

# *International Courier*

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## ***World Politics and Economics:***

*The world's rulers on the verge of a nervous breakdown*

## ***Also articles on:***

*Europe, Brazil, Kurdistan*

*Pinochet, Kosovo, Rumania, Argentina, Mexico*

# EDITORIAL

This number of International Courier is coming out in an effervescent political situation that raises new opportunities for revolutionaries to intervene in the class struggle. Among the events impacting the world over recent months, we have seen the Russian crisis, the collapse of the Real Plan in Brazil, the beginning of the European single currency, Pinochet's possible trial, the kidnapping of Abdullah Ocalan by Turkey with support from the CIA and Israel, and the farcical impeachment of Clinton. All are highly important processes that have to be studied and characterized by revolutionary Marxists in order to politically armed for the new situation. Revolutionaries have to respond exposing the explanations and focuses posed by the media in the service of imperialism, as well as those from conciliationist left parties which, alarmed by the crisis, speak of peace, social justice and democracy, while at the same time accepting the structure responsible for hunger and wars.

The December meeting of the International Executive Committee of the IWL debated an appraisal of the world economic crisis and political situation. Although this is an ongoing process of analysis, leading up to the IWL World Congress, we believe that an initial and general outline analysis may be an important aid to militants intervening in the processes of the class struggle and polemicizing with those defending conciliationism such as the Third Way and neo-Stalinism. The debates at the Davos meeting in January and February involving the main imperialist organisms and leaders confirmed and materialized the conclusions reached by the IEC, and for that reason the more in-depth articles on the economic crisis and world politics published in this edition reflect the IEC analysis and have also made heavy use of the news from Davos.

The articles dealing with the different regions and countries are another expression of this ongoing process of analysis taking place in the IWL. The articles on Europe and the significance of the Euro, written by the Spanish comrades of the PRT, were based the discussions at the preparatory meeting of the European sections of the IWL whose conclusions were presented to the IEC. The article on Brazil reflects one of the most long-expected collapses among countries that have carried out neoliberal programs, in the context of the more global crisis of capitalism and incorporates the PSTU's experience in this process. The article on the Pinochet case sent by the Chilean comrades of the MPS looks at the discussion on this and how it has been reflected in their country.

The Argentinean comrades' article places the local crisis in the context of the alterations caused by the collapse of the Brazilian Real Plan and the perspectives for the mass movement. The article from the Mexican party, the POS, is important for the facts showing the role played by the Zapatista leadership in the negotiation process with the PRI government. International Courier also includes an article on the Rumanian miners strike, written by the POI comrades, outlining this struggle against the restorationists in one of the countries which saw an acute process of insurrection during the collapse of Stalinism in 1989-90.

While going to print, the arrest and kidnapping of Abdullah Ocalan took place; he is the leader of the PKK, an organization struggling for the independence of the Kurds, a nation of about 25 million people without their own territory, living under the hegemony of five states, most of them on Turkish territory. The repressive regime in Turkey, a close ally of Israel and the USA in the region, accuses the PKK of being the responsible one for the deaths that, in fact, the Turkish government has caused by their policy of oppression and torture, recognized by human rights organizations all over the world. This is a government that doesn't even accept the presence of lawyers from another country or the presence of the public at the trial. The IWL calls for a campaign of support for self-determination for the Kurds and for the immediate freeing of Ocalan. Regardless of criticisms in relation to the positions of the PKK leadership, we are in the front-line of the campaign for their leader's release. We are publishing two declarations on the kidnapping in this number: one from the comrades of the Turkish section of the IWL-CI and another from the Spanish PRT.

In the Life of the Movement section, we publish a protocol signed by our section in Spain, the PRT, and the POR, the Spanish organization affiliated to the UIT, with comments on the differences between the Spanish process and the international one, due to the difference in the methods orienting the relationship between the two organizations in Spain and those used in the relation between the IWL and the UIT at the international level. We continue to follow the development of the MAS which was formerly the IWL section in Argentina, and split last year moving into a process of self-destruction as a revolutionary party and abandoning Leninism.

Finally, we report on new adhesions to the campaign in defense of the Brazilian PSTU against calumnies from the SR in Italy, a campaign for proletarian methods in the relationship between left organizations which we consider decisive for the reconstruction of the revolutionary International. This number is dedicated to the memory of Giannis Argyris, our comrade in Greece, who worked for the reconstruction of the IWL and for Koorom. Despite suffering from a long and painful illness, the comrade never ceased untiring revolutionary work for the IWL and the Fourth International. Even when he had become very ill, he made the effort to take part in the latest congress and in the IEC of the IWL, with his contagious enthusiasm being felt by all. At a time when many older leaders have dropped out, the life of Giannis remains as an example for all militants, as a symbol of the strength of internationalist socialism.

## WORLD POLITICAL SITUATION

# The rulers of the world... on the verge of a nervous breakdown

Josef Weil,  
São Paulo

The top imperialist leaders, heads of Central Banks, economics ministers, and representatives of banks, speculators, liberal economists, met from 28 January to February 3 in Davos, Switzerland, to take part in the World Economic Forum, as they have done for over 20 years, with wide coverage from the media, in order to discuss world economic perspectives. Not by accident, the title of this year's Davos symposium was "Globalization." One could see the extent of crisis in the organizations in charge of keeping order in the world economy and the differences on a way out between the "owners" of the world. An undisguised lack of perspectives and clear guidelines was the tone of the meeting which came nowhere near solutions and or to solving anything at all. This led to icons of the most predatory financial capital, such as mega-speculator George Soros, to appear as a prophet of the evils of capitalism and to clamor for urgent measures: "*I challenge the G-7 to carry out the promises made in their official statements*", he said, urging the leading nations in the world to make Brazil an example of their commitment to "*stabilizing the global economy*." Showing impatience with the slow response from the big capitalist powers, Soros warned: "*we are now in the 20th month of the financial crisis. Something in the international financial architecture has really snapped.*"

## 1989: end of the old world order

The world of the postwar period was marked by the counter-revolutionary order agreed on at Yalta and Potsdam. That world order, based on the common front between the victorious imperialist countries (mainly the USA) and the Soviet bureaucracy during the last phase of the war, materialized in a series of institutions after 1948. The institutions resulting from the agreement, i.e. the UN, the IMF and the World Bank, had their tasks defined in the maintenance of the economic and political order. With the Cold War and the military bloc agreements (NATO and the Warsaw Pact) further forms of control through these blocs were added, such as Comecon, the European Common Market, etc. but without eliminating the world forums that sustained imperialist-bureaucratic agreement.

The revolutions in the Eastern bloc countries that defeated Stalinism also undermined the world order. The death agony of Stalinism for the first time allowed the emergence of new mass leaderships and made it more difficult for imperialism to control the movements of workers and peasants around the world. But imperialism, which had started imposing the neoliberal program, took advantage of the absence of an alternative revolutionary leadership to the collapse of Stalinism and regained the political, military and ideological offensive.

## Imperialism rushed to proclaim victory

An imperialist counteroffensive was quickly underway. From late 1990 to 1992, the world was flooded with the news of the 'death of socialism', the end of history. Events such as the Gulf War, with unity between all the imperialists, apparently confirmed the 'end of history', in the phrase of Francis Fukuyama or those in the workers movement who said that the workers movement had been defeated for decades in this 'century of the extremes'; and a new world order would now be imposed under absolute and irrefutable imperialist hegemony ("Pax Americana"). In addition, the cold blasts of the neoliberal offensive ended up configuring an ideology that seemed to be the only one possible, such was its domination in the media and its influence on the opportunist leaderships, the intellectuals, etc.

## Uncertainty now the prevailing mood

After 1995, even between the propagandist of imperialism, there have been increasing doubts in relation to the extent of political stability and imperialist control over the world crisis. Henry Kissinger, ex-Secretary of State of the USA, made the following declaration: "*what began 15 months ago as a monetary crisis in Thailand and later spread to the rest of Asia is now a threat to the industrialized world. A series of IMF rescue packages has not stopped its spreading and they are threatening the political institutions that implement them. In Indonesia, a corrupt regime was overthrown. But in Brazil, the crisis threatens a government which may be seen as the most open to reforms for several decades.*" (...) "*The IMF, the main international institution dealing with the crisis, too often increases the political uncertainty...*" 1 .

Fukuyama himself was already saying that it was a mistake to dwell on the 'end of history'. What is behind this sudden loss of confidence in the imperialist media and the growing crisis in the reformist left, is the increasingly clear impossibility of denying that there is a global economic crisis and a crisis in the international institutions established in the postwar period that have now proved incapable of tackling the crisis. The old world order was in crisis and even after patchy repairs following the 1989-91 revolutions, has now been shown totally impotent in attempting to deal with the challenges raised by this wave of recession and the consequent political crises that have broken out on every continent. The illusions of workers and peoples worldwide in relation to the neoliberal plans during much of the 90s,

based on falling inflation in Latin America and the introduction of the market in Eastern Europe, are now at a low ebb everywhere.

Kofi Annan, general secretary of the UN has declared: *“The spread of the market far surpasses the ability of societies and of their political systems to adjust to it, much less to guide the course it takes.”* He added a warning tone to the rulers of the world: *“History teaches us that such an imbalance between economic, social and political dimensions cannot be sustained for long.”* (2). In Indonesia and Korea, Brazil and Russia, once again we hear slogans raised not only against local governments, but also for a break with the IMF and against payment of foreign debt.

The dominance of American imperialism has not ended, but it faces new difficulties, instead of them diminishing, and the threat of losing control is greater than in 1989-91. The ultimate cause of this has to do with the way the period opened up, with the revolutions in Eastern Europe and more recently the deep economic crisis increasing tensions between the monopolies and between the imperialist countries and as a result some initial illusions among the masses in relation to the promises of capitalism, in particular in Eastern Europe, are being replaced by rejection of this situation that plunges them into misery.

### **New architecture of international financial institutions**

As a result of the ongoing world economic crisis there has been a recognition in a greater or lesser degree of the bankruptcy of the main imperialist institutions and a discussion has opened up on ‘reforms in the world financial architecture’. The main point in the polemic is the role of the IMF: until the 90s, the IMF was always defended by the representatives of capital and its agents, and thus seen by the peoples and the workers of the Third World as responsible for imperialist policy. The slogan Down with the IMF was heard on the mobilizations in Brazil, Mexico, Argentina and Bolivia in the 80s, during the notorious foreign debt crisis.

At the height of the neoliberal offensive, in 90s, this role of the IMF seemed to have been forgotten and the governments of the semi-colonial countries tried to present it as an impartial referee helping countries with problems; something like a Red Cross in the world economy Menem and Pérez in Latin America, and Walesa and Gaidar in Eastern Europe requested IMF intervention and praised the new face of the IMF. Today, the real and monstrous face of the IMF is on show, and it is again the target of huge demonstrations in Korea, Indonesia and elsewhere, and it is widely criticized even among the representatives of the governments, speculators and liberal economists, all of them previously unconditional supporters.

Even ultraliberal economists, such as Jeffrey Sachs and Rudiger Dornbusch, have called for radical changes in the management of the IMF, accusing it of mismanaging its finances and posing totally unsuitable policies for the peripheral countries in crisis. Sachs has even accused the IMF of being *“too yielding to Wall Street. If we have an American bank with Brazilian investments, it will have Brazil maintain its exchange rate until they pay back the money without caring what happens after that. There’s no time for amateurs. It is time to fire the man responsible for the failure of the stabilization programs”*. (...) *“He is at the heart of every one of the crises”* he said, referring to Michel Camdessus. (6). Even Milton Friedman, considered the father of neoliberalism and Nobel Prize winner, has called for the end of the IMF.

### **Two tendencies**

Although there is more and more criticism, there is no consensus on a way out from the economic and political mess. Worse even: the different positions are very much opposed to each other. At Davos, there were constant polemics between economists, IMF and government officials and banks who were basically divided in two tendencies:

1) the spokesmen of the United States, through Treasury Secretary Robert Rubin and his deputy Larry Summers, supported pure and simple continuity of the current recipe, total opening of trade, freedom of movement for capital, all power to the market. In relation to the IMF, Alan Greenspan, US Federal Reserve chairman, reflecting the dominant thinking in the US government, declared in the House of Representatives: *“it is better than nothing. If you only have bicycle to go to work on in the morning, and you think you need a limousine, that’s fine, but a bicycle is better than nothing”*(7). In other words, they are wagering on maintaining the system that allows them to keep on controlling the crises without fundamental changes. They think like this because it was IMF intervention that allowed them to rescue investments, especially those of the banks and speculative capital, in the crises in Mexico, Asia and now Brazil. Time magazine (11/2/99) praises Rubin, Summers and Greenspan for their roles in the crises, under the title *“The world salvation committee.”* And it explains: *“But the committee believes that the IMF is still an essential international instrument, especially if it aims to suppress the abuses that set off the current chaos, facilitating the return of investments to the markets weakened by the current crisis.”*

2) some weighty voices, especially from Europe and Asia, diverge. Jacques Delors, ex European Commission chairman, proposes strengthening the IMF as the center of a world economic regulatory mechanism. To govern it, a Council of Economic Security would be established, whose first aim would be coordinating economic partners to control global survival of economies and finances. This Council, lead by the General Secretary of the UN would have, among other tasks, that of legislating on an international scale in relation to capital flows, development, the environment, etc. (8)

The French also had a proposal for reforming decision making in a modified IMF in the future, giving more power to governments, with shared control between the Big Seven. But the USA does not agree with that: Rubin also spoke of

“reform of the architecture of the financial system”, but rejecting proposals for transforming the IMF into a kind of world central bank, so the US would not lose the power that it now has. And he expressed his concern for any anticipatory IMF program that would allow countries rapid access to contingency loans during a crisis. *“On the strength of 26 years in Wall Street and six in government I can’t see a system like this working”*, he added. *“A prevention system could create, in fact, more uncertainty and even panic.”*(9).

Heiner Flassbeck, Germany’s deputy Finance minister, complained of the policy followed by the financial organisms in recent years. *“If active growth policies had been adopted during the crisis of the mid-eighties, Germany would have been spared the loss of a million jobs.”*(10) and went on to propose currency bands for the Euro, the yen and the dollar. On the other hand Dominique Strauss Khan, French economics minister, although not totally in agreement with the German proposal for creating three currency areas of influence for each one of the three major currencies, posed *“active intervention by the G-7 to assure a minimum of stable relations between foreign currencies so that world trade is not affected and the current potential for world crisis are reduced”* (11). And on the same lines as Delors, he proposed the transformation of the management committee of the IMF into a political body responding to the policies of governments supporting it, which the Americans do not accept, because their hegemony in running the Fund would be affected.

France, Germany and Japan leaned towards a new role for the IMF as a lender of last resort similar to the role of the central banks at country level. According to their representatives, this would be a way *“of preventing panic.”* However, there was no agreement on this proposal among European leaders. The president of the new European Central Bank, Wim Duisenberg, expressed an opinion contrary to Strauss-Khan’s, alleging that the only way to avoid future crisis, and currency rates being affected by market volatility, would be budgetary discipline on the part of national governments: *“We have no need target areas, what we need is for governments on both sides of the Atlantic to meet the fiscal targets agreed to in the European stability agreements. Volatility between currencies will then come to an end.”* This was the same position as Lawrence Summers who was against official intervention in the currency markets and supported the IMF line on the current financial crises. He added: *“markets do not believe in the intentions of governments.”*(12)

Rubin was opposed to bands for the three big currencies: *“floating exchange rates is the worst system, except for all the others”*(13), and favored keeping the current exchange-rate regime in which currencies float freely and also rejected the French and Japanese government’s ideas for establishing shared bands for the yen, the dollar and the Euro, warning of *‘voices raised against an economy based on the market and global integration’* and added that *“the pressure for cutting back on the opening of markets to trade is even more dangerous for the well-being of the global economy.”*

### **Organization for “free trade”**

Not only the IMF is under fire and/or in open conflict. The year 1999 will see the discussion on the Millennium Round led by the new General director of the World Trade Organization. The WTO, set up in 1995 to succeed the GATT (General Agreement on Trade and Tariffs), had held a conference in Singapore in 1996 whose main slogan was *‘integral free trade’*, and it was intended to struggle all kinds of protectionism, and for international deregulation. In spite of already having over 120 members, and the aim of being a real international organization, unlike the GATT which was just a periodic meeting, a forum for negotiation between governments, the WTO did not reach its declared objectives, at least as far as trade between the big imperialist countries is concerned. While imposing tough conditions on backward countries that meant total opening of their economies, passive acceptance of lower import tariffs and foreign patents, the WTO was not worth much when it came to opening the US market to steel, textile, agricultural products, or to opening European markets to agricultural exports from “emerging” countries. On the contrary, as we detail below, so much so that there are growing conflicts between the USA, Europe and Japan. That is why the nomination of a new general director to take over on 30 April this year is already creating friction between the USA and Europe, and also with Japan.

### **Threat of trade war**

But the greatest problem is not the lack of consensus on what to do to solve the already chronic problems. The clouds building up on the horizon point to even greater collapses. Inter-imperialist conflicts are sharpening: American vice-president, Al Gore, posed an ultimatum to the other imperialist countries in Davos: *“Our efforts to improve the functioning of the world economy depend on the growth of the main locomotives of that economy. And their vigor is essential to avoid the 1998 financial crisis becoming a trade crisis in 1999. North America cannot be the importer of last resort”*(14). And so that there could be no room for doubt on the implicit threat, he went on to speak even more clearly: *“If you don’t do what has to be done, we don’t know if we will be able to hold back the protectionist tide in the United States”*(15)

United States centered on the attack on Japan. Gore referred directly to the Japanese government: *“Today it is up to Japan to do its bit, to make the changes corresponding to its responsibility as the second-largest economy in the world...”* *“Japan faces important challenges to restore vitality and trust in its financial and banking systems. And it faces key structural challenges, such as the deregulation and opening up of its markets.”*(16)

Lawrence Summers even added, so that there could be no doubt on the issue: *“I suspect that a check on Japanese declarations at the last eight meetings will show that they never did what they promised in the meetings...”* The

language he used was so direct that it brought off-the-record responses from Japanese ministers saying: “*The USA is a great country, the greatest in the world, it should know how to choose its words more carefully.*”(17)

Over recent months conflicts have been multiplying: from the conflict between the USA and Europe over bananas; the discussions on fisheries (covering over major issues such as Telecoms and IT) between United States and Japan in APEC which lead to the failure of attempts at progress in trade opening in the area; and the steel issue, with the United States taking severe reprisals against imports from Japan, Russia and Brazil. And then the United States announced its aim of posing lower agricultural subsidies as the focus of the discussion in the next round of WTO negotiations, which poses a direct conflict with the European Union, accused of spending almost US\$ 1,500 per European family on agricultural subsidies.

### **What to do with the UN?**

The role reserved for the UN, when it was created, was that of a supranational political body with authority to intervene in conflicts and arbitrate when necessary, in the context of the counter-revolutionary alliance at Yalta and Potsdam. Whenever there was agreement between the USA and the USSR, their resolutions were respected. It was the UN that decided on the creation of a Jewish state in Palestine.

Although in its structure there is a general body of all nations, the real decisions on key questions and military issues are made by the Security Council whose fixed members are always the same five nations. It was supposed to track policies involving respect for human rights, education, health, refugees, etc. (UNESCO, WHO etc). It has lost authority due to the subordinate character of its functioning, and to the attitude of American imperialism which is no longer concerned with sustaining the UN as such, making its decisions, inclusive military, without even consulting this body, as in the case of the recent bombings in Iraq and the Sudan. Even funding for the UN has been boycotted by the USA.

The UN still has a role in providing legitimacy for Peace Plans, such as in Palestine, Bosnia and Angola, where negotiators and possibly troops intervened on its behalf. But the reality is that even the role of providing an intervention force for localized wars is being diluted. The United States has been ignoring UN bodies and imposing its will at any cost. In contrast to the 90s, when it brought together a broad imperialist coalition, with Russia, China, etc, in 1998 the US lost support for its policies of total economic embargo and bombings against Iraq. They used reports from Unscm, the UN inspection mission, to justify attacks. Despite opposition from France, China and Russia, mediated by Kofi Annan himself, they eventually drew back on the first threat, but then, with the support of Britain alone, they unleashed a series of bombings without the backing of the Security Council or the G-7. On the other hand, the countries opposed to this line have set up a new inspection commission without an American- controlled majority so that their report will allow Iraq to gradually reduce the impact of trade sanctions.

United States has reaffirmed its decision to “punish terrorists” as an excuse to bomb any country it wants to, as it recently bombed Sudan and Afghanistan, but by doing this without the support of the existing bodies it has been adding to the crisis and to the disrepute in which these bodies are held. Richard Clarke, coordinator of the American government's anti-terrorism operation, has made it clear that this is not just a temporary option, but the Clinton government's policy: “*We won't limit ourselves to attack terrorist installations. We may opt for reprisals against the facilities of a host country, if that country is a sanctuary and cooperates with organizations*”(18). And who decides if a country is a sanctuary or not is the government of the United States, as Clarke made clear.

The case of Ocalan showed the character of justice in the service of imperialism: while it supports and helps the Turkish government to kidnap the Kurdish leader in foreign territory, accusing him of being a terrorist, it remains silent in the face of the real state terror carried out by the Turkish regime against the Kurdish nationality when it destroyed whole towns, forcing millions of Kurdish into migration and launched a military offensive that caused over 30,000 deaths in the last 10 years. The European governments refused to accept the asylum of Ocalan for months, and now, cynically, they declare, like Jacques Chirac, for “a fair trial” for the Kurdish leader in Turkey, although Turkey refuses to even admit European defense lawyers for Ocalan or any mission from the human rights organizations. Moreover, the American government opposed the creation of an International Tribunal to judge the cases of genocide and attacks on human rights.

### **G-7: mission impossible**

The G-7 brings together the governments of the major imperialist countries and the participation of Russia is sometimes accepted (mainly due to the nuclear problem). During World War II, the meeting of the three big –USA, USSR and Britain-- decided on all joint initiatives to defeat Nazism and then the world division of spheres of influence for the postwar period, during the famous summits at Yalta and Potsdam. Today, the G-7 is the nearest attempt at building a body with the mission of regulating world politics and economics, a task that formally should be up to the UN: posing guidelines for governments on an international level.

The problem for this periodic meeting of the Big Seven governments is that, in spite of the recognition of American dominance, differences and the growing world economic crisis are giving rise to growing impotence in relation to taking concrete measures and also to some divisions as to how to deal with political crises such as Iraq and on solutions to the crisis. During the Davos Forum there was a meeting reserved to G-7 members. The only new measure that obtained some consensus from the main leaders was transparency, or access to country's finances. During the conference, Rubin shared the opinion of its European colleagues on the need for investors to have access to information

of this kind so that, in the event of a crisis, markets do not succumb to capital flight during an attempt at stabilization. As for all the other issues, there was a vacuum as regards solutions.

Some leaders, in particular those associated with the "Third Way", talked of making the UN a supranational government, leaning on the example of the European Union, and mentioned the European Parliament as an example. As shown in the article on the Euro in this issue of International Courier, the European Union in fact goes to show that this kind of proposal in the context of the capitalist system means that decisions are taken by the multinationals and the main imperialist governments, especially Germany and France. The extension of this proposal, already unviable in Europe, to the whole planet, is really a project to create legal backing for the decisions of the Big Seven, and moreover, especially for the decisions of the USA, and to give them an appearance of being representative of the will of the peoples. Even so, the American government appears not to be very enthusiastic about setting up a body that might restrict its movements or about building bureaucracy to carry out this proposal; for the time being, it prefers to leave the UN as it is and to take action alone whenever it feels it has to do so.

### "Third Way"

The crisis of neoliberalism led to a discussion on an alternative in all the parties in the imperialist countries. In particular, in Europe, the media has been emphasizing this issue, and even more so after the run of defeats for the conservative parties that more directly represented neoliberalism in all the big imperialist countries. The defeats started in Britain the cradle of neoliberalism, with the victory of Blair over Major, through to the fall of Helmut Kohl in 1998. Struggles spread from the great French strike against neoliberal reform, through strikes in Germany, Belgium, and major struggles like the Liverpool dockers, the truck drivers and then the rail workers with an international appeal and repercussion on the European political scene. Social Democrats now prevail, allied or not to parties such as the Greens or the Communists, in no less than 90% of Western Europe and in 4 of the G-7 countries.

For the Social Democrats, coming to power in these countries has generated a major discussion on globalization, posing the need for an alternative to pure and simple neoliberalism, and with talk of a return to Keynesianism. However, contrary to the 50s and 60s, this discussion starts out by accepting the dogmas of neoliberalism. In fact it is reflected in a turn even further to the right for the Social Democrats in relation to their traditional theses.

In an interview in Jornal do Brazil, Giddens declared: *"The Third Way it is a road which few can avoid. Third Way policies seek an answer to the questions besetting today's center-left parties: how to respond to a world that changes quickly and radically, largely due to globalization, but globalization understood in a much richer way than just the market. There will certainly be much discussion and this will be along the lines of liberals vs. Social Democrats. There are always issues in relation to equality. For liberalism, the main goal is equality of opportunities. For Social Democrats, equality of results and other structural conditions needed to assure a certain equity. As to a way out, I don't believe that we can return to the Keynesian formula of increasing government spending to boost demand. ...One of the alternatives that I support is investment in human capital."* Also part of the "Third Way" policies is an identification with the defense of 'human rights', of democracy above everything, of the new social subject which respond in particular to the aspirations of certain middle layers in Europe. In the case of Pinochet's arrest, this element was seen behind of the Blair government's approach.

Adapting to a situation of continuous retreats on the social reforms of the postwar period (the Welfare State), the defenders of the "Third Way" try to avoid being identified with social reforms and state intervention, but as avoiding the worst consequences of neoliberal policies. The slogan lends weight to the proposal for an alliance with the center (Schroeder launched the slogan 'for a new center') and a policy of acceptance of neoliberalism, although there are minor modifications in relation to this. It is also an attempt at setting up a front between Social Democrats and liberals who are "socially concerned" to deaden the pain of globalization, with compensatory programs, such as unemployment benefits, incentives for production and education, etc. but without touching a hair on the head of the main dogmas of neoliberalism, such as economic opening in the neocolonial countries, free movement of capital, the domination of finance capital, but also bringing in palliatives to avoid social convulsion. The union bureaucracies are already supporting this program and even in the semicolonial countries their impact is growing, such as in Brazil in the PT and in the CUT. This impact is reaching its height in the betrayer leaderships, precisely at this time of crisis when there is extremely limited room for reformist alternatives. Their only concrete proposal is for compensatory measures against unemployment, such as training programs, refresher courses, and a minimum guaranteed income. But all this is like trying to stop a dam bursting by putting your finger in a leaking hole. This contradiction will give rise to new crises in the workers and union organizations.

Blair and his New Labour never tire of proclaiming that there is no 'return to the past', but only compensatory measures for workers' lower living standards and the unemployment caused by policies pushed through by Thatcher, Chirac, Kohl, the essence of which they do not question, i.e. the reduction of the role of the State, reduced social provisions, precarious working conditions, but rather they question the "lack of concern with the unfortunate consequences": such as unemployment for example. And for unemployment, they propose measures such as more professional retraining, minor incentives for recruiting youth, or a minimum income program. And they cautiously talk of 'greater controls of financial flows'.

And even for these limited measures which will solve nothing essentially for the workers and the people affected, they assume that their application depends on the good will of finance capital. For that reason, the Euro is untouchable, as well as the Maastricht Plan and, on the international level, American imperialism. Schroeder, the Social Democrat

premier of Germany who talks of “a new center”, supported in Davos the idea of the common currency band for the Euro, yen and dollar, and their currency areas. But, faced with the negative response from the USA, he could only say: “*We have to have the United States. We cannot move alone*”(19).

The “Third Way” is just another imperialist option in the attempt to find a way out of the crisis of neoliberalism and the swing to the left among the masses caused by the experience of the workers and peoples hit by the consequences of the neoliberal program. It is no accident that their leaders say they have the expectation of convincing no less than Clinton himself!

### **Looting the only road for imperialist pirates**

In spite of the differences between the three main imperialist powers and their blocks (USA, Germany and Japan), they agree on looking for a way out: to transfer the whole burden of the crisis onto the backs of the backward countries, even those they call “emerging”. The process in Southeast Asia showed the political effects of applying IMF programs and showed how finance capital looted those countries. The fall of Suharto, after more than 30 years of dictatorship, and the abrupt changes in South Korea, brought about by the economic crisis emerging in the previously idolized ‘Asian Tigers’ are a proof of what waits the periphery of the world during the current crisis. Russia, where capitalist restoration is being implemented together with recolonization, is another exposed flank of the current wave of economic and political crisis. The policies of imperialism for the former-USSR are to loot its wealth and push down the living standards of the working class. The return to being a semi-colony is the only road that imperialism can offer. But, how that to do this to a country with such military power, even nuclear power, and affected by an economic debacle, is an unsolved problem in the ministerial offices of the West. Yeltsin was the most determined agent that they could hope for, but today he is a pale shade of the leader that emerged victorious from the response to the 1991 attempted coup. The crisis and the Russian moratorium sowed panic in all world finance and they still have no solution to pacify imperialist banks.

The extent of the current attack and looting of wealth have no parallel in the postwar period. A total surrender of wealth is being demanded and even sovereignty of previously independent countries is on the line. They are being blamed for the crises that afflict their economies and for the “contagion” they may cause in the “healthy” US economy. To clarify their position, Robert Rubin declared in Davos: “*there is a lack of political willpower on the part of the rulers of these countries. The key is policy, only consistently carried-out policies can maintain credibility and market confidence*” (...) “*the key is the art of building support for tough policies, especially for the tough decisions that mean sacrifices in the present so as to benefit future generations.*”(20).

In other words, nothing is to be changed in the policies that lead the country to the crisis, but there are to be local agents or satraps in governments or central banks, linked to imperialist plans, totally submissive to finance capital (the market), and with more power to do the will of Washington and to make the people bear the burden of the measures that mean huge looting of the country and a tremendous decline in the living standards of the population, which may give rise to reactions from the mass movements in these countries.

Furthermore, Brazil is the current proof of the colonizing voracity and also the servility of Latin American governments (see article in this issue of International Courier). Besides awaiting the arrival of Stanley Fischer from the IMF to even decide on day-to-day policies for the exchange rate, the Cardoso government took on no less than one of George Soros's top executives, Armínio Fraga, and put him in command of Brazil's Central Bank. The excuse for this unprecedented capitulation is that, according to the chairman of Congress, Antonio Carlos Magalhães, “nothing better to face up to the speculators than someone who knows them well.” And in the revised agreement with the IMF, imposed by Fischer, ‘independence’ is demanded for the Central Bank and the concession of more powers to force rebellious politicians and states to be disciplined by central government.

Chávez, the former officer who attempted a coup in Venezuela with a nationalist line against Carlos Andrés Pérez, in this way winning enormous popular authority and now elected president, is another example of the degree of submission of the Latin American bourgeoisie: in spite of his electoral campaign's anti-imperialist, nationalist rhetoric, on taking office he was immediately issuing guarantees to ‘foreign investors’, and reestablishing good relations with the American monopolies and the US government. He finally managed to get a visa for entering the United States after years of being turned down, and met personally with Clinton and is now attempting to join in negotiations to convince the Colombian guerrillas to accept the Pastrana government's peace plan, sponsored by Washington.

Ethan Kapstein, in an article titled “A Global Third Way, Social Justice and the World Economy”, compares the current international financial system to the situation in the 19th century under the total hegemony of British sterling based on the gold standard: “*the system was a strait-jacket that eliminated governments chances of adopting economic policies considered irresponsible by the bankers of the City of London. But at the same time, it made it equally impossible to pose social policies that might at the least minimize the suffering of workers and the excluded in general.*” The exchange rate by definition remained stable, Kapstein adds, but there was chronic unemployment and there were frequent scenes of mass hunger and revolutionary movements of all kinds, including those that lead to the fall of Tzarism and the ascent of the Bolsheviks in Russia.

### **Resistance of mass movement**



The advance of globalization and the offensive has brought a response from the workers and peoples against the measures of the capitalist governments. The internationalization of capital and the policies of attacking workers and peasants has meant that the struggles in different countries often raise the same banners. The struggle against flexible or precarious working, against layoffs, privatizations, against neoliberal programs and governments, are present in several regions of the world and pose the need for and the opportunity for a unified answer. It is necessary to coordinate and to unify all struggles on a world scale against their common enemies, the governments, the bosses, imperialism. Also the struggles of the nationalities for their self-determination has been playing an important role in destabilizing the plans of imperialism. The crisis of the Palestine peace accord, in spite of Arafat's collaborationism and the heroic battles of the Kosovars against the tyranny of Milosevic pose sharp problems for the strategy of the USA. Indeed, the resistance of the Kurds against Turkish oppression may create a movement of great repercussion against the kidnapping and possible death sentence threatening Ocalan. And this mobilization is already having an impact and spreading all over Europe due to the presence of many Kurdish immigrant workers in Germany and throughout the European Union.

The ultimate problem that has prevented imperialism from embarking on a way out of the crisis in its own terms is that the sacrifices imposed by neoliberal adjustments have generated wider resistance from the workers movement and the workers. Whether in Russia with the mobilizations against delayed wages, or the movement in Korea against the IMF program and the closures of factories, or against the Suharto dictatorship, or the Albanian insurrection against the pyramid frauds, the heroic struggle of the coca planters against the coca plantations eradication scheme in Bolivia, the nationwide strikes in France against neoliberal reforms, the internationalized movements against job flexibility, or the UPS strike, or the rebellion of the indigenous peasants of Chiapas in Mexico, the insurrection that overthrew Mobutu in the Congo, the Palestinian resistance; all these and more struggles are the major obstacles to the implementation of this economic and social butchery against the peoples. Due to the absence of a revolutionary mass leadership and due to the action of the apparatuses, that resistance has remained dispersed, without unification although today this would be perfectly possible. Even so, these struggles have been a destabilizing factor for the plans as in Argentina and Venezuela.

Although imperialism has been able to strike hard blows throughout the world in relation to the living standards of the masses, in particular in the peripheral countries, although productivity (in other words, the exploitation of workers) has reached levels that for a time permitted the average rate of profit to grow again in the main imperialist countries, even so this whole attack was not enough to assure a long period of growth and world stability; on the other hand, it has caused the explosion of countless movements of rebellion and resistance that today are present on all five continents.

Moreover the tendency is for these processes to grow on all the continents. More than ever, the class struggle is taking in all continents, obviously with some unevenness. But the essential characteristic is the existence of shared and common features in regions as distant as South Africa, Southeast Asia, Latin America and Eastern Europe.

With globalization, the possibility of coordinating these movements and the extent of the problems that they can cause for the big multinationals is much greater than ever before. The neoliberal binge, which for a time was able to build up illusions among the workers both in Asia and Latin America is finally fizzling out. Now imperialism is forced to plunder and attack these peoples even more, also lashing out at its own proletariat. In spite of the collaborationist spirit of the top leaders, it is very difficult to convince the masses that they should be sacrificed even further for the sake of some future prosperity, as Robert Rubin advised the governments of countries in crisis. His government wants Pax America to be imposed on all of humanity, but to impose it means also imposing the peace of the cemeteries.

Whether or not the lords of mankind can carry through the reconstruction of a new imperialist world order will depend on the response of the workers and the peoples. Only their resistance can stop this macabre scenario from becoming reality.

### **Impeachment of Clinton**

One of the most visible proofs of the political crisis that imperialism is undergoing is in the very heart of the system, in the United States. In spite of economic growth over recent years and the Clinton government's consequent prestige, the Monica Lewinsky scandal has shown the underlying tensions inside the American bourgeoisie. The media and the Social Democrats and many intellectuals, among them Colombian writer García Márquez, say that it is a struggle between the extreme right and progressive Bill Clinton, representative of the freedom of speech, of the progressive feelings of the generation that rebelled during the Vietnam War, who brought peace in the Middle East and Ireland', etc.

Obviously, it is shameful to paint over Clinton as a progressive after he bombed Iraq and slaughtered the population to destroy a factory in Sudan; it is Clinton who applies neoliberalism in the entire world and who relaunched the US economy on the basis of less rights and worse conditions for workers and widening the gap between the richest and the poorest, although he rhetorically puts forward gender rights and racial equality, looking to the support of women and Afro-Americans. Now, in his speech on the state of the Union, he has just promised to allocate the federal budget surplus to social security and public health improvements (a promise made in the electoral campaign and repeated right from his first government), while at the same time he has increased spending on the armed forces.

On the other side, although the republicans are in fact reactionaries on issues such as women's' rights, homosexuals, abortion, etc, and are opposed to increased spending on health, this was not the decisive issue in their exposure to defeats such as in the November elections. The insistence of the Republican Party in maintaining the Senate trial, in spite of opposition from the majority of the population, can only be explained by something much stronger than "rightist ideology", "thirst for power" or "conservative moralism." In fact, the republicans were well aware that they would not

get impeachment through, unless a sharp fall in the economy caused a heavy decline in Clinton's popularity, and aimed at keeping the spotlight on Clinton's morals in order to wear him down and to weaken him and his authority.

There were two factors behind this:

a) Growing opposition from bourgeois sectors in the United States that have been affected by Clinton's foreign trade liberalization, in particular industries facing stronger and/or more productive competitors internationally and some agricultural producers, especially the medium-sized, which have been losing ground and fear losing out even more on national and international markets. "*The steel industry in the United States is on the boil. Two small companies, Laclede Steel, in Saint Louis (Missouri) and Acme Metal, in Riverdale (Illinois), have already petitioned for bankruptcy. The result was the resurgence of the old protectionist sentiment. The Clinton government has made a lot of noise about the merits of lower tariff rates for the Asians, but when it came to the steel industry, its reaction was schizophrenic. The Department of Trade sympathizes with industry complaints, but Treasury Secretary Robert Rubin has missed no chance of warning that restricting imports could intensify the global recession.*" ("Prepare for trade war", Fortune, Americas ed., 19 January 1999) Fortune says that in the paper, machine tools and chemical industries, there is also a clamor for protectionist measures or for reprisals against subsidies in other countries and their representatives in Congress are mostly Republicans.

But Clinton's central policies is directed by finance capital and the multinationals dominating the key industries (IT, telecoms, etc.), which are major beneficiaries of financial deregulation and trade liberalization. Robert Rubin, the boss of the economy, is a spokesman for Wall Street and great defender of these policies. (21). Clinton and Al Gore are known for their close relations with Silicon Valley, center of hi-tec IT. (22). And these policies mean pushing free trade, as the center of the FTAA project (Free Trade Area of the America). The American economy has been able to maintain a particularly high level of exports to Latin America which has helped to sustain growth in industry. To assure growth in the economy and US dominance, as well as extracting surplus value from these countries, the road to the FTAA has to be accelerated, through approval of fast-track authorization. (23)

However, while this policy benefits exporters and is the government's main focus, on the other hand, in agriculture and other industries mentioned above, it creates problems especially for a few sectors threatened by imports from Latin America. The House of Representatives, with its Republican majority, approved a recommendation to block steel imports for a year. It is not that the Republican Party, which was the first to implement liberalization and impose neoliberalism under Reagan and Bush, is against the main thrust of the program of Wall Street plan and the multinationals. The problem is to guarantee compensations for the different fractions of the local bourgeoisie. One variant is compensation through entering new markets. For that reason, congressmen from the states in the interior of the country and the Republicans particularly insist so much on compensations for European agricultural subsidies. In turn, the Clinton government accepts these compensations under the pressure of the opposition. The republicans were also the main critics of the use of IMF funds (mainly coming from the US Treasury) to finance countries in crisis so that the cash is pocketed by Wall Street speculators and the federal budget problems increase. These differences as to how to continue taking advantage of the benefits of American domination and neoliberal policies explain the sharpness of the divisions and the ascent of a new sector (Gingrich, Livingstone) inside the Republican Party that headed the impeachment process.

b) The electoral interests of the Republican Party. Clinton's loss of authority is now a good weapon to defeat him and the Democratic Party in the year 2000. Electoral interests made the party maintain the pressure and the trial, even after feeling impatience with the insistence of the Republicans in maintaining Clinton's trial after the November elections. In this way, although some eminent Republicans, such as Gerald Ford and Bush did not approve of the procedure (they eventually attempted to arbitrate a censorship motion instead of impeachment, but were unsuccessful), they did not openly come out against it until almost at the end of the trial. Only at the end, some senators, such as Arlen Specter and John Chafee, began to abandon the ship when they saw shipwreck came closer.

However the internal conflict and the growing pressure was reflected in this impeachment crisis and will be sharpened in next period due to the spread of the world economic crisis, despite the current state of the American economy. Moreover, one of the consequences of the internal pressure on Clinton, in spite of impeachment not going through, is the doubt over the ability of the USA to maintain cohesion on the internal front and to develop clear policies in the next period that could deal with the world economic crisis. For the workers movement and the peoples of the whole world, it would be very positive, contrary to what the Social Democrats and the media say, for Clinton to be impeached or lose much of his power. On the other hand, one of the results of this contradictory situation in which he has emerged as the winner but still has problems, and even has a minority in Congress, is that the Clinton government demands more and more compensations for trade liberalization which incorporates elements of the demands, or at least rhetorically calls for protection as already seen in the Gore and Rubin interventions at Davos. It is increasingly implacable with the US's trade "partners" and with Japan. And increasingly it plays the role of colonizer and looter of the Third World countries, punishing them in an attempt to avoid the crisis reaching the heart of the empire.

## NOTES

1 from the article "IMF unable to solve crisis", Clarin, 4/10/98

2 Folha de São Paulo, 7/2/99

3 idem

4 idem

5 El Pais, 24/1/99

6 Dornbusch lashes out, CNNfn Special, 28/1/99  
7 Le Monde/Dossiers en ligne, 2/10/98  
8 idem  
9 Folha de São Paulo, 7/2/99  
10 Europeans defend growth policies against USA. El Pais , 30/1/99  
11 idem  
12 idem  
13 CNN in Spanish, 3/2/99; Robert Rubin also declared that he prefers foreign currency markets operating freely.  
14 according to CNN, 29/1/99 and Le Monde 3/2/99  
15 Le Monde, 3/2/99  
16 CNN, 29/1/99  
17 Le Monde 3/2/99  
18 CNN in Spanish, 8/2/99  
19 CNN in Spanish, 3/2/99  
20 Folha de São Paulo, 31/1/99  
21 his former colleague, Robert Reich, ex Secretary of Workers under Clinton, on the current American model, declared to Le Monde Diplomatique in May 1997: "Never in the history of humanity, have the feelings of just one street, Wall Street, had so much power."  
22 according to Le Monde Diplomatique, August 1997, Al Gore holds monthly meetings with the major players in Silicon Valley.  
23 the legal mechanism to allow Clinton to speed up negotiations for FTAA without constantly having to seek votes in Congress, and only posing the final text in Congress. Congress refusal to grant the authorization has so far impeded viable negotiations on the treaty. Clinton has tried to get the AFL-CIO to support him, it too was also against it, in order to win over Congress.

## Davos, a reflection of the crisis

The Davos Forum brought together imperialism's "thinkers" in an attempt to characterize and find solutions to the present crisis. As an example of the mood among the heads of governments, Canadian prime minister, Jean Chrétien, balefully declared: "*there is no valid alternative to the market economy. However we should not be over-confident about capitalism 10 years after the end of communism.*" The proposed solutions reflected different points of view and conflicting interests.

The USA, having benefited from control of the world economy and a strong currency (the dollar) that is the bolt hole for capital in crises, is going for the destruction of the productive forces on a massive scale (through depression in the peripheral countries) as a means of leveraging world economic growth, before the crisis bursts out in the heart of the system, in the USA itself.

The European and Japanese governments (and the currents associated with the "Third Way" in general) were for turning the IMF into a kind of world central bank regulating the flow of speculative capital (the "villains" of the crisis) so as to rebuild the international financial system on the basis of a "tripod" of currencies (the dollar, the Euro and the yen) stabilizing currency fluctuations, on the basis of unified action by the central imperialist sectors.

Neither of them point to the real center of the crisis: its origin must be sought in the way wealth is produced (commodities) in the capitalist system: new machines and technologies are increasingly used for production, sharply raising productivity and diminishing the number of workers. This causes a fall in the rates of profit of the big transnational corporations and intensifies competition, causing overproduction of commodities and price deflation. Faced with this situation, capitalists cut back on investments and the flow of capitals, unleashing the crisis, the world recession, the chronic depression in the peripheral countries (including those previously known as "emerging" now known as "submerging").

At the private meeting of G-7 governments during the Davos Forum that looked at the growing world economic crisis, the only limited conclusion that they reached according to the report by Senator John Kerry was: "Capital [owners] choose their options freely, which is inherent to the free market, and the most that governments can do is minimize interference and maximize protection against that." (3). In other words, the line is to let the market (international finance capital) solve the problem and the governments attempt to make life easier for it. In short, the policies of the most important imperialist body follow behind the American government: the only possible way out of the crisis and to rebuild the world order is to impose more and more liberalization; to assure the free movement of capital, opening markets and totally undermining sovereignty and destroying productive forces throughout whole regions of the world, with all that this means for the living standards of whole populations, increasing exploitation and poverty, causing the decline of whole countries and regions, and even increasing US domination over other imperialists.

However, on the other side, there is growing resistance from workers and peoples as they are increasingly attacked and plunged into misery and mass unemployment. This fundamental problem is

pushing the planet into a series of crises, of wars and revolutions, that is already spreading to the economic centers of the world and more and more of the world population is sinking into barbarism. In the words of John Sweeney, leader of the AFL-CIO, the powerful American workers union, and not at all suspect of holding anticapitalist opinions: "A hundred million people that thought they were part of a growing middle class were brutally plunged back into poverty." Or Yashwant Sinha, the Indian minister, who warned: "The thirty six countries accounting for over 40% of the world economy and 25% of the population of the planet, will have negative growth this year." ( 4)

There can be no solution for the crisis through reforming the capitalist world system (imperialism). The iron contradiction of our time is that, while the production of commodities is being internationalized at a dizzy rate, decisions and control over the economy are in the hands of the three big imperialist countries: USA, Japan and Germany as national states that run the world economy in the service of "their" big transnational corporations (including "their" banks).

The nation-state is still of such importance because capital is split on national lines and based on private property of the means of production. Private property needs laws, governments, central banks, judges and armies to defend the private property of these big companies from attacks by competitors (other companies and imperialist countries) and from the poor of the world that form up in a growing and evermore impatient legion of the dispossessed. Therefore all the plans for world central banks and world currencies are either utopian or diversionary (such as the Euro) aimed at carrying on with imperialist exploitation in a more deceptive way.

The definitive solution to the crisis has to be the abolition of the frontiers of national states, the creation of a democratic world federation of socialist republics and the end of private property of the means of production and production for profit so as to allow harmonious world production of goods and provide all the basic necessities for all the world's population. In other words, the imperialist system, as the ultimate cause of crises, wars, exploitation and colonization, must be destroyed.

## **EUROPE**

### **European Monetary Union: contradictory attempt to "unify the continent"**

*Madrid,*  
Caps

Since the beginning of this century the rise of imperialism has meant that we face an absolute contradiction in the conflict between productive forces that operate on a continental and partly world scale and the continued existence of nation states. This contradiction has been shown particularly in Europe and two world wars were its fatal consequence. They were the capitalist way of unifying Europe: uniting it under the boot of one of the imperialist powers.

After the defeat of Japan and Germany in World War II, the United States emerged as the one world -and at that time totally undisputed- imperialist super-power. Europe, meanwhile, faced a situation marked by the devastation of its productive forces and the emergence of a revolutionary situation.

Despite the initial plans to de-industrialize and dismantle Germany, American imperialism was forced to modify its policies in the face of the threat of revolution and had to back European economic reconstruction through the Marshall Plan. But reconstruction proved impossible on the basis of the continued existence of national frontiers. As a result, under the tight control of America, with opposing interests but forced together by the shared need for economic reconstruction and pressured by a powerful mass movement, the French and German imperialists agreed on the first joint bodies that launched the constantly conflicting processes that lead to the Common Market initially and later to the European Union.

The European Monetary Union represents the latest contradictory attempt by European imperialists to "unify the continent" in the context of "globalization" of capital, this stage which we have come to with the brutal neoliberal offensive of the recent period, in combination with new technologies. What is called globalization is imperialism's response to the steep fall in the rate of capitalist profit at the end of the long postwar boom. It is now taking to an extreme the features of the imperialist phase that Lenin pointed to in 1916: the concentration of capital, monopolies, the domination of finance capital, parasitism and the carving up of the world between the imperialist powers.

#### **Merger fever**

Since the 80s, and then more systematically since the approval of the European Unity Act in 1986, European imperialists, under German economic domination, have prepared for the demands of "globalization." This meant unleashing the neoliberal offensive with trade liberalization, workers deregulation, privatizations and the aggressive

rollback of the social reforms won by the European working class. This offensive was a substantive part of the project for creating a unified economic zone and a single market as a platform from which to compete successfully with American and Japanese imperialists. An agenda was agreed on that suppressed the last remaining customs barriers and, more importantly, eliminated all remaining limits on the complete freedom of movement of capital, which should have been in place by the beginning of the 90s.

Financial liberalization has been the instrument facilitating an intense flow of cross investments, mergers and takeovers, through which the major multinationals secured their hold on the European market. There was a clear sharpening in the process of concentration and centralization of capital, with the consequent loss of jobs, mass structural unemployment and dismantling of whole sectors of industry.

The wave of mergers and takeovers was the form taken by this process of centralization of capital. In 1998 this process moved ahead at a frenetic pace on a world scale. The oil companies lead the way and the ghost of Rockefeller's Standard Oil re-appeared with the Exxon Mobil merger. Last November alone, mergers and takeover operations involved a turnover of 140 billion dollars. By November 1998, flows involving centralization of capital had reached 2.13 trillion dollars or about 13.5% of the combined GDP of the USA and Europe.

Most mergers and takeovers have taken place in the USA and Europe. The purchase on 30 November 1998 of America's Bankers' Trust by Germany's Deutsche Bank makes it the world's biggest bank. As a comparative figure notice that all the combined assets of Spanish Banks amount to about 570 billion dollars. The assets of Deutsche Bank after the recent takeover amount to 780 billion dollars.

The baton conducting the European orchestra of unity is German domination.

### **Unified Germany**

On 9 November 1989, the Berlin Wall crumbled and opened the way for German reunification and the subsequent collapse and disintegration of the Soviet Union and its satellite regimes in Eastern Europe. The powerful international Stalinist apparatus, the greatest obstacle ever to affect the workers movement, burst into pieces and at the same time the old Yalta agreements on spheres of influence, established by the imperialist forces and the Stalinist bureaucracy at the end of World War II, collapsed too.

The driving force behind the process German reunification was a powerful mass mobilization although the power of the movement contrasted with tremendous political weakness that conceded leadership to capitalist restorationist forces. Despite what is now proclaimed by its apologists, German imperialism did not take the initiative in the unification. It was forced to ride the tide of the mass movement and make concessions to this movement. It had to adopt parity between the West mark and the East mark for wages, pensions, rents and even for savings accounts up to a certain limit after which the rate was one West mark for two Eastern. The costs were swollen by enormous public spending on infrastructure and subsidies. German big business also had to shell out enormous sums to loot Eastern industry and take over key industries in the countries historically in their sphere of influence. Between 1991 and 1993 the Federal Republic of Germany transferred 180 billion D-marks to former East Germany.

In 1990, therefore, the public deficit had climbed to 45 billion marks, and 91 billion in 1991, of which 55% was directly due to the former-GDR. Higher taxes and cuts in social benefits aimed to reduce this ballooning deficit to 25 billions in 1995. The German workers movement responded with the 27 April 1992 transport and garbage-collection strike, the first for 18 years.

Germany had already posed its industrial and financial hegemony in Europe in the 70s, however after unification it really became the great European giant. Enormous sums of capital went into grandiose projects with huge investments in the privatization of Eastern industry, cushioning social spending in an attempt to cut across growing social tensions and clashes with the powerful German working class. Capital had to be attracted by relatively high types of interest, so the Bundesbank introduced measures for this purpose. Germany economic dominance was based on the mark as the anchor-currency for the European Monetary System. And that meant that no other country could lower its interest rates at any moment as a measure against economic recession.

However things seemed to go well and everybody wished to believe that this would go on: the movements in the East were contained, in the West the workers movement was on the defensive in the face of the neoliberal offensive, the European Monetary System currencies were calm after 1987, having just incorporated the peseta and the escudo and it seemed that there had been a trauma-free move to freedom of movement for capital flows for financing German reunification. Everybody seemed happy when they signed the Maastrich Treaty in 1991 setting the agenda and the conditions for the Monetary Union (single currency, one Central Bank and unified monetary policies, all hanging on Germany).

### **1992 Monetary crisis: Bundesbank rules**

However not all good wishes come true. In 1992 there was a recession that spread to over half of Europe: France, Great Britain, Italy and Spain and unemployment rose steeply. The capitalists in these countries wanted to reduce interest rates which were too high in relation to the declining rate of profit. Their governments, however, could not take any measures because of the mark's high interest rate. Germany, with the momentum of the previous process of heavy accumulation of industrial capital, was still in an expansionary phase, and continued to need more capital. As a result the rate of interest rose again in July 1992.

This clashed head on with the needs of French imperialism (and the other smaller imperialisms affected by the recession). The French government refused to devalue its currency against the mark, or in other words, refused to recognize the loss of competitiveness of French capitalism in relation to German capitalism. However the new master of Europe was not to be easily subdued. The problem also became complicated because the dollar was weakened by the huge financial commitment of American imperialism in order to ward off the Mexican collapse and save the skins of its financiers not to mention the “international financial system.”

In this way, suitable conditions were created for the beginning of a tremendous speculative wave against the currencies of the weakest imperialist countries. This wave brought out weaknesses and contradictions between different European capitalist countries. The failure of the Danish referendum was the green light. The first currency to go under was the lira. Several speculative waves took place over an entire year. Financial capital (banks, multinationals, pensions and mutual investment funds) made trillions. British sterling and the lira left the EMS. The peseta, the escudo and the Irish pound were devalued. The narrow victory for the “yes” vote in the French referendum on Maastrich - which reflected the same deep rejection from workers and the people in relation to the European capitalist project that had already been seen in Denmark - placed the franc in the center of speculative pressure.

French imperialism, mired in recession, was however forced to raise interest rates considerably in order to save the parity of the franc. However not even this could halt the outflow of foreign currencies and the money spent by the Bundesbank and the Bank of France were peanuts compared with the enormous quantities of monetary capital that financial globalization had concentrated in the hands of the respectable speculators. Finally, in July 1992, the governments decided to throw in the towel. The European Monetary System was shattered. What was left was more a system of flexible rates than a system of fixed rates. While currencies previously floated in a 2.25% band around the established rate, the band was now widened to 15%.

It was a hard blow and it left behind several wounded. The unification schedule had to be changed. However they could not stop pedaling because they would risk falling off the bicycle. The different European imperialist countries, in spite of their strongly opposing interests, had to join forces to compete with their boss, mighty American imperialism which had gotten dangerously ahead in the productivity battle since the beginning of the nineties. They needed a unified trade bloc and joint financial measures in order to dispute the outright dominance of American capitalism in the world economy.

However, European capitalists had achieved a high degree of economic integration: the major monopolies had integrated industrial production on a continental level, there was a single market, heavy cross-investments in several countries, total freedom of movement for capital. The European capitalists were aware that this level of integration was incompatible with monetary crises and instability such as that experienced in 1992.

Moreover, European financial capital, with its multinationals and banks, strengthened by enormous sums creamed off through the gains from interest payments on public debt, was becoming world champion for globalization in the 90s, with enormous capital invested worldwide in industry (mergers and acquisitions etc.) and through huge bank loans. The European imperialists had to make an impact as a block in order to support this expansion.

Monetary unification was not a free option for European financial capital but was forced on it. Building a unified regional imperialist bloc was crucial. And for this to work, monetary unification around a solvent currency was necessary. The solvency of a currency depends on the economy backing it. In a capitalist economy this means the rate of profit. And this rate is inevitably determined by the degree of exploitation of workers. This is the [underlying] basis of productivity. From this angle, for the European capitalists the battle for Monetary Union means closing the gap with their North American cousins in the attack on direct and indirect wages, on the social reforms won over five decades and enjoyed by two generations of European workers.

The 1992 monetary crisis accelerated the process of “European Union” and showed that there was no alternative to German domination with monetary policies dictated to all of Europe through the Bundesbank.

### **German economic domination**

With over 82 million inhabitants, Germany is the biggest country in Europe. Its economic potential is more than half Japan’s and a third of the USA’s. However Germany is well ahead of the other European imperialist countries. In 1998, German GDP was 2.4 trillion dollars against 1.5 trillion dollars for France, 1.2 for Italy and 1.1 for Great Britain. The German economy is four times larger than Spain’s.

The current superiority of German imperialism with regard to the rest of the Europeans is clear as is its active participation in mergers and takeovers. Germany invested 28 billion dollars abroad in 1997, of which nearly half went to Eastern Europe, particularly to EU-membership candidates. Germany is the main investor in the countries of central and Eastern Europe.

However the dynamism of German imperialism is even greater than the Deutsche Bank purchases. On 1 December last, German chemical maker Hoechst confirmed its merger with French Rhone Poulenc creating a firm that is co-leader in the world pharmaceutical ranking. Daimler Benz and Mercedes bought the American Chrysler creating the third largest auto maker worldwide and the fifth largest company in the world as measured by turnover (132.7 billion dollars)

In 1994, BMW acquired the British auto maker Rover and last year Volkswagen bought British car company Rolls Royce. At present, VW is among the prospective buyers of Swedish Volvo. German company Viag AG took over Swiss Algroup to form the sixth largest German metal work giant.

German presence in Spain has grown greatly, not only in tourism over whole areas of the Levante and Balearic Isles, but also as an important part of the auto industry, banking and the whole network of conglomerates and companies around them.

The board of Banco Hispano is dominated by German bank Commerzbank as associate of multinational Generali. Banco Popular also has its “inner core” run by the main shareholder, the German giant Allianz.

As stated in the previous number of *Opción por el Socialismo*, the paper of the PRT: «No imperialist country can undertake the unification of Europe except on the basis of the hegemony of its own imperialist national interests».

## BRAZIL

# Crisis erupts as Real Plan collapses

*Mariúcha Fontana,  
Brazil*

**The collapse of Brazil’s currency is the consequence of the exhaustion of a model for maintaining dominance. Brazil is now experiencing the greatest crisis in its history and is entering a new cycle of economic, social and political turbulence.**

The Real Plan – in the terms it was conceived and applied as from 1994 - has collapsed. It has been swallowed by the world economic and financial crisis and sunken in the garbage left after the party thrown for international financial capital by the economic policies of president Cardoso –the Washington Consensus.

The exchange anchor for the economy has crumbled. This was the mechanism that backed the currency –at R\$1.20 per US dollar– on the strength of Brazil’s Central Bank dollar reserves. The government was forced to devalue the currency on 13 January of this year.

Brazil has been in the sights of international speculative capital since the Russian moratorium, in August last year but it coincided with the electoral campaign that culminated in Cardoso’s reelection. Since September last year, almost U\$S 50 billion has flowed out of Brazil’s reserves. In August 1998, reserves stood at U\$S 75 billion. Today, aside from the U\$S 9 billion IMF “loan”, reserves are under U\$S 26 billion, and the country is committed to paying U\$S 60 billion to foreign creditors this year.

The currency crisis was an obvious result (on writing this article, devaluation against the dollar had reached 60% and the Real was still falling). At the end of 1998, after Cardoso’s reelection, Brazil went to the IMF. In exchange for a U\$S 41 billion “loan” (of which U\$S 9 billion has been freed), it demanded a U\$S 28 billion “fiscal adjustment”: cuts in social spending, confiscation of pensions and public sector wages, more privatization of what is left of the state sector, increased taxation for the middle class and the organized sections of the workers, massive layoffs of public employees and other measures. The country also had to increase interest rates – currently around 45% a year– in an attempt to keep dollars in Brazil and had to agree on an economic recession to force down imports and balance external accounts.

This IMF package, labeled “preventive” by neoliberal apologists who said that it was possible to avoid Brazil becoming a new Mexico, or a new Indonesia, was really nothing more than a “rescue mixed with sabotage” program in the interests of imperialist capital which guaranteed that Brazil would be bled dry before its collapse.

Contrary to Cardoso’s promises before reelection, Brazil is Mexico, it is Indonesia, it is Korea, it is Russia. The country is bankrupt and going through the greatest crisis in its history: it is entering an economic depression with inflation. A political crisis is breaking out, with inter-bourgeois divisions and a spectacular swing of opinion among the people (including the petty bourgeoisie) toward opposition to the government.

A new situation has opened up in the country. The current crisis is much worse than the crisis that led to the impeachment of ex-president Collor in 1993 – that was a governmental crisis - today there is a crisis of the system itself in the context of the country’s relation to imperialism. Brazil has entered a period of turbulence and heightened class struggle which, in a short time – from an objective point of view - will spread and bring into question the governability of the country.

### **Imperialist looting**

The Real Plan had been conceived by the Brazilian bourgeoisie together with the IMF and the World Bank as a way of responding to the needs of imperialism. Their objective was to transfer an enormous mass of surplus value and capital to the developed countries, in an attempt to overcome the crisis in the world capitalist economy and maintain the value of its capital. It was a more refined version of the neoliberal project and the Washington Consensus recipe for Brazil introduced in 1990 by ex-president Collor (overthrown by the mass movement in 1993).

The Real was based on a clever mechanism, from the standpoint of imperialism: the so-called currency anchor. The Brazilian currency would be set at parity with the dollar, while floating within a narrow band specified by the Central Bank, and it would be backed by the country’s dollar reserves.

This mechanism put an end to inflation in a country had experienced many years of hyperinflation and so won mass political support for Cardoso and the Real Plan. In the economy, this mechanism, together with the other ingredients of the neoliberal recipe, such as trade liberalization and privatizations, opened the door to the greatest imperialist looting in the whole of Brazilian history. Parity with the dollar, - obviously artificial because the productivity of the Brazilian economy is much lower than the US - has allowed imperialism to grab huge swathes of the domestic market: imports have shot up by over 60% in this period and Brazil has shown a growing trade deficit (more imports than exports) - reaching US\$ 10 billion in 1997- as well the current account deficit in tourism, shipping, etc. At the same time, with privatizations and trade liberalization, imperialist capital not only took over immense amounts of local assets -over 200 of the biggest Brazilian companies fell into the hands of the big multinationals - but also more than tripled remittances of profits to their countries of origin: the figures jumped from US\$ 2.4 billion in 1994 to over US\$ 7 billion in 1998. Profitable and modern state sector enterprises and whole branches of industry that were owned by the Brazilian bourgeoisie have either gone broke or been transferred into the hands of imperialist capital: footwear, textiles, the machine-tool industry (capital goods), auto parts, foods, electrical and electronic and household appliances, several Brazilian banks (both state-owned and private) and other sectors too. An enormous number of rural farm producers also went bankrupt and Brazil now imports even basic products such as rice and corn.

The other side of this looting which led to the currency collapse was the tremendous foreign and national debt which Brazil took on with this program. To assure the high value of the currency and service the trade deficit, the country needed a heavy inflow of dollars for its reserves: in addition to the privatizations and government bond issues on the international market, Brazil offered the highest internal interest rate in the world (never below 20%, it reached 51% in the Asian crisis, today is over 40% and on the future markets is 59%) and encouraged dollar indebtedness by multinationals and banks that arranged for loans at 6% a year and lent at internal interest rates of over 20%.

This made foreign debt and national public debt shoot up. Foreign debt jumped from US\$ 90 billion in 1990 to more than US\$ 225 billion today. To get an idea of the devastating effect -for a country with a GDP of US\$ 800 billion - in 1997 the country owed US\$ 159.7 billion, paid US \$38 billion in interest and debt amortization but in 1998 owed US\$ 212 billion. Brazilian national debt - over 90% in the hands of banks and big national and foreign companies - has now reached almost R \$400 billion, over 40% of GDP. This debt is constantly growing due to the explosion in interest rates. These two debts account for the public deficit of over 8% of GDP. In 1998, the government spent US\$ 71 billion from the budget in order to pay interests.

This tremendous looting led the world's eighth-largest economy to bankruptcy. The Real program was in crisis, exhausted. Foreign credit dried up. The perception was that Brazil would not now be able to continue paying, that the spiral of foreign and local debt was heading for an explosion, for an unavoidable and uncontrollable moratorium - foreign and also local capital (US\$ 17 billion of Brazilian capital emigrated to fiscal paradises) not only stopped coming into Brazil, but fled the country in disorder.

### **IMF seeks to re-colonize Brazil**

If the agreement signed with the IMF at the end of last year and which now - with the devaluation of the Real - has had its targets and demands reviewed and adjusted, is fulfilled, this will practically recolonize Brazil. Besides demanding brutal exploitation of the workers and people, confiscation of pensions, mass layoffs of public employees and other measures, so that Brazil can earmark pay more interest to the bankers, the agreement compromises all national autonomy.

The estimated US\$ 25 billion raised through privatizations to be transferred to foreign creditors has now been left behind by devaluation, since state enterprises are now cheaper in dollars, and so the IMF is now demanding not only the privatization of Banespa (Bank of the State of São Paulo), the largest public state bank but also of Caixa Econômica Federal, both of them public institutions that, in one way or another, still remain as symbols, however minor, of national sovereignty.

Besides this, the government has relinquished power to make any decisions on the control of the economy. It has renounced all control over the movement of capital, investments, remittances of profits and dividends and has committed to raising the internal interest rate in the event of an outflow of reserves, handing over control of monetary and fiscal policies to the IMF. And it has also accepted the transfer of control over Brazil's reserves in dollars to the US Central Bank if they fall below the level of US\$ 20 billion, which is not far from happening. The strategy is to assure payments to the big banks and -after implementing a real depression and a tremendous destruction of capital and productive forces- to introduce a new dollarization of the economy at a fixed parity, with a convertible currency (as in Argentina) or directly abolishing the national currency and adopting the dollar as the official currency.

The USA seeks to turn all of Latin America into an immense Puerto Rico. If their strategy is successful, the Latin American countries would have no effective central banks and would lose all autonomy. They would go back to being colonies again, in a different way perhaps but ultimately colonies.

### **Catastrophe for the people**

Brazil is being thrown into a brutal recession. Indeed, there will be a depression: international institutes and agencies forecast a fall of 3.5% - 10% in GDP. In other countries hit by a crisis like Brazil's, the decline in GDP due to the



recession has varied from 7 to 15%. The extent of recession will mean a succession of companies collapsing – particularly small and medium firms - and mass unemployment.

Institutes and expert forecasts predict that unemployment will jump to 23% - 25% . This will be even higher if the government fulfills its aim of mass layoffs of public employees in the states and municipalities.

Moreover, in addition to sky-high unemployment there will be a terrible cut in wages. Countless companies are imposing a reduction in wages (and raising prices), the government had just attacked pensions and public employees and, in spite of that, inflation is back .

Forecasts for inflation this year vary from 12% to 31%. However nobody can be sure of anything and some forecasts say that it reach 70%. This would be the case if the government doesn't totally lose control– if it doesn't successfully roll over internal debt and is forced to issue more currency to pay back billions in debt due over the next few months. In fact, all prices are already rising: coffee (20%), rice (10%) bread (9%), noodles (15%), chicken (5,59%), etc.. The expectation is a 40 to 50% cut in workers purchasing power over the next months: in effect this is a savage cut in wages.

Conclusion: there will also be widespread impoverishment of the people, a brutal increase in poverty and a huge dismantling of public services. Life will become unbearable.

### **Brazil under Cardoso becoming ungovernable**

This tremendous economic catastrophe and the exhaustion of the neoliberal program is ushering in a tremendous political crisis: an institutional crisis and a crisis of governability.

After the dictatorship and the economic miracle, the Brazilian bourgeoisie –which has always been dependent on and associated with imperialism as a lesser partner - went through the so-called lost decade, without no coherent economic project unifying it, rallied behind Fernando Cardoso and of his neoliberal project. It agreed to be an even lesser partner of imperialism with the hope of being able to keep part of the booty of imperialist globalization. A thriving speculator sector has emerged, linked to privatizations and investment funds. The industrial sector, although many have lost stock control of their companies -and gambled their fortunes on the financial market – has complained or bickered over details but supported the government's plan in their essence, because it had no alternative model to offer.

Now, what had been minor quarrels has developed into a wild free-for-all. What is left of the national bourgeoisie– the group linked to industry - is very unhappy with the situation and is calling for lower interest rates. It has even been proposing centralized control over currency flows – it will agree to a recession but it does not want a depression of the size that is expected: it wants to survive. On the other hand, the regional bourgeoisies and oligarchies holding economic and political power in the states of the Federation are another tremendous source of political crisis. Itamar Franco – governor of the state of Minas Gerais-- decreed a moratorium, which is in itself an expression of the fire power of these regional or state bourgeoisies.

A crisis at the top has burst out. The fact is that one model for economic development has collapsed and the bourgeoisie has no consistent model to replace it, no alternative which can unify it through all sectors making gains. As a result, the government's power base is evaporating. On the other hand, there is a tidal wave moving against the government. During the last fortnight of last October's electoral campaign there was a growth of the opposition – accompanying the growth of the economic crisis–and everything indicates that, if the elections had been held about 10 days later, there would have been a close call and it would have gone to a second round. This growth of the opposition was reflected in the votes for state governors, with the opposition winning in six states, three of them among the four largest and most important states in the country.

Today –a month after the beginning of the new term of office- Cardoso already has most of the population in opposition to his government; 59% of those who voted for him (according to a survey carried out by Brazil's main polling institute) feel deceived and betrayed. Indignation is rising daily as prices and unemployment increase.

There is not a single sector today – from imperialism to the national bourgeoisie, from the PT to the government itself – that does not expect an institutional crisis. Bourgeois sectors are beginning to think of alternatives to save the system, such as a move to a parliamentarist (as opposed to presidentialist) regime, in the event of it becoming impossible to sustain the current government. Imperialist sectors are even raising the possibility of Cardoso's resignation in order to avoid impeachment.

Kicking out Cardoso and the IMF is already raised in outline as an immediate need in the consciousness of substantial sectors of the masses, although still a minority.

### **Itamar Franco, indicator of divisions in bourgeoisie**

From Washington to Sri Lanka, the news was broadcast that the Real Plan in Brazil had collapsed due to the moratorium on internal debt decreed by ex-president Itamar Franco, currently governor of the state of Minas Gerais. Far from being leftist or anti-imperialist, Franco is a representative of the regional bourgeoisie. He was Collor's vice-president and became president of Brazil–under the Constitution–when Collor fell. The Real Plan was born in his government, with Cardoso as Economics minister.

Franco's attitude indicates inter-bourgeois divisions and points to a peculiarity in the historical formation of Brazil: the regional bourgeoisies or oligarchies and the pact between them and the developed bourgeoisie in the southeast–

especially in San Paulo- which lead to the Federation that became Brazil. These regional bourgeoisies or oligarchies accumulate economic interests and political power and are heavily dependent on state subsidies. Up to 1930, these oligarchies had so much power and the states had such autonomy that regional militias were stronger than the national army. Today, the country is much more centralized, however, all political power and the National State itself constantly had to lean on a federative pact. These bourgeoisies or oligarchies have great political power: sometimes much more than the economic power of the states they govern. Thus Antonio Carlos Magalhães - chairman of the Federal Senate and key Cardoso ally - controls 95% of the municipal governments in the state of Bahia and he can demand the economic pickings. Sarney, of the state of Maranhão, was even president of the Republic, although his state is one of the least important economically.

Cardoso has been cutting back funds and budgets to guarantee the payment of debt. At the same time all the states, whether governed by the opposition or by pro-government forces, are up to the neck in debt and very nearly bankrupt, due to high interest rates. Itamar has just pointed to the real situation in most states. With the onset of the crisis, the IMF has called for cuts in local funding and this will be translated into an inexhaustible source of political crisis. These sectors have the majority in Congress and have enormous fire power. Therefore, besides the dissatisfaction of the national industrial bourgeoisie, the question of the regional bourgeoisies and the crisis of the federative pact is bursting into flames.

### **Workers response underway**

Although there are strikes and other demonstrations, which seem to be the tip of an iceberg that is now emerging, the workers and mass movement has not so far come out of the lull of the last few years. The Ford workers' strike against layoffs showed a great mood of resistance and struggle. The factory was paralyzed for over ten days, with massive daily mass meetings, with a great deal of solidarity and decisive participation by the wives of the workers threatened with layoff, who really got stuck into the struggle. There was a partial victory, readmission of the 2,800, a list opened for voluntary retirements and new negotiations with the company in a month. There have been workers' road blocks with barricades in the neighborhoods affected by floods, hunger strikes, trains set on fire and turbulent demonstrations of street vendors, as well as more land occupations by the Landless Rural Workers Movement. In March, the Forum of Popular Entities (a front of several organizations, local unions, union confederations and political parties) has planned a campaign for rallies and marches in Brasilia to protest against the government and IMF economic policy. The campaign begins with rallies throughout the country on 8 March, International Women's Day, and includes a National Day of Struggle on 26 March.

Despite these being specific responses, there is a rapid development in the consciousness of millions of people, great political effervescence and there will surely be a mass response to the crisis. It would be risky, at the time of writing this article, to say who will be at the head of the mass response and its tempo. The majority leadership of the movement is an obstacle in relation to generalization and unification of the struggles. The recession and unemployment are, at least initially, a hindrance to specific or economic struggles at workplace level.

However there is more and more politicization, indignation and also a return of anti-imperialist consciousness, with the possibility of popular explosions, such as looting, unemployed demonstrations, etc, and we have also to pay attention to the youth and the student movement as the school term kicks in at the beginning of March with its tradition of mobilizations at this time. There is also the possibility of public employees' struggles in the states for delayed payments of wages and retrenchment programs—as in the Argentinean regions. Last year, public employees, supported by the whole population of the state of Alagoas, with striking police at their head, overthrew the state governor. And it is also possible that the workers movement (following the example of Ford workers) may come onto the stage forcefully. The transformation of all this indignation into action is what is still lacking to destabilize the government once and for all and to impose a defeat on imperialism. And this transformation is now underway.

## **Soros at the Central Bank?**

Imperialist looting and intervention in Brazil have never been so great and so brazen. With the inter-bourgeois divisions that began to emerge and fearing that Cardoso might surrender to such pressures, the IMF and the international speculators have not only demanded resolve from their direct agents (the President and the economics ministers), but have also, just in case, placed their own men directly in charge of the economy.

So Armínio Fraga was made Central Bank chairman by order of the IMF. Fraga was the right-hand man of George Soros, the biggest speculator in the world and until the previous day, headed the Latin America Investments Fund, owned by George Soros. In order "to struggle against speculation", the government put the Central Bank under the chief speculator. The fox has taken charge of the henhouse -- and it is not to save the hens!

The IMF also opened an office in the Economics Ministry and controls the government's economic policies on a day-to-day basis. IMF vice-chairman Stanley Fischer spent a week in Brasilia re-working the targets previously agreed on one of the most disgraceful scenes in Brazilian history took place. The terms of

the agreement were announced by Fischer – and not by Brazil’s Economics minister, Pedro Malan—and handed out to the press in English. (M.F.)

## **Brazilian Third Way: the great obstacle**

As well as this profound crisis sweeping the country, affecting all classes and institutions, and everybody’s lives, there is a tremendous subjective obstacle: the PT and most of the CUT leadership. The PT and CUT leadership are still the majority leadership of the masses and of the workers.

This leadership is a tremendous obstacle to the development of any situation and will look to support the regime (system of governance) and even back governability for Cardoso. The PT expects an institutional crisis and aims to be an alternative for the bourgeoisie, in the event of its having to replace Cardoso, or in the event of the need for a coalition around an economic project with the “industrial bourgeoisie” which disagrees with IMF policies and describes itself as “pro-development.”

Since the PT project and program is for “sovereign” insertion in imperialist globalization, seeking to form a government in alliance with these “productive sectors” of the bourgeoisie (read national and multinational companies) to carry out a program of “development with redistribution of wealth”, within the context, therefore, of capitalism and the bourgeois-democratic regime -since “democracy is a universal value” for them - aiming to assure “citizenship” for the people, the PT is preparing to help solve the institutional crisis and is attempting to give shape to and consolidate an organic character for the Front with bourgeois sectors, looking to expand on this policy which it posed in the recent election campaign. They follow the example of the Argentinean Frepaso, Cardenas in Mexico -all members of the Forum of São Paulo - and Lula is now taking part in seminars in Europe attempting to convince governments and capitalists in Britain, France, etc that it is him and the Opposition Front that represents the Third Way and Social Democracy in Brazil and not Cardoso.

At this stage, an explicit pact with Cardoso would not be convenient, including because it would be a “drowning man’s embrace”, as one of the PT top leaders explained in a press statement. And also because Cardoso, with Soros’s nomination as Central Bank chairman, has again declared his preference for the financial sector and has not signaled for a pact with the “pro-development” representatives of the industrial bourgeoisie. However the PT will play the role of an institutional opposition putting all its emphasis on parliamentary action and proposals presented by the governors in opposition to Cardoso. At this point, the PT governors and the PT as a whole are to the right of Itamar Franco. They refuse to decree a moratorium in their states and they defend renegotiation of debts.

Their commitment to the regime of governance and to governability is an explicit one. Tarso Genro –ex-mayor of Porto Alegre and a representative of the most right-wing current in the PT - in a move to win support internally, proposed that Cardoso should resign and new presidential elections be called for October this year. This is obviously a gesture because Cardoso will not resign, he will have to be brought down. However, Lula opposed the idea and rushed to declare to the press: “if I say that the president has to resign because things are going badly, there will soon be people wanting the PT governors to resign too. The craze would spread all over Brazil.”

So most of the PT leadership – against the left PT currents - voted down mobilizations against the government, and posed instead mobilizations against its economic policies.

All this, obviously, has an impact in the CUT, since the majority leadership of the PT is also majority in the CUT. This does not mean that the CUT and the PT itself will not call for any struggle to be waged, or that they will not take part in struggles. On the contrary, they may be forced to call them and, also, these mobilizations may escape from their control.

However, their strategy and program will be a tremendous obstacle to the struggles being brought together, and particularly to them developing towards the overthrow of Cardoso and even more towards a break with the regime of governance.

Obviously, this will not take place without crisis. The crisis will affect the PT and the CUT and there will increasingly be a search for an alternative leadership, as well as internal clashes and left moving splits.

## **Past crises in the regime**

### **The dictatorship and the “economic miracle”**

The military dictatorship that took over in 1964 adopted a pro-imperialist development program based on external financing and leaning on what they called the tripod – the multinationals, the national bourgeoisie and the State. The multinationals were given facilities to come to Brazil and use the cheap manpower in the country. The dictatorship, in

turn, used foreign loans and invested heavily in infrastructure to develop these industries: highways, ports, state-owned heavy industries (steel, electrical power, oil and petrochemicals, etc) and the national bourgeoisie (with state credit) built up complementary industries for the multinationals (auto makers were multinational and auto parts were local and so on). This development model, founded on low wages and savage concentration of income, propitiated at its height the so-called economic miracle: when, from 1968 to 1973, Brazilian GDP grew at over 10% a year.

This model was toppled by the world oil crisis, when imperialism started to charge exorbitant interest rates on the foreign debt of that time. With the crisis of this model and the extra super-exploitation of workers to honor the payment of the debt, came the fall of the dictatorship, with mass demonstrations and the emergence of the PT and of the CUT as a class-based mass organizations.

### **The “lost decade”**

Throughout the 80s there was no economic model that could unify the bourgeoisie and guarantees the and stable and sustained reproduction and expansion of their capital. Economic programs came and sent– sometimes leaning more towards a pro-imperialist stance, at other times looking to the internal market. The decade ended with the Sarney government crumbling, with monumental hyperinflation, with the biggest general strike in all of Brazilian history and with the Popular Front on the verge of power as Lula almost won the 1989 elections.

### **Neoliberal program**

In 1990, Collor was an improvised president - an obscure representative of the state of Alagoas, behind whom the whole bourgeoisie and all its electoral devices were unified, in a defensive and desperate move to defeat Lula. Collor began to implement the neoliberal project in Brazil. However he overdid it; without negotiating properly and without sharing power with the strongest bourgeoisie in the country, concentrated in the southeast. The bourgeoisie was divided and Collor was overthrown by the masses.

In 1994, Cardoso won the elections as representative of the São Paulo bourgeoisie and united the bulk of the bourgeoisie behind his project. There were sectors whose interests were adversely affected, part of the industrial bourgeoisie and the regional bourgeoisies or oligarchies, who grumbled a little, posed differences on specifics, but they supported the Cardoso project globally, hoping for a “new economic miracle.” Some of those adversely affected became importers, others sold off their companies and put the cash in the financial market or even stayed on as minority partners without a controlling stake in their former companies.

The new “miracle”, however, did not take place. All the foreign “investment” over the years amounted to speculation or to acquisition of pre-existing installed capacity. Except for a few auto makers that came to Brazil looking to the Mercosur market as a whole, there were no productive investments in infrastructure. On the contrary, the country grew at very mediocre rates during this period.

Imperialism and the national big bourgeoisie partied through the privatizations and the speculation and made enormous gains, but the party came to an end and now the country is in a deeper crisis than ever before, for two reasons.

a) The current crisis -unlike the Collor crisis- is not merely a governmental crisis but one of the system itself, like the crisis of the dictatorship. However, the world crisis economic is much deeper today and Brazil is infinitely more foreign-owned and vulnerable to this crisis than in the past.

b) The political crisis today is not one of a dictatorship, but in a bourgeois democratic regime, which while it has more flexibility for the bourgeoisie, on the other hand does undermine the authority of the bourgeoisie. There were enormous illusions in bourgeois democracy at the end of the dictatorship, democracy appeared to be the great answer to all the problems. This is no longer so.

### ***PSTU launches political campaign***

## **Down with Cardoso and the IMF! Moratorium now!**

The PSTU, while not getting candidates elected, did cause an impact and won a political victory in last October’s elections, and at the factory gates and in the schools the party is being told that it was right in the campaign, when it said that Brazil was the next country in line for economic crisis and that there would be an emergency package and that it was necessary to break with the IMF and not pay the foreign debt. The crisis came, and what was propaganda before, such as the question of the debt, became the issue of the day with the Minas Gerais moratorium.

Now, the party is carrying out agitation to kick out Cardoso and the IMF and decree a immediate moratorium on foreign debt and also on the internal debt owed to the big capitalists, because otherwise the majority of the people will be plunged into poverty and unemployment. The PSTU also calls for united mobilizations and calls on the PT not only

to refuse to make an agreement with the government, but also to back the struggle to build a general strike to overthrow Cardoso and break with the IMF. After all, the same people who brought down Collor can also bring down the Cardoso government .

The party is active in every struggle, in action together with all those willing to struggle –against unemployment, structural adjustment and the government's economic policies. However it is also looking to a United Front with the left of the PT in the CUT, in the UNE (National Union of Students) and if possible with the MST (Landless Rural Workers) and entities of the popular movement—to develop mobilization in the streets either together with the CUT majority leadership, or in spite of it.

The PSTU is also looking to have the whole of the left join in its political campaign and struggle to bring down Cardoso, break with the IMF and declare moratorium. It is putting this proposal to mass meetings and forums in the workers movement. On the National Executive of the CUT, the whole left voted with the PSTU in favor of this campaign, which meant 35% of the members of the Executive. Now, the party will organize the campaign and will try to commit all of the left and the organizations lead by the left so that together we can take forcefully this proposal to the whole workers movement. Not all the currents on the left of the PT agree with these policies. The DS (Democracia Socialista, Brazilian organization of the Unified Secretariat), for example, is against the campaign. However the experiences of rallies and meetings where the PSTU has outlined the proposal show that the campaign has an real basis and that it will be possible to unite a substantial part of the organized workers movement around it and the campaign will surely gain an echo on the streets.

The PSTU is obviously also taking up and placing all its strength into the struggle for the reduction of the working week with no loss of wages (against layoffs and unemployment) for land reform and for a general increase in wages. Also for education, health and against cuts in social spending demanded by the IMF and implemented by this government. These banners are today the demands that are closest to the hearts of the workers and the people who, with every passing day become more aware of the fact that these demands can only be met by defeating the government and the International Monetary Fund.

The party has persistently demanded that the rich pay the costs of the crisis, proposing a workers economic plan which – in addition to breaking with the IMF and refusing to pay the debts - centralizes control over currency flows, bans assets and dollars being sent out of the country, confiscates speculators wealth, annuls privatizations, nationalizes the financial system without compensation and under workers control and takes over companies laying off workers.

*(M.F.)*

## **ARGENTINA**

### **From crisis to elections**

*Buenos Aires,  
Alejandro Iturbe*

The year has not begun calmly for the bourgeoisie and the government. The collapse of the Real Plan in Brazil threatens, like a gigantic snowball heading south, to demolish the system of convertibility (legal parity of 1 peso per dollar). Conflicts between the different sectors of the bourgeois are growing and, at the same time, layoffs and suspensions make for tension with the working class and the perspective is one of growing struggles and conflicts. To make things even worse, the new president to replace Menem will be nominated in 1999 and imperialism and the bosses have still not decided on a candidate, which adds even more to the uncertainty.

#### **Effect on Argentina**

The deepening Brazilian crisis dealt a heavy blow to the Argentinean economy. Briefly, it has affected exports and the trade balance, which was already in deficit; raising the cost of foreign debt; diminishing the flow of foreign investments into the region and opening up the possibility of an invasion of cheaply-priced Brazilian products. Another article in this issue analyzes these consequences more deeply. The overall result is that the Argentinean economy is already clearly in recession. GDP grew almost 8% in 1996; 4.8% in 1997 and this year the forecasts point to a fall of 1 - 2%.

In the face of the collapse of the Real, Menem proposed that Cardoso should carry out a currency convertibility program similar to the Argentinean one, with the perspective of total dollarization of the region's economies. The proposal is the same as the IMF's and what Clinton himself would have put forward, if he had not been so busy with his political trial. This plan would mean a major advance on the road to dissolving Mercosur in the Free Trade Area of the Americas as proposed by Clinton. The answer from Cardoso and the Brazilian bourgeoisie was a straight no. Concretely, the crisis has seriously damaged Mercosur and, with it, the major economic policies in Argentina.

**To be or not to be?**

Naturally, there have been serious discussions among between the government, the bosses' opposition and the different capitalist sectors on how to face the situation. All agree on one thing: laying the burden of the crisis on the backs of the workers and people. The layoffs and suspensions, the direct and indirect wage cuts, lower business provision for pensions, higher charges for utility services. However after that, the divisions begin to appear.

The proposal for total dollarization of the economy got lukewarm support from the financial sector, but was rejected by most of the bourgeois economists. Sectors more oriented to the domestic market demand restrictions on imports from Brazil and even higher import tariffs, exporters call for credits and subsidies, while the companies with business in both countries want a more balanced and negotiated way forward. On the whole, all the productive sectors are more and more critical of the government's passivity in the face of the crisis, which they called "flying on automatic pilot." The financial sector, on the other hand, is concerned to avoid a run on the banks and flight of capital. This whole situation is summed up in the firefight over the 2.5 billion dollars raised by the privatization of Banco Hipotecario and the sale of the remaining state shares in oil giant YPF. Each sector struggles its own corner: more support for exports, a public works scheme, a financial emergency fund... However, as the saying goes, this roof is not big enough to shelter everybody.

### **Currency convertibility plan**

At the center of the discussion is the convertibility plan, which has so far allowed the Argentinean bourgeoisie almost a decade of monetary stability, low inflation and acceptable levels of growth. Economics minister Roque Fernández and former minister Domingo Cavallo stated that the main objective was to defend it. As an expression of other bourgeois opinions, former president Alfonsín has been pointing to the need to modify it. Plus recently, a Buenos Aires regional government member, from the same party as Menem, said that one should take advantage of this difficult situation "to begin another model in an orderly way" before it became necessary to do so in a more urgent and much more traumatic way.

At the moment, the State has enough dollar reserves to assure 1-to-1 parity, which is the basis for convertibility. However there is a tendency for a gradual choking of the system, because more dollars will be leaving the country and less coming in (see article "The ship is sinking"). Also, new tensions in the world economy or a worsening of the internal political crisis would speed up the process.

However the discussion goes beyond monetary management. Profound economic interests and political problems are involved. Today, 1-to-1 parity favors only the financial sector, especially foreign banks, and harms, to a greater or lesser extent, the bourgeoisies involved in production who are calling for "controlled devaluation." The problem is that, under the current conditions of political crisis in the government and the regime as a whole, nobody can guarantee control of the burst of inflation that devaluation would bring... nor how the workers and the people would respond to this. There is a risk of triggering an inflationary spiral and a worsening in all the economic, social and political tensions. The contradictions, as we see, are not easy to solve. In either case, workers will be hard hit.

### **Rising unemployment...**

The auto industry, which is one of the country's key industries, has been one of the most affected. Sales have fallen by an average 36%, counting both domestic and foreign markets. The industry employs 100,000 workers, 25% of them in the final assembly plants. Of those 25,000 workers, there are already 6,000 on temporary layoff and another 6,000 on compulsory vacations.

Most companies are making plans for workforce reduction. The most affected is Ford, which aims to downsize from 4,400 to 3,000. These figures have to be multiplied when considering auto parts companies and other suppliers, such as the iron and steel industry. Another of the pillars of the plan, the oil industry, has been in a similar situation since 1998, with the falling international prices for raw materials. In the city of Comodoro Rivadavia, Patagonia, for example, companies have cut back personnel by almost 25%. The food sector is also affected. For example, much of the poultry and rice production of Entreríos was exported to Brazil. To a greater or lesser extent, the same applies to every sector of the economy. Even before considering the impact of these facts, in 1998, the government admitted that unemployment and sub-employment (even with all the statistical tricks) had reached 25%. What will it go to now? Once this point has been reached, this immense industrial reserve army is no longer a weapon against the workers and it becomes a socially explosive problem.

### **... and the conflicts**

Argentinean workers have not been able to, up to now, to struggle back in a unified way. This is due, fundamentally to the fact that none of the union confederations have called for to a unified national stoppage, nor do they intend to do so. Together with this, "from below", they try to demoralize and frighten rank-and-file workers so that the layoffs and the suspensions may be negotiated under the managers conditions. So in this situation the struggle back is on a company-by-company basis.

At Ford, for example, the bureaucracy of the engineering union convinced the workers to accept the 1,400 temporary layoffs, on reduced wages. However at Diasa, another auto plant, the workers responded with a stoppage against 12 of their colleagues being laid off and they were temporarily reinstated through a governmental legal measure.

The situation is in a “impasse” as the employers are preparing for a new offensive; the union, in this case, the UOM, is isolating the conflict and attempting to take it to negotiations and the rank-and-file and activists are discussing further action. The example of the victory in El Halcon bus company shows the importance of new leaders when they come forward to lead the struggle (to see sidebar report).

It is important to highlight that the process of renovation of rank-and-file delegates has been very intense over the recent period and many new delegates have been elected who are independent of the union bureaucracy. However with both new and old leaders, and without so much impact publicly, in many factories and companies, there is a “trench warfare” going on between the bosses and the workers.

Another example is the mobilization in Comodoro Rivadavia called by several unions and a local oil workers' neighborhoods coordinating committee, in an area hard hit by unemployment. Almost 3,000 people took part (the city has a population of 150,000) and demanded the nationalization of the oil industry so that there may be work for everybody. And as a sample of growing popular dissatisfaction, people in Castelli (a small city in the province of Buenos Aires) blocked Highway Route 2 which connects Buenos Aires to Mar de Plata, at the height of the tourist season and caused a gigantic gridlock. Even when it cannot be expressed in a unified way, the struggle of the workers and the people is constantly developing. **The immediate perspective, then, is for more industry struggles and, as the situation sharpens, possible local or regional explosions, such as those in Cutralc6 and Tartagal in 1997.**

### Quo Vadis

Against the backdrop of tendencies toward the worsening of the economic, social and political-institutional crisis, the bourgeoisie and imperialism have set, so far at least, one major objective: to avoid the Menem government being brought down through struggle. Thanks to the role of the UCR-Frepaso Alliance and the union bureaucracy, they have been able to avoid another general strike (the last one was on 14/9/97) and to channel popular demands for a change of government toward the 1999 presidential elections as the “realistic means ” of achieving change. This is what we have called “everything is negotiable through 1999.”

However this very diversionary tactic is opening up another flank of crisis and uncertainty. Who can steer the ship in the storm? With the crisis of government and the crisis in the PJ (the Justice, or Peronist Party), their main wager is still on the Alliance and De La Rúa. However it should not be forgotten that during their first experience of joint government (in Buenos Aires), this coalition showed broad fissures and could not get important measures passed, such as the change in the municipal workers statute and the modification in the education sector payments system. Also, the UCR has just lost the provincial government of Córdoba which was in its hands since 1983; it lost to the PJ (Peronists) after a long process of struggle and undermining of the authority of Mestre, the regional governor.

Frepaso, on the other hand, with its defeat in the Alliance internal elections, is going through a growing crisis that is also manifested in the CTA union bloc. However the PJ is in an even worse situation. Besides the deterioration reflected in the defeat of 1997, their two main figures, Menem and Duhalde, continue with their confrontation, neither being able to rally sufficient troops to displace the other. As Menem is legally impeded from standing again and their re-election move was defeated, the new pretender will have to be former singer “Palo” Ortega. Other candidates continually appear and disappear. The most probable outcome is Duhalde winning the internal election, but in a very much weakened position.

The voting-intention polls show a tendency in favor of the Alliance. However the PJ retains a very large electoral basis (almost 35%) and the situation is very dynamic. Based on that, Duhalde is looking at a possible agreement with Cavallo (whose party, Union for the Republic, has emerged as third force, although a long way behind), with a views to a possible second round. However beyond the electoral arithmetic, the future government will be extremely weak, whether the winner be De La Rúa, Duhalde-Cavallo or, as some bourgeois analysts are beginning to propose, a coalition government to solve the major “issues concerning the State.”

### Tasks and proposals

This coming year, then, Argentinean workers face several challenges. The most immediate, of course, is to respond to the bosses' and government offensive consisting of layoffs and temporary layoffs, lower wages and worsening of conditions.

A part of this struggle is, as we have already seen, “trench warfare” in each factory and company. However we must unite for a national stoppage and a program of struggle to defeats this offensive. So we have to demand this, and force it, if necessary, on the union leadership, making them lead and unite this struggle. On this road, the emergence and the coordination of the best [new] activists and fighters, with their energy, is very important as a beginning of building an alternative to the union bureaucracy and going forward to the construction of a new workers leadership. Part of this task is to build anti-union bureaucracy currents in the local unions and confederations.

Another key aspect is that workers understand that in order to face the crisis and solve the urgent problems affecting them and the people, not only must the offensive be fought in each industry but it is also necessary to struggle for measures that lead to lasting solutions. A workers emergency plan that includes such measures as the prohibition of temporary layoffs and layoffs, nationalization under workers control of all factory that close down or fire workers, nationalization of the main sectors of the economy (as the Comodoro workers demand for the oil industry), non-payment of foreign debt so as to finance a public works program etc.

And this leads us to the other task posed for 1999: the presidential elections, which will concentrate much of the political discussion on the crisis and the way forward. The only alternatives available today are the different bourgeois variants (Alliance, PJ and Cavallo) with their pro-imperialist positions. **It is necessary, therefore, to put forward a workers electoral proposal, headed by the most outstanding fighters, such as Perro Santillán, Oscar Martínez and others, one which at the same time as it moves toward class independence, strengthen the struggles and the emergence of a new leadership.** The forces of the IWL-CI in Argentina (organized in the Coordination Committee) are poised to carry through these tasks.

## A step ahead

Besides mobilizing against unemployment, an important step has been taken toward working class political independence in Comodoro Rivadavia. The leaders of the Union of Non-Teaching Staff University workers and the Association of State Employees (ATE) there have called a regional plenary to discuss building a workers front as an alternative in the next elections. This is a very welcome initiative, along the lines we posed in our main article. We believe that it is an example that many other unions and activists should follow.

## Persecution of unofficial immigrants: “globalization” under Menem

A scene of stomach-turning repression. Armed police in combat gear search an old building in central Buenos Aires and expel those dwelling there with a display of utter brutality and violence. They are pushed out, thrown on the floor and their arms handcuffed behind their backs. This is not someone filming a scene of repression during the last dictatorship. No, this is happening now, in 1999. And they are not delinquents. They are unofficial immigrants or *sans-papiers*, most of them Bolivian or Peruvian, with Andean features and dark complexion. They are suspects on sight. If they don't meet the legal requirements which many cannot pay for, they will be kicked out of the country. At the same time, the Menem government launches a campaign blaming them for higher delinquency in the country (which even the police refute) and for growing unemployment. Menem is calling for new and more repressive immigration legislation. A few months ago, the leaders of the construction workers union also blamed informal or “black-market” foreign workers for low wages, unemployment, and workplace accidents.

The game is not a new one. Faced with the crisis, “the tops” look for a “scapegoat” to blame, so that “the underlings” clash with each other. Let us not forget that this is the same government that gave an Argentinean passport to some of the worst arms dealers, such as the Syrian Al Kassar. In the face of this situation, the Coordinating Committee of the IWL-CI published a flyer rejecting this campaign and the persecution and demanded the immediate issuing of identity documents to the immigrants and called on unions to unconditionally defend unofficial foreign workers. On writing this article, human rights organizations, among them HIJOS, and left parties, have called for a rally and mobilization against the government campaign.

A.I.

## Sinking ship

During his first government, Menem pushed through major structural reforms: opening up the economy, privatizations and a first step towards “flexible” employment conditions. However there were two major problems for his program. Foreign debt is eating away at surplus value and forcing permanent debt rollovers and the new working conditions and wage cuts were not sufficient for most Argentinean industrial products to become competitive on the international level, so the trade balance went into deficit. To the extent that external credit was accessible, foreign investments flowed in and Mercosur countries bought exports, so the ship continued floating, despite mishaps caused by the *tequilazo* (1995 Mexican crisis) . However the first Asian crisis, and now crisis in Brazil, as we have seen, have caused much more damage and the ship of the Argentinean economy is leaking everywhere.

**One third of total exports, and almost half of industrial exports, had been going to Brazil and there is already a clear decline in sales.** The auto industry has been most affected, however other industrial sectors and foods have also been hard hit. Also, international prices of raw materials have weakened and Argentina lost nearly 2.4 billion dollars in 1998 when the trade deficit hit 5 billion dollars. Another problem is a new rise in interest rates charged by international banks due to higher risk in Latin America. Last year, Argentina paid 4% over the U.S. rate and this year will probably be paying 7% or more of spread. With foreign debt at over 120 billion dollars and annual payments, between principal and interest, at 12 billion dollars, the extra spending caused by this supertax will be almost 1 billion.



There are two consequences that have still not impacted totally but will surely be doing so through the year. The heavy devaluation of the Real against the dollar, while the Argentinean exchange rate remains fixed, lowers the price of Brazilian products internationally and raises the possibility of a flood of cheap commodities hitting those catering for the domestic market. Another result of the crisis is that it diminishes the flow of foreign investments into Latin America. Over recent years, Argentina received nearly 22 billion dollars as a factor energizing its economy. Now this flow has been checked and cut back.

The crisis has not so far caused a financial debacle, except for the stock exchange's downward tendency and higher internal interest rates. However, unlike the 1995 Mexican crisis (the tequilazo), there has not been a flight of capital. The volume of bank deposits remains constant as do dollar reserves backing pesos in circulation. In other words, at the moment, it is possible to maintain parity at 1-to-1. However, falling exports and the higher cost of servicing foreign debt mean that, sooner or later, there will be a crisis situation. There could be, in the short term, a run on the banks caused by a new external crisis or an increase in the political and social crisis.

As we analyzed in the main article, 1-to-1 parity favors the financial sector, because it provides stability for this kind of investment and the collection of interest rates, but hurts productive industry by raising prices of exports and reducing prices of imports. Also, as we have already seen, it involves a tendency for the economy to choke on imports. To exit convertibility with a devaluation of the peso would allow for a new equilibrium. At the same time, the bourgeoisie would reduce wages across the board as measured in dollars, without having to clash directly with the class. However it would bring higher domestic prices and the risk of an inflationary stampede with massive dollar purchases and possibly flight of capital.

## **With the leaders at the head or with the heads of the leaders**

We are printing here part of the long report made by "Bateria", member of the campaign commission at El Halcon transport company, one of the most biggest in the south of the Buenos Aires metro district. Most workplace representatives are new and are independent of the union bureaucracy (Unión Tranviarios Automotores) which is in the MTA. Over the last three years, the workers have carried out several stoppages. Recently, a new boss, an owner of numerous other bus lines, bought the company.

### **How did this new conflict begin?**

This stoppage began because they fired three workmates, two of them because of accidents. In their companies, they are used to firing anyone who has an accident (...) Here, at El Halcon, we have never allowed them to do that. Without going to dispute, they reinstated two and they left the other fired, with the promise of taking him on in the future (...) On 30 December the company fired another partner for an accident and so we realized that they were not going to take back the other driver, rather the line was fire all those who had an accident. We told the workers that the bosses are no more than us, they are not more important or more intelligent, they just have more money than us and that we should defend our side with the same energy they defend their wealth, because what is at stake is our job and our families. We held a mass meeting and the union came and we said that the reason for a stoppage was not just the two dismissed workmates. The strike started in the afternoon, with the support of the union. By 8 p.m., there was not a single vehicle on the streets. This time it was total, there was no need to argue with anybody. The workmates that came to work the following morning found out and stopped at once.

### **How did they get the union to support them?**

At the mass meeting the union said that it supported us, but on the radio a leader of the UTA said that he didn't support us because there had been no consultation. Then 5 or 6 representatives of the union turned up and people wanted them beat them up. We held an assembly with the 400 that were there and we pressed the union to decide if they supported us or not. When they said no, people almost killed them and we had to take out them to an office. There we told them that we were taking care of them, but that if they wanted they could leave. They didn't want to leave.

Almost 200 workmates went to the central headquarters of the union to look for the Union Secretary, in two buses and several cars. About 80 mates went up to get him and they brought him down. Soon after, they got in touch with the Secretary for Transports in Buenos Aires and arranged a hearing with the managers. The hearing lasted 6 hours and the new owners were panicky and retreated so stopped the strike at midnight. We reported this to the meeting and it was voted on.

## **CHILE**

# Pinochet arrest opens political crisis

*Santiago,  
Federico Rama and María Rivera*

The Pinochet case cannot be understood without going back to the time of the Popular Unity government. At the end of the 60s, as part of a worldwide movement of the masses, in Chile there began a process of struggle that led to the victory of the Popular Unity government (supported mainly by the Socialist Party and the Communist Party) with Salvador Allende as head of the government.

However, for the masses just getting into government was not enough, and they mobilized and went on demanding that Popular Unity should carry through the program in one year, although their planning was for six years. This upswing of struggle directed all its pressure to question private property and pushed for the expropriation of factories and farmlands. This was not in Allende's plans since he intended to move to socialism through parliament. The contradictions between the mobilized masses and the reformist Popular Unity government sharpened and the workers and peoples' vanguard reached the conclusion that they had to be organized independently of the government and political parties. The famous cordones (coordinating committees) emerged as territorial organizations, embryos of organisms of power which did not even obey the CUT.

Before this situation, the national bourgeoisie felt threatened and began to prepare the coup with the support of Yankee imperialism, the Chilean right headed by Pinochet's ex-minister, Sergio Onofre Jarpa and his National Party, and the Christian Democracy with the decisive intervention of ex-presidents Eduardo Frei Montalva and Andrés Aylwin Azócar. The previous year, right-wing senator Ignacio Pérez Walker, had said: "it is true that there is American cash to help civilians fight against Allende. This money is going to bosses associations and political sectors (...) Except for a sector of the Christian Democrats, all the opposition is against Allende (...) 80% of the CDs wanted and backed to the move to the coup including Eduardo Frei Montalva and Patricio Aylwin." In other words, by this time it was no secret for anybody that the coup was coming. Concretely a sector of the army announced this with the military movement June 29 (known as the *tancazo*), and in August, a sector of the navy denounced the preparation of the coup to president Allende. These sectors were arrested and tortured.

In the face of this situation of polarization, the Allende government, instead of leaning on the masses that surely trusted him, leaned on the armed forces, bringing "democratic" officers into the government. On the other side, the Communist Party, instead of organizing the defense of the masses like the Bolsheviks did against the Kornilov coup, raised the slogan of "No to civil war."

In this context there came the coup of 11 September 1973 which, through systematic extermination, with thousands of people dead, missing, imprisoned and tortured, inflicted the most serious defeat in the history of the Chilean workers and people's movement.

After the victory of the coup, for several years the Chilean masses were subjected to a crude neoliberal experiment that led to 25% unemployment and by the early 80s, there began a process of popular resistance that grew into massive street protests against the dictatorship.

However, again at the head of the movement of the people were the reactionary Christian Democratic, Socialist and Communist parties ready and willing to negotiate the orderly and peaceful retreat of the military to their barracks, giving them assurances that in Chile there would be no trials as in Argentina and that on the contrary there would be lasting impunity.

So with Pinochet as head of the army (and due to be to lifelong senator when the transition period ended) we came to the first government of the Agreement between Parties for Democracy headed by Andrés Aylwin, who was pro-coup (and supporter of the dictatorship's economic programs) and who attempted to put an end to the discussion of Human Rights issues with the Rettig report as a flourish to close the previous period and usher in a period of reconciliation. The Aylwin period was undistinguished and was followed by the second government of the Agreement headed by businessman Eduardo Frei Ruiz-Tagle (son of pro-coup Frei Montalva).

Eduardo Frei faced the task of moving ahead with the economic plans privatizing the few remaining state-owned companies. He dragged his feet on the unavoidable problem of human rights, but made a gesture by imprisoning a couple of criminal officers. In other words Frei could boast of having been able to bring the transition to an end and achieving macroeconomic growth for the country.

This was the situation in Chile until March 1998, when Pinochet became lifelong senator in an attempt to modify his role in history and now become parliamentary head of the Chilean right. However that change of role was not accepted by the Chilean masses who attended massive mobilizations against him on the day he took office in his new position.

This process of mobilization combined human rights demands and workers demands related to the effects of the world economic crisis and went on growing through September 11 (anniversary of the coup) with a long day of protests and confrontations with the police.

That is the context in which Pinochet was unexpectedly arrested in London causing great polarization in the country with mobilizations in favor or against the arrest and there was an important new crisis at the top.

**Reaction of masses**

The workers and popular masses, without any leadership, came out on the streets to celebrate the arrest of this tyrant. During the first week university groups called daily demos, which usually ended in brutal repression. Just after that first week of mobilizations, the Communist Party made a move, calling for a rally in the city park in an attempt to bring some order to the opposition. Almost 50,000 people went expecting mobilizations for trial and punishment. However this did not happen. Although the Communist Party leads the most important unions and universities and conducted a major electoral campaign on the basis of the defense of human rights, on this occasion it only called for small rallies and took all the care possible not to make waves against the government.

Meanwhile, the right had no hesitation and called on Pinochet supporters to mobilize against the English and Spanish judges and demanded the government break off diplomatic relations and boycotted British products as their parliamentarians refused to legislate until Pinochet's return.

However this was not the end of the process, since Pinochet's detention, the international repercussion, the process of polarization in Chile, and everything in the context of the gradual deterioration of Chilean economic stability as part of the world crisis, all combined to open up a major crisis in the government, the parties and the regime of the Agreement.

The new situation opened up in London has had varied impacts and contradictory reactions in Chile. Frei, in Portugal, rejected the arrest of the dictator, saying that "respect for the sovereignty of States is crucial." Meanwhile in Chile, ministers, parties of the Agreement and parliamentarian were unable to agree as they repeatedly made and retracted declarations. Chancellor José Miguel Insulza said that "according to our country, Pinochet's arrest failed to respect the diplomatic immunity he enjoys." The president of the Senate, Andrés Zaldívar (AD) said that "the Government has the obligation of demanding immunity. Another issue is the judicial area, where we cannot interfere." The PPD and the PS declared their satisfaction at Pinochet's arrest. Ricardo Nuñez (president of the PS), remarked that Chile should respect European courts, according to international law. Some AD deputies replied to Insulza that "international justice has a long arm to punish genocide and crimes against humanity in any part of the world." Senator Jorge Lavandero (AD) said that he was "ashamed that the Government intervenes in favor of impunity for a person responsible for more than 2,500 murders here in Chile and more than 1,500 missing persons, avoiding the punishment of a guilty culprit." Francisco Javier Errázuriz, archbishop of Santiago, said that he had "prayed to the Lord for him (Pinochet) and his family." Roberto Dávila, chairman of the Supreme Court, had no opinion since "this matter, for the time being, lies outside all intervention by the Judicial Power." The Pinochet family gave thanks for "official contacts that have been carried out, in the face of the this indescribable aggression against a person in convalescence after a delicate operation." The Pinochet Foundation requested a meeting with Frei to express its gratitude for the government's attempts to prevent Pinochet being kept under arrest in England. The president of the Chilean Security Association (ACHS), Eugenio Heiremans, described Pinochet's arrest as "monstrous" and the work of "an international Mafia of the extreme left, including some Chileans." For Ricardo Lagos, the PS presidential candidate, "it is a judicial case and the courts will decide on the immunities that the Chilean Government has correctly posed." The PS chairman, Ricardo Nuñez, said that "to seek to try Pinochet in Chile, knowing that under the Amnesty Law it cannot be done, is not realistic legally." Aninat did not think that Pinochet's arrest would damage trading relations with Britain and Spain and said that "it is necessary to take this calmly, because it doesn't involve the State as a nation, and it doesn't involve the country as a whole." The Economics minister, Jorge Leiva, admitted that the Pinochet case might affect certain investments, specifically those related with finances because "the effects of the arrest are reflected fundamentally in the attractiveness of the country for certain investments, particularly financial ones, since these projects are based on trusts in the ability of the institutions and the soundness of the country to maintain activity with no major changes."

It was the Church that called for order. Archbishop of Santiago, Francisco Javier Errázuriz, said that "the people really responsible for the country, of right, left and center, wish for him to return to Chile as soon as possible. They all want this! They are thinking of the good of the country and independently of whether there is more or less justice." And he added that this situation could have been avoided if "in the investigations in relation to the Spanish citizens, there had been more collaboration with the law." Errázuriz said there had been "a plot by the judges who had arranged to do things at such speed, in a not very legal way, in many of the measures that have been taken, and at a time when [Pinochet] was totally vulnerable" and he called to for all support and confidence in the government.

This proposal was immediately taken up by Chilean business in the CPC, centering on Pinochet's arrest. Two missions of the highest level traveled to England and Spain, where they met with business circles and the authorities and give all support to the government's call to lift the boycotts on British and Spanish products and end the indefinite stoppage of the right-wing senators. Sofofa (an industrial organization) issued a declaration in support of "the view that what is being threatened today is national sovereignty and the safety of Chileans abroad." They declared for "the speedy return of Pinochet to the country". Frei issued a message to the country, in which he made a call for the strengthening of the transition process and to "consolidate what has been achieved"; on the issue of the arrest of Pinochet, he got unanimous backing from business. They welcomed the bid for "humanitarian reasons" as the basis to request the dictator's release. On the other hand the Army did not hesitate and energetically expressed its support for the general seconded by all the branches of the armed forces and demanding an end to ambiguous declarations and that the president should impose some order in his coalition and especially the socialist parliamentarians in favor of the arrest.

When Frei returned to Chile, he met three times with Cosena (Council of National Security) and the Agreement, the right wing and the armed forces made an agreement to defend national sovereignty and have Christian Democrat senate chairman Andrés Zaldívar travel to Europe. Zaldívar recognized that this was "the most difficult moment he had met with during the democratic transition." "I believe this puts at risk the transition that has accepted Pinochet's presence,

first as Army chief and then as lifelong senator.” Zaldívar recognized as regards violations of human rights there was probably much truth but less justice, “because in many cases one may know what happened, but not who did it and how they did it.” Roberto Dávila declared that the time had come when as a lawyer, and chairman of the Supreme Court, he “had to clearly say: crimes committed in Chile should be judged by Chilean courts, for which there is the jurisdiction and competence of all Chilean courts subject to the Supreme Court.”

Chancellor Insulsa (PS) also traveled to Europe to unconditionally defend Pinochet in England. Minister Jorge Arrate (PS) indicated that Ricardo Nuñez (PS) and Sergio Bitar (PPD) had assured him that the trip to London made by PS parliamentarians had no bearing on the Agreement’s support for the government in the face of the British authorities.

### **CP proposal**

Lastly, to confirm the seriousness of the crisis opened up by the Pinochet case, came the declaration by the Communist Party in order to save the threatened regime.

The PC recognizes that people should be prosecuted and it would be “provincial to attempt to make an affair for the State of what is simply a criminal process, this produces shame in any educated or informed citizen. The issue here is that finally the culprit is being brought to book for his crimes.” In a manifesto, the Communist Party said that Pinochet’s arrest “is a victory for Chile because it opens the road to salutary, democratic coexistence, free of hatred which the great majority wishes for.” Universal Justice, through the Court of the House of Lords and the Spanish High Court, has said: no more genocide, no more missing prisoners; truth and justice.” “An unique opportunity opens up to meditate on the meaning of failures and to advance toward democratic changes. It is time for the government of Chile, all political parties and social and religious organizations and the armed forces to take note of this fact of justice and resolve to have justice reign in our country.” They call for a Plebiscite, “as the only way to give a new impulse to the democratization of Chile.” (*El Siglo N° 902*)

The Political Commission of the CP, through Carlos Toro and Youth General Secretary of the JJCC, Daniel Nuñez, began a series of interviews to make known its “Democratic Proposal”, meeting with government organisms, parliament, the judicial power, the armed forces, authorities of the Catholic and Evangelical churches, human rights organizations, social and political organizations, including the (right-wing) UDI and RN parties.

According to the leaders, the crisis took place because in Chile there has not been justice, due to barriers imposed by the dictatorship to avoid real democracy. They specified that an opportunity has opened up for collective reflection by the nation’s main forces to come forward with proposals and that the CP posed four initiatives that could bring consensus:

First: call a plebiscite for a fully democratic Constitution. Second: a new electoral system. Third: promulgation of a new Labor Code. Fourth: annul the Amnesty Law and prosecute Pinochet in Chile. (*El Siglo, N° 908*)

### **Crisis at the top**

Therefore in this context, we reach the conclusion that the transition has not ended and that Pinochet’s arrest has opened a crisis at the top that has not been able to hide the true face of the renovated socialists, the Christian Democrat and communist leaders that just want to continue maintaining this anti-worker regime, allowing the belligerent role of the armed forces; and that, on the other hand, the masses are slowly beginning to emerge from lethargy and will surely continue struggling for trial and punishment. Therefore Movement for Socialism, Chilean section of the IWL-CI, calls on workers in Chile and worldwide to mobilize to demand that British courts extradite the dictator to Spain and that the Spanish courts condemn him. We should not play the game of “sovereignty”, the concrete thing is that today the murderer is a prisoner and that with the argument of “sovereignty” he wants to be released. We cannot trust bourgeois justice, so we should mobilize for this prisoner to stay where he is, until the workers have the power to impose a Workers and Popular Tribunal, the only one able to exercise true justice and realize the demand for: Trial and punishment for Pinochet and all those guilty of genocide.

## **MEXICO**

### **San Andrés does not answer the needs of Mexican peasants and indigenous peoples**

*Mexico,  
Xochiquétzal Ruiz Ortiz*

On March 21 the Zapatista EZLN (Army of National Liberation) will carry out a national consultation on the Agreements signed in 1996 with the Mexican government in the town of San Andrés.

In these articles we show that this agreement does not meet the demands of the peasants and indigenous peoples, and we include the alternatives put forward by the Socialist Workers Party, Mexican section of the International Workers League.

To understand the current phenomenon of the EZLN guerrilla, a general view of the situation of the forces in the conflict is needed. The government has been weakened, it has lost a significant part of its electoral supports, there are greater splits in the government party and there are symptoms of a new collapse in the economy; all of this points to the fact that the coming months will bring serious difficulties for the government. However despite the government being more discredited, it still has the support of the imperialists and the bureaucracies responsible for corporatist control of workers and peasants. That is why it has maintained its ability to militarily occupy vast territories where it represses the struggle and the resistance.

Five years have gone by since the EZLN insurrection and none of the recent major political events in Mexico can be interpreted without reference to the armed rising. The revolution in the country covered almost all of Chiapas and spread to other regions of the country. The EZLN maintains a liberated area and its armed militia, and this in itself is an encouraging transgression against the dominant capitalist order. Nevertheless, it is clear that the solidarity movement around the EZLN (which we have been part of since January 1994) has weakened and its authority declined. The withdrawal of approximately 50,000 government soldiers from Chiapas has not been accomplished, and negotiations are stalemated. Of the six negotiating bodies set up in 1996, only one has gone the distance, the one on "Rights and Indigenous Culture", from which were derived these "Agreements of San Andrés." In spite of the limitations of this Agreement, the government, fearing that any concession to an armed group may be seen as an example by other discontented social sectors, has refused to recognize them. This behavior has shown it up nationally and internationally as a government that does not keep its promises, in which you cannot have the least confidence. However this decision by Zedillo also provides the EZLN -- and those of us in solidarity with its struggle -- with an opportunity to pose that the negotiations should restart, with a new "format" and on new bases the better to meet the demands of the movement.

### **San Andrés Agreements do not include demand for land**

This ancestral demand was only touched on and in the so-called negotiating format appears as secondary, being included in the commission on "Welfare and Development." This demand should be highlighted and has been described by the EZLN as the "key for the zapatistas and for all Mexican natives and peasants."

When the EZLN consulted its rank-and-file on the results of the first negotiating commission, an overwhelming 96 percent was for the following:

"Repudiate the lack of a solution to the serious national problem of the land and insist that Article 27 of the Constitution of Mexico should go back to the spirit of Emiliano Zapata, summed up in two basic demands: The land belongs to those who work it, and Land and Freedom."

This repudiation is based on the following consideration:

"Agreements were not reached on the reform of article 27 of the constitution dealing with the problem of the land. It was agreed that it would be dealt with in the commission on 'Welfare and development'. This is important because the problem of land is the main one for zapatistas and for all natives and peasants in Mexico. We cannot accept that constitutional article 27 remain unchanged, we must insist on this in future negotiations." (*Official EZLN statement, February 1996*).

In another official statement on the same date (also signed by their advisers), the EZLN recognizes that "the fundamental demands of the indigenous peoples have not been completely met in the current phase of negotiations", and on the issue of land puts forward the following program: "For the solution of the serious national problem of the land what is needed is the reform of article 27 of the Constitution. This article should recapture the spirit of struggle of Emiliano Zapata, summarized in two basic demands: "The land belongs to those who work it, and Land and Freedom" (...) It will guarantee the territorial integrity of the Indian peoples, understanding by territory the entire habitat in which they are settled. The integrity of the lands of the rural communities (ejidos) and all communal lands. The inclusion of ILO Agreement 169 in agrarian legislation. Access to the land for landless women and men, through endowment and expansion. The fragmentation of latifundios to meet agrarian needs and a ban on business conglomerates and banks being proprietors of land." (In addition to the above, we would add "the annulment of agrarian subsidies that favor latifundistas").

### **Agreements also limited on autonomy for indigenous peoples**

The EZLN itself has pointed out that there are "some omissions" in the San Andrés' Agreements. Concerning autonomy, the EZLN and their advisers wrote as follows:

"In the documents of the Agreements and the minimum commitments between the EZLN and the federal government, municipal and regional autonomies are not recognized either. It is not enough that the indigenous communities associate in municipalities and coordinate their actions. Autonomous bodies are needed which, without being exclusively indigenous, are part of the structure of the State and break with centralism. (...) The demand for autonomy for the Indian Peoples of Mexico includes a regime for simultaneous autonomy at communal, municipal and regional levels (...) This autonomy should include the recognition of the territory of the indigenous peoples and the establishment of their own governments, so that the peoples decide on their economy, the administration of justice and

the control of their own internal security, their own agrarian regime and so they can solve their conflicts in their own terms.

“Another serious omission is the problem of justice: it is necessary to profoundly transform the current system so that IT not only respects the validity of individual rights and guarantees but also the collective rights of the indigenous peoples.”

### **Proposals of National Council of Indigenous Peoples**

The comrades of the National Council of Indigenous Peoples made a declaration along the same lines (the CNI is a firm ally of the EZLN) when, also in February 1996, they wrote:

“We observe and add the following demands as important omissions from the Minimum Agreements reached in San Andrés Sacamch'en.

“that the territories of the indigenous peoples be recognized and respected. That the Federal Constitution be modified so that the lands of the indigenous peoples become non-embargable, inalienable and imprescriptible, and the natural resources become the property of the indigenous peoples and that it be these peoples who decide on their use, exploitation and conservation.

“That is specified that the indigenous peoples will be able to impart justice according to their own authorities, their own systems and their own juridical norms. The right to free self-determination for the indigenous peoples that should be exercised under a regime of autonomy, that should be reflected in the constitutional recognition of the Multi-ethnic Autonomous Regions, with their own legal personality, government and funds which is not however opposed but complements communal and municipal autonomies, and gives substance to the right of association. Autonomous regions that may be constituted on demand of the interested parties.

“Recognition of the forms of organization and government of the Indian Peoples with the power to carry out agreements, contracts and treaties with the Mexican State and with other peoples.

“That territorial autonomy should be is recognized and the right to use the renewable and non-renewable natural resources, as well as recognition of the traditional forms of each people for holding land and that the communal and ancestral property of the indigenous peoples be respected and that the integrity of their territories be guaranteed, conserving the social property of the lands. (...)

“Recognition in law of the right to collective legal personality, of the power to legislate for our communities and regions, to maintain our law and order bodies in the interior of our territories, the right to have jurisdiction over our territory, to govern ourselves in agrarian matters according to our customs and views, to have jurisdiction over civil matters, the collection of taxes, the right to write our own history and the inalienable right to maintain our social and cultural cohesion, as well as control over our territory comprising land, the subsoil and air space.

“That economic resources for indigenous peoples be administered by the Indian Peoples.

“Juridical recognition for the traditional organs of doing justice among our Peoples, with the power for each People to nominate them according to their traditions. (...)

“Recognize of the existence of the indigenous nations within a new Mexican multinational State.

“Restitution of the lands and territories to the indigenous peoples and annulation of the different forms of looting to which they were subjected.

“A measure should be considered banning the expropriation of cultural patrimony, territories and natural resources of the indigenous peoples.”

### **Self-government not recognized in Agreements**

To the above we may add that although in the San Andrés' Agreements there was important progress as far as declarations were concerned, on self-determination and indigenous autonomy, there is no explicit recognition of forms of government or organization adopted by indigenous peoples except as “entities of public law.” The government delegates clearly pointed out that in the Agreements they were not recognizing any form of government outside of the existing municipal, state and federal levels.

We observe that there is no recognition whatsoever of self-government, the federal system of powers remains intact, neither is there any reference to additional levels of organization; in other words, an autonomous entity is not conceived as a legally recognized form of government. In other words, to speak of “entities in public law” doesn't imply their recognition as government, therefore there is no provision for any instance of government for the indigenous peoples. There is no right for the Indian peoples to have their “quota”, the political “space” that they require in the context of a decentralized and democratic system.

### **No exclusive rights for Indian peoples to exploitation of natural resources**

We also observe that the Agreements include a formulation that does not favor the indigenous peoples, conceding the right to receiving compensations “when the exploitation of the natural resources by the State occasions damages to their habitat that affect their cultural reproduction.” In other words, the State - a group of institutions that serves the capitalists - reserves the right to exploit natural resources of the indigenous communities and, after that, they will only have to compensate them (an obligation which, in any case, is already established in the Constitution).

In the same sense, the agreement insists later on this right of the capitalist State (and does not rule out that capitalists may do it directly) to exploit the natural resources of the indigenous peoples, when on pages 11 and 12 it is indicated that the communities will have “preference”, not however exclusivity “to obtain the benefits of the exploitation and use of natural resources.”

### **Continue the struggle to transform Mexico**

From our point of view, the current situation raises an opportunity to pose a nationwide strategy for mobilization and independent struggle. The workers, peasants, indigenous peoples, women and youth of Mexico should see their aspirations reflected in the Zapatista initiatives. And as has been shown in the catastrophe of privatizations and neoliberal trade treaties, the interests and aspirations of the working peoples are not only contrary to those of the PRI government but also to those of the bosses and political parties that defend the prevailing economic system.

It is precisely the workers, peasants, indigenous peoples, women and youth that have come out onto the streets on multiple occasions against the government's aggressions directed against the indigenous rebellion. They are the natural allies of the EZLN.

This means leaving aside calls such as the EZLN's Third Declaration of Selva Lacandona, in which they exhort Cuauhtémoc Cardenas, the main PRD leader, to lead a “movement of national liberation, as a broad opposition front.” This policy of looking for an alliance with a bourgeois party, in this case the PRD, is one of the main factors of the dead end into which the insurrection has fallen at the present time. In this respect, it is enough to remember the failure of the Democratic National Convention, held with an enormous attendance in August 1994, in Aguascalientes, Chiapas. The proposal for guiding the whole movement that sprang up around the EZLN towards electoral support for Cardenas (then presidential candidate) divided those present and deeply demoralized thousands of sympathizers that have withdrawn from solidarity with their cause. This was yet another failure of the policy of latching the exploited population to politicians from the sanguinary regime of the PRI and dedicated to the preservation of capitalist exploitation.

The Fifth Declaration of Selva Lacandona recently issued by the EZLN continues and deepens the strategy of subordinating the popular struggle to the bourgeoisie, now calling for the disinherited of the country to trust no less than the Congress of the Union and Cocopa (Commission of Concord and Pacification, formed by deputies of all the parties in the two chambers). In this declaration we read: “We call on the deputies and senators of the republic of all registered political parties (...), to legislate for the benefit of all Mexicans.”

This policy can only prepare new setbacks. To ask these agents of the bourgeoisie to stop being what they are is like requesting the devil to be a kind person.

### **A different kind of social alliance is needed to move forward**

We should struggle to build the indigenous and peasant alliance with the workers and workers of the whole country. Achieving this unity is complex and faces many obstacles, but it is the only one that will allow us to make strong and sure progress. Land for the natives and peasants means taking land away from the latifundistas and questioning the sacred right to capitalist property. And indigenous autonomy means the right to a share of the power for a deprived and excluded sector, in a society organized for the capitalists and their allied landowners as the absolute rulers for decision making and politics. The demands of the indigenous movement, then, will only have a real solution if this unity of urban workers and rural peasants aim to destroy the economy and society as it is today, and on its ruins build a new, socialist and truly democratic society. Such is the strategy that we should adopt in order to continue the struggle.

### **Our consultation proposal**

At the San Cristobal meeting, Socialist Coalition (Socialist Workers Party and League of Socialist Unity) presented a resolution with the considerations in the annexed article, proposing the following:

The consultation should call to vote for the CNI autonomy project.

We see it as mistaken for the EZLN to call on the population to vote for the Cocopa law. There is an alternative project for autonomy, that of the CNI that does reflect the concrete and historical interests of the indigenous peoples. So, in the event that there is a consultation on the projects for autonomy that have been presented (by the government, the PAN, and Cocopa), we request that the National Indigenous Council's be also on the list.

The consultation should include the demand: “Land for those who work it”, and a question should be included along these lines:

Do you agree that article 27 of the Constitution should be amended (after its counter-reform by Salinas de Gortari and Congress) and that the following principles should have constitutional status: the banning of latifundios, the principles of General Emiliano Zapata, the abolition of subsidies for big landowners, and the land for peasants and indigenous peoples?

The consultation should include the State being obliged to provide a percentage of GDP for the indigenous regions and peasants.

We are sure that it is not necessary to spend more time on this issue. In theory, the peasants and natives may enjoy access to land and autonomy, however if they do not have sufficient material resources, then there will be little progress

towards their emancipation, after hundred of years of cruel exploitation, marginalization and oppression. This is why we propose that their consultation includes a question of this kind:

Do you agree that as part of the Constitution the State should be obliged to set aside a percentage of GDP for the indigenous regions and peasants?

The consultation should serve to demand the withdrawal of the Federal Army from Chiapas and other states, and the disarming of paramilitary groups.

There is no need to spend much time on this issue either. So the consultation might include a question like this:

Do you agree that the anti-constitutional presence of the army in the states of Oaxaca, Guerrero and Huasteca should be ended, as also the existence of paramilitary groups?

Together with the above, we also propose the preparatory sessions for the consultation seek an agreement among the organizations taking part for a plan for action and mobilizations favoring the struggle of the workers, peasants and indigenous peoples of the whole country. There are at the moment about 200 political prisoners in Chiapas alone, and dozens or maybe hundreds more in other states, among them Benign Aquino, leader of the OCSS, unjustly sentenced to fourteen years in prison. They expect from all of us an organized effort to release them from the dungeons of the regime.

## **The EZLN consultation calls for trust in bourgeois bodies**

In November 1998 there was a broad meeting in San Cristobal das Casas, Chiapas, summoned by the EZLN, to discuss the possibility of a national consultation on the San Andrés Agreements and the minimum conditions for continuing negotiations with the government. In the working groups the questions, terms and dates of the consultation were discussed. Starting from this meeting the EZLN decided to mobilize the Zapatista rank-and-file around the country to organize the consultation (on 21 March 1999). We consider it imperative to defend the right of the EZLN to travel throughout the country to promote this consultation and, in case the Zedilla government tries to limit it, we will be struggling shoulder to shoulder with the zapatistas to assure that the consultation goes ahead.

However, we do consider that the consultation suffers from the same problems as the strategy posed by the EZLN leadership of calling for trust in bourgeois organisms and looking, through the consultation, for a justification to limit the arduous struggle waged by the indigenous communities in Chiapas with an autonomy law that solves none of the demands that gave rise to the armed rising in 1994.

The EZLN's formulation of the questions for the consultation (which did not include any of our suggestions), is not precise: they combine two or three questions in one, with the purpose, in our opinion, of inducing an affirmative answer although certain parts of the question are not approved or well looked-on by those consulted. On the other hand, by inducing a fixed answer ("yes", "no", "I don't know") those taking part in the consultation won't be able to give an opinion on the issues mentioned.

This can be clearly seen in questions 2 and 3:

"2. Do you agree that the rights of indigenous peoples should be recognized in the Mexican Constitution as according to the San Andrés' agreements and the relevant proposal of the Commission of Concord and Pacification of Congress?"

This question might be divided in three: first, the obvious need for indigenous rights to be recognized in the Constitution of Mexico; however, second, it is not so obvious that this law should be formulated according to the San Andrés agreements, because there is the project of the National Indigenous Peoples Council which is much more advanced and more favorable for the indigenous communities and, third, neither is it so obvious that this law should follow the Cocopa proposal, framed by legislators from the bourgeois parties (PRI, PAN, PRD) that limits the San Andrés Agreements even more.

Question three has a similar formulation.

"Do you agree on demilitarizing the country with the return of soldiers to barracks as posed by the Constitution and the laws?"

The exploited and oppressed Mexican masses are for the withdrawal of the military from the indigenous regions of Chiapas, Guerrero and Oaxaca... and they have shown this in the streets on several occasions, however this doesn't mean being in favor of "seeking real peace through dialogue" with this murderous government as the only way forward.

As for question 4, we continue maintaining that the EZLN trusts and calls on the Mexican masses to trust in the government, in this case a bourgeois government, "to rule obeying [the law]" with just the pressure of the population. It implicitly calls for not struggling for power for peasants and workers, nor changing the economic system that stifles and oppresses us:

"4. Do you agree that the people should organize and demand of the government that "it rules obeying [the law]" in all aspects of national life?"

The question is so general and the answer so obvious that it can hardly hold any obligation for the Zedillo government in future negotiations.



“Do you agree that the indigenous peoples should be included with all their force and their riches in the nation’s project and play an active part in the construction of a new Mexico?”

## **KOSOVO**

# **Milosevic, hands off Kosovo! Arms for the Kosovars! No to NATO intervention!**

*Brazil,  
Cecília Toledo*

The situation in Kosovo is worsening daily. The Yugoslavian dictator Slobodan Milosevic, armed to the teeth, is attempting to erase the population of Kosovo from the map, taking advantage of the fact that the Kosovo people, in spite of all their determination and will to struggle, is at a disadvantage militarily. Serbian terrorist incursions are continuing. On 17 January in the village of Racak, 25 km south of the capital Pristina, the bodies of 45 men were found, among them minors and old men. This village had been invaded the previous day by Serbian troops. The scenes of horror were so chilling that even one of the organisms of imperialism, the OSCE (Organization for Security and Cooperation in Europe) was forced to recognize that there had been a massacre. Refuting the Yugoslav government line that they were the bodies of terrorists killed in combat, William Walker, head of the mission of OSCE observers in Kosovo, declared that the dead were civilians and the Serbs had been responsible for the massacre. Because of this, Milosevic expelled Walker from the county. Fifteen days later, blood again stained the snow in Kosovo. A new Serbian attack, this time in the city of Rogovo, in the southwest of the county, left 23 separatist combatants dead.

The Serbian offensive in Kosovo, with mass murders of the civilian population, recalls the “ethnic cleaning” carried out by Karadzic, Milosevic’s ally, in Bosnia and the Israel actions in Palestine.

### **Policies of imperialism legitimate Kosovo dependence**

The Contact Group (the USA, France, Germany, England, Italy and Russia) was set up by imperialism “to solve” the conflict and promote “peace negotiations” between the Yugoslav government and the Kosovo separatists. Led by the USA, the group is trying to impose imperialist policies on the region in which, despite all the pacifist rhetoric, it is legitimating the status quo, in other words, Milosevic’s rule over Kosovo. As was shown in the Bosnia war, the USA does not support independence for Kosovo, because it favors Milosevic’s “Greater Serbia” policy. The most the Contact Group is negotiating is not independence for Kosovo but what they call “substantial autonomy”, which neither Serbs nor Kosovans will accept. The Serbs want complete annexation, so much so that Milosevic broke the 1991 agreement which supposedly gave autonomy to Kosovo. And the Kosovans have already shown that they are willing to go to the end in the struggle for independence. This explains why the policies of imperialism cannot move ahead. However imperialism needs urgently to stabilize the region, and is willing to use military force to do so. Clinton has already said that NATO is prepared to attack and the Contact Group is intervening with threats. Meanwhile, Milosevic, already forgiven by imperialism for his atrocious crimes in the war in Bosnia (recently he was rewarded by the USA for good behavior, and can now recover the right to use international airports), continues to carry out genocide, trying every day to weaken the Kosovo Liberation Army.

However, these massacres that he has been carrying out are worrying for the State Department, because Serbian violence is unable to put an end to the resistance of the Kosovans and it may spread the conflict to the whole region. Also, European imperialism fears a new wave of refugees from the Balkans. Therefore, in spite of being against any separatist proposal and considering, like Milosevic, the KLA to be a terrorist group, all are in favor of a policy of negotiating, however to do so, they are forced to threaten NATO military action, which only Russia, the loyal ally of the Serbs, is opposed to.

### **Weapons for Kosovo!**

Kosovo has a long tradition of struggle for independence. The least developed region of the old Yugoslavia, it was always much coveted by the Serbs for its production of minerals and all the electricity for Serbia. This is one of the main reasons that Milosevic is attempting to impede independence for Kosovo at any cost. In 1974, the county obtained almost total autonomy but Milosevic restricted these rights in 1989. In 1992, the ethnically Albanian population made up 90 percent of the total population and proclaimed the Republic of Kosovo, with its own taxes, education systems and

health service, which provoked the hatred of Milosevic. The dictator ignored the Republic, banned the Albanian language in public schools and invaded the country with heavily armed Serbian troops carrying out massacres against the civil population. In spite of not being well armed, the guerilla fighters of the Kosovo Liberation Army continued resisting and their prestige and forces have been growing day by day.

Escalating the massacres was Milosevic's terrorist response to the fact that he is losing control of Kosovo. For over a year, a large part of the county has been controlled by Albanians and the police refused to enter conflictive areas at night. Now, imperialism is running to help the dictator, with peace plans whose only objective is to hold back the struggle in Kosovo and guarantee control of the county by Yugoslavia.

Ibrahim Rugova, the leader of the Kosovo separatist forces, has declared in favor of the peace negotiations, as a step in the struggle for independence. However the Kosovans should not allow themselves to be deceived by these overtures. Any peace agreement will call for disarming the KLA and its surrender in the face of Milosevic's heavily armed forces, but we already know that the latter will not keep to the terms of any accord and the moment the KLA disarms, he will have a free hand to put an end to any remaining hint of autonomy that might exist.

For the people of Kosovo there is only one way out left: continue the struggle, a struggle that needs support and active solidarity from all the workers of the world demanding the end of the embargo on the supply of weapons to the KLA for it to organize defense against Serbian attacks, demanding the withdrawal UN troops from the region since they are only there to guarantee the status quo in favor of Milosevic, and demanding total autonomy for Kosovo, the cause for which the population has been fighting so long for and for which so much blood has already been spilled.

## **“Our objective is free Kosovo”**

*Interviews carried out by A. Kerim,  
October 1998, Istanbul*

Recep Daja, guerilla fighter in the Kosovo Liberation Army summarizes in a single sentence the war of the Albanians of Kosovo: “No force can conquer an armed people fighting for its freedom.”

The Serbian attacks against the Albanian Kosovans have intensified daily. However, the Albanian resistance doesn't seem to be surrendering. The Kosovo Liberation Army (UCK) is fighting back as best it can, with the weapons at hand, hitting at the Serbian tanks and artillery and it is growing. The UCK aims for the independence and so far nobody expects this objective to be replaced by any reconciliation plan. The conflicts in Kosovo are not a mere “internal affair” and they affect the political processes in all the Balkan countries, even Turkey. If the possible mobilization of millions of Albanians in Macedonia takes place, this country may be wiped off the map and Greece and Bulgaria may so have the opportunity to annex the non-Albanian part of it. Obviously Turkey will not sit by and watch. On the other hand the tragedy of the people of Kosovo cannot be explained by cold calculations of political opportunities. Thousands have been exiled from their villages and lands. The Serbian bombs continue taking lives. The terror they carried out in Bosnia is now being repeated in Kosovo. While the international powers play the role of “referee” and are limited to “pacification” declarations; they are against the independence of Kosovo. The destiny of a people is thus being sacrificed to interests in the rich mineral deposits and electrical power production in the area. The people of Kosovo are over 90% Albanian and are being denied their right to self-determination. The only alternative left to them is resistance and that is what they are doing. The interview with Recep Daja shows this clearly. A bus mechanic and now UCK guerilla fighter, he was seriously hurt in the war and taken to hospital in Istanbul. He told us about life in Kosovo.

### **Recep, can you tell us about what is happening in Kosovo?**

There has been a very tense situation there since 1981. The Serbs don't accept the right of self-determination for the people of Kosovo. So they began arresting and murdering supporters of independence. They closed schools and even the university of Pristine which is one of the most famous universities in Europe. However, a new process began in 1989. The Serbs declared a massive campaign of aggression against the people. They were bombarding people arbitrarily in the schools, the mosques, houses, hospitals... everywhere. Thousands had to leave their lands and take refuge in Albania. The abandoned houses are being plundered and then burned by the Serbs. They take tractors and people's cars. The repression is very forceful, very violent. I myself saw some incredible atrocities. They killed a pregnant girl and took her baby out. We had to get arms and defend our own lives, our people. So the need for self-defense of the people gave rise to the UCK.

### **How long have you been in the UCK? How did you get wounded?**

I joined UCK two years ago. I took part in a lot of combat operations. Last month, when we defended a village against Serbian bombings, a shell fell very near me, and I was hit by bullets. I had many difficulties. It is very difficult to get medical treatment in Kosovo. My father took me to Albania in a stretcher and they sent me to Turkey...

### **Which is the aim of the UCK and how do the people of Kosovo see this organization?**

The objective is to defend the people against violence and Serbian savagery and to achieve independence. We have a military organization, but the whole people outside of this organization also say that they are UCK combatants. In other words, UCK is something like a popular guerrilla. Every day we come closer to a regular army. But we don't have suitable weapons to respond to the Serbs. Serbian airplanes bombard us every day. We make war with light weapons, some even with hunting rifles..

### **The US and Europe are against Kosovo independence.**

**There is talk of the Dayton formula used in Bosnia being applied to Kosovo. What does the UCK think of this issue?**

Firstly, what the US or any other country on our lands thinks is of no interest to us. We know why we struggle. We struggle for our independence, for our lands. US looks to its interests and we look to ours and to our freedom. We saw the same movie in Bosnia: the western countries act as an intermediary and then one day they make a pact or an agreement, but on the following day the Serbs attack again... Does not the USA recognize Milosevic? In relation to the Dayton formula, it should be known that over 90% of the 2 millions people in Kosovo are Albanian. Serbs and Montenegrins make up half of the rest, because there are also Turks, Romanies, Catholics, etc. Therefore it is impossible to apply Dayton in Kosovo. If they attempt to, that will mean enslaving Kosovo, which cannot be accepted.

### **Why are the Serbs so obstinate on Kosovo?**

Kosovo was a part of the old Yugoslavia. Although backward and undeveloped, it has mineral wealth, especially in Olbich, and electricity which supplies Serbia. The Serbs have always exploited our wealth. Obviously they don't want to lose it. All that interests them is that wealth. If we didn't have Olbich, they would have left us alone long ago .

### **Is the UCK calling for international help, for volunteer fighters?**

It is very difficult to get into Kosovo, unlike Bosnia where it was easier for volunteers to enter the country. There is also a problem in the Albanian government which does not give visas to volunteers. However our problem is not the lack of fighters. We have enough forces to maintain the struggle. What we need is weapons. If we had anti-tank and anti-aircraft weapons, we would win the war.

### **What is the inspiration for your struggle?**

In 1991 we declared our Republic. We have our government organization, inside Kosovo. The Serbs cannot locate it. Then, 40% of Kosovo is under the flag of the UCK. With all their weapons the Serbs cannot conquer us. So we insist that no force can conquer an armed people fighting for its freedom. We will prove this again, to everybody.

## **RUMANIA**

### **Class against class in Rumania**

*Rumania,*  
Waycheslav Vasin

The year 1999 began with the introduction of the new Euro currency and with the continuation of the savage bombings by the US and Britain against the people of Iraq. The coincidence is not by chance. We are seeing a new division of the world, with a new growth in the contradictions between the empires - in this case that of the dollar and that of the Euro - and between these imperial powers and certain national bourgeoisies.

These contradictions, attacks and wars mean that the working class and the popular masses are usually the first to suffer. Only the working class, with its forces united and coordinated at world level, can take on the exploiter classes on the territory of each country. Only the working class can stop the process slipping into a new world interimperialist confrontation.

Therefore, also in January 1999, another event was particularly important: the offensive action by the Rumanian miners in the Zhyu valley basin who faced up to the forces of the bureaucratic-bourgeois State bunkered down in Bucharest, because there are still few such generalized actions of the workers against governments and their pauperizing programs. In most cases there are defensive local battles in the mines, plants and workplaces. There are increasing numbers of occupations of public buildings and in many cases the managers or local bosses are held. But there are not too many cases where the action of the workers in different branches of industry bring in to the struggle most of the small producers such as the peasants and the rest of the poor people... All of this has taken place in Rumania.

#### **Miners' defensive battles**

The government of Rumania, since early 1997, has closed 127 mines and dismissed near 100,000 miners. At the end of 1998 it decided on closing another 40 coal, copper and uranium mines. The state bureaucracy, acting in the interests of the bourgeoisie, and the economic bureaucracy, with the coming to power of liberal parties or self-titled "socialists" or "communists" longed to get rid of the miners since they are the most combative section of the Rumanian working class and had shown their enormous power during the 1990-91 mobilizations. In the '90s the miners put paid to the plans of the "opposition" of that time, which is in power today. In 1991 they brought down the bourgeois government of Petre Roman whose "democratic" party is also in the current coalition government in the service of the IMF program.

After such lessons the tops of the state reached the conclusion their political power would be better served by importing coal than modernizing the mines to raise productivity and wages. At the beginning of this year, the government planned to close four mines of the Petroshani state company in the Zhyu basin, where almost half of the miners of the country are based. The miners rose up against this measure. They declared a strike and issued an ultimatum for the immediate transfer of the prime minister to Petroshani in order to negotiate.

The government refused to dialogue with mining leader Mirón Kozma, labeling him as a criminal, after imprisoning him for over a year. In fact, the minister refused to dialogue with the miners because they had a strong position. The leader of the Christian Democratic Party, main component of the coalition government with "socialists", also declared that if the miners again staged a march on Bucharest, the police and the army would apply force. These declarations were supported by the defense minister, even though he knew that "legally" the Rumanian army is not entitled to impose "public order"!

Some members of a Senate commission went to the mining basin to mediate. The miners posed thirty demands. On the closures of mines, the miners' demand was for a 10,000 dollar payment and two hectares of land for each miner fired. The senators left with their tails between their legs. Just then there was a wave of layoffs and mine closures in other coal mining areas throughout Rumania. The Zhyu miners called a general strike and it was like throwing a match into a hayloft. The government, with the collaborationism of the treacherous union bureaucracy, had no better idea than trying to play off miners in other regions against the Zhyu. The President of the Confederation of mining unions of Rumania accused the Petroshani miners of taking away from others so as to meet their own demands.

#### **First day of the offensive - Monday 18 January**

The miners column advanced after forming up in Petroshani and placing tractors in front to unblock roads. By the ninth kilometer of the march, the head of the column came to the first barricade, set up by order of the Ministry of the Interior. The tractors and mechanical shovels went into combat. The government's helicopters, with support from police troops on land, began to launch smoke-bombs and tear gas. But they could not stop the miners. The first obstacle was overcome. By nightfall four more barricades had been cleared. The miners camped and lit their stoves by the river Zhyu. There were still 250 kilometers to go before reaching Bucharest.

#### **Second day of the offensive - Tuesday 19 January**

The miners' column broke the sixth line of defense of the government forces. They met the rubber bullets and tear gas with stones. The city of Tirgu-Zhyu warmly greeted the miners. The inhabitants of the city donated foods and coats. The column grew with more miners from neighboring regions. In the central square, in front of the governors' building, 25 thousand demonstrators rallied and demanded the downfall of the government as an enemy of the miners.

Miron Kozma again issued an ultimatum to the Rumanian government. He demanded the resignation of the ministers of the Interior, Justice and Transport; the latter had canceled or diverted all trains from mining regions to Bucharest. Government officials panicked and rushed to seek moral support from the privileged Bucharest middle class. The president met with the prime minister, the military tops and other security forces. The prime minister again rejected the miners demands and told them to go back to their regions.

The miners refused to retreat. They demanded a one third increase in wages and an end to the destruction of mines. The prime minister agreed to send the miners a special commission and promised to join the negotiations if they called off the strike. Two days of miners' offensive were needed for the state bureaucracy to agree to sit down at the negotiating table with them.

#### **Third day of the offensive - Wednesday 20 January**

After spending the night in the city of Tirgu-Zhyu, the miners column, with a contingent of 5,000 reinforcements, had become a real division of 15,000 heavy infantry. With their tipper trucks, buses and autos with trailers, the miners moved up another 65 kilometers closer to the seat of government. They soon halted near the small city of Jorezu. Next came a series of barricades and numerous police forces, from the special forces of the Ministry of the Interior. There were now less than 200 kilometers to Bucharest. In the capital the two big union confederation leaders declared that if the government didn't open negotiations with the miners, their unions would also call a general strike and demand the resignation of the government. The president, under the pressure of the "opposition" summoned an extraordinary session of parliament.

#### **Fourth day of offensive - Thursday 21 January**

On the fourth day, the miners were forced to stop in front of enormous cement barriers, approximately 190 kilometers from Bucharest. The vanguard began to fight with the police. At the same time the main miners forces avoided the blockade and moved to Ramnita - 150 km from Bucharest - where they spent the night. More than 3,000 special forces troops with shields, batons and tear-gas grenades got ready to face the 15,000 miners. Thousands of coal miners from other regions sped up their marches in support. The school teachers suspended classes, 15,000 port workers declared a strike... The forces of the state apparatus were, now, clearly at a disadvantage. Without support from the army and armored infantry, the police forces, surrounded by the hostile population, were doomed to defeat.

#### **Fifth and decisive day of the offensive - Friday 22 January**

At dawn the miners army waged the decisive battle against the government forces. At the head went a column of trucks, behind thousands of miners. In a few minutes the unarmed miners were able to break through the wall of batons of the gendarmes and armed police, with their shields and tear-gas grenades, commanded by a general.

The battle didn't finish there. It went on for another two hours. The government's reserve forces were surrounded and attacked by the miners and local inhabitants from every flank, armed with sticks and truncheons. The miners and their supporters took prisoner of 1,500 government agents and entered triumphantly into the city of Rimnicu-Vilcha. The massive participation of local village peasants in support of the miners was totally unexpected for the government. Unlike the government's secret services, the miners scouts and advance guard were true professionals. Also, the miners and peasants knew very well what they were fighting for. The police, young men in general, were demoralized, they saw no sense in the confrontation.

The president declared a state of emergency in all national territory starting at 14.00 hours, if the miners hadn't begun to return to their homes, in the Zhyu valley. In the end, the emergency situation was called off by the end of the negotiations between the prime minister and the miners.

#### **Minister of interior and two police troop generals fired**

The secretary of State of the Ministry of National Defense was named as the new minister of the interior. Immediately, he announced the creation of a "Crisis Committee" composed of the Ministers of Interior, Defense and the security services. Tank and armored vehicles began to move toward Rimnicu Vilcha. The miners army was joined by fresh contingents of miners and workers from other coal regions. The total number in this army was now near to 20,000.

The Rumanian government mobilized 6,000 police and army troops, including tanks. They continued raising concrete barriers at kilometer 51 on the Bucharest-Piteschi highway. Having suffered a military defeat, the anti-worker government, with the prime minister at the head, went to negotiate with the miners. After 4 hours of negotiations, the miners main economic demands were granted: no mine closures and a 30% increase. Agreements were also signed with the union leaders and representatives of two other coal basins who had supported the Zhyu-valley miners.

The government, unlike 1990 and 1991, remained in office and took a much-needed breathing space before more attacks on the workers. The miners got promises and the experience of a victorious struggle against the armed forces of the State.

#### **The miners returned to base- Monday 25 January**

The miners went back down the pits and hewed up coal. The government prepared for new and more artful attacks against the miners and their dreaded power. This is the consequence of what we call the "crisis of revolutionary leadership". The miners showed that the working class has the power. The contradiction is in its mind. The undisputed leader - Mirón Kozma - recently joined the ultra-right bourgeois "Great Rumania" party. This is the key to his betrayal of the political demands of the miners uprising and the salvation of the government.

It is up to us, as the conscious section of the international working class, to solve this contradiction. On this depends not just the destiny of the miners struggle in Rumania but that of the whole of humanity.

*(February 10 1999. Data extracted from Izvestia, Novaya Gazeta and Sovietskaya Rossia)*

## **KURDISTAN**

**Save Ocalan's life! For an international campaign of active support for the struggle of the Kurdish nation!**

As we closed this edition of International Courier, one of the most terrorist governments in the world, Turkey, showed footage of Abdullah Ocalan's, the top leader of the Kurdish people, who had just been captured. Shown off, like a trophy of war, handcuffed, with his mouth taped and a Turkish flag behind him.

The Turkish military and police government, infamous worldwide for brutal treatment of their prisoners recall the sinister dungeons of the Middle Ages as it tramps on the most elementary human rights and treats the PKK fighters as terrorists, posing as democratic, boasting of the capture of a dangerous terrorist in order to defend the interests rates of the Turkish and North American bourgeoisies.

As this terrorist government schemed to capture Ocalan, with the complicity of US imperialism and the Israeli military-police state, we were preparing an article precisely to show the importance of the Kurdish national movement and the struggle historical of the most important and numerous oppressed nationality in the world.

Unfortunately, Ocalan was arrested in the Greek embassy in Kenya. It was doubtless a hard blow for the PKK, as the Turkish comrades' declaration points out (see below), but will the Turkish government be able to wipe the Kurdish people off the map?

In massive demonstrations in countries around the world after the arrest of Ocalan, the Kurdish masses signaled that they are not willing to lower their guard. Despite Ocalan's arrest, this fact has rekindled the struggle of the Kurds for national self-determination. This is a crucial moment.

Without further delay, the IWL-CI calls on all fighters worldwide, especially European workers, to unite in a massive and immediate campaign, with public rallies and demonstrations, for the immediate release of Ocalan and active support for the struggle of the Kurdish nation. We must attempt to save the Kurdish leader's life. After the Turkish government's successful arrest, it did not allow Western observers into the country. Ocalan can only be saved through militant internationalist solidarity from all unions and left parties in support of the just cause of the Kurdish people.

In this number we publish two declarations on the Kurdish leader's kidnapping: one from the PRT (Workers Revolutionary Party), the Spanish section of the IWL-CI, and one from the CC of the Turkish section of the IWL-CI.

## **For the immediate release of Abdullah Ocalan! For the right of self-determination of the Kurdish people!**

Abdullah Ocalan, the leader of PKK (Kurdistan Workers Party) and of millions of Kurds fighting in Turkey for their right to self-determination, was captured in Nairobi (Kenya) by agents of Turkish intelligence services, with logistic support from Israel and the US Everything points to the Greek government having facilitated the "operation", since Ocalan was in the Greek embassy in Nairobi.

The arrest unleashed massive protests by Kurds in Europe and Turkey. In front of the Israeli embassy in Berlin, four Kurds have been killed and 17 wounded by the bullets of Israeli guards. A young man set fire to himself in the demo at the Greek embassy in London. In Vienna, Paris, Hague, Zurich, Milan, Geneva, Stockholm, Copenhagen, Strasbourg, Brussels, Moscow... thousands of Kurds have rushed to join the just rebellion against the sinister arrest of Ocalan, who represents their struggle for national independence, against imperialism and the Turkish oppressor- state.

Also in Turkey, mainly in Istanbul and in several cities in Kurdistan (northeast Turkey) the Kurds, together with democratic organizations and Turkish politicians that support the Kurdish cause, have marched against Ocalan's kidnapping and the Turkish government's new wave of repression. In several towns, clashes between demonstrators and "security" forces continue, while the Turkish army continues its "ethnic cleaning" in Kurdistan and American planes bomb northern Iraq where the Kurdish guerilla also have bases.

### **Ocalan: leader of millions of Kurds in struggle for self-determination in Turkey**

Abdullah Ocalan, "Apo", as top PKK leader, initiated in August 1984 the armed struggle against the Turkish state for the independence of the 12 million Kurds that live in Turkey and are denied their national rights. It was the PKK who said that the Kurds were a different nation and that their own country had been colonized by the powers and that their aim was the independence and unification of Kurdistan. PKK quickly won support from the great majority of the Kurdish people, building a force of over 30,000 guerilla fighters. In an attempt to wipe out the PKK, the Turkish government mobilized almost 500,000 soldiers, 100,000 special police and agents pressing Kurdish peasants into service under the control of big landowners. Often they entered the north of Iraq to pursue the guerrilla and bombard PKK camps. However the PKK, although it has lost about 10,000 guerilla fighters over recent years, has a strong base in the southeast of Turkey and in general has the support of the people because it offered a national identity to the Kurdish people in Turkey and built a strong national democratic consciousness.

The PKK has changed over the last ten years. After the collapse of the world Stalinist apparatus, it has abandoned its sickle and hammer flag and adopted a national tricolor flag. It has also abandoned talk of independence and begun to offer peace to the Turkish government in exchange for human and cultural rights with some kind of autonomy. The PKK has also attempted to win support from European countries. In a certain sense, Abdullah Ocalan and the PKK tried to imitate the conciliationist path Arafat with a Kurdish organization along the same lines as the Organization for the Liberation of Palestine.

## **Turkish aggressions against the Kurdish people, with the complicity of the European Union**

However, despite the changes and the attempts to reach a peaceful settlement (truce declarations) by Ocalan and the PKK, the Turkish government did not give up their chauvinist aims and methods. European government saying they supported the Kurds were seen to be hypocrites, because their only purpose was to soothe the anger of thousands of Kurdish workers working for European capitalism as so many Kurdish immigrants are forced to leave their land. They are so hypocritical that, while criticizing Turkish policies in relation to the Kurds, they did not even allow Abdullah Ocalan the right to asylum. Germany, Italy, Russia, Greece, Holland and Belgium refused Ocalan shelter from his Turkish murderers.

The Turkish government is trying to wipe out all Kurdish resistance and is organizing massive military campaigns against the Kurds' bases in Iraq; burning Kurdish villages and forcing immigration to other parts of the country that become concentration camps; murdering Kurdish intellectuals; kidnapping, arresting, torturing and killing those who support human and national rights for the Kurds; banning Kurds from speaking their own language, practicing their culture or giving Kurdish names to their children.

The Turkish government wants to concentrate on the "internal front." Their aim is the capitalist restructuring of the country and the imposition of neoliberal measures, privatizing all the economy and wiping out all reforms won by Turkish workers and Kurds through their struggles in the past. The Turkish regime seeks integration in the European Union to become a subimperialist regional power with the support of the US.

### **Defend the life and freedom of Ocalan Defend the Kurds' struggle for self-determination**

The International Workers League (IWL-FI), of which the PRT is a member, have made many criticisms of the methods and objectives of the PKK and its leader Abdullah Ocalan. We have criticized their purely nationalist and reformist program; their Stalinist behavior to revolutionary currents in the region; their reconciliation with and illusions in imperialist powers... We said that with these methods it would be facilitating the struggle of the Turkish government against the Kurdish nationalist movement.

However now it is not the moment to sharpen the criticisms. This is the time to stress UNITY in joint action, closing ranks with the Kurds throughout the world in the struggle against the criminal plans of the Turkish government and the hypocrisy of the European governments that support Turkish chauvinism and remain silent over the scandalous Turkish intervention in Kenya and deny the right to meet to the Kurdish parliament-in-exile.

Today, Abdullah Ocalan is the representative of a nation that is being brutally oppressed and denied its national, cultural and human rights.

We call on all political organizations of the left, unions, democratic and human rights organizations to join forces with us in defense of the life and release of Abdullah Ocalan. We call on them to demand of the Aznar government an end to pressures against the Basque Parliament's decision on facilitating the meeting of the Kurdish Parliament-in-exile.

Send protests to the Turkish embassy and consulates, support mobilizations, only a broad international solidarity movement can save Ocalan's life.

*Workers Revolutionary Party  
(Section of the International Workers League - Fourth International -IWL-CI)*

## **Declaration on the kidnapping of PKK leader Abdullah Ocalan**

1. The movement for national liberation in the Kurdistan suffered a hard blow with the kidnapping, by Turkey, of PKK leader Abdullah Ocalan. The video of him in the hands of the MIT (Turkish Intelligence Service) attempts to give the impression that he agreed to collaborationism with the Turkish state. However there is insufficient information on this point. In any event, the effect was very bad. This situation and the kidnapping is demoralizing a large sector of PKK supporters.

2. The Turkish State began a demagogic campaign to make use of this demoralization. Government officials propose collaborationism to all members of the Kurdish guerrillas when showing the video on the TV. They say that if the guerilla lay down arms and surrender to the police, there will be no torture and reduced sentences. The State has the aim of putting an end to the armed struggle of the Kurds.

3 - The current situation points to the bankruptcy of the Stalinist leadership of the PKK. As we have said previously, Ocalan's policies was based on the concept of "revolutionary diplomacy" attempting to justify "diplomatic" relations with the imperialist powers. This way, he looked to support from "Western countries" with the help of "democratic public opinion" in these countries. In fact, information on Ocalan's whereabouts (Kenya) and the kidnapping operation was mainly due to the help of the CO. and the Mossad. This points up the bankruptcy of the Ocalan's "revolutionary diplomacy" that was also used to justify old story of "good

relations” with the USA. After Ocalan left Italy, he declared his “respect for and trust in Europe and democratic Italy.” However none of these “democratic” European countries accepted him as a political refugee.

4. The initial response among the Kurds point to a big clash in the national movement due to the cult around Ocalan. The PKK always referred to Ocalan as the “leader” from the start. He was like a prophet in the eyes of the Kurds. With the kidnapping, he lost his leadership. The first reactions of the Kurdish mass movement were violent demonstrations in Turkey/Kurdistan and in other countries. In general, they were spontaneous, however the Kurdish national movement must pose a well planned and massive struggle worldwide. The unsuccessful policies of the “revolutionary diplomacy” should be abandoned. At this time, the Kurdish national movement has an opportunity to reorganize. In the first place, the Kurdish national movement needs a democratic organization and a revolutionary leadership. The struggle for liberation must be built as a mass movement with logistical support from the guerrilla force. The main allies of the Kurdish national movement must be the working classes of Turkey, Iran, Iraq and Syria. And the European workers are also an important ally for the impoverished Kurdish nation. All Kurds living abroad should participate actively in the class struggle of the countries they live in.

5. Revolutionary policy is support for the demos of the Kurdish masses under the slogan of self-determination for Kurds. And revolutionaries should also raise the slogan of “Release Ocalan.” We have a number of severe criticisms of the political orientation of Ocalan, but a great majority of Kurds see him as their leader and we must defend him as representative of the Kurdish national movement. This also means struggle against the state’s future neoliberal plans, making use of their increased prestige, as well as demanding the end of state persecution of the poor Kurdish nationality.

6. All Trotskyists worldwide should actively support the Kurdish national movement. This means organizing mass demonstrations in all countries. Mass agitation should also highlight that “the Turkish military and police state aims to assimilate the 20 million Kurds living in Turkey. And that the Turkish government recently order the use of live ammunition against the demonstrations of the Kurdish masses.”

7. The national liberation of the Kurds will only be possible under a revolutionary leadership. This requires the building of the section of the IWL-CI in Kurdistan. Our Kurdish comrades have adopted the perspective of doing political work among the Kurdish workers and poor. With the kidnapping of Ocalan, all saw that this national movement is a big one. All our sections (from Latin America to Europe and Russia) should face this question seriously. We should participate in mobilizations in Europe; we should also organize big demonstrations, especially in the countries lacking a PKK presence, as in Latin America. The main content of the demonstrations is “to give active support to the Kurdish national liberation movement, irrespective of Ocalan’s possible collaborationism with the Turkish state.” In Europe, the deportation of Kurdish activists has already begun. Defending them is very important. We call on all Trotskyist currents to take part in these demonstrations. This will help the Kurds to understand the importance of internationalism.

Down with the assimilationist policy of the Turkish military-police state!

Long live the Kurdish national liberation movement!

Long live internationalism!

Build the Kurdish section of the IWL-CI!

20 February 1999

DC–Turkish Section of the IWL-CI

## POLEMIC

### *The vicissitudes of the Argentinean MAS*

## The sad end of a great party

*Brazil,*

*Martín Hernández*

In our previous edition of International Courier we reported that the MAS of Argentina was no longer part of the IWL (International Worker League-Fourth International). As we pointed out at the time, the reasons for the split (the MAS refused to accept the resolutions of the latest IWL World Congress) could be found in the profound programmatic differences that this organization had been developing over the last years in relation to the IWL and to their founding program. Now, fresh events not only show the depth of those differences but have enlarged them and shown that they are not only differences with the IWL, but with Trotskyism and Leninism.

**An attack on the MAS**



In the month of October last year, a delegation from Revolutionary Socialism of Italy (SR) sent three of the main leaders of the organization to Argentina and held a seminar with 60 MAS cadres at the same time as they developed discussions with a total of 200 members (something like 50% of the total membership of the Argentinean organization).

This fact, in itself, didn't seem to have any great significance, unless four other facts are taken into account. Firstly, that the SR of Italy is a current that has broken away from revolutionary Marxism (it defends, among other things, the central thesis of reformism: the peaceful road to socialism); secondly, that the SR of Italy carried out this activity inside the MAS, with the explicit aim of dividing the Argentinean organization (1); thirdly, that all the activity of the SR in Argentina was carried out without any consultation or coordination with the leadership of the MAS; fourthly, that in spite the above, the leadership of the MAS made no attempt to impede the activity of the SR and did not even hint that it would break off relations with this organization. On the contrary, it called for the political debate to continue.

### **The debate within the party**

It is not surprising that the SR of Italy should carry out this kind of attack against a revolutionary organization. At the moment, this same group has been developing a campaign of slanders against the PSTU of Brazil for example, accusing it of handing over militants that have differences with the leadership to the repressive forces. What may seem surprising (especially for those that have not been closely following the "evolution" of the MAS's positions) is the fact that this party did not put up the least resistance to the SR's liquidationist offensive.

How can one explain that the MAS leadership has not come out in defense of its party? How can one explain that the SR be allowed, behind the backs of the leadership, to carry out all kinds of activity within the party, with the aim of organizing a split? Why has the MAS abandoned all trace of "party patriotism?" To respond to these questions it would be necessary to study what happened inside this party, over at least the last ten years. In any event, if one follows its internal discussions over recent months, one can find several hints to aid in understanding the behavior of the MAS leadership.

The MAS leadership is publishing a magazine (Debates) which makes public its internal debates on the question of the "party." Knowing previous discussions and having read this magazine one can observe that, for some time, an ex-member of the MAS, Eduardo Martedí, has been leveling a severe criticism against the leadership of the party. For Martedí, it was not enough that the MAS leadership revised the bulk of the programmatic bases of Trotskyism and Leninism and, in the end, of its own party. For him, it was necessary to go to the end in that process of revision: it was necessary to reach the concept of the party itself.

Already in 1995, Martedí, after referring to a series of changes in the objective situation, pointed out: "The kind of organization characteristic of the left has a blurred vision regarding reality, in two senses \*. *In the first place, it is not built according to Leninist orientations as a whole: it is more like the communist parties after the taking of power by the Bolsheviks. In the second place, we should be asking whether the Leninist model of the party itself does not call for criticism and updating.*" (2)

*I refer to the anti-Stalinist currents that defend a model of party organization according to the orientations Lenin proposed for the "Bolshevik" variant of the Russian Socialdemocratic Workers Party... (author's note)*

And in the same work mentioned above, Martedí specified: "I have argued an interpretation according to which the Morenoist Party model is not in tune with what Lenin created. *Now I will make a further proposal, although this needs studying however: the Leninist Party is not in tune with the end of the century*"

By saying that the Bolshevik party model was not "in tune with the end of century" Martedí was not posing anything new. After all, this is what we hear repeated daily by 90% of the reformist or centrist left for whom the Bolshevism is "dated", but Martedí has moved further in his conception since when he sought to analyze Bolshevism he said that one of its central characteristics was "Russian specificity." This is not new either. This was the great "argument" of all those who, from the camp of centrism, have combated Bolshevism since its origins. In any event, we highlight this concept so that it may be clearly understood that what Martedí is saying is that Bolshevism, responding to "Russian specificity", is not only not "in tune with the end of the century", but that it was also not in tune, outside Russia, at the beginning of the century.

### **A new stage in the discussion**

Martedí's ideas were never taken on board by the national leadership of the MAS. However, it did not fight against these ideas either. On the contrary, it let them circulate them inside the party, with at most some minor reprimands.

In March 1998 the CC of the MAS raised the issue of the party concept and as a result of that discussion a note was drawn up called "On the party." This piece of work was severely criticized by Martedí since in his opinion the document: "ostensibly omits the discussion on the party, on the party we had, on the party we have and on the party we [now] want..." (3)

The MAS leadership was not slow in responding and the reply came from its main leader, Andrés Romero, who at the July CC, when the problem of the party came up again, pointed out: "The delay in taking up this problem has made it into an almost absolute barrier to development in the more general work of theoretical and programmatic re-arming... *I wish to declare that this issue can not be postponed. And in this sense I am deeply self-critical... In this discussion I said that the note seemed a good one because it opened a discussion... This appreciation was mistaken... I believe that in this sense Martedí's document is right...*" (4)

Apparently, as from this time, the MAS leadership firmly faced up to the discussion on the party but in fact to do so it didn't take Martedí's ideas as the basis, but rather "moved on" beyond them. We say this because Martedí questioned the present relevance and universality of the Bolshevik model but he did defend, to his own way, the need to build a party, and he said that, according to him, it would be necessary to build like Mafalda taking her soup "we build it because we have to, it's forced on us, but we feel bad about it." (5) Now what the MAS leaders have in mind on the other hand, if their latest formulations are anything to go by, is different forms for political action, which would not include building a party, not even "building one but feeling bad about it".

### Hal Draper's "contribution"

In the review *Debates* n° 2, there is an article by Hal Draper (6), written about 30 years ago, entitled "Towards a New Beginning" for no apparent reason, it might be thought. However, on reading the article by Nora Ciapponi (of the top leadership of the MAS) also published in this review, one begins to understand why the Draper article has been re-published. Ciapponi, in her article "The limits of Trotskyism", points out: "... *recently I had access to the Hal Draper text (the text and his biography are in this issue) which contributes with crucial conclusions that are all the more valid for having been written a long time ago, and with which I agree in general. The author says that a political center is necessary, but rejects that center necessarily becoming a sect*" (7)

So to track the positions of the MAS leadership on this question there can be no better way than to look at these "general lines" in Draper's article and also see what is understood by "sect" and "political center."

For Draper, all Marxist parties, whatever their size, policies and programs, are sects. According to Draper "For Marx, a sect was any organization that sets up as an organic frontier some kinds of opinions (including those of Marx), or that makes these opinions the decisive factor in their organizational form."

Neither Marx, nor Engels set up –or ever wanted to set up -- a Marxist group, if by this is understood a membership association based on an exclusively Marxist program...

*"The First International was so far from the sectarian idea of organization that it never came out clearly for communism..." (8)*

And what is a "political center" for Draper? Is it a revolutionary party with new features? Not at all. For Draper the party is a problem of the future. "We have no need to foresee or to predict exactly how the revolutionary party of the future will be formed." At present, something else is necessary "... *for the sects the task of publishing is an just another activity, to which they don't give special priority. It tends to be left for last place on the agenda, with one exception: publishing a mass organ which tends to take on such importance that hardly anything else gets done. From our point of view, that is a serious mistake when setting priorities. The creation (publication and distribution) of a basic body of literature is the task of a political center on which all the rest depends. It is the main means to the desired goal.*"

One rarely has the opportunity to read a text by someone describing himself as a revolutionary Marxist that is so clearly anti-Leninist and anti-Bolshevik. However, as incredible as it might seem, Draper carries out this attack against Leninism on behalf of... Lenin. Draper says: "The association to which Lenin aspired was a mass party. *Not a party formed exclusively by those agreeing with his revolutionary Marxism, but a mass party, broad enough to include all socialists, and, of course, all the worker militants.*"

Therefore, all of Lenin's struggle to build a party of resolute cadres determined to lead the working class in the taking of power, disappears from view as does all Lenin's struggle for the split with the Mensheviks. Also conjured away is Lenin's struggle in defense of his April Theses and even his threat of splitting from the Bolshevik party if it didn't vote for those theses. So, instead of the real Lenin, Draper magically conjures up another Lenin defending a mass party, of "all socialists", of "all worker-militants" without bothering about its ideology, its program, its strategy, its party concept. Moreover, we also discover through Draper that the Bolshevik Party was not in fact a political party but a "political center." Draper says "Both Bolsheviks and Mensheviks were not organically sects devoted to winning members, and not even fractions in the organic sense that would be relevant today, but political centers based on a propaganda and publishing initiative..."

The revisionist role of spreading confusion is regrettable. Until they decide to come out openly as renegades, they see themselves as revising the programmatic bases while remaining within those same bases. They attack Marxism on behalf of Marxism, Leninism on behalf of Leninism and Trotskyism on behalf of Trotskyism. Only they sometimes lose their sense of proportion and feel for absurdity. This is the case of Draper.

### Nora Ciapponi's article

The MAS have been doing away with the foundations of Trotskyism one by one, on behalf of Trotskyism. They have not shown, on this road, as much courage (or perhaps had as much time available) as the SR of Italy which started from similar conclusions and has now clearly come out as a renegade current to the point of saying: "we should very clearly declare our definitive distance from Trotskyism, our original current."

Among the foundational elements that the MAS has done away with are all those related to the world party of the revolution. For the MAS, and for quite some time now, the reconstruction of the Fourth International is no longer posed as a task. Now Nora Ciapponi, in the article we have mentioned above, and consistent with her claim of affinity with Draper, reaches the conclusion that the foundation of the Fourth International (considered by Trotsky as the most important task in his life) was a serious error. Ciapponi, in a section significantly called "Trotsky versus Lenin",

writes: "... his own policy (Trotsky's) toward the IAG on the eve of World War II was opposed to Lenin's approach: against the prevailing tide he insisted on building the Fourth International immediately, under democratic centralism... it was an ultimatum approach to that gradual drawing together of a core that still did encompass the immediate construction of a new international organization...

*This mistaken orientation reached its highest expression in the relation with and policies toward the POUM in Spain...*"

Since the attack on Trotskyism is so devastating, the author of the article cannot help wondering, and her subtitle is revealing: "Break with Trotskyism?" She herself later responds that it is nothing of the kind ("These criticisms of Trotsky and Trotskyism have nothing to do with any intention of breaking up with Trotskyism") and she goes on to "declare support" for Trotskyism but there is the sound of a formal farewell before leaving: "... (with all its errors and limits) the movement had a progressive character."

### Party without a future

Even in the limited contexts of this article (the discussion on this issue would need a whole book) we believe that we have provided sufficient elements to respond to the questions that we posed at the beginning. **The MAS leadership does not defend its party from the current attacks of the SR because nobody can defend something that they no longer support.**

The MAS leadership began by questioning the party that they had built in the past and went on from there to question the party that they are building now. **From questioning the Bolshevik party concept they moved on to question any kind of party at all.**

It is not clear if the MAS leadership will go on to transform what was, until a few years ago, one of the largest revolutionary parties in the post war period, into a "political center" on the lines posed by Draper. The MAS leadership, through Nora Ciapponi, is saying that it does not have a clear idea of what to do with the party ("None of us has a finished idea for a new party"). However, the problem is no less serious because the MAS leadership is quite clear on what it is that it doesn't want ("... I consider it necessary to start from one central negative premise which today, in the light of the balance, takes on a programmatic dimension: the rejection of the construction of any type of national or international sect."). The MAS leadership is not clear what it wants, but it is clear on what it doesn't want. It doesn't want a "sect", which means (translating from Draper's language into that of Leninism) that it doesn't want a Bolshevik party, moreover, it does not even want a party.

At this stage in this article it has to be asked if it is possible that there should be no kind of resistance to this liquidationist course. It is possible, everything is possible, but the reality is that this resistance is expressed basically outside the MAS. Inside the MAS the attempts at resistance are very timid. Among them we could name the veteran and well-liked comrade Ernesto Gonzalez, whose political authority and moral stature would fit him to head the resistance; however this leader, so far at least, has preferred, regrettably, to remain on the terrain of lamentations. The *Debates* review printed his intervention at the CC, in which he says: "*Let's go back and reread the old papers again, if not the brief [party] history that we have written, and see that there are elements our current should be proud of. This is not just an empty phrase nor is it nostalgia... I would like to hear, and I have not heard, neither now or previously, this affirmation of belief in the correctness of the historical path taken by our organization.*" Ernesto Gonzalez's reproach is moving, however it is not enough. It is very little, when what was needed was to initiate and lead an unyielding and drastic struggle in defense of the party's past history.

### NOTES

(1) In a report by the SR leadership on their trip to Argentina there is a subchapter entitled: "Yes, we want to split." Then, throughout this report there are several statements in the same direction: "Our proposals are clear and explicitly directed to foment and support the construction of an innovative revolutionary Marxist group organized in Argentina... We believe that this battle essentially involves the MAS however certainly not through a peaceful or evolutionary process... we do not believe that there is a possibility that MAS leadership as a whole can move in this direction... we should be able to very clearly pose this to the Argentinean comrades, in the first place to those nearest to us, make suggestions, pose options, considering that it will soon be up to them to choose to carry through the necessary splits and to be consistent with these decisions, which in any event will be extremely useful and important for us."

This report, from the SR leadership, written by their top leader, Dario Renzi, was distributed to the rank-and-file of the Italian organization and also, on the orders of the Italian leadership, in the rank-and-file of the MAS.

(2) "A subject for a history without a subject." *Debates* N° 1, Page 4

(3) "Letter to the CC" - *Debates* N° 1, Page 30

(4) "Intervention by Aldo Andrés Romero at the July 1998 CC - *Debates* N°1, Page 42.

(5) "Letter to the CC" *Debates* N° 1, Page 30

(6) Hal Draper (1914-1990) Member of the SWP in the US as from 1937. He broke with this organization in 1940 during the discussion on the class character of the ex-USSR

(7) "The limits of Trotskyism" *Debates* N° 2, Page 34.

(8) "Towards a new beginning" *Debates*, Page 39

# CAMPAIGN

## In response to the slanderers

In the last edition of International Courier we denounced the vile slander campaign against the Brazilian PSTU (Unified Socialist Workers Party) conducted by the Italian organization SR (Revolutionary Socialism). In this edition we are publishing some statements on this issue.

The Italian SR accuses the PSTU of attempting to hand over rural leader Osmarino Amancio to the repressive forces as a reprisal for criticisms that he had made of the leadership of this party. The accusation emerged within the PSTU, starting with a group of members that sympathized with SR (a few days after the leaders of this group returned to Italy).

Although the accusation was ridiculous, the PSTU Control Commission carried out a thorough inquiry and reached the conclusion that it was a slander.

Osmarino Amancio himself, who was part of this group of SR sympathizers and had accused the PSTU leadership of betraying, retracted this opinion.

The PSTU National Congress approved, unanimously, the Control Commission's report.

The IWL leadership wrote to the SR leadership demanding that it withdraw this kind of accusation at the same time that it offered to provide it with all the information gathered by the PSTU Control Commission. The SR leadership, after making the accusations against the PSTU, wrote a letter asking for this information. The IWL leadership sent the SR the ample report prepared by the PSTU Control Commission. However, after this point, the SR did not make any further contact with the IWL leadership but neither did it call a halt to its slanderous campaign. The accusation against the PSTU is now part of most of the SR's public material.

The use of slander as a political weapon in an attempt to destroy revolutionaries, has a long history. Lenin himself was accused in 1917 of being a German government agent, but in fact the use of this repulsive method goes back further in time. The Russian revolutionary Victor Serge, referring to this issue, recalled: "We should remember certain lamentable cases: Barbés slandered the heroic Blanqui -and Blanqui, despite forty years in jail, despite all his exemplary life, his life of struggle, could never shake off the infamous slander." (1)

It seems incredible! Already in the last century, a revolutionary like Blanqui (2) who spent forty years in prison, was accused of being a police provocateur and was never able to totally erase that suspicion. That is the counter-revolutionary power of slander. It feeds suspicion and that road leads to demoralization, so we cannot but agree with Victor Serge again, when he points out: "*This is a tradition: the enemies of action, the cowards, the comfortable ones, the opportunists, are happy to find their ammunition in the sewers! Suspicion and slander are used to discredit revolutionaries. And this will not change.*" (3)

(1) from the book "What every revolutionary should know about repression"-Ediciones ERA-Mexico-Page 78

(2) Louis-Auguste Blanqui (1805-1881)

(3) **Idem page 79**

## Declaration of the ISL, British section of the IWL-CI

14 February 1999.

We believe that the method of slanders used by the Revolutionary Socialism group of Italy against the leadership of the PSTU should be condemned by all political movements seeking to pose an alternative to the present agony of capitalism.

The SR organization conducted a campaign of slanders against the Brazilian PSTU leadership in 1998. They stated that the PSTU leadership had expelled Osmarino Amancio, a very well-known rural leader, and refused to defend him in his struggle against the violent threats of the State and the big landowners in the north of Brazil, due to his political differences.

The PSTU Control Commission, consisting of long-standing and trusted members of the PSTU, carried out an exhaustive and rigorous investigation. The unanimous conclusion of the Commission was that none of the accusations were true and that they were slanders. The Commission has discussed the result of these inquiries with Osmarino and he has withdrawn his accusations.

However, although the SR has refused to supply more information or facts with respect to the accusations, they still maintain an international campaign against the PSTU leadership based on points that were shown to be slanders. At a school in Italy last year, a Brazilian comrade was accused of being a member of a "party of murderers", in other words of the PSTU.

The method of slanders originated in the ruling class (and was used against Marx and Lenin); obviously, the Social-Democracy and Stalinism continued to use it against fighters and Trotskyists. However it has also been used within the Trotskyist movement.

The Declaration of the Liaison Committee between Workers International and the International Workers League signed in Paris in June 1995 included a position on the method of false accusations. It reads as follows:

*“We condemn the method of slanders, violence and fraudulent accusations aimed at silencing and expelling political opposition. In particular, we condemn the lies used against M. Varga (Balazs Nagy), J. Hansen, G. Novack, T. Wohlforth, N. Fields, R. Napuri, Juan Pablo Bacherer, Pedro Carrasquedo and now again against Cliff Slaughter by the David North party.. We condemn the method of ‘anything goes’ (physical aggression, robbery, grabbing premises, etc..) to settle internal debates in revolutionary organizations. We condemn all these methods that were inherited from Stalinism, and we declare that the Fourth International will only be rebuilt if it is able to rebuild not only a program and an organization based on genuinely revolutionary policies, but also one based on proletarian morals.”*

The need for proletarian morals is posed today. An extreme example of political degeneration was the case of Gerry Healy and the British WRP. Initially, he was a revolutionary and a Trotskyist, but eventually gave in to the pressures of national considerations and had fallen to such a low level that he ended up waging a campaign saying that Hansen (Trotsky’s secretary and a leader of the American SWP) had been involved in assassinating Trotsky. The final result of his political degeneration was the collapse of the WRP, which had been the biggest Trotskyist group in Britain during the 60s.

The method of slanders between groups is, perhaps, less tolerated in Britain today than it has been for many years. There is the beginning of a new period of fraternal relationships between the political groups and the Liverpool dockers strike, for example, has helped to bring about more fraternal and open relationships than before. Every individual and group was entitled to express an opinion and disagree with the leadership. Even so, the dockers were forced to exclude two political groups from their meetings, not because of their political positions, but because they constantly reported wrong facts and slandered the leadership of the struggle; one group was forgiven and returned to the meetings. In the same way, in Tameside (near Manchester) today, with the social security workers on strike, the support group is open to all, and questions were raised over one group, since they constantly misreported the dispute and defended their right to say anything they wanted to about the strike and the struggle inside the union - the strikers felt they could not trust this group or speak openly with it present.

The question of proletarian morals in all its aspects is very important today when imperialism is sinking further into decadence and degeneration, exerting huge pressure on the workers union and political movement. It is very clear from all these experiences of struggle that the use of baseless accusations or deliberate lies can only serve one objective: impeding working class unity and united struggle. So the method of slanders should be combated in general and on this point the SR is totally mistaken in thinking that it can gain any lasting political success with this method; on the contrary, it is sowing the seeds of its own destruction.

## **From the UIT:**

Paris, 6 February.

To the Executive Committee  
of the IWL

Dear comrades:

The IEC of the UIT, meeting on 31 January, has decided unanimously to condemn the method used in making moral accusations against your organization. We consider that this is an inappropriate method that must be excluded from the world revolutionary movement, and especially from the Trotskyist movement. Making moral attacks when there are political discussions or controversies can only confuse things and prevent the issues being clarified.

With fraternal greetings

**International Executive committee.  
International Workers Unity**

## **RESOLUTION ON THE ITALIAN SR’S ATTACKS ON THE PSTU AND THE IWL-CI**

The Executive Committee of the Socialist Workers Party of Peru

**Considering**

1. Serious moral accusations have been made in Inter, the external publication of the Italian SR, against the PSTU, the Brazilian section of the International Workers League, as may be seen in the following passages: "... *the leaders of the PSTU have omitted practical support for Osmarino Amancio (when he was still on the PSTU Central Committee) because of political differences developed by him in debates with the majority of the party leadership.*" Page 30, Inter number 1.

It further reports: "Later, just when Osmarino took up a minority and critical position, he was dropped as regards aid in the face of the dangers of violent threats from the state and the big landowners." Idem, page 32.

2. When launching such moral accusations in this article, no evidence was presented. This omission, serious in itself, becomes even more so in view of the existence of evidence showing the falseness of the accusations. Indeed, the PSTU Control Commission investigated these accusations at the time they were first made some time ago - and found overwhelming evidence for their refutation; suffice to say that Comrade Osmarino himself, irrespective of his political positions, in other words while maintaining his differences, on his own initiative withdrew these moral accusations in a declaration to the Control Commission and apologized for them to the PSTU members. It is a serious matter to make moral accusations without proof, but is much more serious to make moral accusations while intentionally omitting existing evidence that refutes such accusations.

3. These accusations were launched by the SR in the context of debates on profound political, programmatic and organizational differences between SR and the IWL-CI. And to try to disqualify a political opponent through attacks on morals and slanders is an old habit of Stalinism, used even to justify the physical extermination of opponents, many of them from the Trotskyist movement, including comrade Trotsky himself. So Trotskyists consider that it is a matter of principle to reject these methods. In our case, we have the experience of the case of moral accusations against Comrade Ricardo Napurí, in the early 80s, by the Lambertist current, at a time when the comrade raised differences with the international leadership of that current. The IWL-CI put forward the constitution of a Honor Tribunal consisting of independent personalities, whose activity and resolutions are surely well remembered by the Peruvian and world vanguard, particularly for its essential lesson, which was the attempt to eradicate from the workers movement the practice of lightly made accusations, without evidence, used as a method of political struggle.

4. Since this took place in the context of a debate between the SR and the IWL-CI, the above mentioned moral accusations can only be understood as an attack not only against the PSTU, but against the IWL-CI as a whole, and what it represents, in other words the defense of revolutionary positions in the face of the onslaught of revisionism.

5. SR has remained indifferent to the IWL-FI IS's demand that it should withdraw the moral accusations and remains indifferent to the call to extirpate from the workers movement the Stalinist method of mixing moral slanders with political debate. This indicates that we are not only dealing with an organization with serious deviations on the theoretical, programmatic, political and organizational planes, but also on the methodological plane, in which SR comes close to Stalinism.

### **Conclusion**

1. We flatly repudiate the slanders of a moral nature raised by SR of Italy against the PSTU.
2. We express our fraternal and revolutionary solidarity with the PSTU.
3. We reject this attack by SR which in fact is also an attack against the IWL-CI as a whole.
4. We denounce SR as an organization that endorses Stalinist methods, raising moral accusations without evidence, doing so even despite the existence of tests that refute these accusations, and of mixing these moral accusations with political discussion.
5. We support the actions of the international leadership of the IWL-CI in the face of these attacks, both in defense of the honor and moral integrity of the PSTU and that of our international, but also with the aim of banning from the world workers movement the repulsive methods of Stalinism.

*NEC of the PST - Peru  
February 1999*

## **AN UNANSWERED LETTER**

On 7 December 1998, the International Secretariat of the IWL sent the Argentinean MAS leadership the letter below requesting that it make a statement regarding the campaign of slanders that the Italian SR has been conducting against the Brazilian PSTU.

Regrettably, we have not so far (26 February 1999) received any sort of answer to our request.

*IS of the IWL (FI)*

São Paulo, 7 December 1998

To the CC of the MAS of Argentina  
Dear comrades

The SR of Italy, for several months, has been conducting a campaign of slanders against the leadership of the Brazilian PSTU. The slanders, of a political-moral character, are of all kinds, but the most serious is the one that states that the leadership of the PSTU, on account of political differences with one a member, left him without any protection (guards) in the face of repression from the government and the big landowners.

Just to refresh our memory let us recall the facts. 1.- Last year, cadres and militants of the PSTU (some 6 or 7) among them an important rural workers leader, Osmarino Amancio, formed a tendency inside the party defending proposals very similar to those of the SR of Italy. 2.- The main leader of this grouping, Lays Machado, traveled to Italy where she maintained a series of discussions with the SR leadership. 3.- On her return, at a CC meeting, she read a long letter, "written" by Osmarino Amancio, (who is semi-illiterate) in which it was stated that the leaders of the PSTU were traitors because, on account of political differences, they had withdrawn material support for his defense in spite of death threats from landowners in the region and that he had been dropped from the private medical insurance program, in spite of his having health problems. After reading this letter the leaders of this current announced their withdrawal from the party. 4.- Given the seriousness of the accusations, the party Moral Commission intervened and carried out a long and thorough inquiry. The Moral Commission's unanimous conclusion was that none of the positions put forward in "Osmarino's letter" were true and therefore it was a slander. 5. The Moral Commission showed Osmarino the results of the inquiry and, on this basis, he withdrew his accusations and also apologized to the group of militants (although he maintained his withdrawal from the party on account of his political differences). On the other hand, the woman comrade leading the group, without presenting any new evidence, maintained the accusations. 6.- At the PSTU National Congress the Moral Commission presented its report and Congress unanimously confirmed the expulsion, as slanders, of the two leaders of this grouping.

Until this time, the participation of the SR in this campaign of slanders, was not clear but it soon became clear that it was the leadership of this organization that was behind this campaign or, at the least, actively taking part in it.

We had the first evidence of this in Italy itself. At a school where a Brazilian PSTU member is studying (where the students' body is lead by SR) there was a mobilization lead by this comrade and a group of non-party class representatives. The leaders of the students body, on the first day, were disoriented by this situation but by the second day went onto the offensive against the new leadership, accusing the Brazilian militant of being a member of "a party of murderers." Obviously, between the first and the second day, they had a meeting with the SR leadership that gave them the "political" arguments needed to attempt to regain leadership.

The second evidence, this time in a more categorical way, was presented by the SR leadership itself in a long article against Trotskyism, the IWL and the PSTU, published in the "Inter" review of April that year which states, in the context of all kinds of moral accusations that: "... as we also know, the leaders of the PSTU have been omissive on the issue of practical support for Osmarino Amancio (when he was still on the PSTU Central Committee) because of political differences he had developed in debates with most of the party leadership... just when Osmarino took up minority critical positions, all aid in the face of dangers from violent threats from the state and the latifundistas was called off."

This kind of campaign of slanders aimed at destroying a certain organization or leader are regrettably nothing new for Marxism.

This method was used against Lenin (accused of being a German agent) and Stalinism spread its use on a daily basis. The unfortunate fact is that within revolutionary Marxism, in other words, among those who have been fighting Stalinism and its methods, this method has also been frequently used. It is enough to recall Healy's accusations against Hansen (of aiding Trotsky's assassins) or Lambert against Napuri (misusing party funds).

Our current has always been opposed to this method and has fought against slanderers irrespective of the extent of agreements or differences we had with them or their victims. We always behave this way because we consider that this kind of degeneration regarding method not only affects those attacked but Marxism and the workers movement as a whole. This is a shared tradition which are proud of and we will surely continue to share.

In the face of the slanderous SR attacks on the PSTU we believe it is necessary to respond adequately. We feel that this is our obligation. But we do not believe that this is just an obligation of the PSTU or the IWL. It is the obligation of Lutte Ouvriere, of Militant, of the UIT, Socialist Action, the WRP, the VDT, the ITO etc and also of the MAS of Argentina.

At the International Conference of the Venezuelan PST held a few months ago, we posed this serious problem to the whole conference and especially to the representative of the Argentinean MAS leadership (Comrade Ricardo Napuri). The conference voted to repudiate this SR slander campaign however, regrettably, the MAS leadership's representative refused to do so not even when the conference, unanimously, voted to call on the MAS to issue a statement on it. The reason given by Napuri for this procedure was: "lack of knowledge of the facts." However the facts are well-known to the MAS leadership.

At the PSTU Congress where the report from the Moral Commission was presented and where, on the basis of this report, it was decided to expel the slanderers, two members of the Executive Committee of the MAS were present. Also, the slander campaign launched by SR is in the Inter review published back in April. We find it difficult to believe that the SR which regularly sends its publications to the IWL leadership, doesn't send them to the MAS leadership and even more difficult to believe that there is nobody in the MAS leadership that reads the publications of SR. However,

supposing that we are mistaken, we feel we are under the obligation of asking them: Did they not either read the SR document sent to the MAS (which the SR leadership kindly sent us) entitled "Reply to the Memorandum for the MAS debate" in which it is stated: "This leads us to think that, on the moral plane too, the fact that the idea of the revolutionary violence in this sector ranges from the defense of the Red Terror (present in the foundation program of the PSTU) and the bloody repression carried out by the Bolshevik government against the revolutionary, democratic and libertarian Kronstadt insurrection of 1921, through to the withdrawal of protection, in the face of bourgeois violence, for one of its own leaders, as the PSTU did with Osmarino.?"

We are not convinced by Napuri's argument ("lack of knowledge of the facts"). We believe that you keep silence in the face of this serious situation so as not to hinder your political relations with the Italian SR and we believe that this is a serious mistake, because your agreements with the SR (which are not under discussion at this point) involve an even greater obligation to clearly come out against the Stalinist methods of this organization because, if you do not do so, you will eventually be affected by the stain on the slanderers.

We are making a call, particularly to revolutionary organizations, to bring out a statement on these facts. We aim to publish these statements at the beginning of next year in our International Courier review. We would be happy if among these statements, and better yet, at the head of them, there is a statement from the MAS which, without any ambiguity, clearly condemns the slanderers and defends the revolutionary morals of the Brazilian PSTU leadership.

We are aware of the profound differences between us but we are also aware that we have a shared history of struggle against Stalinist methods, which should be preserved.

From 12 to 18 December will be holding our IEC meeting in Brazil. We would appreciate, if possible, receiving your position by the time of this meeting.

With Trotskyist greetings

*IS of the IWL-FI*

**Stop Press:**

## **SR INTENSIFIES ITS SLANDER CAMPAIGN**

While closing this edition of International Courier, the Italian SR leadership sent the IWL leadership a dossier on the case which we are analyzing. That dossier has been published in the Inter review (run by SR) in the month of January.

The SR dossier brings together almost all the material on the case (the PSTU Control Commission report, exchanges of letters, declarations etc) and is preceded by an editorial from the SR leadership which should be analyzed with attention.

In the Editorial, the leadership of SR, without taking into account the PSTU Control Commission inquiry and, without presenting any evidence, intensifies the slanders against the PSTU. Among other things, it talks of: "a shameful episode that has taken place in the Trotskyist movement... has put in danger a social and political leader such as Osmarino... the leadership of the PSTU (Unified Socialist Workers Party, Brazilian section of the IWL), in 1997 cut off funds for Osmarino's protection (and his health insurance), as a reprisal against his dissident policies. In this repulsive way, it hit out at a social and political leader well-known in Brazil and on the international level, who has continued the struggle of Chico Mendes and is constantly receiving death threats from the assassins of the latifundistas and the repressive bodies of the state."

This furious SR slander campaign against the PSTU obliges all revolutionaries to confront this calumny but also calls for reflection. What is behind such a campaign and why does it get so much space? The SR "dossier" runs to almost 30 pages!

The reason for this deep hatred the SR feels against the PSTU and the IWL is not psychological but programmatic. The explanation may be found in dozens of texts, but no great research is needed. It is enough to read the editorial that we have mentioned.

The SR leadership describes themselves as "merciless critics of Bolshevism" and add "... we have very profound criticisms of Trotskyism and Bolshevism, we consider ourselves more and more distant and distinct from them... we have in the past been in the Trotskyist movement and some time ago have broken with it globally and with its concepts." So what is it that they accuse the PSTU and the IWL of? Of having left Osmarino at the mercy of repression? This is the formal accusation but in fact, the accusation is so ridiculous that not even they themselves believe it so the editorial presents the real accusation. "...the PSTU/IWL is identified with the "workers state", the "dictatorship of the proletariat" and the "party", the Red Terror and the repression of Kronstadt..." And they add "... not content with fighting for a "world party of the socialist revolution", they have constituted, over the last few months, a "committee for the construction of an international workers party." This is, for the SR, the serious crime that we are committing. This is why SR doesn't limit its attacks to the PSTU and the IWL. Both in the Editorial and in other material they always make a point of directing their attacks to Trotskyism and Bolshevism. That is why last year, they traveled to Russia to take part in a homage to the revolution and used the tribune "to denounce", in a provocative way,



the "crimes of the Bolsheviks" Today, the victim of the SR attack is the Brazilian PSTU. Last year they were Russian intellectuals and activist. Tomorrow's victim will be another revolutionary organization. This is the action of renegades.

## **SPAIN**

### **PRT - POR Coordinating Committee**

*A few days ago in Spain a Coordinating Committee was set up by the Workers Revolutionary Party (the Spanish section of the IWL) and the Revolutionary Workers Party (the section of the UIT). The objective of this committee is to see if there are conditions for the unification of the two organizations*

#### **Constituent declaration**

The Workers Revolutionary Party (Spanish section of the International Workers League - Fourth International), and the Revolutionary Workers Party (Spanish section of International Workers Union ) declare that:

1.- The distinctive and most important feature of the current historical period is that the collapse of the Stalinist apparatus and the crisis of the Social Democrats has created the objective bases for a process of political and union reorganization of the workers movement on a world scale. The most conscious and combative sectors, pressed by the needs of the struggles, are beginning to break from what has gone before and look for a new leadership.

2.- It would be however a serious mistake to believe that this process will automatically lead " to a revolutionary leadership. We face an open struggle, the definitive character of which is still undecided. Understanding this process, detecting its concrete dynamics and acting with determination on it is the vital task for the construction of an international revolutionary Marxist organization, for the reconstruction of the Fourth International.

Our challenge is to face this new world reality by struggling for the leadership of sectors of the masses, in a movement directed to win to the banner of the Fourth International the best activists and groups that emerge from the break with Stalinism and the Social Democrats as well as of other traditions of the workers movement.

3.- Like Trotsky in the thirties, we reject self-proclamatory methods and, like him, we will struggle patiently, flexible in tactics but uncompromising on principles and program, to rebuild the International together with other sectors and organizations of the workers movement.

Today, as in the past, the reconstruction of the Fourth International calls for us to avoid amalgams and confusion on the program and character of the Party and the International we aim to rebuild.

The collapse of the Stalinist regimes in no way means the failure of socialism. What has failed is a monstrous bureaucratic apparatus that transformed the States into jails and stained the name of socialism. The model of the October revolution has not failed but the bureaucratic caste that usurped and strangled it.

4.- As members of the POR and the PRT we have known each other over almost 20 years of struggle and we mutually recognize that as parties both have shown in action their character as revolutionary workers organizations and their struggle to defend and to apply the program in favor of Trotskyism and the socialist revolution.

5.- Both organizations struggle for the socialist revolution and, consequently, to build a Leninist party among the workers and youth. We understand that the struggle to build a Revolutionary Workers International based of the ideas of Marx and Engels, the resolutions of the first four congresses of the Communist International and the Transitional Program synthesizes the most imperious necessity for the workers worldwide. To reconstruct the Fourth International is our central strategic task.

6.- On the basis of these shared positions, both organizations agree to constitute a Committee of Coordination. The declared objective of this Committee is to study the possibility of unifying the two organizations. The method to reach this objective will consist of the development of the discussion and combined activities of the two organizations.

The calendar of the discussion will be centered on the following points:

1.- The world situation, Europe, and in particular Russia.

2.- The situation in Spain, the process of reorganization of the workers movement in the Spanish State, the national problem and the Basque question in particular, the program and tactics to be adopted.

3.- Revolutionary methods and morality as indispensable elements in the reconstruction of the International.

The combined activity of both organizations will be centered on activities and campaigns around solidarity with the Russian workers, support for the Basque people, the struggle for the 35-hour week and against layoffs, the anniversary of the foundation of the Fourth International.

The constitution of a Liaison Committee with the mission of summing up the terms and tasks for unification of the two organizations should arise as the fruit of mutual conviction of the existence of basic shared positions that make fusion possible.

The Committee of Coordination will meet every two weeks and will consist of two members from the leadership of each organization.

It is agreed that the two organizations will exchange articles and contributions in their press.

**On behalf of the Executive Committee of the POR**  
**Anibal Ramos**  
**Miguel Salas**  
**On behalf of the Executive Committee of the PRT**  
**Tania Mercader**  
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**February 1.999**

## **IWL Declaration on Spanish Coordinating Committee**

The fact that two Trotskyist organizations intend to look at the possibility of unification is in itself an extremely favorable step for our great struggle for the reconstruction of the Fourth International. All the more so when, as in this case, they are the two main Trotskyist organizations in the country. Therefore the IWL leadership not only salutes the Committee but commits to making the greatest efforts for this task that the comrades of the two Spanish organizations begin today comes to a favorable conclusion.

We are especially aware that we are not facing an easy task, as parties that form part of two different international organizations (the IWL and the UIT).

The task of building a strong revolutionary party in Spain would be vastly facilitated if there were a similar process on the level of the international organizations to which these parties belong. Unfortunately, there is no such process. This possibility was posed last year but did not develop.

In May, the IWL leadership sent a letter to the UIT leadership calling for a meeting between the two organizations. In that letter we said to the leadership of the UIT that we were facing an approach to organizations in several countries with the aim "... *to explore the possibility of building a new international based on a revolutionary program and a democratic centralist regime*" and we added "*it would be of great importance if your organization, the UIT, is part of this process.*"

The leadership of the UIT accepted the proposal to hold a meeting, however, a few hours before the meeting was due to begin, it decided not to take part with the argument that the IWL leadership was seeking to begin a discussion of the balance [of the past] as a condition to begin a process of approximation.

The accusation was totally false. The IWL leadership has always understood that a process of approximation is carried out with an eye to the future and not to the past.

The pretext used by the UIT leadership for not attending the meeting has to do with the refusal of those at the head of that leadership, the MST of Argentina, in relation to discussing, as a central question, the methods that should prevail in the relations between revolutionaries. This is not related to the past but to the present and to the future.

The MST leadership refuses to discuss this question as a central issue because it has adopted, as its daily practice, in the relation with other currents, the method of "anything goes." This was the way they broke with the MAS of Argentina (violent occupation of party premises and assets). It was this way too in their relations with other IWL organizations (constituting a secret fraction in Brazil).

We are aware that the profound political differences between the IWL and UIT leaderships are an obstacle to moving ahead in a process of approximation. But if there is a healthy method in common, those differences could be overcome. The problem is that there is not a healthy method and no intention on the part of the MST to even discuss this problem.

On the part of the leadership of the IWL, we do not call for any self-criticism from the Argentinean MST. In any case, it was to be expected, particularly after the failures that had been building up, that there would be a favorable reflection on the sad and unfortunate incidents in Argentina when they conducted an armed assault on the MAS and IWL premises and equipment and took them over. However this reflection did not take place. Instead, what we have seen, again, is a justification of that action. In a letter to the leadership of the IWL, they say, referring to the theft of MAS property "the TM (previous denomination of the MST) was very superior politically and numerically to the asserts which it had after the break" from which it may be understood that they are self critical in the sense that they did not expropriate enough.

We don't want to discuss the past. We want to discuss the future. However what can we expect in the future if the relations between the different currents are to be governed by this type of procedure? In what way will present and future differences be resolved?

The grandeur of the task that we have before us: the reconstruction of the Fourth International, calls for not only firmness, but modesty and mutual respect between revolutionaries. Especially from those calling themselves Trotskyists. However the leadership of the Argentinean MST is unable to break with the logic of an auto-proclamatory, arrogant and haughty sect. Therefore, in the face of this disastrous method we can do

no more than support the declaration of the Spanish comrades when they say: "we reject auto-proclamatory methods" and when they state that there will be discussion between the two organizations on revolutionary methods and morality as indispensable elements in the reconstruction of the International."

**IS of the IWL  
São Paulo, 15 February 1999**

## **Carlos del Rio In memorium**

Comrade Carlos del Rio died on 19 February 1999. From 1972 he was a member of the international current which later became the IWL-CI and Carlos was a founding member of the Uruguayan PST, section of the LTF and then the Bolshevik Fraction of the Unified Secretariat (predecessors of the IWL) in his country. Imprisoned by the bloody Uruguayan dictatorship during almost all the 70s, he stood out for his maintaining revolutionary work in prison until his release. On leaving jail he took part in the Congress of the FI-IC in Europe, and when forced to leave Uruguay, worked for a while in Argentina, in the then clandestine PST. In 1981, he came to Brazil, where he took part in and played a leading role in Convergencia Socialista, the Brazilian organization of the IWL which later took part in the formation of the PSTU.

As from halfway through the 80s, although not an organic member, Carlos maintained relations with the revolutionary struggle, supporting the PSTU and the IWL in logistical tasks, translations and contributing financially. After a long struggle against lymphatic cancer in 1997, Carlos died in São Paulo on 19/2/99. His steadiness and companionship will remain in the memory of those who knew him.

Until socialism, always!

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## **Where to find us**

[www.litci.com](http://www.litci.com)

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