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**NEWS AND ANALYSIS  
FROM  
SOCIALISTS WORLDWIDE**

**Imperialism  
at war**

**Fourth International  
15th World Congress**

**Brazil's alternatives**



APOLOGIES TO PICASSO



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**T**he US, with Britain in tow, has used its massive firepower to smash the régime of Saddam Hussein and complete its occupation of Iraq. In the eyes of Bush, Rumsfeld and Wolfowitz, this represents a resounding military victory and another step along the road towards their master plan for a New American Century: the achievement of total US hegemony based on their concept of 'full spectrum domination'.

They have been so quick off the mark to put Syria in their sights as the next 'rogue state' in line for 'regime change' that they have embarrassed Tony Blair and new Labour in Britain. Never the less it is clear that the fall of Iraq is far from the end of the road in the concept of permanent war put forward by the Republican right.

The war itself did not go completely to plan. The US military were surprised that the Iraqi army failed to surrender (and the regime collapse) in the first few days, but resisted where it could. In the end they got what they wanted by the use of indiscriminate military force, but the task of bring the country under the control of the invaders will be more difficult as a result. Most Iraqis were defending their country not the regime.

Huge numbers of Iraqis have been slaughtered in the invasion. No figures for soldiers are yet known – although the figure of 5,000, which has been mooted, is ridiculously low. The massive use of air power must have produced tens of thousands of military casualties.

The invasion has reduced Iraq to anarchy and chaos, and brought it to the verge of a major humanitarian disaster. US and British forces have stood aside while hospitals have been looted of essential equipment – despite the obligations of occupying forces under the Geneva Convention. The looters seem to have no brief either for the former Saddam régime or the one to be imposed by the USA. US forces have been clear as to their priorities. They secured the oil fields and the Ministry for oil (the only Ministry not sacked) before they secured either hospitals or power and water supplies.

Despite demonstrations and cheering by some Iraqis when the invasion force arrived in Baghdad, it is already clear that the Iraqi population as a whole rejects the occupation and is increasingly hostile to it. This is partly because of the chaos to which it has reduced them, and partly

because their country had been invaded by a foreign force. In any event some demonstrations, like that where Saddam's statue was toppled, were set up by the US Army and exaggerated by the media.

There are now daily demonstrations in Baghdad against the occupation outside of the Palestine hotel where the US military has its headquarters and in other parts of the country. The removal of Saddam is one thing – the occupation by the US is quite another.

In Mosul in the north, we have seen the first direct repression by the occupying forces of demonstrators on the streets, protesting the occupation. At least 12 demonstrators have been killed and over 60 injured, by US troops attempting to quell demonstrations against the imposition of a governor for the town by the USA.

Britain and the US insist that it is not an invasion but a war of liberation – and at the same time refuse to allow the Kurds or other minorities to establish separate states. This is one of the principles spelled out by Rumsfeld that will have to be adhered to by any puppet regime that is set up.

The US is going ahead with the installation of General Garner as a colonial governor. Garner is a pro-Israeli general – and head of an arms manufacturing company – who will be unelected and unaccountable to any of the Iraqi people.

The Pentagon and the State Department have been quarrelling over which Iraqi exile they should install as head of a puppet regime. The front-runner is convicted fraudster Ahmed Chalabi, a banker who has not lived in Iraq for many years and whose close links with the CIA make him their ideal candidate.

The first meeting designed to establish a puppet regime was held on April 15 at the Talil air base outside Nassiriya. Attendance was by invitation of the US military only. It was boycotted by the main organisation from the Shia Muslim majority: the Supreme Council for the Islamic Revolution in Iraq.

The occupiers may well lose control before they make much progress on this. While the meeting was under way, a huge demonstration of Shias was taking place in Nassiriya, calling for the Americans to leave the country and for an Islamic state in Iraq. The people of Nassiriya were overwhelmingly hostile to the appointment of Chalabi as head of any 'interim Government'. There was also unrest amongst Shias in Basra, controlled

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# IRAQ: US occupation turns sour

ALAN THORNETT



by the British army, and in Kut.

As this goes on, there is the obscure spectacle of the handing out of contracts for the reconstruction of Iraq to a preferred list of US companies, many of them key contributors to Republican Party funds.

Then there is the much-vaunted Road Map for Palestine, planned by Bush as part of a post-war initiative, to change the politics of the region to the benefit of the USA by imposing a straightjacket on the Palestinians. The only effect the war has had on the Palestinians to date is to strengthen Sharon even more, and to increase the daily death toll of Palestinian people.

Most of the world – outside of Britain and the USA, where majorities now support the invasion despite the continued opposition by large minorities and the Stop

the War movement – remains opposed to the war and the occupation.

The UN continues to be sidelined despite the efforts of Tony Blair to persuade Bush to let them get involved in the post-war situation. And the divisions that opened up between the USA and key countries of the European union (France and Germany in particular) remain in full force. They know that the ideology behind US policy is aimed straight at its imperialist rivals in Europe.

We were told that the war was being fought because of the existence of weapons of mass destruction (WMD), yet not a single WMD has been found, even though the occupying Americans now have access to the whole country and its population. Pentagon spokespeople continue to say that they are 'certain' that something will be found.

Meanwhile the anti-war movement must step up the campaign for the occupation to be ended and for the Iraqi people to decide their own future. The US and Britain insisted that the war was designed to liberate the Iraqi people. If that were the case there is an easy answer – get out and leave it to the Iraqi people to decide their own government.

We fight for self-determination of the peoples of Iraq, and demand free elections to a constituent assembly with no interference from any foreign presence – whether it be the Anglo-America coalition or the UN.

**Imperialist troops out of the Gulf!  
End the occupation of Iraq!  
Solidarity with the Iraqi people!**

# America Inc VS Europe plc

FRANCOIS VERCAMMEN\*

The US military victory in Iraq could be accompanied by a moral disaster and a serious political defeat for the warmongers. Rarely have the real goals of war have been perceived so quickly, clearly and broadly by the popular masses: oil, control of the Arab region, world domination. This means also: illegal, from the point of view of the norms that the US has imposed; illegitimate, for no reason, no argument, not even a substantial pretext can justify the aggression; arbitrary, for the US ignores the rules that it imposes on the rest of humanity.

## Popular uprisings and trans-Atlantic crisis

Two factors have played the role of detonator in awakening the anti-war movement.

1 The planetary uprising against the war, with a first culminating point, on February 15, 2003, when millions of people occupied the streets and public places. It was not the fruit of a generalized spontaneity, but of the movement, organized and planned, against capitalist neoliberal globalization, which in three years, since Seattle, has gained a staggering organizational and political density. The European Social Forum in Florence, in early November 2002, really opened this cycle of mobilization: the demonstration of one million that followed, the appeal to demonstrate everywhere the first Saturday after the outbreak of war and the patiently built structures. This mobilization is not only without precedent in history, it reflects the sentiments of the overwhelming majority of the population. The new capacity of those at the bottom which conditions those at the top, amounts to a highly subversive factor for the future.

**Whoever associates themselves with this enterprise risks discredit, opprobrium and rejection. That has been the fate of the British, Spanish, Italian and Australian governments – they have been faced with the largest and most dynamic anti-war movements.**

2 The new phenomenon is the fissure in the transatlantic bloc and its strongest crisis in half a century (apart from the brief Suez crisis in the autumn-winter of 1956) between the United States and the European Union (EU). The tenacious opposition of Chirac-Schroder to Bush's policy was not predicted on any agenda.

The enormous popular antiwar uprising, the succession of demonstrations of millions of people – benefiting from the democratic liberties conquered in the European capitalist countries – have strongly weighed on these governments, clarifying the real stakes of the war. The dominant classes had to choose under a dual contradictory pressure: 'yes or no to the war!' – cried the demonstrators; with us or against us! said Bush. The division between the imperialist and neo-imperialist protagonists was clear, camps formed: Britain, Spain, Italy, Australia on the one hand; France, Germany, Belgium, Russia and China on the other. Not seen since 1945. A true university of mass politicization, for the new political generation which has just been born!

Bush contributed mightily to the crushing defeat of 'governance' on the UN scene. He has succeeded in the extraordinary task of wasting, within one year, the enormous capital of compassion following the slaughter of September 11, 2001.

At the beginning, the US government succeeded in incorporating nearly all the governments of the world in its coalition of the 'struggle against terrorism' (this was moreover an easy pretext to attack democratic rights, above all in the USA, and to criminalize the social movement). The war against Afghanistan still enjoyed a certain legitimacy because of the visible link between the Taliban regime and Al Qaeda, Bin Laden's organization. But the forcing towards a new war against Iraq, which announced a perspective of uninterrupted war against the 'axis of evil', unveiled a strategy to dominate the planet. Combined with a fierce unilateralism (with preventive war, contempt for the UN and an arbitrary behaviour towards friends and allies) it had a destructive impact. Undoubtedly, the sole superpower is plunged into a new contradiction, anchored in world reality, between its material strength (military, technological and to a lesser extent economic/financial) and its moral-political discredit, unprecedented in the long history of US imperialism which has often succeeded in hiding its policy of conquest under 'democratic', 'peaceful' and 'liberating' duties.

## The Schroder-Chirac axis, at the head of the EU

In early September 2002, Schroder was on the point of losing the German parliamentary elections. Three weeks from polling day, he was behind in the polls. Through an anti-war posture, he won back voters on the left to the detriment of the PDS.<sup>1</sup> If Schroder has no (or very few) principles, he knows how to rest opportunely on the trauma of world wars, deeply held by the German people.<sup>2</sup>

Chirac, for his part, had just been elected, but not in the happiest of circumstances.<sup>3</sup> Before the perspective of an unpopular anti-social policy which threatened to bring the masses onto the street, Chirac decided to consolidate his popular base

knowing that Bush wanted war and, *a priori*, would win it, the best tactic would rather be that of Britain: with or in the wake of Bush. But the perspective of a series of successor wars 'stressed' the relations between Europe and America. It could overturn the relationship of forces inside the imperialist camp in a completely unpredictable manner. The multiplication of trade conflicts in recent years (notably in the framework of the World Trade Organization. WTO) had already raised the temperature in the economic arena.

Conflict inside the transatlantic bloc had been caused by the offensive unilateralism of the USA and the rise in power of the EU, from the end of September 2002. But its implications only became apparent from the beginning of 2003.

enlargement towards the East.<sup>4</sup> The stakes are colossal on the economic and political level.<sup>5</sup> It is also a historic event: this unification suggests the pacification of a continent torn by five centuries of wars, invasions, insurrections, uprisings, revolutions of which the 20<sup>th</sup> century was the apogee.<sup>6</sup> It is, finally, a considerable strengthening for the European companies, who will find there a cheap qualified workforce, with privileged access to the new market, protected and guaranteed by the EU institutions. In return, it implies a strengthening of the overall repressive apparatuses of the imperialist EU.

But this spectacular advance demands imperatively a dual reform in the short term – that of the institutions which the new entrants will participate in and that of the Common Agricultural Policy.<sup>7</sup> Several member countries, including Germany and Britain, want to rationalize this policy of subsidies, of which France, the second biggest agricultural producer of the world, is the big beneficiary.<sup>8</sup> With the enlargement to the East programmed for December 2002, at the EU Summit in Copenhagen, this situation would reach a paroxysm. For several years, a strong tension has existed on this question between France and Germany. This allowed Britain to act very freely inside the EU – Blair, who does not conceal his ambition of leading the EU, grew closer to Germany, thus isolating France, notably at the Nice Summit in December 1999. The new Blair-Berlusconi-Aznar axis was going to be victorious in Lisbon in March 2000, at the 'Summit of Big Business', Schroder and the whole of liberalized social-democracy (the 'Third Way!') rallied behind them and isolated Jospin and Chirac.

### The rupture at the EU summit

In autumn 2002, with several meetings of the EU Summit in perspective, Chirac overturned the dynamic of the EU and the relations between its main protagonists, with a political initiative of great importance. He succeeded in resolving the agricultural dossier through a compromise with Schroder, while they united in opposition to Bush's war policy.

Blair was not privy to their proposal, and this led to a lively altercation with Chirac. The next day, Chirac postponed the Franco-British summit. Chirac and Schroder triumphed at the EU Summit.<sup>9</sup> on October 24-25. At this Summit, the Franco-German alliance was reconstituted. A political battle began in the EU, with repercussions outside it. Britain, excluded from the secret negotiation, took Bush's part. On October 19, the UN security Council split in two: France and Russia (Germany, which is not a permanent member, entered in January 2003

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through recourse to the tried and trusted recipe of foreign policy; knowing that the US was preparing the invasion of Iraq, he launched a campaign critical of Bush, insistent but measured. And it worked! Chirac is spoken of as a future Nobel peace prize winner!

What's more, Germany and above all France have significant economic and 'cultural' links with Iraq; the two countries are trying to gain in influence on the Arabian peninsula and in the region.

All that should not have led to confrontation with Bush. On the contrary,

If the foreign policy of the USA was clear enough from the beginning, what would happen with the EU was very complicated.

### EU: enlargement and strengthening

At the end of October 2002, the EU faced an impasse and a great crisis. All the internal 'machinery' of the EU was suspended in the Irish referendum on the Nice Treaty (December 2000), which had threatened the new wave of adhesions to the EU. With the 'yes' vote winning in Ireland this time (October 20, 2002), a process opened which would allow ten new countries to join the EU, and

for two years) opposing Bush's resolution, supported by Blair. Positions were fixed. The Franco-German axis implied a growing autonomy in relation to the US.

These different dynamics have direct repercussions inside the Convention.<sup>10</sup> The first sketch of the future Constitution, presented by Giscard, is clearly perceived as affirming 'the presence of the EU on the world forefront'.<sup>11</sup> The question of the 'executive power' in this enlarged Union, will be at the heart of the Convention until the end. The Convention changes quickly. Significant modifications have been made in its dynamics, notably several EU member states have woken up and have renewed their participation, according to a clued-up observer.<sup>12</sup> Clearly, the political battle of the EU is inside the EU and has entered in the Convention: Fischer and Villepin, the two foreign ministers, have replaced their underlings. The Convention becomes the place where the main member states will define the state apparatus which suits their imperialist aspirations.

### The Blair strategy breaks down

Whatever the 'servile' behavior that Blair has shown in the current war, he is neither 'Bush's poodle' nor the US's 'Trojan horse' inside the EU. He is in the first place the representative of big British capital, who has promised from his first election in May 1997, to integrate Britain inside European monetary union and place it at the forefront of the EU. For this is the perspective of the highest spheres of British capitalism with the decided support of international productive capital, Japanese in particular.

From his coming to power, Blair has been conscious of the very great difficulty of this objective: it does not enjoy majority support among the British people. The opposition is broad and tenacious from a sector of the employers' associations, of the diplomatic apparatus, the press, the trade union movement and public opinion in general. Hence a binary strategy, whose unity is nothing other than the 'Bonapartist' ascension of Blair to the role of head of state: placing himself shoulder to shoulder with the US superpower; contributing actively to the construction of the EU. Then, await the right moment.

It was Blair who took the initiative to constitute, with France, a European armed force, autonomous but in the framework of NATO, at the Franco-British summit at St Malo, in December 1998. He made the initiative on defence the central point of his strategy to impose British influence in Europe.<sup>14</sup> He brought decisive aid to the European bosses, by the 'third way', namely the neoliberalization of social

democracy. He succeeded in isolating and humiliating Jospin, France's newly elected prime minister, at the congress of the European Socialist parties, in early June 1997. He contributed, supporting Schroder, to breaking Lafontaine, the strong man of the SPD - he resigned in February 1999, having insisted on a policy of neo-Keynesian reflation. Having succeed in neutralizing the last social impulses of the European socialist parties, he succeeded in building an alliance to the right with Berlusconi and Aznar. The goal: to have hands free to fight to the end, at the Lisbon Summit, so as to break the welfare state and impose the neoliberal alternative. It is this constraining framework which continues to orient the main economic and social policies.

The massacre of September 11 2002 and in particular the victorious war against Afghanistan offered Blair an extraordinary opportunity to take the role of 'head of war' by Bush's side. At the time, when concord reigned between the member states of the EU, rallied to the 'struggle against terrorism' and supporting the EU's anti-democratic measures, the situation was at last considered ripe: founding himself on the systematically favorable polls, Blair announced, still conditionally, the possible dates for a referendum on Britain's entry into the euro.

The stakes were high: if successful the three big powers (France, Germany, Great Britain) would be united on the three fundamental pillars of the EU: the single market, monetary union, military policy. It would provoke a huge reorganization of the EU: the constitution of a real leadership at the head of the hierarchized executive power; a hierarchy inside the EU founded on the political relations of force between member countries; the strengthening of the place of the EU on the world arena. This would also be a war machine against the wage earners of Europe, to apply the 'Lisbon agenda'.

### Bush's battle against the EU

Today Blair's strategy, as far as the EU is concerned, has stalled. And the unilateralist radicalism of the Bush side leaves him little hope.<sup>15</sup>

The US-European polarization and the reciprocal hardening of positions forced Blair to upscale his activity. His task was to create a pro war and pro US base in the EU, among the eastern European countries, newly 'emerged from Communism' (in the official terminology). That implied open confrontation with the EU and its central forces. Thus there was the 'letter of 8', launched by the 'Wall Street Journal', which sought to federate, in a great pro-

Bush coalition, the Blair-Berlusconi-Aznar axis with Portugal, Denmark, Poland, Hungary, the Czech Republic and which was quickly manifested in a simple publicity operation aimed at the media. We should not underestimate the intention: it was to go beyond the 'simple division' inside the EU. That would provoked a process of (partial) decomposition of the EU and its reconstitution on other bases. The Chirac-Schroder axis won out.

The signatory countries from the East do not carry much weight (their combined GDP does not exceed that of the Benelux countries; in terms of population, Germany exceeds the sum of the 8 countries of the east); they are totally tributaries of the financial aid of the EU. Moreover, their entry into the EU is not yet consummated. The Blair-Berlusconi-Aznar axis is derailed: Berlusconi is in difficulty (he put his wife on 'his' television to make a declaration against the war!); Aznar must face a massive popular revolt with repercussions inside his party; Blair himself is at risk, even if the polls are somewhat more favorable to him after the outbreak of war. The three governments have been placed on the defensive by an unprecedented anti-war wave. The cohesion of the EU, around the Franco-German axis, held.

Blair has already lost the political battle in Europe, whatever the outcome of the war. The consequences will be far-reaching, in Britain, Europe and the world. His sole way out will be to reconcile himself with his adversaries, Chirac and Schroder, to reintegrate Britain at the head of the EU, as he has just been reminded by Robin Cook, former British foreign minister.<sup>16</sup> But it is obvious that the reorganization, during and after the war, will be done through political battles.

### European imperialism: danger!

The only explanation of the political force that has been deployed, both inside and outside the Union, by the Chirac-Schroder tandem, resides in the rise of the EU in the last decade. Even if it is still an economic giant, but a political dwarf, the current policy of US imperialism gives a powerful impulsion to the development of the EU.

The US grip on the world economy has diminished, notes a recognized analyst of the world economy.<sup>17</sup> First, Washington's ability to maintain its economic leadership has been severely reduced in the course of the five last years. Why? The 'internal popular uprising against globalization' and the inter-imperialist conflicts grow and sharpen: the US and the EU are on the verge of a major trade and economic conflict. In this area the two potential

rivals of the US, Europe and Japan, are superpowers, writes Bergsten. He concludes that, despite the prodigious economic performance of the US in the 1990s, the EU is now the biggest world economic entity and will continue to grow and enlarge its area of operation in the years to come. The euro has completed regional economic integration

Today, after an exceptional economic expansion, there are fissures in the financial edifice of an empire that thought itself omnipotent.<sup>18</sup> The weaknesses appear as linked to the nature of this very rise: a dizzying level of debt, both in terms of households (consumption) and companies (investment) which has increased a trade deficit massively supported by Japanese



and European capital; a blockage, outside of the US, of a similar economic expansion, which rules out the possibility that another locomotive, for example Europe, can emerge. The strength of the US state imposes its law (protectionism, subsidies, weak monetary competition for the dollar). That relates at root to the disequilibria and the asymmetry of contemporary imperialism and its inability to dominate by means other than violence.<sup>19</sup>

On the political level, the reality of transatlantic political relations since 1989,

is that the US has lost rather than won in terms of political domination over Europe since the collapse of the Soviet Unions. The perspective emerges of a fairly powerful collective economic instrument on an international scale, the EU, which could undergo a change in political terms: instead of a sub-system of an Atlantic Alliance under US hegemony, a range of instruments could develop in the hands of a new west European political centre.<sup>20</sup>

The EU is not out to shaft the USA. It seeks a new equilibrium in the relationship of forces inside the transatlantic bloc. But this has wide implications. As Ernest Mandel wrote in 1972<sup>21</sup>: 'Our perspective is... that of a strengthening of all the contradictions

inherent in imperialism in the era of declining capitalism (...). It is precisely the logic of this strengthening of inter-imperialist contradictions that explains the tendency to the merger of certain imperialist powers which would be, alone, incapable of pursuing the struggle of competition'. And, outside of a merger of the independent imperialist powers into three superpowers, it is this perspective which today we see happening before our eyes: the international centralization of capital can be accompanied by a progressive

decline in the power of some bourgeois nation states and the putting in place of a new federal and supranational bourgeois state power. Also one does not note any national hegemony inside the big multinational firms born out this international interpenetration of capital, the state form conforming to this form of internationalization of capital can be neither the preeminence of a single bourgeois state over the others, nor the confederation of national sovereign states, but only a federal supranational state, characterized by the transfer of decisive sovereign rights. This is precisely the case of the EU. Its supranational dynamic is marked by strong internal dissent: this economic giant is also a political dwarf. This metaphor is very fashionable. But in thoughtlessly repeating it, the political weight the EU already exerts on the international level is not perceived - in general in relation to the US, but also in opposition at the economic level (the multiplication of frictions inside the WTO bear witness to it), and on the level of the international institutions (Kyoto, International penal court) and on foreign policy (the Palestine-Israel question).

The EU's growth into a complete and coherent state, exerting its full imperialist power, comes up against several factors:

First, the EU is not legitimate in the eyes of the peoples of Europe. Its anti-social neoliberal policies, its antidemocratic methods which cut the people off from the decision making process, are challenged. It is a construction governed by the main big industrial and financial groups (assembled in the European Round table of Industrialists). Also, because it is a gathering of imperialist states, which have fought each other for several centuries; their economic, political and diplomatic interests do not coincide. Thus each step towards the supranational state implies a transfer of prerogatives, whose impact is unequal in each member country.

Finally, inside the transatlantic bloc, the 'big brother' has no interest in supporting a rival. Paradoxically, Bush's war has forced the EU to strengthen its process of 'state formation'. And this all the more so, given that the US government does not conceal its desire to consolidate its supremacy.

Thus the spectacular success of the 'single market' has led to the creation of the single currency, the Euro, which has in turn led to the creation of the European Central Bank, which remains deprived of the indispensable 'economic government' on an EU scale. Despite all the contradictions, inherent to this EU, there is a process of state centralization

underway, both in the coordination between the (main) member countries and the already supranational bodies (the European Commission).

One understands the reaction of US imperialism to this unexpected and unwanted development! Big US Capital has known a totally exceptional situation for 50 years, of being confronted by two world economic powers - Japan and Germany - whose state has been prevented from deploying itself on an international scale at the service of their capitalists. It is a unique case of two strong, but 'oppressed' imperialisms.

These two losers of the world war have been scientifically destroyed (by nuclear bombs in one case, and carpet bombing in the other). They have been held as US 'protectorates' by a military occupation which, for Japan, has still not been lifted! Their state apparatuses were atrophied, interventions outside their borders forbidden, their political discourse censored.

For Europe, the placing in quarantine of Germany could not prevent its productive and financial regeneration. The EU itself carried a heavy inter-imperialist contradiction. It was revealed in all its breadth at the fall of the Berlin Wall and the rapid unification of Germany. The choice was opened: either a 'Greater Germany' that imposed itself on western Europe (at the risk of a crisis in the EU) and went, alone, towards a conquest of the East (the 'Sonderweg'), or an alliance with France and a 'state' strengthening of the EU, of which the euro is the symbol.

Ten years later, the EU has been pushed onto the world arena in the face of the US superpower. The war (its concrete development, outcome, the political behaviour of the main protagonists) will play an important role. But some elements of the post war situation are already in place.

On the US side, the balance sheet could be a mixed one: military victory, political setback, moral disaster. Then, the multiplication of threats to political and economic stability, notably by the 'sudden' appearance of Euro-American inter-imperialist rivalry. The impact of that will not be lost on Russia and China.

Speaking in the abstract, capitalism, that is the employers, has every interest in pacification to get 'back to business'. Powerful forces around (Very) Big Capital are at work to reknit the transatlantic bloc - the central nucleus of the world economy.<sup>22</sup> But other capitalist sectors, in the US, rely on a military hegemony. The stakes are

well known: politics after the war in Iraq and in the region; the management and coordination necessary in the face of the threat of a collapse in the world economy; the multiplication of centres of tension (North Korea, Pakistan-India).

The main European countries would welcome a calming down, but without making fundamental concessions. At the same time, they will try to deal with obstacles in the EU: a state-type leadership, clearly more hierarchized; an attempt to 'bring to order' the 25 members of the EU, for example through an 'individual adhesion' to the EU through approval of the Constitution being drawn up; the establishment of a defence policy; a pyramidal structure, with concentric circles (already established in the area of monetary union, the same schema could be tried with a 'military union').

One should not underestimate the will of the European imperialists to equip themselves with a state tool to the measure of their ambitions, around a profile which is supposedly 'peaceful', 'social', 'third worldist', 'multilateralist', 'human' as an alternative to the US.

The threat weighs with all its force on the wage earners and the youth. Happily, the anti-war mobilizations, in full independence from the dominant classes, are the source of another Europe. ■

\* Francois Vercammen is a member of the Executive Bureau of the Fourth International.

- 1 Party of Democratic Socialism (PDS).
- 2 It was however Schroder who shattered the German taboo on sending German soldiers outside the country's frontiers for the first time since 1945, during the Afghan war.
- 3 With the most mediocre first round score since 1958, he crushed Le Pen in the second, thanks to the reaction of an electorate which is far from fond of him.
- 4 Poland, Hungary, the Czech Republic, Slovakia, Estonia, Lithuania, Slovenia, as well as Malta and Cyprus; the selection took place on the basis of general criteria and precise norms which are verified by the Commission; then, the countries organized referendums in their countries, which will take place soon; the objective is that they all effectively enter the EU on May 1, 2004, and participate in the European elections in June 2004. A gigantic operation!
- 5 'Business Week', November 18, 2002 headlined: 'The Mega-Europe, The EU expansion will challenge both East and West'.
- 6 See C Tilly, 'Les Révolutions européennes 1492-1992', Seuil, Paris 1993.
- 7 The Common Agricultural Policy (CAP) determines among other things subsidies to the agricultural sector and to farmers. The new member countries have a significant agricultural sector. The CAP played a decisive role in the

establishment of the EU, but poses a gigantic problem: it already absorbs 49% of the EU budget.

- 8 In the WTO, a similar pressure is exerted, with the threat of sanctions and so on.
- 9 As witnessed by their behaviour before the media at the event.
- 10 The Convention is a kind of pseudo Constituent Assembly, chaired by Valéry Giscard d'Estaing, totally anti-democratic from the viewpoint of its convocation, its composition and its modalities of debate; it has 105 members, including members of governments, national parliaments, the European Parliament and the European Commission.
- 11 See the 'Financial Times' October 28, 2002.
- 12 See Peter Norman, 'The European Convention, Into the crucial months', 'EuroComment', Briefing Note, 11, January 16, 2003, pp.1-2 and 6-11.
- 13 It corresponds to the evolution of Britain's position in the world. On the strictly economic level: trade in commodities is now in for the most part to the European Continent; foreign investments are largely orient towards the US; the mass of profits comes from a strongly internationalized finance capital (with its nerve centre in the City of London). For a view on the 'strange relationship' with Europe, see: Roy Denman, 'Missed Chances. Britain and Europe in the Twentieth Century', Cassell, London 1996.
- 14 See G Andreani, C. Bertram, C. Grant, 'Europe's Military Revolution', Centre for European Reform, April 2001, p.33. C. Grant is a Blair adviser and the Centre for European Reform is one of the main 'think tanks'. The book deals with the question in all its aspects.
- 15 The 'special relationship' often invoked by the British political/diplomatic apparatus has once again not functioned. See on this subject the article by the Scottish historian Niall Ferguson, 'The special relationship, What's really in it for Britain?', 'Financial Times Weekend', March 15-16, 2003. See also Pauline Schnapper, 'La Grande-Bretagne et l'Europe', Presses de Sciences Po, Paris 2000, pp.21-55.
- 16 'Le Soir' (Belgium) April 2, 2003.
- 17 See Fred Bergsten, 'America's Two-Front Economic Conflict', 'Foreign Affairs', March-April 2001, pp. 16, 17 and 20-22.
- 18 Frederic F Clairmont, 'Vivre a credit ou le credo de la premiere puissance du monde, 'Le Monde Diplomatique', April 2003.
- 19 Michel Husson, 'Une hegemonie illegitime', <http://hussonet.free.fr>, to appear in Carre Rouge.
- 20 Peter Gowan, 'Western Europe in the Face of the Bush Campaign', 'Labour Focus on Eastern Europe', no. 71, Spring 2002, pp. 38-39. This article constitutes an important revision of Gowan's former view; he had previously insisted on the absence of autonomy of the European Union in relation to the US.
- 21 Ernest Mandel, 'Late capitalism', [pp. 265 et 259-260]
- 22 See, for example, 'Le Monde', April 4, 2003 ('Les milieux d'affaires redoutent un divorce franco-americain') or again, repeatedly, 'The Economist' and the 'Financial Times'; J. Quinlan, of the Center for Transatlantic Relations at Hopkins University; 'Europe matters to Corporate US', 'Financial Times' April 2, 2003.



# USA: economic consequences of the war

## Who gets the goods?

WHEN WE CHANT 'NO BLOOD FOR OIL' most of us who have been organizing against the war the past few months reject the Bush administration's claims that the war was about 'weapons of mass destruction' or 'democratizing' Iraq.

We understand that this war is about the control of the oil resources of the Middle East – about establishing US imperialist domination of the region. We are clear that corporations with close links to the Bush administration, like Halliburton and Bechtel, will reap huge economic benefits of this war.

What is not clear is the actual impact the war and occupation of Iraq will have on the US economy as a whole. While some US corporations may do quite well, the war and occupation may further undermine overall profitability and accumulation in this country and the rest of the capitalist world.

The economic contradictions of the US war and occupation of Iraq help us understand much of the divisions within the capitalist class, in this country and globally, over this war. The hesitation of some Democrats, the 'New York Times' and other representatives of US capital to support Bush's preemptive, unilateral conquest of Iraq reflects their unease about the risks and costs, both economically and politically, of the war and occupation.

These fears, and French and Russian commercial interests in Iraq, have also fueled the European capitalist opposition. The gap between what the Bush administration wants and what it might get has led to sharp divisions within the US ruling class, and between the US and European imperialists. Let's examine why.

### World economy in context

In order to assess the economic impact of the war and occupation on US and world capitalism, we need to understand the current economic situation. Most left and radical economists argue that stock market

speculation and exchange rate manipulation fueled the economic expansion of the 1990s.

This article argues a different position, that the economic expansion of the last decade is part of a long wave of capitalist expansion that began in the early 1980s. Over the past two decades, corporations in the United States have radically reorganized the production and goods and services.

As a result, the long term rate and mass of profit in US capitalism began to rise in the mid 1980s. The result has been over twenty years of growth, which has fueled both a resurgence of US industrial competitiveness and two short cycles of capitalist expansion (1983-1989, 1991-2000).

Clearly, today the US and indeed the global capitalist economy is in the midst of a severe recession. It is not clear, however, whether this recession marks a change in the long-term economic trends that began in the early 1980s.

On the one hand, the recession could simply be a short-term, cyclical downturn in a long wave of capitalist expansion. Like the recession of the late 1980s and early 1990s, this recession might be relatively brief and could herald a new cycle of strong growth.

On the other hand, the recession could mark the beginning of a new long wave of capitalist stagnation, like the one that gripped the capitalist world from the mid 1960s through the early 1980s.

Long-term profitability stagnates or falls as the result of growing capitalization of production, which shows up as excess productive capacity – too many machines, equipment and buildings -- in such key industries as telecommunications, transport and manufacturing. If profitability is beginning a long-term fall, the current recession will be lengthy and any recovery will be relatively brief and weak.

In either case, the war and occupation

of Iraq could undermine the conditions that fueled capitalist growth since the early 1980s, accentuating either a long-term or short-term downturn in capitalist accumulation.

### Lean production/exploitation

The basis of the long wave of capitalist expansion that began in the mid-1980s has been the spread of 'lean production' methods across the US and global economy.

There are two key elements to lean production. The first is the reorganization of work in factories, stores, offices and schools. This reorganization of work has taken many forms: speedup, fragmentation of tasks, two-tier wage structures, outsourcing work previously done by unionized workers, use of temporary and part-time workers, increased management flexibility in setting hours and tasks, and cracking down on absenteeism while eliminating replacements for workers who are absent or retire.

Together these measures have resulted in fewer workers producing more goods and services at lower wages. The reorganization of work along the lines of lean production has raised the rate of exploitation (the ratio of profits to wages) of workers, increasing the amount of unpaid, surplus labor workers perform for capitalists.

The second element of lean production has been the reorganization of the capitalist firm. For the past twenty years, we have seen US and other capitalist corporations engage in waves of downsizing, mergers and acquisitions, bankruptcies and 'spinning-off' of unprofitable (or simply less profitable) operations. The result has been widespread destruction or 'devalorization' of less efficient and less profitable capitalist firms.

The rate of profit, the driving force of economic growth under capitalism, is the total profits derived from the exploitation of workers divided by total capital invested

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in plant and equipment. Lean production's reorganization of work has simultaneously increased the rate of exploitation and decreased total capital invested in plant and equipment, raising the rate of profit and spurring the economic growth of the 1980s and 1990s.

'Neoliberal' capitalist government policies have aided and abetted the spread of lean production across the US and world economy since 1980. Whether Democrats or Republicans are in office in the United States (or social-democrats or conservatives in Europe), capitalist governments across the world have pursued the same policies for over twenty years.

Neoliberal state policy has three key components. The first is global 'free trade.' As most of us know, the goal of the WTO, NAFTA, GATT, FTAA and the like is not simply to remove tariff barriers to the free

movement of finished goods across national boundaries. More importantly, 'free trade' means removing any and all legal and political obstacles to the free movement of transnational corporate investment.

Gutting environmental and labor protections, forcing governments to privatize publicly owned industries and services, and similar measures have helped create a world where US, European and Japanese transnational corporations can seek out the most profitable investments and create global production chains that link part suppliers in the 'global south' to assembly plants in the 'global north.'

The second component of neoliberalism is the deregulation of the labor market. Across the capitalist world governments have moved to cutback or abolish social welfare, and to eliminate laws that restrict the ability of employers to hire and fire

workers at will.

The aims of these policies are simple – increase the number of workers in the labor-market, increase competition for employment and maximize employer 'flexibility' in hiring and firing. The result has been a downward spiral of wages, benefits and working conditions.

### Capitalist discipline

The third component is permanent fiscal austerity. Capitalist governments in Europe, the United States and Japan struggled successfully in the 1990s to close or eliminate state budget deficits, in order to limit or eliminate inflation.

Inflation is a problem because it allows some capitalist firms to survive the competitive battle in the market place by taking advantage of short-term fluctuations in



the costs of inputs and the price of outputs. Limiting inflation disciplines capitalists by making the reorganization of work along the lines of lean production the only way for corporations to compete successfully in the domestic and global market.

We can see the social costs of lean production and neoliberalism all around us in falling living standards and growing inequality, within the industrialized capitalist countries and between the imperialist 'centres' and the less industrialized 'periphery.'

Workers in all parts of the world have experienced falling wages and are working longer and harder just to keep up. The meager social safety nets that existed in most capitalist countries are being dismantled, leaving individual families solely responsible for their survival in an increasingly competitive, dog-eat-dog world.

The 'war of all against all' that lean production intensifies creates tremendous insecurity, which is a fertile ground for the growth of all sorts of social problems. Intensified competition for jobs, wages, housing, health care and the like is also a fertile ground for various forms of racism, immigrant bashing, sexism and homophobia, as each group of working people attempts to maintain their slipping social and economic position at the expense of other working people.

As we become hardened to widespread suffering here at home, we are more easily manipulated into supporting foreign policy adventures – bombings, economic sanctions – that spread the suffering around the world.

### What US capital wants

The US war and occupation of Iraq are in some ways a logical outcome of the lean-and-neoliberal world of the past twenty years. US war objectives include not simply control of Iraqi oil resources, but the political reorganization of the Middle East and Persian Gulf regions.

The stated US desire to use the war to help 'promote democracy' is really the goal of establishing regimes on the neoliberal model, hoping to remove obstacles to transnational corporations, deregulate labor markets and impose fiscal austerity. In the minds of Bush and his closest advisors, the 'liberation of Iraq' is just the first step to remodeling the world in the US rulers' vision.

What US policy makers hope for, and what they may get, from the war and occupation may be two very different things. While their war objectives are consistent with the spread of neoliberalism and lean production, the actual effects of the US war and occupation may actually undermine stability and profit.

- The Bush administration has chosen to launch this war in the face of growing US budget deficits. The 'war on terrorism'

will only exacerbate budget deficits fueled by the current recession and the Bush administration's tax cuts for corporations and wealthy individuals. The renewed fiscal crisis of the state is being felt not only at the federal level, but in American states and municipalities, which are cutting social services to fund 'homeland security.' The huge costs of the US occupation of Iraq – tens of billions for even a relatively brief occupation of six months – will place further strains on federal and state budgets.

- Growing budget deficits bring the danger of inflation. Capitalist policy makers (as indicated above) fear inflation because it creates the possibility of companies remaining competitive by taking advantage of market fluctuations, rather than ruthlessly reorganizing work and shutting down unprofitable operations. The Bush administration has been silent on how they plan to pay for the war and occupation, ruling out any increase in taxes. Cuts in US social services – already among the paltriest in the industrial world – will not be sufficient to rebalance the budget.

- The easiest solution is to grab Iraqi oil resources to cover the costs of the war and occupation and close the US budget deficit. Hence exclusive US control over the production and sale of Iraqi oil looms as a necessity, not an option for US policymakers.

This exclusive US control over Iraqi oil production might reduce domestic budget deficits, but can only heighten rivalries with other industrialized capitalist powers. Much of French and Russian opposition to the unilateral US war against Iraq is rooted in French and Russian investments in the Iraqi oil industry under Saddam Hussein's regime.

The US seizure of Iraq's oil fields and the use of oil revenues to close the US budget deficit would mean excluding new (and possibly expropriating old) French and Russian investments in Iraq.

### Threat of trade war?

Excluding non-US (and possibly British) transnationals from investing in Iraq could spark a "trade war" – attempts to exclude US transnationals from investing in other parts of the world. The threat of such economic retaliation stands behind the recent French and Russian announcements that they would veto any UN resolution allowing US-British administration of occupied Iraq.

Put simply, to shore up one pillar of neoliberalism, fiscal austerity, US policy may undermine the other pillar, the free movement of transnational capital across national borders. While such renewed inter-imperialist rivalries are not likely to lead to military confrontations among the major capitalist powers – especially inasmuch as the United

States remains the only military superpower – renewed protectionism could severely undermine global capitalist profitability.

The potentially destabilizing economic effects of the war and occupation means that the war and occupation of Iraq will produce intensified attacks on working people here at home. To balance the war budget, social services will continue to be slashed.

To compensate for falling profits and increased global competition, US employers will continue their attacks on workers, both organized and unorganized. Racism, a mainstay for building support for imperialist and capitalist powers' military adventures abroad for two centuries, will grow as different groups of workers attempt, in vain, to defend their working conditions and wages against other groups of workers at home and abroad.

The close connection between the ongoing 'war against terrorism' abroad and declining living and working conditions at home provide both opportunities and dangers. The links between the wars at home and abroad, already well developed by anti-racist and global justice activists, must be high on the anti-war agenda.

Think about this: when Stephen Lewis, who heads up the United Nations task force on the AIDS crisis, was asked if the \$15 billion pledged by George Bush would make a difference, he replied that this amount of money per year, for five years, could actually defeat the epidemic now sweeping through Africa and threatening Asia and Eastern Europe. That would be \$75 billion – the amount that Bush has earmarked as the first down payment for the conquest and occupation of Iraq!

Explaining these links means much more than simply including slogans against racism, budget cuts and union busting.

Anti-war activists need to find ways to support struggles for economic and social justice that will develop in our cities and communities, even if those struggles do not take an explicit anti-war stance. Finding ways to support struggles – against repression, harassment of immigrants, union busting and social service cutbacks – needs to become an important element of anti-war organizing.

All this is a necessary part of the anti-war movement making itself a movement of the majority at home – of working people, people of color and other oppressed groups. Making these links is also central to fighting racism. Indeed, if our movement cannot make the links, right-wing forces can use popular economic deprivation to advance their own pro-war, racist and immigrant bashing agendas. ■

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**W**hile Israeli tanks and planes were attacking the Palestinian cities, villages and refugee camps, and while Sharon was threatening to use even more force to break the will of the Palestinians and crush the resistance, the US administration began demanding that the Palestinian people and its Authority should reform its political, economic and security systems.

Since then, hardly a day passes without someone from the US administration or Israel mentioning reform and restructuring of the Palestinian Authority. A remarkable turn of events given that US has never shown any particular interest in internal Palestinian policies. What, one must ask, are the real reasons behind these new demands, and why were they made now? How do the Palestinians view this new turn of events?

### No coincidence

The timing of the calls for reform was by no means a coincidence. For more than two years, Israel has been waging a comprehensive war against the Palestinian people, aborting negotiations that were to have led to Israel's withdrawal from the Occupied Territories. The US repeatedly intervened on Israel's behalf, granting Israel the right to 'defend itself' and, after September 11, condoning nearly every action Israel took against the Palestinian

## Reform and restructuring in Palestinian society:

## free will of the people or conditions of globalisation?

DR MAJED NASSAR  
AND NASSAR IBRAHIM\*

**A young Palestinian demonstrates the Israeli Defence Force's less hazardous route for conducting house-to-house searches in Gaza**

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population as necessary in the fight against 'international terrorism.'

The United States would have liked to see a quick and decisive suppression of the Intifada so that the conditions could be imposed on the Palestinians for a final surrender. Neither the US nor Israel wanted to risk a replication of the Lebanese resistance movement's success, which led to the Israeli withdrawal from south Lebanon in 2000. As usual, the US blocked every attempt by the UN Security Council to censure Israel for its actions.

The ostensible aim of the attacks against the Palestinians was to put down resistance to the occupation and, despite the magnitude of the continuous Israeli operations and the backing provided by the US in the international arena, this goal has yet to be reached, leading to the question of whether winning this war is actually feasible. Consequently, the call for Palestinian reform became necessary as the Israeli war machine proved unable to stop the Intifada and Sharon's promises for security were dashed on the rock of Palestinian resistance. Facing the legendary steadfastness of the Palestinian people, Israel was once again obliged to call on the US for political backing, and it came in the form of a call for reform.

### Factors of influence

When it became apparent that the military



might of Israel was not enough to suppress Palestinian resistance, the US found it necessary to back up the Israeli war effort with additional political armour, aiming at destabilizing the Palestinian position from within. It is within this framework that Bush's call for reform and restructuring can be understood. This very shrewd move, unlikely to stem from Bush himself, pushed the confrontation to a new dimension.

### Factor 1: kidnapping Palestinian will

The United States was well aware of the extent of the Palestinian public's discontent with the performance of the Palestinian Authority in the years following the Oslo agreement. Mismanagement, the granting of lucrative monopolies in many areas of the economy and outright corruption led to a widespread disenchantment. Economic conditions deteriorated, unemployment grew and the expected 'dividends of peace' failed to materialize.

The authoritarian style of the PA, characterized by the refusal to separate the judicial and legislative branches from the executive, resulted in an ineffective judiciary and nearly impotent Legislative Council. Civil society organizations, especially those aligned with the PLO, were neglected.

Political groups, especially the leftist and popular organizations, joined with NGOs in making persistent calls for reforms. Some Palestinian bodies went to the extent of requesting, unsuccessfully, that European donor nations condition their support of the Palestinian Authority on the holding of city and village council elections.

In view of this, the US demand for reform was tantamount to kidnapping the will of the Palestinian people, which had been expressed openly over the years without attracting any attention. Democratic changes within the Palestinian Authority were not welcome at that time. Indeed, with a little help from our friends, the Palestinians could have taken steps toward reform themselves. The US and Israel, and to a certain extent Europe were not only instrumental in creating the authoritarian style of the Palestinian Authority, they were most interested in preserving it.

### Factor 1: conditionalities

The United States conditioned its willingness to facilitate a renewal of the 'peace process' on the realization of the reforms. In the meantime, it became apparent that the US was more interested in the reform process than in achieving peace. Sharon was unleashed on the Palestinian people even as the administration spoke of peace, with negotiations to be continued only after the

groundwork for settling the Middle East conflict according to the US/Israeli vision had been completed.

### Factor 3: pressure from within

The US call for reform became a tool in the hands of the US apologists within the Palestinian Authority. As the aggression against the Palestinian people escalated and daily life became increasingly difficult, this lobby began agitating for an acceptance of the US vision as the only possible solution for the Palestinians. These voices loudly demanded a change in the Palestinian leadership. The US encouraged this trend and called shamelessly for the replacement of President Arafat. They dictated further that there are no more red lines and boycotted Arafat, pressuring other countries to do likewise. Israel kept up Arafat's isolation by besieging and bombarding his compound in Ramallah, with occasional threats to deport him or worse. The United States hoped for a vacuum that would be filled by a lackey of their choosing.

### Factor 1: Arab support

The United States is well aware of the impotence of the Arab regimes and their inability to support the Palestinian people. Furthermore, these regimes regarded the Intifada and Palestinian resistance movement as a threat to their own stability. While generally voicing approval of the US vision, they disapproved of the ridiculous and provocative suggestion to replace Arafat, well aware that they themselves could be the next targets for replacement.

### Reform and restructuring

All of these factors interacted and gave rise to the slogan 'reform and restructuring', a partial dimension of which was accepted by the Palestinian Authority itself. A series of changes in the structure of the PA were implemented and the security organs were overhauled. The government resigned, and new ministers were appointed. Elections were scheduled for early in 2003, despite uncertainty of how free elections could be held under an occupation amounting to siege conditions. Talk continued of creating the new post of prime minister, relegating Arafat to the role of a largely symbolic honorary president.

The reform and restructuring process as envisaged by the United States administration differed from the Palestinian vision, not only as put forward by the Palestinian Authority itself, but as expressed by national political forces of the opposition. The imperious demands to replace their elected leader moved Palestinians, even those who opposed Arafat, to reject US interference, just

as every tightening of the siege of his compound resulted in a surge in his popularity. The US, dissatisfied with the direction Palestinian reforms were taking, allowed Sharon to step up the military pressure on Arafat and continue wearing down Palestinian society through more sieges, curfews and destruction.

### The Palestinian vision for reform and restructuring

How do the Palestinian people and the political parties understand the vital process of reforms and restructuring? How does this differ from the US? What are the mechanisms that shape the Palestinian practice?

The Palestinian reality and the aspiration to transform this reality into a viable state are the determining factors, which shape the Palestinian vision for reform. This motivation is completely at odds with US and Israeli goals of reforming the government in order to maintain the Israeli occupation of Palestinian lands and to cement the US hegemony over the region. For the Palestinians, the reform process is a necessary step towards improving national and social conditions in order to resist the occupation and diminish the political, economic and cultural dependency that the occupation entails.

Thus, the reform process is a part of the resistance movement with its ultimate goal the independence and sovereignty for the Palestinian people in short, liberty.

The reform and restructuring process is a prerequisite for improving the conditions of the Palestinian people by addressing adequately their basic needs at all levels. It is a complex social process within a specific historical framework and given political, economic and cultural conditions.

As such, it is a process of the accumulation of experience in the socio-political arena. The decisive political condition necessary is the ending of the Israeli occupation and the decisive social condition is complete freedom to choose priorities and make decisions according to national interests. Real reform is contingent on these two conditions being met.

Here exactly lies the contradiction between the US/Israeli reform plan and the Palestinian vision. The first is pushing towards increased hegemony and is missing the single most important factor for ensuring acceptance and success, namely democracy. It is for all purposes a colonialist plan, imbued with the policies of oppression, siege, destruction and political isolation.

For this reason, the US demands for reform lack ethical credibility and international legitimacy.

The US vision stems from a particular reality, which has as its base an obsession to control the economical, political, social

process and which finds its expression in the philosophy of globalization and the New World Order. The proponents of this philosophy believe that the United States' model of capitalism has already prevailed at all levels (and for all time) and that it is now time to impose the New World Order.

According to that philosophy, the future history of mankind must pass through one compulsory channel, where the US dominates philosophically, economically and politically. All others must be indoctrinated to this vision and have it imposed on them. The United States, unwilling to deal democratically with the interests of the 'other', enforces a violent process by means of military might and economic blackmail to subdue him to the US will. The incidents of September 11 provided the neo-conservatives in the US administration and their right-wing Christian fundamentalist and Zionist henchmen the justification they sought for imposing their will.

### The Palestinian Way

The repeated rebellions of the Palestinians in the past 50 years, and in particular during the two Intifadas, embrace an awareness and political will for liberation as well as a progressive dimension to liberate the Palestinian individual and the Palestinian collective at the level of human rights and civil liberties, women's issues, children's rights, education, health, agriculture, social security and worker's rights. There is a profound understanding of the need for an unbiased judicial system that is accountable and transparent. The Palestinians are striving to build a free and democratic civil society.

The Palestinian striving for a free society takes its strength from the history of the Palestinian people. The Naqba (catastrophe) of 1948, the refugee reality, the dispossession, the deportation and killing, the rape of the land and the new and real threat of transfer together form the basis of their legitimate struggle to defend their land and rid themselves of the yoke of Israeli occupation. It is their belief that it is morally and ethically right to resist the occupation. It is their belief that any society has the right to make its own national democratic choices. Progress and socio-political development are not products that can be imported from New York or Tel Aviv.

It is free choice and the accumulated experience that reflect the movement of a society in its uniqueness, civilization, culture and beliefs. Thus, reform and restructuring are an internal social process whose dynamics are to be found in the reality and awareness of a people, and whose results will be reflected in the infrastructure and administration of that society. If this process should be separated from its social incubator, it becomes an alien

product and as such, it will be rejected.

Since the early 80s, the reform and restructuring of the different sections within the PLO and later within the Palestinian Authority have been the subject of many discussions and disputes in the Palestinian political forum and later became a fixed point on the agenda at several Palestinian councils.

The Palestinian leftist forces, in particular the Popular Front (PFLP) and the Democratic Front (DFLP), submitted a comprehensive document on reforms that included the political, economic, and administrative structures of the PLO. Early on, the progressive Palestinian forces acknowledged the inconsistencies and weaknesses within the political and organizational structures of the PLO. They were calling for a reformulation of a democratic political system, an end to authoritarianism and monopolistic policies, changing the election code, a separation of the judicial and legislative branches from the executive, the respect of civil liberties and strengthening the civil society years before President Bush demanded these reforms.

These calls were rejected by the conservative forces and authoritarianism within the Palestinian society, who recognized that the democratization process posed a threat to their own interests. The increase of corruption and mismanagement led to further mistrust in the national institutions.

There are three basic attitudes in the Palestinian society regarding the imperious US demands for the reform and restructuring of Palestinian government:

**1** The first basically adopted the US vision as inevitable, but is supported only by a small minority among the people and the political cultural elite.

**2** The second group, found mainly within the Palestinian Authority and Fatah, endorses the US vision with reservations and some resistance, coupled with pragmatism. On the one hand, these groups have strong historic ties with the Palestinian national movement but on the other hand, the fear of losing any confrontation with the US administration compels them to side with the strong man.

**3** A third group opposes the US plan but espouses a reform process as a reflection of an internal Palestinian necessity, regarding it as a democratic prerogative of a free people. This stance is found among the progressive Palestinian forces and in a large portion of the Fatah movement. Since the Islamic parties are also against the US plan, the opponents constitute the majority of the Palestinian society, (irrespective of the profound and deep-seated differences in the social and political concepts between the progressive, the nationalist and the Islamic forces.) The severity of the confrontations with Israel's military might, the assassinations of progressive leaders

and the absence of a true democratic system prevent the opponents of the US plan from taking the initiative. The international community has made a point of deliberately ignoring the voices against Bush's reform plans.

The US is well aware of the opposition to its proposals and has no qualms about imposing its vision in a compulsory manner. This, of course, contradicts everything that is said about democracy. As long as the Palestinian people oppose the plans of the US, the US will do its utmost to hinder the development of democracy in the Palestinian society.

### The coming Pyrrhic victory

In light of all of these unresolved issues and the ongoing Palestinian/Israeli conflict, what could be the outcome of the clash between the US and Palestinian visions for reform?

Well for one, the US-Israeli alliance could succeed in imposing its vision partially or completely. In doing so, it would merely be creating a system of government in Palestine similar to the ones found depressingly often in the Arab world, particularly in countries friendly to the US. These regimes generally lack popular support and are, in fact, constantly threatened by virtue of having to constantly repress their people.

It will, however, be a Pyrrhic victory. The cultural and historical heritage of Palestinian people, the reality of their experiences under Israeli occupation, would lead one to suppose that the Palestinians would sooner or later rebel against an imposed US reform and restructuring. Inasmuch as compulsory structures for reform are born outside of the societal incubator, the incubator will also bear the tools of resistance to shape the natural course for reforms and restructuring.

The conflict will continue and peace will not prevail until the national rights, the democratic choices and the sovereignty of the Palestinian people are recognized and respected. The Palestinian vision arises from the resistance against the crushing of their aspirations and denial of their rights, and thus is an organic part of the democratic forces throughout the world which oppose the inhumane and unjust policies of globalization and US hegemony. The international solidarity movements, in embracing the Palestinian resistance movement, reject the US attempts to forcefully impose its globalization policies and the New World Order on us all. ■

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# Brazil: another economic model is possible

The election of 'Lula', Luis Ignacio da Silva, the candidate of the Workers' Party (PT), as president of Brazil in November 2002 was an unprecedented event. The PT is a recent party – founded in 1979 by left activists emerging from clandestinity and trade-union radicals formed during the years of the dictatorship. So it is not linked to the history of class collaborationism of social democracy or the submission to the diplomatic interests of the USSR of Stalinism. It is a party in which have cohabited since the beginning revolutionary and reformist currents, and more recently social-liberals. All these currents identify with the history and programme of the PT itself and have acted together within the leading bodies of the party whose level of internal democracy remains an exception.

While the right has made gains over the last few years this polarization has also enabled the left – including Democracia Socialista (DS), the current organizing those identifying with the Fourth International within the PT – to mark itself more clearly. The rightwing shift was clearly visible in the electoral campaign waged by Lula.

The militants of DS did not share the orientation of the electoral campaign and the choices of the PT governmental majority. However, they are a significant current within the party – in the last PT congress their candidate for president Raul Pont came second (with 17.53% of the vote) and the theses on perspectives they proposed came third after another left grouping Socialism or Barbarism (15.86%) while the majority won more than half the votes.

In this situation, given the inclusive traditions of the PT, Lula was obliged to propose their participation in the government and to refuse to accept would have been seen within the party, and in particular among the millions of voters, as avoiding their responsibilities in the hopes for real change. They therefore felt – a decision which has provoked much debate on the left in particular outside Brazil – that DS member Miguel Rosseto should try to implement agricultural reform – a burning question in a country where agricultural property is particularly unequal – as a Minister of agricultural reform and that this could help the self-organisation of rural workers.

At the same time the DS is determined to continue the political discussion within party and has decided to concentrate first of all on the discussion on economic policy. This text was thus submitted by DS to a meeting of the national leadership of the Brazilian Workers' Party (PT) on 15-16th March 2003. At the end of the discussion, in which the minorities were able to express themselves fully, the leadership adopted the majority contribution approving the current policy of the Lula government by 54 votes for, and rejected the contribution of Valter Pomar (Left Articulation current) with 13 votes for and that of the DS (8 votes for). Some members abstained. We should note, however, that in the recent parliamentary vote on the autonomy of the Central Bank, the majority of PT members of parliament voted against.



**"We must  
fight back  
– long live  
Brazil!"**

This document aims to reflect on the impasse of the macroeconomic policies of our government – which represent continuity with the policies of the government of Fernando Henrique Cardoso, and especially those of its last period. Rather than question the adoption of specific measures, we want to propose a discussion about the global orientation that is being adopted. We want to argue in favour of a different policy, one that aims for a decisive change. This is not only

feasible, but in line with the *Conceptions and Guidelines for the Programme of Government of PT to Brazil*, approved by the 12th National Meeting of the PT, in December 2001, and with *Programme of Government of the Coalition for the Lula Presidency*, approved by a meeting of the National Directorate in July 2002.

Cardoso's economic model is not only defeated, it is worn out. The implementation of the neoliberal model in Brazil, from Collor's government until the last term of Cardoso, has left an awful legacy. The structural problems that Brazil had as a peripheral country were greatly increased. We went from a situation of a crisis of development to one of permanent stagnation; from one of a limited and always risky national autonomy to one in which we were passively subordinate to the comings and goings of the international markets and a growing external vulnerability. In this context we went from high inflation to a fragile state of price stability, and sadly even this has been challenged during 2002. This economic retreat was followed by political and social regression. The advances that had been made during the 1980s through democratic and popular struggles against the dictatorship, were replaced by a kind of financial oligarchisation of the state. The social crisis that accompanied this process is the deepest the country has ever experienced.

The root of the ruin of the Brazilian economy during the Cardoso years was the deepening of the external dependency, as was pointed out at the 12th meeting of the PT: "raising the needs for external funding to critical levels and abolishing restrictions on the movements of capital, the policies that were applied turned dependency on foreign capital into a mechanism for internalisation of the instability of the global financial market. It subordinated the functioning of the national economy to the priorities and benefits of external creditors and investors." [*Conceptions and Guidelines for the Government Programme of PT for Brazil*, §11, p 21, December 2001].

In fact, it was this dependency that led to the deepening of the crisis during 2002. Starting from a combination of internal and external factors, we saw an intense flow of capital from the country. The resulting devaluation of the Real led to an explosion in prices, especially those of privatised public services and oil derivatives. To guarantee that inflation would remain below the specified limits, the Central Bank followed the orthodox policy of raising interest rates and restraining credit – that means restraining inflation through decreasing demand. Both the devaluation of the Real and the raising of interest rates, however, resulted in an increase in the public debt. To avoid further increases, the Federal government cut public spending, to

try to improve the gross budgetary surplus. Measures like these further decrease demand and, therefore, lead the economy to stagnation. One of the various negative consequences of this is an increase in unemployment.

Crisis like the one Brazil experienced in 2002 are frequent in third world countries, where the movement of capital is deregulated. If the Central Bank does not control the flow of capital to force it to meet the needs of economic growth and increase employment and if does not restrict its volatility, these flows cause trouble either as they come in or go out, at the same time deepening the dependency of the economy.

Maintaining the free flow of capital and accepting the deepening of the dependence

## The policies that were applied turned dependency on foreign capital into a mechanism for internalisation of the instability of the global financial market

of the Brazilian economy was, however, in agreement with the concept of 'development' put forward by Cardoso's government. They believed in the illusion that the deregulation of the markets, particularly the financial markets, would stabilise external savings, and, consequently, economic growth to the country.

Thus, their economic model was based on two principles:

- 1 To renounce national sovereignty. Deregulation implies the acceptance of an economic policy dictated from abroad, by the international flow of capitals, the institutions of neoliberal globalisation (like the IMF), and the bigger imperialist states, especially the USA. This implies a deep denationalisation of the national power centres and the almost complete elimination of the capacity for macroeconomic policy to be defined on a national basis;
- 2 The restriction of the state by economic power, leading to the elimination of democratic achievements and confrontation with the popular-democratic movement that, after the defeat of the dictatorship, were important in Brazil until today – and were certainly decisive in electing Lula.

This elimination of the representative institutions and of the elements of democracy

won by the overthrow of the dictatorship has especially expressed itself in those macroeconomic policies that, besides increasingly denationalising, started to build an economic sphere under the control of the so called markets, especially (national and international) financial markets.

Beyond economic stagnation and the increasing unemployment, this conception had other negative implications. Interest rates, under Cardoso's government, were always among the world's highest. Now, high interest rates do not only mean bigger fiscal difficulties and lessening of demand: but they also transfer revenue to rich financiers. Moreover, they tend to establish a floor for rates of profit, leading to a demand for wage cuts. This way, high interest rates enormously enhance the concentration of wealth.

Dogmas like the one that states that the free flow of capital is beneficial, or that any increase in inflation must be avoided by raising interest rates, are not compatible with a development project, as this experience of the last few years has shown, and even less compatible with social justice. Nevertheless, they correspond perfectly with the interests of financial capital. It is easy to understand the conceptions of the Cardoso government if we remember that the biggest banks and financial institutions were the core of the social coalition that supported it.

The fact that this economic model was running out of breath and failing became obvious in 2002, when even control of inflation, which had seemed to be the great achievement this government, started to slip. The rejection of this model and the desire for the country to take a different paths were central to the victory of the PT.

A transitional period? But the series of economic measures taken by the new government have shown a worrying continuity with the defeated economic policy. It is remarkable that we have kept high interest rates (nominal rates were increase twice in the two first months of the PT government) and the rise of the gross budgetary surplus targets from 3.75% to 4.25% of Gross Domestic Product (GDP)<sup>2</sup>.

Moreover, one of the most prominent economic spokespersons of the new government – the president of the Central Bank – has announced on several occasions his complete agreement with the former management guidelines.

The measures indicating continuity with Cardoso's economic policies, acknowledged as 'bitter measures', were justified by the external vulnerability, the financial fragility of the Brazilian economy, and thus the need to make an effort to get the trust of the



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markets. In addition, it has been argued that during the electoral campaign the PT said there would be a 'transitional period' at the beginning of the new government.

As a matter of fact, the idea that the new government could not immediately implement its entire programme was incorporated since the publication of the *Letter to the Brazilian People* by the Lula campaign in July 2002. Therefore the idea of a transition period was put forward. This concept was later included in the *Government Programme* of the Lula President Coalition, approved by the National Directorate at its meeting of July 2002.

However, an analysis of the first economic measures and the proposals that have been announced by the new government

## Raising external funding to a critical level.... subordinated the functioning of the national economy to the priorities and benefits of external creditors and investors

in the economic area do not suggest that a transition is taking place. After all a transition implies some change, even if it is gradual.

What is actually happening is quite the opposite. Besides the continuity of the policy over the Central Bank, among the measures that have been announced there are some that – if they are carried out – would represent a complete consolidation of some aspects of the former government's policies. This is the case of with regard to the privatisation of state banks and, most importantly, in conceding 'operational autonomy' to the Central Bank.

It is necessary explain what role the Central Bank plays in economic policy. Besides being responsible for monetary policy, it manages the exchange policy, regulates and supervises the banking system, and regulates capital flows. The Central Bank has had a decisive role in discussions with IMF.

It is also important to point out that monetary policy includes setting interest rates, which in the Brazilian case has huge implications because raising interest rates implies raising the public debt and what must be paid to service that debt. Exchange policy also has implications because large percentage of the internal public debt – and all the external debt – is corrected according

to exchange rate variations. In fact, one can say that the amount of the gross budgetary surplus (government income less expenditure) that is needed to avoid the increasing of the ratio public debt / GDP, which is the cornerstone of the demands from the IMF and the market demands, are determined in great part by variables that will be the responsibility of the Central Bank ie interest and exchange rates.

Operational autonomy of the Central Bank will formalise the freedom of action it already has. Because its directors will be appointed for a fixed term, it will be more difficult to replace them based, for instance, on a government decision to changing its economic policy.

Naturally, according to the project under

dominate the economic policy in this initial phase of the new government is against the idea of transition. In other words: if the trust of the markets is achieved with some policy, later changes could lead to the loss of that confidence.

In fact, all the logic of the policy implemented so far suggests that the transition is only about increasing the room for manoeuvre while maintaining the present macroeconomic policy, and not a process to change that policy. In other words: we remain dependent on the international situation and the whim of the market. If the international situation stabilises, we would have greater room for manoeuvre in terms of the economy. But the last decade has demonstrated that this is a naive expectation, and instability will be a permanent



consideration, the Central Bank will have to hit targets defined by the Ministry of Finances. This is the economic policy started with Arminio Fraga3, of using 'inflation targets' as an anchor to monetary policy.

However, apart from the fact that this is a highly questionable model of economic policy, defining inflation targets are too feeble an orientation: The Central Bank will have total freedom in conducting monetary policy to hit those targets.

In fact, instead of the Ministry of Finance guiding the practice of the Central Bank, what has been happening since Cardoso's days is that the Central Bank determines the boundaries of the freedom of the Ministry of Finance, through its influence on the tax situation. For the record: the PT was always against the autonomy of the Central Bank, in any of its versions.

The very logic of the strategy of "getting the trust of the markets", that seems to

consequence of this kind of strategy.

### 'Transition' according to the Government Programme

Transition to a new model, as defined in the *Government Programme*, is clearly different from the measures taken until now. Let's see what the *Programme* says:

"26. The key issue for the country is to return to a position of growth – keeping a balance between the fields of agriculture, industry, trading and services. The return to growth is the medicine to avoid the vicious cycle between high interest rates, exchange instability and the increasing of the public debt compared to the RIP. (...) The overcoming of these obstacles to resume growth will happen through a lucid and sensible transition from what we have today to what the society demands.

27. (...) We already had the exchange trap. We got out of it in 1999 with a lot of pain,

but we survived. Now we get the dilemma of budgetary constraints. The question is how to overcome this without threatening the stability of the economy. Our government will maintain the gross budgetary surplus as long as necessary, to prevent the raising of public debt compared to the RIP, that could destroy the faith in the capacity of the government to meet its obligations. But we will work hard to reduce the external vulnerability and, with that, the interest rates that today suffocate the public accounts and the productive business sector. (...) our government will neither break contracts nor revoke established rules. The necessary changes will be done democratically, within the institutional bounds.

29. The rigidity of the present economic policy can cause loss of direction and credibility. Brazil has shown, historically, a tendency to have a growth rate around 7% per annum. It is this capacity that our government will restore, working day and night to bring the country from a situation of budgetary restrictions to one which benefits from the engine of development. Brazil needs to sail in the open sea of growth. Or are we debarred from entering the harbour of social and economic prosperity?

*[The next paragraph opens a section of the programme entitled "Transition to the new model aimed at growth".]*

48. So, the essential work of our government will be the endless pursuit of resuming economic growth as a way to create new jobs and distribute wealth. This will be the central mechanism to overcome the vicious cycle between external debt, high interest rates, exchange instability and raising the public debt, engendered by the present government. This is the very reason to get the growth efforts structured simultaneously with a sensible transition from what we have today to what the society demands.

That is why the deepening vulnerability of our economy will not lead to changes in the economic model, but to its continuity." [Government programme 2002 of the Lula president coalition, July, 2002, p 16-7, our emphasis].

In face of these quotes we need to ask:

**1** What should we do to make the country go "from the tax anchor to the engine of development" structuring the growth effort at the same time as a sensible transition?

**2** What should we do to "firmly reduce the external vulnerability" (considering that it will be deepened by the continuity of the present model, we have already pointed out)?

We dare to say that the important initiatives

concerning macroeconomic policy have not been taken on these two decisive fronts.

About the first question: the Programme clearly states that resuming economic growth is needed to break the vicious cycle of high interest rates, exchange instability and raising of the ratio between public debt and GDP. The resumption of growth will make the current adjustment of the public accounts easier and, if sensibly directed, will contribute to reduce the external vulnerability. This will allow stabilisation of exchange rates and reduction of the interest rates. This will also help to reduce the public debt and to keep inflation under control.

Thus, concern about stability cannot mean that economic policy will be directed and conditioned by the mechanism of increasing surplus and interest rates, or even by cycles of these two variables entirely dependent on the external cycles of capital flow. However, this is the direction that the PT government's economic policy is taking at the minute.

In terms of the essential problem of reducing external vulnerability, which new instruments were created or have been planned to take steps in this direction? Moves in this direction combined with the important initiatives by the Brazilian Government in defence of democracy in Venezuela and for increasing unity of the Latin countries are fundamental in the face of the USA bulldozer and its policy of imposing the Free Trade Area of the Americas (FTAA).

While we see no progress from these two points of view i.e. resuming growth and overcoming external vulnerability which were considered fundamental to the transition by the *Government Programme*, the picture is no better for a third element, that is the autonomy of economical policy and of the economic institutions to take decisions in relation to the market.

This autonomy is considered strategic by the *Conception and Guidelines* text from the 12th National Meeting. On the contrary, adopting as the main axis getting the trust of the markets, means that economic policy and governmental agenda start to be guided by them. Markets do not restrain themselves because they trust or distrust: they push to get their demands. So, they 'trust' those who carry out economic policy which is in their favour.

To sum up: practising an economic policy in the name of a transition reinterpreted and limited by the expectancy of getting better results inside the boundaries of the old economic policy, moves away from the very definition of transition stated in the *Government programme*. This is in

opposition to the general meaning of the campaign, which focused on changes and clearly criticised economic policies of Cardoso.

We judge that this line is globally incorrect, and it is possible for us to develop an alternative based on the *Conception and Guidelines* from the 12th National Meeting and the *Government Programme*.

### Elements of an alternative

Formulating an alternative macroeconomic policy is a task for the whole party, not only those members that are currently part of the Government.

We try to highlight some partial definitions (from *Conception and Guidelines* and *Government Programme*) that are sufficiently consistent to serve as guidelines in the definition of new pathways for the economic policy. Based on that, we try to develop some proposals that we think may contribute to the debate in the party and to the synthetic effort that should come from it.

The *Conception and Guidelines* text states clearly the need for a global rupture with the existing model:

*"1. Implementing our democratic and popular government programme for Brazil will mean abandoning the present economic model based on the opening and deregulation of national economy and the resulting subordination of its dynamics to the demands and whims of global financial capital.*

*21. (...) To those who support not only a continuity without continuums, meaning no the adoption of a developmental policy that sees social questions as secondary, but a very transformation inspired in ethical ideals of radical democracy and of the enlargement of social justice, there can be no doubt that a democratic and popular government will need to perform an effective and global rupture with the existing model, establishing the basis for the implementation of an alternative model of development.*

*22. This project must include the struggle against external dependency and the defence of national autonomy. It must have social issues as its central reference for development, in other words, sustainable development will include in its own internal dynamics the distribution of wealth and income, job creation, social inclusion and the sustainable use of natural resources. It should also be constantly looking for conditions to democratise the state and politics.*

It will only be possible to implement this

by starting from the creation of a new coalition of forces that breaks completely with the successive conservative pacts that have dominated the country for decades. It is time to dare, because it is in moments of great global change like this that new possibilities are open to peripheral countries like Brazil to regain its position as a sovereign nation in the world." [from *Conception and Guidelines*]

The same text also stated that "the new model of development for Brazil must coordinate three structural axes: the social, the democratic and the national."

The *Government Programme* detailed some aspects of the *Conception and Guidelines* text, changed some of its emphases, and introduced the idea of transition. It did not however contradict what is in *Conception*

directed by a combination of a deep process of denationalisation of the decision centres and an intense subordination to financial markets – with their national and international dimensions entirely mixed up.

For our government the making of economic policy must be a more and more sovereign task in opposition to the market and external interference. It must be at the same time coherent with the changing programme and with international initiatives to face the impositions of the neoliberal institutions on developing countries.

Just as neoliberal policies in Brazil came from a political defeat of the democratic and popular forces, now the defeat of neoliberal forces requires a coherent unfolding of formulation and practice of a new economic policy. Building the conditions for change

operations, establishing a complete control, a procedure that was also used in Brazil previously.

In any of these ways and degrees, exchange control does not mean breaking with the international 'financial community'.

The guidelines of the 12th National meeting go even further in important aspects of the relations with external and financial capital:

"49. (...) Implementation of mechanisms of regulation of the inflow of speculative capital and reorientation of direct external investment with selective criteria that favour the increasing of exports, substitution of imports, expansion and integration of industry of capital goods and strengthen our capacity for technological development. It is essential that foreign capital is linked to the effort of increasing our productive capacity and compensates the for the increasing outflow of profits, dividends and royalties with positive impacts on the trade balance.

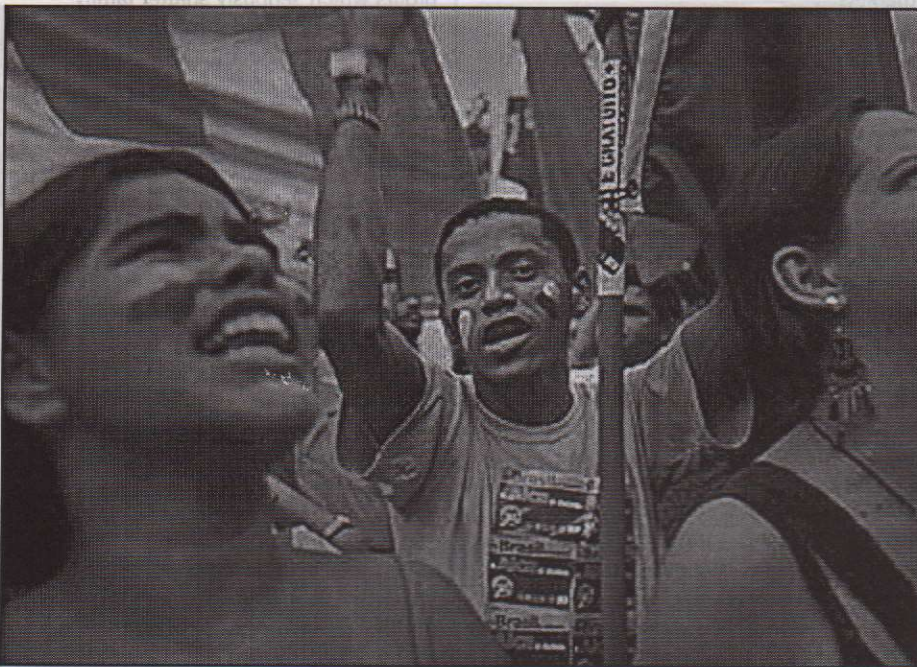
50. (...) the regulation of the process of opening up the financial sector. The reduction of external fragility of Brazilian economy involves the elimination of legal flaws that make easier to carry out opaque financial transactions abroad, the reviewing of the schemes for attracting resources used by the banking system to arbitrate the activities of public securities and regulating the entrance of new foreign banks into national financial system." [Conception and Guidelines, pp 46-7]

Moreover, it is necessary to create conditions to end the agreement with the IMF, which is after all the institutional instrument that subordinates the whole of our economic policy. The *Conception and Guidelines* also points out that

"63. (...) Opposing the monetarist and orthodox monitoring of IMF, the new government will try embark on a whole series of social and economic ideas, according to the aims and priorities of the new development model. In this context, new targets for economic growth, job creation, social investment and inflation should be established in agreement with, and to make concrete, these priorities, making possible at the same time its broad public control." [Conception and Guidelines p 55]

These initiatives must be combined with the struggle to change the international correlation of forces, underlining the movement of indebted countries and the renegotiation of external debt. These positions are in the *Guidelines*:

"51. (...) concerning the external debt, now mostly private, it will be necessary to denounce politically and legally, the



and *Guidelines*. It is therefore correct to consider them together as forming our fundamental reference point in developing new ways of formulating economic policy.

The idea of a transitional period implies that a rupture with the old model can not be abrupt. It must be carefully prepared. So the question is how to establish the conditions for this global rupture with the model of the Cardoso years?

The central starting point must be building up the political relationship of forces to develop a new economic policy. What we need to change from the beginning of the PT government is the political basis on which Cardoso's economic policy was founded. To make a new economic policy one must redefine what controls that economic policy.

During the Cardoso government it was

involves many aspects:

### **1 Regaining national sovereignty to decide about economic policy**

The result of more than 10 years of opening and deregulation, made even worse by the IMF agreements since 1998, was a real transference of decisive power abroad. Thus, it is necessary to regain national autonomy of decision making. For this to happen, it is necessary to resume control over financial capital.

There are many ways, and many possible degrees of doing this. It is possible to impose a minimal period of residence in the country (one year, for instance) as it used to be done in Brazil in the past. It is possible to use taxation to inhibit short stays. Only in cases of acute depletion of reserves it is necessary to centralise all exchange

agreement with the IMF, to free our economic policy from the restrictions imposed on our economic growth and on trading defence of the country, and to block the attempts to renationalise the external debt, reducing the emission of dollar-indexed securities of internal debt.

Brazil must adopt an active international position on the question of external debt, joining with allies in the process of auditing and renegotiating public external debt, particularly countries like Mexico and Argentina, which make up a large percentage of the world's external debt and, not by chance, have a majority of their population living in poverty." [*Conception and Guidelines* pp 46-7].

Besides, it is important to include the aspect of Brazilian trading relationships, trying to make the processes of import substitution and raising the trade balance organic and balanced with respect to the remaining elements of a new economic policy, in order not to repeat the attempts to reduce the external vulnerability based solely on the balance of trade which also lead to recessive dynamics. Due to this, another key question is the position concerning the Free Trade Area of the Americas (FTAA). It is necessary to follow the strategic guidelines indicated in the 12th National Meeting:

"53. Concerning the FTAA, (...) it is not a matter of deadlines or eventual sectoral advantages. As it is, the proposed FTAA is a political and economic project to annex Latin America to the USA, whose main target, due to its potential resources and internal market, is Brazil. What is at stake, therefore, are national strategic interests, to preserve our capability and autonomy to build our own future as a nation. In other words, to reject this proposal as presented is an essential requirement to make possible carrying out our aim of reducing our external dependency and vulnerability." [*Conception and Guidelines* pp 47-8].

## **2 Recovering the capability of governmental co-ordination over the decision centres of economic policy, preserving autonomy in decision making in face of the markets and its subordination to the transition programme**

Besides nationalising the decision centres of economic policy, it is necessary to integrate them under governmental co-ordination that has as its logic the programme of transition not the interests of the market.

The more important point is the Central Bank. There is a whole argument about the chapter about the regulation of the financial system in the constitution. Starting precisely

from conceding more autonomy to Central Bank, that is, giving more legal power to the market and a formally given up control of the fundamental aspects of economic policy, may represent not only an obstacle to any attempt at transition, but have a generally destructive impact on the possibilities the government has.

At this point it is worth, on the contrary, raising general issues about the democratic regulation of the financial system, considering that the management of economic policy, and especially the Central Bank, needs to be subordinated to the elected programme and to the government. What are now tasks of the Central Bank alone, like the definition of interest rates by COPOM (the Monetary Policy Council), must be changed, and ways must be established that are more transparent and less susceptible to pressures from financial markets.

On the other hand, it is necessary to reduce the power of financial capital over the economy. This is a broad question that has repercussions for tax reform (the redefinition of taxes for banks that must weight progressively on the increasing bank profits) the renationalisation (and not privatisation) of the public banks, the strengthening and redirecting of the public banks in agreement with the government programme, among other things.

It is also necessary to address the questions of taxes, interest rates and servicing of public debt.

"60. Putting an end to the fiscal frailty and guaranteeing consistent fiscal policy is a cornerstone of the new development model. This means, first of all, preserving the solvency of the state, translated in a substantive and progressive reduction of the compromise of the public income with payments of interests of the public debt and with its capability to make active and co-ordinated policies of public expenses (including social expenses). The perspective of making the social issues the axis of the development will require a complete review of the present policies that put the financial debt and its creditors as the first priority of the Brazilian state. In this sense, the reduction of the external frailty should result in a reduction of the interest rates charged in the external financing, with positive effects on the short term domestic interest rates, which composes the costs of financing public debt, reducing the interest load and unpredictability of its trajectory.

61. Given the aim of preserving the solvency of the State, it is necessary to preserve an essential aspect of public expenses, namely: its anti-cyclic and stimulating role on the economic growth.

From the cyclic viewpoint, the evolution of the public debt can neither be attached to long term targets nor to anachronistic and markedly monetarist orthodox conceptions that support a balanced budget as an absolute and permanent value. This balance can be achieved by economic growth and macroeconomic stability (that leads to job creation and to maximising tax income)." [*Conception and Guidelines* pp 53-4].

Obviously these measures will create many conflicts with speculative interests from capital markets. But one can expect that there is a lot of legitimacy – from business and middle class sectors, from trade owners and farmers, from union movement to large popular sectors – to adopt such measures that reduce the profits of speculators in defence of growth, an increase in wealth, and Brazilian jobs. It is not only inflation that eats into the wealth: but the outrageous profits which seriously shatter family budgets, particularly those which are marginal to start with.

## **3 To value the democratic axis of the new development model**

The conception of the new development model approved in the 12th National Meeting puts special emphasis on its democratic character. The enlargement of democracy and the building of a participative management are fundamental in themselves, besides being part of the creation of the political conditions to make a new model. These aspects were already considered in the Guidelines approved in the 12th Meeting:

"64. The development model directed by the democratic and popular government will be supported by a new social contract, settled on the strategic commitment to human rights, on the defence of a democratic revolution in the country. The alternative proposed will represent a rupture with our heritage of external dependency, social exclusion, authoritarianism and (patronizing) clientelism, conciliation, privatisation of the public sector and, on the other hand, with our culture of mercantilization that imposes individualistic and consumeristic values and behaviour, even among the excluded and oppressed sectors." [*Conception and Guidelines* pp 55-6].

One of the aspects of this democratic axis of the development model is popular participation, that is decisive to make it feasible:

"66. The making of the new development model will be performed under the boundaries of the Law (State of Law). Our proposals for deep changes in the direction of the country will be transparent and predictable, marked by the permanent will

for dialogue, always respecting the principles of our project: autonomous development, social justice, democratic participation. On the other hand, the implementation of this new model will confront important legal and institutional limits. This means that the political and institutional reforms will have a decisive role demanding intensive mobilisation and popular pressure as well parliamentary support." [*Conception and Guidelines* p 57].

The role of the state itself must be redefined. Besides strategic planning (or strategic management), participative management is a necessary condition:

"73. In the end, a redefinition of the role of the state, in the framework of a new model of development, requires a new model of state management, that is displayed in two main categories: participative management and

place of debate and deliberation involving the state and society, but also to fight for hegemony against the culture of clientelism and neoliberal values." [*Conception and Guidelines* pp 61-2]. Among the modalities of participative managing, the participative budget should be pointed out. Like the "Guidelines" says, its implementation at the central level will be a "huge challenge" [*Conception and Guidelines* p 62].

#### 4 Recovering the conditions to allow state businesses to take a strategic role

Another aspect of creating conditions for the transition to a new model of development is the removal of the barriers for the functioning of state business.

Despite the damaging process of privatisation of the state sector carried

of the public debt is entirely ideological – a direct application of the neoliberal ideology. It has nothing to do with technical issues. Its aim is to make it impossible for the public sector to function. It must therefore be opposed.

We have tried to point out here some aspects of the initiatives, which are in line with the *Conception and Guidelines* text and the *Government Programme*, that we believe are necessary to make a new model of development possible. Naturally there are many other fundamental issues, some of them already taken care of by the government. Our aim, as stated above, is to contribute to a debate that belongs to the entire Party. ■■

- 1 *The Real is the unit of currency in Brazil*
- 2 *The gross budgetary surplus is calculated by deducting budgeted expenses (excluding*



strategic management. The participative management – which is one of our central references for our state (regional) and municipal governments – must also be a basic dimension of the refoundation of the relations between Brazilian State and society, at the central level also. The constitution of new democratic public spheres, directed towards public co-management, to the sharing of the public power, to the co-ordination between representative and participative democracy, will be, at the same time, a key factor in ending clientelist practices, strengthening the notion of rights, and allowing the participation of new social agents which represent the popular majorities that are presently excluded from the decisions (with rare exceptions). It will be, thus, not only a

out mainly under Cardoso government, Brazil has still an impressive number of state enterprises, mainly in infrastructure (especially energy). These enterprises should play, as they did in the past, a leading role in the process of national development.

For this to happen, however, it is necessary to recover their investment capability. The main problem is the absurd technical criterion imposed by the IMF of including investment of state enterprises in the sum of the public debt, and particularly to subtract it from gross budgetary surplus. This way, recent elevations on surplus targets implies the impossibility of state investments.

The criterion of treating investment as part

financial costs) from tax income. The use by the IMF of this total aims to avoid the inclusion of payment of debt charges in the deficit.

- 3 *Arminio Fraga was the predecessor to Henrique Meirelles as president of the Central Bank. When he was nominated by the government of Fernando Henrique Cardoso, in 1998, the PT was extremely critical of the designation of someone very linked to the international financial markets (Fraga worked for George Soros). In order not to leave any doubt as to what he intended for the Central Bank Henrique Meirelles expressed in January 2003, before the Senate but also when he took up his functions, total identification with the policy of Arminio Fraga. He has also kept the whole team put in place by his predecessor.*

## At the heart of the anti-capitalist combat...

# Relaunch, opening, regroupment and repositioning

FRANCOIS VERCAMMEN\*

The Fourth International held its 15th congress in early February 2003 in Belgium. Delegates and observers, representing organizations from 40 countries debated and adopted resolutions on the world political situation (which also included a balance sheet of Stalinism and resistances to capitalist globalization), the role and tasks of the Fourth International, a new Preamble to the Statutes as well as a reform of the Statutes, and two programmatic documents: 'Lesbian and Gay Liberation' and 'Ecology and Socialism'.

The Congress elected a new leadership, the International Committee, which will meet at least once a year and will choose from its ranks an Executive Bureau. The two have been substantially renewed and rejuvenated.

If one wished to sum up this Congress, one could qualify it thus: at the heart of the anti-capitalist combat, a policy of relaunch, opening, regroupment and repositioning.

The ambiance was warm, the behaviour studious, the debates passionate, the attitudes responsible: nearly eight years after the previous Congress (July 1995), there were reunions of 'old timers' conscious of having 'kept the faith' faced with defeats and mounting barbarism; at the same time, a new generation, already tempered in the rise of international mobilizations and ready to take over, was actively present. The new perspectives affirmed have recontextualised and relativised the old debates, tendencies and factions to the point that the political documents put to the discussion and to the vote, entirely focused on the future, were adopted by a very broad majority.

### At the heart of the anti-capitalist combat

The militants and the national organizations of the Fourth International are today at the heart of the anti-capitalist combat. This is not a recent fact; with others (but they were very few) they were, as of the turning point of 1989-91, involved in initiating international campaigns which were ignored at the time but would lead to the mobilizations of Seattle and Genoa, the Social Forums of Porto Alegre and Florence and the world rising of the people against the imperialist war.

It was this that 'saved' our current from marginalization and sectarianism; linking up with what was 'moving' in the field of the exemplary struggles for emancipation, building the mass movement (against the prevailing winds and tides), fighting for unity, getting involved in the most advanced ideological debates, all this was very much in our tradition.

That, plus an internal opening up within our organizations and the International where debates, all kinds of debates, were possible, including the most heterodox. Because when no groundswell imposes itself, when the old world unwinds and a new emancipatory prospect mobilizing the popular masses is not immediately apparent, there are no more obvious things, there are only the dogmas that survive (let's remind ourselves of some of these new questions: Zapatism, the terrible 'national question' in Yugoslavia, the role of the 'international institutions' vis-à-vis genocide and massacres, the structural weakening of the wage earning class and its organizations, the 'end of History' and so on). The choice for an organization which claims to be revolutionary Marxist becomes very simple: to open up to the outside and to give a free run to the internal dialectic (with its inevitable batch of heterodoxy, doubt and fragmentation), or to crush debate through the 'dogmatization' of analyses and the theory, to impose the 'correct' political line, to reinforce activist discipline, to crystallize an 'infallible leadership'. No revolutionary organization emerged unscathed from

this neoliberal counter-revolutionary period. All had to deal with defeat. All had to adapt. None escaped internal crises – inevitably. We have the conviction of having made the right choice. There before us are realities and problems.

### Rise of the mass movement, rebirth of the anti-capitalist forces

The main difficulty is taking the measurement of what is really happening in the world today. The 15th Congress noted “the end of the 1990s constitutes a turning point in the world political situation. A new phase opens which puts a radical revival of the activity, program, strategy and organization of the labour and social movement on the agenda”.<sup>1</sup> Before putting this at the heart of our activity, our International had scrupulously scanned the hesitant birth of what was going to become the movement against capitalist globalization, also called the ‘global No’ movement or ‘the movement of movements’. Thus, the text on ‘Resistances’, written before Seattle, had prepared our militants, our national organizations and the International as such for a change in the ‘subjective factor’. From the beginning, there was a quasi-unanimity in our ranks for saying: we have to be there, help it to be built, while respecting – without sectarianism or arrogance – its development. From Seattle (December 1999) to the historic date of February 15, 2003 (the world rising of the people against the war), passing by Porto Alegre, Genoa and Florence, a dynamic of total refoundation is underway, of an international social movement from which the multiple potentialities remain to emerge, specify and organize themselves.

This new and powerful dynamic is bolstered by three powerful contradictions: the brutal military, economic and anti-democratic offensive of imperialism and big business is aware of the obstacle which it now faces in this new social movement which has consolidated itself and which was able, in three years, to create a ‘single world front’ against the war, putting all the governments of Capital under pressure; the persistent and worrying lack of synch between the rise of this movement and the persistent weakness of the movement of wage earners, which is only very slowly recovering its capacities of struggle and organization, due to an unfavourable relationship of forces after the defeats of the period 1985-95; finally, the politically unprecedented historic crisis of the forces which dominated the labour and popular movement (social democracy, post-Stalinism, social populism) throughout the 20th century, with the politically organized anti-capitalist alternative remaining very

weak. Short of a cataclysmic event not to be ruled out (a war with uncontrolled effects, a collapse of the world economy), our “strategic task of defeating the ‘social neoliberalism’ that still rallies a majority in the workers’ and popular movement, and of (re)building the movement on an anti-capitalist, internationalist, ecologist and feminist basis. This battle turns around two questions, opposition to war and opposition to neoliberalism.”<sup>2</sup>

The current crisis of the workers’ movement cannot be resolved by the simple reinforcement of the revolutionary Marxist organizations, because the phase which is opening up is not only characterized by the weakness of the a revolutionary left which remains very much in the minority, but also by the dramatic retreat, on a mass scale, of socialist consciousness, anti-employer demands, militant commitment, trade union organizations. Moreover, the break in the subjective factor also leaves its mark of enormous radicalization of the youth. This latter is in the process of establishing a ‘political generation’ through its own social experience at all levels, notably by the biggest mobilizations that history has known.

This heteroclit unit, which prefigures a major and total renewal of the social movement, requires a suitable proposition. It can only be a gathering of all the forces of opposition, all the radical political currents, in a new political formation (party, movement, coalition, alliance), both pluralist and anti-capitalist, a combat force and a place of discussion, an electoral formation and an extra-parliamentary movement, interlocutor of the social movement and factor of clarification vis-a-vis all the other political currents, reformist and social liberal. In such a formation, revolutionary Marxists do not practice ‘entryism’ with a secret or avowed goal of passing as quickly as possible to a vanguard ‘revolutionary party’ equipped with a revolutionary program. They are the co-initiators, co-organizers, co-leaders of this broad party in order to share the experiences of the current struggle and to progress together towards a mass anti-capitalist party, capable of fighting for socialism.

### For a new mass International

The Fourth International formulates proposals which respond to three levels of activity and organization, and which bear as much on the national as international levels:

**1** The international movement against globalization is marked by a consciousness, methods of struggle, programmatic proposals and international structures. It points, from its very

existence, in the direction of a new International.

It excites a deserved enthusiasm among youth whose political consciousness is linked with internationalism. It evokes historic memories for those who have been or still are organized in a structure of this type.

“The construction of the Internationals that have existed in history has been linked each time to new tasks linked to large-scale social and political developments. This new political cycle of reorganization poses from the beginning the problem of a new mass revolutionary anti-capitalist/anti-imperialist International”<sup>3</sup> says the resolution on the role and tasks of the Fourth International. And note well: “We cannot imagine the qualitative step towards the creation of a new International without an important contribution from these new forces”.<sup>4</sup> However, ‘a process of clarification and differentiation (...) under the impact of great political events in the world’<sup>5</sup> is necessary.

This new International, or at least a first step on the road to its construction, will emerge from the current movements and mobilizations. It will not resemble any of its predecessors, and certainly not the revolutionary Marxist party-based internationals. It will be the massive ‘spontaneous’ response to the current historically unprecedented global despotic reign of capitalism, and its anchoring will be its internationalism and intuitive anti-capitalism; but also its very great heterogeneity from every viewpoint. It will certainly be different from its five predecessors: The Internationalist Communist League of 1848, the First International (1864-1876), the Second International (1889-1914-), the Communist International (the ‘Third’, 1919-1943), the Fourth International (founded in 1938).

Our objective is not to make a short term political-organizational raid on the global justice movement according to the lines of fracture already perceptible in it so as to impose on it a political organization. On the contrary, we must build it, strengthen it as a combat movement sui generis, and realize all its potentialities on different levels: as socio-political movement, as space of discussion and elaboration, as bearer of several autonomous campaigns (Tobin tax, cancellation of the Third World debt, defence of public services, against modern slavery, as gathering of the social movements (unions, unemployed, ecologists), as single world front (the anti-war mobilization). We do not abandon discussion, debate and if it happens, political combat.

# 15th World Congress

The 15th World Congress of the Fourth International was held in Europe from February 8-14, 2003. More than 200 participants included delegations from sections, sympathizing groups and permanent observers from the following countries: Argentina, Austria, Australia, Belgium, Brazil, Britain, Canada - English Canada and Quebec-, Denmark, Ecuador, Euskadi, France, Germany, Greece, Hong Kong, India, Italy, Ireland, Japan, Lebanon, Luxemburg, Martinique, Morocco, Mexico, Netherlands, Norway, Philippines, Poland, Portugal, Puerto Rico, Spanish state, Sri Lanka, Sweden, Switzerland, Uruguay and the USA.

The delegations from Algeria, Chile, Israel, New Zealand, Senegal, South Africa, Tunisia and Turkey were unable to participate, due to visa or other practical problems.

Among the guests at the congress were organizations and comrades from Australia (Democratic Socialist Party, DSP), Colombia (Presentes por el socialismo (PPS), Corsica (A Manca Nazionali), France (Lutte Ouvrière), Britain (Socialist Workers Party, SWP), Greece (Diethnistiki Ergatiki Aristera, DEA), Italy (Partito de Rifundazione Comunista, PRC), Poland, Scotland (International Socialist Movement, ISM), South Korea, Taiwan, the USA (Socialist Party, SP, and Freedom Socialist Party, FSP), and Hugo Blanco from Peru whose greetings are published here.

The congress received messages from guest organizations that were unable to attend from the following countries: Argentina (Movimiento al Socialismo, MAS), Mauritius (Lalit), Pakistan (Labour Party Pakistan, LPP), Uruguay (Corriente de Izquierda, CI).

For we can only note tactical and strategic dissensions within the movement. This latter is not born from the self-activity of the wage earning class, is not connected spontaneously to this latter. In the same way, it does not lead, for the moment, spontaneously to a political formation, on the contrary there is an 'anti-political' mistrust, very widespread and even cultivated. It is with this double challenge, this double and intolerable contradiction with which the movement is confronted in its will to win. How to impose the strong claims of the 'movement of movements'; and, beyond that, how to stop capitalist globalization and substitute for it another society? For that a force in society is needed, which is none other than the mass of the exploited and oppressed on a world scale, whose decisive core is located within American and European imperialism. We need one or more political formations with a mass character which are in the social movement and which propose a strategy. Any combat until the end for a great demand that is social, economic or democratic, inevitably leads, for its realization, to the political-institutional level, that is the level of the state. This is politics in the strong sense of the term, which implies taking a positions and entering the fray on electoral questions, governmental policy, the relationship with existing parties and a strategy leading to this 'other possible world'. Politics is, in fact, omnipresent, but hidden! That is not healthy. Because the parties exist, with their history, their political culture, their program, their tactics, their insertion in society, movements and institutions.

Obviously, a political clarification on a mass scale is underway, around three axes, of which two directly affect the living and working conditions of millions of men and women: the policy of war (armed imperialism) the neoliberal policy (the anti-social war), and a third, within

the movement itself, which touches on the relationship of the political parties with the 'new social movement' and, more generally, the movement of mass emancipation. That implies a clarification on two fronts, but on different levels: a political combat to dispute the hegemony of the social liberal left; a fraternal political debate within the radical, revolutionary left against sectarianism and 'vanguardism'.

**2** For almost ten years, the Fourth International has worked with other currents of the non-sectarian radical left, for a broad and pluralist anti-capitalist regrouping in order to beat the hegemony of the social-liberal left. Logically enough with the movement of capital, the new anti-capitalist political movement will more quickly find cohesion on a regional/continental level. In Latin America, the Sao Paulo Forums, now in decline, were an example. Recently, meetings took place to start again a process of convergence between anti-capitalist/anti-imperialist currents in several countries. In Europe, the European Anti-Capitalist Left has met twice a year since March 2000 (at the time of the EU summit meetings). It gathers representative parties and movements, such as the Red-Green Alliance (Denmark), the Left Bloc (Portugal), the LCR (France), the SSP (Scotland), the Socialist Alliance (England), the British SWP, and so on. Recently, the PRC (Italy) has participated, while remaining in the European United Left, the alliance of the Communist Parties. In Asia, at the initiative of the DSP (Democratic Socialist Party, Australia), Asia-Pacific Solidarity Conference gathers, every two years, a very broad arc of radical, anti-imperialist parties and social movements.

These are promising but still fragile developments and in any event too different to pass directly onto a world level. That doesn't rule out exploring ways of world meetings in connection with the

development of the social movement.

**3** Taking account of our points of view on the movement for global justice and the priority given anti-capitalist regroupments, our Congress opened the way to debates, initiatives, meetings with the currents of the revolutionary left to test the convergences, without that leading to a new structure in the short term.

We conceive these three levels of intervention (political clarification linked to the 'movement of movements', pluralist anti-capitalist regroupments, dialogue with the international revolutionary left) as distinct platforms but all contributing to a new mass anti-capitalist International.

## Relaunch and reposition the Fourth International

Between the 14th and 15th Congress, seven years and seven months have gone by and a rupture of historic dimensions has occurred at all levels of society.

Our organization has faced with difficulty but with success the 'descent into hell' of the 1985-95 period and the recent rebirth of the movement of emancipation. Such a process has stimulated reflection and decision. Thus, our Congress has proceeded both to a relaunch and a political-organizational repositioning of the Fourth International.

After the long process of weakening, it is in the first place necessary to strengthen our organization: the Fourth International as it is today. Without this collective tool for reflection and action, politics is not possible. It amounts to a thoughtful reconstruction of our leadership structures, mechanisms of coordination and public intervention, our educational schools, seminars and press. That involves a double correction.



We have certainly, and for a long time, suffered from a weakness in relation to the definition of our own organizational objectives, our own working procedure, the integration and structuring of members' work, formal and political training, public profile, propaganda and agitation. This problem relates to another weakness: "there is a significant gap between our underlying influence within movements and the political and organizational strengthening of our organizations."<sup>6</sup>

The answer is not only propaganda for socialism (in its various aspects: strategy, transitional anti-capitalist demands, model society, history of exploitation and oppression, the workers' movement). The answer consists in showing that the Fourth International 'has a specific political function to fulfill in day-to-day activity, mass work and the movements. This requires in particular more regular, sustained propaganda for our ideas, more consistent agitation, a commitment to political and strategic debate, and a reinforced organizational system to back all this up.'<sup>7</sup>

The problem is certainly organizational. However, it is not just that: it is the capacity to reflect and define political objectives that hold in the short and medium term. This

revival of the Fourth International does not lead to a sectarian self-assertion but to a step of opening, dialogue, collaboration and unit regrouping: "Our principal task as the Fourth International consists in contributing to a vast reorganization of the labour and social movement on world scale with our perspective the constitution of a new internationalist, pluralist, revolutionary, militant force with a mass impact".<sup>8</sup> This assertion implies a significant revision of what the Fourth International could carry out. It is not "the world party of socialist revolution" (the objective it adopted at the time of its founding), nor even the central nucleus of such a future party. The 65 years that separate us from this proclamation have not been marked by a process of gathering of the revolutionary forces, but by ruptures, separated routes, and splits. We are one Trotskyist current among others, one revolutionary current among others. The chapter is closed when the Fourth International could have the perspective of being carried to the head of the revolutionary process, with the help of a huge militant effort, a correct analysis and a successful battle inside the Trotskyist movement. We have the pride to think that we traversed a difficult historical period while being able to assert this past and that we have a significant role to play, a

great political responsibility. But we have the conviction that it will be through a systematic collaboration with other radical non-sectarian currents and, especially, with the new forces that the new parties and the new International will attract. This repositioning is reflected in our unity proposals. It has also led to a rewriting of our statutes. In a new International, the Fourth International will be one current among others. It will definitely involve a certain continuity. But the major feature is a refoundation on a new program whose renewal, obviously, will be carried through on the basis of a new social and ideological constellation. ■

\* *François Vercammen is a member of the International Executive Committee of the Fourth International and of its Executive Bureau.*

- 1 Resolution entitled 'A new world situation', adopted by the Congress. IV will publish all the resolutions adopted in a special issue.
- 2 Resolution entitled 'Role and tasks of the Fourth International', adopted by the Congress.
- 3 *op. cit.*
- 4 *op. cit.*
- 5 *op. cit.*
- 6 *op. cit.*
- 7 *op. cit.*
- 8 *op. cit.*

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# 15th World Congress of

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## INTRODUCTORY REPORT ON

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FRANÇOIS

**W**e should start by noting a marked change in relation to the 14th Congress of the International in June 1995. That congress took place in a situation marked by the collapse of the “actually existing socialist” regimes and the restoration of capitalism in that region of the world, by political and social defeats in a number of European countries and the pressure of the defeats of revolutionary movements in Latin America. The 2003 congress took place in a quite different political situation, marked at our level by the growth of the anti-globalization movement and social resistances in a series of countries. This is a new political and ideological context favourable to the politicization of sections of society and social movements. Aside from the lifting of the historical burden of Stalinism, the conjunction in 1995 of the neo-liberal offensive and the collapse of the Eastern bloc countries engendered a context of social, political and ideological defeats. Today there is a politico-ideological change — resistances and politicization — that points towards deeper changes in social, economic and political relationships of forces. What are these changes?

### 1 War, instability and new contradictions

The ruling classes are unable to stabilize a new world order and globalized capitalism is generating new contradictions: the war against Iraq testifies once more to the disorder of the world situation.

**1.1** The neo-liberal offensive and the opening of new markets in the former Eastern bloc have not led to a new phase of lasting growth of the capitalist economy. There is at the same time a crisis of over-accumulation of capital — capital is not profitable — and a crisis of overproduction shown by the overcapacity of production and company failures — more in 2001-02 than in the previous 20 years. This weighs on the rate of profit. This is the fundamental explanation for the change of conjuncture in the USA that preceded the stock market crash in hi-tech industries. The periods of growth are limited and the periods of recession in the USA or of economic slowdown in Europe are stronger. Countries like Argentina and Uruguay are collapsing. The current phase of capitalism is sharpening inequalities, misery and poverty in the advanced capitalist countries and in the rest of the planet.

**1.2** Globalization is military globalization. Over the last ten years US imperialism has initiated a series of wars — each with its specificities — whose goal is to consolidate

US hegemony. This also points to changes within the US economic apparatus where the oil multinationals as well as the military-industrial complex have gained a decisive place, leading to a relaunch of the arms drive, the explosion of the military budget and the aggressive orientation of US imperialism. The goal of these international: the politico-military strategic domination of the USA over the world, including other imperialist powers and the control of the resources — notably oil — of the whole planet. It is in this framework that the Israel-Palestine conflict should be understood. But the new qualitative element — in particular in relation to the Gulf War in 1991, the Balkan war or the war in Afghanistan, is the emergence of inter-imperialist contradictions within the US ruling class and above all between a section of the European bourgeoisies and the US. If these contradictions deepen this will open a new configuration of international politics.

**1.3** The conjunction of these elements (economic crisis, bankruptcies such as that of Enron, restructuring of major financial and industrial multinationals, stock market crash, collapse of countries like Argentina) has led to a political and ideological crisis of neoliberalism and a questioning of institutions like the IMF. This has led to an imperialist counter-offensive to maintain the goals of neo-liberal policy while seeking a consensus with the leaderships of the social movements and trade unions. This is the orientation of the supporters of “dialogue between Davos and Porto Alegre” (a “third way” which would overcome the antagonism between Davos and Porto Alegre) or the effort to find a consensus on the pensions questions — as there is now in France. This counter-offensive demonstrates, despite the internal contradictions, the political room for manoeuvre of the ruling classes and the ability of the system to function and maintain itself.

### 2 The strong trends at work and the resistances to globalization

**2.1** In the mid and end 1990s saw

changes in the relationship of forces between the classes. The international contradiction of capitalist globalization also provoked social and political reactions of a significant scope. This was expressed by mobilizations of sectors of wage-workers: winter 1995 in France, the Spanish and Italian general strikes, the struggles and resistances in a number of countries in Latin America (December 2001 in Argentina, the mobilization against privatizations in Bolivia, the Venezuelan crisis, the Lula victory). The gigantic mobilizations of the anti-war movement, particularly in the US and in Britain also express this change. One of the tasks of the International must be in an effort of analysis and synthesis of the dynamic of these struggles, of these new social movements, of the central place of self-organization of the type of social and political demands.

**2.2** The anti-globalization movement is the partial expression of this evolution of the relationship of forces. Its extension and its radicalization, notably among young people — a radicalization unequalled since the 1960s/70s — demonstrate a potential for resistance, which is very important starting point for rebuilding and relaunching a new workers’ movement.

**2.3** However, these changes do not change the dominant trends of the last twenty years. The neo-liberal offensive is continuing: flexibilization, casualization of the labour force, increasing fragmentation of the working class, deregulation, privatizations, tax policies openly favouring the wealthier, pressure on wages, drop in buying power for the working classes. These social retreats, which have been confirmed again but the bankruptcies and thousands of redundancies, remind us of the real relationship of forces.

**2.4** Over and above this social relationship of forces we also have to measure the full set of relations between capital and labour, between countries, in other words all the social and political relations dominated by the world capitalist system. We should

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OLLIVIER\*

note the offensive of the ruling classes in the building of the European Union, as in the Free Trade Area of the Americas (FTAA-ALCA). We should not forget that overall the waged workers are on the defensive. Although there are partial struggles in giant countries — like the USA, Russian, China — there is very low unionization, and very little, or none, political representations of the workers. In other countries of the Arab region or Asia, the combined crisis of Stalinism, nationalism and reformism has led to the development of Islamic currents which, over and above the analysis of a particular current, represent a retreat in the political consciousness of the masses of these countries. Finally we should underline the differing rhythms between social mobilization and rebuilding an anti-capitalist class-consciousness. What dominates today in a series of countries is still the decomposition of the traditional workers' movement, de-unionization, and the drop in membership of the traditional left parties. The whole of the workers' movement, including revolutionaries, is still paying for the defeats of the last century, in particular the disaster of Stalinism. Building a new revolutionary perspective will take time.

### 3 A new historical phase for the workers' movement

**3.1** Today we are in a transitional situation between the end of a whole historical phase of the workers' movement and the emergence of a new cycle — marked by the end of Stalinism, the social-liberal transformation of social democracy and the emergence of new social and political forces. This process is just starting

**3.2** The fundamental reasons of social-democracy's conversion to social-liberalism is the combination of its growing integration into the top layers of the state and the economic and financial capital apparatus, and adaptation to the neoliberal transformations of capitalism. The sharp increase in privatizations, the deregulations of social relations, the reduction of the public sphere, the

austerity wage policies undermine the bases of Keynesian policies at a national level or, for example, in a European framework. The participation in governmental experiments has increased these changes. In a series of countries we are seeing a separation of the popular classes from the traditional left. Nevertheless these qualitative transformations are not a finished process. An analysis of the reality of each party is needed. All links to the history and the reality of the workers' movement have not been erased. The Socialist Parties cannot be assimilated to rightwing parties.

**3.3** In the countries marked by the reality of mass Communist parties, the collapse or rapid decline of these parties is a major political fact. The end of the USSR has removed all historical functionality. With the exception of the party of Communist Refoundation in Italy (which at this stage signals the positive reconversion of sectors of the communist movement in Italy), the crisis of the CPs has not produced, more than ten years after the fall of the USSR, currents or organizations situated in a democratic unitive class-struggle perspective. There are either currents that have adopted the line of a strategic alliance with social-democracy — the French CP, the Spanish CP, the German PDS — or currents attached to a Stalinist or neoStalinist nostalgia that reject democratic and unitive concepts. We should not forget the former Eastern bloc the conversion of sectors of the bureaucracy into a capitalist class. Our orientation is to encourage dialogue and joint action in order to bring forth currents that go beyond this dual dead-end, and choose a unitive, democratic and anti-capitalist path.

**3.4** This crisis of the currents that have dominated the international workers' movement — social democracy and Stalinism — does not mean the end of all radical reformism, neo-reformism or nationalism. On the contrary, we see the emergence of the radical neo-reformism: in both a series of countries — Brazil or Venezuela for example — or within the anti-globalization movement. Thousands of activists are opposing the neo-liberal

offensive and having their first political experiences in a situation still marked by the effects of the defeats of the last century, by the limits of the self-activity of the masses and the weakness of the anti-capitalist alternative. This is laying the basis for the development of this radical neo-reformism. These currents do not have their roots in traditional social-democratic or Stalinist reformism. They express transitional phenomena in the reorganization of the workers' movement. There is a battle to make clarifications and differentiations and prevent a right-wing crystallization in the framework of state or para-state institutions.

### 4 Our responsibilities, elements of an orientation

**4.1** This new situation in the movement, this historical transition, opens up spaces for radical or revolutionary currents and organizations which have "held out" by maintaining a perspective of radical transformation of society and an orientation of integration in the real movement of the class struggle, in other words, non-sectarian. For revolutionary Marxists this historical transition demands wide-ranging political and cultural transformations. We were born and functioned for years as an opposition to Stalinism. Often this meant we had to intervene by proxy: we demanded of others that they formed a united front or did this or that. Stalinism is no longer present, social-liberal transformation has given revolutionary organizations new, this time direct, responsibilities. We must build our own organizations or broad anti-capitalist parties and also rebuild trade unions, associations, in other words participate fully in the reorganization of the peoples and social movements. This is not "cultivating their own profile" as Marx said of the sectarians but defending a programme that shows revolutionaries do not have "interests separate from those of the working class".

**4.2** This requires applying the method of the transitional programme: starting from the demands of immediate struggles but integrating — the new element of the period — a series of strategic and programmatic questions which shape the main lines of a democratic and social anticapitalist action programme. This renewal of strategic and programmatic debates is expressed in the discussions of the anti-globalization movement ("Is another world possible? We should say

which one.") A strategic marker in the sense that although we cannot define the practical steps in the conquest of power for the period to come — and thus have finished formulae — we can base ourselves both on the experiences and the discussions of the antiglobalization movement in order to pose a series of questions:

\* Strategic questions: a unitive orientation in the mass struggles and in the social movements, the central place of self-organization, the refusal to participate in social-liberal governments, the need to break with the capitalist system, the rejection of imperialist wars.

\* Programmatic questions: the demand for democracy at all levels as opposed to the capitalist market, the logic of social needs to replace that of capitalist profit. Thus, in a series of countries, we have to in a series of key sectors (health, education, democratic rights) the logic of defence of elementary rights. We can even use the Universal Declaration of Human Rights against the neoliberal logic which undermines these elementary rights. This requires new thinking about national sovereignty in dominated countries. Against the FTAA, faced with the looting of financial markets in a country like Argentina or against the colonization strategy of imperialism in certain areas (for example Iraq), the defence of national sovereignty has a directly anti-imperialist dimension. In the struggles for jobs, we must not hesitate, even if it is simply propaganda to put forward the need to restrict private property to stop redundancies, and against privatizations to put forward all the perspectives of social and public appropriation.

4.3 These are some indications of the orientation for a policy of regroupment or assembling anti-capitalist forces. Of course this or that programmatic question is not a condition of coming together. We are not aiming for assembling forces on the basis of worked out revolutionary formulations. But the choice must be clear: defence of an anti-capitalist orientation, independence from bourgeois state institutions, a perspective which integrates the main lessons from Stalinism and social democracy. The centre of gravity of the anti-capitalist conferences also indicates a key point of our orientation: the European anti-capitalist conference has developed gradually from revolutionary or anti-capitalist organizations, that is to say from currents outside the traditional organizations. The current upheavals will not spare the traditional organizations but we will only have an impact on them if we act audaciously from outside, from strong poles.

4.4 At this stage the European anti-capitalist conference is a space for exchange of experiences and potential unity in action where currents like our own, the Italian PRC and the British SWP indicate possible convergences. With a strong reference point in the current situation: a common approach to the importance and necessity of intervening in the anti-globalization movement and of building a broad anti-war movement (need for mobilizations and direct actions against the war: demonstrations, symbolic occupations, strikes). Of course these questions are only starting points but they are essential for an overall approach.

The unity of revolutionaries on the simple basis of references to the socialist revolution is not politically useful. The unity of revolutionaries is only meaningful when it is turned towards the overall tasks of mobilization and political reorganization of the social movement.

This is what must guide us, on the basis of

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actual experience, in moving towards the proposal of anti-capitalist conferences in other continents or on an international level.

This is one of the major points of the world congress: to discuss and bring up to date the main lines of analysis, orientation and organization which can today bring together organizations that are revolutionary, radical and anti-capitalist. ■

\* This is the oral report that introduced the discussion on the world political situation at the 15th World Congress, made by François Ollivier of the Political Bureau of the Revolutionary Communist League (LCR), French section of the Fourth International, on behalf of the outgoing IEC. It was followed by two days of discussion, with specific sessions on the balance sheet of Stalinism, the situation in Brazil after the victory of the Workers' Party candidate, Luis Ignacio da Silva 'Lula', and on the movements of resistances to capitalist globalization. At the end of the discussion, the resolution on the world situation was adopted by a big majority.



# Opening speech of the 15th World Congress

LIVIO MAITAN



“The interval between this 15th World Congress and the preceding one is unusual in relation to our tradition. Certainly, this time gap stems from our organizational weaknesses. However, particularly in recent years, it is due to a very large extent to the revival of our national organizations and their increasingly broad involvement in the new struggles and the new social movements which has made it very difficult to fix a timetable which everyone can respect. Even today, some organizations have been unable to send delegations corresponding to their real strength.

The congress of 1995 took place, it is true, six months after the insurrectional movement in Chiapas. But the workers' and anti-imperialist movement remained, for the most part, in a trough. It should be remembered, for example, that we met before the great strikes of November-December 1995 in France, which simultaneously confirmed the persistent combative potential of significant layers of the proletariat and represented an anticipation of the massive struggles and mobilizations which would subsequently take place both in Europe and in other continents.

It is not idle to dwell for an instant on the breadth of the setbacks and defeats of the 1980s and 1990s, which had an extremely heavy impact on the relationship of forces at the world level and still more, perhaps, on the retrograde dynamic of consciousness. The workers' and popular movement had suffered more dramatic defeats in its history, from 1922 in Italy, 1923 in Germany and the crushing of the revolution in the Spanish state to the massacres of 1965 in Indonesia and 1973 in Chile. But these were defeats in major confrontations with the dominant

classes and, almost immediately after these defeats, resistance began clandestinely and the question of reconstruction was posed.

At the beginning of the 1990s, the social-democratic parties, in the countries where they had long historic roots, became henceforth the direct instruments of the restorationist offensive of neoliberalism and engaged themselves at the first level in imperialist wars, in this succession which could culminate in a new bloody enterprise in the coming weeks. In temporary convergence, the Soviet Union and the other bureaucratized societies of eastern Europe collapsed, unleashing a process of capitalist restoration. All this was perceived by hundreds of millions of militants not only as a major defeat, a negative evolution of the relation of forces on the international scale, but also – and very often above all – as a loss of identity, the loss of one's own *raison d'être*.

The Fourth International, founded in opposition to Stalinism and to continue the battle of Communists against social democracy, was able to grasp the contradictory aspects of these processes. But we could not be sheltered from the ravages which traversed the workers' movement as a whole. That explains a series of blows that we suffered throughout the 1990s.

As we will see in our debates, the symbolic date of Seattle marked the opening of a new stage, whose distinguishing traits were seen very much more clearly in the three meetings at Porto Alegre and the gigantic demonstration in Florence. It is in this context that our movement has experienced a new expansion through participating actively in the new struggles and in the new movements and playing a role in them that has justly been appreciated by all those with whom we have collaborated in the most open pluralist spirit.

In principle, we have never suffered from the fatal malady of the workers' movement that is parliamentary cretinism, even if we have suffered some drifting at different times, from Sri Lanka to countries on other continents. Thus we are not afraid to stress, as a reflection of our growing influence, the fact that in the last decade we have had parliamentary representatives elected in a series of countries, from Brazil to the Philippines, Denmark to Portugal and to the European Parliament. In Brazil, a comrade like Miguel Rossetto, whose qualities and militant spirit are known, is today a member of the government emerging from the unprecedented popular success represented by the election of Lula. Miguel has assumed a crucial responsibility with the task of accomplishing a radical agrarian reform, capable of generating a more general

dynamic of rupture with the system. We will follow and support his fight, supported by all the most advanced sectors of the PT and the MST and, stifling an underlying anguish for the extreme difficulty of the enterprise, we express to him in this congress our warmest solidarity.

The first battles of the International Left Opposition contributed the young militants, men and women, educated politically in the crucible of the years of the October revolution and the foundation of the Third International. A second political generation emerged and made a major contribution to the construction of our movement at the end of the Second World War. A third, which is present in this room, is the generation of 1968 and the struggles of the following years. Then, there has been a sort of vacuum, for too long perhaps. But today – this is the clearest sign of the change which is underway – a fourth generation is active and is also represented in this room, although to an extent that does not reflect sufficiently its role in the struggles of numerous countries. This generation, which has not suffered the erosion of major setbacks and defeats, has emerged in a dramatically explosive context. It is increasingly conscious of the stakes before us: to avoid falling into barbarism, or witnessing the destruction of the planet. Its motivation is, then, existential in the strictest sense of the term. To borrow a poignant metaphor used by a revolutionary intellectual from the United States, speaking of intellectuals of other times, these youths are and can see themselves as “exiles from a future time”. It is why they struggle to escape this exile, to make possible a new world.

I have participated in 14 of the 15 congresses of the Fourth International, missing the first only for reasons of age. If someone asked me if I had an idea of what our next congress would be like, I would be tempted to sketch two hypotheses: If this congress takes place in the context of a prolongation of the current dynamic, we would in any case know a transformation still greater than what we know now. But, second hypothesis, if the current dynamic deepens, generalizes and culminates in still deeper revolutionary upheavals than today, we could hope that somewhere in the world, at a date that could prove more decisive than March 1919 (foundation of the Third International) and September 1938 (foundation of the Fourth International) a meeting will be held which gathers all the most worthwhile revolutionary forces, independently of their origins and their paths, to give birth to a qualitatively new international workers' movement, capable of fulfilling the urgent and dramatic tasks which are already today and will be still more in the future on the agenda of the human race!

This Congress was the first in the history of the Fourth International to adopt a resolution on ecology. This document, published in draft form in IV nearly two years ago, was debated at length at the FI's International Executive Committee (IEC) and amended accordingly by the drafting committee designated by the IEC.<sup>1</sup>

An ecology commission of interested delegates met during the Congress to discuss certain proposed amendments. The most important was put forward by the comrades of the International Socialist Group (ISG, the British section); it was a document conceived by its author as an alternative to the draft resolution, but was presented by the ISG simply as proposed amendments. The central idea of the text was that the main, if not the only, question which should be dealt with by the resolution was climate change. This thesis was unacceptable for the editors of the draft, but they agreed to strengthen the part of the resolution dealing with the greenhouse effect and climate change, integrating some passages from the British text. Other remarks in this text were considered useful and could be integrated, in one form or another, in the resolution. This was the only written proposal put to the debate, with the exception of an interesting two page contribution from a Japanese comrade, 'Imperialism against Nature', which paid homage to the precursors of ecosocialism, William Morris and Vladimir Vernadsky, and recalled the criticisms made by Ernest Mandel of blind confidence in the omnipotence of technology, a characteristic trait of bourgeois ideology.

The debate in full session was opened by an introduction from comrade Michael, who insisted on the importance of the ecological question for the renewal of the revolutionary Marxist programme. The draft resolution is a first attempt to overcome our backwardness in this area, in the face of problems which are becoming more urgent every day, and which threaten the future of humanity. It leads us also to review certain traditional concepts of Marxist theory, like the 'development of the productive forces', in the light of the current ecological crisis.

Comrade Bernard, another coeditor of the draft presented to the Congress, intervened around the following axes:

- 1 the workers' movement has always demanded more control over production. The ecological struggles give this demand a supplementary depth by making of it a democratic demand of transparency. This demand renders also the question of social control more complex for it is no longer only about the intervention of the workers on their tool of production but of a democratic control

# Ecology and socialism

MICHAEL LOWY

which associates the whole population with sometimes contradictions to resolve.

- 2 Our current should identify itself more clearly, in particular in the imperialist countries, with a challenge to the 'productivist' aberrations linked to the capitalist system, and sketch the basic traits of an eco-socialist organization of society. The document proposed at this congress is a very important step in this work.

Most of those who intervened in the debate indicated their agreement with the general spirit of the document – a striking event in the thought of our movement, according to a Japanese comrade – while proposing precisions, corrections, or updates (the scandal of the 'Prestige' oil tanker, for example!).

The main exceptions came from the Dutch section. One comrade even proposed that the draft be abandoned in favour of a broader consultation with the sections so as to produce another document. Following a comradely exchange with the reporter, she modified her proposal in a constructive manner, suggesting that after the World Congress an international ecological seminar of our movement should be held, to continue elaborating on this theme. This suggestion was accepted by the reporter: an International Committee will define the dates and modalities of this seminar. Another Dutch comrade criticized the general tone of the document, above all for its programme of action – in his view a not very realistic wish list: for example, the proposal of an immediate abandonment of nuclear power, which would deprive 70% of French and Belgian households of their source of energy. He also drew attention to the importance of military nuclear waste, much more dangerous than the civil kind. Finally, in his opinion, any technology presents intrinsic dangers and none should be considered as a panacea.

A French comrade active in the ecological movement replied to him, stressing the immense potentiality of solar energy, which is systematically neglected by capitalist techno science because if it is free and cannot be developed into a profitable commodity.

A theme for discussion tackled by a number of participants was the politics of the Green Parties. For some German, Indian or North American comrades, a more severe critique was needed of the reactionary errors of these political forces, while others thought on the contrary that it was necessary to keep bridges open to this current. It is expected that this debate will deepen, and one hopes that the current prudent approach will be maintained.

Some comrades think that the document avoids taking a position on the polemical questions, like ecological taxes or the necessity of a more austere way of life. According to the British comrades, alternative energies are not the solution, a draconian reduction in human energy consumption is needed (as much as 50%). In their text it is even suggested that collective habitat forms could be adopted instead of the current individual houses to economize on energy. These proposals were not accepted into their text by the authors of the draft.

Other proposals, corrections or amendments were accepted by the drafters:

Comrades from the Lebanon, Ecuador and Philippines proposed stressing the ecological damage wrought in the countries of the South by the capitalist multinationals who destroy their forests, export to the periphery pesticides banned in the countries of the centre, and export industrial or nuclear waste to the South. It is necessary to inform public opinion in the countries of the North about this and also to denounce the biopiracy of the capitalist enterprises – notably pharmaceutical ones – who appropriate and patent the traditional knowledge of indigenous peoples.

Comrades from Ecuador and India remarked that it was wrong to accuse the poor peasant countries or the indigenous peoples of destroying the forests by gathering wood to burn. It was the indigenous communities, in Amazonia or India, who protect the environment and act as guardians of the natural heritage of the whole of humanity, by fighting against the ravages of the multinationals.

A comrade from the Spanish state (Madrid) stressed the necessity of formulating an ecological programme

adapted to our trade union intervention, around the following axes:

- 1 the relationship between workers' health and the environment: toxic production is dangerous for workers as well as for nature;
- 2 workers' control over production, to impose non-polluting techniques;
- 3 the ecological reconversion of industry, transport and agriculture as a job creation policy. It does not mean guaranteeing currently existing jobs in nuclear power stations or arms factories but guaranteeing everyone a job, whatever the necessary restructuring of production.

Comrades from Italy asked that demands around the question of water should be included; it has been the subject of mass social struggles in both the countries of the North (Spain) and the South (Bolivia) and is a key question. It is a question of fighting both privatization and the pollution of water sources. It is a key question for the global justice movement, which has already found an initial form of expression in the World Forum for Water.

The Greek comrades proposed adding a section on the problems of the urban environment: the role of the privatization of public services in the degradation of urban space; the uncontrolled expansion of cities; the disappearance of green spaces and the destruction of woods and forests by roads and highways.

The Dutch and Basque comrades insisted that the document emphasize the question of destruction of the environment by war, and notably by the imperialist military expeditions against Iraq, Yugoslavia and so on. It is also necessary to take into consideration the monumental problem posed by military nuclear waste.

In his conclusion, the reporter replied to some criticisms and recalled that the draft resolution 'Ecology and Socialism' did not seek to close the debate but further encourage it – it was not the end but the beginning of a process.

The amended document was approved almost unanimously, with one vote against and one abstention. ■

- 1 Comrades Bernard, Laurent and Michael (the reporter at the Congress) of the Ecology Commission of the Ligue communiste révolutionnaire (LCR, French section of the Fourth International) were responsible for centralizing the writing and the modifications of the draft resolution.

# For lesbian and gay liberation

PETER DRUCKER +  
SÉRGIO VITORINO

THE FACT THAT THE TOPIC WAS ON THIS WORLD CONGRESS AGENDA was clearly due to the upsurge of lesbian/gay/bisexual/transgender (LGBT) movements in several countries since the late 1990s. The size of annual Pride marches has shown the movements' rapid expansion. Marches of hundreds of thousands have now become the rule in capitals like Paris, Berlin and Rome – and Rio de Janeiro – where only a few thousand were marching each year a few years ago.

Speakers in the congress discussion mentioned several aspects of LGBT organizing that have been springing up in country after country. Co-reporter

*The unanimous vote in favour of the resolution on lesbian/gay liberation at the Fourth International's 15th World Congress culminated almost five years of work, and marked a big step forward in the International's lesbian/gay work. The two-hour debate at the congress itself confirmed that there was a lot of lost time to make up for, but also that there are major opportunities to make rapid progress in the next few years*

Sérgio Vitorino (of the Portuguese Revolutionary Socialist Party) stressed the importance of FI comrades' intervention for the growing LGBT dimension of the movement for a different globalization – this dimension became visible for everyone this year at the third World Social Forum in Porto Alegre, where thousands of people passed through the LGBT space, and the first European Social Forum last November in Florence. Examples of specifically LGBT organizing against the war on Iraq were mentioned from the US, Britain and France; Vitorino reported that the whole LGBT movement in Portugal has come out against the war.

Social issues are beginning to become more important to LGBT movements in at least some countries, Vitorino said, after years when the main focus was on lobbying for law reform. This process – part of which is getting LGBT movements involved with the global justice movement – often means explaining the links with other movements, starting with the

labour unions, and explaining why other movements should put forward specific LGBT demands. Vitorino gave several examples of these links between LGBT issues and the struggle against neo-liberalism: "fighting against 'hate speech' by fundamentalist or far right forces that use the 'homosexual taboo' to intimidate opponents; the fight against cutbacks, which affect LGBT people in particular ways; the fight against restrictive immigration laws (LGBT immigrants often face double trouble); campaigns against the super-profits of pharmaceutical multinationals that don't want to give free access to treatment drugs in dependent countries". Also mentioned in the discussion were the fate of gay men in Nazi concentration camps, the early involvement of the

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LGBT movement in the struggle against apartheid in South Africa, its presence in the peace movement in Israel and its resistance to ultra-nationalist forces in countries like Croatia and Serbia. The other reporter on the resolution, Peter Drucker of the Dutch Socialist Workers Party, talked about the spread of organizing among LGBT immigrants, particularly in Europe among immigrants of Muslim origin. This phenomenon was confirmed by speakers from the floor, for example from Britain. "We need to resist the demonization of Muslims, which is sometimes justified on the grounds that Islam rejects the West's 'enlightened' attitudes towards women and gay", Drucker said. "In fact the Islamic world has a rich history of celebrating same-sex eroticism, while Western enlightenment has always left a lot to be desired. At the same time we must not make any compromise whatsoever with any form of antigay prejudice, religious or secular", he added. A US observer spoke to emphasize the importance of the fight against religious fundamentalism.

### Theory and tactics

The report included a summary of the resolution's core analysis of the roots of LGBT oppression, an analysis that goes back to the International's 1979 resolution on women's oppression and liberation. In some sections, the question had been raised in pre-congress discussions whether the capitalist family played too central a role in the resolution's analysis, and whether the family has changed in recent decades to a greater extent that the text recognizes. But these questions were not at all particularly prominent in the discussion at the congress itself. On the contrary, a Uruguayan delegate argued for example that the text's analysis of the patriarchal system and family should be deepened.

As a French delegate pointed out, this discussion is part of a wider reflection in the international about who the social subjects are in the process of transforming society. Where we once had a narrow conception of the working class as the subject of a socialist revolution, she said, we have increasingly come to conceive of the subjects of transformation as more diverse and plural.

Our work in LGBT movements reflects not only the FI's evolving analysis of patriarchal capitalist society, but also our overall strategic and tactical approach. We recognize the social and universal role of sexual repression as an apprenticeship for submission and conformism, its material translation in people's lives and the vulnerability of even revolutionaries faced with its impositions on everyday

life, we recognize that there will be no structural change that does not deal with the bases of sexual oppression. This shows the subversive potential of these struggles and renders logical our participation in these movements, according to Vitorino. The work of revolutionaries should be based on "respect for the autonomy, the self-organization and the specific priorities of the movement, but intervening for its radicalization, for the development of links with the other social movements and openness to their analyses, supporting campaigns for reforms but resisting the normalizing pressures and the integrationist theses that do not seek real social change" and which do not identify the material sources of homophobia.

### Partnership

Particularly, but not only, in European movements, demands for legal recognition of same-sex relationships, up to and including same-sex marriage, have been a central mobilizing issue. The discussion at the congress reflected how complex this issue can be for socialist feminists who see marriage as an oppressive, patriarchal institution. Some LGBT radicals in Austria and Germany whom our sections work with, for example, are simply opposed to the demand and have refused to join in organizing for it. Drucker defended what he called the resolution's "dialectical and transitional" standpoint on this issue.

"It starts from the immediate needs and demands of LGBT people, explores the contradictions that the fight for same-sex marriage exposes, and lists several ways that radicals can and should deepen these contradictions: for example, by demanding full equality for same-sex partnerships in every respect, by challenging the centrality of biological descent in laws on parenthood, and by demanding universal and individual social rights independent of anyone's marital status", Drucker said. "These are ways we can use the fight for fully equal same-sex marriage in order to undermine and challenge the institution of marriage."

The discussion at the congress confirmed once more that children are always a particularly sensitive point in discussions of sexuality and the family. One delegate, himself a father, expressed his anger at the way the media often target LGBT people as perpetrators in sexual abuse of children. He pointed out that the great majority of child sexual abuse is heterosexual and takes place within the family. A young delegate from Catalonia said that the oppression of young LGBT people needs to be seen in the context of the pervasive exploitation of young people

and their sexuality that is more and more characteristic of contemporary capitalism.

Vitorino talked about specific issues raised in organizing among LGBT youth. "The imposition of restrictive gender roles and the learning of prejudice, shame and fear of transgression are aspects of sexual repression that have youth as their main targets", he said. "Plus, most young people lack the means for sexual emancipation, a tendency deepened by the attacks on social benefits in many countries, which reinforce dependence on families" and are threatening "basic pre-requisites for LGBT youth to be able to live apart from their heterosexual families". Young LGBTs are particularly affected by distorted images of same-sex relations, because they have no historical memory and no positive references in their still painful process of discovering same-sex desire.

Several speakers remarked on how difficult it still was for them to get up and speak on a subject as personal as sexuality. Although one speaker said that the resolution itself dealt too much with issues that are personal and private rather than political, others vehemently disagreed. Hard as it is to talk about one's own sexuality, a Danish woman delegate said, it is politically important. Many felt that a young British delegate's announcement of his own bisexuality, his comments on his difficulty in being "out" on the left and on his attraction to the British FI section because of its comparatively better stand on the issue was a high point in the discussion.

### Past and future

This discussion was far from the beginning of work on sexual oppression and liberation in the Fourth International. The Left Opposition was on record from the beginning as opposing Stalin's 1934 recriminalization of homosexuality in the Soviet Union. Penelope Duggan, one of the authors of the International's 1979 resolution on women's liberation, was on hand to remind this congress that the 1979 text had also defended gay rights and talked specifically about lesbian struggles. The FI's 1995 World Congress had also listed lesbian/gay liberation as one of the 16 points that we see as fundamental to our current's identity today and to building a broader mass international in future.

Three international seminars on LGBT issues, held in 1998, 2000 and 2002, have helped make it possible to deepen understanding and increase coordination in the international. The 1998 seminar launched the process of drafting the resolution adopted at this World Congress, and continued it through email exchanges



and in the FI's international leadership bodies as well as at the later seminars. The aim from the beginning, pursued until a few days before the congress met, was to reach the broadest possible consensus among the FI's LGBT activists – a goal that was evidently achieved, given that compromises were reached in the drafting commission on all controversial points before the resolution reached the World Congress floor.

Still many people said, and no one denied, that the international has been too slow to take up lesbian/gay issues. The fight against AIDS, a life-and-death issue from the early 1980s on, became important for us only years later, one delegate (herself active in ACT UP) remarked. Other speakers commented on the heterosexual norm that is still a fact of life in FI sections. "We seek a profound transformation of gender relations and a society where, with the progressive elimination of heterosexual privilege, sexual identities change and sexual categories are not central for social organization", Vitorino said – and we want the change to start now, in the daily life of our organizations. "This means questioning the so-called private sphere of personal relations among militants, precisely where homophobia and sexism are more complex." For Vitorino, this does not imply only opposing prejudice inside our sections, but understanding the specificity and importance of these subjects and acting accordingly: understanding

that, as with women comrades, the self-esteem and self-confidence required for political activism are at stake, and that supportive environments are essential.

This means challenging the many subtle ways in which the message is transmitted that "after all there are more important issues than sex". It also implies understanding that when the heterosexuality or homosexuality of any member is presumed inside our organizations, we could either be promoting gay invisibility or hurting someone going through a process of self-discovery. At the same time, "recognizing the right to LGBT self-organization does not mean leaving the subject to LGBT comrades", said Vitorino. Inclusion must be specific and at the same time transversal, from organizations' base to their leaderships. This still rarely happens. He also noted, in spite of these obstacles, the important role of some FI sections in building and politicizing these social movements. In many other countries, sections have – or should have – relations with existing LGBT movements. "We must be ready to have each one of our militants take up campaigns for LGBT rights and to integrate these issues into our general agenda", Vitorino concluded.

One disturbing fact that surfaced in the discussion was that the French and Portuguese sections, probably the two sections of the FI in Europe with the

strongest and best organized work in LGBT movements, did not even take up the resolution on lesbian/gay resolution in their national pre-congress discussions. Drucker commented in his summary that the process of delegate selection for this congress also showed how far the International still has to go. Although half of the seven or eight people who played the biggest role in drafting the resolution were women and several were from dominated countries, the report at the congress ended up being shared by two male comrades from European sections, in part because the women and Third World comrades were not given priority by their sections when it came time to choose delegates.

In fact, the first FI section to make LGBT work a major focus and play a prominent role in its country's LGBT movement was the Mexican Revolutionary Workers Party from the late 1970s on. One of the Mexican delegates to the congress, a veteran of those years, took the opportunity to remind the congress of that history and talk about the situation of LGBT people in Mexico today. Since then however, the balance has clearly shifted, with a greater proportion of the FI's organizing and thinking on lesbian/gay liberation being done in Europe. A Uruguayan delegate, whose organization is carrying on discussions with a Uruguayan radical LGBT group, urged the International to right the balance in future. ■



## After assassination of Romulo Kintanar: In solidarity with the Philippine left

The situation in the Philippines is currently dominated by the question of war. Whether on Afghanistan, 'anti-terrorism' or Iraq, the Philippine presidency has aligned itself with Washington's bellicosity. It has also authorized the direct intervention of US forces in the country, at the risk of considerably aggravating the tensions in the south of the archipelago, where the Muslim communities live. In this context, the power of the army has incessantly grown and constitutional rights are threatened. It is very important that the international anti-war movement takes up the demand for the withdrawal of US forces from the Philippines and affirms its solidarity with the movements fighting for peace in Mindanao, in the south of the archipelago. Unhappily, the existence of a lively and pluralist left in the Philippines is not only threatened by the repressive measures of the regime or the remilitarization of the country. On January 23, 2003, the Philippine Communist Party (PCP) and the New People's Army (NPA) assassinated Romulo 'Rolly' Kintanar, a former leader of the party. Responsibility for this assassination was officially claimed by the PCP in terms that do not leave any

doubt on the gravity of the event.

After having been one of the best known political-military leaders of the PCP and the guerilla movement, Romulo Kintanar broke with this Maoist party in the early 1990s. His subsequent political evolution is the subject of controversy inside the Philippine left. He worked as a security consultant for the national electricity company and for the immigration service. He also collaborated with political personalities in the bourgeois parties. He nonetheless continued to help activists in the revolutionary organizations up until his assassination. He had perhaps retained some influence inside the PCP's guerilla movement, many of whose cadres he had trained. However, Kintanar's political evolution is not the problem. In its official communiqués, the PCP leadership stressed that he had been condemned to death for the first time in 1993, or immediately following the crisis that shook the party in 1991-1992 (and which culminated in expulsions and splits); well before he had worked for the administration, then.

What we already know has been clearly confirmed in the PCP communiqués that followed the murder of January 23. Other former party leaders were condemned to death in 1993. In its recent declarations, the party leadership threatens to carry out these death sentences; it names militants who are today members of several

political organizations and promises that all these 'traitors' will pay one day. Since the crisis of 1991-1993, the PCP leadership has been responsible for the deaths of numerous cadres of 'dissent' revolutionary organizations. However, this is the first time since 1993 that it has killed a nationally known personality who is legal and not clandestine. Ten years after the splits of 1992, far from being abandoned, the PCP's policy of assassinations has got considerably worse. Cadres of legal left political organizations are openly threatened. The PCP does not accept the fact that it has lost the monopoly of popular representation in the Philippines. It seeks to obliterate the development of a pluralist progressive and revolutionary left. The situation is very serious. With other political forces, we have supported the PCP and its president, Jose Maria Sison, against Washington and we have mobilized against their being placed on the EU's 'terrorist' list. We have always rejected the right of the CIA and these governments to draw up such a list. But precisely because we have defended the PCP and Jose Maria Sison on these occasions, we should reaffirm with all the more strength today that the assassinations perpetrated in the Philippines are in no way tolerable. The PCP must change its policy, for the sake of the future of the whole Philippine left.

*Pierre Rousset*

## STATEMENT OF CONCERN ON THE SERIES OF ASSASSINATIONS OF COMRADES BY THE COMMUNIST PARTY OF THE PHILIPPINES (CPP) AND ITS ARMED WING THE NEW PEOPLE'S ARMY (NPA)

Last January 23, 2003, Romulo 'Rolly' Kintanar, a former chief of the General Command of the New People's Army (NPA) was assassinated in broad daylight in the center of Quezon City, Philippines. Two days later, the spokesperson of the Communist Party of the Philippines and the New People's Army had proudly announced the admission for the traitorous and cowardly act of murder. \*1 This was after the open denial of personalities like Representative Satur Ocampo of Bayan Muna and Jose Maria Sison, a Netherlands based head of the CPP-NPA. Rolly Kintanar had been with the CPP-NPA since its early formation. He offered the best years of his life to the Party and in building its Army. In the early 1990's, fresh from prison, he was one of the leaders of the CPP-

NPA who had rejected the summing-up document made by Jose Maria Sison on the balance sheet of the revolutionary project in the Philippines. And in daring to contradict the official political view of the Maoist Stalinist Party, he was sentenced to death together with several comrades in 1994.

Since his death sentence from the CPP-NPA, he had been active with different economic projects helping former comrades from the CPP-NPA to live normal lives. He even maximized the resources of the reactionary state to help these comrades. He had been helping comrades in the different political blocks in strengthening their revolutionary project of regroupment.

His assassination has just been a part of the series of assassination planned by the leadership of the CPP-NPA and this step was proudly announced by its spokesperson. Within the same month, three more former comrades from the CPP-NPA were assassinated, two before Kintanar's assassination and one after his death. Before the assassination several dozens of cadres from different political blocks had also been assassinated as ordered by the CPP-NPA leadership. But what is very dangerous is that this order is still being carried out more than ten years after the disagreements had occurred.

The assassination was meant to serve as warning of the CPP-NPA for those who have dared to oppose them. The message is clear that political debate and contradiction with them will be resolved antagonistically. We express our outmost concern on this senseless and unrevolutionary method of resolving the disagreements between and among revolutionary groupings and organizations in the Philippines. If this trend continues then it will be the reactionary state which will benefit from all of this at the expense of the revolutionary and progressive movement against neo-liberal and capitalist-led globalization. We condemn the assassination of those who dared to disagree with the project of the CPP-NPA, as we have always condemned the resort to violence within the ranks of the workers movement and the revolutionary movement.

We call on all the revolutionary and progressive forces in the world to express their condemnation of such methods and to exert strong pressure on the CPP-NPA in order to stop immediately this dangerous course. ■

1 Declaration of Ka Roger Rosa, spokesperson of the CPP-NPA, reproduced in most Filipino daily papers and reiterated in various radio interviews.

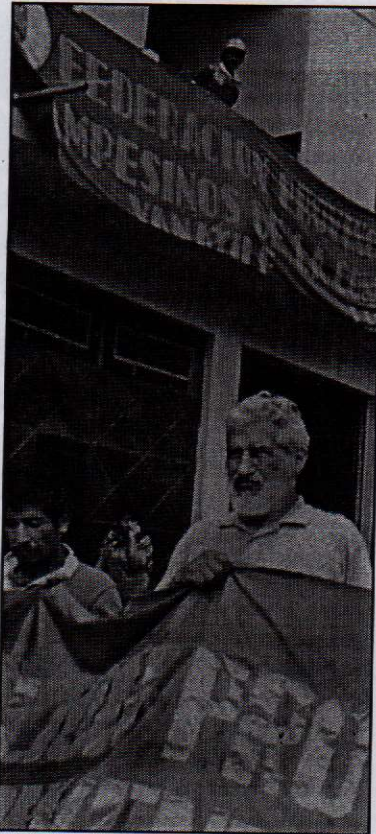
# Hugo Blanco greets Congress

“Comrades, I will begin with a self-criticism. At various times, when my life was threatened by repression, I was confident because I could count on the support of national and international solidarity. This confidence was justified – on several occasions this solidarity saved my life. Finally, when it was not the direct action of repression that threatened my life, but illness, I felt helpless and did not expect any kind of solidarity. And yet it came to my aid, beginning with those close to me, with friends who were geographically the least distant, it extended across my country and abroad. It reached a level and an effectiveness that I would never have imagined.

My self-criticism relates to this; if I had not expected solidarity, it was because I did not conceive solidarity as manifesting itself when it is not a question of repression that is at stake. And it is undoubtedly one of the most important lessons of life that old age has taught me.

Solidarity emerged and grew in all its aspects, beginning with the economic aspect, that allowed me to go to the capital of my country, to pay for the medication, the examinations, the surgeons I needed. The influence of various comrades meant that I could be operated on in Mexico and that, benefiting from Cuban solidarity, I was able to have exhaustive examinations in that country. And the moral force that I gained from the manifestation of sympathy from comrades from different countries was no small thing. Thanks to this solidarity, I conquered my illness and I am in good health. Naturally, as the comrades remind me, I am no longer 20 years old but nearer 70 and I cannot count on my body as I could. I can no longer run in the Andes according to my custom.

On this occasion, like others when solidarity has saved my life, the Fourth International has played a central role. And it is all the more important for me to be able to salute this congress, held in new international conditions of resistance to the attack of the multinationals against all sectors of oppressed humanity. I want to talk about one of these sectors, from which I originate and inside of which I continue to work – the indigenous movement of the Americas. It has shaken various parts of the continent: Chiapas,



new generations, you struggle not only for that, but for the survival of the human species, because the big multinationals have brought about an ecological disaster which endangers, among other things, our species. The destruction of nature in a world ruled by them is so rapid that I do not believe that, if it remains subject to this system, humanity could survive another hundred years. Your struggle is, then, fundamentally a struggle so that humanity can pursue its existence.

A leader of the peasant uprising in the Cuzco region of Peru in the early 1960s, a symbol of the unity and renewal of the Peruvian revolutionary left in 1978-1980, imprisoned, threatened with death, exiled and freed thanks to international solidarity, Hugo Blanco has in the last year faced what for him is a new enemy – illness. A campaign of solidarity ensured that he was adequately cared for and has once again escaped death. He spoke at the 14th World Congress of the Fourth International and we reproduce his intervention below.

Ecuador, Bolivia with great force; but it is also equally significant in Peru, Guatemala, Chile, the USA, Canada and nearly all the countries of the continent. Against neoliberal individualism, it asserts its age old collectivism. Faced with racism, of which it is a victim, it does not respond with an inverse racism, but with its will for integration. The indigenous Ecuadorians have led the overthrow of two governments by appealing to all the people to join the struggle; it is also what the Bolivian cocaleros did, like the peoples of Chiapas with their cry “No more a Mexico without us!”

To end I would like to stress that my generation and the preceding generations have struggled for a world of equality. You, those of the

## FOURTH INTERNATIONAL: A TRIBUTE TO THE FALLEN

Many comrades, men and women, have left us since the last world congress. Our publications have already paid tribute to our memory. Today we symbolically remember some of them.

First, we recall Ernest Mandel, who died some weeks after the 1995 congress in which he had participated. It was this comrade who, after the death of Leon Trotsky, contributed the most to the construction of the Fourth International. We then remember Felipe Vasquez, a leader of the Bolivian miners who was elected several times to our international bodies, and Brenda Silvara (Marita), leader of the PST in Uruguay and organizer of the teachers' union, a member of the International Executive Committee who was detained during the dictatorship in a concentration camp and then exiled in Brazil; Charlie van Gelderen, observer delegate from South Africa at the founding congress in 1938 and subsequently a militant in the British section for many decades; Lucia Gonzalez Alonso, a militant in the students' movement under the Franco dictatorship, condemned and exiled to France where she joined the LCR and was subsequently a leader in the Spanish state of the LCR, Izquierda Unida and Espacio Alternativo. We remember also the two Chinese revolutionaries, Wang Fanxi and Zheng Chaolin. Wang Fanxi joined the Chinese Communist Party in 1925 and then joined the Left Opposition; exiled in Britain, he was the author of numerous studies. Zeng Chaolin, among the leaders of the Chinese Communist Party and founder, with Chen Duxiu, of the Left Opposition in China, was imprisoned for seven years under the Kuomintang regime and afterwards for 27 years under the bureaucratic regime. Finally, we remember Michel Raptis (Pablo), who played a major role in the leadership of the International for around 50 years.

Livio Maitan

# Rapid response

After a lean month in February, IV readers have responded well to our appeal in the last issue – particular thanks go out to GT whose donation of 400 pounds sterling will enable us to update our computer equipment. However, our cash flow crisis remains severe, and we would particularly urge readers who receive bundles of the magazine to get payments in to us as quickly as possible!

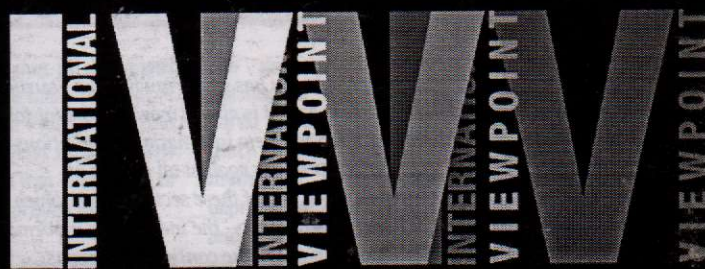
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