

International VIEWPOINT

International Viewpoint—magazine of the Fourth International

IV426 July 2010

ECONOMY

The debate on the rate of profit

EUROPEAN UNION

A new social war is opening up

DOSSIER

Pakistan

Venezuela
European Union
Obituary
Economy
European Social
Forum

World March of
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International Viewpoint, the monthly English-language magazine of the Fourth International, is a window to radical alternatives world-wide, carrying reports, analysis and debates from all corners of the globe. Correspondents in over 50 countries report on popular struggles, and the debates that are shaping the left of tomorrow.

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VENEZUELA

Defend and deepen the Bolivarian Revolution with an armed and mobilised people

MAREA SOCIALISTA ·

The provocation from Uribe and the drugs traffickers who dominate the Colombian regime stretches to a limit of extreme tension relations between Colombia and Bolivarian Venezuela. The right, the oligarchy and the Venezuelan pro-Yankees present the attitude of President Chavez as an electoral manoeuvre or a problem exploited by the government out of propaganda concerns and chauvinism.

However, it is a demonstrated fact that in recent months there have been a succession of US troop movements and Mossad and CIA special operations at the international level which cannot be interpreted as isolated events. There is the deployment of significant military forces in the Middle East to threaten Iran; the attack on the humanitarian flotilla for Gaza by Israeli forces and the desire to subject still further the Palestinian people. There is the situation in Afghanistan, the growing tension against North Korea..

It would be naive to believe that all these operations are not interlinked. It amounts to a global strategy, which is in key with the reactivation and manoeuvres of the US Fourth Fleet in the Caribbean, with the seven Colombian military bases which the US army can use when it needs to, with the authorisation granted to 46 warships and 13,000 marines to station themselves in Costa Rica; the reinforcement of the Aruba and Curaçao bases; the authorisation to reinstall themselves in Panama, the landing of troops in Haiti...

Uribe renders his final service to his imperialist masters

After having failed to get himself re-elected, Colombian president Uribe is rendering his final

service to his Yankee masters. He is provoking a situation of tension and confrontation against the government of President Hugo Chavez which could end in a serious incident, capable of setting the whole region ablaze.

Whether Uribe's muscular gesticulations represent gratuitous bravado or a real provocation, the task of the revolutionary people is to prepare for the worst of scenarios. We, "Marea Socialiste", a current of activists in the PSUV (United Socialist Party of Venezuela), think that it is impossible to maintain this precarious peace with proposals such as those formulated by the Brazilian president Lula.

"The government of Brazil will propose to the governments of Colombia and Venezuela that they collaborate in the surveillance of their common border so as to give a definitive solution to their conflicts", said Marco Aurelio Garcia, the foreign affairs adviser to the Brazilian president, yesterday.

We reject categorically this position. One cannot allow the fascist military of the Uribe regime to control Venezuelan territory. That would be a clear violation of sovereignty and would amount to falling with tied feet into the trap set by imperialism and Uribe. It would moreover amount to accepting that his lie is true.

To defend the process: deepen the revolution

The secretary general of the OAS (Organisation of American States), the pro-imperialist Insulza, has had the audacity to claim in public statements that our continent had not experienced war in the past 100 years, apart from minor confrontations such as those between Ecuador and Peru or between El Salvador and Honduras. However, he has cynically "forgotten" the Malvinas War which, beyond the

Argentine dictatorship, was an attempt to do away with one the last colonial enclaves, more than 400 years old.

This war, launched by bloodthirsty and cowardly generals, teaches us precisely "in negative" what it is necessary to do so as not to lose a revolutionary process.

Measures to mobilise the whole revolutionary people to defend our process

At the military level

Mobilise, drive and accelerate the allocation of arms so as to accomplish the revolutionary order of arming the people. Equip all the combatant bodies (militias) in the workplaces, the countryside, the universities, the neighbourhoods. Beyond the acceleration of their training, fulfil the order from President Chavez given in May 2009 which stipulates that arms be stored in the places of work, study and neighbourhoods so as to be immediately used if necessary. In all the combatant bodies the strictest military discipline should prevail coupled with the broadest liberty of discussion concerning the political measures necessary to take so as to defeat the Yankee-Colombian aggression if it happens.

At the economic level

We salute the proposal of President Chavez to no longer supply oil to the United States in case of aggression. However, we think that this measure is insufficient to confront the crisis-ridden but still very mighty power of the Yankees. We propose the following supplementary measures:

Immediate confiscation of all Yankee and Colombian capital goods and multinational enterprises present in Venezuela. In particular those linked to the latest contracts and mixed enterprise concessions granted in the Orinoco Belt. Place all these confiscated enterprises under the control of the workers (oil, industrial, financial or commercial).

Institute workers' control in the oil and petrochemical industry once and for all to put an end to its bureaucratic management, in the image of what is done in the electrical and food industries and so on. This measure is fundamental so as to maintain functioning, increase production and foil the counter revolutionary nuclei and sabotage in these enterprises.

Install a state monopoly of foreign trade, for food, medicaments, and all that which is necessary so as to establish an industry truly autonomous of imperialism.

Cancel all public debts to the imperialist banks.

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In the media

Banning of all news coming from the imperialist media on the evolution of the aggression if it happens. Seizure of media not respecting this ban or favouring the imperialist aggressors by their reporting. Handing over of these media to revolutionary social organisations such as the National Union of Workers (UNT), trade unions, workers' councils and so on.

At the international level

Demand the solidarity of all the peoples and governments of Latin America and the world so that they act against aggression. Call for an immediate international mobilisation from the beginning of the aggression.

Stalin Pérez, Gonzalo Gómez, Andrea Pacheco, Alexander Marín, Juan García, Zuleika Matamoros, Igor Alcalá, Gustavo Martínez, Luisana Melo, Lucero Benítez, Norman Bolcan, Ismael Hernández, Osman Cañizales, Christian Pereira, Jesús Vargas, Efrén Méndez, William Porras, Alí Verenzuela, Lilian Sanguino, Raúl Román, Vicente Osorio, Alexis Peña, Alexis Guerrero, Wilmer Aguilar, Roberto López, Rubén Linares, Vilma Vivas, Franklin Zambrano, Jesús Borges, Nieves Tamaroni, José Melendez, Elio Sayago, Daniel Rodríguez, José Tatá

Mara Socialista, July 28, 2010

<http://mareasocialista.com>

PAKISTAN

The first victory for striking workers

FAROOQ TARIQ ·

Only 2.1 million workers out of 45 million Pakistanis in the labor force have secured social security cards. That is less than four percent of the total. By law, every worker must be issued a social security card, however many bosses never register their workforce with the social security department. Most factory owners pay for a very few workers while the rest remain at their mercy. Why is this so? The answer is that bosses are required to pay at least seven percent of each worker's total wages into the social security system.

The labor department responsible for implementing the law enjoys their cordial relationship with the bosses. In fact since 2003, the government in Punjab has banned factory inspections by the labor department, thus giving the owners a free hand.

In the private sector, one of the labor movement's main demands is that workers be issued social security cards. Already over 10,000 workers organized by the Labour Qaumi Movement in Faisalabad are enjoying this benefit, and now the textile workers in Jhang, under the LQM leadership, have won the same victory.

The second demand, to increase the wage by 17 percent has not yet been met. However, the owners and administration agreed with the labor leaders that the outcome of the negotiation in the Faisalabad strike will be implemented in Jhang as well.

Bawa Latif, senior vice president the LQM, who was responsible conducting the Jhang strike, told me jubilantly that "finally we have our day." For 17 days, workers have remained in several strike camps in Jhang. The tactic of establishing strike camps and holding daily demonstrations workers

went very well for the first two weeks. The confrontation was between the workers and bosses. From the beginning women and children played an important role. In the end it was their public presence in a city that had been dominated by religious fanatics which forced both the owners and the administration to accept the demands.

On 19 July the LQM leadership decided to change tactics by relocating the camps to the front of the DOC office and blocking entry. This added direct pressure on the district administration. Hundreds of children and women blocked the office day and night. By 20 July the DCO asked the LQM leadership to remove the camp. But the LQM refused and explained that everyone was ready to go to jail.

When I was consulted about the possibility of resisting, we agreed to stand firm. Along with the leadership of the National Trade Union Federation I spoke at a press conference in Lahore on 21st July told said that strike will not end until our demands are met. The media seemed very interested and instead of firing questions about the strike, journalists asked when we would strike in Lahore. We told them it will have to coming to Lahore as well. Today the Urdu and English papers reported our remarks at the press conference and this also put pressure on the administration.

The DCO must have realized that repression would only inflame the struggle not diminish it. So we heard good news.

Meanwhile in Faisalabad, where over 100,000 workers have been striking for three days, negotiations failed. After three rounds of talks among owners, the district administration and the labor leadership, no agreement was reached. The bosses claim to be threatened by the LQM leadership. They say the question of their security is at the top

of their agenda. In a strange move, they informed the media that they have also gone on strike: against LQM gangsters. They announced that the factories will remain closed as if they were responsible for striking. But everyone knows that it was the strike of the workers that closed them down!

Turning the bosses' agenda on its head, the LQM leadership announced at the meeting that they are concerned about the security of the workers. Since the strike began both bosses and police have employed repressive tactics and 25 workers have been injured. The violence must stop; the just demands of the strikers for a wage increase along the lines as announced by the Punjab government's minimum wage board should be adopted. Another round of talks is scheduled tomorrow, 23rd July.

In the meantime, four of the main LQM Saddar leaders remain illegally detained at the Thekriwala police station: Fazal Ilahi, Mohammed Babar, Mohammed Riaz and Akbar Kamboh. They are being detained without charges filed against them. In the Ghulam Mohammed Abad area of Faisalabad police have brought charges against 300 workers, including Rana Azeem, for attacking a factory boss and having an illegal gathering. So far no arrests have been made.

So far there is no sign of disunity or any indication that a section of workers might play the role of strike breaker. Thus the partial victory in Jhang can pave the way for an even greater victory in Faisalabad as long as the working class remains united and the factories closed.

EUROPEAN UNION

A new social war is opening up

CHARLES-ANDRÉ UDRY ·

On May 10, a British banker found a good political formula: "It is easier to sell such a plan by saying that it must be used to save Greece, Spain and Portugal, than to admit that it must first of all save and help the banks." These banks (German, French, Spanish...) held a mountain of titles of national debt of the "shaken" countries (Greece, Portugal, Spain...). According to Citigroup, the exposure of US banks to Greece, Ireland, Italy, Portugal and Spain amounts to some 190 billion euros. Friday May 7 was a massacre: there were no takers for the banks and other investors who wanted to get rid of their bonds. "There was no more market", as an operator at the ECB admitted, under cover of anonymity. And the balance sheets of the banks still camouflage mountains of toxic products, evaluated at an artificial price. The German banking control committee (Bafin) estimated at 800 billion dollars the "toxic products" still held by banking institutions (*Financial Times*, May 24, 2010).

Do we have to recall that out of the 16 members of the eurozone, only six are favoured - if we can use this verb - by the credit rating agencies with an AAA rating? They are Germany, Austria, Finland, France, Luxembourg and the Netherlands. A kind of "hard core" - the AAA club - of the eurozone, even though France is sometimes regarded as being on the borderline of this domain where Germany has eloquent power.

Besides, such a rating allows the French Treasury Agency (AFT) - the agency that manages the French national debt - to issue a loan of 5 billion

euros repayable in April 2060, so 50 years from now, approximately 90 per cent of which was taken up by non-French investors. On May 21, 2010, the most reputable French Government loan - the Assimilable Treasury Bond (OAT) - found borrowers who accepted an interest rate of 2.9 per cent. Which might provoke some reactions in Greece, when interest rates on "its" 10-year loans turn around 10 per cent. And Greek bonds expiring in March 2012 had a gross return of 7.27 per cent, compared with 0.61 per cent for those of France (with the same maturity) (*24 Ore/Il Sole*, May 24, 2010). Between the economies of the "centre of the EU" - or quasi in the centre, like France - and those situated on the periphery, the difference is clear. The discourse on European convergence has taken a blow.

2. Similarly, there is the demonstration of one of the functions of the euro: it has become a currency that has acquired an important place... but in the international bond market. And thus, in the possibility of the markets (i.e. various financial investors), as creditors, exerting strong pressure on debtors. Some two thirds of French debt is acquired outside France. Admittedly, it is possible that French capital that has taken refuge in Luxembourg or in Switzerland also represents a fraction of the purchasers of this debt.

On this subject, we can examine the graphic "Web of Debt" which was published in the *New York Times* on 2nd May 2010. Banks and governments in the five shaky economies (Greece, Italy, Portugal, Spanish, Ireland) owe each other many billions of euros and have even larger debts to Britain, France and Germany. Arrow widths are proportional to debt amounts. The figures are from the Bank for International Settlements. It illustrates the amounts of the national debt and the in-

tertwinde dependences of the debtors-creditors of the various countries of the European Union. This evolution, which has been accentuated in recent years, represents the liberalization of capital flows as well as the take-off of "credit-debt" aiming at responding to the difficulties of reproduction of the capitalist system and capitalist society.

A theme the substance of which was explained by Marx in Book III of *Capital*. Marx insists there on the fictitious capital nature of title-deeds to debt [1]- fictitious, but quite real. This fact sheds light, in part, on the "vast cuts in public expenditure", one of the conditions for creating a primary budget balance making it possible to face up to the "weight" of a debt which represents, to some extent, a socialization of the losses of "private economic actors".

3. So on the level of political discourse, the period of the G20 in September 2009 in Pittsburgh is certainly over. At that time Sarkozy proclaimed: "We need to re-found capitalism", "We have to wring the neck of speculation". The markets - i.e. the banks, the financial investment funds, the pension funds, the insurance companies, the big highly globalized transnational firms - have simply demonstrated who is really in charge.

The scenario is pretty clear. Banks, insurance companies and investment funds were saved from bankruptcy in 2008 by governments and thus by workers-taxpayers. Since 2009, these financial actors have again been doing good business. Banks and hedge funds - which compete strongly with each other on the international level - want to neutralize a possible - and even anticipated - fall in their incomes from shares and dividends, because the revival is very weak. To do that, they have an essential objective: to ensure that they can pocket interest on the national debt and consolidate profits resulting from speculative operations on currencies (volatile foreign exchange rate) and on debts (bonds). One of the speculative strategies (of attack and anticipation) consists of short-selling government bonds of the most vulnerable countries - without owning them and by acquiring them in the form of loans from those who have them in their

portfolios. The operation is carried out, in general, in two phases. For example, you sell 5 million euros of government bonds at 88.76 euros, thus taking in 4.3 million euros. Then, three days afterwards, once the price has gone down to 87.76 euros, you repurchase them, gaining the difference between the two prices, minus the commission paid for borrowing these bonds. The operations with CDS (credit default swaps) are of the same type.

4. From this point of view, Paul Krugman is correct when he explains why, contrary to the sacred official doctrines, the attraction of investors for US 10-year Treasury bills - whose interest rate was at less than 3.3 per cent on Friday May 21, 2010 - originated in: "The rise of pessimism concerning the prospects for an economic recovery, pessimism which meant that investors moved away from anything which appeared risky to them, to take refuge in the apparent safety of US government debt." (*El Pais*, May 23, 2010).

That the generalized austerity adopted in Europe - at a time when the economic revival is wishful thinking - is leading to an economic and social depression, as various not very heterodox economists recognise, does not enter into the concerns of the "operators". This concern belongs to the governments - of centre right or centre-left - which will either have to rely directly on the bureaucratic trade-union apparatuses, or use their "hesitations" to purge the system and to get the purging accepted. All this while evoking "national unity", "saving the country", "the necessary productive and administrative modernization", because the force of the coming shock will destabilize quite a few people.

5. In December 2009, the Monthly Bulletin of the ECB, in its leading article, already affirmed two priority goals for the EU. The first: flexibilise industrial legislation in Europe. The IMF, in its report on Greece, dating from May 2008, insisted with force on this same objective. Let us translate: liquidate the remaining labour laws, this in a context of unemployment and more and more precarious employment, in order to reduce "wage costs". The second: the Draconian reduction of public deficits and

debts. This in a very short time and massively: to go from a deficit of -14.3 per cent of GDP in 2009 in Ireland to -2.9 per cent in 2014; from -11.2 per cent in Spain to -3 per cent in 2013; from -9.3 per cent to -2.8 per cent in 2013 in Portugal. Which means reducing public services (education and health, etc.), the wages and the number of those employed in the public and semi-public sector, and retirement pensions. And favouring privatizations in certain sectors, with the possibility of testing their profitability during a period of public-private participation (PPP).

Romania is already providing an example. From June 1, 2010, wages in the public sector will fall by 25 per cent and pensions by 15 per cent. This is in a country where the minimum wage is approximately 150 euros per month! The experiment was conducted with similar energy in the Baltic States.

6. The hysteria of the "experts" against the deficits passes over four elements in silence. Firstly, the origins of public deficits and debts, i.e. the crisis of 2007-2009, the rescue of the banks and assistance to industry and construction. Secondly, without these shock absorbers (public expenditure and social transfers), the drop in GDP in France would not have been 5 per cent but 10 per cent. Thirdly, the reduction of the public deficit in Sweden in the 1990s - always quoted as an example - was possible because of the economic growth during that decade and because the social transfers started from a very high level. Moreover, Sweden could devalue its currency (the crown) in order to export. And it had export capacities. Fourthly: but Greece, Spain, Portugal... do not have monetary sovereignty (to devalue and increase the money supply) and, in the euro area, there is no common and "solidarity-based" economic and budgetary policy. Their "sovereignty" is put in question, such as the elementary right to define their budgets which expresses, in its way, a "choice of society".

On the other hand, today, a general austerity policy is imposed by "the markets" and the ruling classes of the countries of the centre of the EU (Germany with its hinterland and its allies), with a particular

burden imposed on the populations of the "peripheral" countries. And this is done in the name of re-launching an export dynamic. It will be based on the contraction of direct and indirect wages, with the objective of reducing unitary labour costs.

One wonders how in all the countries of the EU, together, wages can be cut and unitary labour costs reduced, in order to increase revenue from exports in order to face up to the burden of the debt. However, exports essentially take place within the EU. A selective cannibalism is being put in place.

This is a choice of German capital (and its close allies) which, on the one hand, use to their advantage the international division of labour within the EU and, on the other hand, plan to move, gradually, the centre of gravity of their exports away from the EU, while gaining market shares within the EU.

This policy of competitive social deflation will lead to millions of social casualties. It will impose decisions which completely ignore the most elementary rules of bourgeois parliamentary democracy.

However, the ECB (European Central Bank) accepts the devalued titles of public debt which the banks hold. And these banks get themselves refinanced by the ECB at less than 1 per cent of interest rate and continue speculative operations on debt and currencies.

7. The *New York Times* (in an article by Steven Erlanger) of May 23, 2010, writes on its front page: the "European social model" is being challenged. What is at stake in the coming battles - during this war - is above all social and political. It is the European working class which has the greatest socio-political traditions - despite all the past defeats - which is the target.

Unitary defensive mobilizations - refusal of cuts and rejection of the debt (with opening of the books, both public and private), a different tax system, etc. - are decisive. This is necessary in order to accumulate forces and to give workers the feeling that they have the power to resist and counter-attack. Not to suffer the numbing effect of "shock therapy". Following on from there, elementary and

essential questions will come to the centre of the political stage.

We can formulate them as follows: in order to direct investment towards the production of goods and services meeting social and ecological needs, it is necessary to have control by workers over the resources that they produce; a democratically controlled public banking service; control over the operations of enterprises, over the appropriation of wealth and its distribution, and a reduction of

working time. So: what are the priorities that European societies adopt?

The difficulty of the situation should not lead us to renounce a socialist perspective, at bottom the perspective of the Socialist United States of Europe.

Furthermore, such a perspective is rooted in the problems that the workers are encountering. Failing that, it cannot be excluded that after a certain time there will be a dramatic reversal of the political situation.

Lausanne, May 25, 2010

OBITUARY

Berta Langston (1922-2010)

ALAN WALD ·

Berta moved from New York to Detroit in 1957 where she worked full-time for the SWP. Central activities in those years include her defense of the two victims in "Kissing Case" in North Carolina, when eight-year-old and 10-year-old African-American boys were charged with assault for having played a game in which they kissed white girls. A whisper campaign claimed attempted rape.

She was also energetic on behalf of Robert F. Williams, an advocate of armed self-defense in the NAACP, who, along with his associates, was the object of harassment by the FBI. She became a leader of the Committee to Combat Racial Injustice, which toured Williams, and the Executive Secretary of the Committee to Aid the Monroe Defendants, headed by Dr. A. E. Perry of Monroe, North Carolina.

Following the Cuban Revolution Berta relocated to New York and became prominent as the first secretary of the New York branch of the Fair Play for Cuba Committee (FPCC) and then Executive Secretary of the national organization. The FPCC was founded in New York in April 1960, to provide popular support for the Cuban Revolution against attacks by the U.S. government once Fidel Castro openly admitted his commitment to socialism and began nationalizing Cuban assets belonging to U.S. corporations. FPCC opposed the Bay of Pigs invasion of 1961 and the imposition of the U.S. embargo against Cuba, and campaigned against U.S. policy during the 1962 Cuban Missile Crisis.

Among the best known figures in the Cuba Solidarity movement, Berta herself became a target of the FBI; her name appears in U.S. Senate Hearings of the period as well as in materials about the government's Counter-Intelligence Program

(COINTELPRO) which was designed to disrupt the political Left.

With her second husband, Robert Langston (1933-77), she was also a leading activist in the Alexander Defense Committee (ADC), formed in February 1965 in response to the persecution of Dr. Neville Alexander and 10 of his comrades by the South African government. In the beginning of the 1970s she and Bob were admired for their leadership of the Committee for New Alternatives in the Middle East and their role in the publication of a book by Arie Bober called *The Other Israel: The Radical Case Against Zionism* (1971).

Shortly afterwards, Berta, along with others in her generation of SWP cadre, became alarmed by the growing power in the party of a circle of former students around a rising organizational functionary, Jack Barnes. Deciding to take action, she and Bob Langston became increasingly identified with the political views of Ernest Mandel and the United Secretariat of the Fourth International, submitting oppositional documents on subjects such as the Middle East and Argentina. In 1973 they supported what was called "The International Majority Tendency" and for the convention period were members of the "Internationalist Tendency" inside the SWP. When the Internationalist Tendency was expelled in 1974 (Barnes claimed that it had "split"), the Langstons initiated a vigorous protest.

Berta's personal life was also marked by sizeable grief. Her beloved Bob died of a heart attack in his early forties. This occurred in Paris in June 1977, where the couple had moved to work closely with Mandel and their international comrades.

Returning to the United States, Berta was among those many long-time activists bureaucratically expelled from the SWP in 1983. After a brief member-

ship in Socialist Action, she helped to found and support Solidarity, also keeping her ties to the Fourth International and remaining politically active in Connecticut. Bob had left her some money which she generously used to support causes and projects consistent with their sympathies. In the last few years she organized an antiwar vigil at City Hall in Norwalk, Connecticut, the town where she had settled. She could be seen there every Saturday since the beginning of the Iraq war, through rain, snow and the heat of summer.

She is survived by a son, Eugene Zuckoff, an attorney who works on behalf of abused children in Catskill, New York; and sisters, Kitty Staebler, Edith Gbur, and Phyllis Shaw. She will always have a warm place in the memories of her many friends and admirers for whom she served as an inspiration of political idealism and commitment for so many decades.

This article was first published in *Against the Current*, July-August 2010

PAKISTAN

Solidarity call for striking workers in Faisalabad

FAROOQ TARIQ ·

19th July: Strike to go ahead despite the ban and threats

Faisalabad administration have imposed section 144 and banned all public gatherings from today. This is to prevent the strike call by Labour Qaumi Movement that starts tomorrow to press for better rates and wages for power looms workers.

The police inspectors have been calling all the main leaders of LQM and asking them to withdraw the call for a strike. Every LQM local sector in charge have been called by the police and pressurized to cancel the strike call.

The strike call by LQM was given after the local power looms bosses failed to implement the government fixed 17 percent increase in the rates of the workers. Although, the public sector workers have been given a 50 percent wage increase this year, the private sector workers would get only 17 percent wage and rates increased if the bosses agree to implement. The LQM leadership gave several notices to the bosses and the administration. However, neither of the two took it seriously.

Instead of listening to workers, a new police chief famous for fake police encounters have been posted in Faisalabad and a new District Administration Office (DCO) is been brought in to deal the situation. Police has also failed to arrest the murderers of the two labour leaders of LQM who were killed in their office on 6th July.

Police today also failed to protect the two Christian brothers falsely accused of blasphemy. Both were murdered today in district courts by an unknown person. There has been a violent reaction to these murders by the Christian youth. In retaliation, Muslims youth are also attacking Waris Pura area where the majority is Christians. At the time of

writing this report, there are reports of cross firing in Waris Pura.

Workers leaders gathered today at LQM office and decided to go ahead with the strike despite all the threats and intimidations.

We need your support. We will keep you updated about the situation tomorrow. Please protest if the government uses violent mean to end this strike by arrests, lathe charge or firing.

The main stream media is ignoring the worsening situation of Faisalabad workers. Not a single report by any main stream media is been printed or broadcasted on the murder of the two labour leaders.

Workers are demanding to implement what government has already decided. It is not accepted by the bosses. Instead of arresting the bosses, the police are threatening the workers if they go on strike. Strike is our basic human right. It is the most peaceful act of protest that workers are engaged in. They will just refuse to work. They are not violent. They are not doing any suicidal attacks. They are exercising the rights that the constitution of Pakistan has granted them.

We have not accepted any authoritarian rules during the military dictatorship. We will not accept now either. Labour Party Pakistan appeal to all its supporters nationally and internationally to take notice of this gross violations of human and labour rights in Faisalabad, the third largest city of Pakistan.

20th July: Workers injured, arrested at the beginning of Faisalabad strike

Several workers have been injured by police tear gas shelling and by power looms bosses gangsters

firing and stone throwing. Rana Tahir, district president of Labour Qaumi Movement is one of them. Over 100 workers have been arrested so far by the police which is all out in favor of the bosses. Workers are out in thousands from different parts of Faisalabad to reach the city center.

The newly appointed police chief of Faisalabad Aftab Cheema is famous for fake police encounters and is showing muscled now to the working class movement. He is being brought in to "control" the labour movement. Punjab Government of Mian Shahbaz Sharif cannot go very far on this road of repression.

Labour Party Pakistan appeals to all its supporters to denounce the use of police force against workers and condemn the actions of repression.

At least two districts of Punjab have aroused in terms of class struggle. Power looms workers in district Jhang are on strike for the last fifteen days. In Faisalabad, over 100,000 workers have started their strike today despite all the police threats and heavy rains. Workers have started their processions from different parts of the city to reach the center of Faisalabad despite an imposition of section 144 that bans gathering of five or more in public places.

Today, the power looms bosses in Jhang district have paid a half page advertisement in Daily Express Faisalabad asking government to suppress the workers' movement. The bosses alleged that Labour Qaumi Movement (LQM) is linked to Mutihida Qaumi Movement (MQM), a sectarian mass organization in Karachi and is part of the coalition government of Pakistan Peoples Party at Center and in Sindh. The bosses claimed that 15 days strike has cost them over 9 billion Rupees and 15,000 power looms factories are closed. They appealed the government to save Jhang from becoming another Karachi.

Bosses are lying. LQM has nothing to do with MQM. LQM is an independent labour organization of mainly power looms and textile workers and the leadership is members of Labour Party Pakistan. The advertisement is an attempt to smear the LQM

leadership and to provoke the Punjab government against the working class movement.

In Faisalabad, the local administration has imposed section 144 to stop workers marching to city center. They had used all the SHO in different areas to pressurize the workers for cancellations of the strike. The LQM leadership refused yesterday all the fake assurances of the local administration for mediation between bosses and workers. They have used this tactic several times and LQM postponed their planned actions. One such action of a strike was on 5th July, which was postponed on the assurances of the administration. Very next day, two leaders of LQM were gunned down in one of their offices.

There is no way back. LPP appeals to all its supporters to use all means to support the working class movement in Faisalabad and Jhang.

21st July: Strike to continue

It was a day for the workers in Faisalabad. Over 100,000 struck today, despite all police threats and heavy rain on 20th July. Efforts by both police and bosses to block their strike and rallies were stymied by the workers' brave and courageous actions. The bosses had gangsters fire on the workers and pelted with stones. As for the police, they used a record number of tear gas shells and baton charges. Several workers have been injured by either police tear gas shelling or by these gangsters. Rana Tahir, district president of Labour Qaumi Movement (LQM), was injured and more than 100 workers have been arrested.

Thousands of workers, coming from different parts of Faisalabad, reached the city center. Workers showed their contempt for Section 144 — which prevents public gatherings. It is just a piece of paper.

The end result has been a partial victory for the power loom workers. They were featured on all the private and public television channels in Pakistan. Most media reports were accurate: They reported that violence was started by the bosses and their se-

curity guards and also by the police. The only reported violence against property was a factory was burnt and a police motorcycle set on fire. But how did these fires happen? The media reported that the factory owner fired at the workers, injuring several. In retaliation workers burnt the factory. Again, when police started firing tear gas shells in the Ghulam Mohammed Abad area, workers retaliated. The police ran away, leaving their motorcycle behind, and it burned.

For most of the day, Faisalabad saw some glimpse of the 1970s, when the workers controlled the city. The whole city witnessed the power of the working class as they moved into action. They were everywhere and the police were unable to control them. The media reported that Faisalabad was a city of war between the power loom bosses and police, on the one side, and the workers. Women were in the forefront of confronting the police. And youth played a leading role.

The media blamed the administration for not listening to the LQM demands in time. Today, after a whole day of confrontation in which workers had the upper hand, the administration assured the leaders of the Labour Qaumi Movement that all their demands will be met once the workers are off the roads. The LQM leadership has all that in the past. They told the administration that the strike will not be over until the demands are met.

Over 100,000 workers struck more than 20,000 power looms factories in the city. When the call was announced on the 16th July by the LQM leadership at a public rally in Jhang workers there had already been on strike for 15 days. But neither the bosses nor the police took the warning seriously. They miscalculated, probably thinking that with two LQM leaders murdered, on 6th July, in their office by some 10 gangsters must have a demoralizing effect on the will of the working class to act. They must be regretting their mistake.

The workers' demands were simple. They said implement a 17% increase in the minimum wage as recommended by the government for the private

sector. However the government indicated that the individual owner has to agree. Meanwhile, public sector workers received a 50% increase.

Yet this year saw one of the highest rates of inflation in the history of Pakistan. The Pakistan Peoples Party Government has withdrawn all subsidies and increased the prices of electricity, gas, petroleum and almost all household items - as demanded by the IMF. Inflation was ten fold and every single family was affected.

Instead of listening to the workers, the Punjab government prepared other plans. They put one of the notorious police officers to head up the department, Mr. Aftab Cheema. Brought in to "tame" the labor movement, he is known for fake police encounters and the killing of criminals. But the Punjab Government of Mian Shahbaz Sharif cannot go very far on this road of repression.

On 19th July, almost all the main LQM leaders were threatened by police inspectors. Police from six different districts were called into Faisalabad. This was all to stop the peaceful action of the working class. But once the working class came into action, the balance of power shifted.

The news channels telecast the police as they fired on the workers and also showed that workers fought back. The power looms workers revived the Intifada movement. The television channels showed stone-pelting youth facing down the police equipped with rifles and guns.

The power loom bosses in Jhang district paid for a half-page advertisement in the Daily Express Faisalabad asking the government to suppress the workers movement. The bosses alleged that the Labour Qaumi Movement is linked to the Mutihida Qaumi Movement (MQM), a sectarian mass organization in Karachi and part of the coalition government at Center and in Sindh. The bosses claimed that 15 days strike has cost them over 9 billion Rupees and that 15,000 power looms factories are closed. They appealed to the government to prevent Jhang from becoming another Karachi.

Of course the bosses are lying. The LQM has nothing to do with the MQM. The LQM is an independent labor organization of mainly power loom and textile workers; its leadership has members of the Labour Party Pakistan. The advertisement is an attempt to smear the LQM leadership and to provoke the Punjab government against the working- class movement.

On 21st July at 3PM, I along with the main leaders of the LQM will address a press conference at the Lahore Press Club. We will encourage the movement to continue and spread to other districts as well. The will of the working class to change their situation can never be defeated. Leading members of the Labour Party Pakistan met in Lahore on 20th July to chart out a strategy of support to the move-

ment. It was decided that National Trade Union Federation will organize a massive solidarity rally in Lahore on 6th August. We support the struggle of the power loom workers and demand immediate implementation of the minimum wage in all private institutions.

During the second week of August a Workers Solidarity Conference will be organizing in Lahore. All the trade unions and social movements will be contacted for these actions.

The Labour Party Pakistan appeals to all its supporters to denounce the use of police force against workers and to condemn these repressive acts. The LPP appeals to all its supporters to use all means to support the working class movement in Faisalabad and Jhang.

PAKISTAN

Losing lives to form trade unions

FAROOQ TARIQ ·

I met Mustansar Randhawa (32) briefly on 19th June 2010 in Faisalabad, less than a month before his murder. He was one of 30 participants in trade union leadership training at the Labour Qaumi Movement (LQM) office. The LQM is a community-based labor organization established in 2004. It has become the main labor organization in Faisalabad, and is now spreading to other cities.

I had been invited by the Labour Education Foundation, the organization conducting the program, to speak on "globalization and its impact on the working class in Pakistan." Mustansar Randhawa and Hamid Shah were introduced to me as two newcomers to the movement. Both have been active in small-scale industrial zone of Faisalabad.

Latif Bawa, the LQM vice president told me, "They are doing an excellent job. They have set up an office on Sargodha Road and have put up over 5000 posters asking workers to contact the office about any labor issue and raise the demand that there should be a social security card for every worker." Latif added that Mustansar was to be "our next candidate for Punjab Assembly constituency 64. We are expecting another MPA to be disqualified because he has also used a fake graduation degree; the case is pending in the courts."

Mustansar told me that he had read a lot about me and heard me speak at public meetings during Mian Abdul Qayum's recent campaign: "I want you to come for my election campaign. You will see the response of the working class and peasantry in my constituency. I have a good reputation and will fight courageously." Mustansar was very enthusiastic about the workshop and was eager to participate

in future training. We need well-educated worker activists but there are too few opportunities to attend such workshops. At his request we took a group photo.

Later, while driving to Sarghoda Road, I saw the Labour Party Pakistan election symbol of an Apple on the back of a car just ahead. As I passed the car, I looked over and saw it was Mustansar driving with Mian Abdul Qayum. We exchanged smiles — and that was the last time I saw Mustansar.

On 6th July 2010, while Mustansar was listening to a worker who had not been paid his wages by a textile boss, an unknown person with a Kalashnikov entered the front room and fired, hitting Mustansar's younger brother, Naseer. Mustansar tried to save his life by running to the next room and locking the door but some 10 people were determined to finish him off. They broke the glass, the assailant fired at him and killed him on the spot. The workers sitting next to him at the beginning of the attack said "It all happened within a minute."

It was one pm and the news spread like wildfire. Mustansar had become a popular leader of the LQM. He was not a factory worker but a community leader in his village, which was adjacent to Faisalabad. On the eve of the LPP's fifth congress, he attended the LQM gathering at the famous Dhobi Ghat ground and decided to become part of the movement.

Mustansar was asked to start work in an area of Faisalabad dominated by gangsters. There was no union and the LQM did not have much influence in the area. The bosses used gangsters to terrorize the workers, who were very poorly paid. Some gangsters even terrorized the owners of small factories and power looms to demand kickback money.

After meeting the leaders of LQM, Mustansar prioritized building trade unions. While showing Rana Tahir, the president of LQM Faisalabad, the office he rented for trade union work, he remarked that "You do not have to worry about the gangsters, we will deal with them. We are just asking workers to form unions and join the LQM. I am not afraid of any bloody bugger." And he was not. Despite all the threats, he posted flyers all over and distributed thousands of leaflet asking workers to come to the newly established office of NTUF and LQM. Within three months of joining the movement, he was elected president of the National Trade Union Federation Faisalabad division.

When I attended his funeral and the protest demonstration I noticed these flyers everywhere. In fact it was the only poster to be found in his village. At a time when religious posters dominate walls all over Pakistan, a poster inviting workers to join a union was very refreshing to see.

Ashfaq Butt, one of main LQM leaders in Faisalabad, told me yesterday that Mustansar was with him the day before. He had called to say he needed help in processing several labor cases at the Labour Department. The two spent two hours dealing with several cases in which workers had not been paid minimum wages. Mustansar successfully argued the case of five workers whose employment had been terminated. Although the power loom boss accused them of taking advance money and not returning it, he agreed to take the five back.

After hearing the news of Mustansar's death as well as the death of his younger brother, thousands of workers left their factories. Almost all factories in Faisalabad closed and two days later were still not open. Mustansar was loved by many.

He was the rising star of the new leadership of LQM influence is spreading to other cities. Jhang, adjacent district saw some of largest workers rally yesterday in protest against the killing.

Workers gathered in Pansra, 20 kilometers from the Faisalabad city center, and started a solidarity action. It was mainly young power loom workers

who marched. When they arrived in Faisalabad more than four hours later they were over 5000. With wooden sticks in their hands they asked shopkeepers to close their business in memory of the two labor leaders. Hardly anyone resisted. The famous eight bazaars of Faisalabad around Ghanta Ghar were also closed for a while.

Workers wanted to settle scores with those who argued against closing the shops. Then the LQM leadership intervened to keep the emotion under control. When the driver of one of the public vans abused the marcher's three public vans had their glass smashed. The police were silent spectators yesterday—they realized any attempt to intervene would only aggravate the situation.

The leadership of LQM gave the police a 24-hour deadline to arrest the 10 people mentioned in the first investigation report (FIR). The police chief assured us he would do his best to arrest the murderers.

We decided to keep the office open where the two lost their lives in the struggle to build a labor movement. Anwar Awan from the area has taken the responsibility to mobilize workers to staff the office's security.

While having some rest after a whole day of activities at Anwar's home in the afternoon, we learned that Anwar had once been one of the main leaders of Anjman Sapa Sahaba, a fanatical religious group banned by the government. He left them two years back to join LQM. In his late 20s, Anwar gave me a glimpse of the days to come. People from all different traditions and backgrounds will join us as we become a mass force. In this way Mustansar will remain alive in the shape of Anwar Awan, Hamid Shah and other comrades.

Anwar told us that the gangsters cannot defeat us. Certainly we have come out in the thousands today and both gangsters and working people must have realized the power of the working class. We will not sit idle but will defend ourselves if attacked.

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ECONOMY

The debate on the rate of profit

MICHEL HUSSON ·

The four questions are:

- an empirical question: what has been the evolution of the rate of profit since the early 1980s in the big capitalist countries?
- a theoretical question: what is the status of the tendential fall in the rate of profit in the Marxist analysis?
- a "semi-theoretical" question: what is the nature of the crisis?
- a programmatic question: what is the impact of this discussion on the proposals advanced in the period opened by the crisis?

The evolution of the rate of profit

The entry point to the debate concerns whether the rate of profit has risen or not since the early 1980s, notably in the United States which most contributions focus on. Graphic 1 below summarises and updates the results of previous works [2]. Both in the USA and in the three main European countries, we can clearly distinguish two periods: a fall in the rate of profit until the early 1980s, then a rise. It can be noted that the fluctuations are most marked in the USA where the rate of profit falls from 2007 onwards, and this before the crisis moreover (Husson 2009b). But the tendency is certainly there.

To this "bull" position is opposed a "bear" position (to employ the most neutral terms possible, here borrowing the language of the stock market) which disputes this schema and advances other evaluations of the rate of profit, which do not show an upward tendency since the early 1980s. The spectrum is moreover fairly broad, going from a smaller net increase in the tendential fall, via a flat encephalogram.

The reasons for these differences [3] concern the measurements of profit and capital used to calculate the rate of profit. So far as profit is concerned, two questions are raised: should we take into account, in the case of the USA, enterprises which do not have corporate status? And, more generally, should we take into account the profit of financial companies?

In the USA, the statistics of the BEA (Bureau of Economic Analysis) distinguish profits (corporate profits) calculated for companies (domestic corporate business) and incomes from ownership (proprietors' income). The latter concern enterprises which have a status other than that of company (corporate): partnerships, sole proprietorships and tax-exempt cooperatives). In incorporating them, we find the concept of net operating surplus for the whole of the private sector and that is why I have employed this enlarged definition of profit. However, this choice modifies the level of the rate of profit but leaves its evolution practically unchanged.

On the other hand, the evolution of the rate of profit is not the same according to whether or not one takes into account the profits of financial companies (banks, insurance and so on). If we exclude these from the definition of profit, the rate of profit (still in the USA) tends to stay flat. This can be understood: the share of profit taken by the financial companies represents a growing fraction of the profits realised by the private sector as a whole.

The argument invoked is that these amount to virtual profits which correspond to the valorisation of fictitious capital. But it seems to me that there is here a confusion between company accounting and national accounting; for the latter, the profit of financial companies is defined more or less as the difference between interest received and interest

paid. This flow measures the capacity of the banks and insurance companies to capture a part of the value created every year. As to the valorisation of assets, it appears elsewhere in the balance sheets ; the same goes moreover for the non financial companies and for households whose income does not incorporate the valorisation of their assets (shares, houses and so on) which is recorded in another account, that of their "wealth" [4]. The value added of financial companies (and thus their profits) is a component of GDP of which the real counterparts are consumption, investment and the trade balance. Not considering the profits of the financial sector as real flows would lead to breaking accounting equality between the two "optics" of measurement of GDP.

Then there are the problems of measurement of capital. Some value it in "gross" rather than "net" terms, in other words not taking account of depreciation, or in Marxist terms, of the transmission of the value of fixed capital to commodities. But the main controversy concerns the mode of valorisation of capital: either at current prices – as done by most contributions – or at historic cost which is, according to Andrew Kliman (2009b), the only correct method. I have discussed this position in a text called *Les coûts historiques d'Andrew Kliman*, republished in part in *La hausse tendancielle*. The response by Kliman (*Masters of words*, 2010) does not seem to me to change the terms of the debate on this point nor to fundamentally challenge the arguments I have advanced. In truth, this choice (historic cost or current prices) does not have enormous empirical implications. The true difference resides in the corrections subsequently made by Kliman to measure the rate of profit in value which lead to tendentially falling rates of profit over the last 50 years (Husson 2009c).

Two readings of the neoliberal period

This note of reestablishment of the rate of profit takes place within a reading of the period which emphasises several "stylised facts". This is a term we owe to the economist Nicholas Kaldor (1961)

who explains his method thus: facts as recorded by statisticians, are always subject to numerous snags and qualifications, and for that reason are incapable of being summarized" and hence theorists "should be free to start off with a stylised view of the facts – i.e. concentrate on broad tendencies, ignoring individual detail" (Nicholas Kaldor (1961), 'Capital Accumulation and Economic Growth.' In: Lutz/Hague (eds.): *The Theory of Capital*, London, pp. 177-222). Among the stylised facts identified by Kaldor, we already find the stability of the rate of profit, the capital-output ration and the share of labour in total income. This method is still valid today and it is possible to identify four stylised facts which characterise capitalism in its neoliberal phase:

1. a fall in the share of labour
2. an increased rate of profit
3. stagnation of the rate of accumulation
4. an increase in the share of dividends

One of the characteristics of capitalism (seen through "bull" spectacles) is that the rate of profit increases but does not lead to an increased rate of accumulation. This is not to say that the rate of accumulation falls, but that it does not increase as much as the rate of profit. In the "bear" version this scissor effect between profit and accumulation obviously doesn't exist: the rate of profit stagnates, the rate of accumulation also, so they are in synch.

A supplementary argument is however advanced by Louis Gill, here following a suggestion by François Chesnais: what if the investment was realised elsewhere than in the imperialist metropolises? Domestic investment would be relatively stagnant but would be broadly compensated by investment abroad, particularly in the emergent countries.

This objection raises a more general problem. Capitalist globalisation tends to dissolve the economic significance of national frontiers: the map of the multinationals corresponds increasingly less to that of countries. To take only one example, the US trade deficit is linked to a great extent to imports

from emergent countries like China, but which also correspond to investment and transfers of production by US companies. The usual accounting tools are increasingly less appropriate to this globalised world. That said, the more rapid growth of international investment is not a sufficient objection. Although it reduces the "scissors" between profit and accumulation, it would be necessary to show that its profitability is lower than that of domestic investment, which is highly improbable.

A supplementary difficulty is that the data on international investment have difficulty in distinguishing "real" investment as in financial investment from movements inside groups. A recent study shows that in the case of France, a stricter definition of investment flows leads to a perceptible decrease in their size: in 2008, French investment abroad would be more than 80 billion euros against 137 with the traditional method of calculation. In the opposite sense, foreign investment in France would only be 10 billion instead of 66 (Nivat and Terrien 2010).

It amounts to a vast worksite which goes beyond the question of the rate of profit alone. One can nonetheless mobilise rare data relating to the groups as a whole, and we dispose of some precious information based on a Thomson Financial data base. It brings together the results of 215 non-financial companies appearing in the index of the 250 biggest French companies ranked according to their stock market capitalisation. These enterprises are highly internationalised, inasmuch as they realise 60% of their turnover outside of France (32% in Europe and 28% in the rest of the world). These consolidated accounts thus relate to quantities which are not reduced in France, whether in terms of wages or investment.

We find then the stylised facts mentioned above, in first place the increase in the rate of profit, measured here as the relationship between profit and total capital (graphic 2). This upward evolution is more marked than for the non-financial companies taken as a whole, which means that the big groups register higher profit rates, in part thanks to their

internationalisation. Note in passing that capital is here measured in the manner that capitalists measure it in their balance sheets, namely at historic cost, which shows that the increased profitability appears even with this measurement that Kliman stressed was the only one possible.

A more detailed examination of the data (table 1) shows that capitalist intensity remains virtually constant, which implies that the increased profitability is essentially due to a considerable decline in the share of wages in value added: it fell by 11.6% over the period in question.

Despite this leap forward in profits, gross investment only increases by 1.1% and thus we see the famous "scissors" between profit and investment appear: the difference is then 8.4%. This non-invested profit is devoted to debt reduction inasmuch as external financing falls by 4.2% and thus to the increase in dividends paid which go from 2% to 6.2% of value added. Even subtracting interest (falling) and taxes (upwards) from profit, the share of gross profit, in other words profit after taxes and interest (but before depreciation), increased by 9.5%.

In short, the set of stylised facts is found in this study which has, once again, the dual interest of starting from the private accounting of the big groups and of not confining itself to the national level. This confirms in particular that foreign investment does not compensate for the weak dynamism of domestic investment.

The "scissors" between profit and accumulation of capital is certainly a fundamental characteristic of contemporary capitalism which I have stressed for a long time (see for example Husson 1999). And this note is broadly shared. Thus, the book by Patrick Artus, *Le capitalisme est en train de s'autodétruire*, speaks of a "capitalism without project". A study by the UN explicitly stresses this phenomenon (Husson 2008b). An entire literature of "post-Keynesian" Inspiration takes this phenomenon for granted and seeks to explain it. One of the most interesting authors in this current, Engelbert Stockhammer (2006), poses thus the

question of the investment-profit puzzle: "We face then an interesting enigma: the ratio of investment to profit shows a downward tendency [and] all countries show a similar tendency. Although this is a logical consequence of the relative evolution of investment (downward) and profits (upward), that raises interesting questions which, bizarrely, have received little attention until now. The first is knowing why companies do not invest their profits? You could call this the Marxist question".

John Bellamy Foster and Fred Magdoff (2008) point to the "spectacular decoupling between profits and net investment" in the USA; the latter is falling "significantly" in percentage of GDP, as well as the share of profits in GDP reaching "a level never observed since the beginning of the 1970s" (graphic 3).

In total, there are two readings of the configuration put in place by neoliberal capitalism, which can be summed up in the table below:

The four stylised facts of the "bull" analysis are compatible with each other and lead to a coherent "recital" of the period. The same is not true for the "bull" analyses which, moreover, only rarely offer an overall view.

To show this, let's start from the share of dividends (uninvested profits) in total profit: it seems hard to deny that it has strongly increased over the period (table 3). In addition there is agreement in saying that the rate of investment has not increased. That implies that the counterpart of the increase in dividends (still in proportion of profit or of value added) is a fall in the share of wages. But in this case the rate of profit should have increased.

A first way of emerging from this logical contradiction would be to argue that the rate of profit has remained constant (or fallen) in spite of the fall of the share of wages, because the organic composition would have increased. But no partisan of this thesis has produced such a demonstration, and for a reason: the movements of the income/capital ratio (an approximation of the organic composition of capital) are small and somewhat upwards.

The only way out is to argue that the share of wages has not fallen, but it is at the price of a debatable affirmation, even in the case of the USA. Louis Gill (2010) argues that "the share of profits in value added has remained more or less constant from 1980 to 2008 in the United States" and produces graphic 4A reproduced below. One could counter this with graphic 4B which shows on the contrary that the share of profits has increased by 5-6% between the early 1980s and today.

Another incomprehensible debate between statisticians? No: the two graphics are constructed on the same data. The graphic on the right uses a different scale and deals with a longer period which gives a good overview of the parallelism between the share of profits (more or less the rate of exploitation) and the rate of profit: down before 1980, upward tendency since.

Kliman (2009c) adopts the same position: "wages receive a relatively constant share of the GDP produced by companies, throughout the post war period. This division has no major effect on the rate of profit". He specifies that this "ratio of income from ownership to the remuneration of wages is similar to what Marx calls the rate of surplus value". Indeed, it is a well known fact that the median wage has become disconnected from the productivity of labour, which should lead to a fall in the share of wages.

The solution to this apparent contradiction is to be found on the side of the wages of managers which have significantly increased. Therein lies another debate: what is the nature of very high wages whose share has constantly increased in the US? Kliman makes them a category apart which is neither surplus value, nor variable capital, and stresses that these incomes escape the enterprises. It is a very debatable argument: on this account, the dividends paid to the shareholders would not be surplus value either, since, by definition, these profits are not retained by companies. It is enough however to exclude one per cent of the highest wages to find a fall in the share of wages as marked in the US as in Europe (Husson 2010d).

Let us reformulate the reasoning in the opposite direction and admit that the rate of profit, the rate of accumulation and the share of wages are constant. The investment-profit enigma does not exist. But if all is constant in proportion of value added (profits, wages and investment), we do not see how the share of dividends should increase. In short, the "bear" reading leads logically to denying either the increase in the share of profit distributed to shareholders, or the fall in the share of wages, which are yet two characteristic features of contemporary capitalism.

The law of the tendential fall of the rate of profit

In the Marxist vulgate, the trajectory of the rate of profit depends on the relative evolution of its two components, the rate of exploitation — to the numerator — and the organic composition of capital — to the denominator. One says then that the rate of exploitation can increase up to a certain point only, whereas the organic composition increases continuously. Consequently the rate of profit ends up by falling (it is a tendential law). The law is then at the end of the day a law of the tendential increase of the organic composition: the accumulation is reflected by an increase of dead labour (capital) in relation to living labour, the sole creator of surplus value. In these conditions, surplus value tends to increase less quickly than the capital advanced, hence the fall in the rate of profit. The notion of "tendential law" means that the rate of profit does not fall always and everywhere but at the end of the day the tendency triumphs over the counter-tendencies.

This classic presentation is not correct because it does not sufficiently break down the factors which determine the evolution of the rate of profit and does not bring out the dual influence of the productivity of labour, both on the numerator and the denominator. In the numerator it is clear: when productivity accelerates and the real wage does not follow, the rate of exploitation increases. This is what Marx calls relative surplus value.

But the productivity gains also have an effect on the denominator, in other words on the organic composition: they bring down the price of the "machines" which make up fixed capital and can thus compensate for the increase of their number. It is necessary to distinguish two notions: technical composition and organic composition of capital. Nobody disputes that the **technical** composition of capital (the number of "machines" in relation to the number of employees) increases tendentially. But that does not imply an increase of the **organic** composition (in value): the productivity gains intervene here also by bringing down the value of the "machines" which make up fixed capital and can thus compensate for the increase of their number.

It is precisely one of the "causes which counteract the law" (of the tendential fall of the rate of profit) laid down by Marx: "the same development which increases the mass of the constant capital in relation to the variable reduces the value of its elements as a result of the increased productivity of labour, and therefore prevents the value of constant capital, although it continually increases, from increasing at the same rate as its material volume i.e., the material volume of the means of production set in motion by the same amount of labour-power. In isolated cases the mass of the elements of constant capital may even increase, while its value remains the same, or falls". Thus the same influences which tend to make the rate of profit fall, also moderate the effects of this tendency". ("Capital", Volume 3, Chapter 14).

But precisely because we are talking about the "same influences" (the productivity of labour), there is no reason a priori to think that the tendency will systematically outweigh the counter-tendency. Once again, the productivity of labour is liable to compensate at the same time, in a perfectly symmetrical manner, for the increase in real wages and the increase in physical capital. Or else, it would be necessary to postulate that the productivity of labour increases systematically less quickly in the section of production goods than in that of con-

sumer goods, but it is the opposite configuration which is the most frequent.

The evolution of the organic composition is then in reality undetermined, as Marx suggests: "In isolated cases the mass of the elements of constant capital may even increase, while its value remains the same, or falls". The numerator and denominator of the rate of profit can then remain constant, and consequently the rate of profit itself.

If one wishes to study the conditions of evolution of the rate of profit, it is necessary then to abandon the classic binary breakdown (rate of surplus value/organic composition of capital) for a ternary breakdown bringing in wages, the productivity of labour, and the efficiency of capital, that is the income/capital ratio [5] We obtain then the following result: the rate of profit increases if the increase of the real wage is lower than that of the "global productivity of factors" defined as the weighted average of the productivity of labour and the efficiency of capital. In simple terms, the gains of the productivity of labour could compensate both for the increase of real wages and that of physical capital per head. The error of the canonical presentation of the law consists in forgetting this possibility by confusing the organic composition of capital (in value) with its technical composition.

Since the argument was used by Chris Harman (2010b), it should be stressed that this analysis has nothing to do with "Okishio's theorem". This theorem was supposed to demonstrate that the rate of profit cannot fall because the capitalists would never introduce technologies liable to make it fall. This demonstration forgets obviously the competition between individual capitals and the uncertainty which accompanies any investment project. But the reference to this theorem is outside of the subject: there is then indeed a clear difference, which relates to the most elementary logic, between saying that the rate of profit **can not** fall, and affirming as Okishio does, that the rate of profit **cannot** fall. These are two different debates.

It is necessary then to place Marx's statement in an analysis of the dynamic of capitalism and to present a long term version of the law which could be put thus: "The conditions of functioning of capitalism can be met for a fairly long period, but the mechanics ensuring this are not stable or in any case cannot be durably reproduced" (Husson 1996). At the end of a given time, the increase in capital per head no longer produces the same productivity gains. It is the double decrease in the productivity of labour, in relation to capital per head but also in relation to wages which initiates the fall in profit. It is the structural contradictions of capitalism (search for the maximum profit, competition between capitals) which lead tendentially to this fall. But this schema only applies on the long horizon, that of the theory of long waves.

In addition this global efficiency is indissociable from the matching of needs which do not emerge from technology: it is necessary moreover that the real wage acts on the "good" commodities from the viewpoint of the productivity gains that they allow. The rate of profit should then be conceived as a synthetic indicator of the dynamic of capital which reflects all the terms of the reproduction of capital, on the side of production (creation of surplus value) and on the side of realisation (outlets).

The time of capital and the nature of crises

One of the reasons for the divergence of views among Marxist economists relates to a problem of method: can we extend the analysis of the cycle to a general comprehension of the dynamic of capitalism and its different levels of crisis? Can we mobilise the same tools that were suitable for periodic crises to analyse the current crisis? One could perfectly well defend the idea that this distinction is not really employed by Marx, who did not dispose of a very long period of observation, nor of a completely finalised theory of crises. But, apart from thinking that Marxism is reduced to the writings of Marx alone, it is necessary to take into account subsequent developments which have allowed a better comprehension of the capitalist dynamic.

Kondratiev's work on "long cycles" inaugurated a new perspective seeking to periodise the trajectory of capitalism. But his fault was precisely to have conceived these long movements as cycles and this is the main subject of the critique Trotsky made of him. It is necessary to reread Trotsky's short article, "The curve of capitalist development", published in 1923, because it provides the bases of an understanding of the long time of the history of capitalism: "We observe in history that homogeneous cycles are grouped in a series. Entire epochs of capitalist development exist when a number of cycles is characterized by sharply delineated booms and weak, short-lived crises. As a result we have a sharply rising movement of the basic curve of capitalist development. There are epochs of stagnation when this curve, while passing through partial cyclical oscillations, remains on approximately the same level for decades." This line of thought would be taken up by different authors and would be later systematised by Mandel with the theory of long waves. The Marxist analysis should then integrate this contribution by adopting a historic approach to capitalism and taking up the notion of "productive order" (Barsoc 1994). Concretely, it means accounting for the differences between the neoliberal capitalism established since the beginning of the 1980s and the so-called "Fordist" capitalism of the post war boom period. In both cases, it was always and still is capitalism, but its dynamic, mode of reproduction, and social effects are different. In other words we are talking of different historic periods: "The long waves are more than simple upward and downward movements of the growth rates of the capitalist economies. They are, in the full sense of the term, specific historic periods" (Mandel 1995).

Marxist theory is then confronted with a double task: stressing that the fundamental social relations are unvarying but, at the same time, that their implementation is not the same, according notably to different social relations of force. In the absence of this work being done, the absence of historic periodisation leads to certain amount of driftage, the

first being to apply to long waves the tools of analysis adapted to short cycles.

The modelling of the cycle is an essential contribution by Marx who was a precursor of it and has never really been transcended. Simplifying in the extreme, his schema is the following: during boom periods, the rise in the rate of profit and competition leads capitalists to anticipate the pursuit of the movement and to invest too much. But these excesses of capital no longer succeed in valorising themselves: the rate of profit falls and the economy enters into recession. The mechanics of the cycle rest then on the specific time frame of the accumulation of capital with an over-reaction, upwards and downwards, of investment to outlets: demand is a flow, capital is a stock. This phenomenon is called the "accelerator" by macroeconomists. It is accentuated by the cyclical evolution of the share of wages: in general it tends to rise when the economy slows up because wages do not react immediately to the slowing up of productivity. Fluctuations in the rate of exploitation thus combine with those in investment to give a strongly cyclical character to the rate of profit.

In total, the dynamic of the cycle results from the behaviour relating to accumulation of capitalists subject to competition: this mechanism is incorporated in the "normal" functioning of capitalism [6]. And this same mechanism guarantees in some way an automatic exit from recession. This schema was taken up by a non-Marxist economist, Patrick Artus, in the case of the so called cycle of the "new economy" of the second half of the 1990s in the USA (Artus 2002). But, precisely, it was a cycle and the current crisis cannot be reduced to a cyclical crisis.

Another consequence of the absence of historic approach consists in not understanding the sequence of the mechanisms which lead to crisis. In the current crisis, the rate of profit has obviously fallen and even began to do so a little before the outbreak of the financial crisis (Husson 2009b) but that had nothing to do with a prior "over-accumulation". The latter only appeared with the outbreak of the

crisis, in the form of the excess capacities of production "revealed" by the crisis.

We can illustrate this point starting from the case of the USA by comparing the volume of consumption, the rate of profit and the rate of use of capacities. The latter measures the relation between effective production and the potential production which would result from a full use of capacities (which is never 100%): it is then a good indicator of the over-accumulation of capital, in the sense of excess capacities of production. The three curves evolve in a parallel manner (graphic 5), confirming thus the link which exists between outlets, rate of use of capacities and profitability of capital. The slowing up of outlets leads to a low use of capital and brings down the rate of profit. We can see the outline of the end of the "high tech" cycle, with the recession of 2001-2002, followed by a recovery: here we see the cyclical functioning of the economy. Then comes the crisis: we see then a virtually simultaneous fall of great breadth, of consumption, rate of use and rate of profit. In other words, under-consumption, over-accumulation and the fall in the rate of profit are closely linked and it is their interaction which needs to be understood. It is not by opposing two interpretative frameworks (over-accumulation versus under-consumption) that one can come to a better comprehension of the empirical facts. But again it is necessary to understand the terms.

Over-accumulation

We should first clarify a possible confusion between over-accumulation of capital and flow of fictitious capital. The latter designates, as its name indicates, a set of potential drawing rights on surplus value. Their volume increases with the swelling of the financial bubble but this is an over-accumulation as fictitious as the capital of the same name. Its "exuberant" growth prevents it from being able to claim an effective profitability equal or superior to the average rate of profit, because the sum of the virtual financial income exceeds the capacity for extraction of surplus value. This capital is then ficti-

tious to the extent that the available surplus value does not allow it to use its apparent profitability.

Then we should specify terms. Most of the orthodox analyses tell us that the rate of profit falls because there has been over-accumulation of capital. But this is a pure tautology. For Marx, over-accumulation is defined indeed by relation to the inability to obtain the average rate of profit. One cannot then make of this concept a principle which explains the fall in the rate of profit which is the form under which it manifests itself.

In the current sense of the term, over-accumulation suggests that too much has been invested. But, again, in relation to what? In reality the response can only relate to outlets. The empirical process observed in the crisis follows this sequence: fall in outlets ? over-capacities of production ? fall in rate of profit. Concretely, the fall in outlets leads to the under-utilisation of capacities and the stagnation or fall in the volume of profit. In other words, the same capital advanced produces less profit and the rate of profit falls.

The classic exposition of the tendential law of the falling rate of profit rests on another sequence: investment ? increase in organic composition ? fall in rate of profit. But this is again a determination which is not suitable for the analysis of this crisis which is of another nature than a periodic crisis. One can convince oneself of this by comparing the gap in the rate of profit in its medium term trend and the output gap defined as the relation between effective production and potential production which would correspond to a normal use of the capacities of production. These two indicators are closely correlated (graphic 6). In other words the evolution of the conjuncture explains very well the fluctuations of the rate of profit around its tendency.

All these observations point to the difference between two lines of interpretation of the crisis. Either it amounts to a cyclical crisis, especially strong, but capable of being analysed with the tools usually mobilised in the analysis of the cycle: profit

falls (and thus there is a crisis) because of over-accumulation. This viewpoint is summed up in a simple turn of phrase by Carchedi (2010) who writes: "crises (lower rates of profit) ..." establishing thus the equivalence which underpins this type of analysis: crisis = fall in rate of profit. Thus, if the crisis conforms to the theory, it is necessary that the rate of profit falls, all the more in that this validates the law of the tendential fall. One can invoke also the chronic instability of capitalism and thus reassure oneself on the relevance of the Marxist toolkit.

Patrick Artus has tried again to apply a Marxist schema to the current crisis (Artus 2010): "It certainly is a Marxist reading (but one in accordance with the facts) of the crisis: over-accumulation of capital hence tendential fall in the rate of profit". It amounts perhaps to a "Marxist" reading but it should be noted that it is not "in accordance with the facts". Inasmuch as the previous one was convincing because it applied to a cycle, in the same way this new exercise misses the systemic character of this crisis.

The period of neoliberal capitalism is not characterised by a tendency to over-accumulation and we should rather speak of under-investment: the accumulation of capital, throughout this period, does not follow the reestablishment of the rate of profit. One finds then this essential idea: we should distinguish two temporal horizons to which one cannot apply the same tools of analysis.

The current crisis represents a major rupture in the neoliberal "productive order" whose elements, put in place over a long period, are coming apart globally. The difficulty of analysis here is that the "great crises" (to take up the expression of Robert Boyer) are always unleashed during a cyclical recession: it is necessary to go beyond the note of the breadth of the recession (stronger than usual) and analyse it, not as a periodic crisis, but as an entry into crisis of the essential features of the period.

The crisis of 1974-75 had been a crisis of "Fordism", in other words of the correspondence which was established between productivity gains and purchas-

ing power. The current crisis can be analysed fundamentally as a crisis of the solutions developed to the previous crisis around a central question, that of realisation. Taking account of the tendential fall of the share of wages in income, capitalism risked colliding with a lack of outlets. The solutions to this contradiction were found through finance. To simplify, finance allowed three things: 1) recycling of uninvested surplus value into the consumption of restricted social layers; 2) feeding the over indebtedness of households and sustaining their consumption ; 3) adjusting global imbalances, mainly between the United States and the rest of the world. The financial implosion challenges these three elements and consequently the coherence of the neoliberal order.

Under-consumption

"The ultimate reason for all real crises always remains the poverty and restricted consumption of the masses as opposed to the drive of capitalist production to develop the productive forces as though only the absolute consuming power of society constituted their outer limit." In spite of this principle clearly affirmed by Marx [7], the dogmatic version of Marxism rests at basis on a binary opposition between two analyses of the crisis: the first, centred on the concept of over-accumulation, would be the only authentically Marxist one; the second, characterised as under-consumptionist would not be Marxist but Keynesian.

This not very dialectical interpretative framework shows an incomprehension of an essential feature of capitalism: it is a mode of production that seeks to obtain the highest rate of profit possible but must also sell its commodities. This dual demand generates a permanent contradiction which manifests itself with a particular vigour during crises. We find here the error, signalled by Mandel, which consists in "arbitrarily splitting that which is organically linked, at the very heart of the capitalist mode of production (...). To wish to explain the phenomenon of crises exclusively by what happens in the sphere of production (the production of an in-

sufficient quantity of surplus value to ensure to all capital an acceptable rate of profit), disregarding phenomena of realisation of surplus value, that is of circulation, thus of the market, is in reality to disregard a fundamental aspect of capitalist production, that of a generalised commodity production" (Mandel 1982).

Most of the time, the accusation of "under-consumptionism" rests on other quotations from Marx criticizing theories which make insufficient consumption the mainspring of crises. But this respect for orthodoxy forgets one of the essential contributions of Marx, namely his study of the conditions of reproduction of capital. It is however a key question that can be summarised thus: who buys what is produced by the exploited employees? It is all very well (for an employer) to exploit their workers but the profit drawn from it remains virtual so long as it is not realised by the sale of commodities. This question is posed during the cycle, but it is posed in a structural manner over the long term. The upwards tendency of the rate of exploitation observed since the early 1980s poses a problem from the viewpoint of realisation. If the share of the consumption of employees falls by relation to the new wealth produced, the question is who will buy the rest.

To say that capitalism in its neoliberal phase faces a chronic realisation problem does not amount to support for the so-called under-consumptionist theses. The theorists of under-consumption, from Sismondi to Baran and Sweezy via Rosa Luxemburg, argued that capitalism was structurally incapable of realising profit and that it had need of external outlets. Nobody supports this thesis to this degree of generality, but the fall of the share of wages highlights a manifest problem of realisation that is met by actually existing capitalism and that it resolves through the consumption of the rich and through indebtedness.

To sweep aside this question by saying that only over-accumulation and overproduction are the causes of the crises, through the fall in the rate of profit, amounts to forgetting that over-accumula-

tion and under-consumption are both aspects of the same reality, as formulated very well by Chesnais (2010) : "Over-accumulation has automatically for an "opposite", so to say, under-consumption". And vice versa.

The chronology of the crisis

That the crisis emerged in the financial sector, nobody can deny. It is even emerged on a relatively narrow segment of world finance inasmuch as the point of departure was a fraction of the US mortgage market, the famous subprimes. This is what allowed certain analysts to think (at its beginning) that the impact of this crisis would be limited. But it has extended like a trail of powder to the whole of global finance, "thanks" notably to the famous derivatives. There is moreover there a field of research of a sociological order, to explain the blindness of the finance specialists who believed in their innocence or who did not see the dangers. One will find without doubt a curious cocktail of ignorance, of mathematic dogmatism, cupidity and pure delinquency.

The fact that the system had cracked on the finance side does not allow us then to conclude that it amounts to a financial crisis. That would only be possible in postulating a strict separation between finance and that which one is accustomed to call the real economy. Indeed, these two "spheres" are closely intertwined and financialisation developed as a response to contradictions appearing in the real economy for a long time. The manner in which the financial crisis extended to all the segments of the economy give concrete indications on this mode of articulation: credit crunch, the so called effect of negative wealth on consumption, falling investment and so on. And above all, there is globalisation which has transmitted the recession to the whole of the world economy, pulverising the thesis of decoupling according to which the emergent countries would be spared.

The programmatic stakes

To paraphrase a somewhat provocative formula of Claudio Katz, during a seminar in Amsterdam: the debate between the two positions has no direct programmatic implication. Such an assertion comes up against a certain tradition, according to which a good analysis of the conjuncture leads necessarily to a good political position. A leader like Ernest Mandel could combine the two skills, but it is necessary to be wary of a posture which would give Marxist economists a role which generally is beyond their capacities.

In the debate which interests us here, the viewpoint adopted as to the evolution of the rate of profit says nothing on the political implications of the note. Certainly, there is a great temptation to establish facile connections. For example, those who, like the author of these lines, hold that the fall of the share of wages is a fundamental cause of the crisis, see themselves accused of Keynesianism or "under-consumptionism". If they say that wages are too low, they are arguing for a wage-led recovery which would save capitalism. This form of rhetoric is reversible: those who think that the main cause of the crisis is the fall in the rate of profit could be accused of being in an underhand way in favour of a lowering of wages so as to re-establish profits.

Another line of demarcation separates those who analyse this crisis as a financial crisis and those who consider it as a crisis of the system itself. And that leads effectively to different orientations: regulationist-reformist in the first case, anti-capitalist in the second. Again we could discuss this opposition: after all, one could very easily hold that this crisis is financial and be at the same time anti-capitalist, even if this position does not exist in practice. More generally, anti-capitalism is not indexed on the rate of profit. The reasons that we have all criticised this system are not located in the evolution — upwards or downwards — of the rate of profit.

That is why Claudio Katz's recommendation is useful: we should carefully distinguish theoretical debates from programmatic ones, and avoid thinking that the theoretical analysis of the conjuncture supplies us mechanically with the key to the strategic

issues. That capitalism as a system is the target is a point of agreement, which should not be spoiled by polemics which play on words. To take an example, the idea according to which capitalism would be increasingly less capable of satisfying social needs was mocked by Gill (2010) as an absurdity indeed an illusion on my part, since this is not the objective of capitalism. However the latter must sell its commodities and it could not do it if they were deprived of use value, in other words did not respond to any social need. To fulfil this necessary condition, it shapes needs and the allocation of incomes. But it seems to me that one of the characteristics of contemporary capitalism is that this is increasingly difficult: the gap is growing between profitable supply and social demand, and capitalism tends increasingly to reject the satisfaction of elementary needs in the name of its criterion of profitability. There is here a critical line which touches the very bases of the system — that which I call the mode of capitalist satisfaction of social needs — and goes much further than the study of the rate of profit.

A second reproach targets my critique of the irrationality of the system. Understanding the rationality of this system is not relevant, says Louis Gill. But, bizarrely, he refers to an article by Chesnais which evokes... "the fundamental irrationality of capitalism" in an article which is apparently — all the same — "at the antipodes" (sic) to my own analyses. It would be however possible to agree that capitalism has its own logic, but that it is increasingly irrational from the viewpoint of humanity (and of the planet). And that allows once again criticism of the system on other bases than its chronic instability.

If one leaves aside the reformist witch trials, the debate is of the strategic order. As always it concerns the articulation of immediate slogans and the socialist perspective. The crisis is exacerbating the tension between these two political levels. On the one hand, its immediate effects are equivalent to a growing social regression and, on the other, its breadth demonstrates the fragility and growing illegitimacy of the system. The construction of a tran-

sitional approach is then all the more necessary, but in a more difficult sense. It is necessary both to fight tooth and nail against the measures for "exit from crisis" and open a radical, hence anti-capitalist alternative perspective. It seems to me that the question of the division of incomes is a good point to hang around the principle "we won't pay for their crisis". That has nothing to do with a "wage led recovery" but with a defence of wages, jobs and social rights on which there should not be any dispute. Then comes the idea of control over what they do with their profits (pay dividends or create jobs) and our taxes (subsidising the banks or financing public services). The issue is to pass from defence to control and it is on the basis of this switch that the challenge to private property (the real anti-capitalism) can acquire a mass audience.

This approach can be discussed and should be worked on, but it is counterproductive to rule it out as reformist, or regulationist, opposing to it the sole revolutionary posture which would be to call for the overthrow of the system without having a precise idea of what roads mobilisations can take and the concrete targets they should seek. On a more tactical level, the "razor sharp" delimitations seeking to separate the good anti-capitalist wheat from the anti-neoliberal chaff, represent very often a useless expenditure of energy. In the current conjuncture it is enough to fight to the end for a just and clearly defined demand, to come directly up against the lines of defence of the system.

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6th European Social Forum calls for European-wide action

THADEUS PATO ·

Participation

There was a shift of participation eastwards. For the first time there was significant participation from Middle East, Caucasasia and even Russia. On the other hand the participation from Western Europe was quite low compared with the previous forums. But even participants from Morocco showed up. Altogether the organisers counted more than 2000 inscriptions from abroad, the number of Turkish participants was just an estimate, but could not have passed 2000.

From the side of the organisations present it was remarkable that the radical left from outside Turkey was almost invisible - with the exception of the Fourth International, which was present with participants from ten countries.

Debates and action

Inside and outside the seminars and workshops the international economic crisis was the main point of discussion. In these debates the big Trade Unions from Western Europe showed up with a mainly neokeynesian and growth-orientated discourse.

The second main point was the ecologic crisis, especially Climate Change, but also the women's movement and the migration networks were quite active and visible. On Wednesday, before the official opening, a women's assembly and demonstration took place, and the next day the migration network organised a demonstration to the Istanbul refugee prison, where "illegal" migrants are held under unbearable conditions. Not to forget the final

demonstration on Saturday evening with several thousand activists to Taksim square - colourful, loud and radical.

Decisions

There was a discussion in the assembly of the social movements as to whether the ESF should call in its final declaration for mobilisations against the crisis. The French CGT opposed, but at least there was a final statement, which was accepted in the final assembly on Sunday. It just contained two points:

- 1) A call for actions on the 29th of September;
- 2) A follow up meeting to decide on the future of the ESF.

A major discussion during the final assembly was how to relate to the action day called by ETUC (and the demands posed by it) in September. At least a compromise was found: the ESF calls for action on that same day, but without referring to ETUC.

The problem of the future of the ESF was postponed. Until now there is no country showing up to organise the next forum. Because of the renewed interest from Central and Eastern countries, it has been suggested to have the next ESF in one of these. Budapest, Prague and Vienna were mentioned as possibilities. So it was agreed, to make a meeting of the social movements in October in Paris and to discuss there the future of the ESF. This is a small step forward, because until this decision it looked, as if there would be no clear follow up/perspective.

Altogether the forum was a success not only for the Turkish social movements and the left, but also, because the decision, to mobilise was taken and because there will be a follow-up meeting, which

opens the opportunity, to continue the ESF as a unique space for an Europe-wide discussion between the movements, The Trade Unions and the	left activists of all currents. And it was a success, because there was a considerable extension of participation beyond the European borders.
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WORLD MARCH OF WOMEN

World March of Women in Istanbul

NADIA DE MOND ·

We had a two day mobilization, with a first gathering to welcome a caravan coming from the Balkan countries, near Taksim Square. We made some speeches there and had a good press coverage. We then improvised a walk with 300 women to the port where our Kurdish and Turkish friends had organized a boat trip to the Maiden's Tower, a symbol for the local feminist movement.

On the 30th, more than 500 women, half Turkish and Kurdish, the other half

coming from 22 countries, participated in the European feminist gathering in

Macka university, composed of plenary meetings and workshop. This meeting was followed in the evening by a colourful and noisy demonstration in the

center of Istanbul with more than 1000 women, many of them Kurdish.

The whole mobilization was a big success, in spite of the difficulties in

involving the local (Istanbul) autonomous feminist movement, and the divisions in the left. Most Turkish and Kurdish participants/organizers were feminists active in mixed social movements.

For the WMW this is another successful step in its ongoing process as an international feminist anticapitalist movement.

More information about the third international action on the site

Declaration of the European Feminist Gathering of the World March of Women

The European Regional Action of the WMW took place in Istanbul, Turkey from June 29th to June 30th.

30 June 2010, Istanbul

Today, on 30 June 2010, over 500 women from 22 countries and territories gathered in Istanbul, Turkey for the European convergence of the 3rd International action of the World March of Women. By coming to Istanbul we express our solidarity with Turkish and Kurdish women in their struggle for women's rights and people's self-determination. We articulated our idea of an open, democratic and secular Europe where all women can enjoy and benefit from their rights as full citizens.

Our gathering is a result of the previous work that has been done in different countries, among them the construction of a balkan network as well as national meetings in different countries to prepare for this event.

We are meeting in a moment when governments and international institutions are using the economic and financial crisis to attack women's right and the achievements of social movements of the last 50 years.

We oppose and denounce these measures and we struggle against the worsening of working conditions and pension provisions. We struggle against privatisation of and budget cuts for public services and ask to reduce military budgets instead. We stand up against the rise of the far right, fundamentalisms and militarism as well as the criminalisation of social movements and the use of violence against women to suppress these movements. We oppose the sexual harassment against especially kurdish women and children as state policy as well as all kind of state based violence against women activists. We all stand with the women from the oppressed nations, that agreed to continue their struggle against nationalist, sexist and class exploitation.

Together as an international feminist movement of grass roots women we will continue this struggle by organising and taking part in upcoming mobilisations such as:

- our international action for peace and demilitarisation in the Democratic Republic of Congo in October 2010;
- the observation of the trial against 151 Kurdish politicians, mayors, women's rights defenders and trade union members in Diarbakyr in October 2010;
- the Euromarches against precarity and unemployment in Brussels in October 2010;
- the countersummit to the NATO summit in Portugal in November 2010;

– the demonstration of the European Trade Union Confederation in September 2010;

– the construction of a European forum on food sovereignty in Austria in 2011.

We call on social movements to connect to the many struggles of the people that are taking place locally and unite them at a continental level, as we are doing it in the World March of Women. Now is the moment to join these struggles in order to overcome capitalism, patriarchy and racism.

Change the world to change women's lives. Change women's lives to change the world.

WMW in Istanbul

Why is CADTM feminist?

DENISE COMANNE ·

However, the political charter does clearly specify that equality between men and women we call for must extend to private life (including all personal relationships between women and their partners, women and their families, or women and their communities) as well as public life (labour relations, access to quality public services, integration into the economic sphere, action on all levels of political power).

In CADTM's view, women must free themselves; to do so they must build the organizations they see as best suited to achieve this end. CADTM works alongside women's movements with a similar political outlook, i.e. putting mobilization first, such as the World March of Women.

Excerpts from the political charter

For CADTM, debt cancellation is not an end in itself. It is a necessary condition but not enough in order to guarantee the satisfaction of human rights. (...) Alongside the cancellation of debt, it is vital to implement other radical alternatives amongst which:

- Guarantee of equality between men and women in all spheres of life.

Other elements of the charter more or less explicitly deal with women's rights:

- Declaration of the superiority of human rights over commercial law and ensure that governments, international financial institutions and businesses respect the different international instruments, such as the Universal Declaration of Human Rights (UDHR, 1948), the Convention on the political rights of women (1952), the International Covenant

on economic, social and cultural rights (ICESCR, 1966), The International Covenant on civil and political rights (ICCPR, 1966), the Convention on the elimination of all forms of discrimination towards women (CEDAW, 1981), the Declaration on the right to development (DRD, 1986), the Convention relating to rights of migrant workers and their families (1990), the Declaration on the defenders of human rights (1998) and the Declaration on the rights of native peoples (2007).

- Ensuring the sovereignty of people on their lives and on their future, which especially means making available to the public natural resources, the results from Research and Development, other common goods of humanity and strategic sectors of the economy.

- Leaving behind of the capitalist system based on the search for maximum private profit, growth and individualism, with the aim of creating a society whereby social and environmental needs are at the heart of political choices.

In order to achieve these changes and achieve social emancipation, CADTM International believes that it is the people themselves who need to rise to the challenge of change. They must not be freed but must free themselves. (...) The strengthening of social movements is a priority for the CADTM. It is participating, on an international scale, towards the creation of a large popular movement which is aware, critical and mobilized. Convinced of the need to unite the struggles for emancipation, CADTM International supports all organizations and coalitions which work towards equality, social justice, the conservation of nature and peace.

In other words, following the argument that peoples must free themselves, women must also free themselves. Hence the importance of autonomous feminist organizations and movements to firmly

uphold this demand on the agenda. This mustn't prevent them from joining forces with other social movements such as CADTM to achieve progress.

The technical charter includes more practical aspects of this equality between women and men sought within the network, but all of this can be improved during the CADTM's upcoming global assemblies.

11 - To practise within the heart of the organization, equality between women and men and to act within society so that this equality becomes a reality. The member organizations of the network consciously act within their organization to put an end to all forms of oppression against women.

15 - The exclusion of a member of the international network is decided by the global assembly in cases of violation of the political charter, in cases of racist or sexist behaviour or any other attitude or action which goes against the spirit of this charter.

CADTM considers itself feminist although as Jules Falquet puts it "these mixed movements in which many women and feminists, are involved, however progressive they claim to be, often reproduce a sexual division of labour, family models and 'cultural identities' that are quite traditional in terms of social gender relations (...) These movements have put forward scarcely any precise projects to transform social gender relations." [1]

If being feminist means becoming conscious that patriarchy oppresses us all, whichever sex we belong to, as a victim or as a sympathetic witness, and recognising that it is a system, wanting to destroy patriarchy to make the women's emancipation possible, then CADTM is feminist.

A feminist consciousness expressed in organizational texts, yes... but in practice?

In the global justice milieu and thus in CADTM as in other movements, men are often better known outside their organizations; they write more often and are more often asked to represent their organization in part due to these writings. Thus they be-

come better known in the media (interviews, etc.) and outside the organization in general, and the vicious circle goes on and on. The CADTM is fully aware of this spiral and determinedly tries to remedy it by encouraging women members of the network and the international secretariat staff to get a higher profile by publishing articles, taking the floor on important occasions and directly answering media questions without calling upon their male colleagues. CADTM encourages women's role as delegates to ordinary meetings with outside partners as well as at major international events such as World Social Forums.

At the international secretariat level, women on staff are in charge of major responsibilities: the general secretariat, publication of CADTM's journal, the website, coordination of internal working groups such as the "Law" group, responsibility for specific areas of intervention (work supporting undocumented people, anti-colonial memory, the World March of Women, etc.).

It is not easy to make progress in this field as quickly as we would like 1) due to external patriarchal pressure: for instance, journalists only want to talk to well-known men, people seeking to approach the person in charge and not accepting that women present themselves as the person in charge; 2) but also, and it is the hardest thing to change, due to feelings of inferiority and of incompetence experienced by far too many women.

On the other hand, the work that is beginning to be done more collectively on CADTM's feminist intervention means that internal discussions on this matter, work related on the curriculum, external trainings on feminist issues must be a responsibility for male colleagues on the different CADTM staffs throughout the world. We don't want "Ms. Feminism" to be the sole spokesperson on this essential topic.

Lastly, again in a voluntarist approach, we are trying to "pair up" women from the North and women from the South within the network to highlight the experience and knowledge of both groups. For in-

stance, the experience of Emilie Atchaca from CADD Benin (member of CADTM network) in the field of women-managed microcredit to achieve women's empowerment.

At the level of CADTM network member organizations, the situation varies greatly from country to country. Some organizations were created on the general basis of the fight for the abolition of Third World debt (CADTM Belgium); others already existed as women's organizations (CADD in Benin, Colectivo Feminista in Ecuador) before they adhered to the international network for debt cancellation. This means that the gender or feminist perspective is taken into account very differently according to the member organizations.

But overall, we do have to qualify the feminist credentials claimed by CADTM international network members somewhat.

It certainly can be asserted that, at the international level, we incorporate the four aspects outlined by Belgian NGO *Le Monde selon les femmes* [2]:

- 1) We deal with the gender approach when and if possible (the issue is marginalized);
- 2) we deal with it as a particular point that one "specialized" person or group is in charge of (the topic is dealt with but not by all staff members and not integrated into the overall work);
- 3) gender inequality is just one inequality among others (the issue is diluted);
- 4) and lastly, the gender issue is part of the NGO's policy fundamentals (with the risk that making the approach practice will be put off again and again, given the "scope of the task".

Be that as it may, raising consciousness of patriarchal oppression within an organization is the starting point for all progress it can make in that field, whether within the organization itself or in the actions it carries out outside.

In terms of the individuals in CADTM, things are just as complicated and mirror all the contradictory

behaviour prevailing in our societies, North and South.

Among women in the North, there is a strong emphasis on the feminist dimension although feminist struggles – as such – have no longer been on the agenda since the 1980s neo-liberal wave and although demands are more often made at the institutional level rather than in the streets. Even young women who did not take part in the specific feminist struggles in the streets (against layoffs of women, for abortion rights, etc.) are aware that feminism plays a very important part in their emancipation. They do see the successive crises as threats to the rights won through struggles.

As for women in the South, many CADTM international network members are feminist organizations or were launched at the behest of feminist organizations' or under their pressure. These organizations, beyond their specific actions aimed at women, thus have a solid and broad political vision of what women's emancipation must be... and of the means to achieve it.

A seminar held in Amsterdam in June 1998, "Synergies against violence towards women" has already shown where things stand. It stressed how great the challenge is for people taking action for women's emancipation. It was also an opportunity to develop awareness of the courage and determination of all women fighting for a radical change in society. [3]

Among men in the North and the South, stances are resolutely feminist but cracks can emerge, reflecting how difficult it is to break from the prevailing cultural and social model. One significant example: during an informal discussion among several CADTM network members, two women from the North made clear their opposition to genital mutilation. One man from the South and one man from the North united to challenge them, saying the women did not understand the situation of their sisters in the South, that they would lead them – with their unsuitable Western ideas – into hellish social isolation, exclusion etc. This example reveals that the task is a complex one and that alliances in

such cases do not necessarily follow the North/South divide but the male/female divide.

In short, in CADTM as elsewhere, there is work to do. Refusing to hide this is already a step in moving forward. All social movements within the global

justice movement should carry out the same introspective work in order to build and/or strengthen the feminist alternative.

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