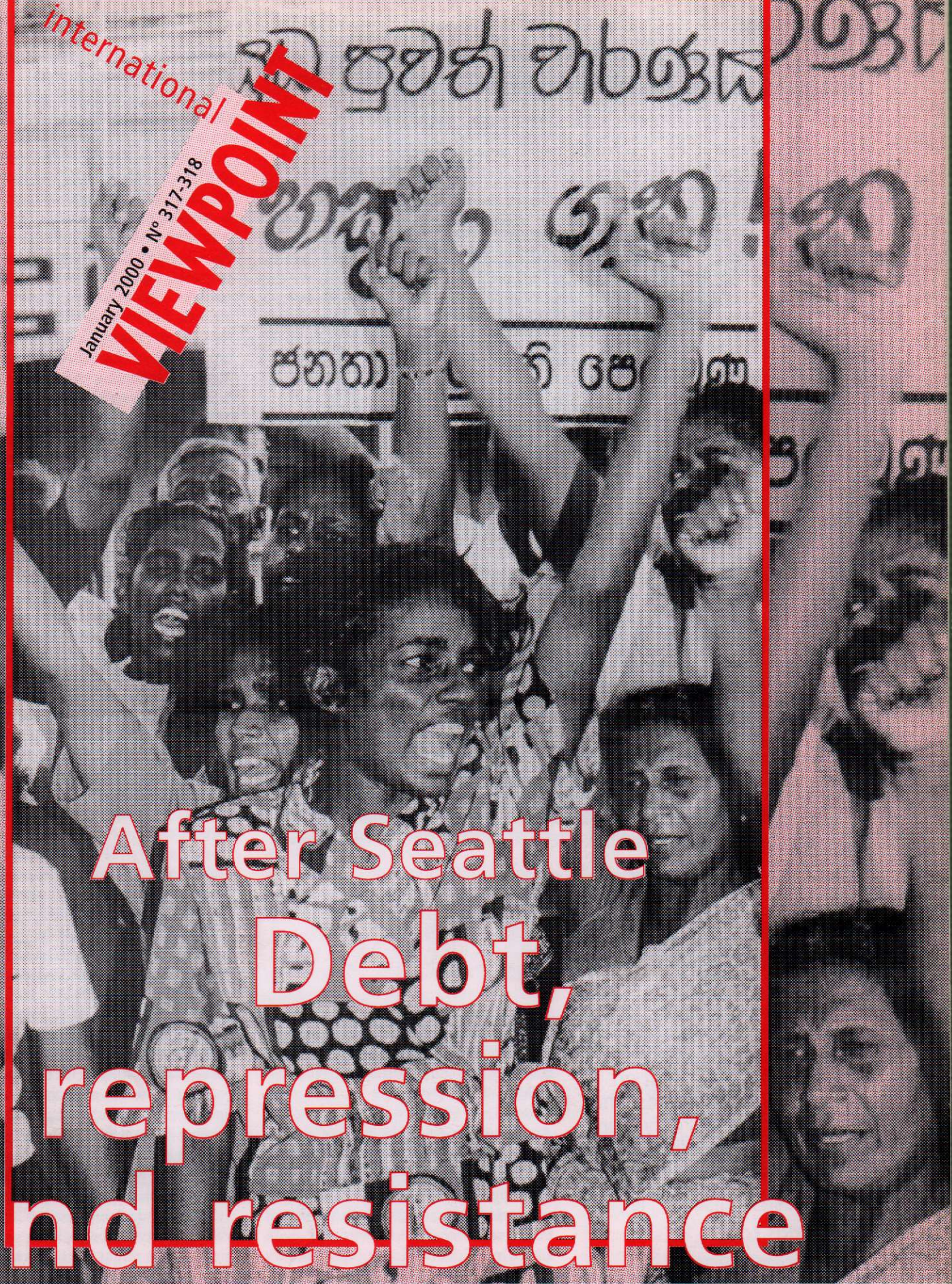


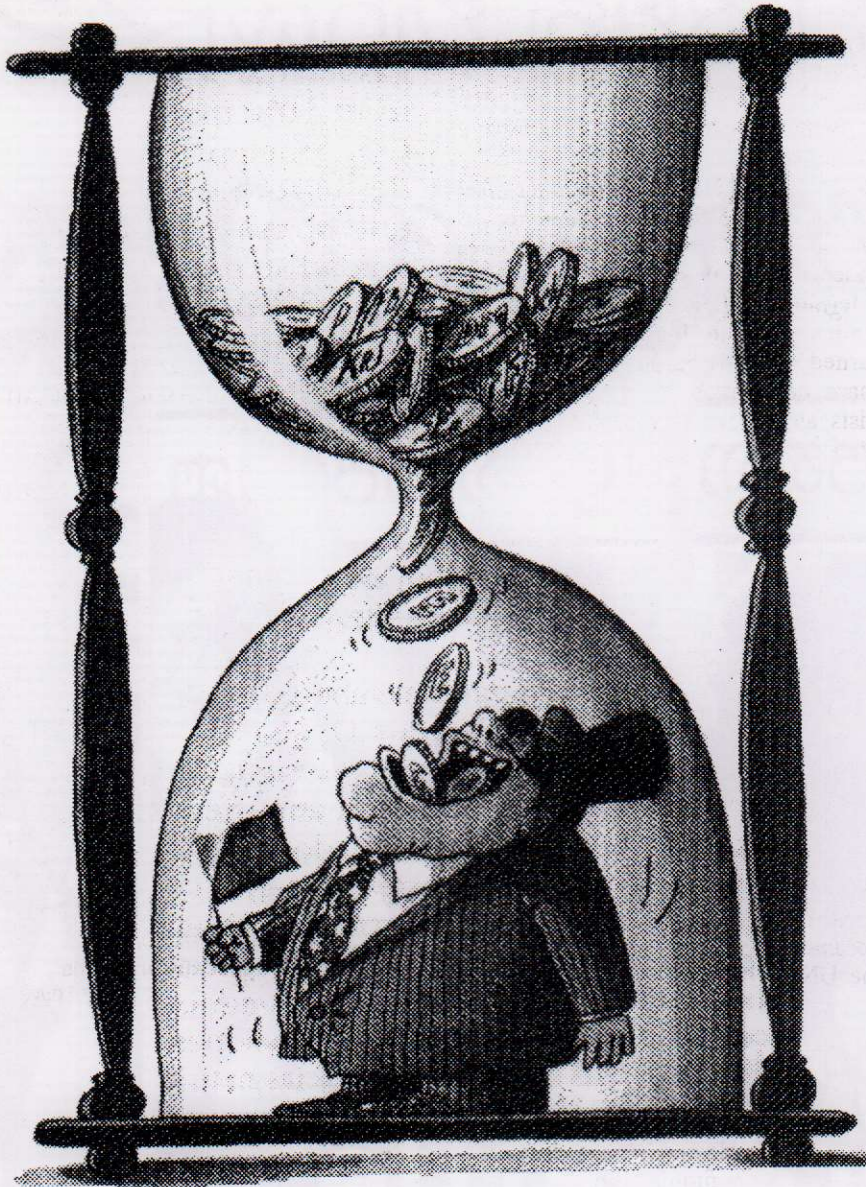
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VIEWPOINT



After Seattle Debt, repression, and resistance

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Portugal's Left Bloc

The parliamentary elections in Portugal on 10 October inflicted a double defeat on the establishment parties. The conservative parties only won 40%, and the Socialist Party failed to win the absolute majority it was hoping for.

João Carlos Louçã

The real good news of these elections were the two seats won by the Left Bloc, a new, innovative movement of the alternative left.

After four years of minority government, the Socialist Party seemed to have

every chance of finally winning an absolute majority in parliament. The economy was going well and it had succeeded in meeting the convergence criteria for Europe's single currency. And it could ride on the back of a wave of national pride that followed the holding of Expo 98 in Lisbon, Saramago's Nobel prize in the same year, and the outstanding mobilisation of Portuguese society in solidarity with East Timor, demanding a rapid military intervention by the UN in September.

On the right there is no credible leadership. The alliance between the PSD (Social Democratic Party) and the PP (Popular Party) fell apart after only two months. The PSD elected a new

leader just three months ahead of the polls in a desperate attempt to hold onto its voters who were fleeing to the centre ground, represented by the Socialist Party (PS).

Although the PS had governed for four years without an absolute majority, on the questions which really mattered, it could count on a huge majority in parliament—including the votes of the PSD deputies, and often those of the PP as well. "Key" votes included its policies for a more flexible labour market, imposing globalisation at the expense of workers' rights, privatising key sectors of the economy; its foreign policies, including relations with the European Commission and the EU treaties; and its social policies, promoting private sector involvement in the fields of education, health and social security.

Portugal has one of the lowest unemployment rates in the European Union, but almost half the workforce is in insecure employment. Average wages are the lowest in the European community, and the minimum wage is far below subsistence level.

The PS governed for four years without any substantial differences with the right which had been in government for the previous ten years. There were the same privileges for the same economic groups which today control most of the domestic economy, the same use of the state apparatus by party structures to strengthen their influence at various levels, and the same corrupt and bureaucratic system of justice. The few voices raised in favour of reform, including some within the PS, soon found themselves sidelined and silenced.

The PS government gave prompt support for NATO's bombing of Serbia and Kosovo. Just as the United States felt no need for a mandate from the UN, so the Portuguese government preferred not to wait for parliament to implement its political and military support. Not that it had any doubts about the very broad parliamentary support for such measures, but out of natural arrogance and operational convenience. Later, as it became clear that a majority of public opinion was against the military intervention, the government started to downplay the country's military role.

But the decisive break between the PS and any expectations which its government might have encouraged on the left came on the question of abortion. At the beginning of the year a group of deputies from the Socialist Youth and the PCP (Portuguese Communist Party) proposed legislation liberalising access to abortion. It was

approved in parliament by a small majority. The following day the socialist leaders announced a deal with the right to hold a referendum on the question. The referendum was held on 28 June and was lost by less than 2%, with a level of abstention of about 70%.

The main responsibility for this disaster lay with the PS. A majority of members, leaders and probably voters initially supported liberalising access to abortion. But not Prime Minister Antonio Guterres. He ignored the party's long-standing secular and republican traditions, surrounding his administration with representatives and thinkers of the catholic church. Although PS leaders repeatedly insisted this was a matter of "individual conscience", the prime minister's clear indication that he would vote in line with the church led to the paralysis of the PS membership and its leaders.

The victory achieved by the demagoguery and murky methods of the right, embodied in the catholic church, was also a victory for the prime minister over the left traditions of his own party.

Antonio Guterres was recently chosen as president of the Socialist International. He is clearly on the same wavelength as the "third way" of Anthony Giddens, Tony Blair and Gerhard Schroeder.

"The arena of conformity and conservatism now belongs to the social democracy," Ignacio Ramonet wrote in the April issue of *Le Monde Diplomatique*. "It is the modern right". Despite a few relics of its socialist past, Portugal's PS is no exception within European social democracy. It has accepted the "historic mission of naturalising neo-liberalism". It governs like the right because it represents a new expression for the modern right.

Timor—an exemplary mobilisation

After the May agreements in New York between Portugal, Indonesia and the UN, the holding of the referendum on autonomy for the territory of East Timor opened the door to increasing manipulation and violence.

In Portugal, this agreement was presented as a great victory for "our" diplomacy, the end of an epoch, with Indonesia finally recognising the Timorese people's right to self-determination and Lisbon winning the fight for human rights in its former colony.

The Left Block was the only political current to criticise the agreement for not including the release of political prisoners and for trusting the Indonesian army of occupation to guarantee security during the referendum. It was obviously a bad agreement.

But despite these criticisms the Block expressed solidarity with the CNRT (National Council of Timorese Resistance) which saw hoped the agreement could provide a way out of the impasse.

In the first week of September, after the release of the referendum results showed a huge victory for the cause of independence, the violence of the pro-integration militias (paramilitary groups trained by the Indonesian military) turned into barbarous genocide and mass deportation. Independence activists and supporters of the resistance were persecuted without mercy in a war of total destruction.

The presence of journalists transformed the massacre into news stories that quickly spread around the world, with a profound impression on the Portuguese public. Portugal's pre-electoral period saw intense solidarity mobilisations, cutting across all ages, social classes and areas of the country.

In Lisbon and Oporto, the first street demonstrations were called by the Left Block. Later broader coalitions came together to back the demonstrations, but it was above all spontaneously that this presence on the streets became a daily occurrence. In Lisbon two locations became the prime targets: the offices of the UN in Portugal and the American embassy. But the embassies of all the countries on the Security Council also had vigils, human chains and demonstrations on their doorsteps—day and night.

In this highly charged atmosphere of extraordinary mobilisation, the Left Block and its leaders were the first to take to the streets and set out a plan of activity, launching proposals and fixing the next day's meeting points. Without waving its own flag, without trying to manipulate a sentiment of solidarity which was obviously averse to being 'exploited' in any way, the Block was able to assert its presence and make a decisive contribution to the mobilisations on the streets of Portugal's cities. These were two weeks of intense activity, leading up to the decision by the UN to back military intervention.

But of course it was the PS which gained most from this mobilisation, firstly because it could claim a diplomatic victory, and secondly because the whole question of humanitarian aid put the government's initiative at the centre of people's concerns.

Communist Party

The Portuguese Communist Party (PCP) is an exception among European Communist parties. It existed in

contents

europa

- 2 Portugal's Left Bloc
• João Carlos Louçã
- 6 Portugal: History of the Left Bloc
• João Carlos Louçã
- 7 EU: Just in time?
• Søren Kirk Christiansen

asia

- 10 India: communalism, women and violence
• Soma Marik
- 12 Privatising China
• Lau Yu Fan

latin america

- 14 Brazil: Report from PT Congress
• Fernanda Estíma and Rosana Ramos
- 16 Brazil: Report from Socialist Democracy (DS) Congress
• Em Tempo

After Seattle — world trade, debt, and new forms of resistance...

- 19 The world according to the WTO
• Pierre Rousset
- 23 Social clauses, social resistance
• Denis Horman
- 29 The debt bomb
• Eric Toussaint

listings and reviews

- 33 Index for 1999



clandestinity until April 1974, and consolidated itself as a major force of opposition during the dictatorship. Through a history of contradictions, purges and silencing any internal opposition—processes which were made more intense by the conditions of clandestinity and political repression imposed by the regime—the party stuck to a line of total orthodoxy. Not even the fall of the Berlin wall seemed to have an effect.

After the revolution of 1974 it was a key force in consolidating the new constitutional legislature — even when that parliament opposed the aspirations of the masses and the demands for popular democracy which were beginning to emerge. In the middle of the cold war the prevailing division of international politics could not allow a triumphant socialist revolution in Portugal; it was up to the PCP to take on this “realistic” view of politics and renounce any attempt at revolution.

Nonetheless it did retain its organisational capacity and leading role amongst Portuguese workers, especially in the rural zones of agrarian reform in the south (Alentejo), and in the industrial belts of Lisbon and Setúbal.

In 1991 it was one of the few communist parties to support the (unsuccessful) coup against Soviet leader Mikhael Gorbachev and his perestroika policies. The party was immune to the powerful winds of change blowing through the international communist movement in the early nineties. Whilst the communist parties of France and Italy were turning into social democrats, and the Spanish party was experimenting with an alliance to the left of social democracy, the PCP didn't think twice about expelling dissident voices.

There was no visible sign of self-criticism. No attempt to understand its own errors or the world which was fast changing around it. On the contrary, the PCP relentlessly repressed all expressions of renewal or debate amongst the membership.

As a result, the PCP electoral strength declined year after year—it lost about half a million vote between 1989 and 1999. These were the years — difficult to comprehend for many of its own members — of new international alliances with the People's Republic of China, in the wake of the Tianamen massacre, with North Korea, and with the Serbian regime of Milosevic.

The party's institutional strength was drastically reduced. Above all it let slip the opportunity of renewing and breathing fresh life into the left.

The replacement of Álvaro Cunhal as the PCP's leader in 1992 marked the beginning of a new phase in the party in which, slowly, differences, tensions and new sensibilities could begin to emerge. This discussion is still unclear, but it could throw up personalities and currents of opinion that would justify a new hope of renewal in the PCP.

In 1995, after the Socialist Party's victory in the parliamentary elections, the Communist Party underwent a notable change. It began to talk of the need for an “alternative administration”. This was still too vague for anyone to accuse it of wanting to govern with the PS, but did show that the party was clearly reaching out to the government, and that it would expect something in return. There was a clear influence of the French model, where Communists and Greens participate in a “plural left” government. But this orientation has its difficulties. On the one hand the membership was still schooled in sectarian opposition to the PS. On the other hand, the PS preferred to consolidate its rule by making parliamentary alliances to its right, rather than reach any agreement with the PCP.

The Greens

Set up as a purely artificial creation by the PCP apparatus in the early 80s, the Greens served to justify the United Democratic Coalition, or CDU, in whose name the PCP has since then stood for election. With no independent voice, it is in fact a PCP front for work in the environmental movement. For all practical purposes the two Green seats in parliament are subject to PCP discipline.

Lisbon's municipal socialism

Until 1989 the capital city was governed by a coalition of the two right-wing parties. But PS leader, now President of the Republic, Jorge Sampaio, decided to take an unprecedented risk, and unite the left in Lisbon in an effort to win the city council back from the right. The coalition between the PS and PCP later drew in other left organisations and their supporters Jorge Sampaio headed the coalition slate and won a resounding victory in all the city's neighbourhoods.

The capital's city council became the alternative which showed that a right wing majority was not inevitable. When it was reelected for a second term

the left coalition was joined by the PSR (revolutionary Marxist), the UDR (ex Maoist) and the Greens, who had already won some council seats in the previous coalition. The unity of the left was strengthened and its principles became clearer. Both in Lisbon and across the country there was a very widespread sentiment of opposition to the government.

This situation changed substantially when the PS won the parliamentary elections in 1995 and when Jorge Sampaio won the presidency in 1996. The leadership of the Lisbon council fell to João Soares, Mario Soares' son and a representative of the one of the most opportunistic and reactionary wings of the Socialist Party. The city council's loss of credibility, and the arrogance of this new leadership, led the PSR to break with the left front in Lisbon in 1997. The organisation had at that time three elected members of the Municipal Assembly.

In December 1997 the PS/PCP/Greens/UDP coalition faced a challenge from a new United Left coalition, formed in Lisbon and Oporto by the PSR and a small group of ex-PCP intellectuals, Política XXI. In spite of the difficulties and a media boycott this coalition won 3% of the votes in the capital and elected one city councillor. This strengthened an alternative pole of the non-institutional left—standing together in elections for the first time.

For the PCP, which had already come close to winning the largest share of the vote in the capital, co-management of the city with the PS could prove electorally disastrous, with growing loss of its electoral support. At the same time its subordinate position in the city government, forever tied to supporting its senior partners, makes it a hostage to anti-popular policies, confuses its supporters and trades basic left-wing principles for a handful of positions on the city council and a few hundred civil service jobs in the city administration.

Although the social-democratic current within the PCP holds up the example of Lisbon in its efforts to win a greater role in national government under the socialists, internally the party knows it is in a difficult situation. The left-wing character of the city administration is far from clear, and the radical left is competing for its space—there are 37,000 votes for the PCP/Greens, and 21,000 for the new Left Block.

The profile of Left Block supporters is very close to the PSR elector profile identified in previous elections. Our votes are concentrated in the big cities (Lisbon, Porto and Setúbal) and among

first-time voters. In the October 1999 election the block won 132,000 votes (2.5%). This is a qualitative improvement on the 71,000 votes which the PSR and UDP attracted in the 1995 elections. This was the far left's highest score in almost twenty years (radical left slates won 168,000 votes in 1979 and 143,000 in 1980).

But Portugal still faces a massive rate of disillusionment with electoral politics. Despite intensive "cleaning" of the electoral rolls, an incredible 38% of those registered to vote stayed at home on polling day.

Concentration

The Block's electoral campaign concentrated on three key areas: Lisbon, Porto and Setúbal. The results suggest that this was a correct strategy. Over 70% of the Block's votes comes from these core areas. The Block's best score was 6% in the city of Lisbon. In 1997, the PSR and Política XXI won 3.1% in the city, electing two municipal deputies, in the first alternative left campaign in many years. (In 1991, the PSR won 2% of Lisbon city votes, failing to elect a member of parliament by only 200 votes).

Interview with "Chico" Louçã A real alternative!

• Your tax proposals will hit many middle income families

No they won't. We can have a more efficient system that enforces fiscal justice in a more rigorous way, while still making allowance for the basic expenses of family life.

Our proposals are actually about reducing company tax evasion.

• Companies could leave Portugal.

There is a marginal risk. But companies obtain some competitive advantages when they set up office in Europe, particularly in Portugal. And these are what matters to business leaders. In Europe, the countries with the highest per capita income are also the most rigorous in their tax collection, and actually have the highest levels of taxation.

• Communist Party leaders say they were the first to propose most of what the Left Block proposes...

Some leaders of the PCP have a limitless arrogance. They want to

In Porto, the Block won 4.4%, more than three times the PSR and UDP vote in 1995. With only 1200 votes more, Miguel Portas would have been elected as the third Block MP. In Setúbal the block won 3.5%, with higher local scores in urban districts.

But in the countryside, where voters are older and dispersed over wide areas, the Block lacked the organisational and militant capacity to assure a strong political presence. The new name and symbol didn't help this task. So, in some districts the radical left vote was smaller than in 1995.

Youth block

With a combative and irreverent campaign, the Block put youth concerns, like the legalisation of drugs, at the centre of public debate. This plain talking, taboo-breaking approach is a traditional strong point of the PSR. It explains why the Block was able to get an enormous young adhesion, in debates, concerts, and public meetings—and in an urban youth vote of 20% or more. The Block is now the third most popular party among young people ★

claim copyright for ideas that don't belong to them! On some questions, like decriminalisation of drugs, the PCP changed its position just before the electoral campaign, because they knew we would be putting forward a daring, honest policy in this area.

• Your proposal for total decriminalisation could trivialise drug use.

On the contrary! The current policy of complete prohibition is creating a trivialisation of drug use, under the mantle of secrecy.

I hear that 800 tons of hashish were recently confiscated. But we all know what this means. The wars among the drug dealers allow these "discoveries", for the glory of the police.

For a few weeks the hashish disappears from the market, and heroine and cocaine flood in—to stimulate the passage of one market to another.★

Source: Expresso, 16 October, 1999. Interview by João Garcia and Teresa Oliveira.

Portugal

History of the Left Bloc

Discussions on the formation of a Left Bloc began in mid-1998. Discreetly the leaderships of the PSR, the UDP and Política XX1 took the first steps towards reaching a basic political agreement and setting the basis of the new movement, without rushing into a fusion, without dissolving the existing organisations, and without requiring unity in all areas of intervention.

The presence from the beginning of independents who supported the project was a crucial aspect of the Bloc and gave it a much broader appeal than that of a simple electoral alliance of the three organisations.

At the same time a political and organisational agreement between the organisations committed them to make the Bloc a space for the convergence of positions and practices, not an arena for political disputes, thereby enabling rapid progress in building the structures needed for the electoral campaigns that followed.

The results of the European parliament elections in June 1999 bolstered the current's confidence and public profile—it had clearly established itself as the fifth main political force in the country with a real chance of winning seats in the national parliament.

Subjects which had long been campaigning issues for the PSR—like the legalisation of all drugs and their distribution under medical supervision by the state, or the recognition of civil rights for gay and lesbian couples and opposition to the burning of solid industrial waste, were immediately taken up by the Bloc and became central arguments in the European campaign.

On the other hand the UDP's deep roots in the popular and trade union movements added a new dimension to the Bloc's intervention and increased its

ability to develop a discourse based in the concerns of those sectors.

NATO's intervention in Kosovo and the Bloc's ability to mobilise swiftly and develop a clear anti-imperialist position (in contrast to the PCP which ignored the responsibilities of the the Milosevic regime) was key for bringing together the membership and grass-roots organisations of the Bloc in the social movements.

The drawing up of electoral lists for the 22 national areas and the development of each of these local campaigns allowed the Bloc to draw around it a far greater number of activists than the sum of each individual organisation.

The hopes of a new left capable of reaching electoral targets and returning members of parliament gave many ex-members a renewed hope in political activity and produced an interesting convergence of several generations of social activists.

The Left Bloc's Convention at the beginning of 2000 will certainly be an opportunity for vigorous reaffirmation of a left organisation which which has made its mark on the country's political scene with a programme of clear opposition.

Unlike many experiences of left recomposition in Europe in the 1990s, the Bloc emerges as clear challenge to the political space occupied by the Communist Party, at a time when this party is going through a crucial internal debate.

Without falling into the trap of adopting a sectarian attitude, despite the regular provocations from the PCP leadership, the Bloc's unitary approach (now crowned with electoral success), is the best possible instrument for discussing and intervening in the internal debate of the PCP—which still dominates the Portuguese left.

The two Left Bloc members of

parliament prevent the Socialists from enjoying an absolute majority. This has ensured constant media and public interest in the Bloc's proposals.

The message of a "left to the left of government", without ambiguities, standing in elections so as to renew the opposition, and not just to win positions of power in order to gain influence over the PS, is a message which can win many more communist sectors to this fight. For the organisations of the Bloc this is the real strategic objective.

Sooner or later, this means a split in the PCP, with a (hopefully) significant part of that organisation adopting the aims and strategies of the Bloc.

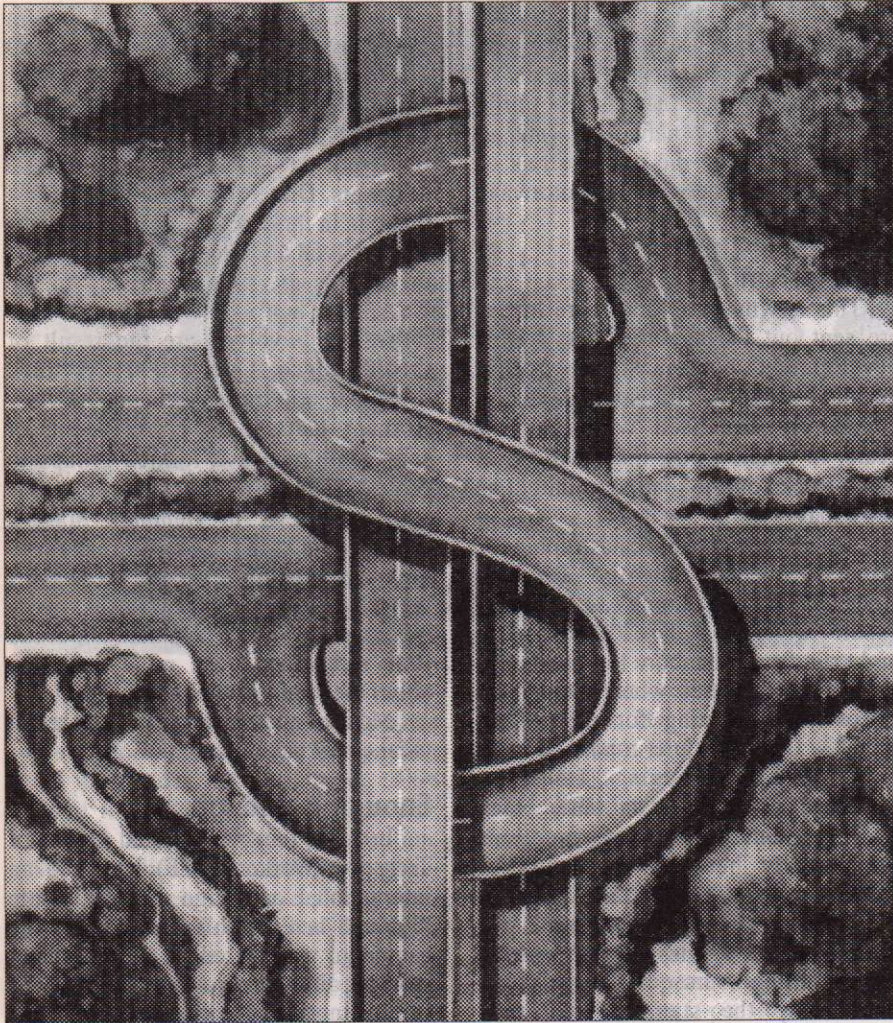
Who's who?

The UDP, an historic organisation of the Portuguese left came out of a federation of different groups of Maoist persuasion in the aftermath of 25 April 1974. At one time pro-Albanian, it was the the far left organisation with the most presence in the workers' movement, and had one member of parliament up until 1979. They returned to parliament in 1991 through an electoral alliance with the PCP which ended in 1995.

In the last ten years the UDP got marginally lower electoral scores than the PSR, with quite a significant difference in the capital, where the election of a first member of parliament for the far left was on the cards.

In the last two years the UDP underwent through a profound internal debate and significant changes leading to a greater emphasis on intervening in the anti-racist and women's movements.

The convergence with the PSR was clear in these movements long before the Bloc was formed. [JCL] ★



Just in time?

Transporting freight by road rather than boat or rail has a huge social cost in terms of traffic accidents, pollution and noise. Cheap road transport also allows top multinationals to gain control of local commercial networks.

Søren Kirk Christiansen

The main media ignored the 1996 publication of "European transport policy is unintelligent" But the report, by Herman Knoflacher, professor at the Technical University of Vienna, is a bomb under the European Union's transport policy.

According to Knoflacher, the transport of goods by road has a direct, calculable cost in terms of wear and tear on the European road network, and an indirect, but still calculable cost in terms of traffic accidents, pollution,

noise and time lost in traffic jams. In 1991 alone, heavy lorry traffic cost the people of the European Union almost 6bn Euros — ten times the cost of the rail tunnel between Britain and France. Traffic accidents caused by lorries costed EU-countries 2.5bn Euros.

These enormous costs are not paid by the transport sector, but by society as a whole.

Not so long ago, road transport competed with other, more reasonable means of transport like railroads and ships. The amount of goods transported by trains and ships has stagnated since 1970, while lorry transport has increased heavily. Today, 10bn tons of goods are transported by the European road network.

Over 40,000 lorries use some stretches of motorway in the German Ruhr every day.

The business community has quite clearly chosen the lorry. "Market

forces" have chosen to do without trains and ships.

Just in time

This is not surprising. Lorry transport is extremely cheap and extremely flexible. The cost of transport contributes only 3% to the price of goods inside the EU.

Lorries are often driven with only half loads and returned empty, as components and raw materials criss-cross the continent before reaching their final point of sale. In fact, at any one point, 40-60% of the lorries on the European road network are empty. But capitalists are not worried about multiple trips and long transport distances, as long as costs can be controlled.

The reason for this unbelievable waste of resources is the just in time process. When Scandinavian customers walk into a store and buy a Hewlett-Packard printer the shop computer informs Hewlett-Packard head office in Stuttgart. A factory in southern Germany immediately produces a new printer, which is delivered to the Scandinavian store within 48 hours. Stocks are kept to a minimum, in the store and in the factory.

This is a marvelously flexible and elastic system but also enormously demanding in transport. The daily caravans of trucks from South Germany to Scandinavia are 25- 50% empty — It would be breaking the principle of Just in time if the lorry did not leave the factory until it was fully loaded. This is only possible because transportation by road is so cheap.

Just in time doesn't only work in distribution for the retail trade. Industry uses just in time driving on a big scale. In Switzerland, high-tech machinery cuts fabric, which is driven to Portugal, where poorly paid machinists sew the garments, for delivery back to Swiss supermarkets. This international division of labour demands a tremendous amount of transport.

With just in time, industry has moved its stocks out of the warehouse and onto the road network. Industry has cut its storage expenses — and society is left with the bill. Industries' short-sighted profit interests causes growing costs of pollution, traffic accidents and noise.

The drivers

Europe's trans-frontier truck drivers spend most of their days and nights in their drivers cabs, sleeping in lay-bys along the European motorways. A working week of 60 - 80 hours is quite

★ European Union

normal. An export driver must typically be at his employer's disposal for 13 hours a day. He can be on the road for up to a month, though he usually comes home Saturday and takes off again Sunday evening.

These extreme working hours go far beyond the European rules for maximum working time — but the entire transport sector is not covered by this legislation. Truck drivers do not enjoy the same protection against long hours as other workers. They have to be content with the European regulations for driving hours, breaks and resting time contained in EU Regulation 3820/1985. These permit a working day of 12-14 hours. The rules say that the lorry must stand still 8-9 hours a day, so that the driver can sleep. But, in reality, even if the lorry is stationary, the driver can be busy loading or unloading or standing in a waiting position to do so. The tachograph registers only if the lorry is in motion. It does not register if the driver is tired or rested.

Drivers dislike these regulations as it often forces them to sleep in the middle of the day. It doesn't need too much imagination to work out how little sleep you get in a drivers cab at 30C/90F in the middle of the day. But after 8 or 9 hours, however tired you are, the haulage contractor expects and demands that you drive on.

Just in time demands that the goods

are delivered within very tight time schedules. If this system is to work at its optimum, it demands the drivers to drive at night when there is less traffic and the motorway network is not so congested. During the day, the risk of delay due to tailbacks on the motorways is too great.

Night driving

This is why more and more lorries are sent out during the night. If this development continues, the traffic density of lorry transport will be completely equalised within a few years. In other words, there will be as many trucks on the road at midnight as at midday.

This development is catastrophic for drivers. Swedish scientist Torbjörn Åkerstedt has done some research with export drivers on the 500 kilometre night run from Elsinore to Stockholm. He registered cases where the driver sleeps while driving for up to two minutes. Only the quiet road, and luck, prevent more accidents.

Most people have an inner clock which reduces the body functions substantially between the hours of 04.00 a.m. and 06.00 a.m. Statistics show that traffic accidents occur for truck drivers 3-4 times as often in these early morning hours.

Already the statistics for lorry accidents are dramatic. According to

FN-reports 1.400 truck drivers died in traffic accidents in 1995 and 38.000 drivers were injured.

Lorries make up only 5% of the vehicles in Europe, but they are involved in 14% of fatal traffic accidents. Dutch investigations suggest that one in three accidents where lorries are involved are due to the fact that the driver was too tired to drive. In the USA, over half of the accidents where lorries are involved are the result of driver fatigue. Over 9,000 US truck drivers died in traffic accidents in 1995. In many parts of the USA, parents of schoolchildren have formed groups to protest against tired truck drivers.

Health tests in Denmark draw a rather depressing picture. In relation to other groups of workers the export drivers experience their work as a very big strain, over half complain about too little sleep, and even more complain about the strain of the work.

Most of the drivers don't get a hot meal every day.

Enough is enough.

In 1997 the International Union of Transport Workers (ITF) launched an international campaign under the title "Enough is Enough". The goal of the campaign was to reduce drivers' daily working time, and improve regulations for driving hours, breaks and rest time, and special rules for driving at night.

International Institute for Research and Education

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In 1997 and 1998, the ITF underlined their demands by carrying out a series of lorry blockades in Europe. The road blockades in September 1998 alerted the media, but in fact the ITF and their European sister organisation, FST, have been in unfruitful negotiations with their employers' organisation, the International Road Transport Union (IRU) since 1993.

EU transport commissioner Neil Kinnock, even threatened to intervene if employers would not come to some voluntary code to improve conditions. Kinnock was called "a socialist and a railway fanatic", by top IRU executives when he issued a "White Book" arguing that that loading and unloading should be counted into drivers' working time.

But Kinnock contradicted himself during the 1997 French truckers' protests. They carried out extensive road blockades in France to underline their demand for better pension and better working conditions. The blockades to some extent paralysed French society, but they were relatively peacefully, and there were no major clashes between the drivers and police.

These blockades infuriated IRU, who complained to the European Commission. IRU said that blockade activities threatens the free movement of goods — which is a pillar of the whole EU project. The Commission unanimously agreed with IRU. They proposed new regulations that would give the EU the right to directly intervene in road blockades that threaten the free movement of goods. All over Europe, the trade-union movement protested strongly, and said that the commission was trying to restrict the right to strike. Eventually, the

suggestion was rejected in the Council of Ministers. But Kinnock warned that the Commission "can and will take measures against nations that don't, with all their appropriate forces, try to break up eventual road blockades."

Cheap road transport

Cheap road transport and the free movement of goods are a cornerstone of the single European market. It is this policy that makes it possible to make a profit on transporting fresh milk from Germany to Greece where it is converted into yoghurt and then transported back to Germany.

EU Commissioner Martin Bangemann was guest speaker at the 1998 IRU world congress in Morocco. He assured haulage contractors that their trade would be one of the main beneficiaries of the single market, and of globalisation as a whole.

The IRU congress repeatedly criticised Switzerland (not an EU member), which has forced most transit traffic from road to rail, as the result of a popular referendum. Austria had to abandon similar limitations on lorry traffic through the country when it joined the EU. The result has been a steep increase in the heavy lorry traffic through the Alps.

In 1994 Danish Commissioner Henning Christoffersen presented plans for an extensive enlargement of the EU transport infrastructure. This "Trans-European network" requires the construction of 12,000 kilometres of motorway, a number of high speed railroads, and expansion of many air and sea ports. All of these improvements of the infrastructure are to be partly financed by EU.

Behind these plans it isn't difficult to see the workings of the EU's strongest lobbyist group — the Round Table of European Industrialists. This select group consists of Europe's biggest industrial groups can get telephone access to any of Europe's leaders within 48 hours. Europe's big industrial groups are the only real winners when the politicians spend our money on bigger and more elaborate transport infrastructure.

Unintelligent

Austrian professor Herman Knoflachner is one of the strongest critics of EU transport policy. He sees cheap road transport as a weapon which big groups use against smaller businesses. With cheap road transport the big industrial groups monopolise the market and destroy the local economic circulation.

For proof of this, go to Denmark, where MD Foods has deliberately closed many local dairies. Because of cheap road transport, it is more profitable to collect all the milk into a few central dairies, and then redistribute milk products all across the country.

Knoflachner says that more of the external expenses should be counted into the price that society pays for the cheap road transport. Cheap road transport creates unemployment. And yet, trade unions have almost always supported big new road and bridge-building projects, as a job creation measure.

Knoflachner goes one step further, and criticises European transport policy for being unintelligent. While mobility has increased in European economic life, the intelligence in economic life is falling, he argues. Knowledge and know-how is lost, while the consumers have to live with standardised products that are brought to the supermarket from far away.

Increasing mobility actually leads to a technical regression for our civilisation. True progress is based on inventions that enable us to use less effort to achieve a better result than before. But the increase in just in time systems and road freight transport is having the opposite effect — bigger and bigger energy costs, for achieving less and less results.

The problem — as always with the market economy — is that a large part of the real cost is paid by society as a whole. The argument that consumers benefit from the cheap prices of goods is an illusion. Because society as a whole pays a heavy cost for "just in time" trucking. ★



Communalism, women and violence

Communalism is a violent ideology. Not just during communal riots, but in its conception and regular practice. Women are very often the targets of this violence. Not just from the "other" community, but when they transgress the rules defined by communalists in "their own" community.

But we must avoid the misconception that all women under all circumstances are merely hapless victims. Women have also promoted and perpetrated communal violence.

Soma Marik

During the last elections, the Mumbai-based magazine *Communalism Combat* published a series of adverts exposing the ruling BJP as a Hindu communalist, anti-minority, violent and anti-women party. One key advert was titled "They Don't Respect Women", and countersigned by several women's organisations and NGOs working on women's rights issues. The government asked a judge to force the authors to prove their allegations in court. The purpose was to gag dissent and to thwart all organisations trying to highlight women's rights and secular-

ism. But most of the responses to the government attack have concentrated on the democratic rights of the NGOs, without looking at the content of the ad which most raised the hackles of the BJP and what it says about official sponsorship of violence against women.

Certainly, the most open and extreme forms of violence are on display when communal conflicts peak. After the disaster of 1984, when the BJP got only two seats in parliament, the BJP and its more openly fascist allies in the RSS set about rebuilding the fortunes of the party through reemphasising the core Hindutva (Hindu fundamentalist) agenda.

The solution adopted was the Ram Janmabhoomi movement. On 6th December 1992, Hindutva militants destroyed a historic mosque and unleashed the worst violence against India's beleaguered Muslim minority since the traumatic partition of India and Pakistan in 1948.

The riots in Ahmedabad, Bhopal and Surat were well planned. Rumours of assaults on Hindu women were used to goad mobs into attacks on Muslims. Survivors recounted how they or their kin had been attacked, raped, and/or murdered. Hindu women who tried to shelter Muslim women were threatened with the same fate—a telling commentary on the real respect accorded to Hindu women by Hindutva militants.

But a significant number of Hindu women were willing and active

participants in the fostering of violence.

There is a parallel development in the Kashmiri minority, where the militant fundamentalist women's group Dukhtarane Millat wants to impose the veil on Kashmiri Muslim women.

Communist forces in India have been forced to exist within a democratic political system and to compete with parties that in various ways fight for civic and social rights. So fundamentalist women have developed a discourse of "women's rights". But this nowhere questions patriarchy. Indeed the BJP seeks to strengthen patriarchal authority.

Communal identities are constructed by projecting the picture of enemies. Hinduism is portrayed as the sole authentic Indian religion. Muslims and Christians are seen as external enemies of the supposedly threatened Hindu community, and of the nation equated with that community. Every struggle for women's independence and equality is condemned as "the enemy within."

We could not ignore these problems when we organised our recent campaign against violence against women. An attempt to be "even-handed" (and often a creeping majority communalism) leads to a large section of the Indian media focusing chiefly on Muslim communal violence directed to Muslim women.

Since every communalism constructs itself partly by oppressing and using violence towards the women of the community, singling out the Muslims is not useful. In fact, since Hindu communalists are now the major force in India's government, it would be better to put the stress on Hindu communalism.

For Hindu communalist, it is only the Muslims who perpetrate violence—on Hindu women, and also on Muslim women. Violence by Hindu men on women is impossible because Hindus are inherently tolerant and chivalrous.

But if we examine this fantastic discourse more closely, we see that those Hindu women who do not conform to Hindu standards—as defined by the communalists—do not deserve rights.

Tanika Sarkar's interviews of right wing Hindu women revealed that many believe that rapes occur because women fight for equal rights. The demand for equal rights is western, alien and colonial, and women who succumb to the lures of western culture are adulterous, and deserve violence. The only solution they see is a curtailment of democratic rights, particularly for women.

In this, Hindu communalism is no different from Muslim or any other fundamentalism. One has only to think about the repeated attacks on abortion clinics in the USA by the misnamed right-to-lifers. The General Secretary of the VHP described the recent rape of four Christian nuns as a patriotic Hindu reaction to Christian attempts at conversion.

On the one hand the communalists use rape as a strategy for political mobilisation. On the other hand they demand the death penalty for rapists. Of course, this proposal would only increase violence and decrease the likelihood of conviction of rapists. Every measure making the state more powerful leads to the risk of greater violence on women, while the accused in rape cases will continue to walk free, or even be congratulated for their patriotic act.

Hindu communalists have threatened violence recently whenever women have tried to exercise independent choice of husbands, or marry a non-Hindu partner. The president of the Bardoli VHP unit, Kalaben Patel alleged the existence of "a conspiracy by Muslim fanatics to target Hindu girls". RSS general secretary Harshad Shah, claimed that madrasas (Muslim religious schools) train Muslim youth in the art of seducing Hindu women.

For communalists, in majority and minority communities, the rights of the individual, especially of women, are subordinated to the supposed rights of the community. Those intellectuals who argue that to talk of the rights of the individual is either to falsely universalise a Western discourse, or to propose an unreal notion of rights, have given a stick to the communalists to beat us all with.

The dispute over Muslim polygamy is a good example of these problems. For Muslim clergy and other so-called leaders of the community, polygamy is a right they enjoy as a community, which cannot be abolished without offending their religion.

Meanwhile, the main theme of the popular campaign of the Hindu communalists is: "if we have given up our right of polygamy, why should they have the right?" Of course, "we" and "they" refer exclusively to the males of the two communities. It is true that the codification of Hindu family law almost 50 years ago led to the prohibition on Hindu polygamy. but the practice is still widespread among Hindus.

Both sides implicitly deny that women have rights. The Hindu

communalists use "saving" Muslim women from their oppression as a justification for not respecting the religious customs of the Muslims as a whole. Through the construction of the Muslim woman as an "other", the Muslim community is condemned. There is no attempt to consider the oppression of women within the Hindu fold.

Finally, the violence is directed towards anyone or any group of persons trying to preserve or exercise their rights. The debate over Deepa Mehta's film *Fire* also showed that the Hindu right is much more interested in attacking women's rights than attacking violence against women.

Hindu communalists leader Thackeray has never called for a struggle against pornography—which is real violence against women. But he immediately called for "an all out war" against *Fire*, a film which portrayed a lesbian relationship between two women who learned to reject their traditional submissive role.

The call for saving India's traditional culture actually means violent attacks on civil liberties, on attempts (particularly by a woman) to portray women's sexuality in independent terms. There is much rhetoric of respect for womanhood, but womanhood is a rigidly defined concept. Muslim women are excluded. Lower caste women are excluded. "Westernised" women are excluded. And women who assert their rights, who claim equality and transgress the space set aside for women are not only excluded, but violently dealt with. The Nazis rationalised the murder of millions of Jews by arguing that they were not human. Indian women who do not fit the mould should beware of what communalism presages for them. ★

Soma Marik is an activist in Nari Nirjatan Pratirodh Mancha (Forum against oppression of women, Calcutta, part of the Maitree women's movement. Maitree organised two weeks of activities around violence on women in November-December 1999. She is a regular contributor to the press of the Inquilabi Communist Sangathan and International Viewpoint. She can be contacted at <soma_kunal@hotmail.com>





Privatising China

Lau Yu Fan

In January 1999, the National People's Congress revised the part of the constitution which concerns the private economy. The original version of the constitution read: 'the private economy is a kind of complement to socialist public ownership'. The revision changed it to: 'the private economy is one of the important components of the socialist market economy'.

The amendment encourages Chinese citizens to engage in the private economy—and privatisation. As early as 1997, Li Peng announced the "reform" of publicly-owned enterprises and collectives which included "the changing of the leadership, joint ventures, mergers, forming share holding co-operatives, contracting out, and selling off." The last three forms of reform actually belong to one category—privatisation.

Government officials, from provincial down to the lowest level, seem to be interested mainly in selling

off small-size state-owned enterprises (SOEs) and collectives. For instance, in Zhucheng, Shandong province, officials sold off 95 percent of SOEs and collectives in only two years. The same thing is happening all over China, to such an extent and at such knock-down prices that many officials concerned with privatisation have been given nicknames like 'Sell-off' Lee or 'Give-away' Chen.

Rock-bottom prices

According to one report, "small SOEs are sold only in name. In practice they are virtually given away free, or half sold and half given away... When they are sold by auction, the process is usually fraudulent... Assets worth more than 100 million Yuan are routinely sold for a few hundred thousands or even less."

One city had 12 SOEs, with assets of 100 million Yuan. Nine were sold, for only 9.6m Yuan. Only 1.7m Yuan actually reached the government bank account. In other words, the nominal income for the sale was only 9.6% of

net asset value, and the actual income received was only 1.75%.¹ The majority of buyers were managers of the particular SOE or their cronies.

According to Chinese laws, any major change to SOEs must be discussed by the Staff and Workers' Congress — workers' delegates are entitled to consultation prior to the adoption of changes like a transfer of ownership. But it is common practice for officials and managers to ignore this requirement.

One official told delegates who were against the privatisation of their plant: "The plant is merely something similar to this cup in my hand. The cup's property rights belong to me, not to you. So I can sell it to anyone I like, just as I could give it to anyone I like. If I prefer to smash it, that is my prerogative. You guys... have no right to interfere."²

Such an arrogant attitude naturally arouses much discontent and confrontation. In the city of Luoyang, a cement factory worth 200 million Yuan, on land valued at 17 million Yuan, were sold by the local government for just two million Yuan. Angry workers surrounded the government house for four days. When the new team of management was sent to take over the plant, they were chased away by workers, forcing the government to abandon the transfer of management for

the time being.³

Characteristics of Chinese share holding reform

Direct sale of SOEs is a minor form of privatisation, only applicable to small- and medium-size SOEs. The privatisation of large SOEs is done by transforming them into share holding companies. During the 1990s many large SOEs were transformed in this way. The state's still owns a majority of shares (which it says are not for sale)

But official economists have suddenly begun distinguishing between these shares and 'legal entity shares'. It seems that these companies will be transformed from share holding companies to "legal entities", and that this will require a redistribution of share ownership between the state and its private partners.

The reasoning is quite odd. One writer recently admitted that the purpose of this new concept is to "greatly reduce the share value of the state, thus nullifying the state's role as the biggest and ultimate share-holder".⁴

Nullifying the state's role as the ultimate shareholder is obviously in the interest of the private buyers—local officials and SOE managers. Given that democracy and accountability are absent from this process—and in China in general—these mysterious 'legal entity shares' can easily pass into the hands of local officials and managers. The 1991 Yuanye Company scandal is an outstanding example. When Yuanye was founded in 1987 in Shenzhen, the state owned 80%, and private interests owned 20%. Four years later, state ownership has shrunk to a tiny 1.4 percent.

Similar stories emerge from Russia and other ex-Soviet republics. But in Russia, and Eastern Europe, there was an effort to create the illusion of "equitable distribution" of state property. Not in China. State assets have been openly embezzled so greedily that even the formal appearance of distributing coupons for shares is absent.

According to information from an Association of China Social Investigation, 60% of China's share holding co-operative enterprises have forced their workers to buy shares. Those who refused or could not pay lost their jobs or experienced a salary cut. Only 1.1% of workers in the co-operatives concerned agree with this kind of reform.⁵

Some SOEs now tell newly-hired workers to bring money with them on their first day, "to buy shares in the

company." In one county, 80% of SOEs and collectives in forced new workers to buy shares, according to Chinese Workers, a publication of the All China Federation of Trade Unions. Those who cannot or do not pay, do not keep their job.

One 34 year-old unemployed woman worker was told to bring 25,000 Yuan for shares in her new employer. This amount is equivalent to four years wages of an ordinary worker. She wanted the job, but she couldn't afford it.⁶

Will worker-shareholders receive any dividends? In 1993 one factory forced each worker to pay at least 1,000 Yuan. The management promised to pay a 20% dividend. The first year, the company distributed some commodities, but no cash. Nothing was paid in subsequent years. In 1995 the plant was transformed into a share holding company. But by late 1998, no annual general meeting had been called. Management told angry workers that only those with more than 10,000 Yuan of shares could attend a shareholders' meeting. The vast majority of workers did not qualify. The new owners finally decided to impose a 50% pay cut on their employees-partners.⁷

Bureaucratic capital forever! To hell with the workers!

It is common for small- and medium-size SOEs to raise capital from workers. But large SOEs have preferred to use the stock market. In China the reform of the SOEs into share holding companies has nothing to do with efficiency, because most of them do not make any or are making very little profit.

"Some share holding companies are... cheating the ordinary shares holders and the accounts the directors announce are just not reliable. In order to get money, some SOEs will cheat the public by announcing that they are investing in some handsome projects but in fact they do not have the ability to do so."⁸

"They 'transform' loss-making SOEs into profit-making ones, and then they head for the stock market. Ordinary people who put their money in the stock market are just putting cash into a black hole."⁹

In *The Trap of China* (1997), scholar He Qinglian summarised the changes that have taken place over the past 20 years. The first generation to get rich, in the early 1980s, were popularly called 'half human, half ghost' because they were a mix of self-employed, former bourgeois and criminals.

The middle 1980s saw the rise of a new group of rich people, nicknamed 'common folk' because they were mostly former technicians who became rich through commercial activities.

The third generation of the rich are called 'half human, half god' because they were officials from various levels. And it is they who are making the really big money, through privatisation.

Between 1982 and 1992, at least 500 billion Yuan was pocketed by officials. The October 1996 issue of *Chinese Workers* claims the real figure is closer to 800 billion Yuan. Scholar, Yang Fan recently argued that "power capital"—a euphemism for the more unpleasant term 'bureaucrat capital"—has pocketed an amazing 3,000 billion Yuan of state property over the last 20 years.¹⁰

Meanwhile, the working class has been experiencing the most difficult period since the 1950s. The official unemployment rate is 10%, which means 20 million people. Most reliable sources say unemployment is at least 20%.

We are told that share-holding reforms will eventually improve the performance of SOEs, thus benefiting the workers sooner or later. But the further the reform goes, the more losses the SOEs declare, and the higher the number of redundant workers. Indeed, massive layoffs are the most common result of share-holding reforms across the country.

In 1998 the labour minister admitted that "things like changes in labour contracts and eventual termination of contract will increase," following SOE reform. "Collective protests will also increase."¹¹ The Daqing oil field, once a model of the 'socialist motherland', is planning to lay off half its workforce (ie 145,000 workers) as soon as it is listed on the stock market.¹² ★

Notes

1. The author is a member of the Hong Kong group Pioneer. He can be reached at <aully@chevalier.net>. This article first appeared in *Asian Labour Update* #31.
2. *Jingji Yanjiu Ziliao* (Economic Research News), Beijing, April, 1999.
3. *Ibid.*, Dec, 1998.
4. *Ming Pao*, Hong Kong, 10 November 1998.
5. On reforming the regime of the enterprises, Wu Jiajun writing in *Xinhua Wenzhai*, Issue 5, 1994.
6. *Hong Kong Economic Journal*, 6/7/1998.
7. Chinese Workers [*Zhongguo Gongren*], All China Federation of Trade Unions, Oct, 1996.
8. "Reform, Corruption, and Democracy, Dialogue between Han Dongfang and Chinese workers", *China Labour Bulletin*, Oct 1998, P.155-160.
9. Rule of law and credibility are necessary conditions for building a market economy, Gao Chengde, *Journal of Beijing University* (Philosophical and social science version), Issue no 1, 1999, P.18.
10. *Jingji Yanjiu Ziliao* [Economic Research News], Beijing, February 1999.
11. *Hong Kong Economic Journal*, 26/6/98.
12. *Ibid.*, 10/8/1999.
13. *Ming Pao*, 10/1/1998.



Cardoso, Out! Out! Out!

Fernanda Estima and Rosana Ramos report from the Congress of Brazil's Workers Party (PT)

From 24 to 28 November, at the Venda Nova training institute (SESC) in Belo Horizonte, Minas Gerais, 927 delegates gathered for the Second National Congress of Brazil's Workers Party.

At a cost of more than half a million dollars, the SESC social club was taken over by PT delegations from all across the country, as well as a large number of guests and observers not only from Brazil but representing political parties, environmental movements and human rights organisations from a number of countries including France, Portugal, Uruguay, East Timor and Mexico.

For those unable to be present in Minas Gerais, a team of journalists provided real time coverage of the events, discussions and votes on the PT's own website. The page received more than 54 thousand visits in the course of the Congress.

As well the election of a new national leadership and party president, the agenda promised three main discussions:

- a new Programme for Brazil, capable of pointing towards a new project for the country, based on a socialist perspective;
- the present situation in Brazil, especially the political and economic perspectives, including the party's attitude to the Cardoso government, to political alliances and the municipal elections due in October 2000;
- the conception of the party in the next century. This last debate, involving opposing political and organizational visions, was to end up with the adoption of new statutes for the party.

Twelve sets of theses were presented, each taking up the three areas of debate, as well as two declarations (one from the Trabalho tendency and one from Milton Temer).¹

There were three candidates for the position of PT President: the federal deputies Jose Dirceu, supported by the current leadership majority and standing for a third term, Milton Temer, and the outgoing General Secretary of the party, Arlindo Chinaglia.

Despite the items on the agenda, discussion was cut short. Few questions were fully debated and the discussions on the conception of the party and socialism hardly happened at all, causing considerable frustration amongst Congress delegates.

What did polarize the debates was the issue of whether or not to adopt the slogan "Cardoso Out".

Main thesis and amendments

The Congress really got going at the end of the second day with the presentation of the different thesis documents. The document chosen was that of the outgoing majority tendency, Articulação-Unity in Struggle, entitled "Programme of the Democratic Revolution". This guideline thesis was then used to orient the next phase of discussion, where delegates met in subject groups to discuss the document and present amendments.

Three of these subject groups were set up; their main arguments focussed on whether the slogan "Cardoso Out" should be included in the document, on the defence of socialism, and on questions of party building. Amendments which received at least 20% in

the groups were then taken back to the plenary.

On the question of socialism the plenary of the II Congress rejected the amendment presented by supporters of the *Nosso Tempo* document,² and voted to keep the document in its original form (with amendments presented by the proposers themselves to reaffirm the positions adopted at the PT's 7th National Meeting and first Congress).

The proposal on suspending payment of the foreign debt was rejected. The wording of the guideline thesis was retained, defending renegotiation of the debt, with the following addition: "Intransigence on the part of the creditors could lead to suspension of payments of the foreign public debt. And it is necessary to introduce exchange controls on all capital movements in and out of the country as well as levels of taxation on the remittance of profits in line with international levels, ie. 30% rather than the current level of 15%. Any attempt to renationalize the foreign debt must be blocked."

Orientation in the present situation

The text approved defines the PT's "arc of alliances" as the PDT, PSB, PCdoB, PC and sectors of the PMDB opposed to the Cardoso government.³ As far as the PPS is concerned, it makes any alliance conditional on "programmatic agreements, and opposition to Cardoso and to neo-liberalism". It also opens the door to other possible alliances, as long as these are endorsed by the PT's regional leadership bodies.

The Congress rejected an amendment restricting alliances to only those parties which nationally define themselves as being in opposition to Cardoso and to neo-liberalism.

The debates over "Cardoso Out" polarized the entire Congress. Federal Deputy Milton Temer, arguing in favour of including the slogan, pointed out that all the PT's state conventions — with the single exception of that in Parana state — had elected their delegates to the II Congress on the basis of support for the slogan.

Temer also pointed out that the amendments on this question raised broader issues, "the conception of the party and of internal democracy, questions which have been very important for the PT".

After lengthy debate, the amendment proposing inclusion of the slogan "Cardoso Out" was defeated — it was the tensest and most hotly disputed moment of the Congress.⁴



New leadership

Squeezed by lack of time, mainly because a whole series of parallel meetings prevented the Congress sessions from starting on time, the discussion of new statutes for the PT ended up being referred back to the next meeting of the National Directorate (DN), with two important caveats. On the issue of finances, a National Conference should be held. And on all questions involving a change in statutes — including that of finances — at least 60% of the DN will have to vote in favour.

Apart from the proportional representation, based on the votes cast for slates, the DN is made up of the elected president, the two party leaders in the Chamber of Deputies and the Senate, as well as sectoral representatives (for the unions and the youth), and Lula da Silva, whose name was approved directly by the plenary, as had happened at the previous national conference (although there remained significant disagreements amongst the delegates over this procedure.)

Seven slates stood for the National

Directorate (DN) and Executive (CEN) and the result was as follows:

	Vote %	DN seats	CEN seats
Movimento PT	13	10	2
Democratic Revolution	44	35	8
Radical Democracy	8	7	1
PT of Mass Struggle	3	2	1
Socialism or Barbary	21	17	4
Nosso Tempo	10	8	2
True to the PT's Origins	2	2	2

The Nosso Tempo slate is based on the Socialist Democracy tendency.⁵ Democratic Revolution is the slate of the leadership majority, Articulation-Unity in Struggle, which has subsequently incorporated the old São Paulo-based left opposition grouping headed by Rui Falcão, a former National President of the PT. Radical Democracy is the slate of the tendency of the same name, which presented its programmatic thesis For a Republican Democracy.⁶ Socialism or Barbary brings together the bulk of the PT left, including Left Articulation, Socialist Force, the Movement Tendency, as well as various regional groupings. Movimento PT was a slate presented by Arlindo Chinaglia, Tarso Genro and a number of other well-known PT figures.⁷ True to the PT's Origins was the slate of the Trabalho tendency.⁸

In the elections for party President Jose Dirceu was re-elected with 496 votes. Milton Temer came second with 296 votes. Arlindo Chinaglia was third with 113 votes.

*Fernanda Estima and Rosana Ramos are journalists and PT activists.

1. O Trabalho is the tendency in the PT associated with the international Lambertist current. Milton Temer, Federal Deputy for Rio de Janeiro, was the candidate

for PT President supported by all the different left currents in the party.

2. For the Nosso Tempo amendment, see the box attached to Carlos Henrique Arabe's article below, "The Debate on Socialism"

3. The PSB, PCdoB, and PC are smaller left-wing parties which have regularly formed a common electoral platform with the PT. The PDT is the inheritor of the Brazilian left-populist tradition, overthrown by the military coup of 1964. On a number of occasions it has reached electoral agreements with the PT, especially pledging mutual support in any second round run-off. Thus in 1998 the PDT helped secure victory for the PT in the state government elections in Rio Grande do Sul. The PMDB, once the main bourgeois opposition to the military dictatorship, is now a part of the governing coalition. However with the popularity of the Cardoso government in sharp decline, some figures in the PMDB have come out with direct criticisms of government policies. The PPS came out of the "euro-communist" wing of the old Brazilian communist party. However it has long since ditched the last vestiges of left-wing ideology and has collaborated with the Cardoso government.

4. The "Cardoso Out, IMF Out" slogan has featured prominently in the recent rise of popular protests against the Brazilian government, especially amongst the Landless Movement and other social organizations which have played a leading part in these mobilizations. It has also been promoted by wide layers of PT activists. However after a campaign of abuse from government spokesmen and the bourgeois media accusing those making this call of wanting to by-pass democracy and overthrow the constitution, the majority of the PT leadership have resisted adopting the slogan, claiming it would damage the party's democratic credentials.

5. Socialist Democracy is the tendency of Fourth International supporters in the PT.

6. Led by one of the PT's best known public figures, Jose Genoino, the PT's leader in Congress and a former maoist guerrilla, Radical Democracy represents the right wing of the party. It was the only slate to call explicitly for the PT to dump its traditional commitment to socialism.

7. Tarso Genro described their position as a "Third Way", between the hard left and the soft centre of the leadership majority.

8. O Trabalho is the tendency in the PT associated with the international Lambertist current.



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5th National Conference of Socialist Democracy

Em Tempo*

More than 120 comrades attended the fifth national conference of the Democratic Socialist Tendency (DS) of the Workers Party (PT), which took place at the beginning of June.

Eighty comrades attended as delegates elected in their respective States, representing about 800 dues-paying socialist militants active in the DS/PT.

There was also a fairly large group of party and social movement activists with whom the DS has undertaken actions in common, and who may become more organically involved with the tendency. In short, the Cajamar conference is the most important conference in two decades.

The agenda included an analysis of the conjuncture and a discussion of the political tasks of the party, the building of the PT, and the tasks of the DS. There was also a specific debate on a balance sheet of the activities of the PT in the state and commune governments, with particular focus on Rio Grande Do Sul and the experience of Porto Alegre.

The conference voted to adopt a motion condemning the imprisonment of militants of the Movement of Landless Peasants (MST) and the violence to which they have been subjected.

The Context of the Conference

The conference took place in a very specific conjuncture. - a global neo-liberal hegemony which has, nevertheless, demonstrated its fragility and provoked increasing resistance.

After the crisis of last January, the federal government further subordinated Brazil to imperialism. This has resulted in greater opposition to president Cardoso and his economic policies. However, for the moment, there is no political opposition adequate to the gravity of what the government is doing.

In such a situation, a tendency like the DS (a participant in building the PT) has great responsibilities. It has to work seriously to develop a program to defeat the neo-liberal project and replace it with a popular democratic program. Such a task must be undertaken in the particular context in which the left finds itself at the current stage.

For several years, the formation of a "center-left alliance" has been advanced as a strategy to get elected to the central government. This concept has caught on in broad sectors of the left in Latin America and in the rest of the world, whereas in Brazil it appeared with a certain delay.

To achieve such a goal, the political program has to be decaffeinated -- any type of socialist perspective has to be

kept at a distance, the flag is hidden, and much effort is spent on attempting to get the party and the social movements to accept the requirements of the "center."

The result of such an approach has been a process of programmatic disarmament and political confusion. In the case of Brazil, this concept has been proven to be non-viable -- not only due to the resistance of important sectors of the PT, but also because the so-called center is firmly right-wing neo-liberal. Experience shows that the left is stronger, including organizationally, when it succeeds in regrouping a range of alternative social and political forces opposed to the parties of the center right.

This is one of the principal lessons to be drawn from the experience of the left in the PT, including the DS, in successfully building such a regroupment in Rio Grande do Sul and Porto Alegre.

Facing the challenge

The conference debated these themes, but did not adopt a specific resolution. But this is a key strategic question for the party, which must confront a double challenge: to take advantage of the possibilities for the construction of a viable alternative to neo-liberalism, and, at the same time, to resist the strong pressures to adapt the party to the established order.

Some of the main points brought up during the conference debates:

There is a real possibility of significant developments in the construction of popular power and

direct democracy. Such possibilities are evident in the experience of Porto Alegre, and on a larger scale, with the election results in the State of Rio Grande do Sul. At the same time, we need to recognize the enormous challenges posed by the resistance of the elites, by legal and financial restrictions at all levels, and by the dangers of a separation between institutional advances and the social gains of the left.

Sectors of the left, not only in Brazil, have another alternative in dealing with local and regional governments. They consider participation in such governments as a legitimation to participate in the central government without great turmoil. In other words, as a pledge to the bourgeoisie, proving that it is possible to govern with the left.

What capacity do we have, once elected, to overturn the destructive policies already implemented by the neo-liberals at various levels? How does this influence our ability to elaborate an alternative program to neo-liberalism?

There is no "PT model of government." The experiences in Porto Alegre since 1988 are quite different, for example, from those in municipalities in São Paulo, and it is not possible to draw up a simplistic balance sheet.

In many situations, it is difficult to carry out projects if local governments are not supported both by the party and by social struggles and debates. In the absence of such popular pressure, the results are reforms limited to the state bureaucracy.

Given the experience of Rio Grande do Sul, it is clear what differentiates the PT in its participation in regional governments: its capacity to assert its own program on democratic issues, and to fight for transitional demands which go beyond the limits of the existing bourgeois order.

In several governments, and in the PT electoral campaigns, the emphasis has been on 'ethics,' combined with

'efficiency.' This is absolutely insufficient. A PT government has to take initiatives to become the focal point of efforts to change the relation of social forces at the municipal or state level in favour of a program which challenges neo-liberalism. This is the point of popular participation in the budget process in Porto Alegre, as well as other examples.

The goal of participatory democracy must stimulate direct action by the citizenry, promote a critique and a mistrust of representative democracy, nourish a culture which resists the delegation of power (and when delegation is unavoidable, refuse to surrender popular sovereignty by, for example, maintaining the right of recall when politicians are unprincipled). It follows that the current conception of the PT leadership, which has accommodated to representative democracy, must be changed. Our goal is not just to elect more deputies, senators, governors, etc., but to change the norms of popular political action.

When it is in government, the PT finds itself bombarded by the bourgeoisie (via its lobbies and the media) to ensure that it does not go beyond limits acceptable to capital. Any government gets nervous when it comes time to discuss subsidies to business, who in turn make promises of investment and jobs. The only way to come out ahead in such tests is to encourage mass participation on the political stage.

We believe that the country is entering a new political period. The election of Fernando Henrique Cardoso (FHC) to the presidency in 1994 occurred following retreats of the workers and the left, who had been reduced to defensive struggles. With unanimous support of the ruling classes, the FHC government proceeded to plunder State goods and to call into question previous social conquests and public services. This was even accomplished with some degree of popular support, due to the (temporary) stabilization provided by

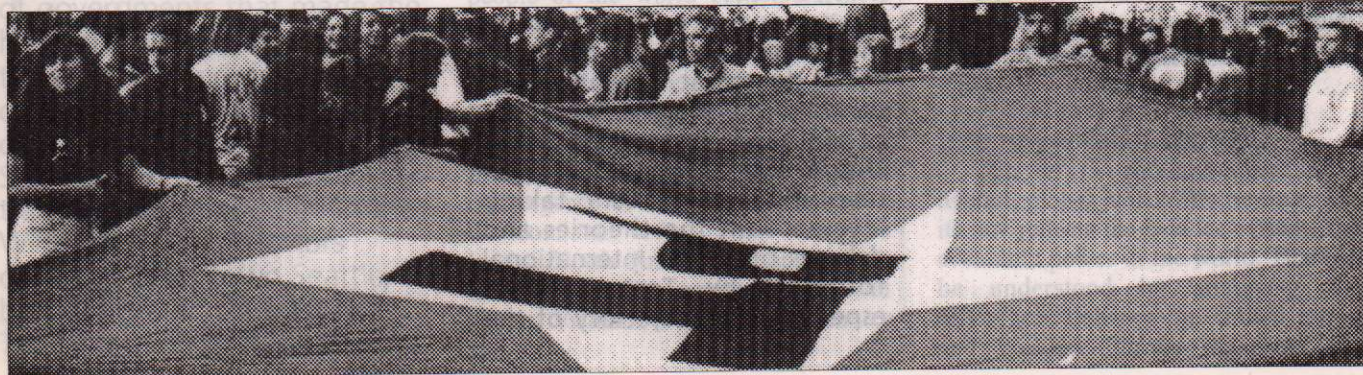
the RÊal plan and the absence of a left alternative. The situation today is very different. There is no longer a unanimous consensus among the ruling elites; the economy is undergoing a recession and is at the mercy of international crises; the left is resurgent and there is a resumption of mass mobilizations. The current political situation is marked by a combination of the bankruptcy of the economic model based on the RÊal monetary stabilization plan, and the loss of legitimacy of the FHC. This is, therefore, a period of latent crisis, whose rhythm will depend on the level of political struggle. The key question in this new political situation is the building of a political solution expressing the interests of workers confronted with the despair sown by neo-liberalism.

As an immediate political task, the conference agreed on the need to unite the PT, the CUT (Confederation of Workers), the CUP (Congress of the Popular Movements), and all the other sectors of the popular democratic movement in a campaign to throw out the Cardoso government and replace it with a popular democratic government.

In situations of national crisis, hegemonic projects crumble. It is a favourable occasion for advancing a left alternative. An essential aspect of our activity is therefore to develop a programmatic alternative to the Brazilian crisis.

The history of the PT itself provides elements of this alternative:

- The large-scale redistributive reforms we proposed in 1989 and 1994;
- Radical democratization and direct mass participation, based on the experience of Rio Grande do Sul;
- Defence of national sovereignty and international solidarity;
- The redefinition of economic policy choices, based on the above perspectives;
- The construction of a hegemony of workers and the popular movements as a foundation for a new, left, national government.



The Brazilian Crisis

Entrusted as it is with the great majority of opposition votes, as the party with the greatest influence in the social movements, and including in its ranks the most advanced layers of the Brazilian left, the PT has a huge responsibility to provide the base for a left alternative to the politics of crisis. There is no possibility for the development of such an alternative outside of the PT. However, to be up to the accomplishment of this strategic task, the PT has to overcome serious problems of leadership and party building:

- The electoralism that conflates the 'calendar' of the crisis with the electoral calendar, which is a result of a political underestimation of the crisis.

- A programmatic regression, which prevents the construction of a clear alternative to neo-liberalism and limits the confidence of the PT's social base in its ability to develop perspectives independently of the bourgeoisie.

- The absence of organic functioning in the party, an extreme hierarchicalization, and practices which often degenerate into simple power plays for bureaucratic positions. The idea of a party 'open' to society, as propounded by the current party majority, leads on the one hand to a loss of the militancy which is crucial in the context of overcoming the crisis, and on the other, to a diluted and demobilizing model of the party.

It is important to understand that the crisis is a political process, concentrated in time, of a change in the relation of forces in society. This exerts a pressure on the PT itself, and on its model of construction, which is fairly open to the social movements. Thus, the national crisis is one of the elements that weighs on the current dynamic of the PT. We do not believe that the PT can itself resolve the problems of the construction and leadership of the party. This is a task which depends on a conscious and organized struggle within the base of the party. There is no automatic solution. ★

Source: Em Tempo #307, July 1999

Democracia Socialista 20 years of the tendency

The Socialist Democracy Tendency (DS) is the result of a history that started twenty years ago. In 1979, representatives of regional revolutionary left groups decided to form a national organization, which was given the name "Revolutionary Marxist Democratic Socialist Organization." At that time, the Workers Party (PT) only existed as a project, and was not founded until 1980.

The distinct identity of the Tendency permitted the unification and then successive integrations of other groups into the DS.

The DS had some characteristic traits which we continue to affirm, namely:

- Engagement with the PT. From the beginning, we conceived the construction of the PT as the way to build the revolutionary party in Brazil, based on the class independence of the workers. We had never considered it as a spontaneous process or that there wouldn't be serious theoretical debates: on the contrary, it required the organized work of revolutionary Marxists within the party, to fight, at the side of others, for a socialist orientation.

That differentiated us from other currents of the revolutionary left which pretended to build the revolutionary party by building themselves. Thanks to our initiative, the right to form tendencies was recognized inside the PT, and it was natural for us to transform the DS into an internal tendency of the party, in 1987.

A critique of reformist strategies, whether in the Stalinist, social democrat, or nationalist version, and of the "Marxism" of the handbooks of the Soviet Union. We advocate an open revolutionary Marxism, taking into account the theories and debates of Fourth International founded by Trotsky (and especially, the trajectory of the

Fourth International under the direction of Ernest Mandel), in dialogue with other traditions and experiences, such as the heritage of Rosa Luxemburg, of Gramsci, of Che Guevara and the Cuban revolution, of the base ecclesiastical communities and liberation theology, of the struggles of the ecologists and the Black movement, and the new dimensions introduced by the feminist movements and those of gays and lesbians.

The centrality of democracy. Even the name "Socialist Democracy" is an explicit reference to the criticism of the visions of an authoritarian, bureaucratic socialist project spread within the left over the last twenty years; as well as to the criticism of the visions that reduce the project of the left to the march of liberal-bourgeois democracy, a tradition maintained until today and whose influence is even increasing.

Programmatically, we have developed an understanding of the political potential of democratic aspirations, which, starting with the most urgent problems of the population, calls into question the established order and leads to the fight for socialism. These are the pillars which have enabled us to build Socialist Democracy over the last two decades ★

Source: Em Tempo, monthly magazine of the Socialist Democracy tendency, #307, July 1999



The world according to the WTO

Pierre Rousset

Things have definitely quite changed! Five years ago, it was in the utmost discretion that countries ratified the constitution of the World Trade Organization. Public opinion was deliberately left in ignorance. Protest movements only mobilized the existing militant networks—people who already understood what was going on.

But in Seattle in December 1999, the opening of the Millenium Round of trade talks was one of the most media-covered events of the planet. But it wasn't the heads of governments that made the headlines! It was the tens of thousands of individual citizens, and the hundreds of organizations that came to Seattle to denounce the trading order embodied in the WTO. The demonstrators occupied downtown Seattle, blocking traffic completely. The official delegates were

unable to leave their hotels to attend the opening ceremony of the summit. A lesser event would have been cancelled. But the authorities declared a state of emergency and curfew to regain control over the situation!

So the WTO ministerial conference was finally held — in a city under virtual martial law.

Seattle was not the only place people protested — a remarkably broad range of movements and organisations said “No!” to the WTO in cities and regions all over the world.

An amazing 1,449 organizations from over 90 countries and territories signed a call for a moratorium of the Millenium Round, until democratic structures can be established, to let the people of the world participate more directly in decisions about future trade agreements.

A lot of people clearly don't like the WTO vision of the world! When was the last time we saw this kind of international dynamic, this kind of convergence of multiple resistances to the dominant order? These were the largest North American mobilizations since the protests against the US war against Vietnam, a quarter of a century ago.

In the face of this growing mass protest, the governments which dominate the WTO were not even able to agree on the agenda of the Millenium Round. The divergences among the three poles of the imperialist triad - The United States, the European Union and Japan — proved too sharp. Recognising this, the countries of the South dared to state their own interests. Laborious preparatory negotiations, conducted for several weeks at the Geneva headquarters of the WTO, did not allow negotiators to break the deadlock. They even failed to agree on a simple common declaration, to save appearances.

At the moment where the Millenium Round ought to open, tensions sharpen among great powers. Mass protest spreads and the democratic illegitimacy of the WTO is denounced more and more widely. Divergences at the summit, resistances at the base: It is precisely this combination that allowed us, in October 1998, to gain a first and important victory, when the WTO had to give up its beloved project of Multilateral Agreement on Investment (MAI).

Other victories are possible, today and tomorrow, if the dynamic of civil and social mobilization is maintained. It is not just the efficiency of the WTO which is in question. The last two years have exposed the contradictions of capitalist globalization. The neoliberal order has exposed its Achilles' heel.

The WTO was specifically created to pursue the task of the GATT and to promote more and more free trade. Neoliberal trade policies were to take the form and the power of a law. The idea of the WTO is to define a series of “rights”, based on the preeminence of trading relations but claiming a universal vocation. It was endowed with a permanent and complex form of organization, with considerable powers. Over the last five years, it has started to legislate, to establish its order. It draws its power from the active complicity of western governments, and from the weight of the economic interests that it serves, and that serve it.

But any machine can jam. Any social organisation can lose its legitimacy. And this is what is happening today.

Inter-imperialist conflicts

The WTO should constitute a neutral, global judicial framework. But its law reflects the balance of state and economic power in the world. This can be understood by analysing the differences between the United States and Western Europe regarding the

agenda of the negotiations.

The US seeks to preserve maximum room for maneuver. They want to continue to be able to impose unilateral international regulations (such as the boycott of Cuba or Iraq). They want to still have recourse to bilateral agreements, wherever this enables them to maximise their dominant position. They wanted to limit the Seattle negotiations to the already defined areas (the Marrakesh Accords) that concluded the Uruguay Round of trade negotiations: They aim particularly to destroy the protectionist defenses of the European Union's agro-industry. The US strategy is to move forward step by step and to conclude negotiations on a "case by case" basis.

The European multinationals certainly benefit from capitalist globalization, particularly in the service sector. But the European Union wants to gain time, to consolidate its economic and state integration, before the next wave of deregulation.

The European Union, a secondary power (due to its military weakness and its lack of internal unity), wants the WTO to serve as a collective framework of negotiations between the three poles of the imperialist triad — USA, EU and Japan. This is why the EU wants to expand the agenda of the Millennium Round to include a number of other domains (including competition rules and investment). The EU argues for a comprehensive deal, with all sides making concessions. It rejects in advance the signing of sector-related accords and intends to negotiate a global accord over the next three years.

Control over the capitalist periphery

The WTO inherited the GATT system of decision-making. It works by consensus, and acknowledges the formal equality of the 134 member countries (135 with China). This "one government = one voice" rule is quite unlike the "one dollar = one vote" rule governing the IMF and the World Bank. The equal representation of states is in fact the only democratic credit which the WTO can claim. But the cost of such a system is slow procedures and a high risk of negotiations jamming. This is why the major powers originally decided to negotiate the MAI at the heart of the OECD (the organisation of industrial countries), and not as part of the WTO, where even the poor countries have a voice.

Of course, equality among countries is only formal. In reality, most governments lack the resources to

follow all the procedures undertaken simultaneously at the WTO. The governments of the G7 countries are in the driving seat. As long as they present a united front, they can impose their will. But if they are divided, the governments of the South and the East can hope to block the adoption of regulations. India and Malaysia have been particularly successful in this regard. So have the various African governments opposed to the introduction of patent rights for life forms.

Of course, not everything can be analysed in terms of North-South relations. Notably, the conflict over the removal of agricultural subsidies rages the countries of the North against each other. Argentina, and some other countries of the global South are part of the ultraliberal Cairns group, which denounces the EU's agricultural protectionism. Within the third world, a range of governments, business leaders and elite groups strongly favor capitalist globalization.

The absence of legitimacy

The constitution of the WTO is unambiguous. The role of the organization is to introduce international free trade in all economic sectors where there are at least two possible competitors. This includes culture, health, education, public markets, and biotechnology. In other words, the WTO seeks to impose the world dictatorship of the trading order.

This objective is obviously not easy to reach. In many countries, the balance of forces between the classes prevents governments from destroying the public health or education systems. For this reason, the WTO was endowed with powers that go beyond the rules of classic bourgeois democracy. When they ratified the creation of the WTO, parliaments gave up, without any public debate, some of their essential prerogatives. The constitution of the WTO stipulates that national laws must conform with WTO regulations. So this unelected and unaccountable body has become a source of supra-national legislation.

The decisions of the WTO have the power of international treaty (ie superior to national laws). Until now, for almost all countries, international treaties have been exceptional political events. Their wording has often been discussed in detail in national parliaments. In many countries, international treaties must be ratified by a special majority of members of parliament. But the WTO was created

with a book of blank cheques; its regulations — whatever they are — will be binding on every member country.

Furthermore, the WTO merges the legislative, the executive and the judicial within its Dispute Settlement body (DS). The Dispute Settlement body is an internal institution of the WTO, which has the powers to judge conflicts among member countries, and impose sanctions, in particular financial sanctions. For example, it legalized the example "cross retaliations" of the US against EU luxury goods, after the EU refused to import hormone-treated beef from the US.

What is at stake here, is not just national sovereignty, but the role of politics, and the sovereignty of the people, whether it is manifested in the context of a country, a group of countries or on the international level. What the WTO challenges is the right of populations to decide on governmental orientations in relation to their own political, social, health, cultural, economic or environmental priorities.

The devastating consequences of neoliberalism explain why the fight against the WTO has mobilised such a wide range of social, civilian, cultural and environmental resistance.

A new mode of domination

The WTO rapidly became one of the key institutions of capitalist globalization beside the IMF and the World Bank, the G7 and NATO. It is a powerful organisation, but it also faces great difficulties. The stakes for the current round of negotiations are considerable. Success is far from being reached. The Seattle summit was held at a moment when, after years of unchallenged ideological supremacy, neoliberalism was profoundly shaken by the financial crises of 1997-1998.

The emergence of a new world order is proving less natural and smooth than the advocates of liberalism had expected!

Neoliberal globalization represents a new stage in the internationalization of capital, in the structuring of the global market. The dynamism of the process is reflected in the series of industrial and banking mergers in recent years; and the ongoing reorganization of the planetary space with the (uneven) consolidation of peripheral zones, the three poles of the imperialist triad, and the complete abandonment of vast territories, particularly in Africa: From an imperialist point of view, direct territorial control has lost some of its importance.

Globalization does not only operate in the commercial, industrial and financial areas. It expresses and requires deep social re-compositions. Within the ruling classes, we can see the weakening and the marginalisation of several traditional elite groups. And the oppressed classes are threatened by profound processes that make our lives more precarious and our identity more fragmented.

Globalisation is also reorganising the equilibrium between the centers of economic, political and military power at the national, regional and international level. It is assigning new roles to global institutions — most of which were created after the Second World War. UN bodies like the ILO are increasingly marginal. The new international order implies a new global mode of class domination.

Neoliberalism only took a planetary dimension 10 years ago, with the fall of the Berlin wall its most potent symbol. Over the last decade, the IMF asserted its authority over Eastern Europe, the WTO was born, NATO began its eastward expansion and proclaimed its permanent, global vocation, and the G7 began to redefine its powers.

But this decade has already produced the first major crisis of the process of capitalist globalization. The crisis sheds light on the economic, social and political contradictions of capitalist globalisation, and shows how uncertain the stabilization of the new mode of bourgeois domination remains.

The financial crises

The markets have again become euphoric. But the lesson from the financial crises of 1997-1998 should not be forgotten. In just 18 months, crisis hit Thailand, and then a significant part of East Asia, then Russia, Brazil and a part of Latin America, before touching, with the pension funds issue, the "systemic crisis" at the United States itself. Mechanisms that were initially supposed to reassure financial markets played a destabilizing role, because of speculative capital and the big shareholders in the stock market. Nothing is really regulated any more. With the suffocation of the previous models of development, the capacity of contemporary capitalism to consolidate its productive and social base is at stake. Do the shareholders make the right decisions for the future of the system? Do they care? Do they know?

In 1997, the advocates of neoliberalism considered the Asian crisis an opportunity for western capital to rapidly penetrate desired markets

(particularly South Korea) by purchasing at low prices firms and banks near bankruptcy. Things didn't quite work out that way. The IMF continued to play the role of the sorcerer's apprentice, as it had done in 1998, during the fall of the Indonesian dictator Suharto and the opening of a major regime crisis in one of Asia's key countries (and the world's fifth largest society). The authority of the IMF collapsed even further when its links to the Russian Mafia were exposed.

These events aroused defense reactions from part of the dominant classes in the global South. The Malaysian regime took on an arm wrestling competition with the IMF, by imposing control over capital movements. In November 1998, the Asia-Pacific Economic Conference (APEC), revealed itself incapable of stimulating another wave of trade liberalization. Some

Brazilian states entered into open dissent over their debt interest payments. This type of elite resistance to ultraliberal dictates is increasingly visible with the WTO negotiations.

The institutions of the new world order tend to limit considerably the social margin of maneuver of national bourgeoisies. Proven models of domination are denounced in the name of free-trade, competition or budget austerity: Western Europe's historical compromise between the classes, Latin America's populism, Africa's redistributive clientelism and Asia's state interventionism. The IMF and the WTO propose a single, undisguised law for financial, industrial and commercial areas, a particularly cride mode of domination, that can only function in the absence of sizeable collective resistance.

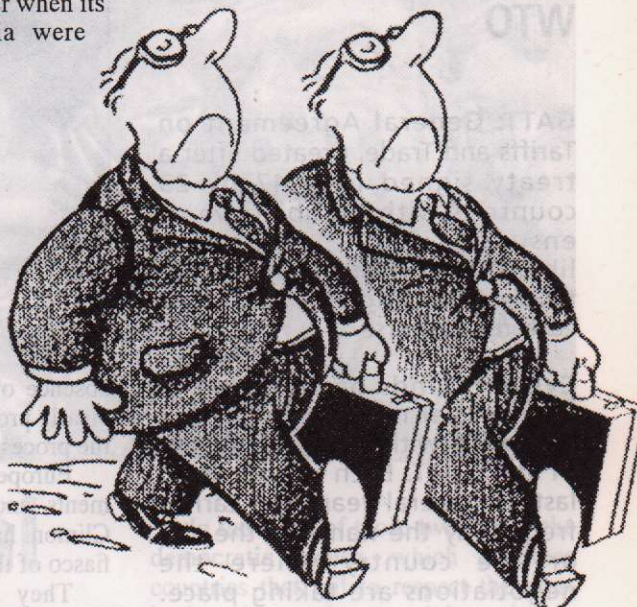
Collective resistance

In many countries, trade union, social and democratic movements were significantly weakened over the 1990's. But not enough for the needs of the new world order.

The victory won against the MAI in October 1998 was short and touched only a small number of countries (Canada, the US, France). It did not give rise to important street demonstrations, but it did involve a representative range of organizations. Under this

pressure, the French government was the first to decide to break ranks and to withdraw spectacularly from the negotiation at the heart of the OECD, while proposing to resume talks at the WTO.

This victory (of course temporary) was won much more easily than we expected at the time. Our success came about because of the already significant



Glossary

APEC: Asia-Pacific Economic Conference

DS: Dispute Settlement body (at the heart of the WTO)

G7: The Group of the seven richest countries (USA, Canada, Japan, Germany, Britain, France, and Italy). Sometimes meets as "G8", with Russia.

GATT: General Agreement on Tariffs and Trade

ILO: International Labor Organization (the UN body that elaborates and promotes labor standards)

IMF: International Monetary Fund

MAI: Multilateral Agreement on Investment

NATO: North Atlantic Treaty Organization

OECD: Organization for Economic Cooperation and Development (the group of industrialized countries)

UN: United Nations

WB: World Bank

WTO: World Trade Organization

disagreements between the governments of the North, intensified by the financial crises. But also because the MAI expressed the domination of the multinationals so brutally that it became publicly indefensible. The

From GATT to the WTO

GATT: General Agreement on Tariffs and Trade. Created after a treaty signed in 1947 by 23 countries with an objective of ensuring a continuous liberalization of international trade, starting by lowering customs barriers.

Cycle: Rounds of multilateral commercial negotiations were organized within the framework of the GATT. Each round could last for several years and carries frequently the name of the city or the country where the negotiations are taking place. Each was more long and complex than its predecessor.

Uruguay Round: The name of the latest round of negotiations realized within the context of the GATT. It started in 1986, and ended in 1993. Given the wide scope of issues tackled, it was meant to be the most ambitious. It imposed a new wave of liberalization in trade of goods and services, but didn't nevertheless conclude negotiations in a series of areas (textiles, financial services, etc.).

Marrakesh Accords: Signed by 120 countries on April 15, 1994, and then by 1278 at the end of the year, and by 134 in February 1995. These accords concluded the Uruguay Round and decided upon the constitution of the WTO.

WTO: Replaced GATT after ratification of the Marrakesh Accords. It included 112 members and 40 observers on December 13, 1995; 135 and 30 observers today. The Seattle Conference was the third WTO Ministerial Conference (after Singapore in December 1996 and Geneva in May 1998.)



absence of democratic legitimacy was clearly proved to be an Achilles' heel of the process of capitalist globalization.

Europe's social democratic governments and (to a certain extent) Bill Clinton have tried to learn from the fiasco of the MAI.

They sing about the need for "transparency", the need to "contain" the "understandable anxieties" of anti-WTO demonstrators, and invite us to "dialogue between governments and civil society".

Every politician's speech is filled with references to solidarity, justice for the third world, and cultural, and ecological preoccupations. This is a great smokescreen, in order to hide the essential: the pursuit of the process of economic liberalization and democratic dispossession.

Pascal Lamy, EU representative at Seattle, said it quite clearly: Yes to the

liberalization of trade in all directions, with only certain restrictive clauses on the respect of cultural diversity, precaution in health and environment issues and a dialogue with the ILO about minimal social standards. Free trade should remain the rule and derogation (by definition provisional) the exception.

The European Union requests with particular vigor the widening of the competition areas of the WTO. This is of course one of the main things demonstrators are opposed to. There is a real ideological counter-offensive underway.

The major media are arguing a kind of social liberalism ("better have rules at the WTO than not have rules at all"). But the disgraceful media coverage of the Seattle developments (where violent protest movements rejected offers for "dialogue") is failing to convince people.

Capitalist globalization tears up the social tissue and weakens popular classes by generalizing precariousness: it seeks to destroy collective rights acquired over the past struggles and to replace them, at best, by elementary strings of security targeted and individualized.

But it also creates conditions for new solidarities: International institutions spread the same neoliberal policies in all fields, all environments and all parts of the world.

The ongoing campaign against the WTO is destined to last at least as long as the Millennium Round itself. It gives us the opportunity to unite these new global solidarities, to enliven a new internationalism. ★





Social clauses, social resistance

Denis Horman*

The demand to incorporate social, environmental and democratic clauses into international trade relations has been put forward, particularly in the north, by employers' associations and States as well as by trade union, social and non-governmental organizations.

The elements feeding the debate over social clauses basically fall into two categories. Firstly, we have the notion of "social dumping" (so-called unfair competition), which is related to the difference in labor costs between certain geographical zones. To the extent that countries in the south and east benefit from unjustified competitive advantages because of low wages and less advanced social protection systems, it would be fair to implement a tax aimed at eliminating all or part of this unjust "advantage".

Some are quick to identify "social dumping" as a major cause of the development of unemployment in

industrialized nations. In the employers' world of the north, the sectors most vulnerable to imports of products manufactured at extremely low labor costs (e.g. textiles, clothing and leather) are most likely to advocate social clauses.

Trade union and humanitarian organizations that back social clauses aim above all to impose the obligation of guaranteeing the fundamental social rights (trade union rights, the abolition of child labor etc.) defined by the International Labor Organization (ILO). Developing countries are, in fact, the first to be targeted by the demand for social clauses.

The International Confederation of Free Trade Unions (ICFTU) nonetheless insists upon the dual objective of the social clause: to impose respect for fundamental human rights and to prevent unscrupulous companies from obtaining competitive advantages.

The "environmental clause" plays exactly the same role. The implementation of this type of clause is intended to block the trading of goods and services whose components or manufacturing processes are incompatible with the sustainable management of the environment.

In the wake of those two comes the democratic clause, which punishes countries that fail to respect the most basic rules on human rights, placing them on trial in the international market.

Union and humanitarian organizations, which are more particularly sensitive to the intolerable situation of child labor prevailing in the world, propose the creation of an international social fund or a solidarity bank. These would be fed by customs taxes imposed on countries that violate the norms established by the International Labor Organization, and the money would be refunded to those same countries for use on development programs.

Since the ILO has no system of sanctions whereby it can oblige countries to respect its conventions, international trade union organizations have suggested the creation of a joint consultation system involving the ILO and the WTO, which would be capable, where necessary, of imposing retaliatory trade measures on recalcitrant nations.



The Fundamental Questions

There are clearly a number of questions underlying the debate of and proposals linked to social clauses. This is particularly true for those operating within a process of international solidarity, social transformation and a response to the common interests of workers and populations in the north, south and east of the planet.

How are we to battle against unemployment and the relocation of businesses? How are we to preserve and strengthen the basic social rights, freedom of association and negotiation and the prohibition of child labor...?

Would the application of trade sanctions — aimed primarily at Third World nations — under the aegis of the World Trade Organization contribute to achieving a fair, equitable and adequate solution to these problems?

Within the framework of today's global power relations, is there not a risk that the introduction of social, environmental and democratic clauses would weigh more heavily on the

workers and the people?

The real debate here is about intervention and conditionality. The right to social intervention or economic protectionism for social ends is advocated by some trade union organizations *vis-à-vis* states in the south and east that tolerate social dumping and the failure to respect ILO norms.

But might not such a measure risk obscuring who is truly responsible for unemployment and poverty in the north, the east and the Third World? That is, the powerful financial and economic groups (particularly transnational companies: TNCs) that operate worldwide. Might we not unwittingly be guaranteeing the reinforcement of economic protectionism to the detriment of the so-called developing nations?

Would we not also risk covering up the overwhelming responsibility of institutions in the north — be they financial (IMF; World Bank), economic (WTO) or political (G7) — for widespread poverty in the Third World?

Finally, does not such an attitude tend to place workers from different sectors, regions and countries at loggerheads with one another by provoking or exacerbating competition between them?

The debate over social clauses to some extent returns us to the basic question: how, today, are we to strengthen solidarity among workers, unions, social organizations and the populations of north and south? What should be our purpose in developing this solidarity?

Social Dumping

Social dumping, which is associated with low labor costs, must be considered with reference to unit labor costs and, therefore, to productivity.

It would be hazardous to talk about "unfair competition" when the difference in wage costs among local producers in the south and east (but also the north) is combined with much lower productivity levels than those achieved by multinationals or their sub-contractors.

In the case of local businesses, low wages essentially reflect a difference in productivity levels and any tariff measures (customs taxes) or non-tariff measures (cap on import quotas) would merely serve to reduce the sales of southern nations, possibly wiping them out entirely in the event of an across-the-board leveling in wage costs.

On the other hand, if Nike and Adidas out-source 99% of their production to Asia, it is clearly because the pitiful wages paid to Asian workers easily balance out high productivity. Relations between multinationals and their sub-contractors — particularly in the Third World — highlight the responsibility of those companies for social dumping. The sub-contractors must answer for production risks and are systematically forced to seek out the lowest costs. That causes the frequent displacement and relocation of production, and, at the same time, multinationals are more than willing to resort to blackmail, intimidation and the repression of trade union activities.

Sub-contractors are, likewise, forced to violate local legislation and ILO norms, despite the "codes of good conduct" adopted by Nike and other global companies.

Any debate of social, environmental and democratic clauses must consider the economic, political and institutional context; it cannot occur outside the context of the globalization of capital — of "excluding" globalization. This is characterized above all by cutthroat



competition among the great industrial groups, first and foremost the transnational companies of the Triad nations (the European Union, North America and Japan). One way or another TNC's, particularly the top 200, control more than 70% of global trade and investment. Globalization is largely conducted via a selective integration process in a globalized world market.

The Protectionism of the Rich

"Transnational companies and firms in the Triad countries are interested only in selective relations applying to a limited number of Third World countries. Some nations are still, now and again, required as raw material sources (although this is less and less frequently the case). Others — largely because of the concentration of trade capital — are attractive as bases for relocated sub-contracting involving very low wage costs. A very small number of other countries are targeted for their potentially enormous domestic market (China, for example). Nonetheless, excluding these specific cases, Triad companies need markets and absolutely do not require major industrial competitors..."¹

The social clause that is advanced under the guise of good intentions and aims to stop social dumping can, in fact, serve to justify the worst form of protectionism: the protectionism of the rich.

This protectionism is already alive and well. Indeed, the United Nations Development Program (UNDP) denounced it in the clearest possible terms in a 1992 report. "20 out of 24 industrialized nations are generally more protectionist than they were ten years ago and their protectionism is exercised largely to the detriment of developing countries... Overall, we can estimate that world market restrictions cost developing countries approximately US\$500 billion a year. Those \$500bn in losses are equivalent to around 20% of the global GDP of developing countries and represent seven times the amount such nations currently allocate to spending on priorities related to human development."²

If there are social, ecological and democratic clauses to be applied, if we are to adopt retaliatory measures to combat unfair competition and the excessive exploitation of labor, these should first and foremost be applied to transnational companies. Why? Because it is they who control more than 70% of global trade and investment, they who constantly relocate

from one place to another, they who systematically force their sub-contractors to seek out the lowest production costs, they who practice trade union repression in industrial free zones.

Social Clauses and Fundamental Social Rights

Trade union, social and humanitarian organizations advocate social clauses mainly on the basis of fundamental human rights and are concerned about obtaining effective tools and constraints that would make it possible to impose respect for fundamental social norms. Those include ILO conventions, freedom of association and negotiation, the prohibition of child and slave labor and the elimination of discrimination on the grounds of race, sex, religion or political opinion etc.

At this point, it is important to draw a distinction between social norms and social clauses.

The WTO and Social Clauses

Social clauses are related to trade agreements and, by extension, involve

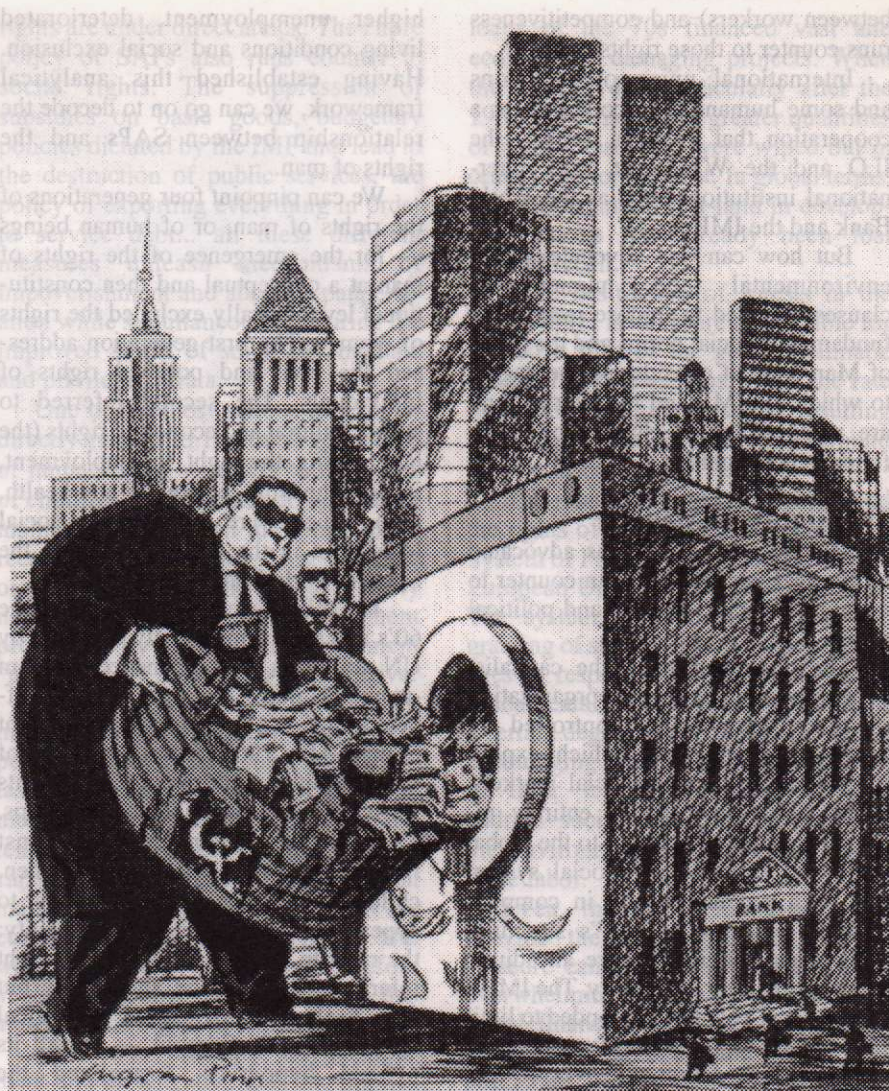
the competence of international bodies like the World Trade Organization (WTO).

In a joint declaration the three international union organizations (ICFTU, CMT and CES) proposed the establishment of a joint ILO and WTO consultation committee to implement social clauses. If, as the ICFTU document emphasizes, a country proves unwilling to respect the principles enshrined in ILO norms then "The WTO may decide upon an appropriate multilateral trade response".³

This poses the problem of the function, role and legitimacy of the WTO as a guarantor of fundamental social rights.

How can the WTO — the executive arm of liberal dogma — do both one thing and its opposite? How can it, on the one hand, attack all obstacles blocking "the free play of competition" and at the same time regulate that very matter?

How can it consider the economic, social and cultural rights of individuals and peoples when all the "logic" of competition (including competition



★ social clauses

between workers) and competitiveness runs counter to those rights?

International union organizations and some humanitarian bodies favor a cooperation that involves not just the ILO and the WTO, but other international institutions such as the World Bank and the IMF.

But how can one advocate social, environmental and humanitarian clauses intended to impose respect for fundamental social norms and the rights of Man without considering the degree to which the IMF and the World Bank are responsible for challenging those fundamental rights?

The Rights of Man

Macroeconomic reforms advocated by the IMF and the WB run counter to economic, social, cultural and political rights.

The globalization of the capitalist economy is guided by a reorganization of direct investments controlled by leading multinationals, which exploit the liberalization of financial markets. These direct investments entirely reorganize labor, adjusting it to the global scale and placing each social system and each productive unit in competition, in rivalry. The IMF's structural adjustment policies involve an adjustment to precisely that reality. The IMF's "regulatory" role is not intended to limit the power of speculative financial markets, but rather to oversee the financial policies of developing nations.

It is common knowledge that, since the Mexican debt crisis of 1982, the function of the IMF and the World Bank has been to place debtor nations in the south and east under tutelage — in other words to deny their sovereignty.

Structural adjustment programs (SAPs) involve the adjustment of poor countries to rich countries' demands. More precisely, they involve the adjustment of poor populations in poor countries to the demands of the reorganization of direct investments controlled by major international economic groups.

This adjustment also occurs within poor countries, where the poor or pauperized strata are obliged to adjust to the demands of the well-to-do classes that benefit from this new dependency.

This adjustment occurs in a context where entire sections of the world economy are becoming disengaged from the program of exchange; within a context of excluding globalization.

The same mechanisms operate to some extent throughout the world. In the north, south and east alike they translate into lower standards of living,

higher unemployment, deteriorated living conditions and social exclusion. Having established this analytical framework, we can go on to decode the relationship between SAPs and the rights of man.

We can pinpoint four generations of the rights of man, or of human beings — for the emergence of the rights of man at a conceptual and then constitutional level initially excluded the rights of women. The first generation addressed the civil and political rights of individuals. The second referred to social, cultural and economic rights (the latter being the right to employment, income, housing, education and health, etc.), which were enshrined in social legislation in the period following the Second World War.

The third generation emerged in the 60's and was symbolically baptized by UN resolution 1514 against colonialism — at which point the right to the self-determination of peoples became a right of man. After 1968 came a new series of UN resolutions addressing new rights for both individuals and social groups. These included conventions against racism and for the rights of women, children, etc. The last generation to appear was a kind of right of humanity: the right to survival. This type of right refers not just to food and energy but also to broader, so-called ecological issues. The Rio Summit — for all its official hypocrisy — formalized the recognition of this new type of right.

These four generations of rights

cannot be dissociated from one another.

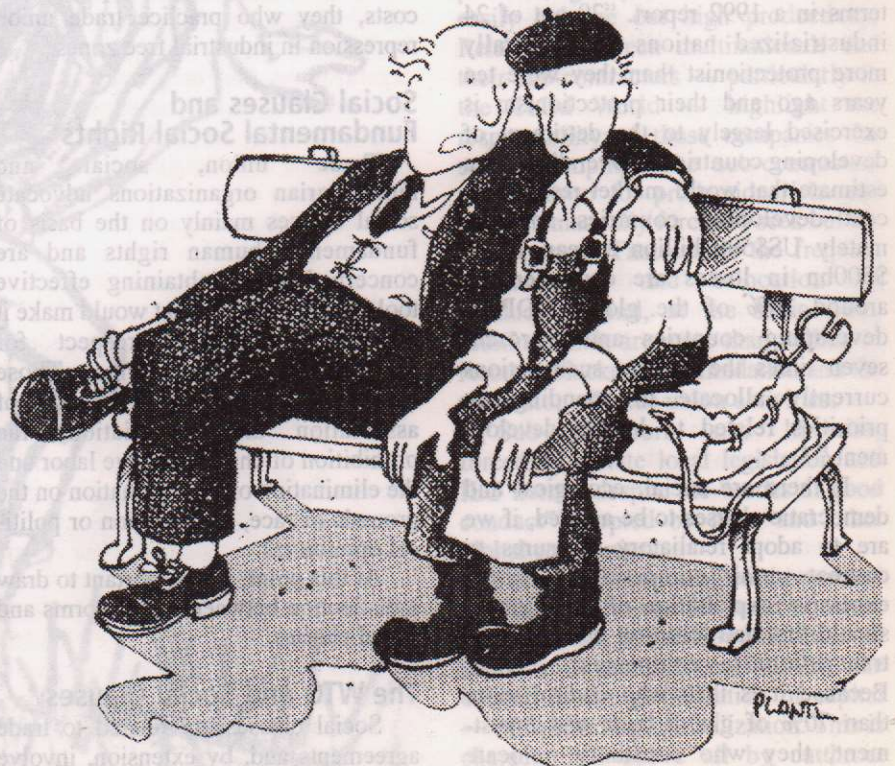
"Structural Adjustment" and Respect for the Human Person

If we measure the SAPs implemented by the IMF (in coordination with the WB) against the yardstick of these different generations of rights of the human person, we rapidly notice an intrinsic contradiction between respect for those rights and the policies spearheaded by the two specialist UN institutions.

One by one, these rights are demolished as a result of the direct and indirect effects of macroeconomic "models" proposed by the IMF and applied under the constraint of conditional loans. (The application of SAPs is among the conditions required in order to obtain access to IMF and WB loans).

First and foremost, it is vital to observe that in the discourse of the IMF, the WB and indeed G7 (the group of the world's seven most powerful nations) there is a separation between individual rights (freedom of expression, association, elections etc) and social rights.

The concept of "good governance" that is among the stipulations for obtaining access to loans in fact relates to the priority of respect for individual rights — a respect that is, moreover, completely superficial. "Free" elections, for example, are supposed to give concrete expression to this type of right. Social rights, in contrast, are ends to be achieved at some non-specified date, or once the SAPs have been properly



applied. However, it is difficult to discover the genuine criteria of a proper application.

With regard to individual rights, it is interesting to note that both the IMF and the WB function on a poll-tax style system. Their internal functioning (decision-making power) is based on the financial contributions of member countries, where "one dollar equals one vote". As a result, 49 African states jointly account for a lower percentage of votes than the 5% or so controlled by Belgium. Nine countries — the most industrialized nations — wield 56% of voting rights within the IMF's group of 24 administrators. The United States, the world's most indebted nation, controls around 20% of votes in the IMF and the WB.

This type of system is, therefore, a negation of the right to self-determination; a third-generation right that enjoys UN recognition. In addition, this regime implies that SAP managers are not responsible; that, in other words, the IMF and the WB are in no way answerable to countries that are placed under structural adjustment. The two institutions are even less likely to be called into question since their programs and projects are not subject to independent auditing or critical assessment.

The socio-economic effects of SAPs mean that excluding globalization leads to the brutal marginalization of entire strata of the population, which are, de facto, excluded from exercising civic and political rights.

The existence of one billion illiterate people, of whom 840 million are Third World adults (2/3 of them women) indicates that civil and civic

rights are under direct attack. The entire policy of SAPs also runs counter to social rights. The suppression of subsidies on basic goods, budgetary policies dictated by the IMF that lead to the destruction of public services, the policy of exporting everything in order to service debt... all these different measures unleash mechanisms of impoverishment and absolute pauperization while simultaneously ensuring the improved status of some intermediate and privileged strata.

One of the most serious aspects — directly related to the third generation of human rights — refers to the rights of children. It is common to hear about malnutrition and even the World Bank recognizes its existence. This, the same organization that talks about "safety nets" to curb the impoverishment provoked by structural adjustment "nets" that are by and large ineffective.

Still more seriously, under-nourishment or malnutrition that lasts for a period of three or four years has a long-lasting, intergenerational effect. The most elementary right to future existence is threatened by the loss of capacity at all levels that is inflicted on malnourished children. The effects are cumulative and long-term in nature. But what IMF official will be called before a rights tribunal to answer for this attack on the rights of children?

SAPs also influence the environment and urbanization and this implies an attack on the final generation of the rights of man, of humanity: the right to survival.

Structural adjustment programs set up by the IMF and the WB have added to the constraints weighing upon already fragile eco-systems.⁵ The heavy

loans of the 70s financed vast and ecologically damaging projects. When the bill fell due, particularly after the 1982 debt crisis, even greater quantities of natural resources were wiped out in order to honor the debt. In global terms, 43% of original forest-land in developing nations has already been lost beyond recall.

"The destruction of forests in the Third World is therefore responsible for around a fifth of the general climatic change that threatens us, while the rate of greenhouse gas emissions resulting from deforestation has risen around 50% in just ten years".⁵

The relationship between SAPs and the rights of man casts the Generalized System of Preferences advocated by the European Union in an interesting light. The system aims to subordinate the granting of supplementary trade advantages to respect for some of the ILO's fundamental social norms. These are, to a certain degree, social clauses aimed at encouraging southern nations to include in their legislation measures that address social protection, respect for the environment and the abolition of slave labor.

Even the good intentions that provide the basis for this type of measure cannot, however, obscure the overwhelming responsibility of international financial and economic institutions, multinationals and neo-liberal politicians for the violation of fundamental social rights.

Social Norms, Mobilization and Legislation

Efforts to impose respect for the ILO's social norms or to try and protect employment by implementing clauses

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★ social clauses

that involve trade sanctions are not necessarily the fairest, most equitable and most suitable solution. It is a brief step from "protectionism for social ends" to a tactical alliance with bosses to defend "our" businesses, and sooner or later that can only lead to even greater social regression in our own countries.

Similarly, boycotting measures or sanctions imposed on southern or eastern nations risk affecting only the populations of those countries.

Clearly, we cannot entirely exclude the option of boycotting or sanctioning countries or indeed companies. The main point here is that these measures should be decided upon and implemented in response to demands by trade union and social protagonists within the affected companies and nations. There are no magic short cuts: social and legal advances in the south, east and north alike will be achieved first and foremost through social mobilization.

In a largely internationalized economic system, any social regression in one place is exploited by the dominant players and frequently brings with it a generalized retreat, which is justified by the drive for competitiveness — and there's no knowing where that race will end.

What we do know, however, is that it bears the logic of war: "If you are not competitive enough there will always be someone else who will do your job for a lower wage, with more flexible hours and under more wretched working conditions.

The well being of some is based on the misery of others and the enforcement of competition in fact leads to an overall deterioration. Any social advance — be it in a business, a sector or a country — that addresses wages and working conditions, trade union freedom or the minimum age of workers can only benefit workers in other businesses and other sectors, as well as people in other countries. It can only help bring about a shift from power relations to cooperative relations.

These social advances imply the freedom of organization of workers and social movements; international solidarity between social and humanitarian movements; a coordination of actions between democratic and progressive organizations. Mobilizations are very closely linked to legal and legislative advances, with the former frequently providing the base for the latter.

If it is important to encode the fundamental rights of people and



peoples in international charters and agreements, it is still more important for progressive, political, trade union and social organizations to arm themselves with autonomous and independent tools for exercising genuine social control.

The issue here is the possibility of a counter-power that could conduct fact-finding missions, denounce situations of injustice and mobilize to impose the application of and respect for fundamental rights. For example, a denunciation of the orientation and practices of the IMF and the WB could take on an immense mobilizing power if it drew on facts, investigations and evaluations provided by an independent counter-power supported by organizations of social resistance. International solidarity associations bear a particularly heavy responsibility for the establishment of this counter-power in terms of the demand for transparency and the exercise of democratic control.

Paving the Way for Durable Development

As the 20th century ends, our societies boast the technical, scientific, financial and human capacity to ensure the minimal and indispensable well being of all of the planet's inhabitants. Nonetheless, the capitalist economy — for all its self-proclaimed victory — daily fails to satisfy the most elementary

needs of humanity, is unable to make all the potentialities of technical progress bear fruit.

The aim is to achieve a society based, not on private profit, but on the satisfaction of basic needs. There are no magic short cuts to achieving this end. We have to break with neo-liberalism, starting with the preparation and implementation of proposals and alternative routes.

We could begin to pave the way for durable development, for example, by demanding the cancellation of Third World debt, by ending the "structural adjustment" programs and by allowing poor nations a minimal disengagement from the world market. We could use the Tobin tax applied to vast fortunes to feed a development fund, we could shore up social movements by way of genuine agricultural reform.

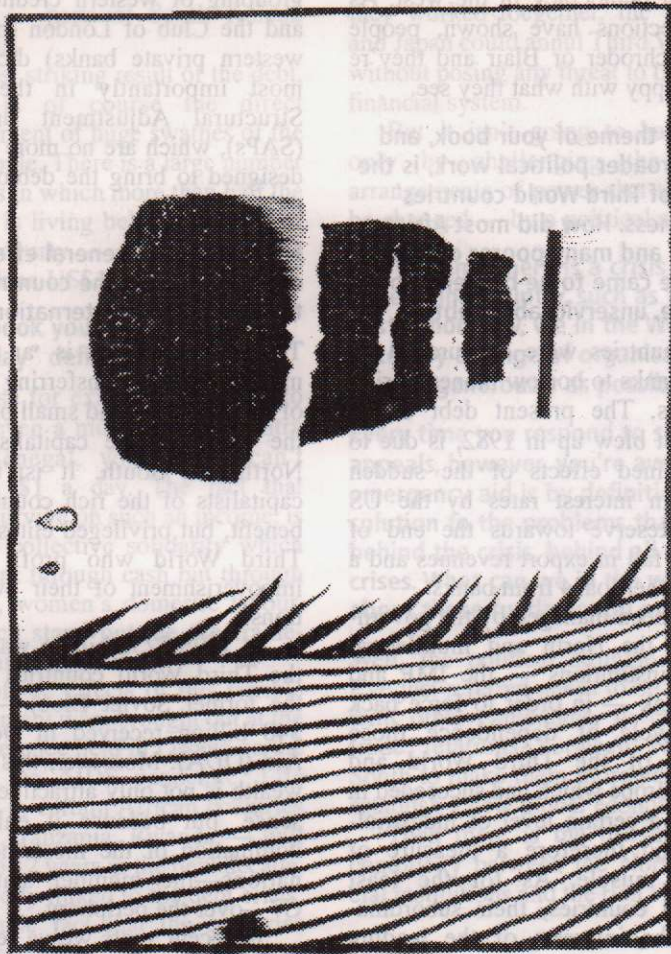
It goes without saying that that this will require the establishment of a new relationship with the south; a relationship based on solidarity, social justice and the interests of local populations.

This implies that union and social movements in the north must engage themselves fully in the responsibility of undermining this region's neo-liberal citadels. ★

*Denis Horman, is a journalist and economist whose major publications include: *World Trade, a Social Clause for Employment and Fundamental Rights?*, Ed. Luc Pir-CETIM, 1996; and *Globalization and Social Rights, The Social Clause under Debate*, GRESEA (Groupe de recherche pour une stratégie économique alternative), 1997-1997.

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The debt bomb

In his new book **Your money or your life**, Eric Toussaint describes the way in which third world debt increases the power of imperialist states and multinational corporations.

This interview was first published in **Spectre** magazine

• One of the issues discussed in your book is the increasing concentration of wealth in fewer and fewer hands. You say that in 1996, the richest 348 people in the world owned one thousand billion US dollars; two year later, the richest 200 had that much money. Is it some inherent feature of the system, or is it something new and dysfunctional?

Eric Toussaint: If there was a sort of world government capable of defending the general interest of capitalism, this concentration of wealth, which of

course is just a tiny part of total global demand, would be condemned as something that goes against the general interest of the capitalist system.

But there is no such government, no central management of the system. On the contrary, capitalism is a mode of production which is, to some extent, anarchic in its functioning. Global impoverishment poses problems for the rate of growth, by putting a brake on the realisation of the value of the sum of goods produced. But this does not stop each capitalist from pursuing his or her own immediate interests, which include the reduction of wages. The result is that each individual capitalist contributes to this impoverishment.

In addition, the capitalist seeks advantage in the competition with others, and this can lead to concentration of ownership, hostile takeovers and so on. The resulting oligopoly (domination of the market by a few firms) can also be

against the general interest of capitalism — for example, it can reduce the capacity for technical innovation.

So, your question touches on one of the system's great contradictions, between the interests of each individual and the general interests of capital.

• 25 years ago capitalism seemed far less ideologically monolithic than nowadays. How can we explain the triumph of neoliberalism, its absolutely dominant position in mainstream political and economic thought?

Since the turning point in the system around the early 1970s we have seen an enormous offensive from capital. It is on the back of this offensive that the neoliberal idea has come to dominate. Earlier there were different schools of economic thought. But today, if you call yourself a Keynesian, you're considered almost a revolutionary. You're marginalised, in the universities and the media.

The neoliberal school existed long before it became popular. It was eclipsed during the Great Depression, when interventionism came back into fashion. But during those years of marginalisation, thinkers like Hayek and Friedman, the "Chicago school" people and the Montpelerin Society, continued their work in preparation for the counter-offensive they knew would come. With the reversals of the 1970s, and above all the victories of Thatcher and Reagan, neoliberalism made its comeback.

Now, however, it's entering a new crisis, because the economic model which it advocates is itself in crisis. The rate of growth in the industrialised countries remains very low, and the South East Asian countries which are supposed to be its big success are experiencing huge problems. In three great regions of the world where we had been told that the neoliberal model has triumphed—Latin America, Central and Eastern Europe, and South East Asia—we have witnessed crises of the system.

Public opinion is increasingly calling into question the model and the tenets upon which it's based — for example, the idea that private enterprises are necessarily more efficient than those in public ownership.

All these privatisations have shown this to be untrue, while it is also evident that privatised concerns have lost any commitment to public service. People see the need for renewed regulation by the state.

We've seen such economic instability, the growth of speculation,

★ the debt bomb

the collapse of a number of important finance houses. Moreover, in this last case governments have intervened to prevent an individual instance of instability mutating into a full-scale systemic crisis — an example was when the US central bank, the Federal Reserve, used direct, authoritarian methods to rescue the hedge fund Long Term Capital Management.

A true neoliberal would have said, let it go bankrupt, the state should not intervene, the market must decide who sinks and who swims.

A lot of people began to think, well, these people don't respect their own principles, and if they don't respect them when it comes to rescuing rich investors why not drop them when it's a matter of the common interest, of the good of humanity?

The result is that a growing section of the world's population is returning to the view that the fundamental elements of life — water, air, the general environment, the food supply — are public goods, not private goods.

They are blaming privatisation, deregulation and so on for mad cow disease, for the dioxin scandal, for all kinds of environmental degradation, for exposing us to the dangers of genetic manipulation of foodstuffs.

More people are convinced that the general interest would best be served by such matters as water distribution being brought into public ownership, or that public bodies should regulate the distribution of food.

This represents the return of a socialist way of looking at things, even if the term 'socialist' remains discredited in many people's eyes by the experience of Stalinism in the east

and social democracy in the west. As recent elections have shown, people look at Schroder or Blair and they're not too happy with what they see.

• **A major theme of your book, and of your broader political work, is the problem of Third World countries' indebtedness. How did most African countries and many poorer countries elsewhere come to be burdened by such huge, unserviceable debts?**

Poorer countries were encouraged by western banks to borrow money during the 1970s. The present debt crisis, which first blew up in 1982, is due to the combined effects of the sudden increase in interest rates by the US Federal Reserve towards the end of 1979, the fall in export revenues and a halt in further loans from banks.

It has been managed by the governments of the North and multilateral financial institutions — the IMF and World Bank — in order to force back into a cycle of dependence those countries of the Third World and Eastern Europe which had succeeded in acquiring a certain level of industrialisation and therefore a measure of financial muscle. As for the least developed countries, their subordination to the interests of the leading industrial powers has been enhanced.

Between 1982 and 1998, the countries of the periphery — that's to say those of the Third World and Central and Eastern Europe — repaid more than four times the total sum they had borrowed. Despite this, their total debt grew by precisely the same proportion.

International creditors — the IMF, World Bank, the Club of Paris (a

grouping of western creditor nations) and the Club of London (made up of western private banks) dictate terms, most importantly in the form of Structural Adjustment programmes (SAPs), which are no more than a tool designed to bring the debtor countries to heel.

• **What are the general effects of this debt burden, on the countries themselves, and internationally?**

The debt system is an enormous mechanism for transferring the wealth of wage-earners and small producers of the South to the capitalists of both North and South. It isn't only the capitalists of the rich countries which benefit, but privileged elites within the Third World who profit from the impoverishment of their own populations.

In 1998 \$250 billion was repaid by the Third World countries (excluding the former Soviet Bloc) — and only \$40 billion received in Development Aid (ODA). Moreover, this transfer of wealth is not only attractive in a direct sense, but because it enhances the domination of the most industrialised nations—the member states of the G7—over the periphery.

In recent years we've seen that, by reinforcing the debt, the G7 countries and the multinational corporations (MNCs) based in them have succeeded in forcing those countries which had created for themselves a certain space for manoeuvre — South Korea, Brazil, Mexico — to accept SAPs dictated by the IMF and World Bank.

Behind these SAPs you can clearly see the interests of western multinationals, which have been able, for

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example, to buy — acquiring it in dribs and drabs — parts of South Korean corporations.

The most striking result of the debt, however, is of course the direct impoverishment of huge swathes of the world's people. There is a large number of countries in which more than half the population is living below the level of absolute poverty — defined by the World Bank as US\$1 a day.

• In your book you criticise the "dollar a day" definition of poverty.

Yes, because for example if you go to Brazil, or even a much poorer country such as Senegal, you simply can't survive on \$1 a day. The fact that people do survive on such an income, is because of collective solidarity which doesn't work through cash but through mutual aid, women's domestic labour, things which stand outside the framework of market relations.

Some of the effects of this terrible impoverishment were brought out at the recent conference held in Lusaka on the subject of the AIDS pandemic. Life expectancy in certain African countries — Uganda, Tanzania, Rwanda — will fall by up to 12 years in the next decade. This is directly linked to the debt crisis, by the simple fact that the countries which have suffered most from AIDS have paid out, between them, four times as much in exterior debt repayments as they have been able to spend on addressing the crisis through health education or health care. Most people in these countries have no access to basic health care, yet the debt must be repaid. It's significant, too, that no G7 minister was present at this conference.

When the G7 met earlier this year in Cologne and was presented with a petition of 17 million signatures organised by the debt relief campaign Jubilee 2000 with the support of celebrities like the rock singer Bono, they had to come up with some response. But the media's attention moves on. When it comes to proposing concrete measures, these heads of state are nowhere to be found. Neither are the journalists.

• In the short term, what can and what should be done?

The debts must be annulled. In order to achieve that, however, we must create very different relations of forces than exist today. It wouldn't be hard for the system to annul Third World debts, because they represent only a small proportion of the world's total public external debt — about \$2,000 billion, compared to around \$6,000 billion of

debt of the EU member states. So, if they worked together, the EU, USA and Japan could annul Third World debt without posing any threat to the world's financial system.

But it isn't going to happen. It's only by challenging the existing arrangements of power that things will be changed — by a political struggle.

• Every time there is a crisis in a developing country, such as that in East Timor now, we in the West are asked by a range of organisations to give as generously as possible.

Every time you respond to such appeals, however, you're aware that emergency aid is by definition no solution to the problems that lay behind the crisis, behind all of these crises. What can we in the west do about those fundamental problems?

Well, the political struggle to which I've just referred needs to be combined with other campaigns, to change the trade relations between North and South to make them more equitable, to establish a new global economic order.

Then there is the question of the complicity between the North's financial institutions and the rich elites of the

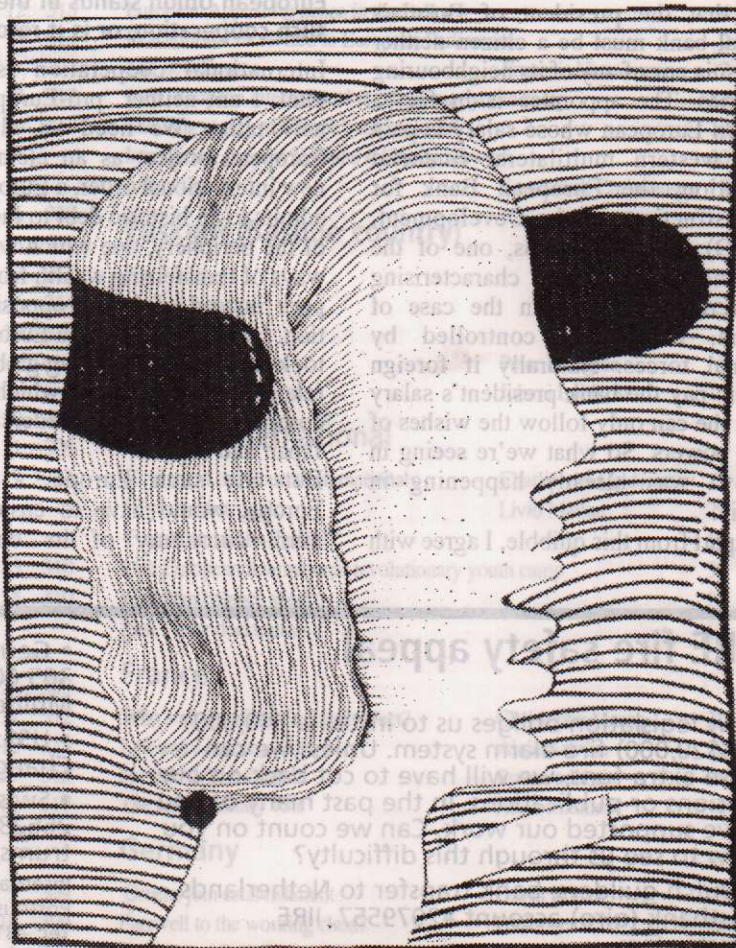
South. For example we need a public inquiry into the location of funds salted away in western banks or stock portfolios by Third World dictators and the capitalists who surround them, and a means of returning these funds, where they are the result of theft, to the peoples from whom they have been stolen.

We also a tax on capital transfers, something like the so-called Tobin tax. There are numerous proposals worthy of consideration.

A movement, ATTAC, has grown up internationally to campaign for such a tax, though it lacks support in Britain and other English-speaking countries, and is also weak in the Netherlands and, with the exception of Norway, in the Nordic countries.

At the moment it's strongest in the Latin countries of Europe, and in certain developing countries, notably Brazil, the Philippines and South Korea.

As an international campaign ATTAC can play an important role in unifying activists in different kinds of campaigns. The interests of international solidarity groups, feminists, environmentalists, trade unionists, people campaigning against unemploy-



★ the debt bomb

ment, are all touched by the failure to tax speculative capital and the resulting instability, the financialisation of the economy.

One important matter which ATTAC hasn't taken up, however, is the development of increasingly aggressive military alliances, principally NATO.

• We have seen force used recently, and a complete and unilateral redefinition by NATO of its role in the world. Are we facing a real threat of militarism? Some say that NATO's attack on Yugoslavia means that nothing will ever be the same again.

Well, I don't agree completely with that statement, but I would agree that the recent war reinforced the US position of leadership, its status as principal power at every level—military, economic, political...

This habit of military intervention to create or support states resulting from fragmentation of bigger states is leading to the existence of numerous nations whose fragility makes them easy prey for the multilateral financial institutions.

Look at the way in which the European Union and United States intervened in Bosnia — the turning-point was already evident. The Dayton Accords which ended the Bosnian War state that the president of Bosnia's Central bank must be a citizen neither of Bosnia nor of any of its neighbouring countries. The appointee is in fact a western European whose salary is paid by a western multilateral financial institution, the European Bank for Reconstruction and Development. (EBRD). In other words, one of the fundamental institutions characterising a sovereign state is, in the case of Bosnia, completely controlled by external forces. Naturally if foreign powers pay the bank president's salary he or she can only follow the wishes of these powers. So what we're seeing in Kosova was already happening in Bosnia.

Apart from this quibble, I agree with

your remark. Fundamental changes have taken place in the last few years which force us to reassess the question of how to combat these military alliances, force progressive opinion to make this one of our priorities.

Not only Kosova, but the Gulf War and armed attacks on Afghanistan and Sudan in 1998, all clearly show that if it believes that its national security interests are threatened, the US will not be restrained by any idea of respect for national sovereignty.

On this point, however, I want to make one thing clear. I do not believe that we should support the creation of a European army or reinforcement of European armed forces to put them on a footing to be deployed anywhere and everywhere in the world. We have to struggle against EU militarism as well as its US counterpart. We should be campaigning for the dissolution of military pacts, a graduated but total demilitarisation, an end to the arms industry, and the development of radical, peaceful solutions to conflicts.

• Because the same processes are going on in almost every country of the world, a response which attempts to organise across borders and other traditional barriers is imperative. Do you think the European Union stands in the way of such cooperation, or is it reformable?

International cooperation is indeed vital. I am neither 'pro-European' nor nationalist. We need an alternative European project as an element of a new international order, a Europe which admits to an historic debt to the peoples of the periphery, one which would find ways of transferring wealth from rich to poor instead of in the opposite direction. I would like to see a Europe which took sides against existing global power relations, instead of one which seeks to compete for global leadership with Japan and the US.

But any such Europe, a people's Europe, would have to ensure maximum autonomy of its constituent

peoples, suppressing international frontiers, but not national identities and different cultures. ★

— Eric Toussaint is Chair of the Committee for the Abolition of Third World Debt, based in Brussels and known by its French initials, CADTM. He was speaking to Steve McGiffen (*Spectre's* editor) and Marjorie Tonge.

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There are two English editions of *Your Money or Your Life: The Tyranny of Global Finance*.

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1999 Index

Africa

The World Bank's friendly face for Africa George Dor 22 310

Asia

Migrants and the Asian crisis Kakampi 19 310

Australia

East Timor's false friends Jon Land 18 310

Trade union solidarity with East Timor 29 312

Solidarity with East Timor 6 315

Victoria's left John Tully 26 316

Belgium

What about the straights? Carmen Saffo 24 308

Brazil

Showdown in Rio Grande Miguel Rossetto 2 307

The PT after the polls Jose Corrêa Leite 2 308

The victory in Rio Grande do Sul Eduardo Mancuso 3 308

Democratic and popular government in Rio Grande do Sul Mark Johnson 18 312

Inherited debt (document) 20 312

Participation, education Raul Pont 22 312

The "In defence of Brazil" campaign 24 312

People, party, and participatory budget Mark Johnson 23 312

Building the Workers Party Mark Johnson 15 313

Human rights and the people's government Mark Johnson 12 313

in Rio Grande Jean Dupont 14 313

The Socialist Democracy current Fernanda Estima 14 317

Report from PT Congress and Rosana Ramos 14 317

Socialist Democracy (DS) Congress Em Tempo 16 317

Socialist Democracy (DS) Congress -- 16 308

Safety at work Tariq Ali 15 311

Why the left says "No!" to NATO war BS 17 312

Anti-racist conference Veronica Fagan 16 314

The cost of left disunity Alan Thornett 16 316

Labour's rightward slide

Canada

Quebec's inertia Robbie Mahood 20 309

Quebec's left parties Marc Bonhomme 21 309

Quebec's left Marc Bonhomme 9 314

Chile Tariq Ali 33 310

Allende's experiment Alberto Pagán 34 310

Chile's bad memory

China

Human rights situation worsens Jun Xing 25 309

Capitalism in the constitution Zhang Kai 31 312

Is China really stable? Zhang Kai 18 313

Religious repression 27 315

Privatising China Lau Yu Fan 12 317

China

Colombia

Interview with FARC leader ("Tirofijo") 7 309

Manuel Perez: Priest, guerilla, Marxist Zbigniew Kowalewski 10 309

Road to peace Ernesto Herrera 6 309

Colombia

Colombia

Czech Republic

The Communist comeback Adam Novak 11 315

East Timor

4th International declaration 12 316

Forward to independence! 2 315

Socialist Party of Timor (PST) Max Lane 8 315

News update 12 316

Solidarity—Australia 6 315

Solidarity—Portugal 5 315

Solidarity—worldwide 7 315

Timor in the balance Jon Land 28 312

Economics

Debt and human rights Eric Toussaint 24 312

Southern Africa Jubilee debt summit 32 312

The fall of Eastern Europe Lázló Andor 27 314

The return of Keynes? Nicolas Benies 24 314

Social clauses, social resistance Denis Horman 23 317

The debt bomb Eric Toussaint 29 317

The world according to the WTO Pierre Rousset 19 317

European Union

EuroMarch summer school -- 7 308

Rebels for NATO? Tariq Ali 14 311

European left responses to Kosovo war François Vercammen 8 312

Europe's Social Democrats François Vercammen 8 313

European Appeal for peace in the Balkans 4 313

Revolutionaries elected to European Parliament 2 313

The new Europe Francois Vercammen 2 314

16th European international revolutionary youth camp 34 315

The long march of Europe's unemployed 12 315

Introducing the new Balkans solidarity network 30 316

Just in time? Søren Kirk Christiansen 7 317

Euskadi (Basque country)

See Spain

Finland

New left list Peter Lindgren 9 310

More of the same Juhani Lohikoski 10 311

Fourth International

60 years of the Fourth International Charlie van Gelderen 17 307

60 years of struggle Livio Maitan 29 308

Free Mumia Abu-Jamal! 19 311

16th European international revolutionary youth camp 34 315

A Balkan balance sheet 27 316

East Timor declaration 12 316

France

Who's afraid of the Solidarity Pact? Christophe Marcq 21 308

Left unity in Euroelections Alain Krivine 2 309

Far left "affirms" itself Rouge editorial 5 313

The revolutionary vote Alain Mathieu 4 314

Germany

Greens join establishment David Müller 10 313

Farewell to the working class? B. Zeuner 24 316

One year of Red-Green rule Winfried Wolf 20 316

★ 1999 index

The PDS: a "social home" for East Germans	B. Ramelow	23	316	Netherlands			
Greece				After partnership, marriage?	Peter Drucker	25	308
School in the streets	Andreas Sartzekis	4	309	"Tomato Party" victory	Barend de Voogd	10	315
Homosexuality				New Zealand			
Dossier on "gay marriage" — introduction and articles on France, Netherlands, Belgium, USA, Portugal		20	308	Students reject voluntary union membership	Zanny Begg	30	312
Iceland				Neoliberalism in NZ (book review)	Adam Novak	28	314
Left greens	Einar Olafsson	16	312	Norway			
India				Youth leads regroupment	Bertil Videt	17	311
Rewriting history	Achin Vanaik	12	307	Red vote	Bjarke Friberg	18	316
Health and safety		29	309	Obituaries			
Furore over Fire	B. Skanthakumar	21	310	May Wickramasuriya (Sri Lanka)		32	308
The tyranny of economic globalism	Ajit Muricken	22	311	Vinod Mishra (India)		32	308
Kashmir conflict	Praful Bidawi	16	313	Brenda "Marita" Silvera (Uruguay)		32	309
Kashmir: Indian and Pakistani left critics		22	314	Bret Smiley (Canada)		35	311
Rightward drift	Kunal Chattopadhyay	10	316	Mark Bracegirdle (Sri Lanka)		35	315
Communalism, women and violence	Soma Marik	10	317	Emilio Amaya (Mexico)		31	316
Indonesia				Pakistan			
The struggle for justice in Aceh	Teresa Birks	18	308	Trade unions suspended	Farooq Tariq	24	309
The power of propaganda	Wilson	10	314	Left unity conference	Eva Chang	20	311
They still jail trade unionists	Dita Sari	12	314	Obsession, repression	Arif Azad	21	311
With the workers	Mark Johnson	14	314	Bread not bombs!	Mohammed Farooq	17	313
Youth and the revolution	Pramoedya Anata Toer	16	314	National Workers Party		19	313
Iran				LPP Punjab conference		9	316
Khomeini's heirs face the students	M. Agah	2	316	Military takeover	Farooq Tariq	8	316
Lessons of the Iranian revolution	M. Agah	7	316	Palestine			
Ireland				Behind the Wye and Oslo accords	Tikva Honig-Parnass	14	307
Dublin's stormclouds	Paul Flannigan	6	308	What about Wye?	Roland Rance	5	308
Israel				Paraguay			
Barak's dilemma	Michel Warshawski	23	314	Popular struggle	Ernesto Herrera	25	312
See also Palestine				Philippines			
Italy				The new workers' party	RWP-P leaders	10	307
Italy's Communists	Livio Maitan	15	312	Liberating theology	Jean Dupont	14	308
Rethinking 'Rifondazione'	Livio Maitan	6	314	Mindanao conflict escalates	Chris Gaerlan	28	309
Japan				Links censored	SM	20	310
Economic misery	Dave Packer	17	308	Fair trade, foul play	Mark Johnson	24	313
Jordan				Labour unity	Mark Johnson	25	313
The king is dead	Waleed Kenaan	26	309	Liberating the left	Mark Johnson	20	313
Kurdistan				Mindanao Peace Caravan	Mark Johnson	20	313
See Turkey				Organising rural women	Mark Johnson	29	313
Latin America				Organising the urban poor	Mark Johnson	21	313
Feminizing the Latin Labor Struggle	James D. Cockroft	16	310	Plantation workers	Mark Johnson	27	313
The neoliberal disorder	Ernesto Herrera	14	316	Rural community building	Mark Johnson	28	313
Malaysia				Stop the union busters!	Mark Johnson	26	313
Socialist Party of Malaysia		21	314	Street children	Mark Johnson	23	313
Mauritius				The fair trade challenge	Mark Johnson	22	313
Remember Diego Garcia	Lalit	23	310	The Revolutionary Workers Party	Mark Johnson	30	313
Mexico				Colonialism in Mindanao	RWP-P	24	315
Zapatista referendum	Jess Kincaid	9	307	Portugal			
Unions form political wing	Dan La Botz	14	310	A new movement	Sergio Vitorino	26	308
Zapatista referendum	Peter Gellert	18	311	"Beginning again" with the new Left Bloc	Fernando Batista	5	309
				Left Bloc	Luis Branco	5	314
				Solidarity with East Timor		5	315
				Left Bloc wins two MPs		19	316
				History of the Left Bloc	João Carlos Louçã	6	317
				Left Bloc	João Carlos Louçã	2	317
				Quebec			
				See Canada			

Reviews

In defence of communism	Daniel Bensaïd	20	307
The economics of global turbulence (by Robert Brenner)	Andy Kilmister	34	307
When abortion was a crime: women, medicine and law in the United States, 1867-1976 (by Leslie J. Reagan)	Dianne Feeley	32	307
"How it all began" by Nikolai Bukarin	Joe Auciello	34	308
Against pessimism	Ernest Mandel	31	309
The rational holocaust		30	309
"Your Money or Your Life!" by Eric Toussaint		26	310
Music for the Liverpool dockers		36	310
"The Marxism of Ernest Mandel"		32	311
Trade unions in South Africa (by Claude Jaquin)		36	313
India's Communists		28	314
Löwy on nationalism		28	314
Neoliberalism in NZ		28	314
"Mexico's hope: an encounter with politics and history", by James Cockroft		32	315
"The globalisation of finance: a citizen's guide", by Kavaljit Singh		32	315
"Your money or your life", by Eric Toussaint		32	315

Russia

Who pays for Russia's debts?	Andrei Kolganov	6	310
"Resistance" to NATO bombing	Renfrey Clarke	16	311

South Africa

Pupils of the World Bank	Patrick Bond	25	313
The ANC after Mandela	Carl Brecker	24	313

Spain

Basque protests, left advances		5	309
Terrible result for United Left	Jaime Pastor	7	314

Sri Lanka

The JVP (People's Liberation Front)		23	309
Wave of violence	P. Sandanam	22	309

Sweden

Bus strike	Peter Lindgren	12	310
EuroPassivity	Peter Lindgren	8	314

Turkey

Kurdistan on the move	JD	2	310
Solidarity now!	Fuat Orçun	5	310
The Turkish left		4	310
Extracts from the testimony of PKK leader	'Apo' Öcalan	18	315
Fundamentalists lose votes—to fascists!	Mark Johnson	16	315
Negotiations in the shadow of the gallows	Mark Johnson	14	315
The Turkish left—an ambiguous victory	Mark Johnson	17	315

USA

New Directions on the subway	Steve Downs	6	307
Bill Clinton's "defense" of marriage	PD	28	308
Mumia Abu-Jamal campaign	Steve Bloom [ed]	8	308
The 51st state	Ramsey Clark	13	308
The USA's "lawless war crimes"	Noam Chomsky	12	308
Abortion under attack	Dianne Feeley	16	309
Labor Party Convention	John Hinshaw	18	309
The Labor Party and the big picture	Jane Slaughter and Rodney Ward	18	309
NATO: America sovereign	Gilbert Achcar	10	310
Free Mumia Abu-Jamal!		19	311
Problems of the US peace movement	<i>Socialist Action</i>	12	311
Dissolve NATO	<i>ATC</i>	11	312
Dissolve NATO		11	312
NATO or neutrality?	Gerry Adams	10	312

North American opposition to Kosovo war		14	312
North American opposition to NATO bombing		14	312
Raising America's low wages	Leah Samuel	28	315

Vietnam

Black gold	Gerard Greenfield	18	314
------------	-------------------	----	-----

Women

Women and sport	Catherine Louveau and Isabelle Forest	28	311
The industry of sexual domination	Richard Poulin	32	316

Yugoslavia

Breakdown of negotiations	Catherine Samary	4	311
Letter from Belgrade (1)		6	311
Letter from Yugoslavia (2)		11	311
NATO's nuclear shells		5	311
Open letter of French intellectuals		7	311
Stop the Kosovo war!		2	311
The money keeps rolling in	Michel Chossudovsky	3	311
The problem is social!	Catherine Samary	13	311
The rules of the game	Noam Chomsky	8	311
The Serbian opposition	Catherine Samary	5	312
Who are the KLA?	Mark Johnson	2	312
The politics of human rights		6	313
A Balkan balance sheet • 4th International document		27	316

Zimbabwe

Zimbabwe's misfortune	Patrick Bond	24	310
Workers' party formed	Ken Davis	30	315

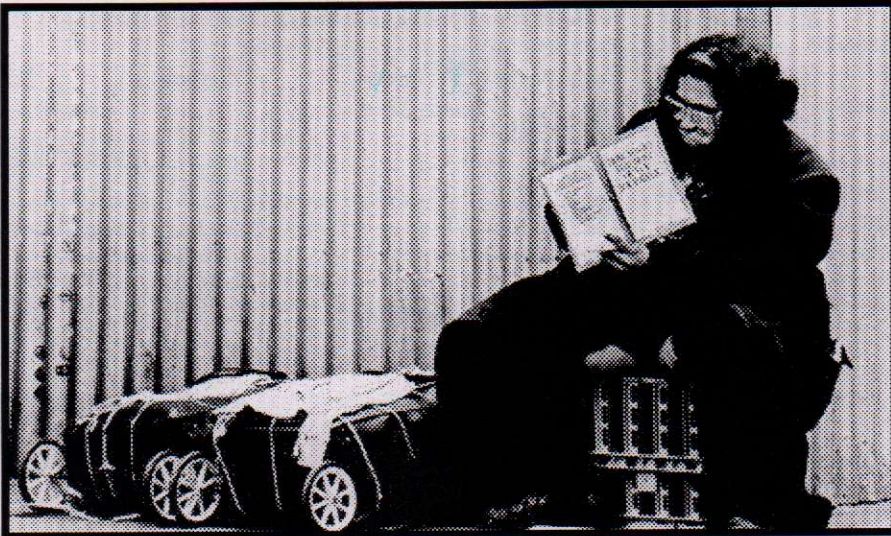
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We didn't produce this magazine in December, because we had no money.

- The collapse of one of our distribution agents left us with an unrecoverable debt of US\$1,000 for magazines we have already distributed. Our main donors already support a wide range of activities — they can't help us cover this unexpected loss.
- To make matters worse, we will shortly lose access to the borrowed equipment on which we have been producing the magazine since January 1995. By March 2000 we need to find or buy a new PC, laser printer, and modem, and a desk to put it on. That means an extra US\$2,500.
- To regain our long term stability, we also need to reduce our running debt to our printer, and pay overdue salary. That means an extra US\$5,000.

Many readers have contributed to our solidarity fund, to help us send International Viewpoint to readers in low-income countries. This time, we are asking you to help us renew our own equipment, and pay off some of our debts to printers and former staff. We need US\$8,500 by the end of 2000, and at least \$2,500 by the end of March. Can you help us?

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The editors

