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INTERNATIONAL VIEWPOINT

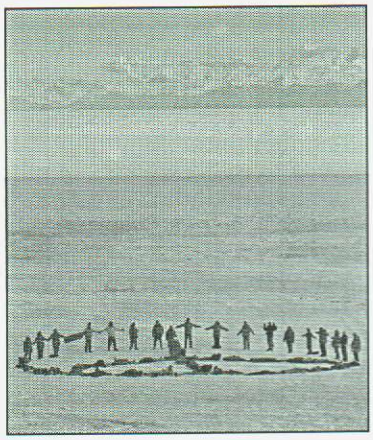
The war drive and the opposition

Brazil: expectations and contradictions

China's capitalist road

even in Antarctica...

INTERNATIONAL VIEWPOINT



COVER: anti-war protests on 15 February were held throughout the five continents, and from Iceland to Antarctica

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LETTER TO READERS

The weekend of February 14-16, 2003, saw tens of millions of people marching in demonstrations worldwide to oppose the US-led assault on Iraq, which may well have begun by the time this issue of IV reaches readers. Drawing on insights from Marx, Engels and Rosa Luxemburg, economist Claude Serfati argues here that "the attack on Iraq marks a significant change in the militarism of US capitalism, and more than ever, the globalization of capital and militarism appear as two aspects of imperialist domination".

Author Gilbert Achcar takes up this theme in an interview we publish here, pointing out that since September 11, the US has, directly or indirectly, begun to cover the whole of the planet with a network of military bases. Achcar stresses the need to build a long-term resistance to imperialism's strategic offensive, and draws attention to its potential Achilles heel—resistance to the war drive from the US people themselves.

The growing internationalization of the movements of resistance—strikingly demonstrated by the millions of people who demonstrated all over the world on 15th February around the same slogan opposing a war against Iraq, and the success of the third World Social Forum—are beginning to nourish a discussion on the need for a more structured form of international organization. Michael Löwy offers here a contribution to this debate. On the basis of a balance sheet of the first four proletarian internationals, he situates the new internationalization of resistance movement in its historical context and looks at the forms it has taken. On this basis he then offers some ideas as to what would be necessary for "the forces across the planet motivated by indignation against the existing system, rebellion against the powerful and the hope that another world is possible" to become an organized international force.

Aside from the mobilizations against the war drive and the gathering at Porto Alegre, the most momentous event of recent months has been the election of Workers' Party leader Lula as president of Brazil. As promised in our last issue, we devote a considerable amount of space here to an in-depth study by Joao Machado and Borges Neto of the conflicting pressures to which the new government will be subjected. Machado argues that the orientations of this government are not defined a priori, but will be defined in the course of a process of political and social struggles.

The developments in Brazil must be seen within the context of the convulsions currently sweeping the Latin American continent. In an important study we publish here, Ernesto Herrera poses the strategic questions for the left and the social movements, as a decisive political and social confrontation unfolds and Washington prepares the conditions for a counter-revolution.

Finally, we pay tribute to two veterans of the Fourth International. The first is the Chinese revolutionary Wang Fanxi, whose long life of militant activity ended towards the close of last year: Gregor Benton and Pierre Rousset share their memories of Wang. Our second veteran, Livio Maitan, is happily still very much alive and has recently published his autobiography in Italy—we print here an exclusive translation from the introduction by Fausto Bertinotti and from the final section of the book.

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Militarism and imperialism in the 21st century

CLAUDE SERFATI*

The relationship between militarism, war and capitalism has a new relevance at the beginning of the 21st century. This 'war without limits', the new political programme adopted by the Bush administration, marks a significant change in the militarism of US capitalism and, more than ever, the globalization of capital and militarism appear as two aspects of imperialist domination.

Rosa Luxemburg noted that "militarism has a specific function in the history of capital. It accompanies every historic phase of accumulation"[1]. Her analyses bring out what one might nowadays call the 'historicity' of the relationship of militarism to capital and they retain their pertinence today. She defines "the imperialist phase of accumulation [as a] phase of the global competition of capital [which] has the entire word as theatre. Here the methods employed are colonial policy, the system of international borrowing, the policy of spheres of interest, war. Violence, cheating, pillage are openly employed, without any mask". This is contrary to the "bourgeois liberal theory [which] separates the economic domain of capital from the other aspect, that of the blows of force, considered as more or less fortuitous, of foreign policy".

Luxemburg stressed in a very contemporary manner that "political violence is also the instrument and vehicle of the economic process; the duality of the aspects of accumulation conceals the same organic phenomenon, originating in the conditions of capitalist reproduction" [stress by this author].

In his polemic against Dühring, Engels analyses the relationship between militarism and the technological development of capitalism. History shows that the conduct of wars rests on the production of weapons, which itself depends on the state of the economy, more precisely on industrial and technological development, because "industry remains industry, whether it is applied to the production or the destruction of things"[2]. Engels notes the radical changes that took place after capitalism came to dominate the world. "The modern warship is not only a product, but at the same time a specimen of modern large-scale industry, a floating factory". For him "militarism dominates and is swallowing Europe"; and this formula would find a tragic confirmation in the war that broke out between the European imperialisms in 1914.

Weapons production is not only "a specimen of modern large-scale industry"; since the Second World War, it has been at the heart of technological trajectories essential to the mode of production (aeronautics and space, electronics, the nuclear industry). The military expenditure of the United States, but also that of the other imperialist countries, reached extraordinarily high levels in the subsequent five decades, supposedly to meet the threat represented by the USSR. In the latter country, the gigantic sums devoted to defence consolidated the ruling caste and its parasitic existence, while also contributing to the bleeding of productive and financial resources.

The outstanding fact since the Second World War is a deep implantation of the military-industrial system in the economy and society of the US, which has in no way been weakened by the disappearance of the USSR; on the contrary it is now entering a new stage of consolidation. This strengthening of the military-industrial system rests on a conjuncture of factors: an industrial concentration and an ever closer liaison of the weapons companies with financial capital, an increase in the military budget embarked on by Clinton in 1999 and considerably amplified by Bush, and a strengthened presence in information and communication technologies (ICT). These technologies benefited from Reagan's Strategic Defense Initiative ('star wars') and play a determinant role in 'information domination' and

'network centric warfare'[3] which were the favored themes of Pentagon strategists in the 1990s.

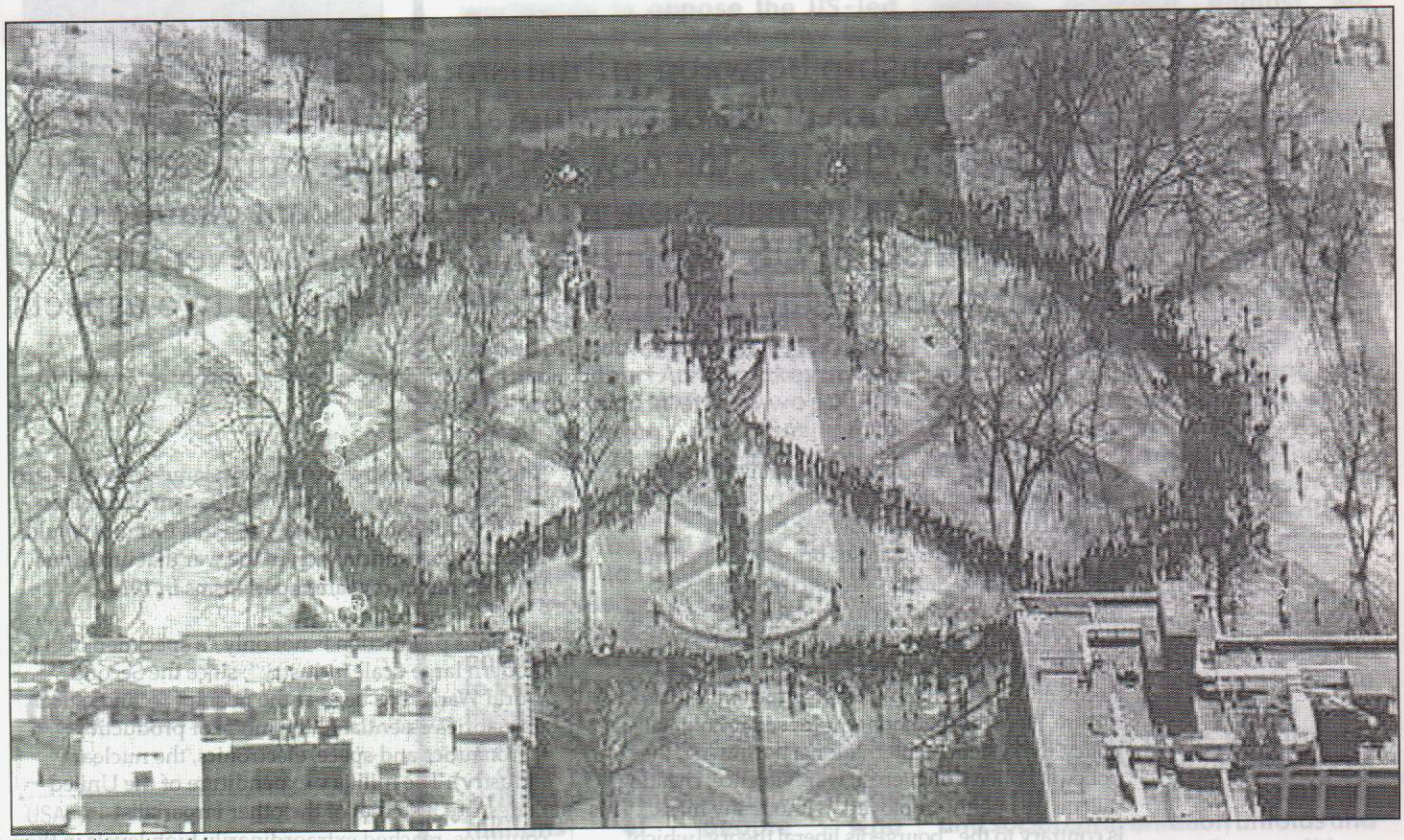
Military supremacy has allowed US weapons companies to conquer a central position in the development of ICT, dominated in the 1990s by the civil companies (the so-called 'new economy' and its associated start-ups).

The weapons companies must also develop new weapons systems for ground forces. The preparation of 'urban wars' (the expression employed by the Pentagon experts) waged by soldiers armed with hyper-sophisticated weapons, occupies an important place in the military budgets. The aim is to wage war against the populations of the immense agglomerations in the countries of the South (those of South America obsess US strategists), and eventually against the 'dangerous classes' of the cities of the North. One can then envisage that the major influence the weapons groups have acquired inside the federal and state institutions since the second world war, together with the broadening of the 'national security agenda' to non-military objectives[4] which increasingly concern aspects of social and private life, will accelerate the formation of a 'military-security system'. This latter will, in the coming years, play a much more important role than that of the 'military-industrial complex' during the Cold War. The formation of this military-security system gives the US state a considerable power.

Imperialism in the 21st century

We are far from the decline of the 'state form' of the domination of capital, which, according to Hardt and Negri, would give way to an 'Empire' inside of which capital and labour would confront each other without mediation[5]. To maintain its domination, capital cannot do without a political apparatus, institutions (judiciary, military and so on) which have been constituted, strengthened and streamlined for two centuries in the framework of the states of the dominant capitalist countries. 'World capitalism', in the sense spoken of by these authors, does not exist. Capital, as a social relationship, certainly has a propensity to transcend national frontiers and other barriers (forms of socio-political organization for example). The "world market is contained in the very notion of capital" as Marx said, but it is a process marked by contradictions which are expressed in inter-capitalist and inter-imperialist rivalries as well as in crises. That is why the global extension of capital has always taken and will continue to take on a physiognomy inextricably linked to the inter-state relationship of forces and its associated violence.

The domination of the US over the other imperialist countries is obvious. That is one reason why the breakout of inter-imperialist wars like those that took place in the 20th century is improbable. The integration of transatlantic capital, between the US and a part of the European Union, continues, and has constituted one of the distinctive features of 'globalization' in the late 20th century. The dominant classes of the US and the EU are, to a certain extent, in the situation that Marx described in relation to the competition between capitalists: "while there is little love lost between them in competition among themselves", they "form a veritable freemason society vis-à-vis the whole working-class" and, need we add, vis-à-vis the peoples of the countries subjected to their domination[6].



The opposition: Ann Arbor

Globalization of capital and militarism

The improbability of wars between the dominant capitalist powers does not render obsolete the relation between war and imperialism identified by Marxism at the beginning of the 20th century. It is enough to think of what would happen if the capitalist transformation of China under the control of the bureaucracy of the Chinese CP came to threaten the US on the economic terrain[7]. The ultra-imperialism that would allow capital to overcome its contradictions, as imagined by Kautsky, is surely not on the agenda. War maintains and expands its role in the current phase of the globalization of capital.

The globalization of capital does not involve an expansion of capitalism defined as an enlargement of the reproduction of value on a planetary scale. It leads rather to a growth of predatory operations on the part of capital, whose 'property rights' (over financial assets) allow it to collect financial incomes as well as to appropriate the processes of life itself. "There are not too many necessities of life produced, in proportion to the existing population. Quite the reverse. Too little is produced to decently and humanely satisfy the wants of the great mass."[8]

It is this contradiction that the globalization of capital has carried to an unequalled level, crushing most of the countries of Africa and, in the course of the 1990s, plunging the 'emergent countries' of Asia and Latin America into crisis. The state has always played a major role in this process of expropriation of the producers by capital, not only in the so-called phase of 'primitive accumulation' but also during the colonial conquests whose objective was to submit the peoples and territories of the planet to the domination of capital.

The violence of the state is more than ever necessary today, in polar opposition to the mystifications that associate the 'markets' and free trade with peace and democracy. The globalization of capital is accom-panied by a process of commodification that could be defined as the extension of the area where capital can exercise its property rights. Such is indeed the prior condition to the existence of 'markets', whose objective and effect are, on the one hand, to increase the dependence of the producers while rendering them more 'free'—that is, more constrained to work for capital—and on the other hand, to enslave new social groups, in particular in the dominated countries. These areas are not only geographical territories, but also new areas of private appropriation, like the biosphere (permits for the right to pollute), the life process (patents on seeds and so on), and increasingly rights of intellectual property whose incessant extension represents a serious threat to human liberty. All these objectives cannot be attained without the use of violence.

The US is at the centre of the globalization of capital. The strengthening of militarism observed in the 1990s is not an additional extra tacked on to an otherwise healthy economic functioning. The globalization of capital and militarism are two aspects of the "same organic phenomenon" as Rosa Luxemburg put it, and it is in the US that they are at their most interdependent. Political-military power was a determinant in the process that allowed the US to attract influxes of money capital seeking high 'security' in the 1990s, with an accelerated tempo after the Asian economic crisis of 1997.

Finally, the US economy was hit by recession in 2000[9]. It is not possible to analyze here the mechanisms, but the important thing to understand is that, if the US is at the heart of the globalization of capital, it is also at the heart of its contradictions, much deeper than can be measured by the indicators used to characterize a recession. The rapid development of these contradictions has given the lie to those who thought that the US constituted an 'island of prosperity' in the ocean of global devastation produced by the domination of financial capital (the 'new economy'). The economic contradictions have been amplified and not reduced by the implementation of the budget programmes decided after September 11, 2001, for which the term 'class war' has been used[10].

In this context, the 'war without limits' to which the Bush Administration has committed itself is in relation with the trajectory of capitalism over the past 20 years. This policy expresses the interests of a financial oligarchy, whose material bases rest on the pillage of natural resources (with oil, of course, in the first rank); and on the endless payment of the debt, even if this endangers and threatens the very existence of the most vulnerable social classes and peoples. The control that the US and the other dominant countries of the 'international community' are in the process of exerting—through forms of direct management, mandate or protectorate—has, still less than the colonial conquests of imperialism at the beginning of the 20th century, the pretension and the possibility of stimulating the economic development of the dominated countries. As shown by the tragic example of the African continent over the last 20 years, what is on the agenda now is the dismembering of the states of the 'South', which cannot resist the consequences of imperialist domination.

The social classes whose existence rests on a mode of social domination which privileges to this point the appropriation of the value created by the producers and encourages still more predation, can only have very short term concerns, without regard for the catastrophic social and environmental consequences for humanity. They need governments and state institutions that assure them the full enjoyment and security of their property rights. The more financial capital succeeds in extending its logic, the more the need for armed force grows. □

* *Claude Serfati is a lecturer and researcher in economics at the university of Saint-Quentin-en-Yvelines in France*

NOTES

1 *Rosa Luxemburg, 'The Accumulation of Capital', Book 2, Chapter 32 'Militarism, Field of Action for Capital'.*

2 *Friedrich Engels, 'Anti-Dühring', Part II: Political Economy, III. Theory of Force*

3 *Military superiority now rests on the efficiency of communications, the power of informatic tools, the precision of weapons guidance and so on.*

4 *The enlargement of the notion of 'national security' to the defence of 'globalization' was already present under Clinton and it has been developed by the Bush Administration.*

The opposition: Hollywood, Los Angeles

5 *Michael Hardt and Antonio Negri, 'Empire' (Cambridge MA and London: Harvard University Press, 2000)*

6 *See my contribution "Une bourgeoisie mondiale pour un capital financier mondialisé?" in Séminaire d'Etudes Marxistes, 'La bourgeoisie : classe dirigeante d'un nouveau capitalisme', Syllepse, 2001*

7 *A significant part of US military programmes (including the anti-missiles defence system) are directly focused against China*

8 *K Marx, 'Capital', Volume 3, Part 3, Chapter 15, 'Exposition of the Internal Contradictions of the Law'.*

9 *According to the figures of the Bureau of Economic Analysis, the rate of profitability of the capital of companies began to fall in 1997.*

10 *The title of the dossier in Business Week (January 20, 2003) on Bush's proposed tax-cutting programme.*

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War drive: against the machine

Gilbert Achcar lectures in political science at the University of Paris-VIII Saint-Denis, and is the author of *The Clash of Barbarisms*, recently published by Monthly Review Press. Anthony Bégrand interviewed him for the French revolutionary socialist newspaper *Rouge*.

Paris, 15th February

WHAT do you think of the argument advanced by Bush as a justification for the war that Iraq possesses weapons of mass destruction?

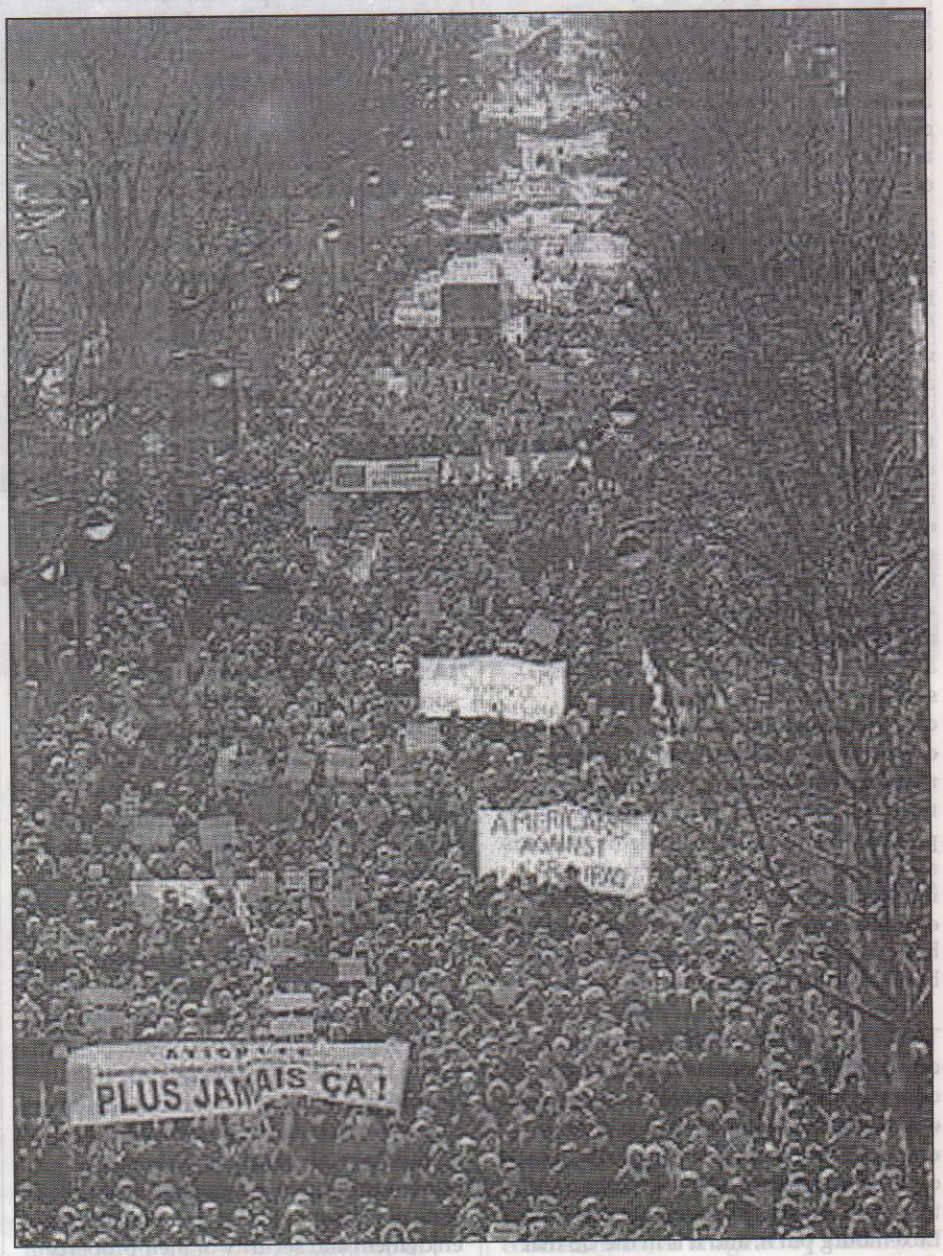
It is obviously a pretext and not an argument, in the sense that the accusation has been made from the beginning without proof. Since the start of the UN inspections, a number of US leaders (Donald Rumsfeld in particular) have said on several occasions that the inspections had no purpose and that they could not demonstrate the non-existence of weapons of mass destruction. This is a very surprising logic that demands that Iraq demonstrate what it does not possess. But it is obviously impossible to prove that one does not have something.

The entire UN inspections operation was then intended to win time for the deployment of troops and equipment and give the impression to US public opinion that the US had taken the trouble to go through a legal procedure and taken account of international law before going to war.

In other words, the result has been decided in advance. If the inspectors discover that there is a violation, the US will consider it has the right to go to war, and if they discover nothing, that proves nothing. Because if you can't find something, that doesn't prove that it doesn't exist.

Colin Powell, before the UN Security Council, also sought to show that the inspections had no point, claiming that equipment was moved whenever the inspectors arrived somewhere. It is obvious then that this is only a pretext, for a war that has long been decided on in principle.

We should always remember that so far as the supreme weapons of mass destruction, nuclear arms, are concerned, even



Washington does not claim that Baghdad possesses them. Bush, in his September speech to the UN General Assembly, said that if Iraq procured fissile material (uranium), it could have nuclear weapons within a year. Now it is recognized that the

country has neither nuclear weapons nor even fissile material. This is a striking illustration of this very particular notion of a 'preventive war' which does not involve taking defensive measures against an adversary who has shown their intention to attack, but rather involves attacking an adversary to whom one attributes the intention of wanting to acquire weapons that they still do not have. The most total absurdity reigns.

As for chemical or biological weapons, Iraq has possessed them for many years and has even used them against the Kurds, in the North, and against the Iranian troops, in the context of the Iran-Iraq war. At the time, this caused no indignation in western capitals. The necessary material for these weapons had moreover been provided by western companies, with the knowledge of the western powers. Since then, the country has been subjected to seven years of UN inspections that destroyed the stocks. Supposing even that something remains in Iraq, if one takes account of the fact that the country has no missiles, it cannot constitute a threat to its environment and still less to the US, which, like Israel, holds significant arsenals of weapons of mass destruction.

Let's add that the argument of the installation of democracy is also a farce, when most of the despotic Arab regimes of the region are closely linked to Washington.

What are the real aims of the Bush administration then?

The real aims have been stressed several times. First and foremost, there is oil. Iraq holds the world's second largest oil reserves, after Saudi Arabia. Moreover, Iraq's oil production is currently at a third of its objective production capacity, and in the coming years it will be necessary to increase it to avoid prices climbing. But to increase Iraqi oil production, the embargo has to be lifted so that the infrastructures can be reconstructed and modernized.

To lift the embargo, Washington considers regime change an indispensable condition, as is the cancellation of the concessions granted by Baghdad in recent years to French and Russian oil interests. It is about ensuring that the lion's share of the exploitation of Iraqi oil goes to the US.

Then there is the enormous market of the reconstruction of Iraq, a country which was systematically destroyed in 1991 and has not really been able to reconstruct because of the embargo.

These are the real aims. Beyond that, this step forward in US control of world oil reserves is a significant boost to its world hegemony in the face of all their possible rivals, including the vassal powers of western Europe and Japan, who are still more dependent on oil from the Gulf region than the US is.

What are Bush's plans for a new regime?

Since the beginning of the war preparations, the US has envisaged establishing itself militarily and durably in Iraq. Some months ago, they envisaged coupling a military occupation with the establishment of a puppet government, but one made up of a sort of representation of the ethnic groups of the Iraqi population. However, as the Iraqi opposition that they are trying to organize offers a far from brilliant spectacle, and the force which appears as dominant in the opposition – the Supreme Council of the Islamic Revolution of Iraq – which is ready to deal with Washington, is closely linked to Teheran, it seems that the choice now is to have a direct military government of the country.

This is the big difference between the first Gulf War, in 1991, and the current situation. If the US did not overthrow Saddam's regime in 1991, it was because the world situation and the internal situation in the US forbade any military installation. Washington preferred to keep Saddam Hussein in power to avoid the Iraqi situation escaping from its control and destabilizing the region. Thus, Washington deliberately spared the Republican Guard.

Faced with the insurrection that shook the country after the end of the war, in March 1991, the US allowed the regime to drown the rebellion in blood, in the South and the North. In the South of the country, the US army even withdrew to allow a passage for the Republican Guard, and the US authorized the Iraqi regime to use helicopters for repression. There were tens of thousands of deaths.

If today the US has fixed itself the objective of overthrowing Saddam Hussein, it is because they believe the world situation has changed – the gap has grown with the rest of the world, in particular on the military plane – as well as the internal situation. The political climate following September 11 has been interpreted by Washington as the possible opening of a long period of military interventions virtually without limit, under the pretext of the war on terror.

It seems the US has embarked on a period of military deployment across the entire planet...

Absolutely. The US, since September 11, has begun to cover the whole of the planet with a network of military bases, directly, through alliances, or the two combined. Using the pretext of the war in Afghanistan, they have built military bases at the heart of central Asia. They have established themselves in the Caspian basin, which is a significant region in terms of energy supplies, but also a region of considerable strategic importance since it is situated at the heart of the continental mass stretching from Russia to China, two countries considered as potential rivals.

There has also recently been a new round of enlargement of NATO, which has involved the former Soviet Republics. If one adds to that the whole programme of military intervention proposed by the Bush administration, we have effectively today an unequalled degree of military expansion of the US, which intervenes already militarily in the Philippines, Colombia, the horn of Africa and Yemen. They threaten Iran and North Korea, two countries lumped with Iraq in Bush's 'axis of evil'. They also make permanent efforts to overthrow the Chavez regime in Venezuela.

Washington, since the end of the Cold War, has set as its objective increasing the military gap between the US and the rest of the world, to the point that they now account for 40% of world military expenditure and we are approaching a situation where they will soon spend as much as all the other countries on the planet.

However, this superpower is not all-powerful. There is an Achilles heel, a power capable of blocking the war machine and reversing this militarist drift: the US people. The latter have already shown, during the Vietnam war, their ability to stop the war machine. This mobilization had the effect of preventing the massive use of the US war machine until the first Gulf War.

There is then a basis for hope in the remarkable development of the anti-war movement in the US in recent months. Nobody imagined, barely a year after September 11, that the movement would surpass in breadth anything known since Washington renewed its large-scale military operations. The progress of the anti-war movement continues. It combines with the youth radicalization which is expressed particularly in the movement for an alternative globalization.

That said, given the time schedule, it is highly improbable that the war against Iraq can be stopped. However, to avoid any demoralization, the target now has to be the construction of an ongoing anti-war movement, given that we face a programme of long-term military intervention. Washington has said that the 'war on terror' will last several decades. We have to build a movement to stop this machine and halt the aggressive course of US policy. □

INTERNATIONAL VIEWPOINT 348 MARCH 2003

Marxism: towards a Fifth International?

MICHAEL LOWY

The 'Fifth International' is not the "spectre haunting Europe and the world" of which Marx wrote in the *Communist Manifesto*, but is an idea that is beginning to circulate. Recently, a French employers' newspaper — the *Bulletin des Industriels de la Métallurgie*— spoke of the danger of a Fifth International. I do not know from where they got this idea, but before speaking of a Fifth International, it is necessary to make a brief balance sheet of the four historic internationals.

The First International, founded in 1864 in London, had Karl Marx as the author of its inaugural Manifesto, which concludes with the famous formula: "the emancipation of the workers will be the task of the workers themselves". The partisans of Marx and Proudhon participated in the International Working Men's Association (IWMA)—even though the former had much more influence, writing some of the main documents of the International, and relations between the two men were always poor. At the Brussels Congress (1868) the alliance between Marxist and left Proudhonians like Eugène Varlin, future hero of the Commune of Paris, allowed the adoption of a collectivist programme that proposed collective ownership of the means of production. Relations with Bakunin and his supporters were more complex, leading to splits and to the dissolution of the IWMA after its ill-fated transfer to the United States in 1872 (one of Marx's less brilliant ideas).

The IWMA survives only in the form of those anarchist dissidents who consider themselves the heirs of what was founded in London in 1864. Its existence today is rather symbolic, but in 2001, the more dynamic and open currents of libertarian socialism established a network of 'International Libertarian Solidarity' (SLI) in 2001. It includes important organizations like the Confederación General de Trabajadores (Spanish state), l'Alternative Libertaire (France), the Uruguayan Anarchist Federation and so on. In addition, we have in recent years seen a significant development of anarchist currents inside the anti-neoliberal movement, some affiliated with the IWMA, others to the LIS, but many without international affiliation.

The Second International, founded by Friedrich Engels in 1889, was torn apart in 1914 with the support of its sections for the imperialist war. It was reconstituted in the 1920s, with a definitively reformist orientation, and reorganized itself once again, under a new name—the Socialist International (SI)—after World War II. The SI is currently a quite heterogeneous collection of parties and movements, mainly of European and Latin American origin, going from liberation fronts—like the Sandinistas or the Front Farabundo Marti—to pro-imperialist parties, like Tony Blair's New Labour. A social democracy of moderate tendency—that is, social liberal—predominates, like the German SDP, the French Socialist Party, Spain's PSOE. Its objective is no longer, as at the time of Friedrich Engels, Wilhelm Liebknecht and Jean Jaurés, the suppression of capitalism and the socialist transformation of the society, but rather the 'social' management of neoliberal capitalism. The Socialist International does not effectively function as a political organization, but rather as a discussion club, an area of political-diplomatic negotiation.

The Third International was the most significant attempt to create an international association of proletarian parties with an anti-imperialist and revolutionary character. In spite of many authoritarian characteristics and a discipline of the military type, it was, during its first years (1919-1924) a genuine internationalist body, in which figures like Antonio Gramsci, Clara Zetkin, Andrés Nin and Jose Carlos Mariategui participated. After the death of Lenin, it became progressively transformed, under the leadership of the Stalinist bureaucracy, into an instrument of the Soviet policy of

the "construction of socialism in one country". Even so, authentic internationalist aspects survived among Communist militants, as shown by the significant participation in the International Brigades in Spain (1936-38).

In 1943, at the request of his allies Churchill and Roosevelt, Stalin dissolved the Communist International, without reducing the total political, ideological and organizational dependency of the Communist Parties of the world towards the Communist Party of the Soviet Union (CPSU). With the disintegration of the misnamed 'actually existing socialism' from 1989 onwards, the heirs of the Third International entered a crisis that has taken them, with few exceptions, towards political marginalization or conversion to social democracy. Some parties, like Communist Refoundation in Italy, succeeded in genuinely reorienting themselves, breaking with their Stalinist

past and taking a new direction, radical and open to the contributions of the social movements.

The Fourth International, founded by Leon Trotsky in 1938, emerged out of the International Left Opposition, an anti-bureaucratic tendency inside the Communist International. Weakened by the assassination of Trotsky and numerous other leaders—either at the hands of fascism or of Stalinism—and by innumerable splits—it was never able to transform itself into a mass movement—even if its militants played an important role in the events of May 1968 in France, the movement against the war in the USA, and the resistance to the dictatorships in several Latin American countries. The Fourth International sought to salvage the heritage of the October revolution from the Stalinist disaster and to renew with the help of its militants and leaders—Ernest Mandel, Livio Maitan, Hugo Blanco, Raul Pont, Alain Krivine and Daniel Bensaïd—the theory and practice of revolutionary Marxism.

The Fourth International—to which the current author belongs—has grown stronger in recent years but it remains a weak organization both numerically and in terms of resources. With the exception of the Philippines and Sri Lanka, its forces are essentially concentrated in Europe and Latin America. Its militants have participated, as an organized current, in the foundation of broader regroupments, like the PRC in Italy, the Socialist Alliance in England and Wales, the Left Bloc in Portugal, the Frente Amplio in Uruguay and the Workers' Party in Brazil. Unlike other groups or sects who identify with Trotskyism, the Fourth International does not consider itself as the sole revolutionary vanguard and its objective is to contribute to the formation of a new international, of a mass character, of which it would only be one component.

The question of internationalist resistance to capital has acquired a burning actuality today. Capital has never managed to exert such absolute and limitless power across the planet. Never before could it impose, as it does today, its rules, policies, dogmas and interests on all the nations of the world. Never before has there been such a dense network of international institutions —like the International Monetary Fund (the IMF), the World Bank (WB), the World Trade Organization (WTO)—destined to control, govern and administer the life of humanity according to the strict rules of the capitalist free market and free profit. Never before could the multinational companies and the financial markets exert in such a brutal way their global dictatorship. Finally, never before has the power of a sole imperialist state, the United States of America, been so extensive and so arrogant. Today we are witnessing, as sub commander Marcos wrote in his message to the 'European Zapatistas' (August 28, 1995), a true war of money and the forces of international financial capital against peoples, humanity, culture and history.

The offensive of capital and the neoliberal governments at its service—which began in 1980 with Ronald Reagan and Margaret Thatcher—reached its height after the fall of the Berlin Wall and the capitalist restoration in the countries of Eastern Europe. The 'death of utopia' (or of the revolution, or of Marxism) and the 'end of history' were proclaimed triumphantly in all the capitals of the West.

It was in this context of defeat and disorientation of the left that there came, like a spark of light in the dark, the Zapatista uprising of 1994. And, two years later, the First Intercontinental Encounter for Humanity and Against Neoliberalism took place in the mountains of Chiapas—an event that had a world-wide impact and that brought together, for the first time in very many years, militants, activists and intellectuals of several tendencies, the North and the South, Latin America, the United States and Europe. From this meeting came the historical call to build the international of the hope against "the international of terror represented by neoliberalism" as the Second Declaration of La Realidad puts it, the immense task of creating "a collective network of all our struggles and specific resistances. An intercontinental network of resistance against neoliberalism, an intercontinental network for humanity. This intercontinental network will, recognizing differences and similarities, seek to link up with other resistances worldwide. This intercontinental network will be the means

through which the different resistances learn from one another".

The meeting at Chiapas in 1996 can be considered as the first act of the great movement of anti-neoliberal struggle that manifests itself now in every corner of the planet. Although this initiative did not have any direct follow-up—the attempts to organize other encounters of this type, inspired by the Zapatista example, in Europe or Latin America were not successful—it was the point of departure, the moment of birth of a new internationalism, anti-neoliberal and anti-imperialist.

Some years later, the great protest at Seattle took place (1999) and became the main vector of this new internationalism, the Movement of Global Resistance—falsely characterized by the rightist press,

as the 'anti-globalization' movement. This 'movement of movements' would trigger the protests in Prague, Stockholm, Brussels, Bangkok, Washington, Barcelona, Genoa and, more recently, Florence—with the participation of tens, then hundreds and now a million demonstrators—and the World Social Forum held in Porto Alegre (2001, 2002, 2003), the European Social Forum (2002) and other local or continental meetings.

This movement for another world is broad and, necessarily, heterogeneous. But it emerged with an immediately worldwide, international and internationalist character. In spite of its diversity, there is agreement on some fundamental principles: "the world is not for sale"; "another world is possible"; "no to war". They are general principles, but if they are defended seriously, they have a deep subversive potential. Unity also exists around some concrete demands: the abolition of the debt of the countries of the South; the suppression of tax havens and the imposition of the tax on financial transactions; a moratorium on transgenic products and so on (the list is already long). In short, there is a broad consensus on the identification of the enemy: neoliberalism, the IMF, the World Bank, the WTO, the US empire. On the alternative to the dominant order, we see a broad range of answers, from the 'regulation' of the system to its revolutionary (socialist) transformation.

This diversity can be an obstacle, but it is also a source of strength. The Movement of Global Resistance involves trade unions, feminists, Marxists, anarchists, ecologists, Christians for liberation, socialists of several colours and shades, peasant and indigenous movements, nongovernmental organizations (NGOs), intellectuals, and many young people, women and workers without another affiliation, but who wish to protest, march, fight and discuss with others. It is a unique occasion for encounters, debate, mutual learning—a process of cultural interchange in which each actor, without abandoning their own ideas and convictions, discovers those of others, and tries to integrate them in their thought or practice. The mixture and fusion of all these ingredients is creating an explosive cocktail, the new internationalist culture of the Movement of Global Resistance. This process is still in its beginnings, we are still far from having a common direction, but we can sense the formation of a common spirit of the movement, radical, combative and hostile to institutional attempts to co-opt the movement.

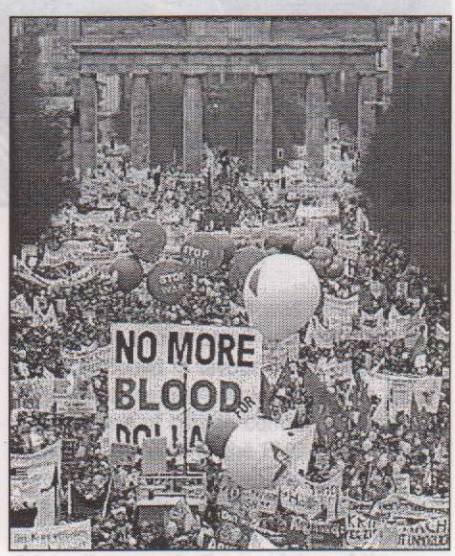
The Movement of Global Resistance, or at least its most organized expression, the World Social Forum (WSF), already has a certain degree of international organization. An International Executive Committee already exists, and a Parliamentary Forum was set up last year in Porto Alegre. But these bodies, like the Forum itself, are very heterogeneous, and they do not function as an international political force. Their objective is more limited; the organization of the World Social Forum and the continental forums. More important is the network of social movements—Via Campesina, the Brazilian MST and CUT, ATTAC and so on—who constitute the main force in the WSF and who have published a document containing some elements of political analyses—anti-imperialist and anti-neoliberal—and a call for common protest initiatives.

Does this amount to a 'Fifth International'? No, for two obvious reasons: **1** We are talking about social movements and not political organizations and a project of global social transformation. **2** The Movement of Global Resistance and its bodies are very heterogeneous—as they should be—including sectors who still believe in the possibility of a regulated, humanized, national and democratic capitalism. The same heterogeneity is found also inside the International Parliamentary Forum.

What is lacking is a network of political organizations—parties, fronts, movements—that can propose an alternative project inside the Movement, going beyond capitalism, and the perspective of a new society, with neither oppressor nor oppressed. Something of the sort exists already in Europe—the Conference of the European Anti-capitalist Left, which involves the PRC (Italy), the LCR (France), the Left Bloc (Portugal), the Socialist Alliance (England and Wales), the Red Green Alliance (Denmark), and several others. In spite of their differences, these currents share a similar rejection of capitalist globalization, neoliberal policies and imperialist war. They also share the aspiration to a 'positive' alternative, anti-capitalist and anti-patriarchal, ecological and internationalist: "a socialist and democratic society, without exploitation of labour and oppression of women, based on a sustainable development—a socialism from below, self-managed". (Declaration of June 2002 of the Conference of the European Anti-capitalist Left).

If this experience could be extended to other continents, to constitute a network that included, in a broad manner, the most radical political positions in the great Movement of Global Resistance, we would have a 'New International' which need not necessarily be called the 'Fifth' because not all the currents would necessarily identify with the history of the workers' and socialist Internationals of the past. It could be called the 'International Conference of the Anti-capitalist Left', or the "Tendency for the New International" or any other name that could be invented by the creative imagination of its participants.

This new international could selectively integrate the positive contribution of the four proletarian internationals. It would be the heir of Babeuf and Fourier, Marx and Bakunin, Blanqui and Engels, Rosa Luxemburg and Lenin, Emma Goldman and Buenaventura Durruti, Gramsci and Trotsky, Emiliano Zapata and Jose Carlos Mariátegui, Augusto Caesar Sandino and Farabundo Martí, of Ernesto Ché Guevara and Camilo Torres, of Ho-Chi-Minh and Nazim Hikmet, Mehdi Ben Barka and Malcolm X—and of many others. However, its main reference point would



PHOTOS: Last month's anti-war protests in Bangkok, Andalucia, Berlin

be the existing social movements and, in the first place, the Movement of Global Resistance to neoliberalism.

Of the internationals of the past, it would perhaps be the First that could serve as inspiration—although obviously in the political conditions of today which are totally different—as a multiple, diverse, democratic, movement in which different political opinions could converge in thought and practice. This does not mean that the form in which the IWMA was constituted and functioned can be repeated today. It is impossible to anticipate what organizational forms this new internationalist force could have—decentralized federation, organized network, or simply a conference with periodic meetings—but would necessarily have to be flexible, open and without formal bureaucratic structures. Ideally, it would include not only parties and fronts, but also left magazines, research groups, organizations of social movements, intellectuals.

How could we delimit the political-social field of this new international? It seems evident to me that anti-imperialism and anti-capitalism—that is, the conviction that the suppression of capitalism as a worldwide system is a necessary condition, even if not a sufficient one, for the abolition of social injustice, exploitation and oppression - are essential criteria. The perspective of a new society, free, democratic, egalitarian, solidaristic, ecological, feminist—for me and my comrades, a socialist society, but that can be an open question—is another essential element. But it is in the process of formation of this network, or federation, that we would define the common bases and the political platform of the New International.

The New International would have much to learn from the Zapatista experience. Before everything the spirit of revolt, anti-conformism, irreconcilable opposition to the established order. The 'Intergalactic' Encounter of 1996 defined the struggle against neoliberal capitalism—be it against the commodification of the world or of the human being—as the common objective of all the oppressed and excluded, workers, farmers, indigenous peoples, women, virtually all of humanity which is the victim of the neoliberal madness. This struggle is, therefore, a struggle for humanity, for the dignity of human beings—a concept that has everything to do with the revolutionary humanism of Marx and Ché Guevara, but also with the experience of the indigenous communities of Chiapas.

Another great contribution of the Zapatista Army of National Liberation (EZLN) is the articulation between the local—the struggle of the indigenous people of Chiapas for autonomy—the national—the struggle for democracy in Mexico, and against US imperialist domination—and the international—the war against neoliberalism and for humanity. In thought and practice of the Zapatistas, the three movements are intimately linked, in a very much more dialectical vision than the poor formula of some NGOs: "think globally, act locally".

Finally, Zapatismo contributes to the internationalism of the 21st century a new universalism, neither abstract nor simplistic, but based on the recognition of difference—the aspiration to "a world in which many worlds fit".

Where must we begin? As our comrade Daniel Bensaid puts it, the departure point is the irreducible force of indignation, the unconditional rejection of injustice, an attitude of non-resignation: "indignation is a beginning. A way to get up and to begin to walk. Once you are indignant and have rebelled you can see later what happens".

If we can rally the forces which, across the planet, are motivated by indignation against the existing system, rebellion against the powerful and the hope that another world is possible, we will have the ingredients of a New International—with or without a number. □

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BRAZIL: the two souls of Lula's government

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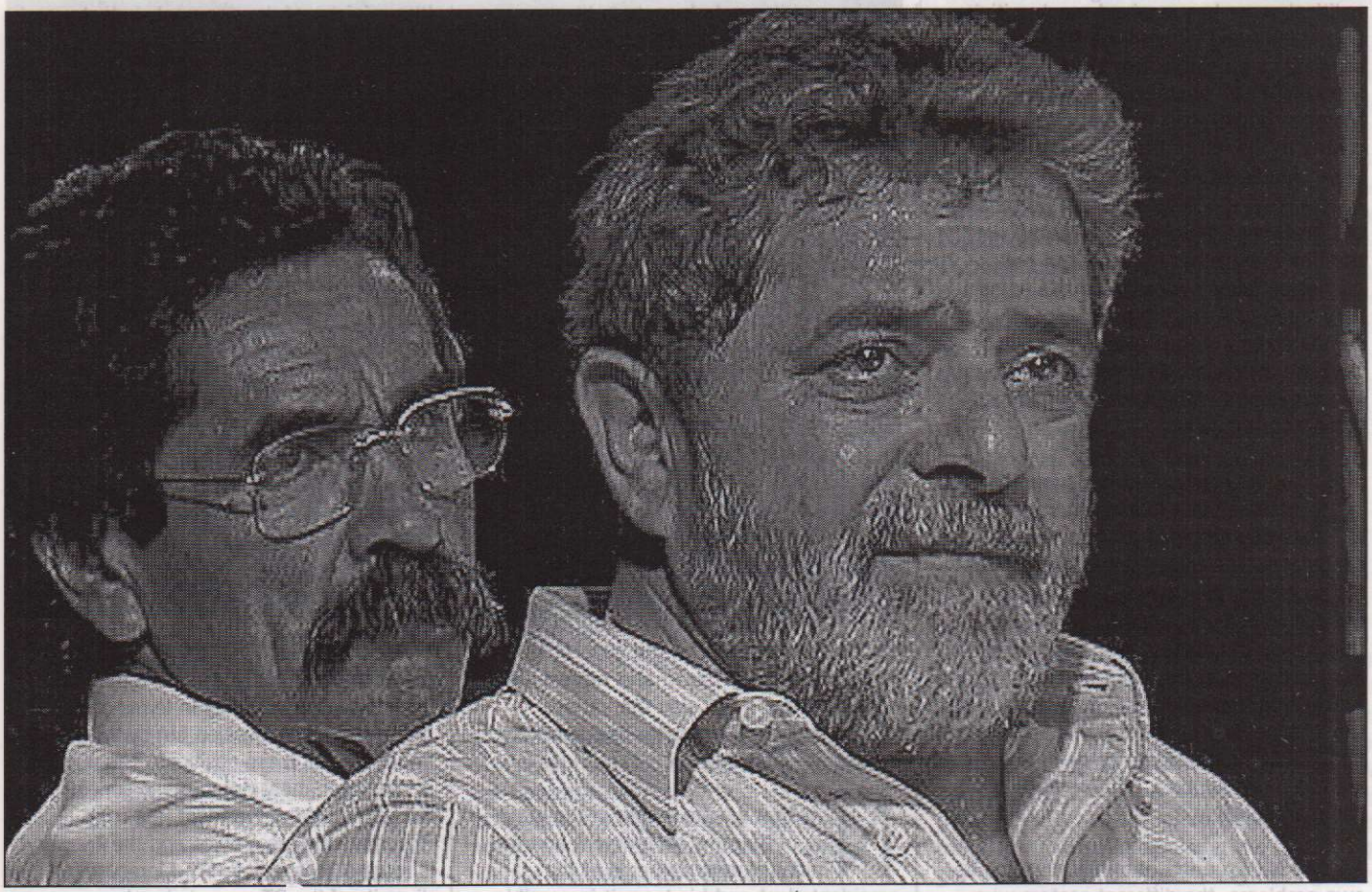
Lula's victory has been celebrated as a great popular triumph in Brazil and in Latin America in general. After all, it's not every day that a trade unionist and workers' leader is elected as president—somebody who is a popular leader and the main organizer of a mass party of the left.



Lula's victory was reinforced by the victory of the Workers' Party (PT) in the parliamentary elections; it became the main party in the House of Representatives (91 federal deputies out of 513) and the second in the Senate. The PT also became the main party in the States Legislative Assemblies[1]. The party remains far from being the majority party; even with its allies in the first and second rounds, the PT did not gain a majority in the Chamber, or the Senate). Also, its performance in the elections for the state governorships was modest. Nonetheless, the PT's electoral results represent a defeat for neoliberalism and a significant shift in the relationship of forces in Brazilian society. The fundamental reason for this was the popular discontent with the results of eight years of the neoliberal government of Fernando Henrique Cardoso (FHC) along with a great desire for change, a desire with which the PT was identified.

Signals from the election campaign

The great hopes generated by the return of the new government were clearly expressed during the celebrations marking the new government's inauguration, when thousands of people made their way to Brasilia to salute the 'comrade President', confident this time that the hour of the people had truly arrived.

And there were plenty of reasons to celebrate. There were, however, contradictions and limits within the victory which had revealed themselves during the electoral campaign. The most important factor being that Lula had joined an alliance which included a party clearly on the right, the Liberal Party (PL), which during the same elections had supported some of the most well known faces on the Brazilian right for the state governorships, Paulo Maluf and Antonio Carlos Magalhaes. Lula's running mate for vice-president, Jose Alencar, is a member of the PL, and a major businessman who was chosen as a candidate precisely for that reason, with the objective of mollifying any resistance toward Lula on the part of big business.

Despite the fact that the PT, at its twelfth national conference in December 2001, had approved a programme aimed at breaking with neoliberalism in favour of a return to some of the parties more historical positions (albeit in more diluted form) linking the formation of a government with a socialist programme, the manifesto presented at the election was very different. The idea of a total break with neoliberalism was abandoned in favour of the notion a 'period of transition', which assumed the maintenance of certain central political and economic features of the FHC government. Throughout the campaign pledges were repeatedly made that 'the contracts' would be honoured (including in particular the strict adherence to the servicing of the national debt). This in turn assisted the new agreement with the IMF which was drafted during the election campaign and received Lula's support (because it was considered as 'inevitable').

Finally, at the end of the first round and before the second, declarations of support from the conservative camp increased. After the election it could be said that Lula began to put in place the grand alliance with business which he had sought since the appointing of his vice-president. It should be said that the PT's alliance with big business was the result of initiatives from the party leadership much more than from big business itself. Whatever analysis one makes of this alliance, it should be understood as part and parcel of the strategy implemented by Lula and the PT majority. Also, its eventual consolidation will depend on concrete acts of the government, above all the way it handles social conflicts. Whilst this great

political game has received much criticism both within and without the PT Lula scarcely lost a single vote by it. The PSTU (Socialist Party of United Workers, of Morenist origin),the only party which stood clearly to the left of the PT (if we ignore the insignificant PCO [Party of the Cause of Labour] and if one believes the pretensions of Ciro Gomes and Anthony Garotinho to position themselves to the left of Lula cannot be taken seriously) made some very small gains at the ballot box as compared to previous elections. Lula however increased his vote from the right and the centre without losing significant votes from the left.

After the elections Lula's support increased in a manner more than is usually accorded to victorious candidates. The celebrations in honour of his accession, the treatment in the media, the declarations of support from the MST (Movement of Landless Workers), from the representatives of the IMF (its director, Horst Kohler said that Lula was 'the statesman of the 21st century') only confirmed that never had a Brazilian president come to power with so much support, both in their own camp and outside it.

An excess of support naturally presents its own problems; the different sectors who identified with Lula's government expect different things of him. Even if the president wins time to bring results – enjoying a veritable state of grace – the contradictions are only greater.

The difficulties linked to the framework inherited by the Lula government have another significant aspect. The FHC government had drastically increased the dependence of the Brazilian economy on external influences; it had become completely subordinate to the demands of the international financial markets. During the same period the internal debt had grown making it much more difficult to manage the public purse. The sole victory of the Cardoso government – the mastering of inflation – came under threat towards the end of its term.

All this leaves doubts over the capacity of the new government to honour its commitment to transform the country in favour of popular interests. Even under ideal conditions this task would be enormous.

The make-up of the cabinet

The success of Lula's government will depend upon many things, some of which are beyond its control, such as the international political and economic situation and others where its influence is not as deep—such as social mobilisation.

But there is no doubt that its programme (the main lines on which it seeks to face the challenges posed to it) and its composition (the political forces which make it up) will be two determinant elements.

In terms of the first aspect, the idea which dominated the election campaign was that the government would promote discussions between all classes and social groups. The chief objective – empowerment of the citizenry – would go hand in hand with economic growth, job creation and a reduction in inequality – all of which was deemed possible without any great social or political conflict. In relation to the actual composition of the cabinet promises were made during the election campaign that the government would be broadly based and representing not only the PT but also the various groups and coalitions who had supported Lula in the first and second rounds.

Now that we are aware of the make-up of the new government and the initial pronouncements of the president elect and his team it is possible to attempt to form a clearer picture of how the government will be.

Among the latter, 20 are affiliated to the PT (16 ministers and the 4 secretaries of state). Seven of the member parties of the second round alliance have one minister each: the PL, the Communist Party of Brazil (PCdoB), the Democratic Labor Party (PDT), The Socialist Popular Party (PPS), the Brazilian Socialist Party (PSB), the Brazilian Labour Party (PTB) and the Green Party (PV). The new president of the Central Bank had just been elected as federal deputy for the Party of Brazilian Social Democracy (PSDB, the party of Cardoso) when he was chosen – he had to renounce his seat to assume his function. Unexpectedly, and contrary to what Lula, had said, the Party of the Movement of Brazilian Democracy (PMDB) is not part of the government (even if the government is negotiating the support of sectors of this party in Congress, as it has attempted to do, alas, with other parties not represented in the Cabinet like the Brazilian Popular Party (PPB) of Paulo Maluf). Seven other ministers are not members of political parties. Two of them are lawyers: the minister of Justice, linked for many years to the PT, and the Procurator General of the Union[2], another two are diplomats (the Foreign Minister and the Defence Minister) and a fifth is from the military (the head of the Cabinet of institutional security). The two last non-party ministers are employers (the minister of development, industry and foreign trade and the agriculture minister). According to the press, the first was proposed, at Lula's request, by the Federation of State Industries of Sao Paulo (FIESP), the main employers' organization in Brazil. Both supported the campaign of Jose Serra, the defeated candidate of the outgoing government.It is significant also to examine the political affiliation of the 20 ministers and secretaries who are in the PT. Twelve of them belong to the PT majority current (which gained a little over 50% of the votes at the last congress), three others belonged to groupings that might be called 'intermediary' between the majority camp and the left of the PT, two others are recent adherents. The other three participated at the last congress in the lists of the left currents (the ministers for agrarian development, Cities and the secretary of state for aquaculture and fishing).

Three comments. First, the PT is much more predominant in the government than had been expected. Not only in terms of ministerial posts involved but by the importance of these positions. The nucleus of the government (Interior, the general Secretariat of the President, the Government's press office and the Treasury) is more or less entirely PT. Moreover, the diversity of the PT currents has been relatively respected. Even if none of the currents which are not part of the 'majority camp' have been included at the heart of the government, their participation is already more important than, for example, in the leadership of the electoral campaign, indeed in the team which oversaw the formation of the government. Finally, despite the preponderance of the PT in the government, the latter is much more 'broad' (in the sense of going beyond the alliance that supported Lula in the second round) than predicted. The lack of 'broadness' caused by the absence of the PMDB is largely compensated for by the inclusion of a president of the Central Bank and two ministers (both in the economic sphere) linked to the PSDB.

Continuity at the Central Bank

Since 'broadness' is concentrated in the economic area, it is necessary to look more closely at this sector of government. Beyond the Central Bank (closely linked to the minister of the economy, but whose autonomy of functioning keeps being strengthened), it includes four ministers: the minister of the economy, the minister of planning and budget, the minister of industry and foreign trade and the minister of agriculture. Other ministers

ABOVE: March in support of MST (Movement of Landless Workers)
BELOW: MST activists patrol

have some effect on economic policy, but these are the most important. If one considers these five institutions, there is a division between, on the one hand, the PT and on the other what might be called the 'PSDB current': employers identified with this party and a deputy elected under its colours. The slight predominance of this latter bloc is strengthened by the fact that it controls the ministry of the economy and the Central Bank (by far the most important institutions in the economic sphere) and by the declarations of their leaders. The new president of the Central Bank, Henrique Meirelles, who is close to the PSDB, is a former international president of the Boston bank. As might be expected, the nomination of a president of the Central Bank linked to a US bank and to Cardoso's party met with opposition from PT militants, among them senator Heloisa Helena, of the Socialist Democracy tendency, who refused to vote for his nomination (the Constitution says the president of the Central Bank should be confirmed by the Senate).

These critiques maintain a PT tradition; four years ago, when Meirelles' predecessor, Arminio Fraga, was nominated, the PT was massively critical of the nomination of somebody linked to the international financial markets (Fraga worked for George Soros). To leave no doubt as to the orientation he would take at the Bank, Meirelles told the Senate of his total identification with the policies of Arminio Fraga. Moreover, he has kept the leadership team appointed by his predecessor.

The Central Bank is now the most important institution in the conduct of economic policy: beyond steering monetary policy, it directs exchange policy, the regulation and supervision of the banking system, controls capital movements and holds a central position in discussions with the IMF. Moreover, monetary policy prioritizes above all the definition of the price of money – which in the Brazilian case has an enormous fiscal impact; if interest rates are increased, the public debt and its servicing also go up.

The same phenomenon applies with the exchange rate policy because a great part of Brazil's internal public debt is related to variations in the exchange rate. It can be said that the reduction of the budget deficit introduced to control the public debt/GDP ratio (which is the touchstone of the IMF demands and those of the 'markets') is determined in great part by the variables placed under the responsibility of the Central Bank (rates of interest and exchange).Interest rates under the Cardoso government were always among the highest on the planet and the policy announced by Meirelles should keep them at a very high rate. Maintaining high interest rates does not only cause greater fiscal difficulties; it transfers wealth to the holders of financial capital and tends to lower rates of profit, and hence exerts a downwards pressure on wages. In other words, high interest rates significantly increase the concentration of wealth, which frontally contradicts the themes of Lula's election campaign.

Monetary policy determines to a great extent the growth rates of the economy; high interest rates lead to lower growth that will ruin the government's projects.The Lula government defends a project of 'operational autonomy' for the Central Bank, which had already been formulated by the team around Arminio Fraga—as demanded by the IMF. This would legally formalize and give more consistency to the freedom of action the Bank benefits from already; and, as the directors have fixed terms of office, it would make it very much more difficult to replace them in the case, for example, of a change in government economic policy. Naturally, the project of 'operational autonomy' envisages that the Central Bank should meet objectives defined by the minister of the economy – in reference to the policy inaugurated during reign of Fraga, fixing 'inflation targets' to anchor monetary policy.

Not content with being based on a debatable model of economic policy, the definition of inflation targets is fairly slender

as an orientation; the Central Bank enjoys a total liberty in the conduct of monetary policy to meet these targets. What has happened already since the Cardoso government will be accentuated; instead of the minister of the economy orientating the actions of the Central Bank, the latter will define the margins of liberty of the minister through its control of the fiscal framework. The PT has always been opposed to the autonomy of the Central Bank in all its variants. It is a constitutional question, which should be approved by the two chambers of Congress. Several PT parliamentarians have already criticized the project; its approval will not in any case take place without a fight.

Economic continuity

The risk of a total continuity with the policy that prevailed during Cardoso's second term – implied by the plans for the Central Bank - is reinforced by the presence of two ministers close to the PSDB, those of Development and Agriculture. To what extent will the PT ministers oppose them? A look at the team at the economics ministry strengthens the hypothesis of continuity. The minister, Antonio Palocci, has given key posts (secretary of federal funds, secretary of the national treasury and secretary for international questions) to men who participated in the Cardoso government and who defend the policy that prevailed then. The most surprising – and the most significant – has been the nomination as secretary for economic policy, responsible for the general policy of the ministry, of the economist Marcos Lisboa, known as one of the most important neoliberal economists of the new generation.

The neoliberal tendencies of the main auxiliaries of minister Palocci are hardly counterbalanced by the designation as executive secretary and executive vice-secretary of two PT militants, well known party economists. The preponderance of the neoliberal orientation is confirmed by the actions of the minister himself. Palocci has defended continuity with the main points of the macro-economic policy of the Cardoso government: his version of 'fiscal responsibility' (privileging the reduction of the budget deficit to stabilize the public debt/GDP relationship) and a conservative monetary policy. He also advocates the pursuit of the privatization of the state banks (which did not figure in the electoral programme of the PT). He seems to believe that there is only one sole 'scientific' economic policy; in his inaugural speech, he said that his team are not going to 'reinvent the basic principles of economic policy'. He adheres in fact to the fundamental dogma of the 'single system of thought'.

One might accept the hypothesis that this conservative orthodoxy will only be maintained for the initial phase of the government. During the campaign there was much talk of a 'period of transition'; Palocci himself sought to clarify this concept in his inaugural speech: 'The theme of transition has raised many anxieties about what will come after the phase of transition, there has been much speculation on the end of the reduction of the budget deficit, the objectives of inflation and of the floating exchange regime as well as on the adoption of unconventional innovative measures to guide macro-economic policy. To these legitimate questions, we reply without equivocation that the new regime has already begun; good management of the public weal requires fiscal responsibility and economic stability. The preceding government had much merit in this respect. Yet, this is not its exclusivity, just as it will not be for our administration... Our conception of the transition, and that which the country expects, is the overcoming of short term difficulties'[3].

There will not, according to the minister, be any transition concerning the "basic principles of economic policy". In his view, the "period of transition" amounts to the necessary time period for overcoming short-term difficulties. This impression of continuity in economic policy is strengthened by the critiques Palocci addresses of the management of his predecessors, critiques that do not exclude continuity. In another speech, Palocci criticized two aspects of the economic management of the Cardoso government. The first related to its exchange policy, mainly on the overvaluation of the real in the early days of the government. This critique is correct: this policy was responsible for the main part of the subsequent economic problems. But this policy was changed during Cardoso's second term; and what has followed since fits in with Palocci's position (even in the most debatable aspects, like the lack of controls over capital movements) The main objective fixed by the new minister in this area - the stabilization of the exchange rate – is shared by Cardoso's old team; and the basic remedy proposed then - the restoration of 'market confidence' receives his enthusiastic support.

'Strategic Planning' and social policies

The second criticism is more fundamental; it is aimed at the excessive confidence in the market, the absence of a national project of mobilization, an absence of some kind of 'strategic planning'. It's useful to quote the minister: 'Without this national mobilization, the basis for a new social contract, any government effort, however voluntarist, will run out of steam and in the short run fall into strictly technical formulations, as zealous as they are limited. If the state should not fall into paternalism as in the past, it should not imagine itself to be able to define a course for the economy by distancing itself from the population and its needs. The unity of the country around this great, eminently political objective is the sole means of exercising a salutary pressure to reduce fragmentation and deepen coordination and dialogue between the different ministries, agencies and programmes of development. At this level, disarticulation is systematically the source of waste of resources and engenders inefficiency... Planning has been emptied of its function of definition of an institutional project and the establishment of a system of management and coordination. This is true not only inside the ministry of Planning, but throughout the institutions charged with articulating the development of the country. It would not be an exaggeration to say, in relation to strategic planning, that the Brazilian state has lived though a prolonged 'breakdown'... The outgoing government has contributed, in concert with sectors of the international community, to spreading the illusion that economic growth and the reduction of social exclusion would result naturally from the development of markets and the unrestricted use of the abundant international savings available in the early 1990s... We are conscious that the votes for [Lula] came to correct this excessive fascination for the markets which has marked the action of the government in recent years.' This severe critique of the Cardoso government is strengthened by the critique of its social policy: 'What we inherit today is a country which has not been able to advance towards transcending the old dichotomy between economy and society, in which social policies appear as ornaments or appendices of the effort to control the economy. The improvisation of a series of social programmes in the last two years illustrates this original separation and perpetuates a vision which does not incorporate social inclusion as a central theme of state policy'[4].

However, this discourse is coupled with references to the fact that nothing that is being proposed should oppose the 'principles of economic policy', which include, for Palocci, an unambiguous effort to win the 'confidence of the markets'. Moreover, it is explicitly affirmed that the new policy will be pleasing to them; 'the stronger the stability of economic and social relations and the more the markets are strengthened the greater will be the wealth accumulated to be better shared out'[5]. The critical posture is relative then,

while the exact meaning of the accent put on the construction of a national project is not very clear.

To better examine this aspect, it is worth looking at the perspectives of the minister of Planning. The new minister, Guido Mantega, a member of the PT, was once an economic advisor to Lula. Everything indicates that his ministry will not have a very great weight in the formulation of economic policy, in the manner of what happened under the Cardoso government. In fact, Mantega will be reduced to the role of collaborator with Palocci. Yet his ministry will, in a certain fashion, have a central responsibility in the realization of the objective of 'strategic planning', In his speech on accession to office, he threw some light on the meaning of this concept. He took up the idea of a project of development and the mobilization of society, insisted on the necessity of 'tough measures' in a period of transition.

He clearly underlined the novelties that the policy of the new government will involve: 'The new economic policy is not summed up by the reduction of the budget deficit or the fight against inflation... Simultaneously, we will implement without delay a range of policies that will be the signature of this government and will characterize a new model of development. Those who imagine that we will practice the old economic policy are wrong. In the area of foreign trade, the government will not remain inert, at the mercy of the mechanisms of globalization, which are biased and favor the advanced countries. We will support exports and implement a policy of import substitution... The Lula government will have no scruples about implementing active policies, for industry, agriculture or services and all the sectors where there is a need for modern policies of stimulation of the competitivity and productivity of Brazilian industry, thus generating the millions of job the people need. The state will be at the service of the disinherited, in a crusade against hunger, poverty, and deprivation'[6].

The 'active policies' in the areas cited were characteristic of the so-called 'developmentalist' period of the Brazilian economy until the early 1980s. This link is confirmed by a reference, made by Palocci, to one of the best known presidents of that period: "In the past, with great presidents like Juscelino Kubitschek, the reforming task consisted in broadening the horizons of the citizen, interiorising development and bringing out the creative capacity of people, burying any inferiority complex. Today, the great reforming task is to supervise organization and social cohesion, encourage teamwork and manage wisely the public and private resources with adequate techniques and modern methods of planning, which give Brazilians the possibility of overcoming social disorganization."[7] At the same time, however, Mantega poses the limits of interventionism: "State intervention in the economy will henceforth be much more active, without however returning to the interventionist state of the past."[8]

Juscelino Kubitschek is generally congratulated for his initiatives in favour of development, while being reproached for his fiscal irresponsibility and for having been responsible for the long period of hyperinflation experienced by Brazil. Moreover, Brazil's 'developmentalism' was criticized for having maintained the social inequalities that Brazil has inherited from the time of slavery.Already, starting from the preceding, we can sum up what seems tc be the main orientation of the Lula government's economic policy in the formula: "Development + fiscal responsibility and control of inflation + state intervention without interventionism + struggle against social inequalities." In truth, the 'active policies' in favour of development were also a theme of the campaign of the PSDB candidate Jose Serra. It is precisely on this point that he proposed changes in relation to the Cardoso government, justifying thus his formula of 'change in continuity'. Thus, another way to sum up the Palocci-Mantega line could be; the line of Jose Serra plus social sensibility.

To conclude, we should mention another important body in the economic sphere, the Bank for Social and Economic Development (BNDES). It is formally linked to the Ministry of Development, but its president, the economist Carlos Lessa, was appointed by Lula in person. Lesse belongs to the so-called progressive wing of the PMDB (he was not appointed to this post by his party), and has many friends in the PT - notably the economist Maria da Conceicao Tavares. He has already announced a reformulation of the bank's activity, along the lines of developmentalist 'active policies'. The nomination of the PT's Jorge Mattoso as president of the Caja Economica Federale, another very important federal bank, goes in the same direction (that of the Bank of Brazil has not yet been named). Overall, the predominance of conservative or neoliberal orientations in the

economic sphere of this government is obvious. One can ask why this has not yet led to a stronger critique from the militants of the PT. One explanation is that the consequences of these orientations do not yet appear clearly for a great majority.

A social revolution?

What will be the profile of a social policy that will not be an 'ornament', to take up the expression used by Palotti to refer to the policy of Cardoso? The big ideas seem to be those of change without precipitation, accomplished through negotiation, of a national mobilization and a social pact (essentially through an alliance between labour and 'productive capital'), on which Lula has insisted throughout the electoral campaign and which also figures in his inaugural speech: "Yes, we will transform. Transform with courage and caution, humility and audacity, being conscious that change is a gradual and continuous process, and not a simple exercise of will or a voluntarist transport. Change happens through dialogue and negotiation, without rush or precipitation; so that the result is coherent and durable... To put Brazil on the road to growth to create the jobs we lack so much, we need an authentic social pact for change and an alliance that solidly unites labour and productive capital, generator of fundamental wealth for the Nation. This so that Brazil comes out of its current state of stagnation and so that the country navigates anew on the great sea of economic and social development. Such a social pact will be also decisive to render viable the reforms that Brazilian society demands and that I am committed to carrying out; reform of social security, tax reform, political reform, reform of the labour code, as well as agrarian reform. All these reforms will impel a new cycle of national development."[9]

For his part Jose Dirceu in his accession speech to the Casa Civil (the presidential cabinet), took up the same ideas with a different accent: "We all know that we are going to take over the government of Brazil at a difficult time internationally, with a threat of war and in an economic and financial situation which worsens the situation of our country. However, our responsibility is immense: more precisely, we cannot surmount these tests without a real popular participation and a national mobilization."

President Lula, in his declarations, has expressed very clearly the following commitment: "As this millennium begins, Brazil can victoriously face its problems only by a social contract, a national mobilization and popular participation... The biggest challenge that our government faces in the coming years is perhaps that Brazil occupies its place in the world. This is possible only at the price of a great social transformation and—we have no fear of the words—a true social revolution. We owe it to our people. Our Brazil... has faced great tests and has overcome them all, but it has not known how to face the challenge of justice and social equality. It is for this that as a party of the socialist left—it is good to remember it—we hold out a hand to the Brazilian entrepreneurs and offer them a pact, of which we should say that it works in two directions: it is necessary to defend the national interest, production, the development of the country, but on the other hand it is necessary to redistribute wealth, establish social justice, eliminate poverty and misery. It can only be done with a sole road, one way. It is not acceptable that recently, the country resolved its financial and economic problems, that it has experienced growth and that this growth is not transformed into a greater share of the national wealth for the workers. On the contrary, their share has shrunk by half in the last 20 years. Without a distribution of wealth, without revolution in education and a combat against poverty there will be no durable and substantial economic growth. We all know that the current concentration of wealth and social inequality will lead the country into a social, cultural and institutional impasse." [10]

Thus, Dirceu speaks of the necessity of a 'true social revolution' that the leaders of the PT owe to the Brazilian people, and refers to the PT as a party of the socialist left. There has been much comment on the existence of a conflict between two orientations inside the nucleus of the government: the one, rightist, defended by Palocci and the other, leftist, incarnated by Dirceu. However, Dirceu's speech also contained many less radical passages. Beyond the reference to the "hand held out to the entrepreneurs" and the necessary pact with these latter, he made an emphatic declaration on his willingness to collaborate with Palocci in defence of the economic policy of the government: "I wish to send a special message to my comrade and friend Antonio Palocci – who is not present. I want to say to the country, and him in particular, that he will be able to count, that he can already count on my support for the difficult task that will be his ministry of the economy. Palocci, be assured that with Jose Dirceu in the Casa civil, you will have a fortress to defend the economic policy decided by president Lula." [11]

This reference could of course, simply be a matter of protocol and it does not rule out the existence of deep divergences. Nonetheless, it is difficult to know what social transformations the Lula government will carry through. The most accentuated project of the early days of his term—the programme against hunger—does not yet have a well-defined format.

Perspectives for agrarian reform

On the other hand, the advance of agrarian reform can represent an important social transformation and the conditions for this to happen are relatively more favorable. First, this is thanks to the existence of the MST. The MST is one of the most active social movements and the one with the greatest capacity for mobilization. Second, because the designated minister for Agrarian Development, Miguel Rosseto, belongs to a left tendency of the PT— Socialist Democracy. His nomination has been, significantly, supported by the MST and by the other sectors affected by agrarian reform (CONTAG, the rural sector of the CUT), who had been consulted, and criticized by the employers' representatives. From his entry into office, Rosseto has adopted a discourse linking the possibility of advancing towards agrarian reform with social mobilization. Simultaneously, he has also defended the autonomy of the social movement, and the respect by the government of its mobilizations: "We will follow to the end this task on the basis of a broad appeal to social mobilization, we will go into dialogue with the state governors, with the mayors, we will have a dialogue with all the social movements, we are going to have a dialogue with all factions of Brazilian society who understand and are willing to collaborate in this great civilizing process in Brazil and in particular in our countryside... We have built relations and concepts of autonomy, of independence, which separate and distinguish the political dynamics of the social movements, the elected executives and the state organizations as a whole. It is true that the elected organs should not be put under the tutelage of the social movements. If that is true, it is also true that it is not the task of a government in a democratic state to smother the capacity for mobilization of the social movements. The democracy we want, the Republic that we have won, loves the popular presence, loves, lives and grows stronger from the activity of the citizens. The reconstruction of this country has as its basis this enormous capacity for mobilization, this enormous capacity to look from the side of

this Brazil, to create larger and better spaces of popular and citizens' participation, to recognize in permanence that there are names, faces, joys, sadnesses, sufferings; there is a people that wants to be respected and that will be by all of us."[12]

The main leader of the MST, Joao Pedro Stedile, commenting to the press on the nomination of Miguel Rosseto and the perspectives of agrarian reform, stressed the importance of social mobilization to render viable the transformations: "The presence of minister Rosseto is a positive signal. He is someone who has a historic tradition of commitment on the Brazilian left. However, we prefer not to make judgments on persons or declarations. What will allow advance will be the correlation of forces inside society. And it is us who will organize the people to bring the level of pressure necessary for any process of change."[13]

After taking office, the minister visited the Chamber of Deputies and held a meeting with the agrarian commission of the PT, which is made up of the deputies most involved in the struggle for agrarian reform. He has announced his intention of working in liaison with them.

In spite of favourable conditions for meeting the minister's objectives, we should remember that there are also significant difficulties. The first is the legislation promulgated under FHS to make the MST's mobilizations more difficult (mainly Provisional Measure 2.027 which lays down that occupied lands will not be requisitioned for two years, and that their occupants will be excluded from programmes of land distribution). The MST, naturally, expects the revocation of this measure.

A second big difficulty is shared with all the social sectors: agrarian reform requires public funds (for the requisitions and aid to peasants who have been given land), and this is difficult given the necessity of maintaining fiscal austerity to ease the deficit,.

Conflictual reforms

In his speech on acceding to office, Lula stressed the importance of certain reforms: pensions, taxes, political reform and the labour code as well as agrarian reform. Not one of them will be easy and that is obvious from the first days of the government. Pension reform is particularly subject to conflicts. From the government's viewpoint, there are three difficult objectives: to create a fairer pensions system (the pensions for workers in the private sector are derisory; the major part of workers in the public sector have a reasonable pension; and a part of the public sector has enormous privileges); to reduce budget costs; and to respect the limits that the Constitution imposes on changes, on the basis of guaranteeing 'rights acquired'.

The 'markets' are campaigning frenetically for a reform that reduces the budgetary cost of pensions and allows the reduction of the deficit. This institution and its representatives in the press talk of the 'injustice' of pensions now integrated into the wages of civil servants, without defending a decent pension for workers in the private sector and hiding the fact that the essence of the proposal for the reduction of the budget deficit is to allow the payment of exorbitant interest on the public debt. Workers in the public sector fear, correctly, that they will be the big victims of reform. And the privileged mobilize to defend their privileges. Caught in the crossfire, the government (especially the Pensions Minister, Ricardo Berzoini, PT and ex-trades unionist), makes incoherent speeches on their objectives.

Reform of the labour code is no less controversial. To cite only one example, in one of his first declarations after his nomination, the minister of labour, Jacques Wagner (PT, ex-trade unionist) was favorable to one of the main employers' demands, cancellation of the fine of 40% that employers have to pay for dismissals without motive. Faced with the live and immediate protests of the trade union federations, he drew back. The most important theme in this area has for the moment not drawn much attention: the fact that nearly half of the Brazilian labour force has no formal employment, and thus no legal protection. In sum, the negotiation and the eventual approval of these reforms will certainly lead to big conflicts.

International relations

International relations will be a key area for this government both in its repercussions abroad and as a source of some of the main challenges that it will face (the most dangerous being the process of negotiation of the FTAA which is underway).

Lula has said he will give priority to relations inside Latin America, which is positive. During his accession to power, he drew attention to his meetings with Hugo Chavez and Fidel Castro—which in today's world is very significant. Also, the government appears to be in the process of increasing its aid to Venezuela, with the declared objective of defending the institutional order—another positive, in the face of the mobilization of the right in Venezuela to overthrow the Chavez government. The minister, Celso Amorim, a career diplomat, had already occupied this post under president Itamar Franco, in 1992-94.

The most important question is: how will the negotiations for the FTAA be conducted (they also involve other ministers, particularly that of development)? A very positive event has been the nomination of the ambassador Samuel Pinheiro Guimaraes to the second rank in the hierarchy of the ministry, that of secretary general. Guimarles was one of the main critics of the FTAA project in Brazil, and that is why he was relieved of his functions and marginalized by the former minister. This nomination could mean that the Lula government will adopt a posture of opposition to the FTAA. However, subsequently the secretariat general has lost some of its powers, and it seems that it will not participate directly in the process of negotiations for the FTAA.

Moreover, the Brazilian coordinator of the negotiations will continue to be the ambassador Clodoaldo Hugueney, the same diplomat who has held this responsibility since the beginning of 2001!

Lula, like Celso Amorim, puts forward a line which is to pursue the FTAA negotiations, while correcting certain aspects. At his investiture, Lula said: "The essential thing in all these forums is to preserve margins of flexibility for our policies of development in the social and regional areas, in the environment, agriculture, industry, technology. We will not lose sight of the fact that the human being is the ultimate destiny of the outcome of negotiations. What would our

participation be worth, such a vast effort on so many fronts if the outcome was not direct benefits for our people? We will be attentive also that these negotiations, which now go well beyond simple reductions of tariffs and encompass a range of norms, do not create unacceptable restrictions on the sovereign right of the Brazilian people to decide on its model of development".[14]

The current model of the FTAA, which responds to the interests of the US, creates precisely such restrictions on the "sovereign right of the Brazilian people to decide on its model of development". This model goes well beyond questions of free trade: it includes liberalization of capital and investment flows, restrictions on the purchasing policy of governments, along the lines proposed under the famous MAI.

In conclusion: the policy towards the FTAA is not that defended by the Brazilian left and approved at the plebiscite of 2002—to end negotiations. However, the chances are growing that this dangerous project will be blocked.

Undefined orientations

The objective of this article was solely to present a broadly systematic picture of the composition of the Lula government and to make a brief analysis of its early stages. We do not propose to make an overall analysis, and still less propose an analysis for the left of the PT in relation to the government. Thus, by way of a conclusion, we can sum up on what seem to be the basic contradictions of the initial project.

The idea that it is possible to maintain a conservative policy on fundamental aspects (monetary policy, fiscal policy, guarantee of 'contracts' in general, which includes a strict guarantee of private property) and also promote changes which represent popular interests, implies that it is possible to reduce exploitation and oppression without harming the interests of the dominant classes. It amounts then to a contradiction in terms.

This contradiction is not overcome in the 'left' version of the same idea, defended by Jose Dirceu in his inaugural speech: "to extend a hand to the entrepreneurs" so that they collaborate in this objective. Are these ideas purely tactical, or do they represent a strategic orientation of the nucleus of the government? If we look at what those who speak on this aspect in the government's name have said, we have to go with the second hypothesis. As we have seen, the idea that the government begins with a 'period of transition' is interpreted in the sense that a certain time is necessary for the country to free itself from the most onerous restrictions inherited from the previous government. But it is hoped to do this by maintaining conservative (or neoliberal) orthodoxy on key aspects of macroeconomic policy—particularly in the fiscal and monetary areas.

Anyone with basic Marxist references would conclude without difficulty that this project is not realistic. But what will come out of it?

The Lula government has, we would say, two souls: that of the promised changes (which justified its election) and that of the guarantees of continuity to win the confidence of the markets.

Perhaps these two souls are symbolized by Lula's decision to participate in the WSF in Porto Alegre (he had attended the two previous forums) and in the WEF at Davos. Some of the organizers of the WSF criticized this decision and called on Lula not to go to Davos—without effect. At Porto Alegre, Lula will be with the ministers linked to the social area of the government's activities; at Davos, with Meirelles (Central Bank) and Furlan (Development), both regular participants in these meetings. The composition of the government shows that there will be internal conflicts. And more importantly: even if Lula desires and works for a 'social pact' and national unity, what is more probable is a government of large scale class conflicts (whose dimension is hard to predict), where social mobilisation will play a fundamental role.Another decisive question; what will be the dynamic of the PT during Lula's term of office? How will it behave faced with the challenges and conflicts the government will face?

It is clear that the party will be subjected to great tensions; and it could not be otherwise, when it sees policies which it has long criticised being pursued. Until now, unity has been preserved by the general expectations in the Lula government and by the force of the long trajectory of the PT's identity with social sruggle. But, on the other hand, threats to a democratic process of discussion have already appeared.

For opposing the selection of Meirelles, senator Heloísa Helena has been threatened with sanctions by the ex-president of the PT, Jose Dirceu (in the end, the new president, Jose Genoino, allowed an agreement through which the senator absented herself for the vote on the president of the Central Bank without being sanctioned). Although in the terms of the constitution it is up to the senators to debate and designate the president of the Central bank, the senators of the PT were prevented from doing so. Meanwhile, the position of Dirceu in the episode was criticized by diverse sectors of the party.

The limitation of debate and restrictions on democracy do not favor unity, above all when there are questions under discussion which are much more directly relevant to the social base of the party than the appointment of the president of the central bank. For example, pension reform and labour legislation, and the formation of the FTAA. Although of smaller popular impact, the question of the autonomy of the Central Bank is extremely controversial. Will there be space for a broad debate on these and other questions?

The big question is: will the conservative orientation that has prevailed in the economic area be consolidated? If it is, will the unity of the PT survive such contradictions? Or, putting the question another way: can Porto Alegre and Davos coexist indefinitely within the PT? The orientations of this government are not defined a priori. They will be defined in the course of a process of political and social struggles, in which the defence of change will be supported by the entire trajectory of the PT, by its historical identification with the popular interests, and by the fundamental message of the election. □

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NOTES

1 *Brazil is a federal republic, with 26 states and a federal district. The president is elected by universal suffrage over two rounds, every four years, and can select and dismiss ministers (they are not responsible to Parliament) but cannot dissolve the assembly. The bicameral parliament is made up of a Chamber of Federal Deputies (513 members, elected for four years) and a federal Senate (81 members, elected for 8 years). The political system in the states is similar.*
2 *Speech, January 2, 2003.*
3 *Speech, December 27, 2002*
4 *Speech, December 27, 2002*
5 *Speech, December 27, 2002*
6 *Speech, January 7, 2003*
7 *Speech, December 27, 2002*
8 *Speech, January 7, 2003*
9 *Speech by Lula, January 1, 200*
10 *Speech, January 2, 2003*
11 *Speech, January 2, 2003*
12 *Inaugural speech by Miguel Rosseto, January 2, 2003*
13 Jornal do Brasil, *January 5, 2003.*
14 *Inaugural speech, January 1, 2003.*

Brazil: some figures

When the presidential electoral campaign opened, Brazil was on the verge of defaulting on the payment of its foreign debt.

On August 7, 2002 the IMF announced the most significant bailout in its history, with 30.5 billion euros loaned to Brazil in two installments: 6.1 billion immediately to allow Fernando Henrique Cardoso to finish his term, the rest to be paid in 2003, subject to the conditions of budgetary austerity that the IMF is demanding from the new president.

Brazil's public debt is gigantic. It rose from $128bn to $288bn between 1992 and 2002 and accounted for 64% of GDP in September 2002. The fall in the value of the real (worth one dollar at the time of its creation in 1994, it is now worth only 0.2658 USD) and the revival of inflation (around 8% in 2002) are in part responsible. Brazilian growth is very weak (at best 1.2% in 2002). Interest rates are among the highest in the world in order to attract short-term speculative capital from abroad, which accentuates financial fragility.

Brazil is one of the most unequal countries in the world. 20% of the population accounts for 65% of the country's income and 1% of rural landowners own half the agricultural land. There are 4.5 million landless peasants. The 'informal' sector dominates: 55% of workers have no contract of employment.

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The political parties

■ PFL (Party of the Liberal Front) originated from ARENA, the former party of the military dictatorship which ruled from 1964 to 1985. It was the main supporter of the president Collor de Mello until his dismissal in 1992 for corruption. A right wing party with a base mainly in the north east of the country and the rural sectors, it was, with the PSDB, the principal point of support for president Fernando Henrique Cardoso (FHC) who became president in 1995.

■ PSDB (Party of Brazilian Social Democracy) emerged from a split by the 'centre-left' sectors of the PMDB, with a project of unifying the sectors with a social democratic orientation (without any link with the trade union movement) and the social liberal sectors. In 1989 its leadership officially supported Lula in the second round of the presidential election, but in reality a number of its leaders supported Collor. Subsequently, its links with the international financial sectors were strengthened, and this was made explicit when one of its leaders, Fernando Henrique Cardoso (FHC), a sociologist of Marxist origin, became minister of finance in the government of Itamar Franco (Collor's successor) and oversaw the IMF's 'stabilization plan'. On this basis FHC became the sole candidate of the bourgeoisie against Lula in 1994 and was elected president, then reelected in 1998.

■ PMDB (Party of the Brazilian Democratic Movement) has its origins in the MDB, the legal opposition party during the military dictatorship. At the end of the dictatorship it was the main parliamentary party, but it has suffered an erosion in its support following corruption scandals involving its leaders. It supported FHC and was part of its government.

■ PPB (Brazilian Progressive Party) was formed from a fusion of the Renovator Progressive Party and the Popular Party in 1994, represents the populist right. Its main leader, Paulo Maluf, was mayor of Sao Paulo. It did not participate in the coalition which brought FHC to power in 1995 but subsequently joined his coalition.

■ PTB (Brazilian Labour Party), a right wing party which, despite its name, is not related to the PTB which existed before the military coup of 1964. Led by a banker, it supported FHC from 1994.

■ PSD (Social Democratic Party), an old party of the right, absorbed by ARENA under the military dictatorship and since reestablished. It supported FHC and has nothing in common with social democracy.

■ PT (Workers' Party), founded in 1980, a mass workers' party, emerged from the fusion between trade union sectors radicalized in the struggles against the declining military dictatorship, radical Christian currents and sectors of the Marxist left (primarily Trotskyists). Its members helped found the CUT, the main trade union federation in Brazil. It includes revolutionary currents (like the Socialist Democracy tendency, which supports the Fourth International), radical left sectors and others who are drawn to a social liberal project. In the Federal Chamber, of the 91 deputies of the PT, 28 (more than 30%) supported left tendencies at the party Congress of 2001.

■ PDT (Democratic Labour Party), heir of the pre-1964 PTB, affiliated to the Socialist International, populist centre-left, led by Leonel Brizola. Opposed FHC and neoliberalism in general, the PDT is now allied to the PT.

■ PSB (Brazilian Socialist Party), a small party with a left social democratic profile, which supported Lula in 1989, 1994 and 1998. Its leader, Miguel Arraes, was one of the main left personalities before the dictatorship.

■ PCdoB (Communist Party of Brazil), left wing, ex-Maoist, ex-pro Albanian. Gradually distancing itself from Stalinism. Participated in fronts supporting Lula in 1989, 1994, 1998 and 2002.

■ PL (Liberal Party) an old party of the right, vaguely federalist. It participated in the alliance that led to Lula's election from the first round.

■ PPS (Socialist Popular Party), originated from the former Communist Party, identifies with the Italian PDS. It supported Lula in 1994, but then adopted an ambiguous attitude towards the FHC government. Put forward Ciro Gomes as its candidate in 1998 and 2002.

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Latin America:

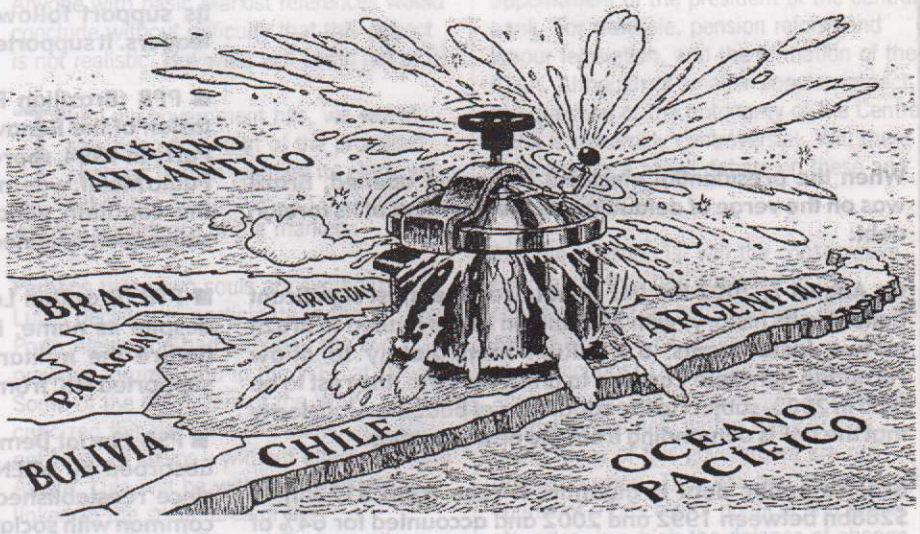
If in the streets of Venezuela a decisive political and social confrontation is unfolding—both for that country's democratic future as well as in terms of the balance of forces with US imperialism in the region—the experience of the Argentine events and Lula's victory in the Brazilian presidential elections once again poses strategic questions for the left and the social movements. This occurs in a scenario in which the United States is reinforcing its (economic, political and military) offensive with the aim of placing a 'preventive' barrier to the processes of political change and the dynamics of struggle that are developing in different South American countries. At the same time, Washington is not desisting in its plans to prepare the conditions for a counter-revolution.

December 2001. An impressive revolutionary upsurge shakes Latin America, in which the masses are in the streets involved in expressions of self-organization, ignoring the moribund 'representative democracy' and the corrupt political party and trade union structures, putting an end to the short and pathetic experience of the 'progressive' alliance in Argentina.

One year later: the mass marches to the historical Plaza de Mayo—on December 19 and 20, 2002—in which thousands of flying pickets, participants in neighborhood assemblies, workers involved in factory self-management, small-scale savers, and activists in social and trade union movements, human rights organizations, and left parties, confirmed that the vitality of the popular struggle has kept the class struggle alive, in which an alternative solution to the capitalist crisis is being developed... beyond the electoral calendar.

January 2003. Lula takes office as president of Brazil. With 52 million votes behind him, the former steel workers' leader and his Workers' Party are elected to the government. A key battle thus begins in a country that accounts for 40% of Latin America's GDP.

Two poles are being clearly delineated. On the one hand, the policy of alliances with 'productive, national' businessmen, with a 'social pact' between labor and capital, with conciliatory gestures toward the financial markets and a 'friendly' relationship with the United States. This is the strategy being promoted by the majority of the PT leadership after having abandoned the proposal of a 'break with neoliberalism' voted by the last party congress (Recife, December 2001). On the other hand, the long-postponed popular demands, with the enormous social forces accumulated by the urban movements, the landless rural workers, the class struggle currents in the unions, the Christian base communities and a PT left that, while still a minority and dispersed, resists and confronts the ideological-programmatic shift by Lula and the party's majority leadership.



These activist and social forces provided the basis for the phenomenal political victory in the October elections and comprise the backbone of the forces expressing the aggressive and class struggle resistance against the dictatorship of capital and the imperialist recolonization. They are heading up the struggle for a radical change in the living conditions of millions of Brazilians currently unemployed, hungry, and subject to the most horrific poverty.

Both the 'argentinazo' and Lula's victory can only be understood in the framework of a crushing socio-economic debacle, with a crisis of domination of the governing elites and the loss of legitimacy of the 'democratic institutions' of the neoliberal state and the decomposition of their electoral-patronage-based machinery. And, above all, due to the persistence of a broad and radical popular, democratic, anti-neoliberal, anti-imperialist struggle (with a 'spontaneously' anti-capitalist character) that prevents any illusion of long-term 'governability'.

This struggle is interrelated with the mobilizations against the fascist coup attempts.

In Venezuela, the continental mobilizations against the FTAA, Plan Colombia, and the Puebla-Panama Plan, and the payment of the fraudulent foreign debt.

Ideological Operation

Argentina and Brazil. Two counterposed 'models' of how to face neoliberal barbarism? Different analysts, intellectuals, some NGOs, churches of varied origins, political leaders from the 'centre-left' or what's now called the 'progressive camp'—with the blessing of dollars provided by the World Bank, the IDB and different European Union or U.S. foundations—are rapidly mounting an operation.

This involves attempts to derail tactics and strategies, to condemn forms of organization and struggle from 'the past' and to pass judgment on methods of 'collective violence' that are at odds with rationality and that become uncontrollable from the standpoint of the 'rule of law'.

They say that the 'conflicts of interest' are to be resolved in the context of 'national unity' and respecting 'civic civility' ... even though almost half of the hemisphere's population doesn't even have the 'right' to eat once a day.

Disguised under the discourse of the least onerous costs, they publicly proclaim the

between 'argentinazo' and 'Lula effect'

ERNESTO HERRERA*

need for a 'just distribution of income' and call for 'dialogues', 'negotiations', and 'new social contracts' as the only way to avoid 'bloody confrontations' or a 'war of the poor against the poor'. For this 'centre-left' and 'progress-oriented' approach, the 'economic reconstruction of a national development model' must occur under conditions of 'constitutional stability' (of capitalism, obviously) and the 'inclusion of those previously excluded'. Therefore, any idea of a democratic or anti-neoliberal break or of a confrontation with the bosses and imperialist capital, is simply a suicidal 'anachronism'. They can tolerate — as a last resort—vague ideological and philosophical allusions to socialism (and if this occurs in academic circles, even better), but they will politically and morally punish any attempt to play out revolutionary strategies.

This operation poses a dividing line. In response to the 'systemic chaos' and the 'psychological insecurity' produced by a revolutionary uprising such as in Argentina, with its corresponding social and political radicalism, its experiences in self-organization, its questioning of private property, and its virulent anti-imperialism and practices involving direct democracy 'from below', the 'national-democratic' counterpart is Lula's 'emulation effect' and 'flexibilization' of measures to guarantee both a system of plural alliances (toward the right, naturally) as well as to possibly opening the door to "people turning—as is now clear in Latin America—toward national-regional productivist options based on the development of domestic markets and recovering the role of the state in key areas such as fiscal policy, health, education, monetary policy, regulations, development strategies, defense, and security."

Temporary Victories

The right-wing victories of Sánchez de Lozada and Uribe in Bolivia and Colombia appear as a breath of fresh air for Washington. Soon the winds of change that blew with such fury in Latin America began to be channeled.

The continued popular uprisings and revolts were coupled with extraordinarily important electoral victories (Venezuela, Brazil, Ecuador) and political-electoral advances that, even though they did not lead to taking office nationally, did modify the scenario of social confrontation (Bolivia). Parties, fronts, and left movements gained mass support as opposed to the crisis of neoliberal candidates and options that were openly aligned with 'globalization' and the counter-reforms imposed by international financial institutions.

Not even the imperialist press—even with their distortions—can hide their concern for a situation in which "left-wing and neopopulist presidents take office in Latin America", and "the people, lacking an appropriate political niche within representative democracy, are following charismatic, neopopulist and left-wing military leaders ... in a continental tilt toward the centre-left, with a weary population that looks down on discredited traditional politicians."

Positive. The tendency of the 1980s and 1990s is being reversed. The population is now not just voting for 'stability' but is losing its fear of alternatives identified with the left. However, presidents elected with millions of votes and very broad popular support constituencies (workers, peasants, indigenous communities, public employees at different levels, unemployed, women, retirees, sectors of the impoverished middle class, radicalized youth) are taking the road of reaching agreements with the IMF, pledging that they will not adopt measures against the markets and the interests of multinational corporations and that they will continue to meet foreign debt payments, which closes the door to any possibility of sovereign development.

"Will the left-wing political forces perhaps be responsible for taking on the sad role of confirming the debacle of the squalid nation-state, built with great difficulty in our countries in the second half of the twentieth century? Will they be the buriers of what is outmoded but incapable of generating something new?" These are undeniably very pertinent questions raised by Ecuadoran sociologist Francisco Hidalgo Flor.

This is because the temporary nature (provisional or extended in a perspective of defeats or advances in the accumulation of revolutionary experiences) will, in the final analysis, depend on the level of social polarization, autonomous self-organization, and the capacity to introduce programs involving structural transformations of an anti-capitalist character. An obvious additional factor is the conditions to develop a strategy of a struggle for power.

Continuity or Break

This is the dilemma facing Lula and the PT. In this sense, all eyes are on Brazil. This is where a test of key importance is being played out, not only in terms of undertaking the unpostponeable socio-economic and political changes that the country and its people need. But also for the Latin American left in the broad sense, and for a radical and socialist left with a commitment to change and a vision of revolution.

Few question the historical importance of Lula and the PT's victory, the break that this victory has meant on different levels and the opportunities that it opens for a substantial modification in the relationship of forces between the working classes, the dominant classes, and imperialism. And in this sense, all revolutionary forces have a stake, to one or another degree, in how this experience concludes.

Although it is clear and definitive: this unique experience—which cannot be compared at all with that of the Salvador Allende government—will be closely linked to the evolution of the party and its internal balance of forces, to the ties of the radical and socialist left to social struggles (without placing its institutional and paraliamentary commitments first) and especially, to the central role of the social movements in this process. Therefore and for now, the outcome is an open question.

However, the road forward begins with problems and the prognosis is somber. Lula has formed a government based on class conciliation, in which the large-scale industrialists and landowners, imperialist bank managers, members of the conservative Liberal Party, former officials of the neoliberal Fernando Henrique Cardoso government exist alongside members of the PT with different experiences of political and social struggle.

The truth is that the majority of the ministerial cabinet is comprised of party members and leaders. But it cannot be said that the bourgeoisie is only represented by its shadow or in secondary posts.

Finance Minister-designate Antonio

Palocci, head of Lula's transition team, has presented an outline of a game plan that says it all: "Brazil is a great ocean liner. It cannot be turned sharply." He has emphasized that a change in direction can only be done "gradually" and with a minimum of vacillation. Luis Fernando Novoa, an ATTAC-Brazil activist, makes a serious, rigorous analysis: "In New York, Palocci assured everyone that 'there was no Plan B'. No one has cards up their sleeves or hidden victories. To the surprise and joy of the illustrious usurers, there was nothing behind the mask of Mephisto that was not his own. It was conservatism camouflaged as reformism and not the reverse. The new government's strip tease was complete. At the decisive moment, Palocci preferred the password "Do you know Dr. Mireilles?" This was how the new president of Brazil's Central Bank was enthroned by Wall Street.

"Multinational capital is directly represented in the economic center of the new government. It is the old model of passive insertion based on the liberalization of capital flows, the adaptation to its fluctuations and the maintenance of favorable conditions for foreign investments. Palocci took the trouble to explain, saying, 'We will make severe fiscal adjustments with a policy of profound fiscal austerity; we will reduce the liquid debt in relation to the GDP; based on that we will create a healthy macro-economic environment and then we will take measures for growth.' Since when does wage and fiscal rigor lead to an expansion of the domestic market? Is recession induced by high interest rates the only road for sustained economic growth? Austerity today, growth tomorrow?

"Indexation and protection of the population's purchasing power is unthinkable. The very idea [of indexation] has to be avoided," says the minister, interpreter of finance capital. Language must be censored, cut down, and refashioned, like an Orwellian neo-language. Meaning follows arbitrary decisions. The indexation of wages is unthinkable to the same extent that indexation of costs, debt servicing and commodities are indispensable.

"Inflation must be controlled, of course, but not by using exotic measures"—like price freezes or lists. A clever way of saying you'll maintain the highest interest rates in the world. The market, when it can, rules, and the government, when it cannot, obeys. Very simple. Palocci confirms it: "We want to work with the freedom of the market. The market and the economy must come to an agreement." The government's down payment was made in the latest agreement with the IMF. The 'big stick' was only firmly adjusted because there was consent and agreement. The IMF proposed staying precisely in step with economic officials responsible for one of the world's most lucrative derivative markets: Brazil's public debt market. No false steps can be made.

The initial positions were exhaustively rehearsed and choreographed.

Köhler, the fund's general manager, hiding the creditors' anxiety, says that "a 3.75 percent primary surplus for 2003 is sufficient". Palocci, displaying maximum solicitousness, responds that the future government's commitment is "achieving whatever primary surplus is necessary in 2003". Limits are only acceptable from that side to this. Public spending can be sacrificed in an unlimited fashion. By respecting primary surplus minimums, the government takes on the role of being the nation's executioner. The IMF can thus reply without political costs that are too high. The priority objective is transfering the management of the debt (of budget, interest and exchange rate policy) to the multinational, private sphere, thus keeping it safe from 'political pressure'. The operational autonomy of the central bank is the guarantor of this transfer of power. It is easy to understand the government's effort to pass legislation regulating Article 192 of the Constitution as quickly as possible. The proposal is a self-targeting attack that would be a first strike against any other kind of governability.

"Even the ECLAC, which no longer bothers anybody, managed to compel the new managers of the Planalto. The proposal is that Brazil and the other Latin American nations back the creation of a multilateral body to renegotiate the debt that would give automatic access to special lines of credit and emergency funds in order to diminish the risk of unilateral moratoria. The ECLAC is only echoing the debt 'restructuring' model promoted by the IMF. The international financial system did not fail to learn the lessons of the Argentine default. The alternatives are being devised precisely by those who say there are no alternatives. Related to this, in Brazil, the faithful followers of Malanism continue to believe that nothing can be done but complying with recessive aims and taking strict fiscal measures to their logical conclusion. Renegotiation of the debt? Negotiated moratoria? Palocci crosses himself and swears "This is not one of our intentions. It is not part of the program.

"So, the control of capital and the establishment of a new model for financing development are points that are not in the program. Does this mean that deprivatization, national and regional sovereignty and democratization are not in the program either? Who designs the program for the lives of 170 million Brazilians? The new technocracy, instrumentalizing democracy, is turning itself over to the plutocracy."

And the FTAA that 10 million Brazilians rejected in a popular consultation and that Lula himself characterized as a "project of annexation"? The new minister of foreign relations, former ambassador in London for the Cardoso government, goes into it more precisely. It is no longer an "anti-model" of integration, but rather, "the FTAA is a space for negotiating different issues. There are typically trade issues and issues that go way beyond trade, like intellectual property and investments." The magazine *Veja* publishes the subtitle, "[Paul] O'Neill exited the scene and the PT's anti-FTAA feelings are going to give way to pragmatism." Well, that may or may not be the case. What is certain is that the categorical rejection that Aloizio Mercadante was urging a while back has disappeared from the dictionary.

So, this was not by chance. In the Sao Paulo Forum's 11th Conference in Antigua, Guatemala, in December 2002, the PT delegation (together with Uruguay's Broad Front delegation) presented a draft proposal on the FTAA that critiqued the agreement in such a way as to open the door to negotiating "another FTAA". Opposition from the Cuban Communist Party and the left forces in the forum (Colombia's FARC, Puerto Rico's Socialist Front, among others) defeated this PT and Broad Front proposal. In the end, the 11th Conference reaffirmed its previous resolutions: "The FTAA as proposed by the United States is a plan for annexation and not a real agreement to integrate the Americas. Given this strategy, we propose an alternative integration that would mainly concentrate on the political and social level." The forum called for "the construction of a Latin American Community of Nations", with the full integration of Cuba, obviously.

November in Havana. The Second Hemispheric Conference to Struggle Against The FTAA: Evo Morales, the coca-leaf grower deputy and leader of Bolivia's Movement to Socialism, issued a call, saying: "I want to say to compañero Lula, to compañero Lucio Gutiérrez, to compañero Hugo Chávez, that they should be on the side of the people and not the side of the multinationals. I call on them, in the name of our peoples, not to enter into the FTAA. It is enough for Lula not to enter the agreement, and there will be no FTAA for Latin America. If we add to that compañero Hugo Chávez, compañero Lucio Gutiérrez, for the first time in Latin America, the empire can be defeated." Did they hear him?

Green Berets

The discourse about "the spectre of the axis" (Castro-Chávez-Lula-Gutiérrez) frightens no one. And it is not even useful for justifying interventions. The United States mistrusts 'left neo-populism', but it fears more the Ecuadoran indigenous movement, Brazil's Landless Movement, the masses who defended the Bolivarian Republic of Venezuela in the streets, Colombia's armed insurgents, Bolivia's indigenous/peasant movement, and, of course, the radicalized masses in Argentina. In a context of political instability and crisis of the neoliberal elites, imperialism puts aside its media gyrations and brings out its counterrevolutionary weapons.
It has two priorities: bringing down Chávez, defeating the popular movement and the revolutionary Bolivarian organizations; installing a lackey government that ensures the investments of US companies and the supply of oil. If Gaviria and the OAS do not manage to impose a 'democratic negotiation' (that favours the right wing coup plotters) Chávez's government will continue to be destabilized through other means. Simultaneously, the idea is to extend Plan Colombia (the Andean Regional Initiative) to Ecuador and Peru: crush the FARC and the ELN, integrate paramilitary units as legal participants in Uribe's counter-insurgency—and ensure that the oil there will also be American.

This is armed neoliberalism in its most brutal form. In September, the new head of the Southern Command, Texan General James Hill went to Buenos Aires. In October, 10 days before Lula's election, in Uruguay's parliament, he characterized Brazil as "the world's second largest consumer of cocaine".

He proposed integrating the armed forces and the security forces into a single repressive structure. He also expressed Washington's concern about the so-called 'empty zones' and 'ungovernable areas'. He re-emphasized the danger of the tri-border area (Argentina-Paraguay-Brazil), where Palestinian 'terrorists' hide out and are financed.

November 2002. The Fifth Conference of Defence Ministers was held in Santiago, Chile. Special guest: Donald Rumsfeld. Among other points, the document says, "[we must] strengthen inter-institutional and intergovernmental coordination of the security and defense regimes that would allow the population to be protected". To do so, it proposes carrying out "combined exercises of the armed forces and public security forces"such as the US Green Berets and the Argentine Gendarmería.

This was the welcome given the inauguration of the PT administration. While Duhalde was embracing Lula and proclaiming the MERCOSUR a 'strategic Project', he left behind a piece of legislation signed into law that allowed for special US troops to occupy positions in the Misiones province while Lula was being inaugurated as president. Meanwhile, the Green Berets are already esconced in the province of Salta without even the authorization of the Argentine Congress. □

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China: taking the capitalist road

ROLAND LEW*

The 16th Congress of the Chinese Communist Party (CCP) took place in mid-November. It has become a routine and well-controlled event, held at a fixed date (every five years), which was far from the case in the past (Congresses were held in 1928, 1945, 1956 and then 1969, subsequently becoming more regular). It has also become a non-event: it took place apparently as predicted and, more strikingly, as predicted for several years. The headlines of the world's newspapers proclaimed that 'the Chinese party Congress has embraced capitalism'.

A Communist Party which is now openly pro-capitalist, recruiting as a priority the new economic élites and private entrepreneurs—this would have been astonishing (stupefying would be more exact) two decades ago, but not today.

The only significant novelty—predicted but almost unprecedented over many decades—was a broad renewal at the highest level of the regime: at the level of the permanent committee of the political bureau, the very small group of men (unless I am very much mistaken, there has never been a woman in this body; even Madame Mao, so powerful in her time, was never officially a member) who are supposed to be the true masters of the country.

From one generation to the other

The party is to have a new general secretary, Hu Jintao, a young leader by Chinese standards—only 60. And the three main leaders of the 1990s, above all the post Deng Xiaoping years (he died in 1997) are no longer on the leading bodies of the party. Jiang Zemin, the leader promoted just after the repression at Tiananmen Square (June 1989), Li Peng, prime minister at the time of the tragic events, who was very unpopular and responsible (in the eyes of Chinese public opinion) for this repression (in fact carried out under the orders of Deng), and Zhu Rongji, the energetic prime minister, are retiring or about to retire (officially at least). The transition has been planned for a long time; it was indeed Deng who had chosen Hu Jintao as the successor to his successor, Jiang Zemin. The first generation of cadres which emerged at the beginning of the CCP, that of Mao (born in 1893, he participated in the founding Congress in Shanghai in July 1921, but with a modest role) was followed by the men of the second generation, most prominently Deng Xiaoping (born in 1904, a Communist from the early 1920s). Deng, a longtime follower of Mao who became his adversary (in Mao's view) during the Cultural Revolution, was to become the instigator, undoubtedly consciously, of a deMaoisation of the Chinese regime

Deng, in his turn, largely chose the third generation, made up of cadres who joined the CP before its accession to power in 1949. That means men (this level of the hierarchy consists essentially if not exclusively of men) who entered a party in the midst of a full process of ascension to power (Jiang Zemin joined the CCP in 1946 at the age of 20). More strikingly, the highly competent Prime Minister, Zhu Rongji, a skilled engineer with a reputation for honesty, is said to have joined the CP in October 1949, just after the seizure of power (he was then 21).

These are, then, survivors, past masters in the terrible games of power. Zhu was a victim of the 'anti-rightist' campaign waged against the intellectuals in 1957, but since then he has been relatively untroubled. This is an elite from a dominant social order, which is learning by its own lights how to survive and even prosper in an often difficult context. As in the case of the Soviet bureaucracy at the time of Stalin and afterwards, it is an elite which has learnt its trade as an elite—how to effectively manage 'actually existing Chinese socialism' while being aware of the problems, difficulties and impasses of their régime and their country.

Behind and under the authority of Deng Xiaoping, realist and pragmatist par excellence (as was Mao, before 1949 in another context), these cadres, occupying increasingly higher positions, accepted and in part piloted a complete transformation of the country. They hoped to respond to pressing problems and above all face up to a problem of the survival of the 'Communist' regime.

In their turn, they have chosen the successors of the 'fourth generation', (this is the official terminology!), again men aged around 60: well educated cadres for whom the revolutionary past is simply an ideology without effective content. The new secretary general, Hu Jintao (he shares his background in engineering with Jiang Zemin, Li Peng, Zhu Rongji and many other Chinese cadres, not to mention a notable part of the Soviet elite from the 1930s onwards) joined the CP before the unleashing of the Cultural Revolution. He has proved to be a prudent manager, tough when the situation demanded it (as in Tibet) and avoiding the traps laid for claimants to power. To such an extent that nobody is really sure what he wants and what he might do.

The Taiwanese Model?

A 'fifth generation' is already emerging, to whom perhaps the task of the reconversion of the regime will fall. The model is not very far away in the remarkable changes to Taiwan's Guomindang regime. The latter came to the island in 1949 with cadres and an army defeated by the Communist troops, as well as their associates and their families (one to two million people). It was a very authoritarian regime, openly dictatorial (the state of emergency declared in June 1949 was maintained until 1987); it was, moreover, responsible for a terrible repression, a veritable massacre of the inhabitants of the island (the descendants of immigrants who came to the island in the 17th and 18th centuries) on February 28, 1947 which led to long and deep-seated tension between the new 'Chinese' masters and the Taiwanese majority. Yet this regime, imposed by violence, finally came to an accommodation with the population, first economically, then, under the repeated pressure of the Taiwanese component, by concessions on democracy and civil liberties. It has now abandoned a good part of its political power, while still participating in Taiwan's dynamic capitalism and enjoying its material advantages.

The People's Republic and Taiwan are two different universes, in terms of problems and possibilities. While Taiwan covers 36,000 square kilometers and has more than 20 million inhabitants, the PRC has 9.6 million square kilometers and more than 1.3 billion people. Taiwan is already a developed country, with a minority of peasants and a solidly implanted local capitalism; the PRC is a country-continent which remains massively rural and is undergoing a rapid but also fragile development (even from the viewpoint of the authorities). It is difficult to estimate the effective gap in GNP per inhabitant. The official figures show enormous differences, which are in fact unrealistic. A more sober estimation would arrive at a relationship in the order of one to four, in favour of Taiwan. However, in absolute terms, the country that counts economically is the People's Republic and not Taiwan. The latter does not enjoy a very solid international legitimacy while the PRC undoubtedly incarnates the grandeur, continuity and destiny of China. Despite the similarities between the Guomindang, formed in 1924 on a model directly imported from the centralism of the Communist International, and the CCP, these are two very different structures and the stakes are of another nature. Still, the 'Guomindang model' shows many enlightened 'Communist' cadres that a full systemic reconversion is possible.

Everything must change so that things remain the same, then, as the famous formula goes? We would say rather that everything has already changed and that the CP Congress has confirmed this situation.

What continues

The renewal of the leadership, which appears impressive and even complete, is very much less than that in reality. Jiang Zemin, is trying to do exactly what Deng did before him; withdrawing from power so as in fact to jealously maintain it. Thus, six of the nine members of the new permanent committee of the political bureau were chosen by him. Even if, as predicted, he abandons his somewhat honorary title as president of the Republic, he will keep his essential function as president of the military Commission (the former military Commission of the Central Committee of the CCP) which was an essential source, undoubtedly the most decisive, of Mao's and subsequently Deng's power. Deng was even allowed to withdraw from this body while retaining the real power in the country. Jiang Zemin has no intention of

retiring—at 76, he is only a year or two older than Deng was when he began to exercise supreme power, in 1978-1979.

The major continuity is that of the sole power of the party, the imposition of its rules (including fixing the order of succession in the leadership of the country); the centre of power, of the constitution of the old and new élites has not changed and if there is no major crisis, it is not about to change.

The CCP has succeeded in maintaining its hegemony over society in a period of incredible upheavals in China and the world.. It has not succeeded in making itself popular, or legitimate in the strong sense of the term; but it has succeeded in making itself indispensable, and destroying any embryonic alternative. There is currently no sign of anything that could with any credibility replace it.

A party which was delegitimized by the sufferings of the Cultural Revolution (1966-1969), and subsequently still more discredited by the general corruption spawned by its politics and its predatory behavior has emerged in much better shape than might have been thought. A quarter of a century since Mao's death, the situation can be summed up: the CCP has won, and there was nothing obvious nor easy about it. The exploit is remarkable, and was in no way predictable.

China in movement and upheaval

Behind this victory lie the incredible upheavals of the past two decades, above all the 1990s. Here we won't go into details (whole volumes would be needed): nothing remains of Maoist China, and hardly anything of 'actually existing socialism'. The Congress has confirmed it; everything that has been done empirically, through trial and error, is in the process of creating the Chinese road to capitalism and a broad economic opening to the world.

The winners are many—among the new and rich middle class developing in the cities, in the significant advantages and privileges enjoyed by the masters of the party, and more openly still their sons and relations (what the people ironically call the party of Princes). This evolution is underpinned by China's economic breakthrough; the country is on the road to becoming a great economic power on the world scale. If the average income per inhabitant is still modest, in particular in the countryside, levels of consumption, above all in the cities, have grown significantly; China is the second economic power of the world (overtaking Japan), the third if the European Union is taken as one entity. It has for some years been the most popular destination in the world for capital (taking, provisionally, the place of the US). This capital no longer originates largely from the Chinese diaspora as in the recent past; international capitalism as a whole is flooding into China, including the high technology sectors, including the capitalism of Taiwan. The country is in the process of becoming 'the workshop of the world' (as Britain was called in the first half of the 19th century), a country where the products found all over the planet are manufactured and which is increasingly raising the technological level of its manufactured products (in the image of what was done by Japan, for example). There is still a lot of ground to cover, but things are going more quickly than would have been thought possible not long ago. China is the country to invest in, to be present in. A far cry from the China of the period of the massacre of the students in 1989.

The many losers

And the losers? In various degrees, the majority of the population. First the rural majority (two thirds of the population) who are once again neglected and lagging behind in relation to the cities, where they go in their tens of millions to find often appalling work. Yet it is the dynamism originating from the countryside which has constituted the real motor of the social and economic transformations of the post –Mao period and was indispensable to the success of Deng's reformist project, at least during its difficult beginnings (the early 1980s). That does not mean that the peasants have again been reduced to the great poverty that was their lot 20 or 30 years earlier; but their life remains difficult; the gap with the situation and standard of living of the city dwellers has been seriously deepening for around 15 years.

The other big losers are the workers in the state factories in the cities, and particularly the women workers. After much hesitation, the 'popular' regime decided to smash the conquests of the Maoist period, in the mid 1990s. Within a few years, despite numerous social tensions, strikes and diverse actions, there has been a process of quasi-disappearance of the relatively protected status of workers in the state sector.

Instead, a new proletariat—sometimes better paid, but insecure and superexploited—is forming, in the context of a new capitalism, private, state, semi-state, or dominated by foreigners. And there are forms of exploitation fairly similar to those known in the so-called Third World (and sometimes in the most terrible forms of western capitalism in the 19th century).

That makes for a lot of suffering. And this is not to mention the situation of the old, the more miserable peripheries of the country, the new urban poverty, or the ecological dangers.

Chinese society is on the move. The situation is rich in creativity and potentiality, but also dangers, if not disasters linked to the authoritarian policies of the CCP and the hybrid forms of capitalism. The regime plays an equilibrist game based on seduction, fear and resistance in relation to external capitalist penetration; it variously seeks to utilize, respect and get round the rules of the World Trade Organization (WTO) which the PRC has joined after 15 years of trying. It must face up to multiform social pressures, often uncontrollable, even if the resistance is fragmented and open opposition weak. Then there is the fragility of the legal system (which is slowly improving) and the arbitrary behaviour of the regime and its agents in their relations with the people, above all the 'common people, which is increasingly humiliating, and unacceptable to a population which is better educated, better trained and more conscious of its rights. Not to mention the violence of social life and the considerable criminalization (though there is nothing exceptional about this on a planetary scale) of economic life.

Towards affirmation of a power

The successes of the recent past are undeniable, the price paid by the majority of the people is heavy and economic, social and political stabilization is not guaranteed. That does not rule out the frenzy of consumption indulged in by some city dwellers and some of the privileged of the countryside: it is about the pleasure of wishing to be better of and perhaps it is also an opportunity to grab all you can faced with an uncertain tomorrow and memories from the past of poverty and the brutality of the regime.

What has now become obvious to all and is moreover a source of fierce pride for many Chinese, is that the China of the 21st century is a major force on the planetary scale. It is certainly still far from being a power that can rival the US, especially from the military viewpoint or in terms of its geopolitical deployment.

Nonetheless, it is a country that counts for something and will increasingly do so. For now the regime recognizes, de facto, the relation of forces at work: the preponderance of the US. Tomorrow, things could be different and the regime may act on its own account, effacing definitively the terrible humiliations suffered in the modern era. What that would mean, nobody knows. In any case, that is the why the elites in the regime and among the population are thinking.

The broad outline of China's current geopolitical goals is clear: reunification with Taiwan under the authority of the mother party ('Communist' or otherwise); the recognition of Chinese preeminence in its environs: the will to counteract a sense of being encircled by the US superpower. A recognized place in the management of the Pacific region is also demanded.

In the longer term, things are a bit hazier; the country should continue to advance economically and militarily, it should guarantee a certain social stabilization, it must master its serious ecological problems. Also, it must resolve the question of the future and the nature of the regime (which does not necessarily mean the installation of democracy!) The geopolitical vision of China has strongly evolved, without being clearly fixed however. Continental China, self-centred, strategically orientated towards Asia (hence, traditionally, the importance of its periphery, like Tibet)—in this respect Mao's China barely differed from imperial China—has given way to a country more open to the world, and more oriented towards the seas (hence the demand for hegemony over the South China Sea).

China is also more resolved to participate in economic and geopolitical confrontation with the dominant forces of the planet. While in the past, even in the Maoist era, the priority was the immediate periphery of the country, China's elites (including those who detest the current regime) can no longer function in this framework

But what framework can durably and effectively replace it? This is the subject of many debates and remains a great unknown. If all goes well, which is in no way guaranteed, so many and so deep-seated are the problems, China would become one of the key actors at a global level. The country has changed greatly already and will continue to do so. However, for the time being socialism and popular emancipation will have no place in all this. □

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Obituary: Wang Fanxi 1907-2002

On December 30, 2002, the Chinese Trotskyist leader Wang Fanxi died of heart failure in Leeds, Britain, aged 95. Born in Xiashi near Hangzhou in 1907, he joined the Chinese Communist Party (CCP) in 1925, abandoning his literature studies at Beijing University for the revolution. In 1931, he was expelled from the CCP and helped set up the Left Opposition led by Chen Duxiu, the CCP's founder and a giant of modern Chinese thought and letters. He and the Trotskyists spent much of the 1930s in Chiang Kai-Shek's gaols. In 1949, when the Communists set up their regime in Beijing, his comrades sent him (much against his will) to Hong Kong, to act as their external link while they continued the fight in China for workers' democracy and socialism worldwide. The colonial authorities evicted him from his 'safe place' even before his comrades' arrest on the mainland in 1952. (Some stayed locked up for the next 27 years.) In 1975, he fled his second sanctuary in Macao, where Communist agents were plotting to spirit him across the border. He went on invitation to Leeds, where he lived until his death.

Wang was one of hundreds of young Chinese borne into radical politics by the New Culture movement, which peaked on May 4, 1919, in a campaign of protest against China's betrayal by the Versailles Peace Conference. Like May Fourth's leader Chen Duxiu, he continued to view internationalism and democracy as indispensable ingredients of Communist society, even after their extinction in the Stalinized CCP. An accomplished author who contributed to the seminal literary journal 'Yusi' ('Threads of talk') before committing himself to a life of revolution, he was also a virtuoso linguist, fluent in English, Russian and several Chinese dialects and able to read Japanese, French and German. His university class in 1925 was unusually distinguished. Besides him, it contained the party's two best-known literary dissentients, his close friend Wang Shiwei (executed by the Communists in 1947) and Hu Feng. After his expulsion from the party, Wang resumed writing and translating in time snatched from politics, to help fund the impoverished Trotskyists and feed his family. In lonely exile in Macao, he had more time to write than he would have wished. His books include 'Study of Mao Tse Tung Thoughts', 'On the Proletarian Cultural Revolution' and many others.

His memoirs were published in English translation by OUP in 1980 and in an expanded edition by Columbia University Press in 1991.

Wang was imprisoned for the first time (of three) in Wuhan in 1927, after boldly criticizing the CCP's senior Nationalist allies. Following the bloody collapse of the alliance, he went to Moscow for military training. There he rallied to Trotsky's criticism of the Chinese united front, which had ended in massacres of Red supporters. Back in Shanghai, he worked under Zhou Enlai as an undercover oppositionist until his exposure and expulsion in 1931, as a prelude to his second and third spells in gaol. When not behind bars, Wang and the other Trotskyists strove in the early and mid 1930s to revive the revolution's shattered urban base by campaigning for a democratically elected constituent assembly. The campaign failed miserably, if only because most Trotskyists were in gaol, but so did the rural strategy favoured by the CCP, which sacrificed its forces in futile warfare. In 1937, the start of the Japanese War radically altered the nature of Chinese politics.

Quixotically, Wang and Chen Duxiu tried to win armed forces to a policy of resistance combined with rural revolution. The CCP, hundreds of times bigger and with a decade of military experience and some Soviet support, effortlessly eclipsed them. After the war, the Trotskyists resumed their campaign for radical democracy and class struggle in the cities. They were as if blind to Mao's peasant armies, poised by 1949 to seize power everywhere on the mainland.

Wang spent the first years of his exile reflecting on the causes of the Maoist victory and the Trotskyist defeat. In a departure from Trotskyist orthodoxy, he found that a real revolution had indeed taken place under Mao. He criticized his own group's failure to develop armed forces and mobilize the peasants as one part of their activities. Yet he continued to question the overwhelmingly military thrust of Maoist strategy, which he feared in some ways was just another link in China's endless chain of wars followed by tyrannical restorations. Instead, he argued for the centrality of the industrial workers and the intelligentsia, new urban classes that offered a way of unlocking the cycle with an experiment in democratic communism.

Other Trotskyists around Peng Shuzhi, in exile in the United States, denounced Wang for 'capitulating' to Stalinism. The row was symptomatic of the Trotskyists' fractiousness, which left them even more vulnerable to their many enemies.

Relegated to the role of a mere observer of Chinese politics in later life, Wang could offer little more than commentary, but even in his early nineties he kept up a lively interest in developments in China and the world. He closely followed the CCP's evolution and predicted a new opposition would emerge from it. Communist officials tried to tempt him home, but he demanded in return the rehabilitation of Chen Duxiu and the others, a condition that stayed unmet. He kept up a voluminous three-way

correspondence with the veteran oppositionist Zheng Chaolin in Shanghai (freed from prison in 1979) and the Trotskyist writer Lou Guohua in Hong Kong. The death of Lou in 1995 and of Zheng in 1998 shut down his sounding boards and sources of inspiration, at a time when ill health (caused partly by Nationalist torture) and massive exhaustion anyway made it hard for him to read, let alone to comment.

The Trotskyists' main contribution to the Chinese Revolution was by the pen. The Maoists paid scant heed to Marxism until the late 1930s. By then, Stalin had reduced Marxist theory to a self-serving state ideology, which Mao plagiarized to boost his 'theoretical' credentials. Wang and his comrades, in contrast, published Marxist writings in Chinese by the shelf-full, including their own creative studies and translations of the classics. In the 1970s, Wang's memoirs were published in Beijing in a restricted edition. More recently, his study on Maoism also appeared.

Before Mao's death, the very word Trotskyism was enough to trigger a violent shock in most old cadres, but bolder thinkers took a friendlier approach after official ideology began to lose its grip in an increasingly polarized and corrupt society. Among well-known thinkers who have shown sympathy for Wang's ideas are the former political prisoner Wang Xizhe, the party critic Liu Binyan, the philosopher Wang Ruoshui, and the woman dissident Dai Qing. Although this list of Wang's Chinese admirers is still short, their writings roused him to a state of high excitement.

In Britain, Wang did not directly engage in politics. However, he influenced students from China, Taiwan, Hong Kong and Southeast Asia and was revered by radical leaders of the local Chinese community, who sought his advice on their campaigns for social equity in Chinatown and against white racism.

He was unswervingly radical but departed in almost all respects from the stereotype of the hard, narrow, unrelenting revolutionary. Friends knew him as deeply cultured, sensitive, modest, gentle, courteous, enlightened, approachable, open-minded and absolutely true, to individuals as well as to the cause. His extreme selflessness and the fortitude with which he bore numerous personal tragedies and losses lent him an almost saintly aura.

He is survived by his wife in Shanghai and by two children, three grandchildren, and two great grandchildren. Dora, a sort of adopted daughter, cared for him in his old age.

Gregor Benton, January 7, 2003

Wang Fanxi was someone very special, for us to feel such a desire to meet him again even after twenty years have passed. He was kind, human and intellectually sharp. So experienced but unpretentious and helping, able to relate equally with inexperienced youngsters (as we were at that time) in spite of the age and cultural gaps. We could learn from him and his extraordinary life, while feeling his friendship. He kept a fresh look at a changing world.

From the mid-1970s and for a decade, I was often traveling in Asia as a young member of the Fourth International bureau. I met many activists of all ages in many countries during these trips, among them Wang Fanxi for a few times and too briefly. At that time, I read also many books on the Chinese Revolution, and very little was available from him in a language I could understand.

Because of other responsibilities, my links with Asia shrunk in the following years and unhappily, I lost contact with Chinese friends. It proved impossible for me to keep alive most of the relations I had tied during these 'Asian years' which I found very sad, even if lately some old contacts were revived and new ones established because of common involvements in the present rise of anti-capitalist globalization struggles.

In these circumstances, my memory of Wang Fanxi should have slowly faded away. But it remained vivid. My wife Sally (even if she never met him) and I time and again thought "When we go to England, we shall visit h... in Leeds". We never went to England. Last summer still, we were planning to go on holidays to Scotland - with a possible stopover in Leeds. Sally fell ill and there were no holidays, no stopover.

Wang Fanxi was someone very special, for us to feel such a desire to meet him again even after twenty years have passed. He was kind, human and intellectually sharp. So experienced but unpretentious and helping, able to relate equally with inexperienced youngsters (as we were at that time) in spite of the age and cultural gaps. We could learn from him and his extraordinary life, while feeling his friendship. He kept a fresh look at a changing world. With so much to say about the past, he lived in the present, caring for the new generation of Chinese activists. To use a formula those from my generation will understand the meaning of, in a factional political environment, especially in Hongkong at the time, he could keep alive an unfactional vision of realities.

These words are so often used at the time of funerals that they become ritualistic, but they do express our feelings: Wang Fanxi will not be forgotten.

Pierre Rousset, January 16, 2003

Review: from the Resistance to the new movements

Livio Maitan, a regular contributor to *International Viewpoint*, has just published *La Strada Percorsa—dalla Resistanza ai Nuovi Movimenti: Lettura Critica e Scelte Alternative* ("The Road Taken—from the Resistance to the New Movements: A Critical Reading and Alternative Options"), with a preface by Fausto Bertinotti. This autobiography, by a long-time leader of the Fourth International and its Italian section, is primarily an historical analysis of a century of political and social struggles in Italy and Europe. An English translation of this work is not yet available, but in the meantime we offer our readers a taster with the following reproduction of some excerpts from the preface by Bertinotti, and from the conclusion by the author.

A splendid ride in opposition to historical determinisms

FAUSTO BERTINOTTI

A splendid ride through sixty years of the history of the workers' movement in Italy and Europe, seen from the inside, traveled by way of direct participation in the movements, read from the standpoint of a tendency within the workers movement, that of the Fourth International: that is the initial emotion derived from this volume by Livio Maitan. As the author himself explains in his concluding chapter: "My autobiographical balance sheet cannot be separated from the balance sheet of the political and cultural, national and international current which I joined in 1947 and in which I have been an active participant ever since. And this current, in turn, while it arose in opposition to the predominant currents, cannot be regarded in isolation from the record of the workers' movement as a whole. The events, the major divisions of History, the great upsurges of the workers movement and the tragic defeats are evoked together with the individual and collective choices made by the author, his memories, his scrupulous reconstruction of the debates in the parties (PCI, post-Resistance PS, PSI, Democrazia Proletaria and then PRC), in the other political and trade-union organizations of the workers movement, within the movements that have traversed the 20th century, to the emergence in the new millennium of the 'movement of movements', that is, the stormy emergence in the world arena of the movement in opposition to neoliberal globalization. The history of sixty years is therefore written and analyzed by one of its direct protagonists: it is a life that has been lived."

... Livio Maitan, and with him many men and women who were activists in the workers movement and adhered to philosophical currents and critical cultures on the communist left, have lived through some very bitter moments, misunderstandings and periods of true ostracism. It is one of the many paradoxes of History that many of those who handed down a priori verdicts in the name of an acritical orthodoxy, who excommunicated those expressing theoretical and political differences, denouncing them as enemies of the proletariat, landed in the course of events on distant banks and now proclaim the end of History, often with the same brutality of yesteryear, explaining that capitalism is the only possible social horizon and that it is neither desirable nor permissible to go beyond. ...

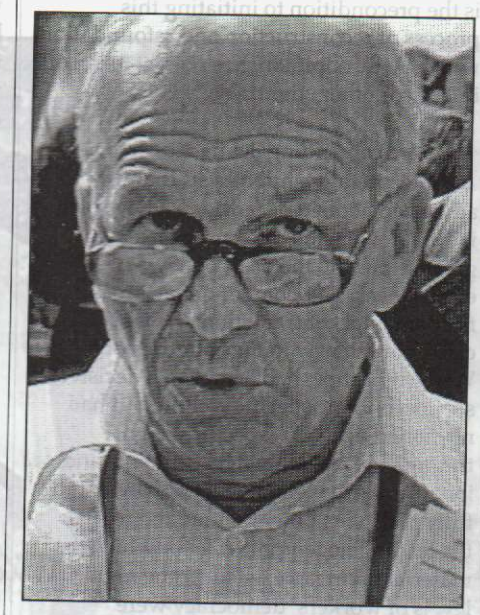
"I remain convinced", says Livio Maitan, "that the choices made by the hegemonic forces in the workers movement were not ineluctable and that different choices, with different results, were fully possible. I reaffirm that the strategic projects advanced over the years by the various parties and leaders—the policy of national union projected for an indeterminate period, including after the end of the war and the fall of fascism, the centre-left in the perspective of Nenni and the Socialist Party, and the historic compromise (envisaged by the PCI)—were unrealistic, since they were based on an unfounded interpretation of the possible dynamics, as experience has by and large demonstrated. And that's not to mention the schemes, largely undefined, first of Occhetto and then of Veltroni-D'Alema."

This is a significant and important aspect of the approach suggested to us by Livio Maitan in his book. History is also written with 'ifs' and 'buts' and it is not true that there is an historical determinism that predefines the actual options. Other options were indeed possible, with different consequences on the development of the societies that emerged from the great revolutions of the 20th century, and on the fate of the major political and trade-union forces of the western workers movement of the last century.

... To conclude, I can do no better than to quote Livio Maitan, while a young anti-fascist student, describing his critical method: "to start from a scrupulous philological analysis of the most significant documents, to grasp incongruities and internal contradictions in the conceptions submitted to critical thinking. Needless to say, this approach is not sufficient in itself, but it does provide the necessary point of departure."

This message, which applies to many of us, applies even more to this new generation that is a protagonist in the new movement representing the great novelty of the new century, and constituting a point of reference in which to situate a new phase in the movement for social emancipation.

Fausto Bertinotti is the general secretary of Italy's Party of Communist Refoundation (PRC).



The regressive phenomena in the workers' movement

LIVIO MAITAN*

The reasons why the workers' movement has experienced a serious of historic defeats—from the acceptance of the imperialist logic of the First World War by almost all the social-democratic or socialist parties to the advent of fascism and Nazism in the countries in which the dominant system had undergone the most serious crisis; from the regression in the society that arose from the October Revolution to the collapse of the bureaucratized transitional societies; from the increasingly organic evolution of the Social Democracy within the socio-economic logic and institutional mechanisms of the system; and from the insertion within the hegemonic political and military bloc to the gradual social-democratization of the Communist parties themselves—have been analyzed in an extensive literature the origins of which go back to the Soviet Union in the latter half of the 1920s. Personally, I have striven with others to publicize this literature and in particular the works of Leon Trotsky, to stimulate thinking on the analytical and theoretical terrain, to engage in critical political and cultural battles in Italy and in other countries. Without returning, even in summary fashion, to the successive analyses and generalizations in an ongoing effort to update them, we will limit ourselves here to a synthetic recitation of some considerations.

First, there is no denying that the workers' movement is suffering from an unprecedented crisis of identity. Paradoxically, it could be said, in reference to Italy, that it appears to have gone back to the period prior to the founding convention of the Socialist Party in 1892, when the workers' movement had not yet asserted its own political independence. An almost symbolic synthesis of this regression was the self-liquidation in the early 1990s of the party that had managed to sink the deepest roots throughout the country's history, with its transformation into first the Democratic Party of the Left (PDS) and then the Left Democrats (DS), that is, into a formation that renounced the essential founding components of the party from which it had originated, amidst recantations bordering on the grotesque. An analogous trajectory, albeit less impudently and with organizational effects that up to now are less destructive, has been followed by the largest trade unions. However, neither observation points to an acceptance of the two mystifications that the establishment has tried to impose, and keeps trying to impose, not without success, on the political level and even more so, perhaps, on the cultural level.

The first mystification comprises a devastating judgment on the action historically developed by the workers movement in its different components. "Communism", by its very nature, it is said, was demonic and (as Reagan put it) its major achievement was to build an "Evil Empire" within the ample geographic radius of the Soviet Union, which exploded at the end of 1991. A much more indulgent attitude is and has been taken toward the Social Democracy, and with reason: but it too is criticized for the unforgivable crime of "statism", of which it has not yet been fully cured. As for those who had opposed Stalinist "communism", so to speak, from the left, they continue to be associated with it, condemned out of hand: their theories, it is said, opened the road to Stalinism, and if they had been in charge, they would have done what Stalin

did, if not worse. As for us, we continue to share the assessment according to which, in every country in which, at various times, it had a real impact, the workers' movement managed to achieve some lasting social conquests, to assert some fundamental democratic rights, to create its own (albeit only partially independent) structures, to the benefit of broad layers of the masses, and to establish its own cultural points of reference. If, by some paradoxical theory, the workers' movement had not existed, even in its most timidly reformist version, the societies of the last century would undoubtedly have been different, with an even less human dimension. Likewise, it cannot be argued seriously that without the October Revolution Russia's fate would have been superior, or that it would have been preferable for the Chinese people to remain under the domination of the Kuomintang and the old ruling classes.

The second mystification is more insidious for it is supposedly based on a socio-economic premise of an analytical nature. The world economy, it is said, has undergone a radical transformation with a no less radical change in the organization of labour and, even more decisively, an overall restructuring of social classes, layers and groups. Marxism is therefore obsolete in its analytical foundations themselves and the very notion of the workers' movement is now meaningless or in any event destined to be emptied of its content. The refutation of these now predominant mystifications must first be placed on this terrain, it is true.

We, on the other hand, share the view of economists and sociologists in many countries and different continents who consider the aforementioned conclusions to be devoid of any objective foundation, for the very simple reason that the world economy remains more than ever determined by those social groups that in some form or other control the means of production, be they traditional or of recent origin, and that those who must supply their labour power in order to live, that is the subordinate workers, constitute the vast majority of the labour force, not only world wide but also in the countries that are most advanced economically, in which, according to the apologists of the 'new economy', such interpretative categories are obsolescent and of no use.

Confirmation of the operational nature of such categories as 'capital', 'profit', 'concentration and centralization of capital', 'salaried or subordinate labour', 'productivity of labour' and 'cyclical nature of the economy' can be found quite simply in the use with which such terms are commonly used by the central bankers, economic experts and contributors to the major specialized publications, notwithstanding, of course, differing if not diametrically opposed value judgments.

This clarification does not imply the least underestimation of the agonizing processes that have in fact occurred within the economic structures and social fabric, and the need for constantly updated analyses of the dynamics of contemporary societies. Contradictory contexts and vicious circles can still be shattered, especially by redefining political perspectives and cultural approaches. This is the precondition to initiating this process of reconstruction and refoundation which, in our opinion, has not yet taken off in Italy or other countries. ...

Before concluding, let us return to an interpretative hypothesis that we advanced about a decade ago, and which we are now inclined to emphasize with greater force on the basis of new experiences. The point of departure is a fundamental contradiction: the working class, particularly in the countries of Western Europe, had achieved a decisive socio-economic specific weight, but had not concretized this specific weight through organizational instruments and institutions that enabled it to express and fully realize its potentialities and to play the leading hegemonic role for which the material premises existed. Some high levels of workers' democracy were achieved: to cite only a few examples in the last half-century, during the May 1968 explosion in France, the high tide of struggle between 1969 and 1972 in Italy, and in the crucial phase of the revolution in Portugal. But in the final analysis these were but brief interludes, followed by a return to routine practices of bureaucratic normalization and delegation to crystallized bodies of functionaries, manipulative intellectuals and supposedly charismatic leaders.

In the case of the Italian workers movement, we noted that some decisive strategic options, from Togliatti's 'gradual democracy' to Enrico Berlinguer's 'historic compromise', were not the end result of collective thinking based on experiences occurring and maturing within the deepest layers of the society, but flowed, in the first case, from an international strategy established by the hegemonic group in the Soviet Union, and in the second case from the thinking of an extremely limited leading nucleus, if not one individual. We won't dwell on the methods in force in the major trade unions; we have supplied some eloquent examples in the course of our presentation.

To explain the regressive phenomena in the workers movement and its organizations, the suggestion was made during the First World War, and subsequently, that the key lay in the existence of a 'labour aristocracy', that is, the formation of layers who enjoyed relatively privileged conditions in comparison to their class as a whole, and possibly greater emphasis was placed on the alleged advantages that the working class in the imperialist countries had likewise derived, albeit to a limited degree, from the exploitation of the peoples in the colonies. This interpretation gained greater currency in the 1950s and 1960s, when the workers in the industrialized countries had managed to achieve an appreciable improvement in their conditions while in vast underdeveloped regions the old colonialism had been replaced by equally substantial forms of neocolonial exploitation. One may question whether such interpretative keys were adequate for the analysis of phenomena in other epochs. Whatever the case, they can be of little or no assistance to us in understanding the processes of the last half-century.

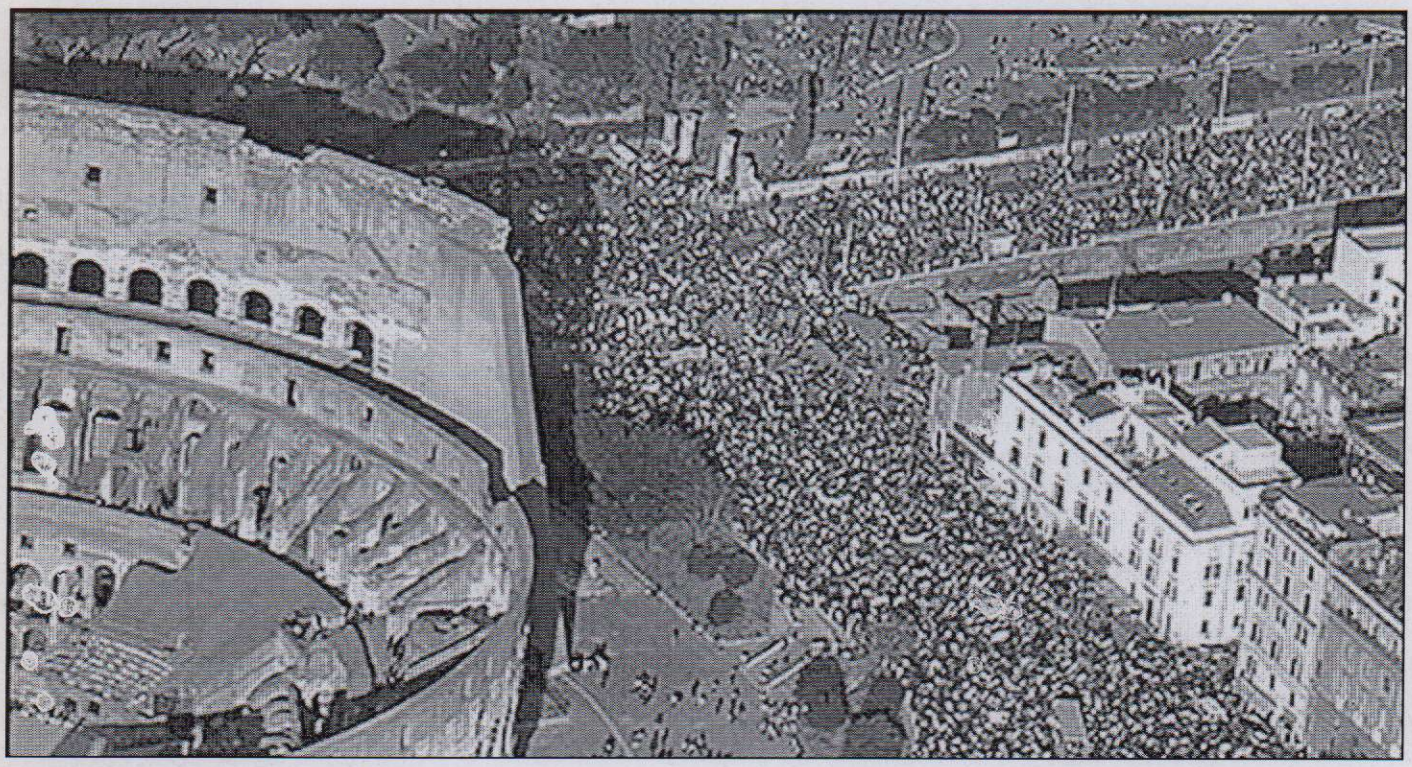
In this regard, it must be emphasized that, even before the rise of fascism, the composition of the organized workers' movement had been characterized by the active presence of elements originating from petty-bourgeois layers. While rejecting workerist approaches, we cannot overlook the fact that such elements, which often have a confused cultural background, have been in the forefront of the theoretical and political development and day-to-day practice of the major political and trade-union organizations.

The negative effects of this situation were reinforced insofar as institutional spaces opened up and were occupied to an increasing degree by such elements, who also had an increasing impact on the party structures as well. Thus the interests and requirements of the proletarian and other non-capitalist social layers were expressed at best through mediations while direct and autonomous representation was only by way of exception. In the final analysis, therefore, the antagonistic socio-political potential was diluted, diverted and even stifled.

In Italy, as in other countries of Western Europe, a system of parliamentary democracy has functioned in various forms for more than a half-century. Unavoidably, this has resulted in the formation and consolidation of what is referred to as 'the political class', which by our criteria it is more correct to define as a layer and not a class. If we add to this the central and local institutions, in their various expressions, the multiple

administrations and entities and the statized sectors of the economy, which for decades have been very substantial in their scope, this is a relatively wide layer that represents, as a tendency, a community of interests and analogous ideological and cultural reflexes, and accepts and complies with a set of unwritten rules.

The elective albeit relative affinities of this layer are fully apparent, for example, in the way in which its representatives, especially elected officeholders, address each other in conferences and debates.



Rome: two and a half million march on 15 February

While belonging to differing classes, generations and genders, they will with few exceptions use the familiar form and treat each other as an integral part of a common entity, a distinct layer to be precise. And with the rarest exceptions, they seem to consider as legitimate the privileges they enjoy, over and above their very high rewards and compensation.

Analogous selection criteria are applied in the parties and other formations: co-optation practices co-exist with safeguards that guarantee the continuity of membership in this layer notwithstanding possible functional and hierarchical displacements. In our opinion, it is hard to challenge the view that this formation and gradual expansion of a political layer has affected the entire workers' movement from top to bottom, in both its political and trade-union expressions. In some respects, it would be more relevant to speak of a caste rather than a layer, in view of the increased tendency to crystallize not only the presence within the context of the layer but also the levels achieved within the hierarchy, if need be through an accumulation of functions.

Finally, even where the numbers and specific weight of the working class, and more generally subordinate workers, have increased, this has not affected the composition of the institutional representations and leadership bodies of the parties. On the contrary, the dynamic has been in the opposite direction, through a drastic reduction in men and women from the working class and other non-capitalist layers.

Our conviction, it bears repeating, is that there will be no refoundation or reconstruction of the workers' movement without some critical thinking about the past, without a definition of new projects and new strategies, without a new international dimension taking shape. But none of this will happen—or, if it does begin to happen, it will inevitably come to nothing—if there is not at the same time a rejection of the conceptions and practices that have become very widely entrenched within the parties, unions and mass movements, both within and without their institutional frameworks. Independently of the initial projects and intentions, these conceptions and practices have represented, for a whole century, a decisive obstacle to the genuine expression and affirmation of interests and requirements of the majoritarian social layers, which have an interest in a qualitative, revolutionary transformation of society, in the affirmation of movements and dynamics of self-emancipation, in opposition to 'verticalist', paternalist or bonapartist practices. Synthetically, the condition sine qua non is the rejection of this substitutionism which has had such destructive consequences on the workers' movement throughout its history, both in capitalist societies and in those societies in which processes of transformation toward socialism have been initiated amidst gigantic difficulties. □

* *Livio Maitan, a leader of the Fourth International, is a member of the national political committee of the Party of Communist Refoundation (PRC) of Italy.*

The article was translated by Richard Fidler

A LEAN MONTH FOR IV

February is always one of International Viewpoint's lean months: because of IV's double December-January issue, sales money from only one issue has been arriving this year. As a result, the magazine made a 600 euro deficit last month. However, orders of the magazine were up again this month, giving some hope that sales might return to normal in March.

IV's experiment with Paypal is working. Indeed three payments have been made in the past 48 hours. After registering with their email address at www.paypal.com, supporters of the magazine can use a PayPal account to make or accept payments in US Dollars, Canadian Dollars, Euros, Pounds Sterling, and Yen. To send money to IV, click on 'Send Money' and then email the payment to the magazine at 100666.1443@compuserve.com. The Paypal system, which is open to readers in 38 countries, is highly secure. Last year it transferred over $2 billion.

Certainly, the organizations and activists that distribute International Viewpoint had many called on their time and energy in February: the Fourth International's world congress, reported in the last issue, drew together activists from all over the world. The rising anti-war movement is also helped by the energies of thousands of our militants. Finally, the appeal to fund medical aid to our comrade Hugo Blanco closed and, if his energy at the world congress is any indicator, this help has allowed him to get past the worst. Special thanks from Hugo's closest comrades go to our friends Tessa, Dianne, Russell, Raitatha and Ray.

Finally, International Viewpoint needs your help to improve our distribution network. Please email by618@hotmail.com to let us know when IV arrived: don't forget to tell us where you are and which issue of IV arrived!

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