falling into a sectarian conflict with the others."

DS attracted about 10% of votes at the national PT congress, as we reported in last month's International Viewpoint. This suggests that delegates did not penalise them for leaving the left block, and recognised the tendency's positive role in Rio Grande do Sul.

Tensions

A number of tensions have emerged during the first year of PT rule. Not just conflicts with opponents of the progressive movement in Rio Grande, but growing tensions and different strategies within the progressive camp.

"Contradictions between the party, the movement and the government are normal, given the conditions we find ourselves in," argues Ubiratán de Souza, a member of the DS current. "We have reduced the massive deficit. But this made it impossible to increase salaries. The government needs the firmness to say clearly to the trade unions 'yes, we will increase salaries, but we must first gain effective control over the state, and that means reducing the deficit to manageable levels.' The government can only be credible with this message if it avoids all elements of demagogy, and has maximum transparency. All this has taken a great deal of political courage, and a dialectical vision of the contradictions we face. We must deal openly with these contradictions, treating them as political questions. We can resolve them, but not eliminate them. Contradictions serve as a motor, enabling us to synthesise different

factors, and move forward."

The PT's organisational secretary Ignacio Fritzen, also from DS, agrees. "There is a contradiction between the interests of the government and the interests of the trade unions. The government is responsible for meeting its programme, to the extent that the circumstances permit this. The trade unions are responsible for protecting and improving the conditions of their members. Both roles are legitimate."

"The idea isn't to control the trade unions more. If they want to protest or even strike, then they must be able to do so. But the PT should strive to make sure that conflicts remain within a common agreed framework — the general vision of the government."

"For public servants, the state government is the traditional enemy: they wanted to privatize. To make people redundant. They blamed public servants for the situation. But the Dutra government is an ally. They want to preserve and improve conditions. Teachers wages have not increased, but over 2000 new teachers have been recruited."

"The problem is how to link trade union struggles with the other struggles of our overall project. The government clearly needs to make a policy for the civil service, and a plan to improve their working conditions over the remaining three years of the Dutra mandate. The PT also controls various social movements of public sector workers. And it is correct that these struggle to ensure that the government fulfils its promise to them."

"We are approaching a limit situation — a moment that would be the first real test of our project, a moment that could bring the government down, or set it onto a path that would discredit its original ambitions. A teachers strike could paralyse the education system. But the government would try to work with the unions to reach an agreement. Without putting unfair pressure on the strikers."

Institutionalisation

The growing acceptance of the participatory budget system masks another danger for the progressive project in Rio Grande do Sul — institutionalisation of the process of popular consultation, and a return to the hegemony of political parties and representative democracy.

According to Asis Brasil Filho, head of community relations at the Porto Alegre town hall, "the opposition parties recognise the popularity of the participatory budget. So they no longer

call for its abolition. Instead, they demand that the state impose a legislative framework — in other words, that the tendency towards self-organisation and the predominance of the social movement be reversed, and the organs of representative democracy regain the primary responsibility for legislation and deliberation."

Ubiratán de Souza of the Rio Grande budget office recognises that the participatory budget process needs "regulations, distributive criteria and a planning mechanism. But these regulations should be elaborated in an autonomous way by the community, and form the basis of a social contract between the government and society. The participatory budget is not a finished piece of work, perfect and beyond discussion. It could never be such a thing. Indeed, asserting its perfection would be an authoritarian act, and the negation of the dialectic process, the constant overcoming of the old by the new, which characterises all social processes. Understanding this, the government and society should, every year, make a critical evaluation of the process and regulations of the participatory budget. And then the Participatory Budget Council should, autonomously and without the supervision of executive or legislative branches of government, decide what modifications are necessary to modernise the process. The principle of self-regulation already applied in the Porto Alegre participatory budget, and introduced into the new Rio Grande do Sul state budget, allows for the constant modernisation of the democratic and planning mechanisms of the participatory budget."

Limits

Despite the clamour of the ultra-left, the Dutra government has not yet "sold out," reneged on its original promises, crossed the class barrier, or any of the other sins predicted by the guardians of revolutionary purity. But senior members of Socialist Democracy (DS), the strongest left current in the Porto Alegre PT, point to a number of issues that have divided the party, and could develop into "limit events" that would seriously test the government's resolve, principles, and ability to continue leading the coalition for change.

Reducing top salaries.

Brazil's civil service comprises a mass of low salaried "public servants" and an elite of "functionaries" with very high salaries, the result of years of arbitrary pay awards, often in secret. In

★ Brazil

Rio Grande do Sul, the top 4,200 functionaries earn more than the remaining 167,000 public servants. The highest salary is R\$27,000/month (US\$14,000), almost four times more than governor Dutra. Meanwhile, almost 50,000 public sector workers would earn less than the minimum wage, if they did not receive transport and meal tickets from their employers.

PT and government leaders believe that attacking these top salaries is not only a legitimate attack on the old regime, but the only way to increase the salaries of the mass of public sector workers. "There is an urgent need for the state government to adopt concrete steps towards correcting the distortions of public sector salaries," says Paulo Pimenta (PT), President of the Finance and Planning Commission in the state parliament. "We should fix a top limit of R\$7,800, which is what Governor Dutra earns." Anything above this level should be used to raise the lowest wages in the public sector. According to Pimenta, a sustained attack on these unacceptable super-salaries (mostly for judges and heads of nationalised companies) could free up to 6-8% of the total wage bill.

Reorganising public sector wages on a clear scale will only become legally possible once Brazil's federal government will bring in its own salary scale later this year. But the real struggle is likely to be inside the PT and trade union movement. Some left currents say any attack on the wage system is a concession to "the system". They will use any period of renegotiation to encourage lower-paid workers to become more intransigent in their wage demands, but without proposing where the government could find the money to meet these demands.

This conflict has already spilled into the open over the question of retirement pensions. Rio Grande do Sul has the highest state retirement pension costs of any Brazilian state. The Cardoso government is trying to reduce pension entitlements in the federal civil service, which has provoked widespread resistance from the left and trade unions. Cardoso taunts his opponents by pointing to Rio Grande do Sul "where your own comrades are proposing even more savage cuts in the pension system."

The Dutra government's proposal, which is very controversial even among the government's closest supporters, is to tax existing pensions, and force those in work to make regular contributions to the pension fund. According to Luis Felipe Nelsis of the Democracia

Socialista current "retirement pensions comprise half of the state wage bill. Functionaries receive 100% of their last salary, index linked, without having ever made a contribution to the pension fund. We say that this system is simply unsustainable, and the only solution is to tax these pensions, to fund future pension needs. Those in work will need to contribute regularly to the pension fund too. We understand why many of our comrades — including from DS — are not happy about these proposals. Touching the pension system is something very delicate. But people sometimes forget that almost half the pension fund is absorbed by a small number of very high pensions. Those are the ones we want to get at. Taxing the other pensions will have a very limited effect, and we can discuss what minimum thresholds are necessary to protect a minimum standard of living. The other thing to remember is that most Brazilians don't have any pension cover at all. This government also belongs to them."

According to Nelsis, the Rio Grande pension reform has nothing in common with the federal government proposals. This is why Governor Olivio Dutra refused to attend President Cardoso's recent pensions summit.

According to DS organiser Lúcio Costa, "ultra-left tendencies in the PT are making hay with this so called attack on the working class. It's very convenient for them, of course. Because civil servants are the main membership group in the PT. So bashing the government on this issue might bring direct benefits in the factional struggle within the PT."

Inside or outside the government

Pensions were a difficult question at the state PT congress at the end of 1999. The 'Moreno-ite' CST argued that "the left should not be interested in the government — It's the movement that counts." According to Lúcio Costa "they want to focus all struggle on the central government. They'd be willing to bankrupt the state for this."

According to Costa, "some 'left' currents are carrying this kind of false debate into the trade unions. 'Who do the unions represent?' they ask. 'Are the unions for the workers, or are they a corporatist body?' This is a false polarisation. They imply that there is no third alternative. But what is happening in Rio Grande do Sul is not any kind of structural adjustment programme.

"We have to be careful, because reform in this area is very sensitive,

very close to workers interests. We should explain what we're doing much better. This isn't neo-liberal reform. The money saved by cutting top pensions is not being removed from the salary pool. Quite the contrary. We are reducing a handful of astronomical salaries so that we can increase the lowest salaries, even at a time of recession and stagnation."

Is the left ready for power?

According to Ignacio Fritzen, "learning how to relate to the government, the trade unions and the social movements is essential to the development of the revolutionary current inside the PT. Looking at these internal problems over wages and pensions, I begin to worry that the left is not ready for power. They don't realise the strategic importance of this government. And they don't know how to articulate differences of opinion and even differences of interest within the movement, without weakening us."

To some extent, the state government can take comfort from the way labour relations are handled in Porto Alegre, where the PT has been in power for 12 years. According to Odir Tonollier, Mayor Raul Pont's Finance Secretary, "the last public sector strike in Porto Alegre was in 1991. Since then, we have maintained the level of real wages, with biannual adjustment. Unlike most towns in Brazil, we pay on time. Alongside this basic engagement to our public sector workers, we have shifted labour politics from a bipartite model to a tripartite system, where new contracts are approved by a commission of town hall staff, trade union representatives, and popular counsellors from the participatory budget system. Porto Alegre has also made some improvements in its salary scale. Monthly salaries vary from 500 to 4,000 reais. Secondary school graduates earn about 900 reais, and university graduates start at 1,200.

Conclusion

In a future issue of International Viewpoint we will examine the growing influence of the Rio Grande experience on the rest of Brazil's progressive movement, and internationally. But, as the above report shows, the first year of "democratic and popular government" is rich in lessons about institutional politics left parties, social movements, and the challenges and rewards of building a coalition for change across these three sectors.

50 But the most lasting contribution of the PT project in Rio Grande may prove to be its reappropriation of democracy as a fundamentally progressive concept. According to Ubiratán de Souza, "the participatory budget combines direct democracy with representative democracy — which is one of humanity's greatest conquests, and which should be preserved and developed. As we strive to deepen the democracy of human society, representative democracy is necessary, but insufficient. It is more important than ever before that we combine it with a wide variety of forms of direct democracy, where the citizen can not only participate in public administration, but also control the state. The participatory budget in Porto Alegre and the process of implementing a participatory budget at the level of Rio Grande do Sul state are concrete examples of direct democracy.

10 "When the Berlin wall fell, we realised that it had fallen on both sides, east and west. The contemporary state faces a political and fiscal crisis of legitimacy. The liberal bourgeois state, in its current neoliberal form, is worsening the process of social exclusion and the concentration of human affairs into the main urban centres. The failure of so-called compensatory policies to solve the problems of capitalist society is more and more evident. The struggle against social exclusion demands public policies which will modify the redistribution of income and power in cities and countries, and make concrete forms of direct participation of the population in public affairs.

15 "This is why the participatory budget here has received such recognition, nationally and internationally. It responds to the challenges of modernity and, above all, the crisis of legitimacy of the contemporary state. Our experience of participatory democracy also shows a path towards the overcoming, in a modern way, of the crisis of bureaucratic socialism. It is a creative and original response to the central political question of the decadence and defeat of Eastern Europe — the autocratic relationship between state and society." 2 ★

Notes

Quotes are taken from interviews with the author, in Porto Alegre in November 1999, and from the following publications

1. "Evaluation of our first six months", 1999, R Assessoria de Imprensa

2. Orçamento Participativo—Experiência do Rio Grande do Sul, internal report, October 1999, Budget and Finance Department, Rio Grande do Sul state government.



What about socialism?

There was little discussion about socialism at the second Congress of the Workers Party (PT). **Carlos Henrique Arabe*** reports.

The majority "Articulação" current reaffirmed the 7th National Meeting (1990) and 1st Congress thesis concerning socialism. The only amendment sent to the assembly for voting was presented by the "Nosso Tempo" ("Our Time") current, which included those PT comrades associated with the Fourth International.

The amendment proposed going beyond the PT's shy programme of "democratic revolution", and setting out the perspective of transition to socialism. "Nosso Tempo" suggested that the PT learn from the experience of popular participation, notably in PT-governed Rio Grande do Sul state, and develop various elements of direct democracy. The amendment argued that PT local and state governments must have a strategic purpose in broader transformation. This is not the case at the moment, except in Rio Grande do Sul.

The debate did not polarize the Congress. But it was rejected by the "majority" and even most of the PT

sectors that label themselves as "left". The "Articulação" group claimed that reaffirming the parties previous resolutions was sufficient. They also argued that the amendment overestimated the strategic value of popular participation experiences, specially the "participative budget" in Rio Grande do Sul.

Other "left" currents claimed that the "Nosso Tempo" amendment proposed a concept of attaining socialism through a continuous, evolutionary process, putting aside the fight for a revolutionary rupture.

Popular participation

The issue of popular participation is the most significant dimension of the debate, and the most relevant for the concrete policy of PT representatives in local and state governments.

Nosso Tempo argued that the implementation of processes like Rio Grande do Sul's participative budget has the potential of introducing embryonic forms of direct democracy. Such a practice may be inserted into a perspective that will reinforce the need to overcome the limits of representative democracy, linking the material conquests of a majority to a new form of organization of the system of political decision-making.

It is quite clear that the

transformation of the state into a public good, un-privatized, and not a hostage of private interests, depends on structural modifications in its organization and that this cannot be achieved simply by governing well and honestly. The experience in Rio Grande do Sul confirms the limits of participation in the structures of the capitalist state.

But the problem is that the kind of popular participation that characterises the Rio Grande do Sul administration goes far beyond what the PT practices elsewhere in Brazil. In many cases — even where the PT is hegemonic within a local or state government — the motivation to participate is carried on in a very controlled form, subordinated to the Executive or even the head of the Executive. In those situations, "popular participation" accomplishes a very limited function of democratization of political life. It is much more a form of legitimating left-wing governments, without changing the basic mechanism of power — restrictive representative democracy, and the exchange of favors and interests between the state and economic elites.

Most left currents said that the Nosso Tempo amendment overestimates the strategic role of direct democracy experiences. This disagreement within the left seems to reflect incompatible views of the question of power. Some leftists see popular participation in PT governments as only a form of "power accumulation", of political and social

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reinforcing of the party, towards a moment of rupture. Only after that 'glorious day' will direct democracy be fully introduced. Naturally, this kind of vision emphasizes the strategic duties that should lead to a revolutionary rupture.

But since such a rupture is absent from the preoccupations of most of the PT, it is difficult to accept that this is the real reason why other left currents opposed the "Nosso Tempo" amendment. Much more popular is the idea that the work of PT governments is the administration of the bourgeois state without proposing its overthrowing. Thus, we should be satisfied with what is done today, especially in what concerns the forms of popular participation, acknowledging this as possible, realistic reform.

Process and rupture

The leftist currents in the PT agree that the socialist transformation of the society demands a revolutionary rupture. This idea is generally viewed as a moment concentrated in time when the political and social working class

movement focuses its forces against bourgeois domination — against the state — destroying the old oppressive "machine" and creating a new state based on direct democracy.

But this dynamic, best described as a revolution, is never a magic and accidental moment. On the contrary, in all historic revolutionary experiences there had been a previous process of construction of an alternative or double power, combining elements of process and rupture. On many occasions, in many parts of the world, sectors of the left satisfy themselves with grand proclamations about the need for rupture, but make little or no contribution to the construction of a program that overcomes the traditional ("stages") view that separates "maximum" (socialist) and "minimum" (almost class-conciliatory) programs. The "question of power" becomes reduced to the question of whether the self-styled revolutionary party has total hegemony or not.

In other words, a critical analysis of past revolutions and the class struggle in Brazil does not justify the leftist

criticism of the alleged "evolutionary" character of the *Nosso Tempo* amendment.

The amendment also approaches the fight against privatization and market domination, demanding the (re)nationalisation of strategic sectors (banks and monopolies), linking it to a system of social control over the state. It emphasizes that it is possible and relevant to integrate into this perspective the initiatives and experiences of cooperativism, self-government and non-capitalist forms of economic organization. This concerns the conquests of land reform, particularly the struggle of the Landless Movement (MST) and resistance to economic disintegration and unemployment. The amendment gives importance to these aspects and tries to add them to the party's program in order to guide its action of opposing the government. ★

* Carlos Henrique Arabe is a member of the PT's National Leadership (DN). He is a leading member of the Socialist Democracy (DS) current, which is associated with the Fourth International. DS is the main component in the *Nosso Tempo* current, which won 10% support at the recent PT Congress. ★

"Nosso Tempo" document Popular self-government

[Excerpts from the *Nosso Tempo* amendment to the main text at the recent 2nd PT Congress]

Our democratic and popular program must be guided by a conception of socialism that represents the control, by the organized masses, of society's economic and political management.

Socialism will make possible popular sovereignty over the definition of the destinies of society, currently alienated by the capitalist market and a state organization that, as the Communist Manifesto says, works as a "executive committee with the charge of managing the common businesses of the bourgeoisie."

This means the creation of institutions that occupy the place taken by the capitalist market and the bourgeois state. Those institutions must be based on the free association of

workers, on the autonomous, democratic and sovereign activity of the population.

We don't want statism, merely promoting social changes from above, with popular participation controlled by the state machine. Nor do we want market domination, where popular needs are subject to an external logic that favors the owners of capital.

Our program must develop all forms of popular self-organization and social control over the state and the market.

Our experience in the last few years is extremely useful in making this program concrete. We have seen advances in popular participation in many city halls, specially in Porto Alegre, capital of Rio Grande do Sul state. It has been shown that this form of treating the state is democratic and efficient.

On the other hand, it is necessary to make advances in

popular control over the markets (though without intending to eliminate them in the short or medium term, naturally). Control over markets must be performed by public organisms. At this stage, that can only mean state organisms subject to popular control.

From a democratic standpoint it does not make any sense to replace state functions with a wider role for the capitalist markets. This would result in diminishing people's ability to decide.

It would be a retrogression as far as democracy is concerned. The state must have the capacity to coordinate economic activities, so that they become compatible with the project of democratic and popular development, and it becomes possible to steadily reduce social and regional inequalities.

To that end it is not necessary to make all the economy state-controlled, but it is most necessary that many strategic industries be under social (state) ownership..."

Extracts from the amendment "Socialism as organized, solidarity-based, people's self-government".



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