

international
VIEWPOINT

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**PALESTINE: A WAR OF
INDEPENDENCE BEGINS**

DEBATE: NEW ECONOMY

**PORTUGAL: LEFT BLOC MAKES A
DIFFERENCE**

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The Palestinian war of independence has begun

HAVING allowed their national leadership to negotiate with the occupier for several years on the terms of an overall agreement which would put an end to a century of colonial oppression, the Palestinians of the West Bank and Gaza Strip have reached the conclusion that the state of Israel is not yet ready for a compromise which would be acceptable for their people, and that freedom and independence are to be won through the pursuit of the struggle. The negotiating table, with its US broker, has proved to be a fraud where the dice are loaded.

MICHEL WARSCHAWSKI

DO we have to spell it out? The intentionally provocative visit by Ariel Sharon, the leader of the Israeli right, to the compound of Jerusalem's Al-Aqsa mosque was only the spark that set fire to the gunpowder. This powder had accumulated for months and months, and since the Camp David summit it was obvious that the explosion was imminent. This summit, orchestrated by a US President anxious to obtain an agreement before the end of his term, has been perceived by the Palestinians as the end of the Oslo process. Contrary to what the media claim, it was not the intransigence of Yasser Arafat, but that of Ehud Barak which put an end to the negotiations.

At Camp David, the latter believed, or affected to believe, that the Palestinian delegation would show the same moderation over the final agreement as they had over the various interim accords. In fact, although the Palestinian leaders have displayed a serious moderation for more than six years, agreeing to scale their demands down to the minimum in the agreements already signed and to close their eyes to the pursuit of colonization in the occupied territories, it was precisely because these amounted to interim, and thus provisional accords. Ever since the secret negotiations in Oslo, none of the Palestinian leaders had concealed their vision of what would be the parameters of the definitive status:

complete withdrawal from the territories occupied in June 1967, the dismantling of all the settlements, the right of return for the refugees, the establishment of an independent and sovereign Palestinian state in the whole of the West Bank and Gaza Strip, including east Jerusalem.

The Israeli leaders believed, or affected to believe, that all this was negotiable, and that for the negotiations on final status, they could impose their conception on the head of the Palestinian Authority, as they had succeeded in doing in the various preceding accords. As for Palestinian public opinion, Arafat and his police would have the job of holding it in line, since the Arab masses, as everyone knows, possess no minds of their own and follow the decisions of their dictators.

Improbable

It is highly improbable that the Palestinian delegation had agreed to revise substantially downwards the general framework of their demands. In any case, Barak shattered the negotiations by raising the most taboo subject of all, something even Benjamin Netanyahu had not brought up: Israeli sovereignty over the Haram-al-sharif, built on the ruins of Solomon's temple.

Irresponsible and criminal stupidity or intentional provocation? It doesn't matter, it was the end of the negotiations. And the



promise of a confrontation which, this time, would have a religious and no longer simply national dimension. History will remember Ehud Barak as somebody who opened, at Camp David, a religious crusade in the Middle East, if not throughout the world. History will remember Ehud Barak as a criminally irresponsible leader who provoked the holy war for the liberation of Jerusalem. Compared to Barak, Ariel Sharon is a fourth rate provocateur.

The murderous rage of the Israeli armed forces was not an 'exaggerated reaction' to the Palestinian demonstrations, or because they were taken by surprise by the use of firearms by some demonstrators and members of the Palestinian police service. The massive use of force, including tanks and helicopter gunships, was planned for a long time, and everything that happened on the ground was based on the army's operational plans.

Blood should flow

For more than a year the military had received the order to prepare plans for a riposte in case the PLO unilaterally declared the independence of the state of Palestine. If well informed Israeli journalists are to be believed, these various plans aimed to make the Palestinians pay dearly for their initiative. "Blood should flow", one of these plans states explicitly, and indeed blood has flowed. The massive use of elite snipers left no doubt: the army had received the order to shoot to kill. At more than 100 deaths and thousands of wounded, the price paid by the Palestinians is extremely heavy, and yet their determination has, until now, not weakened.

On the contrary: in their thousands, the militants are preparing for a combat which is going to last, whether under the form of mass confrontations or guerilla operations against Israeli objectives in the occupied territories. And undoubtedly also attacks in

Israel itself, leading to deaths among the civil population. For the sentiment of revenge is mixed today with the will to hit at the Israeli occupation, its army and its settlements.

The big gain of the last few weeks has been, for the Palestinians, to set the record straight, and remind Israeli and international public opinion that the Israeli occupation was still the real framework, the 'peace process' being only one element among others in this framework. In their majority, the Israelis and the international community have reversed the terms of the equation, as if, since the signature of the Declaration of Principle in Washington in September 1993, the occupation was over, to be replaced by a peace process. That comforted everybody except the Palestinians, who rapidly, understood that, despite certain, certainly not insignificant, changes, Israel continued to occupy the West Bank and a part of the Gaza Strip, maintained its repressive apparatus and continued, although in a less massive fashion, to reinforce settlement and steal water and land.

Sealing off

On one level the situation was even worse: the ending of freedom of movement, following the permanent sealing off of Gaza and Jerusalem. The current uprising has also set the record straight for the Israeli negotiators. In their unbounded arrogance, they believed that they could impose their conception of Israeli-Palestinian peace, and force the Palestinians, through their national leadership, to renounce their most basic rights. This conception is summed up in the formula separation + domination, or, if you prefer, a system of apartheid. So long as the people were still expecting something, this illusion could last. The defeat of Camp David, and above all Barak's immense provocation on the question of Jerusalem put an end to seven years of waiting. It all happened as if the Palestinians of the West Bank and Gaza had given a mandate to Yasser Arafat to negotiate in their name the solution of the Israeli-Palestinian conflict, and that this mandate had come to an end, along with the ceasefire that accompanied it.

The current uprising has also confirmed how superficial and fallacious was the comparison made between the Palestinian authority and its police on the

one hand and Pétain and his militias on the others. It has been the Palestinian police and the political party of Yasser Arafat who have been in the first rank of the confrontations. They have used the few arms which exist in the territories controlled by the Palestinian Authority. Seven years ago, the PLO president made a problematic and extremely risky choice in deciding on a ceasefire in exchange for an Israeli-Palestinian tête-à-tête under the brokerage of US imperialism. He moreover agreed to make the extreme compromises demanded by Israel and the USA, and to take measures of repression against those who refused him the right to make such compromises in the name of the people. Some of his closest collaborators have often crossed the line separating negotiation and collaboration with the enemy.

Yet Yasser Arafat, and still more the hundreds of thousands of militants and combatants who support him, are not puppets of Israel. If they accepted the Israeli diktats, it was with the idea of obtaining, at the end of the interim period, the total end of the Israeli occupation of the West Bank and the Gaza Strip, and a sovereign state in the liberated territories, with Jerusalem as its capital. History will say if the method was good, but from the moment that the Israeli leadership demanded from the Palestinian leaders the challenging of the ultimate objective of the negotiations, they found themselves back at zero, facing a Palestinian national movement reunified in a war for liberty and independence.

If the Israeli leaders had dreamt of coming out fighting, and making blood flow, it did not take them long to understand that the military confrontation was more problematic than they had hoped. Not because of the few thousand light arms that the Palestinian police and the nationalist groups possessed, but because of Arab solidarity. A solidarity exacerbated still more by the centrality of religious symbols like Jerusalem and its mosques. This solidarity opened two new fronts.

Second front

The second front opened only a few days after the confrontations in Jerusalem. It was the front of Palestinian citizens of Israel, who took the initiative for a genuine popular uprising in Galilee and in the region of Wadi 'Ara, in the heart of Israel. For more than a week, the Jewish villages which have been established in the course

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★ Palestine / Globalization

of the last two decades to 'Judaize the Galilee' were veritably besieged by thousands of Palestinian demonstrators, dozens of roads were closed off because of the danger of ambushes by young Palestinians armed with stones and Molotov cocktails, and everyday confrontations opposed the Palestinian population to the forces of order in dozens of Arab towns and villages in Galilee and Wadi 'Ara, 50 kilometers from Tel Aviv. For more than a week, these Israeli citizens expressed simultaneously their fury at the massacre in the occupied territories and 50 years of frustration linked to the flagrant inequality and humiliations imposed on them by the Jewish state.

The murderous reaction of the police force of Commissaire General Alik Ron, commandant of the northern region and a notorious racist whose dismissal has been demanded by Arabs, combined with threats by some political leaders of a return to the "years of lead" of the military government (which was imposed on Palestinian citizens of Israel until the mid-1960s) served as the green light for the eruption of veritable anti-Arab pogroms throughout the country.

Some hundreds of youths armed with sticks and firearms sacked several Arab localities, wounding hundreds of people, setting fire to half a dozen mosques, and burning apartments where Arabs lived in the Jewish towns. The police, far from attacking the pogromists, joined in to fire on Arabs who defended themselves. In Nazareth after the pogrom of Yom Kippur there were two dead and more than 80 wounded, all Arabs. The Nazareth pogrom finally led the Prime Minister to understand the gravity of the situation and denounce the pogromists. It amounted to a real "Bosniaisation" of the conflict: an intercommunal confrontation where one of the communities is protected by the police and supported by the government.

Wound

But this murderous and hysterical reaction reopened a wound which will not close so easily, and which will oblige the Jewish state to make structural choices between its will to be a Jewish state and its democratic pretensions.

There is no doubt that the Palestinians of Israel are not ready to return to the status-quo which preceded the Jewish New Year, and the demand for a real citizenship

is affirmed with such vigour that even the budgets and jobs hastily allocated by the Barak team 'to reduce the gap' will not smother it.

So long as the situation seemed confined to Israeli-Palestinian relations, the US administration could leave Barak to do as he wished. However, the images of the massacred young Palestinian demonstrators led to a very broad movement of solidarity in the Arab countries, as well as inside Muslim communities throughout the world. Since October 1 the stability of the new US order is in question. Hezbollah's operations in Lebanon, where they have twice succeeded in kidnapping Israelis, could also lead to a spilling over and the likelihood of an escalation which lead to a generalized war can no longer be ruled out.

Israeli-Palestinian peace underpins the stability of the "New Middle East". The mass demonstrations from Beirut to Rabat and the mobilization of the Muslim peoples in the imperialist centers are warning shots, not only to the Egyptian President Mubarak or King Abdallah of Jordan, but to the real masters of the new world order.

Urgent

For US imperialism it was then urgent to stop the confrontations and create the impression of a resumption of Israeli-Palestinian negotiations. Mission accomplished by Clinton in Sharm el Sheikh, with the help of the Egyptian president and the young Hashemite monarch: the two parties committed themselves to call for a ceasefire, creating a false symmetry between aggressor and victim; a secret document defining concrete objectives for the return to order, with the CIA controlling the process, neutrally of course. In place of the commission of international inquiry demanded by the Palestinians, supported by President Chirac, the US will make a study, neutrally of course, of the situation and (a concession made to the Arabs) this will be shown to the UN Secretary General.

But nothing indicates that Yasser Arafat can end the current revolt. Contrary to the racist fantasies of the Israeli government, the Palestinian people are not a flock of sheep to be driven out into the street and called back in again by their shepherd. But even if Arafat was capable of that, this would not bring things back to how they were before the Jewish New Year. A page has been irrevocably turned. ★

Here to stay

THE impressive mobilization against the IMF/World Bank meetings in Prague at the end of September provided yet another demonstration of the existence of a durable mass movement against capitalist globalization. We print opposite a declaration by a number of the organizations involved in the protest. The following interview with ERIC TOUSSAINT, President of the Committee for the Cancellation of the Third World Debt, was carried out by Bernard Demonty for the Brussels newspaper *Le Soir*. We publish here also an article by Eric Toussaint on the origins of the Third World debt.

YOU participated in the meetings preparatory to the demonstrations in Prague and you are active yourself against institutions like the IMF and the World Bank. What are the demands of the demonstrators?

There is no single demand. There are rather some big themes around which the demonstrators focus. Among these figures a hostility to the IMF and the World Bank. But there are some nuances. Some are favourable to a suppression pure and simple of these two institutions, others believe that they should be reformed.

The cancellation of the Third World debt constitutes also a motif of the mobilization. But there also, there are some nuances between the demonstrators. Some are favourable to the cancellation of the debt of the poorest countries (sub-Saharan Africa, Bolivia, Nicaragua, Vietnam), others wish to extend this to all the public foreign debt of the Third World (India, Pakistan, Brazil, Indonesia, Mexico included).

■ **What is the dominant profile of the**

Declaration of Prague - September 28, 2000

WE, the members of non-governmental and community-based organizations from different parts of the world, gathered in Prague and signing this statement, note the unprecedented early suspension of the 2000 annual general meeting of the International Monetary Fund (IMF) and the World Bank. Given the number of scheduled sessions, including meetings with non-governmental organizations, that will evidently be canceled, the claim that they have simply finished their business rings hollow.

We believe that the cancellation of the final day of meetings reflects the institutions' recognition of their own lack of credibility. Confronted with vigorous protests from organizations like ours and a refusal to accept the empty rhetoric of "poverty reduction" and "debt relief" offered in response to assertions of their responsibility for decades of economic malfeasance, they have, at last, wisely chosen silence over more lies.

Our challenge to the right of these institutions and those who control them to dictate economic policy, largely through the leverage gained through illegitimate debts, has gone unanswered. Our call for a wholly new global economic structure, one which mandates not a single model but many choices for the many peoples of the world, is one that these institutions cannot accept, or even comprehend.

We gathered in Prague for an exceptionally broad, inclusive, international protest against the discriminatory and unjust policies of the IMF and the World Bank. We oppose the undemocratic and elitist character of both the institutions and the meetings they hold.

Our numbers include a great many young activists as well as people from Central and Eastern Europe who have now inaugurated the movement against corporate globalization in this region. Our numbers also include protesters in over 30 other countries, including Bangladesh, South Africa, Argentina, the United States, France, and India, who staged solidarity actions this week.

We came to Prague to act in solidarity with the millions who could not be in Prague: the impoverished women farmers of Africa, the workers laid off in Asia, the Pacific and Caribbean islanders denied credit for their livelihoods, the young women working in Latin American sweatshops.

We have spent our time in Prague not only protesting, but also discussing positive, people-centered alternatives to the debt crisis, structural adjustment programs, corrupt and environmentally devastating infrastructure projects, and the economic philosophy of development through exploitation of both the ecology and large majorities of the people in the South and in the East.

At the same time we denounce the psychological terror and physical repression executed by the Czech police forces before and during the conference of the IMF and World Bank. Their actions, notwithstanding instances of provocative behavior by a few protesters, have injured dozens of innocent people and resulted in hundreds of unjustified arrests during and after the essentially peaceful demonstrations. We express our solidarity with the hundreds who remain imprisoned, and call for humane treatment and speedy release of all those detained. We particularly express our grave concern over reports of brutalization of those held in Czech prisons.

We note that the World Bank itself has acknowledged this month that its policies are failing. Its World Development Report, although subjected to censorship within the institution, offers a revealing critique of the growth-centered development philosophy that has long been the Bank's adamant answer to every question. And its report on the transition economies of the former Soviet Union and Eastern Europe has revealed a tenfold increase in poverty, from 2% to 21%, a clear indication that the neo-liberal recipe peddled by the IMF and World Bank has failed yet another entire region of the globe.

Given the evidence supplied by the World Bank itself, we would suggest that it and the IMF, and the commentators who continue to support them, consider that their calls for more of the same medicine, more of the same conditionalities, are inadequate. A revolution in economics is called for, one that returns control of economies to the people who live in them. The time has come to put economics at the service of the people, rather than entire societies at the service of economic models that have failed for over 20 years.

Our protests in Prague, following those in Melbourne, Okinawa, Geneva, Chiang Mai, Washington, Seattle, and countless other cities, have again exposed to the world the contradictions and inadequacies of corporate globalization, and of the IMF and World Bank. Our protests also echo the struggles going on today in Bolivia, one of the many places where people from many sectors have risen up against the local manifestations of the globalized economy. So long as that model continues to be imposed by the rich and the powerful, organizations like ours shall continue to protest and to do everything in our power to expose the plain failures of the system. Wherever those who have taken upon themselves the power to make decisions for the global economy will gather, we will be there to witness, to expose, and to protest. ★

Signed*: Focus on the Global South - Thailand (Nicola Bullard) Initiative Against Economic Globalization (INPEG) - Czech Republic (Alice Dvorska) 50 Years Is Enough Network - USA (Soren Ambrose) EuroMarches Against Unemployment - Austria (Leo Gabriel) ATTAC France (Christophe Aguiton) Jubilee 2000 South Africa/Jubilee South - South Africa (Dennis Brutus) Center for Economic & Policy Research - USA (Mark Weisbrot) Rights Action - USA (Annie Bird) National Free Union of Students - Germany (Stefan Bienefeld) Zashita Trade Union / Alternativy Association - Russia (Boris Kagarlitsky) Comité pour l'Annulation de la Dette du Tiers Monde (CADTM) - Committee for the Cancellation of the Third World Debt (COCAD) *Because of the pressures of time and distance, not all organizations listed could complete their approval process before issuance of this statement. Although final approval is expected, the individual(s) present in Prague and taking part in drafting the statement are listed as provisional signatories. This statement has been issued rapidly because of its importance and will remain open to additional endorsements for several days.

people who make up the movement?

The dominant component is a generation of youth between 18 and 27. It is a youth with a particular sensibility: it has lived all its life in a world dominated by the market. These youth have not known the Communist regime, but they know from their parents that this existed and that it did not bring good solutions. They are no longer influenced by events like May 68 or the Vietnam War. It amounts then to a new mobilization. These youth live in a world which does not convince them. They want

a world where the environment is respected, where North-South relations are egalitarian and where the institutions are democratic. It is for this reason that they contest the IMF or the World Bank. They believe that these institutions are not democratic. And they contest certain effects of economic globalization.

■ **Do they reject this movement of globalization? In other words, should these militants be qualified as "anti-globalization" as they often are?**

No. It is an error to characterize them in this way. What they want is a non-exclusionary globalization which satisfies the basic needs of each. In speaking of "anti-globalization", one gives the impression that it amounts to a turning inwards and this is not at all the case. This is not an identity-based, nationalist response or something like that. They oppose neoliberal globalization, an economy of profit.

■ **Has this movement a future? Are we witnessing the birth of a groundswell**



which could resemble that of May 68?

It is a question that is difficult to answer. But I think that this movement is massive and does not relate to a conjunctural event. When I see a mobilization like that in Seattle in 1999, or Millau for the Bové trial this summer, then now in Prague, I believe that we are witnessing a phenomenon which is here to stay. This movement is beginning quietly to define itself and increasingly strengthen itself. A coordination is being established and numerous demonstrations are already envisaged for the future. In three big cities of the Third World there will soon be some very important meetings promoting an alternative to neoliberal globalization. In Asia, in Seoul from October 17 to 20 ; in Africa, in Dakar from December 11 to 17; in Latin America in Porto Alegre from January 25 to 30.

■ **But can the movement really structure itself and make advances when its members make demands which are sometimes so different?**

I think so. The fact that there are different positions does not bother me. This is not a proof of weakness but of pluralism.

We have moreover already obtained significant advances in a certain number of areas. Let us take the example of the Tobin tax (a tax on capital flows). Some years ago, its opponents rejected it with a wave of the hand, without explanation. Today, some countries like Belgium, France, Canada or Norway are discussing it.

Those who have said that it was not feasible now have to explain themselves. On the cancellation of the Third World debt, some significant advances have also been realized. I believe then that this movement is not something to neglect, that it will amplify itself and that it has begun to have some influence. ★

Debt crisis and adjustment plans

THE crisis of public debt in the countries of the Third World and the East as well as in the industrialized countries has, from the 1980s onwards, been used to systematically impose austerity policies in the name of adjustment.

ERIC TOUSSAINT

ACCUSING their predecessors of having lived above their means by resorting too easily to borrowing, most governments in power in the 1980s progressively reined back on public expenditure and its social component in particular.

So far as the countries of the Third World and the East are concerned, the formidable growth of the public debt began at the end of the 1960s and led to a crisis of repayment from 1982 onwards. Those essentially responsible for this debt are to be found in the most industrialized countries: the private banks, the World Bank and the governments of the North who lent some hundreds of billions of eurodollars and petrodollars.

To recycle their capital and commodity surpluses, these various actors in the North lent at very low rates of interest. The public debt of the countries of the Third World and East thus multiplied by twelve between 1968 and 1980. In the most industrialized countries, public debt also grew strongly during the 1970s as governments tried to respond to the end of the postwar boom through Keynesian policies of refraction of the economic machine.

Historic turn

A historic turn began in 1979, 1980, 1981 with the coming to power of Thatcher and Reagan, who applied on the grand scale the policies dreamed of by the neoliberals, notably by increasing rates of interest very strongly. These increases obliged the indebted public powers to transfer colossal amounts to private financial institutions.

From this moment on, on a world scale, the repayment of the public debt constituted a formidable mechanism for pumping a part of the wealth created by employees

and small producers to the profit of financial capital.

The policies dictated by the neoliberals constituted a considerable offensive of capital against labour. To balance their accounts, the indebted public powers agreed to reduce social expenditure and investment and to resort to new borrowings so as to cope with higher rates of interest: hence the famous 'snowball' effect experienced everywhere on the planet during the 1980s. This refers to the mechanical increase in the debt caused by the combined effect of high rates of interest and new borrowings necessary to repay previous borrowings.

Regressive

To repay the public debt, the governments relied notably on tax receipts whose structure evolved in a regressive manner in the course of the 1980-1990s. The share of tax receipts levied from capital incomes fell while the share of receipts coming from taxation of wages, on the one hand, and mass consumption via the generalization of and increase in VAT (indirect taxes notably affecting alcoholic drinks), on the other, increased.

In short, the state took from the workers and the poor to give to the rich (Capital). It was the exact opposite of a redistributive policy which should be the main preoccupation of the public authorities. The crisis of the public debt in the 1980s is intimately linked to the process of deregulation which went with neoliberal globalization.

The colossal growth of public debt from the end of the 1960s to the beginning of the 1980s is linked to the development of the market in eurodollars which constituted one of the first stages in the deregulation of the international monetary system

and the exchange markets.

Strategic stakes in the periphery

Structural adjustment policies began to be applied in the countries of the periphery just after the outbreak of the debt crisis in August 1982. They constituted the pursuit under a new form of an offensive which had begun 15 years previously. What was this offensive? It was the response from the governments of the North and the multilateral financial institutions at their service, starting with the World Bank, in relation to the challenge constituted by the loss of control over a growing part of the periphery.

From the 1940s to the 1960s came Asiatic and African independence, the extension of the East European bloc, the triumph of the Chinese, Cuban and Algerian revolutions, the development of populist and nationalist policies led by the capitalist regimes of the periphery (going from Argentinian Peronism to the Indian Congress party of Nehru via Nasserite nationalism). New movements and organizations developed pell-mell at the international level, constituting so many dangers to the domination of the main capitalist powers.

The massive loans granted from the second half of the 1960s onwards to a growing number of countries of the periphery, starting with strategic allies (Congo under Mobutu, Indonesia under Suharto, Brazil under the military dictatorship...) and subsequently countries like Yugoslavia and Mexico, constituted the lubricants of a powerful mechanism for regaining control. It was to stimulate through target loans (the abandonment of nationalist policies) a better connexion between the economies of the periphery and the world market dominated by the Centre.

It was also about assuring the supplies of the economies of the Centre in the area of raw materials and combustibles. By putting the countries of the periphery progressively into competition with each other and stimulating them to reinforce their export models, it was possible to lower the prices of the products that they exported and so lower the costs of production in the North (and increase the rate of profit there). In a context of a rise in the struggles for emancipation of the peoples and the Cold War with the Eastern bloc, it also helped reinforce the zone of influence of the main



capitalist countries.

Without saying there was a plot on the part of the private banks, the World Bank and the governments of the North, it is nonetheless the case that an analysis of the policies followed by the World Bank and the main governments of the industrialized countries in the area of loans to the periphery shows they were not devoid of strategic ambitions.¹

The crisis which broke out in 1982 was the result of the combined effect of the fall in prices of the products exported by the countries of the periphery towards the world market and the explosion of interest rates. From one day to the other it was necessary to repay more with falling incomes. Hence, strangulation. The indebted countries announced that they were facing difficulties in payment.

The private banks of the Centre immediately refused to grant new loans and demanded that the old ones were repaid. The IMF and the main advanced capitalist industrialized countries gave new loans to allow the private banks to recuperate their money and to stop a succession of bank failures.

Adjustment plans

Since this time, the IMF, supported by the World Bank, imposed structural adjustment plans. An indebted country that rejected structural adjustment was threatened with the ending of loans from the IMF and the governments of the North. One can say without fear of contradiction that those who proposed from 1982 onwards that the countries of the periphery should stop repaying their debts and set up a front of debtor countries were correct. If the countries of the South had established this front, they would have been in a position to dictate their conditions to their creditors.

In choosing the path of repayment under the tutelage of the IMF, the indebted countries transferred to the financial capital of the North the equivalent of several Marshall plans. The adjustment policies implied the progressive abandonment of key elements of national sovereignty, leading to a growing dependence of the countries concerned in relation to the more industrialized countries and their multinationals. None of the countries applying structural adjustment has been able to support a lasting high rate of growth. Everywhere, without exception, social inequalities have increased.

The new loans granted by the IMF since 1982 have three objectives: 1) to favor the structural reforms imposed by adjustment; 2) to ensure the repayment of the debt contracted; 3) to progressively allow the indebted countries to have access to private loans via the financial markets.

What adjustment involves

Structural adjustment includes two main types of measures. The first to be applied are shock measures (generally, devaluation of the currency and increased rates of interest in the country affected). The second are structural reforms (privatization, tax reform and so on).

The devaluation imposed by the IMF has regularly reached rates of 40 to 50%. It seeks to render more competitive the affected country's exports so as to increase the currency returns necessary to repay the debt. Another not insignificant advantage from the point of view of the interests of the IMF and the most industrialized countries: a fall in the prices of products exported from the South.

Negative effects: an explosion of the price of products imported on the internal market of the country concerned which can only depress internal production because

★ Globalization

the cost of production increases as much in agriculture as industry and crafts: they incorporate numerous imported costs in the production of goods as a result of the abandonment of 'autarchic' policies whereas the purchasing power of consumers stagnates (the IMF forbids any indexation of wages). Devaluation leads to an increase in inequality in the distribution of incomes as the capitalists who dispose of liquidities have taken care before the devaluation to buy foreign currencies. In the case of a devaluation of 50%, the value of their liquidities doubles.

Moreover, a high interest rates policy only increases the internal recession (the peasant or artisan who must borrow to buy the necessary factors of production hesitates to do so or reduces his production through lack of means) while allowing rentier capital to prosper. The IMF justifies these high interest rates by arguing that they attract the foreign capital the country needs. In practice, the capital attracted by high rates of interest is volatile and liable to flee at the least problem or when a better perspective for profit appears.

Other measures of adjustment specific to the periphery: the suppression of subsidies to certain basic goods and services and agrarian counter reform. In most countries of the Third World basic foodstuffs (bread, tortilla, rice...) is subsidized. It is often the case also for collective transport, electricity and water. The IMF and the World Bank systematically demand the suppression of such subsidies. Which leads to an impoverishment of the poorest and sometimes hunger riots.

In the area of land ownership, the IMF and the World Bank have launched a long term offensive which aims to abolish every form of community ownership. It is thus that they obtained the change in the article of the Mexican Constitution protecting communal goods (called *ejido*). One of the big projects of the two institutions is the privatization of communal and state lands in sub-Saharan Africa.

Common measures

The reduction of the role of the public sector in the economy, the reduction of social expenditure, privatization, tax reform favorable to capital, the deregulation of the labour market, the abandonment of essential aspects of state sovereignty, suppression of exchange control, stimulation of pension savings by capitalization,

deregulation of trade, encouragement of stock market operations... all these measures are applied throughout the entire world at various speeds according to the relationship of social forces. What is striking is that from Mali to Britain, Canada to Brazil, France to Thailand, the USA to Russia, one notes a profound similarity and a complementarity between the so-called 'structural adjustment policies' at the periphery and those called "stabilization", "austerity", or "convergence" policies at the Centre.

Everywhere, the crisis of the public debt has served as a pretext for the implementation of these policies. Everywhere, the repayment of the public debt represents an infernal chain in the transfer of wealth to the profit of the holders of capital.²

Structural adjustment plans and other austerity plans constitute a war machine seeking to destroy all the mechanisms of collective solidarity (from communal goods to the system of pension by allocation) and to submit every sphere of human life to the logic of the market.

The profound meaning of structural adjustment policies is the systematic suppression of all the historic and social obstacles to the free deployment of capital to allow it to pursue its logic of immediate profit whatever the human or environmental cost.

It is necessary to break with this logic, abandon the structural adjustment policies wherever they are applied, and to rebuild overall mechanisms of control and expropriation of capital in a manner which gives priority to human needs. Hence the importance of collectively creating new networks of citizen struggle through North/South and East/West solidarities. These multiple resistances can open up a new emancipatory project. ★

1. For a deeper analysis see Eric Toussaint, "Your Money or Your Life! The Tyranny of Global Finance", London, Pluto Press, 1998.

2. "The markets of public debt securities (the public bond markets) set up by the main countries benefiting from financial globalization and then imposed on other countries (usually without too many difficulties) are, even according to the International Monetary Fund (IMF), the keystone of financial globalization.

Translated into clear language, it is very exactly the most solid mechanism set up through financial liberalization for the transfer of wealth from certain classes and social layers and of certain countries towards the others.

Attacking the foundations of the power of finance supposes the dismantling of these mechanisms and thus the cancellation of the public debt, not only of the poorest countries, but also of all countries whose vital social forces reject government imposition of budget austerity on the citizens in the name of the payment of interest on the public debt": Francois Chesnais, "Tobin or not Tobin", Paris, 1998, Ed. L'Esprit frappeur

IMF, World Bank, WTO... and us?

THE big demonstration in Seattle in late November/early December marked a turning point in the social situation. Capitalist neoliberal globalization appeared irresistible until this demonstration which set up the bases of a new internationalism.

NICOLAS BENIES*

THE economic context of crisis had favored this mobilization. It involved significant movements in both the developed countries and the countries of the third world. Revolts against neoliberal globalization existed, as shown in the victorious struggle against the MAI,¹ but they had no international character. Henceforth these mobilizations are international.

Is the world being led? And by who? This question is being asked in every country, in all the mobilizations. A conspiracy theory dominates, based on a simplistic explanation of the laws of functioning of the capitalist mode of production. Nation states have disappeared and the multinationals impose their law. It simply isn't true. Not that the power of the transnationals is non-existent, but nation-states still possess weapons. The governments are responsible for this globalization.

They have decided to deregulate, to privatize. They cannot shelter behind globalization itself to justify it. To attack neoliberalism is also to attack the laws of the economic system itself.

Susan George, in her book *The Lugano Report*² describes the decision-making process driving this absurd world. On the basis of existing reports – by the IMF, the World Bank, the WTO, the OECD she exposes a neoliberal logic that makes the flesh crawl.

Other solutions are possible, which take account of citizens' demands. On the condition that neoliberalism is broken with. This rupture is even more necessary in that the policies of neoliberal inspiration – whether austerity policies or structural adjustment – lead to a strengthening of inequalities and a dispossession of the (weak) power of citizens. In a recent edition of *Business Week*³ two thirds of Americans surveyed (August 31, 2000) believed that prosperity owed a lot to the companies and that the big companies make good products and are competitive in the world economy. However, nearly three out of four thought that business had too much power over very many aspects of their life.

Al Gore understood this sentiment when he said at the Democratic convention that Americans should say no to “Big Tobacco, Big Oil, the big polluters, the pharmaceutical companies...”,⁴ adopting thus a more populist discourse. Undoubtedly one of the effects of the recent mobilizations. And 74% of those questioned agree with him! Again, 66% thought that higher profits are more important for the big companies than developing security or concern with the quality of products for the consumer. No doubt this is one of the explanations for the success of the recent book and film by Michael Moore, who denounces the policies of US transnationals and their responsibility for mass unemployment and the degradation of working conditions and jobs.⁵

Setbacks for neoliberalism

Neoliberalism is so omnipresent that its setbacks can pass unperceived. All the more so because often sociologists confuse economy and neoliberalism. In fact economic science – insofar as it can be defined – is first and foremost political. It includes the conscious intervention of states, of citizens. No determinism. On the contrary, the field of possibilities is largely open. One of the big lessons Marx taught is to take into account the liberty of human beings. People make their own history but not in circumstances of their own choosing

– in other words, the past is not a tabula rasa, but at the same time it is possible to change the course of history.

Neoliberal policies have been catastrophic in every area. It is impossible to emerge from poverty through structural adjustment policies. It would be necessary rather to begin by canceling the debt to allow countries – sub-Saharan Africa in particular – to begin to develop in an autonomous manner, while implementing a protectionism which could be regional, to avoid submission to the law of the world market and the movements of capital.

The losers are still the same, the weakest. Christa Wichterich,⁶ in her survey on the place of women in the world, demonstrates that it is women who are the first victims of poverty and cuts in the social budgets – because they are the first beneficiaries of social aid, but also because poor



public services mean, for them, more free domestic work – bad conditions of work, unemployment, and overexploitation. She cites the example of workers in shoe enterprises – like Nike or others – who begin work very young and are worn out prematurely, thrown out by the boss who employs new recruits, without redundancy pay or social security.

Everywhere women suffer most from the denial of rights. They are the first to be dismissed, they represent the majority of part-time and temporary workers. The workers' movement, whether trade union or political, has not taken up the defence of the rights of women and has thus permitted the enlargement of the flexibility of work and the degradation of the conditions of work for all. The defense and enlargement

of womens' rights is an integral part of the mobilizations against poverty and violence.

Neoliberalism has suffered defeat again in terms of the conditions of economic upturn. That which has taken place in France is of the Keynesian type⁷ and growth is based principally on the increase in consumption of households. The same is true of US growth.

Suddenly, the IMF and the World Bank are interested – just like the WTO – in the social sphere. They now wish to be defenders of social rights, while conserving their neoliberal orientation on the economic level. Their discourse is transformed as a result both of the setbacks outlined above and the mobilizations. The IMF is under fire. Its interventions during the financial crises are contested everywhere.

The financial crisis of 1997-98

The financial and economic crisis in the countries of northern and eastern Asia, like that in Russia, had shown the perverse consequences of pell-mell “liberalization”, whether in relation to commodities, services or financial markets. The emphasis on exports had destroyed the indigenous food producing cultures leaving the semi-industrialized countries in the situation of importing basic foodstuffs. The internationalization of the financial markets, the total liberty allowed to capital movements have fragilised the accumulation and growth of the economies of the countries of the so-called Third World, in different forms in the countries of Asia and those of central and Latin America. A crisis of profitability for Thailand and South Korea leading to a lower rate of increase of exports, a crisis of indebtedness for Mexico, Brazil and Argentina. The growth of GDP in these latter countries was dependent on inflows of capital, obliging them to raise still higher the rate of surplus-value⁸ to ensure a sufficient return to this speculative capital. Their currencies are anchored to the dollar, provoking the accentuation of austerity policies.

Increased poverty is accompanied by the growth of inequality and the widening of flexibility. The regimes of accumulation – the particular modalities of creation of wealth – have shown their fragility in the crisis.⁹ The crisis itself is translated by industrial and banking restructurings. One can only subscribe to the conclusion of Pierre Salama,¹⁰ “financial crises are

★ Globalization

inscribed in the logic of a brutal and uncontrolled liberalization of the semi-industrialized economies affecting not only financial investors. [They] have recessionary effects on production and exchange. Financial crises have a high social cost."

The crises that the capitalist world has just lived through are the evidence of it. The governments, contrary to received wisdom, are not powerless. They could determine the conditions of a different regime of accumulation, ethically more just and economically more efficient.

We should note a return to ethical concerns.¹¹ Social justice cannot be ignored. It forms part of the dimensions of the economy. The neoliberal economists – so-called neo-classical – forget a little too easily that the market does not exist without the state. Not only because the state structures the law of supply and demand¹² but also because it is intrinsically linked to the accumulation of Capital. Capitalism cannot function without the state. The crisis of the Russian Federation in August 1998 has shown it. At the same time we must rehabilitate politics. The capacity to take decisions which affect the future of all, informing citizens so they can participate in collective choices.

The fall of the Euro (in September 2000) results both from the rise of the dollar, the only real international and reserve currency, and from the absence of credibility and legitimacy from European construction. It does not exist: there is a lack of supra-national institutions, a lack of coherence and coordination. All the discussions on the institutions have foundered on the resurgence of national interests. There is a lack also of a capacity to define a common project based on the construction of a social Europe.

The lessons of the crisis

One of the lessons drawn from this crisis by the international institutions is the necessity of the state, and a discourse on social justice. Alan Greenspan, president of the US Fed, has said that this financial and economic crisis was the most important experienced by the capitalist world since the end of the Second World War. Catastrophe was avoided by floods of credit and the direct intervention of the US in favour of the Russian Federation and countries like Mexico, Brazil or Argentina. At the end of 1998, around 40% of the



world's countries were mired in recession. As is customary, the dominant country, in the event the United States, benefited from this crisis. Speculative capital chose security and flooded to the United States. This allowed them to finance a record trade deficit to feed growth and the accumulation of capital.

This allows us to understand the pursuit of the cycle of growth without needing any reference to the "New economy", ideological moonshine serving to justify the policies of neoliberal inspiration. The kernel of truth is found in the definition of new fields of activity for the commodity on the one hand – the commodification of all activities, including education – and on the other a beginning of the enlargement of the third industrial revolution (that of computing and electronics) to the interior of companies.

For the moment, no revolution in the organization of work is on the horizon. Taylorism remains the model of reference.¹³ It allows increased productivity of labour through increasing the intensity of labour. This is why the "old" and "new" economy differentiation has no meaning.

The IMF had been totally bypassed by this crisis which it was unable to analyze or predict.¹⁴ This catastrophic balance sheet is the only common point shared by neoliberals and those opposed to capitalist globalization. Suddenly, there are proposals to reform the institution created at Bretton-Woods in July 1944. Michel Aglietta¹⁵ proposes that the IMF should become the world central bank. It would thus become lender of last resort, playing the same role as national central banks but on an international level.

Nobody believes that the financial cri-

sis of 1997/98 is the last. Most forecasters expect a stock market crash; nobody risks predicting the date but it appears unavoidable. The solution they advocate is illusory enough. The US must agree to share their power! They are neither wise enough nor foolish enough. It would be necessary for Europe, speaking with a single voice, to impose its will... and we are a long way from that.

Globalization: the winners

The transnational firms have gained enormously from the liberalization of the markets, whether of commodities, services or capital. They have experienced a growth of their power.¹⁶ In an apparently concomitant manner, the nation states have seen their capacity to regulate the economy diminish, but they continue to exist and structure both the accumulation of capital and the market, allowing the expression of the capitalist class. The crisis of the nation state is a reality, as is that of the social state. It amounts to the destruction of a form of state born after the Second World War as a result both of the conditions of the Liberation and the social struggles which followed.

Today, in accord with the imperative of the maximal valorization of capital, these social gains must disappear. This attack stems from political choices made by all the governments. Deregulation has taken place on all terrains, first and foremost in the areas of the right to work and social security – a challenge to the indirect, socialized wage – and in the financial sphere, to leave the field free to market 'liberalizations', whether commodities, services or capital. Capitalist and neoliberal globalization seems to proceed without

restraint. These firms implement their international strategy, without taking account of general interests, believing that what is good for them is good for the country and the world economy. The logic of the firm imposes itself.

The imperative of 'competitiveness' becomes a categorical imperative, involving the lowering of the cost of labour to lower the price of sale. Thus productivity gains are monopolized by profits. In the United States, the state continues to play its role as strategist and organizer for the whole national capitalist class, as well as capital that finds refuge there, to ensure the triumph of US imperialism over the rest of the world.

The monetary consequence of this domination is found in the role of the dollar, henceforth currency of reference for an international monetary system still in crisis and lacking an understanding between the big developed capitalist countries. The "dollarisation" of Ecuador demonstrates this new given. The dollar has dethroned the sucre, the national currency. The central bank of Ecuador can disappear, it serves no purpose. Monetary policy will be decided by the US Federal Reserve Bank. Inequality and poverty can only worsen.

Deciding our future

Mobilizations against the policies of "liberalization" continue. At each IMF, WTO and World Bank meeting demonstrations involving participants from all over the world take place. They throw up the bases of a new international movement. The transnational firms have not yet grasped the dimensions of it, despite the warnings of *Business Week*. International trade union coordinations are needed. The stakes are vital. Our future is being sketched out here. To leave the transnationals as masters of the world is to take inconsidered risks with every aspect of our lives. Nothing is fatal nor ineluctable.

A militant new generation is becoming conscious of the necessity of action. We can give it the memory to enrich the struggles today. ★

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1. The Multilateral Accord on Investment, discussed in great secrecy inside the OECD, an organization comprising the 29 richest states in the world.
2. Fayard, 2000, 120 francs.
3. International edition, September 2000.
4. Quoted by *Business Week*.
5. See his book "Downsize this!", a necessary antidote to all the nonsense we can read everywhere about the US miracle that we must follow at any price. The film, "The Big One" tells of Moore's tour to promote his book.

Declaration of the Fourth International Friday October 6, 2000

ON the evening of October 5th, our comrade Alfredo Castro was shot dead by a hired killer in the town of Barranquilla. He received a bullet in the head while out walking with his companion and daughter.

Initially a militant of the Comandos Camilistas, he joined the Revolutionary Socialist Party (then the Colombian section of the Fourth International), then the A Luchar front and the Citizens' Civic Movement of Barranquilla.

In 1997, he had to flee to Cuba following death threats from the paramilitaries who had already assassinated our comrades Carlos Alvarez Castellanos and Roberto McLean.

In 1998, he returned to Colombia to resume his university and trade union activities. He continued the struggle for the organization of social movements and a popular and democratic organization.

His death is an irreparable loss for the democratic and revolutionary movement and has brought immense sadness to all those who knew Alfredo, his profound humanity and his unconditional engagement in every struggle. This new crime, added to the interminable list of violations of human rights, is the direct consequence of a strategy of counter-insurrection, of the systematic and planned destruction of the popular movement, the movements of armed struggle and every kind of civil resistance.

The responsibility for this policy of extermination falls fully on the Colombian state, the neoliberal government of Andrés Pastrana and its apparatus of repression acting in full complicity with the paramilitary groups.

As US imperialism deepens its war strategy under the cover of Plan Colombia, as the massacres perpetrated by the army and the paramilitaries worsen, it is urgent to develop a campaign of solidarity with the struggle of the Colombian people and its legitimate aspiration to sovereignty, democracy and peace.

We address to our comrades in Colombia and in particular to the companion and daughter of Alfredo all our affection and our total internationalist solidarity.

Hasta la victoria! ★

6. 'La femme mondialisée', Solin/Actes Sud, 1999, 139 francs.

7. The upturn in France is due to increased consumption by households, itself fed by the creation of jobs and by the increase in wage mass, even if young people and women are still massively victims of temporary work and the wage increases granted are largely productivity related.

8. For Marx, this is the rate of exploitation of the workers (ratio surplus-value/variable capital). Total surplus value is equal to total profit. It is of two kinds. Relative surplus value when it depends on the implementation of a new technique or technology, absolute surplus value when it depends on the intensification of labour in all its forms. This last form essentially accounts for the recent increase in the profits of the big companies.

9. See the contribution of Pierre Salama in "Les pièges de la finance internationale", Syros, 2000, 98 francs, "Amérique latine et Asie: une même logique de crise, mais des responsabilités nationales spécifiques".

10. Op cit, page 156.

11. See *15 of the "Revue du Mauss" (first quarter 2000), "Éthique et Économie: L'impossible (re)mariage ?". See also "Éthique économique et sociale", by Christian Armsperger et Philippe Van Parijs, Collection Reperes, La Découverte, Paris, 2000, 49 francs.

12. As Pierre Bourdieu has shown, once again, in *Les structures sociales de l'économie*, collection Liber, Le Seuil, Paris, 2000, 130 francs.

13. Guillaume Duval in *L'entreprise efficace à l'heure de Swatch et de McDonald's*, Syros, nouvelle édition 2000, 89 francs, rehearses this demonstration in a concrete and convincing manner.

14. George Soros put his confidence in the IMF and lost a lot of money in the fall of the rouble in August 1999.

15. In "Le FMI, de l'ordre monétaire aux désordres financiers", in collaboration with Sandra Moatti, *Economica*, 2000, 98 francs. The interest of this book lies in its summary of the specific conditions which allowed the Bretton-Woods accords. An imperialism in decline – that of Britain – met a rising imperialism, that of the US, following prior discussions during the war. The authors think that these conditions will no longer be met and that it is not then possible to create another international monetary system to take over from that of Bretton-Woods. Perhaps. But their desire to make the Euro a direct competitor to the dollar belongs to a fantasy world. For the Euro to take this role, it would first be necessary for the EU to take on a much more concrete existence.

16. See the balance sheet by Pierre Conso, "Les stratégies des firmes multinationales" in "Les mutations de l'économie mondiale", ed. Christian de Boissieu, *Economica*.

“Another world is possible”

REPRESENTATIVE democracy, born out of the class struggle and ending up as the paradigm of the western capitalist countries, is in terminal crisis. It has lost all substance and today those who see in this system a political form capable of representing in effective manner the true interests of the people are few. This crisis is aggravated further with the ideological triumph of neoliberalism and the total capitulation of social democracy parallel to the crisis of all forms of welfare state. In fact, representative democracy is increasingly transformed into pure ritual, with a growing tendency to abstention among citizens in relation to politics in general.

On the other hand the collapse of the bureaucratic regimes in Eastern Europe — it is abusive and incorrect to call these regimes “actually existing socialism” — has contributed, in another way, to undermining the credibility of socialism.

Collapse of Stalinism

The collapse of Stalinism, however, has provided proof of the theses of Marxist critiques on the incompatibility of the authoritarian single party system with socialism. The catastrophe of the bureaucratic regimes has liquidated the last big mass CPs, like the Italian and the French. Thus, if the working classes were for some years anaesthetized by their traditional ‘social-democratic’ and ‘Communist’ leaderships they have remained for some years entirely demobilized and inactive, no longer constituting a real opposition to a triumphant neoliberalism on the ideological level. The contestatory struggles were to be found in movements around women’s, ethnic, ecological or sexual orientation issues. It is only now, after the defeat, that the working class has begun to move again, as shown by the historic strike movements in 1995 in France and the recent demonstrations in Seattle and Washington.

This rebirth of the working class will for struggle has the indisputable advantage of being freed from the tutelage of the old leaderships, and it can only be the indication of a new period of conscious class struggle — because if neoliberalism has triumphed ideologically, from the econom-

THE city of Porto Alegre in the south of Brazil has become an inspiring symbol of resistance to neoliberal globalization. This article, originally written for the dossier on the legacy of Leon Trotsky in our previous issue, examines the practice of direct democracy in Porto Alegre.

LUIS PILLA VARES*

ic and social point of view it has become a nightmare for the broad masses and the excluded.

Moreover, the struggle has continued. In South Korea, Mexico with the Zapatistas and Brazil with the Movement of Landless Workers (MST) and the Workers’ Party (PT).

It is in relation to this latter that I will write, focusing particularly on the experience of the municipality of Porto Alegre from 1989 to this day, and the government of the state of Rio Grande do Sul, one of the most important of the country, where the PT won the elections of 1998, bringing Olívio Dutra into office as governor. The PT was born in the industrial region of São Paulo, known as ABC, in the course of the historic workers’ struggles against the military dictatorship during the second half of the 1970s. These struggles led to the foundation of the Workers’ Party in 1980.

Decline and crisis

As the mayor of Porto Alegre, Raul Pont, says: “we were born in a conjuncture of decline and crisis of the military regime of 1964. The authoritarianism of the dictatorship and its bipartite political system was no longer compatible with rapid industrial development and the numerous social actors that the industrial miracle had engendered. The immense urban agglomerations, the big concentrations of factories and universities revealed the ripening of Brazilian capitalism and the clear stratification which flowed from it. The PT was the political expression of this new conjuncture. It was involved in the big strikes at the end of the 1970s and its principal

cadres led the trade union struggles of this period.”

Thus, the PT was born through the critical experience of the history of the Brazilian and international left, but also through a direct link with the practice of the class struggle. It appeared as a secular party, towards which ideologically distinct tendencies converged, like various Marxist tendencies, syndicalist currents and Christian socialist forces founded on liberation theology. It amounted then to a “party of a new type”, without precedent in the history of the political organizations of the working class.

Different vision

The PT was then determined to present a different vision of power, in a time of revolutionary ebb. The unifying political-ideological principle of the party, as contemporary as it was, was nonetheless found in the programme of the First International and in the tradition of the critical Marxists like Rosa, Trotsky and Gramsci: “the emancipation of the working class will be the act of the workers themselves” or it will not be, and the concept of socialism is inseparable from the broadest political democracy.

Thus, in their own internal practice, the PT applied in their everyday militant practice these two inseparable and fundamental criteria for the creation of a new society. More: it had the certainty that this would only be possible through a permanent dialogue with society and that it could only become viable with the creation of a “popular public sphere”. Thus, in 1989, came the idea of the Participatory Budget for the management of the first democratic-popular municipality of Porto Alegre.

Today, eleven years later, the population sees the Participatory Budget as a gain, despite the heated opposition of bourgeois and populist politicians. Now these latter no longer have the means to oppose the new reality, but they wish to empty the Participatory Budget of content by proposing the most diverse forms of ‘institutionalization’, intended to straitjacket Brazil’s first popular autonomous assembly. They know that the Participatory Budget eliminates all the bases of their traditional clientelist policy which fragments and atomizes

the masses, reproducing the political submission characteristic of capitalist societies.

Beyond the material realizations of the three popular administrations in Porto Alegre, it is certain that it is the Participatory Budget which has guaranteed the victories of the PT and its left allies at successive elections in the capital of Rio Grande, victories which have now been extended to the whole state. With the Participatory Budget the masses felt they were in charge of their destiny, deciding on which works to undertake and the allocation of budgetary resources.

It amounts in truth to a new stage of Brazilian political and social history. A beginning with an obviously revolutionary content, for it modifies substantially the relationship between the masses with the state. The budget ceases to be the work of specialists and technicians alone, becoming instead a collective and popular decision. According to Ubiratan de Souza: 'The main strength of the Participatory Budget is the democratization of the relation of the state with the society. This experience breaks with the traditional vision of politics, where the citizens limit their political participation to the act of voting, and the elected governments can do what they want, through technocratic, populist and clientelist policies. The citizen ceases to be a simple adjunct of traditional politics to become an active protagonist of public management.'

Popular public sphere

We find ourselves then faced to a new centre of decision, constituted by the deepest layers of society. It is a "popular public sphere" where the decisions reverse the priorities, giving another direction to the public policies of the municipality.

According to Cristovão Veil, who has studied it, the Participatory Budget as it is practiced every year in Porto Alegre is a tool for the creation of a strategic project of democracy, capable of projecting utopia. More: it is an institutional instrument of the masses for the enlarged formulation of the socialization of politics, the socialization of power (the sharing of state authority) and the advent of a progressive construction of micro- and macro-structures leading to a strategy of hegemony towards a post-capitalist self-managed society. The Participatory Budget deprivatizes and renders public the budget of the

Another world is possible, Porto Alegre, January 2001

THE choice of Porto Alegre and Rio Grande do Sul (Brazil) as venue for the World Social Forum in January 2001 is linked to the experiences of social struggle, of popular participation, of democratic affirmation and neoliberal resistance. The meeting is supported by trade union, peasant, local, religious, and human rights organizations in Brazil and by the popular governments of the city of Porto Alegre and the state of Rio Grande do Sul.

With other social and political movements around the world, the participants in the World Social Forum will show their will to oppose capitalist globalization at the very moment when in Davos (Switzerland) the rulers, millionaires and multinationals will meet to cultivate the dogma of the "single thought" and generalize the formulae which lead to death, poverty and social exclusion.

The thematic axes of the World Social Forum already proposed are:

The production of wealth

How can we construct a system of production of goods and services for all?
What kind of international trade do we want?
What financial system is necessary to ensure equality and development?
How can we guarantee the many functions of the land?

Access to wealth and vital needs

How can we translate scientific development into human development?
How can we guarantee the public character of goods common to humanity and stop them being transformed into commodities?
How can we promote the distribution of wealth and assure a dignified life for all?
How can we establish a social control over the surrounding environment?

The affirmation of civil society and public spaces

How can we reinforce the capacity for action of civil societies and the construction of a public space?
How can we ensure the right to information and the democratization of the means of communication?
How can we ensure the right to identity and diversity?
How can we guarantee cultural identities and protect artistic creation from commodification?

Political and ethical power in the new society

What are the fundamentals of democracy and of a new power?
How can we democratize world power?
What is the future of the nation state?
How can we resolve conflicts and build peace?

All information on the World Social Forum can be found at <http://www.forumsocial-mundial.org.br/>

Movements and organizations interested in participated and collaborating in its preparation can contact:

Fsm2001@uol.com.br

★ Brazil

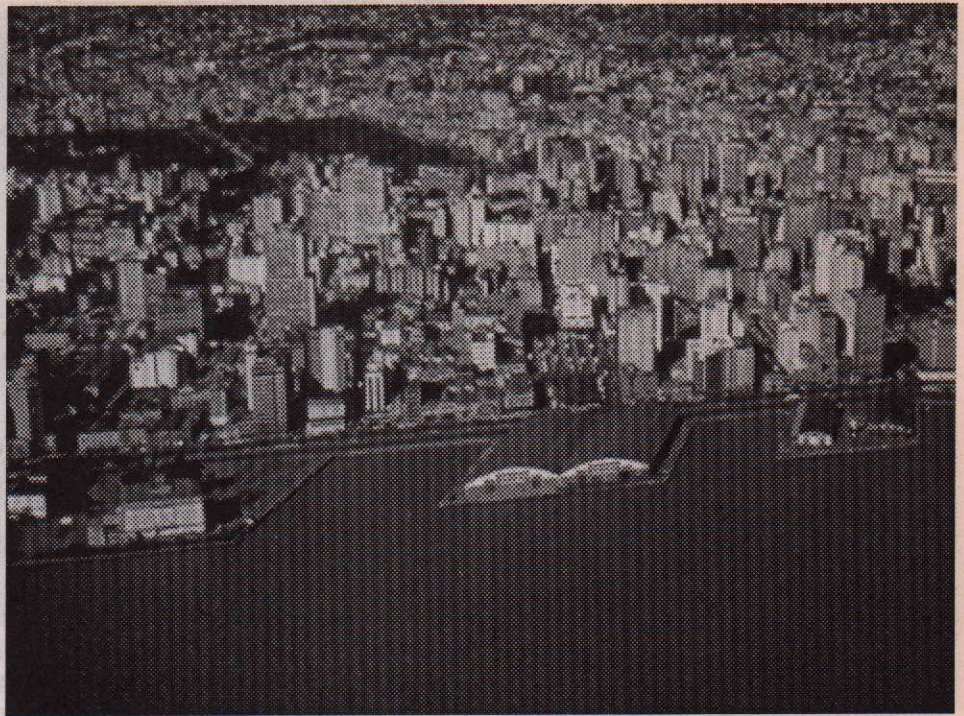
state, the simple existence of an autonomous popular council with an internal democracy, a priori, guarantees the public character of state resources. Such is the most significant content of the Participatory Budget. It amounts in reality to a radical rupture with the institutional, bourgeois policy. The masses determine themselves the destination of budgetary resources. In other words, the budget ceases to be a mystery, an area for specialists and becomes a public subject in the full sense of the term.

Ethics into politics

Beyond this, it introduces ethics into everyday politics: as the mayor of Porto Alegre, Raul Pont, says, "this experience of participatory democracy has shown that the transparent management of resources is the best fashion of avoiding corruption and the bad use of public money. The popular participation has rendered possible an efficient public expenditure with results in works and actions. In Porto Alegre, today, citizens know and decide on public affairs public and thus transform themselves increasingly into subjects of their own future."

Rosa Luxemburg said that the masses learn to govern by governing. Such was also the idea at the centre of the soviets during the October Revolution: in Porto Alegre many cooks take decisions on the Budget and Lenin's classical phrase takes a concrete content without the least suspicion of demagogy. Nonetheless, it is necessary to be clear and the Participatory Budget is only a beginning. The transformation/reconstruction of a new state should extend itself through all the spheres of administration. Moreover this is happening, as for example in education in Porto Alegre where teachers, employees, pupils and parents of pupils decide on the allocation of resources. The example is gratifying for often enough numerous schools forget their particularities and unite themselves around a unique project. The other unquestionable advance is the city's Congress, where all citizens can discuss, debate and project the content of Porto Alegre.

This 3rd such Congress, held this year, has a particular importance because it must plan the town's priorities for the beginning of the third millennium, furnishing the materials and propositions for the elaboration, next year, of a Plan of Government.



Porto Alegre viewed from the air

Democratic practice in Porto Alegre consolidates itself thus, by incorporating the active citizens who assume directly a part of the public municipal power.

Yet, we must be fully conscious that this revolutionary process takes place in a context of heated class struggle. The bourgeois politicians know perfectly well that giving a real content to democracy puts an end to the privileges, to clientelism and, in the last analysis, to the power of Capital over the whole of society. It amounts then to a class struggle and, consequently, to a political struggle which unfolds over a long period.

Hegemony

It is in this context that the Gramscian concept of hegemony takes on an impressive concrete dimension. We in the south of Brazil, counter-current of neoliberalism, are in the process of showing in everyday life that History is not over and that another road is possible and viable. In this struggle for hegemony, we have no illusion: we know that the institutional dispute for hegemony combines with the struggle of social movements social, the struggle of the MST, the trade unions, the movements of unemployed, the struggle for human rights and with the ecological, women's, ethnic and cultural movements.

At the base of all this is the clear and assumed consciousness that we struggle, here in Brazil, for the renovation and

refoundation of a radically democratic socialism, according to its own original discourse, that of the League of the Just, the League of Communists, the First International, the Paris Commune, the soviets of the Russian revolutions of 1905 and 1917; the socialism of Marx, Engels, Lenin, Rosa, Trotsky, Mariátegui, Che Guevara. Finally, the only socialism possible, that where the masses exercise self-determination. We know that we are only beginning. We know also that, beyond the flows and counterflows of the class struggle, we also confront the "professional dangers of power".

And, at the end of the account, Porto Alegre and Rio Grande del Sur are not lost islands in an immense neoliberal ocean. Our victory will influence, and at the same time will depend on the other struggles in Latin America and in the rest of the world. Struggles which, happily, have resumed and begun to take on strength. We have the advantage of having buried definitively determinism and fatalism. We know that the future is not given and that only the struggle, 'in other words subjectivity and will', can change the course of History. Never has the challenge thrown down by Rosa Luxembourg — "Socialism or barbarism!" — been so current. The world has never been so close to the last clause of that alternative. But our political experience, allied to others, shows that another road for humanity is possible. ★

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IN the first place, it should be explained that the Portuguese parliamentary system allows parties that have more than one deputy to set up a "parliamentary group". Thus, the possibilities for intervention are very different depending on whether you have one deputy — as the PSR almost did in 1991 — or two. With a parliamentary group, the movement has access to the meetings where the parliamentary timetable is set and where draft legislation is discussed.

Often this timetable is set by consensus, but each of the groups can demand a debate and a vote on its proposals its without depending on general agreement — every year, the Bloc is entitled to propose one piece of legislation at its own initiative. But the biggest difference is at the level of the time allowed for intervention: the parliamentary groups have a minimum time (6 minutes) to discuss all the proposed legislation, while an isolated member of the assembly has little more than ten minutes per year to intervene in the full assembly.

The Left Bloc has been distinguished above all in managing to combine in its intervention subjects that deeply divide society (like the law on religious freedom, attacking the privileges of the Catholic church in the name of a secular state) or which have embarrassed parliament (like the question of human rights in Angola, that had never been discussed in the Assembly, given the alignment of the Portuguese parties with the belligerent factions in the civil war), with a clarity of speech and an opening to dialogue with the left that the Partido Comunista (PCP) does not have and which is currently essential.

The elections gave the Socialist Party 115 members of parliament, half of the Assembly. In other words, to get its proposals through, it needs at least one more vote.

Contrast

However, and again in contrast to what many predicted, the Left Bloc has not been in the "pocket" of the socialists. For the vote on the state budget last year, the PS negotiated the support of the Popular Party (right wing) and on the central questions of economic policy and the transfer of sovereignty to the EU it counts on the support of the bigger opposition party (the PSD, centre-right). This year, the right — which has voted for all the budgets of the PS

A Bloc that makes a difference

PORTUGUESE political analysts of left and right are in agreement: the election of two members of the Bloco de Esquerda (Left Bloc) has significantly changed life in parliament. At the beginning not many expected an effective intervention. They thought the Bloc would limit itself to an agitational role around some of the themes of the electoral campaign, like abortion, drugs and tax reform. But the effectiveness of the contribution of Francisco Louçã and Luis Fazenda has proved this forecast wrong.

LUÍS BRANCO*

since 1995 — has threatened to remove its support for the Budget, which could lead to elections in 2001 if the socialists do not obtain the necessary support.

One of the subjects most insistently raised by the Bloc is tax reform. Before the debate on the Budget for 2001, the members of the assembly had presented a package of laws (see box) with proposals on banking secrecy, taxes on the very rich and others. The proposals included in this package correspond to the profile of the Bloc's intervention — it amounts to showing the people that this government is not disposed to introduce the elementary measures of a left government, some of which are in vigour in other countries of the EU. Although the PS accepted some of the proposals, the Bloc clearly showed that the PS does not want to touch the privileges of the rich (more than two thirds of the companies in Portugal do not pay any tax, fraudulently declaring zero or minus profits). By insisting on the need for an overall tax reform, the Bloc strengthened the public feeling that this reform was necessary and that the responsibility for the current situation of generalized fraud is with the parties of the centre and right.

The demand for a new approach to drugs and drug dependency was another one of the core subjects of the Bloc's intervention, and its parliamentary group imposed this subject on the parliamentary agenda last June. Drug dependency continues to be the main concern of the Portuguese people, more than employment

or housing. If we add to this concern with insecurity — which derives directly from drug dependency — and the repressive responsive response of the government to these concerns, we grasp the real dimension of the problem. There are in Portugal between 70-150,000 people who are dependent on drugs (given the lack of official statistics, these are the figures accepted by doctors), so there is not a single family which is not directly or indirectly affected by this problem. The percentage of the HIV positive population in Portugal has grown more than anywhere else in Europe. And the majority of these are drugs dependent, such as 70% of the prisoners in Portuguese jails, mostly convicted for small crimes associated with their addiction.

Alterations

In the Assembly of the Republic, the Bloc proposed alterations to the law on drugs, depenalizing consumption, establishing the passive trade in cannabis derivatives and the medical prescription of heroin to those dependent on drugs. We also pronounced ourselves in favour of the opening of centres for assisted injection and for the swapping of syringes in prisons. After the Bloc had forced this subject on the parliamentary agenda, the government was obliged to respond with a draft law that would decriminalize the consumption of drugs and replace imprisonment by monetary fines and other sanctions. In the

FISCAL PACKAGE

- 1. REVIEW of the regime governing banking secrecy** Allows the tax administration access to bank accounts: a) a rapid judicial process, with guarantees of defence and appeal, at the initiative of the General Director of Taxes, if the contributor does not present the necessary clarifications; b) creation of specialized judges in each judicial district; c) maintenance of the professional secrecy to which employees of the tax services are obliged; d) direct access: when the treasury department has the burden of proof, when data is necessary for the prosecution of a case, when the contributor benefits from a special fiscal regime or when they have submitted false invoices.
- 2. Revocation of law relating to offshore zones in Portugal** Removes tax exemptions envisaged for offshore zones.
- 3. Solidarity tax on great wealth** Creation of a new tax on overall fortunes of more than 100 million escudos, which represents less than 1% of Portuguese families who hold more than 10 times the average national wealth. The tax is strongly progressive, starting with a rate of 0.6% for 100 million escudos and going up to 1.2% for more than 500 million escudos. The taxable wealth includes real estate properties, as well as transferable values (shares, stocks, and so on). Wealth is determined through self-evaluation, with control by samples, contributors who are below the minimum threshold of 100,000 escudos not being obliged to make a declaration. Exempted are the values of pensioners, family jewellery, antiques, indemnities, and main habitations to the extent that they are being bought in instalments for a maximum period of 20 years. A criterion is introduced of maximization for the total tax on income and on the big fortunes.
- 4. Tax on real estate wealth** Annuls the tax on local collectivities and introduces the re-evaluation of all urban and rural buildings during the year 2001, defines the criteria for the re-evaluation of rates, creates exemptions for the first 7 years after purchase. Establishes a rate of reference of 0.6% for urban buildings and 0.3% for rural ones, which means a tax reduction.
- 5. Tax on inheritances and donations** Annuls the current tax, introduces VAT on transactions involving urban property, with a differentiated rate: exemption up to 15 million escudos, 5% up to 30 million and 12% from there. Transactions in rural buildings are subject to a charge of 5% of the value, contributing to the reduction of prices and the transparency of the housing market.
- 6. Modification of the car tax**
- 7. Combat property speculation** Introduces a punitive tax on vacant housing in urban zones of continuous habitation with more than 30,000 inhabitants: 10% in the first year, 12.5% in the second and 15% in third and following years, based on the property value, thus compelling these building to be placed on the market. Definition of a program of credit granted for the reconstruction of degraded buildings, extending thus the lease market and reducing prices, which in Portuguese cities are among the highest in Europe.
- 8. Modification of the regime governing tax benefits** Annuls unjustified tax benefits,
- 9. A review of banking secrecy for companies in debt to Social Security** Allows the President of the Institute of Financial Management of Social Security to obtain from financial institutions the necessary information on companies who owe more than have three months of debts to the social security system. This brings out the fact that debts to the social security system have increased and that there are no efficient instruments for their recovery.
- 10. Rules defining access to public subsidies**

Obligation to provide the necessary banking information for contributors who wish to have access to public subsidies.
- 11. Functions of the Parliamentary Commissioner of Taxpayers**

This officer will be elected by the Assembly of the Republic, their powers increased as well as their responsibilities for intervention, particularly in the case of court proceedings where the rights of taxpayers will be challenged.
- 12. Corruption and lack of transparency in tax administration**

Proposes that the methods of banking control are first applied to civil servants involved in the administration of taxes.
- 13. Tax on financial transactions**

Tax rate of 40% on all financial transactions in privileged financial zones. Stops tax evasion by financial enterprises, in particular through provisions and other instruments. Promotes through taxes the reduction of working hours and job-creation in small enterprises.
- 14. Modification of income tax**

Increase deductions for dependent work and for household expenditure, modify the tax bands. Introduce rate of 12% for the lowest band and decrease all rates, except that of 42% (incomes of more than 2 million escudos). Introduce the family quotient, which lowers taxes substantially for the poorest large families. Annuls the source and special rates, which are a means of tax evasion.
- 15. Modification of VAT**

Exemption from VAT of all purchase of school books recommended in the educational system, reduction of rate of VAT for small companies of proximity economy, provision of services in crèches and retirement homes, and materials recycled through wood. ★

debate, the Bloc succeeded in improving significantly this proposal, in the direction of quasi-decriminalization. The debate that traversed society was influenced by the proposals of the Bloc, to which the right responded with the proposal of a referendum, without proposing any alternatives to the bankruptcy of the current policy. This was only a partial victory: the proposals for a radical break with prohibitionism were rejected, although the younger deputies of the PS and the PSD abstained in the vote on the Bloc's amendments.

In previous parliamentary sessions,

hardly any legislation proposed by the parliamentary left was approved, unless it concerned issues peripheral to political debate. Once again, the Bloc confounded general expectations and has seen some important proposals approved in broad outline. The basic law on Social Security received the green light from the parliament, and was one of the proposals on the table in the negotiation of the final law that opposes de facto the ambitions of the insurance companies to speculate with pensions.

The moratorium prohibiting the pro-

duction of genetically modified organisms (GMO) and defining new rules for the labelling of the products was another Bloc proposal approved by the Assembly. In the area of health, the Bloc managed to have approved the installation of public pharmacies in the hospitals and the regulation of alternative medicines, today used by hundreds of thousands of people and providing work both for qualified professionals and charlatans looking for easy money. To get this law approved, great public pressure had to be applied to the PS, which always lines up with the corporatist positions of

the Order of Doctors.

The first law approved from the Bloc was to make a public crime of violence against women within the family. Before this alteration, the Criminal Code only allowed the opening of criminal proceedings if the complaint was presented by the victim, which rarely happened. Following the approval in plenary session came the specific discussion in commission of the Bloc's proposals on popular legislative initiative — which establish that a petition signed by four thousand people can submit a law for debate in parliament — and the law on the organization of higher education, defining the minimum conditions for the existence of a university or polytechnic.

Proposals

Other proposals also won the approval of the majority. In the budgetary debate for 2000, the Bloc obtained the cancellation of the debt of Mozambique (then suffering from catastrophic flooding) by the Portuguese state, as well as the lowering of VAT and the inclusion of condoms in health expenditures. Also approved were proposals and motions from the Bloc on freedom of the press and human rights in Angola, a protest against the murders by the Porto police of members of the gypsy community and the drugs dependent, against the death sentences on Mumia Abu Jamal and PKK leader Oçalan, against the war in Chechnya, solidarity with the fight of unemployed teachers and others.

Although the Bloc has drawn up some laws with the intention of winning the vote, it has not limited itself to this. Therefore, some proposals of the Bloc have been rejected, in particular on the subject of religious freedom, even though it succeeded in putting to the vote the Concordat between Portugal and the Vatican and finally opened a legislative process regarding the privileges of the Catholic Church.

The combination of dialogue on important proposals for the country with a radical approach to the symbolic and political questions has marked the first parliamentary year of the Bloc. Thus the Bloc deputies met Brazilian president Fernando Enrique Cardoso wearing t-shirts from the MST landless movement and criticized the corrupt senator Antonio Carlos Magalhães, a key figure in the Brazilian dictatorship, when he was welcomed in parliament. In

September 2000 they walked out when the king of Spain was received in parliament. The speeches of the members of the assembly on occasions like the anniversary of the 1974 Revolution or the transition of Macau to Chinese sovereignty enjoyed great media coverage and revealed a marked difference between the parties of the system and the radical left wing profile of the Bloc.

At this moment, Portugal is in open political crisis and the scenario of elections in June is a reasonable one. Until then, we have presidential elections in January, where the Bloc presents the historian Fernando Rosas, who has previously been a candidate on the lists of the PSR. It is an election with an anticipated winner — Jorge Sampaio, the current president supported by the PS — but the political crisis has given it an unexpected importance. Now, each candidate is more “glued” to the party that supports them and the campaign is centred more on concrete alternatives for the country.

The electoral objective of Fernando Rosas is to consolidate the growth of the Left Bloc and to win for the Bloc the support of an increasing sector of the left that is losing its illusions in the government of António Guterres. For the first fortnight of January, parliament is not sitting, which exclusively focuses political attention on the presidential elections. In these elections, the right is divided, with two candidates who cannot hope for more than 30% between them.

The PCP is undergoing an internal crisis that will lead to developments at its congress in December, where the “orthodox” line, sympathetic to the sectarian Stalinism that dominates the apparatus, prepares to crush the internal opposition (which extends from pro-PS elements to those who defend a dialogue on the left to find an alternative). The PCP's candidate is a Lisbon municipal councillor, not well known to the public, and it is not clear whether they will finally contest the election or support Sampaio.

The plan of action for the coming months is similar to that of last year: to give an echo to the parliamentary work through public debates, the “Open Parliament” where the members of the assembly traverse the country to hear opinions and proposals on the state budget and other subjects of political topicality. Both members were elected for the Lisbon area but have since taken on the national

dimension of their mandate. Therefore, these initiatives where they report back to the citizens take place in a decentralized fashion. Also, the Bloc installed a free telephone line in the Assembly to collect criticisms, commentaries and suggestions from all over the country.

Agreement

The agreement on parliamentary representation between the parties that had constituted the Left Bloc foresaw the rotation of mandates over the four years. Since the day of the election it was planned that Francisco Louçã (Chico) would be in the assembly for the first year of the mandate, being substituted at the beginning of September. However, with the crisis centred on the debate on the Budget and tax matters — dossiers they have covered since the beginning — the leadership of the Bloc decided not to make this rotation now. If everything goes as planned, after the budget debate Chico will be replaced by the sociologist Helena Neves, a former leader of the PCP, now on the political leadership of the Left Bloc. As yet the consequences of the substitution are not clear, since until now the image of the Bloc has been very centred on parliamentary action and the profile of the deputies. But the diversity of the spokespersons of the Bloc should express the political diversity of the movement.

The political themes raised by the Bloc in the next year also depend on the electoral timing. If it seems there will not be elections, the Bloc can advance with the campaign for the depenalization of abortion — in 1998, the referendum was not conclusive, given that less than 50% of the electors voted, and the result was a narrow victory for the “pro-life” forces. This campaign will lead inevitably to a new referendum, where the manipulation and demagoguery of the right must receive a vigorous response from the left, in contrast to the shameful campaign of 1998.

However, if there are legislative elections in June, and with the certainty of municipal elections towards the end of the year, the conditions will not exist for a popular consultation with significant participation. ★

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1. For more on the Left Bloc see *IV* 320 (April 2000)

Summary of legislation proposed by the Bloc to July 2000

VIOLENCE against women in the family a "public crime"

Eliminates the necessity of presentation of complaint by victim, thus removing aggressor's capacity to force victim to abandon the legal process.

Genetically modified organisms

Sets terms of scientific inquiry in agricultural biotechnology, forbids production / commercialization of genetically modified agricultural products.

Regulation of non-conventional medicines

Recognizes freedom of individual choice on therapeutical methods, allows establishment of criteria of qualification of services and professionals.

Creation of public pharmacies and measures for the development and rationalization of the National Health Service

Widens the responsibility of hospital pharmacies to all sick people in ambulatory treatment, those on the minimum wage and pensioners with incomes below the minimum wage. Institutes a National Formulary of Medicine.

Prohibition of the killing of bulls in bullfights

Forbids this practice. Application of the law without exception by 5 years time.

Contracts for short-term work

Imposes limits to the validity (1 year) and the renewal of short-term contracts. Also limits the situations in which such contracts can be signed.

Measures of protection for de facto unions

Eliminates legal discrimination on the basis of sexual orientation and widens the area of rights recognized to couples in de facto unions. Modifies the legal regime governing adoption. Recognizes to couples in de facto unions the right to adoption.

Review of banking secrecy

Opens banking information to the financial administration. Revokes legislation on offshore zones in Portugal. Provide for the closure of the offshore zones on the national territory.

Depenalization of abortion

Preventative and punitive measures against violence in sport

Bans attendance at sporting events for 5 to 10 years to those guilty of violent acts or incitation to racism and xenophobia.

Law on Religious Freedom and the secularization of the state

Revokes Concordat and tax privileges of Church. Ends religious education in public schools and the representation of religious confessions in official ceremonies.

Financing of the activity of political parties and electoral campaigns

Establishes criteria of transparency in the accounts of parties, forbidding their financing by companies.

Measures for sexual education in the schools

Establishes curricular alterations and training of teachers for the introduction of contents related to sexual education in diverse disciplines.

Emergency contraception

Free distribution in the health centres and sale in the pharmacies without medical prescription.

Separation of the markets of drugs and the struggle against drug dependency

Depenalizes the consumption of drugs and regulates controlled distribution, in the framework of the National Health Service, of opiates to the drug dependent. Authorizes the creation of establishments of passive trade in 'soft drugs'. Establishes the bases of a new integrated system of prevention and treatment of drug dependency.

Outline law on Social Security

Institutes a universal regime of family payments supporting in a specific form single parent families and those on lower incomes. Establishes a solidarity contribution to the financing of the system – centred on the very wealthy and incomes derived from stock market capital. Planned convergence of the minimum pension with the minimum wage. Reduces age of retirement to 65, flexibility until the age of 70 (with increase of pension).

Special process of regularization of clandestine immigrants

Admission of all citizens who have entered to December 31, 1999. Sanctions against enterprises who refuse to give clandestines work certificates.

Rights of single parent or two parent families

Creates forms of support for these families, through measures of a tax character and facilitation of access to housing.

Reduction of normal period of work

Establishes the reduction of normal periods of work to 35 hours per week. Immediate reduction of working hours to 38 hours a week. Reduction by one hour per year, without reduction of wages and rights, until 35 hours. Accelerated rhythms possible in certain sectors. All breaks and occasional interruptions to count as part of work time.

Citizens' initiation of legislation

Changes the relationship between citizens and rulers. With 4,000 signatures, a law can be submitted for debate in Parliament (constitution of a party, 5,000, or a presidential candidacy, 7,500)

System of organization of higher education

Forbids functioning of public or private educational establishments not meeting minimum conditions. Defines special conditions for contracts of programme and social action support. Ends instituted exceptions, like the Catholic University. Sets up council of regulation of higher education, including government, individuals and trade unions. Maintains university and polytechnic sub-systems, developing postgraduate education in both.

Suspension of the process of co-incineration in Portugal

Promotes obligatory recycling and regeneration of oils and solvents within a maximum stated period of one year.

Measures of reduction of risk for the drugs dependent

Creation of centres where assisted injection is possible. Defines the rules of functioning of such centres and their supervision. Creates services of information and guidance for treatment of the drugs dependent.

Definition of an immigration policy safeguarding human rights

Strengthens right of appeal, with suspension of refusal of entry and expulsion. Reinforcement of the right of legal assistance. Office of support for foreign citizens; an end to collective expulsions; revocation of the labour law for foreigners, with inclusion of the immigrants in the general law; facilitation of the conditions for gaining a work visa and authorization of residence, with system of automatic renewal. ★

Suicide of the Basque left

NOT so much in terms of the “quantity” of assassinations carried out – of a total of 792 victims in the course of the last 30 years, “only” 12 have died since the breakdown of the ceasefire – as to their “quality”. If we put quotation marks around this word “quality”, it is because it is very inappropriate when we are talking of human lives. However, not all deaths have the same political meaning.

When, in its early days, ETA selected its targets among the servants of the state apparatus (civil guards, police and soldiers), it was easy for it to benefit from a political support or at least a critical understanding among significant sectors of the Basque nationalist movement. Now that the sole objective retained is the “socialization of pain” through indiscriminate attacks, nobody in Euskadi, even among its fiercest partisans, accords it any legitimacy.

Objectives

The “selected targets” since the end of the ceasefire are in their majority civilian objectives: elected representatives of the Popular Party, leaders of the Socialist Party, entrepreneurs who are members of the Basque nationalist party (PNV) – Korta, who was president of the employers’ association in the province of Gipuzkoa, had openly supported the search for solutions negotiated in the framework of the Lizarra pact – critical journalists – Lacalle had been imprisoned during the Francoist dictatorship – and the civil governor of the province of Gipuzkoa – Jauregui, another old left militant who had been distinguished, in the ministry of the interior, by his determination to uncover the crimes of the GAL and who supported the quest for a negotiated solution to the Basque problem.

Basque society understands neither ETA’s reason for acting nor its acts, and the majority are perplexed by its political degeneration. The bad consequences for all the people are more than evident and this political folly is still less understood. It is clear, however, that the breaking of the ceasefire stems from the fact that the PNV, not without reason, refused to submit to ETA’s demands, in the event the creation

ETA has surpassed itself. The campaign of assassinations this summer has been the most bloody and arbitrary in all its history.

JOSÉ RAMÓN CASTAÑOS

of a national Assembly in the totality of the seven territories of the Basque country without taking account of the majority opinion of the citizens concerned. It is also clear that the assassination of representatives of the PP and PSOE shatters any possibility for establishing roads of dialogue for a negotiated solution of the Basque problem; that the resumption of armed actions revives the movements hostile to Basque nationalism; that public opinion in the Spanish state will identify Euskadi and Basque nationalism with terrorism and violence; that the close network of political alliances knitted from the signature of the Lizarra pact in order to win a majority of society to the right to self-determination has shattered in pieces; and that the process of renovation of the Basque left has become a pure chimera.

Suicide

ETA’s assassinations also represent the suicide of the Basque left, because they pervert the political objectives in whose name they supposedly act to such a point that one must ask questions about the true nature of ETA itself. Is it an organization of the left? Nobody doubts that it was so in the past, but everything would appear to indicate that the political culture of the new generation in the commandos today cannot be unreservedly related to the values and traditions of the left.

The ETA leaders who have broken the ceasefire are not those who had decreed it. The old cadres, forged in the struggle against Francoism and the first years of the democratic transition, have given way to a generation of youth immersed in another culture. Its credo is that in politics all is permissible and that the unfavourable relationship of forces can be overcome through recourse to terror.

They do not seek to win a majority of society to realize their political pro-

gramme, but rather to neutralize by fear the majority which rejects them. This generation is educated in the struggle of the masked urban commandos, the “kale-boroka”, and in the veneration of ETA. It considers itself as the self-proclaimed vanguard of the Basque people, which would give it the right to act against the majority of society in the name of an imaginary Basque people. Its ideology, often a reactionary mixture of Stalinism and fundamentalist nationalism, poses the problem of the political character of this organization, a component of a Basque left where indisputably left values are embodied in trades unionism and the alternative social movements.

Complicity

The complicity the leaders of the Basque left have maintained with ETA is the most negative element of this situation. In private, they do not hide their disagreement, but they do not voice their criticisms so as not to “play the game of the enemy” and so end up adopting an attitude of adulation as “there is no other alternative”. They have yet engaged themselves in relation to their social base and the whole of Basque society to bring an end to the cycle of armed struggle, open a new process and refund the Basque left.

We militants and leaders of *Zutik* (the organisation in which Basque supporters of the Fourth International participate), with other components of the social and political left, have been involved in the opening of this process. Today the complicity of the leaders of the Basque left in ETA’s process of degeneration stops us from working together to build something new. Why do they bend to the diktats of ETA? Again, the reference to Stalinism gives us the answer: fear; fear of an organization that confounds enemy and critical partner; fear of being considered as a “traitor”; fear of the division of the movement.

All that leads to a terrible crisis of political leadership which empties the organizations of the Basque left of their militant base. A terrible lassitude also, with those who would like to put an end, once and for all, to the problem of violence feeling the impotence of a Sisyphus. ★

Popular 'no' vote defeats Euro elite

HUNDREDS of jubilant young left wingers gathered in front of Christiansborg on the eve of September 28 to celebrate the 'no' victory in Denmark's referendum on entry to the Euro. Meanwhile, behind the walls of Parliament, there were tears and bitter comments from the establishment politicians.

FINN K. JOHANSEN

IN spite of a massive scare campaign, a 53.1 per cent majority came out against Danish participation in the single currency – a verdict strengthened by a poll turn-out of 87.8 per cent. The bulk of the 'no' votes came from within the pro-Euro parties' electorates. More than a quarter of Liberal and Conservative voters said no. In spite of a well-planned campaign from the Social Democracy and the Danish trade union confederation LO, 40 per cent of social democratic voters said no. And even though the pro-Euro wing of the Socialist People's Party (SF) got lots of friendly media attention for their "New Europe" campaign (funded by the Confederation of Industry!), 88 per cent of SF electors chose to say no.

While the working class was clearly divided on the Euro question, there was certainly a massive 'no' vote from what is often termed "under-Denmark": the poorest, least educated urban areas showed a 'no' majority of around 60 per cent, while well-off areas went to the 'yes' side by as much as 70 per cent. The ones who felt marginalised and threatened by "development" are very likely to have rejected the Euro while many of the better-off workers gave it their consent.

In the final phase of the campaign SF leader Holger K. Nielsen became the main spokesperson for the "no side", engaging in an intense polemic with Nyrup Rasmussen on welfare questions. Pia Kjærsgaard, leader of the far right, xenophobic Danish People's Party (DF), has been portrayed in some media as the "No Queen". It is true that the right wing, not least DF, has been clearly strengthened since previous referendums. Social democracy did its very best to focus on the role of DF in order to deter progressive EU sceptics

from sharing a 'no' vote with nationalists. The DF campaign called for a "Danish vote" to protect "crown and country", but stayed low key on its anti-immigrant issues in order not to stage unnecessary provocations.

Denmark's two main EU-critical cross-party movements, the People's Movement against the EU and the June Movement, including many left wing activists, favoured the broadest alliance stopping short of Pia Kjærsgaard's party. They entered into a "Euro No"-campaign including, among others, the Thatcherite Conservative Youth. When it came to actual campaigning, though, the right wing seem to have played a very humble role.

Parallel to this, individual campaigns were carried out by the Socialist People's Party (SF), the Red-Green Alliance (Enhedslisten) and other left wing parties, as well as by minority currents inside Social Democracy and bourgeois parties. Overall, the 'no' campaigns proved less problematic than could have been feared. They were not marked by nationalism and self-sufficiency, while such attitudes did make themselves felt among part of the electorate. 'No' campaigners often put forward the situation of East Europeans who are having a hard time joining the EU because of the harsh EMU criteria. And, as pointed out by an Enhedslisten poster: "The world is larger than the EU".

Welfare

The impact of the EMU on the welfare system played a major part in campaigns ranging from the left wing to social democratic dissidents and even some bourgeois groupings. Increasing tax competition combined with the Stability Pact rules against budget deficits constitute a threat



to the funding of the Welfare State, it was argued. In Denmark, 69 per cent of welfare payments are tax financed, a share far larger than in most Euro countries. Prime minister Poul Nyrup Rasmussen has been boasting about his role in placing "employment" high on the EU's agenda. He even put forward the Lisbon summit last March as proof that the social Europe is happening right now.

"Insubstantial and obligation-free". That is how another prominent social democrat, Ivar Nørgaard, referred to the Lisbon employment goals. As a government minister, Nørgaard co-signed Denmark's joining the EC in 1973. But he was deeply disappointed when the Maastricht criteria were laid down without including one on maximum unemployment. "The problem with the euro is that the price stability goal is given a far higher priority than the employment situation of the various countries", he said.

Ole Jensen, a representative of "Trade Unions against the Union", also warned against the Lisbon theses according to which millions of new jobs will be created in small and medium sized enterprises. Behind all the talk of "innovation", he puts his finger on well-known corporate-friendly prescriptions making up the concrete measures agreed in Lisbon: – You have proposals to alleviate taxes on the lowest paid, so that, in return, their wages can be lowered. And once again, you have the demand for greater flexibility. This usually means lower wages, wider wage gaps, uncomfortable working hours and easier access to sacking workers.

The "yes" establishment had at its disposal by far the most money, the government services, three quarters of the MP's, massive support of employers' as well as

trade union federations, and all major newspapers except one tabloid. However, the “yes” vote was weakened by a series of mistakes.

A few weeks before the referendum, the Prime Minister made a fool of himself by “guaranteeing” the future of the national pension scheme. This guarantee was considered untrustworthy by three quarters of the public, especially since, in order to win the 1998 general election, Nyrup Rasmussen “guaranteed” the early retirement pension, and six months later introduced an important element of private insurance, thus adapting to EU policies.

While the ‘yes’ parties tried to keep the EU core countries’ plans of increased EU powers from the public, the ‘no’ side was able to quote leading EU politicians voicing demands for further harmonisation and an “economic government” still louder as the euro rate went down. According to some analysts, the ‘yes’ side could have gone on the offensive by arguing openly in favour of a closer political Union. However, most pro-Euro politicians were painfully aware that this would have caused an overwhelming ‘no’ majority.

Sceptical

Opinion polls before and after the referendum show that, in general, the Danes are interested in and well-informed about EU questions, but they tend to be sceptical towards the Union project because they fear that the EU is undermining democracy. According to an opinion poll shows that half of the voters made their choice on the basis of the general EU development. That is why the ‘yes’ side resorted to a scare campaign similar to the ones used in the five previous EU referendums in Denmark. Failing to join the Euro, portrayed as a shelter of solidarity against “crude market forces”, the crown would come under pressure causing interest rates to go up, which would cost 20,000 jobs and 20 billion crowns. Voting ‘no’ would unleash a package of austerity measures.

The same message was conveyed by an alliance of bosses and trade union officials. Full-page advertisements showed managers and shop stewards saying: “We, the people working in the enterprises, fear a ‘no’ vote”. Nevertheless, the catastrophe scenarios failed to convince and were falsified by the extremely moderate response by markets in the days following the vote.

The ‘no’ victory was a heavy blow for

Excerpts from a statement by the Socialistisk Arbejderparti (Socialist Workers' Party, Danish section of the Fourth International) on the Euro referendum

Use the NO in the struggle for a different Europe!

The EMU still exists after the Danish NO. The Euro continues to be a reality in 11, soon 12 of the 15 EU countries, and Denmark is still tied to the EMU, both politically and monetarily. If the Danish NO is to change anything in Denmark and Europe, we need to rely on its international effect.

The working people in the Euro countries got to know the anti-social results of preparation for the Euro. The Euro's decline can cause a whole new succession of explosive situations, as governments, prompted by the EU and the Central Bank, try to force through the so-called “structural reforms”, which “the markets” demand to create confidence in the Euro: more privately financed welfare, more unjust taxes, more flexible job markets etc.

At the same time the democratic legitimacy of the Euro project is anything but sound. In only two of the Euro countries have the population been consulted via a referendum.

In this situation the Danish NO can give valuable inspiration to EU critics and opponents in Europe, but there is a danger that its image will be tarnished. If Pia Kjærsgaard is seen as the “NO queen”, it will be elements like Haider who will be encouraged to take the offensive.

It is therefore decisive that the Left loudly and clearly puts forward its social and solidarity-based arguments against the EU and takes initiatives aimed at the left-wing, trade unions and grass-roots organisations, in the EMU bloc, in Sweden, Norway and Britain, and in the countries applying for membership.

Use the NO to create a new European community!

Despite the NO victory, Danish EU opposition has experienced some left defections. There is a growing group with solidaristic and international values who see it as being an excessively conservative and nationally limited force.

In a world where multinational companies and finance markets set the agenda, we can't shelter behind a formal national sovereignty.

The EU's Single Market is putting heavy pressure on welfare provisions, encouraging privatisation, downsizing, and cuts. The EMU accelerates this process and the EU attempts to extend its powers.

The NO should be used to demand a halt to EU majority decisions on social and employment amongst other things, but we can only hope to resist the growing pressure on welfare provisions through new Europe-wide demands, movements and struggles.

★ Against tax competition between the EU countries, which threatens the financing of welfare, we need to demand an agreement about minimum levels of company taxes and related items.

★ Against the money markets we must demand a European Tobin tax and other restrictions on the movement of capital.

★ Against the social catastrophe imposed upon the East European populations by their governments' attempts to meet the demands of the Single Market and the EMU, we demand that these requirements are removed and that the EU market is opened to Eastern Europe immediately.

★ Against the undemocratic and anti-social construction of the EMU project, we demand the prioritisation of social criteria and the political control of finance authorities.

★ Against financial hegemony and globalisation, we demand a genuine democratic evolution in Europe – for a peoples' Europe, grassroots democracy and peoples' power.

These are just examples of the aspects of a European alternative which Danish trade unions, movements and left-wing organisations need to develop with their sister organisations in the rest of Europe.

Use the NO in Nice!

The first big opportunity to meet across borders and promote social opposition to the EU is the counter-summit in Nice in December 2000.

The monetary union has not been defeated, even if the NO vote on September 28th put furrows in the brows of bosses and politicians. The hope for a revolt against the power of capital in Europe can only be found in a combination of social mobilisation and EU opposition as well as demands for alternatives based on solidarity, both on a national and cross-border basis. This hope will grow if the NO is used correctly. ★

Poul Nyrup Rasmussen and his Social Democrat-Social-Liberal government. While promising a series of “people's hearings”, the government is trying to prevent EU critics from gaining any influence on Danish EU policies. The negotiations on a new EU treaty to be decided in Nice in December are central to the discussions

about the consequences of the ‘no’ vote. The government claims that the Nice Treaty is something completely different, while the EU-critical movements demand that the government puts a brake on the Union train in Nice by blocking further majority decisions, particularly on social questions. ★

EU enlargement to the east: what left alternatives?

JOINING the European Union is, for the instant, the unavoidable horizon of the main political forces, both left and right, that have come to power in the countries of the former Eastern Bloc. Only nationalist formations and those particularly linked to peasant milieus express worries about the socio-economic effects of joining.

CATHERINE SAMARY

FIRST and foremost, the professions of faith in favor of such an integration are the guarantees given to foreign creditors and investors, a way of saying that the past is well and truly over so as to attract capital.

For the social-democratized ex-Communists it is moreover the condition of international recognition as "credible" interlocutors. With the growing risk that the social and critical discourse towards western "modernity" comes exclusively from the right wing currents. Candidature to the EU also allows the legitimation in the countries concerned of austerity policies that accompany "systemic transformations".

The newly elected government in Poland has demanded that the negotiations on their candidature are not adjourned or retarded by unresolved debates on the functioning of the EU: it is necessary to make the transition irreversible, they say. And the acceleration of the transformations is legitimated by an "imperative": entry to the EU sufficiently soon to render credible the measures aimed at adjustment to the institutions and mechanisms of the EU.

Among the people some distrust is evident in the polls. Yet entry into the EU remains undoubtedly associated (rightly or wrongly) with the hope of living better in a wealthy Europe. In Slovenia, the most developed of the republics of the former Yugoslavia, with the highest income per inhabitant of the whole former "socialist bloc", the most realistic partisans of inte-

gration in the EU express their choice thus: "better to be the poorest in the town than the richest in the village". If some in eastern Europe share this "vision of the future", others believe more naïvely that integration with neoliberal Europe will bring them its average standard of living, just as German unification meant for the peoples of the eastern Länder the hope of sharing the standard of living of West Germans.

Warning

Rare are those who, like Karol Modzelewski¹, have warned against an integration without protection in the world capitalist order. Taking the example of German unification which, according to him, "has been an economic catastrophe" whose lessons should be drawn, he adds: "Germany is the richest country in Europe (...). The hundreds of billions spent by the federal budget to satisfy the eastern Länder have softened the social consequences of the crash of a socialist economy wrenched from one day to another into the economic system of the west, but have not stopped its ruin. If the Germans have perhaps the means to build an entirely new economy adapted to world demands on the ashes of the GDR, the other post-communist countries can hardly dream of that"².

With hindsight we can see that the cost of unification has been infinitely higher than forecast. What has been established "on the ashes of the GDR" is a sort of Mezzogiorno with much disillusionment among the peoples concerned. German

unification and the opening to the east (notably the relocations of industry) are being used in the current social confrontations in Germany to underpin a logic of dismantling of the social gains of what was the "social market model". The incorporation of central and Eastern Europe in the European Union will dispose neither of the redistributive state nor the "national" capital, nor the powerful trade unions, which the FRG had.

But the fear of being still more marginalized and losing out still more by staying outside of the EU and the absence of a credible left alternative to the Europe of Maastricht weighs on consciousness. In the immediate the "European" choices (the very significant current vocabulary: one can only be "European" through being in the EU) legitimates "structural adjustment" policies based on the Maastricht criteria.

Agriculture represents a real sensitive area, a central dossier for integration into the EU, not only because of its weight in the economy, but because it concerns literally vital questions: the proportion spent on food has increased in the budgets of households which have become impoverished. Current market prices are weaker in the former Eastern bloc than in the EU, given a dramatic fall in solvent demand with the rise of poverty. An increase in the prices of basic food products (through an alignment with EU prices) would have socially explosive effects. It is generally a point omitted in the "cost/benefit analyses". However, several scenarios remain possible on the future of the CAP and the effects of integration will be multiple.

The perspective of EU aid to farming incomes and for the restructuring of agriculture is obviously an attractive element for countries whose farming production represented in 1990 20 to 50% of that of the then EU, according to the sectors.³ Nevertheless, it is also in the countryside where one finds the most concern about joining an EU which also implies a brutal confrontation with heavily subsidized and modernized agricultures. In reality, the greatest uncertainty reigns on what the benefits of joining would be. It could accelerate the threat to the CAP in the continuing Uruguay Round negotiations. The prices of the EU would come into line with world prices (which are close to East-European prices) and direct subsidies would replace (compensate for?) the loss of income resulting from these adjust-

ments. Would the incomes of farmers in the former Eastern bloc then be aligned with those of the West? It's doubtful, since the price of their products would not have changed. Still, there will be access to restructuring funds. But on what conditions?

Like the other sectors, agriculture in the former Eastern bloc has been subjected to a "systemic transformation" seeking a "forced privatization" of the means of production. Yet it is far from being stabilized. Behind the new private companies, the old cooperatives are often maintained.⁴ Indeed "the CAP certainly implies a very strong intervention", stress the experts, "but in the general framework of a market economy without monopolization of upstream and downstream activities and under a control of income transfers. How would it be aid be divided by hectare and livestock in loss making state farms, and even in the productive cooperatives and the numerous cases where property in land remains very imprecise?"⁵ At the opposite extreme, would integration in the EU leave unhurt the individual micro-properties which have multiplied and which for now cushion the social explosions by assuring self-subsistence in the countryside and a fallback position for the unemployed?

Sensitive area

Agriculture is also a factor in another sensitive area: that of trade with the EU. One of the effects of the phase of dismantling of the old price systems, the opening of foreign trade and the suppression of Comecon has been a major reorientation of the foreign trade of the former Eastern bloc towards the EU — and a deficit in the current balances of most of these countries, now including the Czech Republic. Imports have rocketed. As for exports, much more limited, they are often accounted for by western firms carrying out subcontracting operations in the East. This is the case for clothing, whose share in the exports of the former Eastern bloc has doubled since 1988 — it represents a relative displacement of the relocations of European firms from Asia towards Eastern Europe. It is also true for the machine and equipment sector.

Moreover, if agreements of association have liberalized access to the EU market for the products of the former Eastern bloc, they include numerous exceptions subject to specific protocols and quantitative

restrictions: this is true of textiles, the coal and steel sector, a certain number of basic products and products considered as "sensitive", notably in the agro-alimentary sector. Indeed the countries of Eastern Europe hold competitive advantages of the first order in these sectors. The measures of protection taken by the EU against imports of animal and iron/steel products coming from the east led to a fall in sales of around 10% in value in 1993. A two-faced language and policy then: Eastern Europe is to suppress its protective measures while they are strongly maintained in the west.

What could a left alternative be to an alignment based on the demands of neoliberal Europe? Karol Modzelewski warns against the effects of an unprotected inte-



Food price increases would be socially explosive

gration into a capitalist world where efficiency is measured by the dismantling of social gains and "productivity" by the dismissal of employees.

The EU is confronted with some major contradictions in its policy of enlargement to the East:

- * the choice of enlargement, it is argued, is first a political question: it is necessary to stabilize the continent. But the "systemic transformation" envisaged erects new walls of silver and thus also new conflicts to which the Yugoslav syndrome bears witness.

- * Also, the EU demands a "structural adjustment" of the former Eastern bloc in line with its institutions and its "market model" but at the same time it makes a "capacity to support competition" a precondition for entry. Thus there should not be too much unemployment, nor too much degradation of the standard of living

and social crises in the East, for all this would count for access to structural funds. Yet at the same time the type of transition that the EU imposes is inexorably socially regressive. We have to develop another logic of security founded on stability through development and the convergence of real incomes. It is a cooperative logic of integration, which takes into account the different levels of productivity and respects the values of all. But this is in reality also true for the countries of the existing EU.

Some left currents oppose the enlargement of the EU, so long as it has not changed its nature, so long as it has not been democratized and made more social. In short, first one consolidates, then one enlarges. However, in the East they say: "let us have your problems...". And opposition to an integration which is widely supported (rightly or wrongly) would be inevitably perceived as an attempt to build a "Europe of the rich", to erect a "fortress Europe".

Fight on several fronts

It is then essential to fight on several fronts:

- * That of transparency and information in relation to the various peoples concerned (East and West) on the reality of the Union, on the effects of the economic policies carried out, on the debates which these policies arouse;

- * that of solidarity and cooperative enlargement, which implies also defending the right of adhesion of the countries which support it — but then to show that, if the EU as it is conceived is incapable of welcoming the countries which want to join, it is necessary, with them, to change the Union.

- * that of plurality of choices: we must reverse the order of the debates. What are the finalities of the union, the choices of societies? Then we can discuss some means (including monetary ones) for getting there;

- * that of democracy which allows control over the big decisions. To the dictatorship of the centralized plan and the single party, neoliberal Europe counterposes social choices made by the financial markets or uncontrolled techno structures. It is necessary to oppose to this the invention of an individual and collective democracy that respects the rights of human beings and peoples.

We need another "treaty" for another Europe, starting from a concrete critique of neoliberal Europe. It can be done from both inside and outside the EU. Each people can decide what suits it best — and draw the balance sheet, step by step, with the others.

All in the same boat

On all these questions, East, West and South, *we are all in the same boat*: the neoliberal logic at work in the world challenges social gains both here and there. Here as there, we cannot simply defend these threatened "gains" and the existing public sector against privatization without a radical critique of bureaucratism, and without redefining other mechanisms and criteria of management of these services. That is the meaning of the struggles and debates against the Europe of Maastricht inside the EU itself: on questions of social security or public services, on employment. These debates and struggles need to be made known in the East.

We must also multiply on a European scale the associative and trade union networks struggling against the ravages of neoliberalism. For the alternatives are not simply questions of ideas. Another Europe is "theoretically" possible, even with the Euro. But the Maastricht Euro is not an "error" that can be fought with the sole arguments of debate. Only changes in the relationship of forces could impose another logic. But for that we also need new common projects forged in struggle. There will be no left alternative in the East, if it does not exist first in the EU as it is.

The people of Eastern Europe as in the West are concerned by the absence of democracy in the current projects of European construction. A single currency? To do what? For what choice of society? With what control of the peoples concerned over their future? The debates on federalism or confederalism, majority vote or consensus have no meaning so long as we do not know what common project is being pursued. ★

1. Karol Modzelewsky, *Quelle voie après le communisme*, L'Aube, 1995, p.87

2. *Op. cit.*, p.84

3. The state sector accounted for more than 80% of arable land (except in Poland and ex-Yugoslavia where it was in the order of 20%), with a share of the workforce stretching from 12% (Czechoslovakia) to around 30% (Rumania) and a share of GDP between 15 and 30%.

4. See notably L. P. Mahé, J. Cordier, H. Guyomard, T. Roe, "L'agriculture et l'élargissement", *Economie internationale*, n°62 2è trimestre, 1995.

5. *Economie internationale*, *Op.cit.*, p.249.

British fuel crisis

EARLY in September militant blockades mounted at oil refineries across Britain, by small farmers and small and self employed road hauliers, protesting about the price of fuel, almost brought the country to a halt.

ALAN THORNETT

WITHIN five days of the start of the protests petrol was unobtainable, emergency services were under threat, factories were beginning to close, and the shops were starting to run out of food. The rapidity of the shutdown was unprecedented, and Tony Blair's New Labour government was completely unprepared. It was then shaken to the core as its popularity plummeted from 20 points ahead of the Conservatives in the polls to seven points behind.

The attitude of the left in Britain to the crisis has involved knee jerk reactions from opposite ends of the spectrum. Some saw the movement that erupted as simply one of small employers, to which the labour movement should offer no support at all. Others have seen the protests as a new emergence of working class struggle, which has to be recognised and built on.

Both of these positions are wrong. The blockades were not protests by the working class, of course. Very unusually for Britain the protestors were crisis-ridden sections of the petty bourgeoisie, who have turned against new Labour as higher fuel prices have been added to the unremitting pressures of the market which they face every day. Many of these people became self employed as the result of Thatcherite deregulation and outsourcing in the 1980s, and now work endless hours in deregulated markets and are struggling for survival against small profit margins. But does this mean we cannot give them any kind of support? No. We should support progressive movements of the petty bourgeoisie in defence of their interests against big business when such conflicts arise.

Protests by small farmers are not new. The strength of the pound against the Euro is a major problem for farmers in Britain as prices for their products are consistently undercut by cheap imports. They had been campaigning for more subsidies: but they joined the fuel protest despite the fact that their own (red) diesel carries no tax at all.

However there are genuine problems for small farmers who are not part of the growing agribusiness sector. They have been hit by a range of big business interests, from banks to fertiliser manufacturers. And they have been squeezed by the supermarkets who play the global market and force them to cut their prices, even selling at a loss to keep their contracts. To compound the crisis, small farmers have suffered a series of body blows from a succession of food safety crises triggered by the unscrupulous activities of the feed manufacturers deregulated under Margaret Thatcher — the most obvious result being the BSE ("mad cow") scandal.

Crisis

Small haulage companies and owner drivers face a European-wide crisis in their industry. This however is not caused mainly by fuel prices, but by the way the industry was deregulated, beginning in the 1980s. Even those regulations that still exist are flouted by most of the industry, particularly owner drivers, in the struggle to survive. This deregulation has led to the cut-throat competition which now exists in the haulage industry as part of the globalised economy.

There were of course a range of dubious backers and manipulators behind these protests. We do not support these forces: but we do support the stated aims of the protest both in terms of a reduction in the tax on fuel, and in alleviating the crisis facing small farmers, small hauliers, and owner drivers, which are at the core of the action.

The blockades centred on the emotive issue of petrol prices. British prices are the highest in Europe, due to the level of tax, and are now punitive against big sections of poorer people who run cars. The protest therefore enjoyed mass support amongst the working class, and linked in to a range of other grievances against new Labour.

The result was an explosion of anger and resentment. People who live in the countryside, and small business people, feel victimised by fuel prices. Small farmers, hauliers and owner drivers are being squeezed out by big business and neo-liberal unregulated market forces.

Of course there is a major environmental problem to be addressed: the issue of car use and road transport is indeed central to the reduction of greenhouse gas emissions. We have to put action against global warming at the top of the political agenda. But we do not accept that environmental protection can be achieved by the current ineffective and regressive tax on petrol. Cutting the use of cars can be achieved only through combining strong disincentives against car use with the provision of alternative forms of sustainable transport.

A comprehensive policy is needed. This should include a major investment in public transport alongside more pedestrianisation, parking restrictions, park and ride, alternative energy sources for the car etc, and a tackling of the all embracing car culture which currently exists in this society. But without viable alternatives that enable people to travel, increases in fuel prices are inelastic and have little effect on consumption. A differential tax on engine size would be a much more useful way of reducing carbon dioxide emissions.

Shift

The shift towards indirect taxation (away from income tax), which began under the Conservatives and has continued under Blair, has been widely recognised as unfair and dishonest. People can see that a tax which raises more money for the government the more petrol is sold is flawed as a means of reducing the consumption of fossil fuels. They know that the extra money raised for the government is not being spent on environmental protection. We should call for a turn back towards direct taxation. Reduce indirect taxation. Tax the rich and impose massive direct taxation on the oil companies to pay for an environmentally sustainable transport system: the current tax on oil extraction in the North Sea is the lowest in the world. This should be a first step towards nationalising the oil companies and the banks.

We should link our call for a reduction in fuel tax to a call for a sustainable energy policy and an integrated transport policy



for both people and freight. This must include not only new rail and tram services for passenger travel but a complete reorganisation of freight transport, to switch large quantities of material from road haulage back onto rail.

This crisis is not caused solely by taxation, of course. The oil companies have massively increased their already massive profits: the top five companies are on target to rake in over \$30 billion this year, by exploiting both consumers and the oil producing countries. Their role needs to be highlighted by the left. We should defend the right of poor countries which depend on oil exports to sell at a reasonable price. The fact that the price of oil has gone up from \$10 a barrel to nearly \$35 in the last year is partly a product of the fact that prices have generally been low since 1980. This low price was part of a general fall in world commodity prices driven by globalisation. The left has opposed this in terms of other raw materials — we should not exclude oil from this view.

The protest was a new phenomenon in many ways. The pickets were effective not because they physically stopped anything, but primarily because of collusion between the oil companies, the hauliers, the owner drivers and the police. The oil companies, not the protesters, were the force that made the action so effective. Above all the oil companies are keen to see the government take the blame for high fuel prices while keeping their own rip-off profits intact.

That is why they supported the dispute behind the scenes, forming a bizarre alliance with the hauliers to cut off the supply of petrol and diesel. In some cases tanker drivers were instructed not to go out, even though the road outside was open. Others were given the option to go out ... or go home on full pay! These are

employers who normally make breaking picket lines a matter of principle, and who would automatically instruct drivers to drive through — and sack them if they refused. Anyone who doubts this should try picketing an oil refinery for any other reason — and see what happens.

Rule of law

Despite the overwhelming support of working class people for the protest, the trade union leaders were mainly concerned with upholding “the rule of law”. They were also worried that French-type direct action methods might be taken up by British trade unionists. Some on the left take a similar line, and argue that socialists should not support movements and protests of the petty bourgeoisie. This idea should be rejected. It is true such movements often attract some nasty political allies, including the far right. But this is simply an added reason for giving them support in order not to drive them in that direction. Such movements can be extremely dangerous if they fall prey to the far right, which may provide charismatic leaders for the cause.

Marxists understand that the petty bourgeoisie is not politically independent as a class (although it can have its own political demands); it gravitates towards the strongest class in society. The working class must therefore defend them against the banks and finance capital, to win them to our side and prevent them allying with the right. Trotsky argued that the working class should always be prepared to establish and lead alliances with the petty bourgeoisie, warning that they will move further to the right if they do not move towards the working class. We say tax the rich, not small business. Abolish VAT, cancel the debts of small businesses and provide them with cheap credit as an alternative to being fleeced by the banks.

Meanwhile the left needs to get to grips with the political issues raised by the fuel blockade and begin to address the problems of the petty bourgeoisie in order to deal with this kind of movement. The politics of the protestors — and their demands — are confused and contradictory, and they offer no easy way in for the left, as some found to their cost when they tried to join the fuel protestors’ picket lines. But the left must help to clarify the real battle lines, and press for the wider labour movement to respond. ★

“The capitalist system has not overcome its long wave of stagnation”

Gianni Rigacci*

1. IT is indisputable that the first half of the 1970s represented a cleavage in the evolution of the world economy: we then entered into what some economists defined as a long wave of stagnation. Nonetheless, since roughly speaking the mid-1990s, we note in an increasing number of regions of the world the signs of a solid and constant growth, justifying a debate on whether the long wave of stagnation is henceforth over and a new wave of expansion is underway.

2. Ernest Mandel advanced some interpretative hypotheses on the transition from one phase to another. According to him, the normal mechanisms of the capitalist system determine the phases of stagnation. Attempts to maintain an acceptable level of profit can put off the day of reckoning, as can state intervention to support demand, but not avoid it.

On the other hand, a long expansionary wave can stem from exogenous factors, outside of the normal functioning of the system. It can happen following a sudden enlargement of the world market, the discovery of new sources of raw materials, a defeat of the working class allowing a significant increase in the rate of surplus value, or even wars and revolutions. Experience seems to have confirmed these hypotheses.

Since the last decade has seen numerous changes in the functioning of the world economy, an analysis of these changes can help us respond to the question that we asked ourselves at the beginning of this article.

3. Let's begin with developments in the three economic zones representing 50% of world GNP:

■ In the US, since the first months of 1991 there has been a phase of uninterrupted expansion which is statistically the

Debate: A fifth “long wave” of world capitalism?

Jan Malewski*

IN IV no. 322 of June 2000 we opened a debate on the possibility of an end to the recessionary phase of the long wave which began in the early 1970s. We published then the contributions of Maxime Durand and Marc Bonhomme, who both concluded that the conditions were not met for the capitalist economy to reenter the expansionary phase of a new long wave. We publish here two new contributions: that of Gianni Rigacci, who argues that “the capitalist system has not overcome its long wave of stagnation” and that of Henri Wilno, who envisages a “new productive order”, or to take up the terminology of Ernest Mandel, an exit from the recessionary long wave.

The Marxist current owes the hypothesis of “ascendant, stagnant or declining epochs of capitalist development” to Leon Trotsky. The Russian economist Nikolai Kondratieff had elaborated a theory of “long cycles”: based on a statistical analysis of past periods, he envisaged a regular repetition every 50 years, each cycle having an ascendant phase and a regressive phase. This theory was severely criticized by Trotsky, who rejected the idea of “long cycles”, considering that the approach of Kondratieff was an “erroneous generalization of a formal analogy” with short cycles. Following Trotsky, Ernest Mandel developed the Marxist theory of “long waves”, considering that if the beginnings of a depressive phase of the long wave are due to the accumulation of contradictions which undermine the mode of regulation during an expansionary phase, the transition to a new expansionary phase involves factors exogenous to the economy: a change in the relationship of forces between the classes, a strengthened bourgeois leadership, a “technological revolution” allowing productivity gains, an enlargement of the market following events of a “superstructural” order (wars, counter-revolutions and so on).

If the theory of long waves does not allow us to predict changes in the economic conjuncture – cyclical crises of overproduction, or recessions – it does allow medium term predictions on the character of these crises and on periods of growth (their duration and depth). Thus it also allows us to envisage the conditions of the class struggle: the evolution of the industrial reserve army (unemployment) and the margins of maneuver which the employers have to meet the social/wage demands of the workers’ movement. The expansionary phases of the long wave have always allowed the workers’ movement to accumulate forces through victories in partial struggles and, by increasing the confidence of employees in their collective strength, have stimulated political recompositions inside it. On the contrary, if the workers’ movement does not inflict a historic defeat on Capital in the course of the first years of the depressionary long wave, employing the forces accumulated in the course of the preceding period, the accumulation of partial defeats leads to a degradation of the relationship of forces to the detriment of wage-earners (this what we have been able to observe in the course of the 1980-1990s).

The economic debate that follows does not, then, concern only the specialists. Its conclusions have a significance in determining the tasks of the workers’ movement. ★

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longest in the history of the country. Since 1994 there have been rates of growth comparable to those of the exceptional 1960s. In the course of the six last years GNP has grown by 25.3%, a very significant growth even if one takes account of the fact that in the 1990s the population has grown by 10%. For this year, record growth is again

predicted (more than 5%). It should be noted, moreover, that military expenditure no longer plays a role of impulsion: it is, rather, the debts of both individuals and companies, which have reached 140% of GNP and grow by 7.5% a year. As to the foreign trade deficit, it has reached 4% of the GNP. Let’s add that similar rates of

growth, even if less significant, have been recorded by the economies close to that of the US, like those of Canada and Great Britain.

■ 1994 also marked a turning point as far as Europe was concerned: after the negative results of 1993, there was over a six year period an overall growth of 14%. According to the predictions, the year 2000 should mark the beginning of a more accentuated growth (up from 2.3% to an average of 3.4-3.5%).

■ Finally the situation of Japan continues to be difficult with growth equivalent to half of European growth (1998 having been a year of crisis).

The three zones are moving at different speeds then: sustained growth in the United States, uncertain growth in Europe (it should increase this year then slow up in 2001), stagnation in Japan. A tableau characterized, then, more by the exceptional evolution of the economy of the United States than by indisputable signs of the start of a new long wave of expansion.

4. According to a fairly widespread opinion, credit for this phase of US expansion belongs to the 'new economy', a neologism which grips the imagination, but is not without ambiguity. It is worth stressing that when we refer to the new economy, we are not just talking about the companies on the Nasdaq index in New York. For sure, all these companies are part of it, but more generally, at least according to *Business Week*, the new economy is constituted by everything that has allowed the United States to realize its spectacular growth, nearly 4% since 1994, with a rate of unemployment down from 6 to 4% and inflation at 1.9% in 1999 (the lowest rate for 34 years). In other words, according to *Business Week*, the new economy is nothing other than the predisposition to massive investment in the information technology sector, the restructuring of the financial market, the impulse to cut costs and increase flexibility on the part of government and companies. We should also try to understand why this evolution of the new economy has until now only really benefited the US, whereas it has become a reference model for the whole world.

5. Whether or not it depends on the new economy, one of the striking features of the economy of the United States resides in the fact that gross private fixed investment has grown by 8.5% a year since

1992. In the same period, Japan has experienced a negative evolution and Europe has registered an annual growth of around 3%. According to reliable sources, 30% of US investment concerns information technology. It is interesting moreover to note that the rate of growth of investment is clearly superior to the rate of growth of GNP. This massive injection of technological innovation has resulted in a significant increase in productivity: from +1% in 1991 to nearly 3% a year since 1996 (average rate of growth in Europe in the course of the decade: 2%). One could, nonetheless, question the accuracy of this average given that, while in certain sectors the increases in productivity are evident, in others it is difficult to see them. For example, in the computers and microchips sector (around half a million employees) the value of the average annual product per employee went from 157,000 dollars in 1995 to 443,000 in 2000; good results have been recorded also in telecommunications and banks and still more so in stock market services, whereas in health (11 million employees) and catering (12 million employees) there is no growth, while the



US Federal Reserve chair Alan Greenspan

same is true of the software, insurance, pharmaceutical products, transport, education and travel sectors.

6. Direct foreign investments on a world scale went from an average of \$90 billion in the 1980s to \$363 billion in the 1990s. They reached \$460 billion in 1997, \$646 billion in 1988, \$839 billion in 1999. This constant progression has constituted one of the most significant phenomena of our times. Of these investments 96% came from industrialized countries, while three quarters goes towards industrialized countries (above all through mergers and acquisitions). Nearly a third of this capital

flowed towards the US. It is, then, the country which has most stimulated the free circulation of capital which draws the greatest benefits from it.

7. World trade has, since the 1990s, experienced annual rates of growth clearly superior to those of the preceding decade: 6.3% against 4.2% in the 1980s. If we consider the expansionary long waves of the past, we note that there has never been such a significant growth, with the exception of the period between 1945 and 1975, when world trade grew by 9.4% a year. It should be stressed that growth has been particularly notable in the second part of the decade which has just ended: 6.8%, despite the negative effects of the Asiatic crisis. It goes without saying that the US has been the motor of this process.

8. It was in the 1990s that the US market played the decisive role in the world economy: whereas in the 1980s US imports had grown by 5.5% a year, in the 1990s they grew by 9.1%. Exports have also increased, but less notably. This extraordinary growth has been realized through indebtedness: the foreign debt of the US reached \$1,500 billion at the end of last year, to which we should add another \$450 billion at the end of this year. The cause of this indebtedness: investment and consumption increased throughout the decade — and continue to do so — at higher rates than the increase in GNP.

One could recall that in the mid-1980s the US also had an exceptional foreign debt, even though it was smaller than that of today. Then, the capital which came from abroad was used to purchase state bonds at a time when Reagan had opted for a policy of high public debt. A fall in the value of the dollar inevitably followed. The difference today resides in the fact that now the state budget is nearly balanced and the capital coming from abroad is used for the purchase of companies and other activities, thus posing no immediate danger to the stability of the dollar. It is true that it amounts all the same to debt, but there have been more than a few occasions in history when debts have created more problems for creditors than for debtors.

9. In the 1990s the cumulative trade deficit of the US reached \$1,730 billion. In the course of the last seven years internal private consumption increased at a rate of 4%, against 1.5% on average in Europe

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and Japan. Households spent even more than they earned: their debt henceforth exceeded the value of GNP. It's interesting to note that among the G7 countries the sum of public debt and private debt is nearly equivalent in five countries whereas it is notably higher in Japan and Canada.

10. The unrelenting growth in the value of shares provides some food for thought. First note: the value of companies quoted on the stock exchange has grown by three times in the space of five years. It seems that this phenomenon has come to a halt after the stock market crisis of last April. Secondly: despite this, the capitalization/profits ratio remains unsustainable. In the US this relation was at 17 in 1995 and it is now at 33, whereas in Europe it was 14 and is today 27 (thus fairly close to that of the US). These figures mean that numerous specialists are predicting an inevitable crash in the future.

In any case, the figures we have given demand a supplementary reflection. In fact, most companies do not pay dividends, but repurchase shares, thus ensuring to the shareholders the profits on what is known as the capital gain, that is the increased value of a share in relation to its price of purchase. Such operations make sense because, in most countries, taxes on dividends are very much higher than those on capital gains. This is a legal way of dodging taxes, to which 60 to 70% of US companies resort (and now also the Europeans).

11. So far as the financial situation in the US is concerned, we must take into account some changes that have taken place in recent years. First, we should draw attention to the role played by pension funds, which dispose of an enormous mass of capital: \$7,210 billion at the end of last June, giving it first place among institutional investors. Figuring out the behavior of the pension funds is thus decisive if we want to understand what could happen in the next period in the world's stock markets. It might be thought that these funds represent a factor of stability in the markets, given their volatile nature. If, on the other hand, we think that they are in search of the maximum profit and hence represent a destabilizing factor, it's a wholly different affair. For our part, we think that they tend to assume a stabilizing role but at the same time contain a multiple of detonators susceptible of exploding.

Secondly, let's look at the activity of the Federal Reserve (the US central bank). Certainly, the US economy is the most controlled in the world, just as the financial markets are the least imperfect of the world. However, being in the best shape to forecast the coming storms is not the same thing as avoiding them. An adequate policy and behaviour is needed. Indeed, the interventions of the Federal Reserve, on a number of occasions critical, indicate that it fixes political axes and applies them empirically, playing a stabilizing role in a market influenced by any number of passing whims.

This policy of the Federal Reserve - it would undoubtedly be better to say: of the US government — is applied, in the final instance, on a global level. The US has used up to 3% of its GNP to meet the challenge of the financial crises which have occurred on a number of occasions in the 1980s and 1990s (in fact, through a socialization of losses and a privatization of profits): Finland used 9% of its GNP, Sweden 4%, Norway 2%, France 1.5%, while Japan for some years used up to 10% of GNP.



A new paradigm?

12. We can say that up until now the Chinese market, the Russian market or that of the countries of Eastern Europe have not constituted a significant outlet for the products of the industrialized countries. It is true that Chinese imports have grown notably in the 1990s (from 50 to 150 billion dollars), but exports also increased (from 60 to 180 billion). Result: China enjoys a large trade surplus. As to Russia and other countries of Eastern Europe, they have rather registered a slowing up in their trade. Conclusion: the countries of the former Soviet bloc and China remain, on the whole, marginal in relation to the world economy.

13. As for the Asiatic crisis, it should be said that the precepts of the IMF (reduction of consumption, growth of exports with the aim of obtaining the resources necessary to meet debts) have produced results for a period: in the space of two years the crisis has been overcome. In particular the devaluation of currencies throughout the region, with the exception of the Hong Kong dollar, has favored exports while simultaneously restricting imports, primarily in the areas of infrastructures and investments. Is it necessary to point out that the resolution of the crisis is not due to the application of IMF policies? It was possible because the US and, to a lesser extent, Europe have allowed the countries concerned to realize an improvement of their trade balance of \$100 billion within the space of a year.

Nonetheless, the living conditions of the peoples concerned have considerably deteriorated, even if the increase in exports has allowed a limitation in the loss of jobs. Moreover, the situation remains very critical in a country like Indonesia, while the budgets of all the countries concerned show some extremely heavy liabilities and many companies will face almost insurmountable difficulties.

14. It is undoubtedly true that in the 1990s a redistribution of income to the detriment of labour took place in all the industrialized countries. In Italy in particular, the share of income going to labour (including the self-employed) reached 70% of GNP in the 1970s. It fell systematically subsequently. The lowest point was reached in 1996: 58% (a small increase occurred after that date). According to a study by the Bank of Italy, in the course of the last decade, the monthly net remunerations of workers fell by 8.7%. According to a trade union study (CGIL), over the same period the retired suffered losses going from 7 to 22 billion lira.

As for the US, hourly wages only started to increase again in 1996, attaining a cumulative growth of 2.2% by the end of the decade. If we recall that meanwhile GNP grew by around 30%, it is obvious that there was a boom in investment and the stock market (and, quite naturally, profits). The gulf between rich and poor grew as a consequence.

15. Based on the preceding, the situation seems to us sufficiently clear:

■ The capitalist system has not over-

come its long wave of stagnation. Only the US economy has experienced rates of growth which allow us to envisage a new wave of expansion. However, we cannot advance the hypothesis of a new wave of generalized expansion as long as the Japanese crisis continues and the European upturn remains precarious; the exceptional rates of growth of the US economy are linked to the exceptional role that the US plays on a world scale, not only from a military point of view, but also on the political and economic levels. It is true that, in the area of consumer goods as well as investment goods, the US is henceforth completely dependent on abroad, but their superiority in the area of new technologies is today unarguable. The strength of the dollar is undoubtedly the most obvious index of the exceptional role of the US (as they say, a strong currency helps to import deflation while transferring inflation abroad);

■ The world economic system as a whole, which finances the growth of the US, depends at the same time on the positive results of this country's economy. The deficit of its trade balance will exceed \$400 billion this year. This is a luxury no other country can allow itself;

■ This central role of the US determines a situation where any eventual disequilibria in its economy constitutes an ever-present danger for the world economy as a whole. What will happen in the world if the speculative stock market bubble bursts, or if the dollar crashes, or if the government in Washington brakes in its trade deficit and/or its carefree tendency to run up a foreign debt? How will the other countries react?

For sure, as long as surplus value is maintained at current levels, the situation can continue. But as the US economist Paul Krugman says (and as good sense would also suggest), when a phenomena cannot last for ever, at a given moment it must stop.

So sooner or later it will stop, even if those who produce surplus value continue to accept being expropriated at the current level without reacting. If the Federal Reserve succeeds in pulling off a soft landing of the US economy, the counterblows could without doubt be limited. If it does not succeed, it would be a disaster. ★

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A new productive order?

Henri Wilno*

AFTER the upheavals of 1997-1998 (Asiatic, Brazilian and Russian crises), economic growth has been maintained in the USA (which has now effectively known the longest cycle of growth since the Second World War) and, despite its limits, appears practically consolidated in Western Europe. There is, moreover, a certain resurgence in Southeast Asia whereas the conjuncture remains uncertain in Japan.

This favourable conjunctural situation says nothing in itself on the evolution of the long "cycle", contrary to the triumphalist arguments on the "new economy" today advanced. In the same way, we cannot exclude a slowing up of this growth under the impact, for example, of a fall in the financial markets.

The economists who identify with our current have for a decade in various degrees been hesitant on the characterization of the situation. Until now the idea has been maintained that the neo-liberal policies could not throw up the bases of a regime of viable growth in the medium term. The following text puts forward a certain number of elements to modify this analysis.

What framework of analysis?

The framework of analysis of the history of capitalism defined by Ernest Mandel is founded on the succession of movements over several decades, in which ascendant (expansionary) and descendant phases succeed each other in "long waves". The fourth long wave has experienced its expansionary phase from the end of the Second World War (a little sooner in the US) to the end of the 1960s.

At the beginning of 1970s, the world economy entered the descendant phase of the long wave. Ernest Mandel, following Trotsky and in opposition to Kondratieff,¹ insisted on the fact that there was no mechanism endogenous to capitalism which rendered automatic the passage to an expansionary wave after the recessionary wave. Understanding the passage to a new ascendant phase necessitates then the tak-

ing into account of 'extra-economic' factors (the modification of the social relationships of power in Europe in the post-war period).

In view of recent developments, it is worth examining whether the world economy is still in the recessionary phase of the long wave or if it has entered in a new ascendant phase. The expressions 'expansionary long wave' or 'ascendant phase of the long wave' lend themselves however to confusion inasmuch they can be interpreted as identifying themselves necessarily with a rhythm of sustained growth. All the more so in that the implicit reference is sometimes the 1945-75 period, during which average growth was exceptional with regard to that recorded over the long term by capitalism.

The term 'productive order', derived from the French economists P.Dockès and B.Rosier² undoubtedly allows us to designate more clearly the analytical issues at stake: has capitalism succeeded in reconstituting mechanisms of regulation which could guarantee a medium period stability, enlarged reproduction, and the maintenance of the rate of profit at an average level which could be considered as satisfactory?

Remember that each productive order rests on four elements:

1. A mode of accumulation of capital of whose analysis should take into account two aspects: the industrial and financial structures and the relationship between capital and labour;
2. A type of material productive forces;
3. A mode of social control ensuring the submission of the forces of labour to the economic order;
4. A type of international hierarchy.

We will then take up the elements that appear to us to characterize the main structural evolutions of capitalism, beginning (without implying that we consider it the most important element) with the material productive forces: the new technologies and the organization of the work process.

The role of new technologies

The analysis of new technologies and their impact involves distinguishing three levels: new products (goods, materials and services), the transformation of existing products and the evolution of the processes of production and circulation.

During the 1980s and the beginning of the 1990s, the new technologies essential-

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ly concerned the last level and, to a lesser degree, the second. The techniques allowing a rapid treatment in great quantity of information³ allowed the reorganization of the productive process ("just in time", "zero stock") in the direction of a more rapid and less risky adjustment to market openings. Thus, and it is an extreme case, the US microcomputer manufacturer Dell was able, in some of its factories, to organize its manufacture in periods of two hours, eliminating practically all stock.⁴

This is explained by the conjunction of several factors: the use of the Internet to take orders and manage relations with suppliers, the proximity between the installations of suppliers and factories, but also the specialization of factories and undoubtedly (although this is not stated in the article dealing with this case) strong demands on the flexibility of the workforce. The new technologies can also favor the externalization of certain tasks.

The possibilities of electronic trade allow, finally, the transformation of suppliers (some of them at least) and the reduction of costs by accelerating the delays in transmission of information and putting them into competition. The creation of a platform of 'B to B' (business to business) Internet exchanges⁵ was thus announced in March 2000 by General Motors, Ford and Daimler-Chrysler and they were joined in April by Renault and Nissan. The gains expected by the US manufacturers amounted to 10% of the cost of a vehicle,⁶ while Renault appeared more prudent on this point.

This type of instrument would allow going still further in the direction of "zero stock" and fitting supply to demand. On the contrary, the generalized putting into competition of suppliers would be contradictory with the maintenance of stabilized links in the network; Renault has thus announced that this competition will not affect suppliers of the first rank. For its part, General Electric says that the online purchase of \$2.1 billion of supplies would allow an economy of \$234 million.⁷

In a general fashion, "what is at stake for the industrial enterprises is the use of NIT [new information technologies] to reduce stocks and related costs, shorten delays in delivery of equipment, accelerate the cycle of development of new products, lower the costs of distribution. Overall, the objective is a considerable improvement in the profitability of industrial activities'.⁸

The impact on global productivity is however relatively limited for the moment, much inferior to the gains in productivity recorded before 1972, even if, in the most recent years, a resurgence is perceptible in the US, pioneer country in the area of the 'new economy'. In fact what appears is a considerable gap between the gains in productivity in the IT sector and the rest of the economy (see box at foot of page).

Analysis

This can be analyzed in a number of ways:

■ Either as a normal discrepancy, which would not be unprecedented, between the transformation of the capital stock and the growth of productivity⁹ (computers still represent moreover a limited part of capital stock, of the order of 2% in the US). Also, certain economists¹⁰ argue that the rapid renewal of technology makes firms renew their productive capital more frequently: more capital is necessary for production.

■ Or because the new productive methods lead to the growth of costs other than direct productive costs: with the development of road transport of commodities, for example. It also appears obvious that the effects of the new technologies are differentiated according to sector or according to the different stages operating inside the same sector: thus, in electronic commerce, the new technologies can have a direct impact on the conditions of purchasing decisions by enlarging the possibilities of information for purchasers; but once the supplier is chosen, there remains the very material problems of management of stocks and delivery which do not differ from those of the traditional enterprises based on sale by correspondence.

So is it true that by enlarging the possibilities of competition at the moment of the decision to purchase, the new technologies applied to commerce have an indirect

effect leading to productivity gains for the suppliers? It is necessary finally to take account of the fact that some investments in new technology, carried out sometimes without adequate prior studies, have not had the effects expected.

■ Or finally because the introduction of new technologies is carried out in a context where, despite the current euphoria (which follows a discourse on the deflationary risk), the market outlets remain stifled by wage restrictions.

Moreover, the triumphalist discourse on the creation of "high tech" jobs does not appear well founded: according to the estimates of J. Gadrey,¹¹ qualified jobs linked to new technologies only constituted a small part of the creation of jobs in the US. The preponderant part of jobs created between 1986 and 1996, qualified or not, do not correspond to the computer, database or Internet jobs.

The high rates of growth of employment in these activities correspond to the low numbers employed in them relatively to others. Between 1986 and 1996, the catering sector created 1.6 million jobs in the USA, that of health 2.9 million and that of IT services less than 700,000.

The predictions underline this: from 1998 to 2008, among the five types of jobs which should increase the most (in number of jobs) in the US, there are for sure analysts (+ 577,000 jobs) and 'general managers', (+ 551,000) but also truckers (+ 493,000), cashiers (+ 556,000) and retail salespersons (+ 563,000).¹² The number of database administrators should increase by 77% but this only represents 67,000 supplementary jobs.

Moreover, some jobs in the new high tech sectors are classical productive or commercial jobs: mobile telephones need workers to manufacture them, deliverers to deliver them and salesperson to be sold (see below for details of the working conditions at Amazon.com).

The new element in recent years is the transformation of certain products related

Annual average change in hourly productivity of labour in the USA (%)

| Sectors | 1950-2 to 1972-2 | 1972-2 to 1995-4 | 1995-4 to 1999-1 |
|-------------------------|------------------|------------------|------------------|
| All outside agriculture | 2.63 | 1.13 | 2.15 |
| Industry | 2.56 | 2.58 | 4.58 |
| IT | - | 17.83 | 41.70 |
| Non-equipment industry | 2.96 | 2.03 | 2.05 |

Source: R. Gordon "Has the "New Economy" rendered the productivity slowdown obsolete?", 1999. Cited in P. Le Merrer, *Cahiers français*, 2000.

to the new technologies into 'mass' consumer goods: micro-computing, mobile telephones. Their diffusion has been accompanied by that of related products (software, services). It should also be noted that these goods are subjected, by producers and diffusers, to an accelerated obsolescence which allows the renewal market to be enlarged while the market of primary equipment is still not saturated.

Organization of the work process

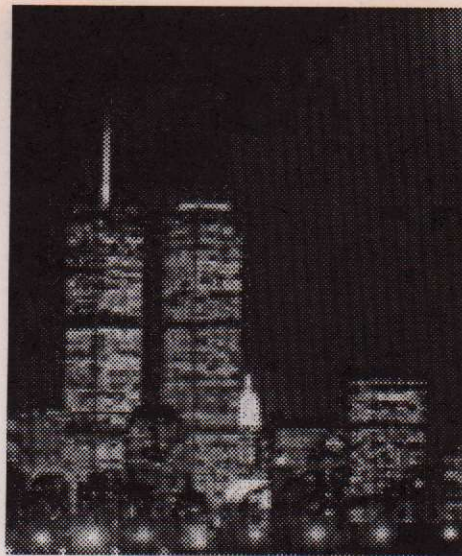
The segmentation of the workforce is the lightning rod of the reorganizations taking place in the work process. These reorganizations have two complementary dimensions: one concerns the productive units, where size is reduced and relations are agencied through networks, the other concerns the management of "human resources".

The average size of companies has tended to reduce as a result of the reduction of employees in industry which undermines the big concentrations of workers. Externalization was at first confined to peripheral activities but now subcontracting affects not only certain 'inputs' (car parts) but segments of production, management and indeed research (12% of the labour costs of Renault's centre for research and development — the 'Technocentre' — are accounted for by external bodies).¹³

The externalization of research is also a feature of the chemical-pharmaceutical sector. New centres of car production are characterized by the installation on the same site of the "constructor", order supplier and subcontractors (Smart in Lorraine, new Volkswagen factory in Brazil).

The phenomenon of "productive decentralization" is in fact accompanied by a reinforcement of financial concentration¹⁴: small and medium enterprises, which it is fashionable to eulogize, are often included in the conglomerates: thus in France, in 1994, more than 70% of the turnover of small and medium enterprises of 200 to 500 employees was controlled by conglomerates, against 44% in 1989.

Moreover, enterprises tend to split up into autonomous subsidiaries. The establishments of the conglomerate are sometimes put into competition with each other and the relations between them contractualised. The enterprise is boiled down to



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"centres of profit".

Hence the modalities of the segmentation of a workforce can vary according to the institutional forms of the country in which it is employed.

A survey in four European countries on flexibility among subcontractors in the car industry concludes, for example, that recourse to overtime, temporary work and short-term contracts varies.¹⁵ In Spain short-term contracts predominates. In Great Britain, car parts manufacturers prefer overtime (here, moreover, legal protection against dismissal is not too rigorous). In France interim work is favoured.¹⁶ In Germany, a stricter labour code (at the time when the survey was carried out) leads to an array of diverse instruments of flexibility.

It's particularly interesting to note that in the transnational subcontracting groups, it is not the country of origin of the company but the localization of the establishment which determines the choice of the form of flexibility. In other words, flexibility is certainly a general tendency, but its forms remain determined by national institutional structures.

Moreover, the gains in productivity of certain sectors of the 'new economy' stem from the introduction in new spheres of classic methods of management used in industry: at Amazon.com (an online bookshop) in Bad Hersfeld (Germany), the employees work six days out of seven, from 7 to midnight and the time taken by each worker to assemble the orders of books is monitored. Moreover, books are classed neither by author, nor by theme, but by number of orders: the most demanded are the most accessible.¹⁷

Rate of profit and role of the financial markets

Since the mid-1980s, the rate of profit (as calculated by the share of value added between wages and profits) has returned to high levels in the main countries of Western Europe. In France, not only the impact of the "oil shock" but also that of the big strikes of May and June 1968, has been overcome ('The workers earn as much as in 1958', runs the headline of a French economic magazine).¹⁸

The restoration of high rates of profit goes back several years; for a long time, it has not been reflected in investment: a part of the funds available has underpinned the growth of the financial markets. Recently, investments have picked up, initially in the US then in Europe, but the companies remain globally easily able to finance them. We are faced with an apparently paradoxical situation: the affirmed role of the financial markets is considerable whereas the big companies have not often needed them to finance themselves.

The rate of self-financing of companies has been more than 100% in France for several years and in the US the companies globally pump more capital into the markets (in the form of financial investments) than they have taken out of it.¹⁹ More than financing investments, the role of the markets appears then to consist in ensuring the circulation of share capital and above all disciplining shareholders and workers.

However, the companies linked to the new technologies (telecommunications, biotechnologies and above all electronic commerce) have largely resorted to the financial markets to fund their development and the buying up of competitors (paid in shares). Significant capital has been raised on the hopes of development rather than on concrete data (some "new economy" companies have up until now accumulated losses).

It is another of the paradoxes of the current situation: on the one hand, the norms of return on investment and profitability which companies have to satisfy are increasingly high (the famous 15% of net profitability), on the other hand, some shaky projects find financing easily enough: Boo.com (selling clothing on line) had, before going under in May 2000, 'burnt' \$135 million in two years.²⁰

Some significant stock market readjustments came in 1999 and in the spring

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of 2000 on the US Nasdaq. In August 2000, Amazon.com shares lost 72% of their value in relation to their record level of December 1999.²¹ It is difficult to know if this indicates a growing prudence on the part of the markets and the obligation for the 'new economy' companies to resort to financing on criteria which are in principle more strict.

To explain the enhanced role of the financial markets and the shareholders, some speak of an alignment of European continental capitalisms with an Anglo-Saxon model. This type of analysis is debatable. As F. Lordon says, "That US capitalism has for a long time been a share-based capitalism is not to be doubted but that does not mean that it has always been under the sway of a shareholders' power".²² Lordon recalls on this point the analyses of the US economist J. K. Galbraith in the 1960s on the power of "managers" in US companies and the "technostructure".

However debatable these analyses, it can hardly be doubted that the USA has also experienced, albeit earlier than Europe, a collapse of the decision making mechanisms which made the power of the shareholders more direct ("corporate governance"). The collapse now seems general, in France and, above all, in Germany and Japan given the challenge to bank-company links. This reinforcement of the direct power of the shareholders over the management of industrial capital relies on the availability of information, control and production of norms.

The big auditing and consultancy offices are largely internationalized, but their centre of gravity is essentially found in the US. The same goes for the agencies of financial information. All these organs are producers of norms of behaviour which frame the management of the "managers". It's also worth noting the tendency towards homogenization of the rules of presentation of their results by the big companies, which allows shareholders greater scope to put forward a point of view on the evolution of the many companies in which they hold interests.

Certain points merit being clarified. They turn around a central question: where is the power in this 'new' capitalism? There is no difficulty in demonstrating that shareholding democracy is only a myth and "that beyond the symbolic gesture to the annual general meeting, the power of the small shareholder has only the alterna-

tive of non-existence or subordination to the big intermediaries" (F. Lordon).

There is no more difficulty (despite the illusions of some) in demonstrating that neither the trade union pension funds, nor the so-called 'ethical' funds constitute instruments capable of running against the logic of the system. To analyze things a little more precisely:

■ The articulation between institutional capitalism (which can be managed by employees) and capitalists in the strict sense of the term (persons drawing a predominant share of their income from the ownership of capital): traditional or new bourgeois families, on the one hand, and salaried managers "transmuted" by the grace of stock-options and other possible forms of participation in capital.

■ The resurgence of familial capitalism in France: familial control covered, in 1999, 23% of the 50 biggest companies against 11% in 1984. For sure, during this period the share of the state fell by two thirds (from 74% to 25%), but some familial groups were strengthened through privatization (like the Lagardère group). Is it a French specificity? Of a durable tendency?

The first point appears particularly important, leaving aside the summary analyses in *Le Monde diplomatique* which stress the 'domination of pension funds'.²³ Analyses contested by Michel Pinçon and Monique Pinçon-Charlot, who write in a recent work: "the discourse about managers and institutional investors (pension funds and Anglo-Saxon mutual funds) tends to conjure away the bourgeoisie and their families as veritable beneficiaries of the levies on the wealth produced. All this hides the interests attached to this or that patronymic to the benefit of abstract diagrams intended to make us believe in a diffusion without principle and without limits of the ownership of capital".²⁴

Evolution of the wage relationship

This is an area where the national institutional configurations remain important. But the general meaning of the developments underway appears clear: the individualization of the conditions of work (the share of full time workers with flexible hours nearly doubled in the US between 1991 and 1997, going from around 15% to nearly 30%) and that of the wage relationship expressed by the decline of "tradi-

tional" work contracts in relation to "atypical" contracts and, in the most extreme cases, the substitution of relations regulated by commercial law by those reminiscent of a time prior to the labour code.

It amounts in fact to an attack on wage-earners in all areas of production. In the capitalism of the postwar boom, the bosses had the right to decide the rhythms of work and to dismiss, but within this framework the workers had some certainties as to their hours and the amount of their wages at the end of the month, indeed they could benefit from certain advantages because of their length of service (at least in those sectors where a certain collective relationship of forces existed).

These guarantees are now swept away. The central objective is to obtain the maximal availability of the workforce and to reduce its cost. Acquiring the loyalty of personnel becomes a secondary preoccupation, except for a minority.

It's worth remarking that this evolution, overall, has only a very indirect relationship with the "technological revolution" to use the fashionable vocabulary²⁵ and that it concerns every sector. Some extreme cases of revision of traditional work have been seen among delivery workers, construction workers and so on.

Commenting on the (victorious) strike of workers at Verizon (one of the most important US operators of local and portable telephones) in August and September 2000, an editorialist for *Business Week* summed up in a lucid fashion: "The distinction between old and new economy has always been something of a myth. In telecommunications, the unionized [employed in the old companies of traditional telephony] installers, technicians and traders do the same work as their non-unionized equivalents [in the new companies] and employ similar technologies. The big difference is that the unionized workers enjoy greater security of employment, better conditions of work and, in very many cases, higher pay".²⁶ The author adds that the way in which the recent gains in productivity of the US economy will be divided between directors, shareholders, clients and workers will depend more on the political relationship of political than economic and technical imperatives".

Beyond individualization, we should draw attention to the development of the inequalities of remuneration, which can only be fully appreciated by taking into

account the development of part time work. In a general fashion, the two last decades are marked by a strengthening of inequalities in most developed capitalist countries to the profit of the beneficiaries of capital incomes.

International division of labour and hierarchy of powers

The hierarchy of powers can be very schematically summed up in the following manner:

■ In the USA, a military predominance and an economic power that equals that of the EU. There is undeniably a 'comeback' by the US and the hypotheses on its decline are not really verified.

If growth has allowed the US budget's return to surplus, the current deficit remains considerable. The rate of household savings is particularly low and the rate of indebtedness of private agents is very high (140% of GDP).

The absence of external constraints on the US economy is undeniably a factor favorable to growth: the dollar remains a refuge-currency independently of the US trade deficit.

■ Europe remains subordinated on the military level.²⁷ In the area of monetary policy, competition and foreign exchange, the European consensus implemented by the European central bank and the Commission (with the backing of the Council of Ministers) is more dogmatically neoliberal than what is effectively practiced on the other side of the Atlantic. The growth of the EU is both limited and virtuous which allows it to record trade surpluses but does not stop the depreciation of the Euro.

■ As for Japan, it seems to be in the process of passing from one mode of economic regulation to another or, at least, eroding strongly the specificities of its capitalism. This is shown by the evolution of bank-industry relations and the opening to capital and, to a certain extent, to foreign products. The macro-economic conjuncture remains uncertain, but the current surpluses of Japan allow it, together with the EU, to finance US growth.

With the creation of the Euro, there are no longer more than three currencies with an international status: dollar, yen and euro (the pound being without doubt destined to join sooner or later the Euro). Exchange rate movements over the last 18 months have shown that the degree of internation-

al cooperation has been insufficient to avoid erratic movements, but that does not mean the G7 could not set up a strengthened coordination on this level if the situation really demands it.

This rapid examination of the international landscape should include the international institutions, in which the USA often plays a major role. As far as economic regulation is concerned, beyond the unknowns (Seattle, Russian crisis), the IMF/World Bank/WTO triptych is far from being paralyzed and inefficient, in relation naturally to its real objectives rather than the generalization of the well-being of humanity as a whole. The same goes for the G7 (G8 with Russia). On the military level, NATO has survived the "Cold War" and has even won new members with the former allies of the USSR in central and eastern Europe.

The US empire of the 1950s and 1960s has for the moment been substituted by a cooperation between "equals" where one country (the USA) is visibly more equal than the others (Europe and Japan).

A setback in the organization of the workers

The partial or more global defeats of the working class in several countries, the restructuring of the productive apparatus, the policies of governments of social-democratic leadership in Western Europe and the collapse of Stalinism have had serious effects on the level of consciousness of the various working classes. Here we will restrict ourselves to enumerating some elements of the landscape:

■ A decline in significant elements of class-consciousness among the dominated (notably the idea of a collective hope) whereas the rulers, for their part, experience no dark night of the soul. As Pinçon and Pinçon-Charlot write in relation to the bourgeoisie: "Class in itself and class for itself, it is alone today in possessing this character essential to a real class capable of being mobilized".

■ A trade union movement globally weakened and disorientated although demonstrating some counter-tendencies (more combative leadership of the US AFL-CIO, movement of December 1995 and creation of the SUD trade unions in France).

In Western Europe, for example, the degree of dependence (not only ideological but material) of the main trade union con-

federations in relation to the states, to the employers and the Brussels institutions is considerable. This creates a material basis for a bureaucratic trade unionism of which the French CFDT is a particularly striking example.

■ A growing divide between the popular masses and the political apparatuses. The Communist Parties of Stalinist origin have suffered a considerable decline and the link between the social-democratic parties and the popular layers tends to grow increasingly (the leaderships of these parties have moreover an increasingly technocratic and decreasingly militant profile). One of the consequences of this situation is an electoral abstentionism fairly closely related to income, which can also, in a more optimistic vision, be interpreted as an awakening of consciousness among some sectors of the population that, in the current configuration of the parties, elections will not change very much. Another form of depoliticisation affects the intermediary "elites", partly persuaded that the choices are no more than technical.

These evolutions are not without counter-tendencies. Beyond the phenomena already signaled at the trade union level, we should note a beginning of the organization of employees, indeed struggles, in certain segments of the "new economy", the development of a new anti-imperialist radicalism, the strengthening of the revolutionary far left in several European countries (Portugal, UK, France...). All this is essential, the more so in that it is more the product of the contradictions of the new period than nostalgia for the 1970s.

Integration and repression

Unequally explicit according to the country, the project of the dominant class in relation to the dominated appears to take on two aspects.

The first corresponds to a vision of integration of a fraction of the workforce in the capitalist logic via mechanisms tying pay or pensions to company profits: employee shareholding, employee savings, pension funds, and so on.²⁸ The motivations for these projects are diverse: disciplining the behaviour of a fraction of the employees (to make them accept smaller wage increases, to encourage a company "patriotism" and so on),²⁹ it can also be about replacing the systems founded on collective guarantees with instruments linked to the financial markets.

★ Debate: New Economy

Some significant nuances exist more over in the modalities of these projects. Some are potentially aimed at large sections of the workforce, others concern only the higher managers. Some try to organize a specific representation of the employee-shareholders or envisage a specific role for the trade unions, others do not.

The neoliberals stress the supposed growth in motivation of a workforce whose current income to some extent depends on the performance of their company and whose future income will be linked to the performances of pension funds.

Certain ideologists (the French economist Michel Aglietta or Britain's Robin Blackburn) or some fractions of social democracy insist rather on the participation in decision-making by the employee shareholders or control of pension funds (through trade union representatives). But these contradictions are of a secondary order and the social-democratic discourse essentially gives a 'left' legitimacy to the neoliberal projects.³⁰

The second aspect is repressive. It amounts to a punitive treatment of the social insecurity and marginality which are essentially the consequence of neoliberal policies. On the US model, the European governments, including those "of the left" tend to practice the "police and prison management of poverty".³¹ In the poor quarters of the cities of the developed countries, the presence of the state and the public services is often insufficient or unadapted, except for the police force.

The recourse to the "forces of order" is moreover sometimes demanded by a fraction of the inhabitants who suffer the consequences of delinquency and the "incivilities" of some youth. But the police are capable of other uses in case of strong social tensions in the future.

By way of conclusion

Does all this amount to a system and allow us to conclude that a new productive order has been put in place?

The answer seems to be yes, at least to the author of this article. A particular mode of regulation, socially regressive but not inefficient from the capitalist point of view, has been installed. In that sense, one could say that capitalism has emerged from 'Crisis', or, to take up the terminology of Ernest Mandel, from the recessionary long wave which began in the early 1970s.



US productivity has surged

The factor unleashing this change of period is not constituted by the new technologies: whatever their impact they have no autonomous capacity to model the economy and the society of tomorrow.

On the contrary, the accumulation of partial defeats partial suffered by the employees in the main developed capitalist countries has allowed the bourgeoisies not only to "make the workers pay for the crisis" but to set up the basis of a new regulation.

We should without doubt integrate in the analysis two other major factors: the deployment of a framework of unification of Western Europe structurally orientated for the implementation of the neoliberal project and the collapse of the USSR which, although there were no tears to shed over what no longer constituted an alternative to capitalism, represented a considerable ideological victory for the latter, freeing it from any necessity of proving its legitimacy not only in the economic but also in the social area.³²

The "new economy" is being set up on the basis of a higher rate of profit where the overabundance of capital makes a fraction of it available for sometimes quite risky investments. To avoid any equivocation, we should stress that the end of the "Crisis" would not mean in any case a return to the postwar boom. The current expansion of the US and western European economies represents a comeback but is far from equaling the performances of 1948-1970.

An eventual strong reduction of unemployment in Europe if this growth is main-

tained, which is not guaranteed, would not lead to a rehomogenisation of the workforce but on the contrary would follow the US model in its maintenance of strong disparities and significant pockets of poverty.

We must also take account of the intrinsic limits of this new regulation linked to the conditions of its establishment:

■ Limitation of market openings because of wage austerity in the advanced countries and "structural adjustment policies" in the countries of the South and East;

■ Lack of congruence between supply of commodities orientated by profit and social demand;

■ Fragility of a macro-economic setup which is largely dependent on the financial markets.

All this could entail significant conjunctural upheavals and recessions like that of 1992-1993. The political and economic powers are conscious of the possibility of events of this type. The beginning of the campaign on the 'irresponsibility' of OPEC is evidence of it: the OPEC countries form a convenient scapegoat in the event of further perturbations.

Whatever the ups and downs, the weak social legitimacy of the model (in the eyes as much of the "down and outs" and the "poor workers" as of a large part of the workforce who have fairly stable jobs but are subjected to a permanent pressure and are uncertain of their future and that of their children) offers a point of support to the reconstruction of a radical anticapitalism and makes any reformist alternative a fragile one. ★

* Henri Wilno is an economist and a member of the Groupe de travail économique (GTE) of the Ligue communiste révolutionnaire (French section of the Fourth International).

1. See Leon Trotsky, "On the long term dynamic of capitalist economy (1921) and "On the theory of 'long cycles' of professor Kondratieff" (1923)

2. P. Dockès & B. Rosier, "Rythmes économiques. Crises et changement social, une perspective historique", La Découverte/Maspero, 1983. The notion of productive order is also presented in a summary form in C. Barsoc, "Les rouages du capitalisme", La Brèche, 1994.

3. Owing to the ignorance of the author this text does not refer to biotechnologies and their possible consequences.

4. *Le Monde interactif*, September 13, 2000.

5. In the jargon of the new economy, "B to B" is opposed to "B to C" (business to consumer), employed to designate activities where the final consumer is an individual.

6. *Libération* April 17, 2000.

7. *Le Monde interactif*, September 13, 2000.

8. P. Le Merrer, "A la recherche de la 'nouvelle économie'", in "Cahiers français" n° 295, March 2000.

9. See on this point the US studies quoted in the economic and financial report of the French government (October 1999). The incorporation of new technologies has always needed a certain time before being translated into technical progress at the macro-economic level: thus (according to P. David "The dynamo and the computer: an historical perspective on the modern productivity paradox", *American*

No power greater

Paul LeBlanc, "A Short History of the U.S. Working Class", (Amherst, NY: Humanity Books, 1999), 193 pp, \$17.95

PAUL LeBlanc's superb new book, "A Short History of the U.S. Working Class", begins with a preface that outlines the jobs and trade union affiliations of the author's family. A life-long socialist as well as a college professor, LeBlanc writes working class history from the working class's point of view.

The scope of this book presents an author with a difficult task: to outline the breadth of American labor history in little more than a hundred pages of text. LeBlanc has met these challenges admirably. His book organically binds together and presents a coherent, chronological narrative that links disparate events into an overall theme of struggle and solidarity against class oppression.

LeBlanc writes from a consistent Marxist framework, which is more than partisanship and advocacy of measures favorable to the working class. His treatment of Marxist concepts, though, is never heavy-handed. LeBlanc's advocacy of the working class never descends to apology. A chapter on race, "Rainbow Working Class," begins with this factual statement: "The working class of the United States is one of the most diverse in the entire world." That diversity became a source of fragmentation rather than solidarity.

Why? LeBlanc explains that, "many industrialists felt that ethnic divisions among their workers made it easier to control the work force." Furthermore, "Racism and ethnic bigotry flourished within the divided working class, as earlier immigrants and their children struggled to maintain their precarious 'privileges.'"

LeBlanc notes instances where racial and labor solidarity was achieved in defense of common class interests, but he acknowledges these as exemplary exceptions to the norm. "Formally the AFL opposed excluding workers on the basis of race, creed, color, or ethnic background — but in fact it was common practice, often apologized for and justified by the AFL leaders themselves... It took some workers a long time to learn the 'practicality' of the

egalitarianism and solidarity which was necessary for the working class to win its struggles against a powerful and often brutal capitalist class.

In this book political analysis, political opinion, and historical fact are blended with the aim of providing readers with a better understanding of events. These qualities are especially evident in LeBlanc's account of the Carter-Reagan years. In the mid-1970s hundreds of thousands of jobs were lost in basic industry and hundreds of factories closed.

As a result of deregulation policies, spiraling interest rates, and cutbacks in social programs, the bizarre not only became an unlikely possibility but became the accomplished fact.

That is, "conservative Republican presidential candidate Ronald Reagan [could] look into the eyes of many working people and ask, 'Are you better off or worse off now than you were four years ago?' The negative answer to that question helped to elect Reagan president of the United States."

Until they absorb the lessons of history, workers will continue to be whip-sawed by the dead-end strategy of lesser-evilism, in which the evil always worsens and the lesser shrinks to what the evil had been in the last go-round. The negative spiral winds down through the decades. Politically, economically, and organizationally, the working class and the union movement is kept in a weakened state as a result.

Is the labor movement on the threshold of change? Certainly, there are signs that lead to a sense of optimism and renewal. But history warns against overconfidence. LeBlanc concludes, then, not with ringing assertions but with a simple statement. "It remains to be seen to what extent the promise of democracy — rule by the people — will become a living reality in the new century." For better or worse, this judgement befits our times, where labor, for all its potential, remains on the defensive.

The American left today, perhaps even more than in the 1960s and 1970s, still suffers from a crisis of direction. The need to acquire the past is no less acute for today's generation of radical activists. "A Short History of the U.S. Working Class" should become one of the essential books for everyone who wants to understand America in order to change it. [Joe Auciello] ★

Economic Review, 1991) electricity took nearly 40 years before it had its full effect on the global productivity of factors.

10. P. Artus, "La face noire de la nouvelle économie", *Libération*, May 22, 2000.

11. J. Gadrey, "Nouvelle économie, nouveau mythe?", *Flammarion*, 2000.

12. *Business Week*, August 28, 2000.

13. It should moreover be remarked that the "Technocentre" with 7,000 "permanent" workers (not counting temporary staff) has become the most important Renault establishment.

14. Thomas Coutrot, "L'entreprise néo-libérale, nouvelle utopie capitaliste?", *La Découverte*, 1998.

15. Steffen Lehndorf, "La flexibilité chez les équipementiers automobiles en Europe", "Travail et emploi", n°72, 3/97.

16. A. Gorgeu & R. Mathieu, "Filière automobile: intérim et flexibilité", 4 pages, CEE [Centre d'étude de l'emploi], March 1998.

17. *Libération*, September 6, 2000.

18. "La face cachée du modèle américain", *Le Nouvel Économiste*, September 14, 2000. The headline was over a graphic illustrating the evolution of real weekly wages of workers.

19. "Critique de l'organisation du travail", Thomas Coutrot, *La Découverte*, 1999.

20. "Hitting the wall at Boo", *Newsweek*, July 27, 2000.

21. Some enterprises involved (partially) in the "new economy" and with very solid bases have also seen their shares fluctuate significantly — France Télécom, for example.

22. F. Lordon, "Fonds de pension, pièges à cons?", *Raisons d'agir* éditions, 2000.

23. The formula is used by Lordon who characterizes the US as a "financialised capitalism under the domination of pension funds".

24. Michel Pinçon and Monique Pinçon-Charlot, "Sociologie de la bourgeoisie", *Repères*, La Découverte, 2000.

25. Daniel Cohen, "La technologie nous enchaîne au travail", interview in *l'Expansion* of January 6, 2000.

26. *Business Week*, September 11, 2000.

27. "Europe will be credible when it can sustain a war effort of at least one year", interview with George Robertson, secretary general of NATO, *Le Monde*, March 25, 2000.

28. Stock-options mostly concern only a minority of managers and they are, in any case, very unequally shared.

29. In France, the distribution of shares to employees has also been a means of legitimizing privatizations.

30. This does not mean that there will not be significant debates on the modalities of the system to implement because real material interests are at stake and, moreover, the employers are very attentive to anything that could limit their power, even slightly. This explains the opposition of Swedish employers, some years ago, to national savings funds managed by the trade unions.

31. Loïc Wacquant, "Ce vent punitif qui vient d'Amérique", *Le Monde diplomatique*, April 1999.

32. We should also take into account that China, impelled by the bureaucracy, has started a process of capitalist restoration, certainly not completed but making it one of the principal destinations of international investment.



New wave of repression against LPP leaders

ON October 19 Pakistani police tried to arrest Farooq Tariq, General Secretary of the Labour Party Pakistan from a hunger strike camp in the presence of dozens of activists. The Joint Action Committee For Peoples Rights had organised a hunger strike camp in Lahore to demand a joint electorate instead of the present plan for a separate electorate, which will mean that Muslims will have to vote for Muslims and Christians and other religious minorities can only vote for their respective religious fellows.

Several Labour Party comrades including Comrade Farooq Tariq took part in the hunger strike camp. Over a hundred activists participated in this camp. Several known leaders from different political parties including Dr. Mubashir Hasan, ex finance minister under Bhutto in the 1970s and Farooq Tariq spoke on the occasion.

After a few minutes of Comrade Farooq's speech, four policemen approached him and asked to come outside the camp. He refused to do so. Several people had spoken to the police inspector outside the hunger strike camp who told them that he had orders to arrest Farooq. However, an escape plan succeeded in taking him out of the camp and police could not follow the motorbike specialist.

On October 18, Comrade Farooq Tariq spoke to a railway workers demonstration alongside several trade union leaders at Railway Workshops. There were over three thousand workers and a thousand policemen to stop this demo. Police in the end gave way and let the demonstration go on.

Comrade Farooq Tariq criticised police for taking such repressive actions at a time when there are a lot of robberies carried out every day in Lahore. All eight speakers at the rally including Farooq have subsequently been hooked by Railway Police for anti state activities and provocational speeches.

Police have also registered a case against Farooq Tariq, Asma Jehangir and Badr Munir, president of the Lahore Press club for holding a "Restore democracy" conference. Although comrade Farooq was not able to speak at the conference due to a personal emergency, comrade Shoaib Bhatti, chairman of the LPP, represented the party.

It is also known that police at the Wah Ordinance factory have registered a case against Farooq Tariq and 18 other labour leaders. They spoke in a seminar organised by the Wah Factory workers union on September 27.

On October 15-16, police raided the house of Dost Mohammed Channa, chairman of the LPP in Sind. They still have not been able to arrest him. A day earlier he was visited by the head of local intelligence service at his house who asked him not to support the Dada Bhai Cement Factory workers union. When he refused to do so, the police came to his house.

On October 16, Comrade Farooq Tariq, Shoaib Bhatti and other leading comrades spoke at a press conference held at Lahore Press Club to announce that the LPP will hold more "Restore democracy" conferences in other provinces as well. The first such one will be in Karachi during November. After the press coverage the next day, the office of the LPP was visited by several intelligence services to know more about the plans.

The LPP will hold a meeting of leading comrades to chalk out the strategy to fight back against this suppression of LPP leaders. [Farooq Sulehria] ★

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