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Challenges of the new world situation

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The last World Congress was held in January 1991, one year after the fall of the Berlin Wall, on the eve of the Gulf War and the USSR's dismemberment. It began to take note of the dynamics of a major world transformation. Now we must put this turning point in perspective.

a) We must take the measure of the changes that have been going on for a decade, instead of comforting ourselves with some routine idea about economic cycles or cycles of struggles. We are involved in a global (economic, social, institutional and cultural) transition. The reorganization of basic social forces and their political representation involves a long process, in the course of which new forms of struggle and organization will develop as a function of the structural changes (of a breadth comparable to those which shook up the workers' movement when it was confronted by imperialism and war at the beginning of the century) and the evolution of social formations. This means that there have to be new experiences and new generations.

b) We have to verify the existence among us of a basic agreement on events and tasks, in light of the major problems that we have been confronting over the past few years. Without this basic agreement, an organized international militant current would quickly lose its usefulness for action and would be reduced to a think-tank based on affinities left over from the past.

c) We have to begin the necessary work of programmatic redefinition. Thanks to our traditions and our heritage, the world that is taking shape remains largely intelligible for us. Nothing would be more sterile than forgetting our whole past in order to rave about empty novelties. On the other hand, an international movement that did not help analyze this major transformation and help respond to problems that are really new would quickly be seen as useless.

The problems are real and substantial: consequences of globalization, reorganization of the international division of labor, crisis of the nation-state, formation of regional economic and political entities, development of international institutions and development of new juridical relationships. While we should be cautious with analogies, the tasks that confront us are comparable to those the workers' movement faced at the turn of the 20th century, when its theoretical and political culture was forged: the analysis of imperialism, debates on the national question, and battles over forms of political, social and parliamentary organization.

I. A new epoch?

1. Behind the major political events of the last few years (fall of the Berlin Wall and German unification, collapse of the USSR, Gulf War and military interventions in Africa, war in the Balkans) lies the exhaustion of the period of growth and development that followed the Second World War. From 1945 to 1970, the average rate of growth of the industrialized countries was exceptionally high: 5 percent on average, compared with roughly 2 percent between 1914 and 1950 and 2.5 percent since 1973. Worldwide production multiplied sevenfold, worldwide trade fourfold. This headlong growth supplied the foundation for social compromises in the world's different sectors. It shaped the protagonists of these social compromises (reformist parliamentary parties, trade union movement, populist and anti-imperialist movements in the Third World):

– Development of the welfare state and the cult of progress in the imperialist centers, with the reinforcement of reformist positions, imperisocial pacts, and a deepening of bureaucratic phenomena;

Challenges of the new world situation

- Euphoria on the part of the bureaucracy in the East in terms of a short-term perspective of catching up and going beyond the capitalist West (the Sputnik years in the USSR); and
- The Bandung turn and projects for decolonization and development in the Third World (a New World Economic Order, technology transfer, import-substitution industrialization).

This configuration encouraged the expression of radical challenges to the system of domination: national liberation struggles (Algeria, Cuba, Indochina) against the traditional forms of colonization and dependence; mass anti-bureaucratic struggles in Czechoslovakia or Poland; youth movements and mass strike movements in most of the developed countries.

2. The big change taking place is frequently summed up with the notion of globalization: sometimes in order to sing the modernizing praises of a free-market liberalism “without borders”, just as often on the contrary to use globalization as a bogeyman justifying backward-looking reflexes (economic protectionism, the social clause, backward preventive measures to guard against immigration). It is therefore important to specify the reality, limits and contradictions of the changes under way. Accelerating globalization is real. International trade is growing more quickly than the GDPs of the countries involved. Since 1975 foreign direct investment has grown more quickly than domestic investment (from 1980 to 1988 foreign direct investment within the US-Japan-Europe triangle tripled). Corporate interpenetration and mergers are creating oligopolies whose links to their states of origin are fraying. International trade is replacing development of domestic markets as a basis of accumulation (François Chesnais, *La mondialisation du capital*, 1994, p184). Can we conclude that “the world market has been created”? The formula is so general that it is bound to be ambiguous. While accelerating globalization cannot be denied, international trade makes up only 20-30% of the total volume of exchanges, and foreign direct investment was 1% of world GDP in 1990. While capital and good markets are more and more unified, this is not true for the labor market (350 million workers in the rich countries earn an average hourly wage of \$US 18, compared to an average hourly wage of \$US 1 or \$US 2 for 1,200 million workers in the poor countries). While a number of multinationals operate on several different continents and produce in several dozen countries, they are still dependant on the dominant imperialisms' political, diplomatic, monetary and military power. Finally, globalization of capital has been going on in recent years on the basis of its sweeping transformation into finance capital, rather than on the basis of development of productive forces. We are therefore facing an intermediate, transitional situation, a crisis of the old modes of regulation whose effects are already perceptible:

- a)** mutation of social formations;
- b)** disjunction of political and economic spheres (leading to a crisis of the nation-state and ruling classes); and
- c)** attempts at regional reorganization of markets and institutions.

3. The players in the social conflict who were fashioned by the previous period and mode of growth have been partially and unevenly destructured by the effects of the crisis, the liberal offensive, and the reorganization of the productive apparatus. The industrialized countries have registered a significant drop in industrial labor (change in the organization of work and skills, individualization and flexibility) and a rise of services with a spectacular increase in permanent unemployment and durable exclusion, the reorganization of urban space and the partial dismantling of working class concentrations (the factory-housing relationship, which used to determine social solidarity), marginality in suburbs, the situation of women and youth. Nobody can predict the effect of these phenomena over several decades in societies where wage labor represents more than 80% of the active population and where certain traditional elementary mechanisms of solidarity (extended family, links to the countryside) have been smashed.

In the ex-USSR and Eastern Europe, the appearance of dependent capitalism will have devastating effects on urbanized and industrialized societies, with new forms of third or fourth worldization. This process has been slowed down for the time being by the partial character of the privatizations (low official unemployment linked to the hybrid character of the property forms), but the urban crisis is already severe and may very well provoke a reverse rural exodus (an urban exodus) or migratory movements to the West.

A series of dependent countries have seen the end of the model of the industrialization by substitution as well as the emergence of increasingly severe dualization (free zones, informal economy, agrarian question) and the degradation of their primary exports (technological changes in the North, unequal exchange, and financialization of these markets). The urban and rural crisis is such that it does not seem to be controllable without serious agrarian reforms that can only directly clash with the ruling classes who are linked to the landed oligarchy. Massive displacements of populations and refugees are reaching unprecedented proportions, at the same time as interventions trying to control these movements (Haiti) and xenophobic regulatory measures (the Schengen agreements, Proposition 187 in California).

The organized forces (social movements, parties, unions) that came out of the preceding cycle of struggles have been socially weakened. They have undergone significant defeats in the wealthy countries (British miners, sliding scale in Italy, steel industry in France) and the in poor countries (Bolivian miners, agrarian counter-reform in Mexico) without the new organizing poles of the next cycle of struggles having made their appearance yet. From this point of view, the Brazilian PT is more a heritage of the preceding period of growth (industrial miracle) than a general model for what is to come (even if the question of an independent class party retains its full propagandistic, and in some cases agitational value in a number of countries). The loosening grip of the «national compromises» forged during the period of growth and the weakening of class movements facilitate the outbreak of panics over identity and quests for other kinds of communities (national, ethnic or religious). The social forces and forms of organization forged during past cycles of mobilization are virtually exhausted, while new activist generations have not yet clearly emerged. The role of youth (for traditional reasons) and women (for more specific reasons - see "Women and Economic Integration" in *Women's lives in the New Global Economy*, NSR 22, IIRE, 1995) will be decisive in the initiation of a new cycle of mobilization.

4. One of globalization's major consequences is the tendency of the political and economic spheres to come apart. During the 1950s the dominant national economies formed relatively coherent wholes, linking together a market, a territory and a state. International competition and deregulation bring about fractures between economic logic and political sovereignty. It becomes difficult in many cases to say what a product's or company's national identity is. Social inequalities between winners and losers in globalization are deepening, not only on an international scale but also within the dominant countries, to the point that the social compromises of the welfare state are being put to a rude test: "Are we still part of one community even when we're no longer part of one economy?" (Reich). A question like this contains much exaggeration, specially concerning the USA, but it expresses a real tendency and real anguish.

The crisis in fact affects the redistributive function of the state, which in the past fostered a certain social cohesion. This has led to a loss of legitimacy for institutions that have been driven back by the combined impact of privatization (the reinforcement of private economic power), globalization (loss of control from above of economic and monetary relations) and deregulation. This phenomenon is not limited to dependent states or to still fragile ruling classes. It has also begun to affect some of the European bourgeoisies. Neo-liberal market restructuring, national (e.g. US, Italian and Belgian) and local debt, displacement of the tax burden onto the poorest people, and the severe crisis of public finance all produce a challenging of the mechanisms of the welfare state (cost-of-living allowances, public services, social security, cutbacks in wages, benefits, private insurance and charity) and an increase in regional inequalities.

The privatization of economic and financial power at the expense of public service and the public good have produced galloping corruption and the proliferation of mafia-type phenomena. In the dependent countries, this

general tendency has produced a generalized crisis of populist systems (Mexico, Arab countries, Sub-Saharan Africa), a process of privatization, dollarization and loss of sovereignty under the pressure of the debt and the erosion of export-driven resources (raw materials), and an “involuntary de-linking” for some countries (from 1966 to 1987, while the Newly Industrialized Countries' share of world exports rose from 1.1% to 5.5%, the South's overall share fell from 23% to 15% and Latin America's share fell to 3%). The debacle of weak local “elites”, incapable of homogenizing and stabilizing themselves around a viable national project, exacerbates corruption, redistribution of sinecures among protegés, and a tendency toward dismemberment of some countries (Somalia, Ethiopia, Rwanda) along clan and ethnic lines. The crises that Mexico and Algeria are going through are particularly revealing, since these are countries that have experienced a revolution or a radical war of liberation, countries that seem to be among the best situated to overcome the handicaps of dependency. Today Mexico is looking for salvation in a socially costly association with its big northern neighbor, while Algeria is sinking into the chaos of disguised civil war, under the arbitration of its former colonial rulers. This is the context in which we can understand social violence and political violence, and the rise of “shadowy identities” that is inversely proportional to the weakening of class identification and solidarity.

5. Divided by competition, the ruling class only exists as such through the state project that unifies it. The nation-state project (which emerged in the course of the last century in the dominant countries, and in the course of this century with decolonization and independence) has exhausted its integrating and unifying effects without any alternative project emerging. The existing states remain the necessary form of class domination, but are already no longer the appropriate form in terms of the main tendencies of globalization. This explains the destabilization of the ruling classes and their political personnel, which is perceivable everywhere: Galloping corruption, clientism, drug trafficking; the rise of adventurers (Fujimori, Collor, Berlusconi); the tendency of those petty-bourgeois and bourgeois layers who are least able to accept a loss of state sovereignty and to adapt to the effects of liberal competition to challenge the rule of the dominant forces, producing a crisis of identity in bourgeois parties and some signs of fragmentation among their leaderships; and signs of division within big business on immediate perspectives and solutions (Europe, NAFTA, WTO and Ross Perot).

In spite of its specificity, Italy is symptomatic in this respect. In Latin America and the Arab countries (in the Indian subcontinent?), the bureaucratic populist cycle is at the end of its rope. In Africa, a number of decolonized states have not succeeded in consolidating any national reality or dominant bourgeois class. The redistributive effects and inter-class solidarity that corruption and clientism produced in the past are disappearing. The comprador elites are also disappearing. Caught between the demands for structural adjustment and social decomposition, a number of dependent countries have become increasingly fragile (Ethiopia, Sudan, Afghanistan, ex-Soviet republics). Even in those countries where the struggle for independence was the most radical in its forms and in its long-term consequences (Algeria, Mexico, Angola, Mozambique), the populist regimes have exhausted their historic dynamism and their bureaucratic and bourgeois elites have reached an accommodation with a partial loss of sovereignty either in fact or in law. The aggressivity of the neo-colonial discourse, which would have been unthinkable only twenty years ago, on the immaturity of the child-peoples and the necessity for “benign” guidance is simply a reflection of this situation.

In the bureaucratic regimes, the emergence of an entrepreneurial and dynamic bourgeoisie has run into enormous difficulties. The decomposition of the different levels of the bureaucracy has rather given birth to a mixture of speculative capitalism and bureaucratic clientism, to a kind of comprador and mafioso proto-bourgeoisie.

6. The socialist project is not the only one in crisis, so are the different world visions that co-existed, clashed and complimented each other in the preceding period: Bandung, bourgeois democratic universalism and illusions in progress, productivist communism that will be victorious in the year 2,000. The triumph of the tandem of the free market and parliamentary democracy has not survived very long. Even if historical analogies are somewhat inevitable in military and political thinking, it is not useful to reason through analogies (references to the beginning of the century or to the 1930s) given the depth of the historic mutation going on and uncertainties in terms of what will

result. We have to remain very attentive to the unforeseen, to the specifically contemporary forms of old contradictions. We are no longer in the political period of 1968. We are not out of the long wave depressionary economic cycle and we are at the end of an epoch (including the political culture it generated) that the First World War and the Russian revolution culture opened. The break-down of the unstable balances created at the end of the last world war have not produced a new order, as Bush proclaimed. But new and inevitable conflicts in an unjust world (inequalities, dependency, apartheid) as well as violent (Gulf, Yugoslavia, Rwanda) and unstable ones. We are now dealing with a type of regressive (cultural, political and economic) Counter-Reformation which we have to begin to resist. Capitalist Counter-Reformation against all democratic and social conquests: long-term unemployment, precariousness, old and new forms of poverty, exclusion, epidemics, the absolute pauperization of certain populations, ecological catastrophes, new technologies and a moral crisis. There is always a way out of an economic crisis. The question is, at what cost and to whom. The present crisis will not necessarily produce a general cataclysm, but the slow strangulation and worldwide deepening of inequality can take on equally violent or barbaric forms. Within the cyclical movement, the growing contradictions come down to the essential characteristics of the system: the inability of market measurements to regulate the exchange of complex work and organize the long-term relationship between society and its natural environment. In the midst of the crisis, the elements of potential new modes of regulation are making their appearance (new technologies, new products, a new division and organization of labor). Nonetheless these elements remain partial; they have not been systematized.

Reestablishing the conditions for a new phase of accumulation and lasting growth depends not only on a modification of the relationship of forces in the key countries, but also on a reorganization of markets, territories, institutions and legal systems. The crucial question is thus the change of scale that is on the agenda: the redistribution of relationships of dependency and domination, the emergence of regional entities and blocs, and the consolidation of international agreements and bodies capable of disciplining the neoliberal order. This leads to several, more and more ominous problems:

- a)** The problems of the political and institutional instruments of globalization (the role of the IMF, World Bank and World Trade Organization), of alliances and of new forms of imperialist military intervention;
- b)** The problems involved in the emergence of regional entities with nonetheless very different characteristics: an attempt at monetary and political unity (the European Union); a common market under imperial hegemony between rich countries and a dependent country (NAFTA); a dependent regional common market (Mercosur); and a more or less organized free-trade zone (APEC); and
- c)** The crisis and dismemberment of several countries, the rise of nationalism, the problem of the relationship between nation, ethnicity and state, and the multiplication of regional conflicts. We will briefly go over each of these three major headings. One of the functions of an international organization, even a modest one, is in effect to contribute to steering us through this transition by pushing through a programmatic updating that must be comparable, within certain limits, to the great controversies of the turn of the 20th century, which determined for almost a century the political culture of the various different components of the workers' movement.

II. New problems?

7. For almost two centuries, the nation-state has been the functional form in which a goods and capital market, a labor market, and a space of political institutions were articulated. There is no guarantee that globalization will lead to a simple transfer of this relationship between social and political spheres to a larger scale. One sector of capital is directly internationalized. At the same time, mergers and concentration are sketching the formation of a regional (in Europe continental) sector of capital. Still another sector of capital remains national. The processes are combined; there is no automatic economic mechanism involved. The political will to organize markets and forge new

Challenges of the new world situation

governments also plays a role, without anyone's being able to predict what institutional political forms will prevail in the future. For the time being nation-states, federal projects (Europe) and institutions linked to globalization are combined during the transition. Whether we look at world trade (GATT-World Trade Organization), political concertation (the proposed reorganization of the UN), management of the debt (World Bank/IMF), even management of the ecosphere (the Rio summit), international institutions seem to be more and more visible and active. Some people go too far, and conclude that a kind of organized superimperialism has arisen, with a growing role for stateless organioligopolies and planetary proto-state institutions. We are not there yet, far from it. But the tools of globalization are already raising problems for our analysis and interventions, problems that we should face.

a) From GATT to the World Trade Organization. An integral part of the system established at the end of the war (Bretton Woods system, IMF, World Bank), GATT is one of the mechanisms for liberalizing trade controlled by the dominant powers, which perpetuates unequal exchange and dependency. Behind the hypocritical free-market credo lies the reality: structural adjustment diktats, hidden protectionism on behalf of the rich, cultural and financial hegemony reinforced by the deregulation of services, "patenting" of the genetic heritage, etc. The discreet shift (stealth parliamentary ratification) from GATT to the World Trade Organization in the framework of ratifying the Marrakech accords means new ways of subordinating states, elected governments (including bad ones) and laws to the lords of the world market and their regulatory edicts (article XVI-4 of the treaty).

b) Under pressure from the IMF and World Bank, the debt continues to play a disciplinary role for the dependent countries. Even if the World Trade Organization retains a dimension of national representation, at the level of the IMF and World Bank there is no such thing. They embody capital's undisguised law: one dollar, one vote! Of course these institutions have limited decision-making powers, relative to the weight of the main multinationals: while the IMF controls liquidity equal to less than two percent of world imports, ten transnationals secure for themselves profits almost as great as the 190 next-biggest, and the 500 biggest companies in the world have laid off an average of 400,000 employees per year, despite their increasing profits. But the IMF and World Bank have the power they need to police the Third World and Eastern countries. Another mode of planetary cooperation and growth is conceivable: international regulatory bodies replacing WB/IMF/ WTO/G7; bodies to develop inter-national trade between countries on the same level of productivity; planned transfer of wealth from those countries that have accumulated it over centuries to the detriment of the poor countries; new trade regulations allowing for diversified development projects; partial and managed disconnection from the world market as long as it remains dominated by commodity exchange and a corrective pricing policy; and an immigration policy negotiated within this framework.

c) The perversity of the system is clearly illustrated by the debates on a hypothetical "social clause" against imports from the dominated countries. In the rich countries, any tariff barriers would only be admissible as a way of punishing industries that move elsewhere in order to take advantage of cheap, defenseless labor (the European code of conduct or the Sullivan principles for businesses investing in South Africa during the sanctions period). Invoking Third World competition to explain unemployment in the industrialized countries is pure sleight of hand.

Trade between rich countries and dependent countries, even Newly Industrialized Countries, can be accompanied by loss of jobs, but it is generally beneficial in terms of capital flows. The problem of employment is therefore not mainly a problem of competition that is portrayed as unfair, but a problem of the economic logic itself, and a problem of higher productivity in jobs that respond to social needs.

Because of the effects of deregulation, the relative benefit of moving to Third-World countries is tending to decline, while the benefit of moving to other areas of the rich countries, thanks to uneven development of social guarantees and norms, has grown. (Wage differentials have become substantial even within the European Union).

Besides, most of these imported goods in labor-intensive sectors (such as textiles or electronic components) come from runaway shops that belong to industrial groups based in the imperialist countries, not mostly companies based

in the exporting countries (with the exception of South Korea). The key question is thus not a social tax on imports into rich countries (whose control and ultimate consequences would in any event be uncertain), but the strategy of multinational corporations that produce abroad and how they might be brought under control (receivership, total or partial expropriation, tax reform), or even projects that could be alternatives to the big capitalist projects (the G7 plans for telecommunications).

8. The reorganization of world leadership is one of the political conditions for emerging from the crisis. How far has the American decline gone?

– Since the Gulf War, the U.S. has used its military supremacy and the power of its state to reaffirm its military and diplomatic hegemony. It has also begun developing its productive competitiveness in certain sectors. But the survival of enormous budgetary and commercial deficits underlines the fragility of this evolution. The European impasse and Japan's limitations have blocked the short-term emergence of a real alternative to American world leadership. The contradiction between its political power and its economic weakening are reflected in the very contradictions of international institutions: the reorganization of the UN Security Council, the absence of a new monetary order, the redefinition of military pacts, the precariousness of WTO in dealing with the hidden protectionism of the powers that be.

– Since before the Iraqi invasion of Kuwait, the U.S. (and the main European powers) had reoriented their military policies in function of the new strategic situation (Aspen doctrine), mainly against the instability of the Third World. The new doctrine had already been prepared and tested by the implementation of Rapid Deployment Forces, so-called low intensity wars (Central America), and direct short-term interventions (Grenada, Panama). The Gulf War was conceived of as the first illustration on a different scale of these massive one-time strikes in the context of the new worldwide relationship of forces. Imposed by European politico-strategic upheavals, the redefinition of NATO's role is, from the very beginning, subordinated to this overall policy.

– Legitimizing on a humanitarian basis military interventions is the fourth strategic level in the From Containment to Enlargement documents of the U.S. National Security Council. The concepts of rights and duties to intervene (and reciprocity) oscillate between moral duty and political right. The duty postulates the existence of an impossible innocence of the interveners as though the past, the interests, the hierarchy concentrated in the UN Security Council and its permanent members no longer existed.

In reality, what we are dealing with here are the gropings of a new international law reflecting the new relationship of forces and restoring legitimacy to the maintenance of the world order that colonial wars, and particularly the long intervention in Vietnam, had eliminated. The interventions in the Gulf, Somalia, Haiti, ex-Yugoslavia, Rwanda have clearly revealed the practical contradictions in this legal-ideological scaffolding. Who decides and who applies (UN decisions and the operational military command in the field)? What happens to the officially proclaimed sovereignty of states? What would be the reciprocity of this one-way right: not simply the intervention of the rich in relation to the poor, but the opposite?

– The UN, supposedly the cosmopolitan authority in the new world order, very rapidly revealed itself to be what it remains the "gizmo" that covers and legitimizes imperialism's undertakings. The UN produces the communiqués. The legal loopholes from the point of its charter and of international law allow for a multiplicity of interventions, each with a different status. In the most burning cases, the States intervene under NATO command (Bosnia) or U.S. command (Gulf) or any state which decides to intervene, taking advantage of UN positions (France in Rwanda, U.S. in Haiti). The end of the bipolar partnership of Yalta clearly reveals the problems of representatives of these international bodies and the difficulties in re-defining their composition on the basis of criteria other than the relationship of forces that presided at the end of the last world war (i.e., the Security Council, zones of influence, military power, demographic weight?, etc.).

Challenges of the new world situation

The hierarchies inherited from Yalta are null and void, but there is still no form of foreseeable international democratic sovereignty that would go beyond the mediation of states or alliances of states. The contradiction thus remains explosive between the necessity of a proto-world wide state regulation linked to the globalization of goods and capital markets, formal or informal transfers of goods and capital markets (of sovereignty) on the one hand, and the principally national social regulation linked to the fragmentation of the labor market.

9. The Maastricht Treaty represents a strategic choice: that of advancing toward a political organization of Europe under the constraint of a monetary straightjacket and the criteria for convergence that it involves. In the course of the ratification proceedings we fought against this treaty, not by screaming about national sovereignty like the chauvinistic right, but from a class point of view in the name of social solidarity that Euroliberalism was attacking and in the name of a project for a Social Europe of Solidarity. A Social Europe of Solidarity compromised by the selective and anti-egalitarian effects of their non-democratic and financial Europe. The initial Maastricht project is dead in the water, as much for economic reasons (the technocrats had not foreseen the brutality of the crisis that destroyed the European monetary system and the criteria for conversion since 1992) as for political reasons (the collapse of the Eastern bloc and the geo-political imperatives of expansion), but the process has been put in motion. The concept that has since been publicly put forward by the German Christian Democrats for a multi-speed Europe (a free-trade zone and a network of political association all the way to Russia, organized a proto-state Franco-German hard core) is a response to this new situation within the continuity of the Single Act and the spirit (if not the letter, since that has become unworkable) of Maastricht.

– Although we are not starting from scratch, and although we are in part the prisoners of decisions that have already been made (the Single Act, Maastricht, enlargement), from which the German Christian Democrats' document incidentally drew some of its arguments, we have to put the European project back on its feet. Europe will be different depending on the social forces that take the initiative and determine its content:

– Broadening and deepening political adherence and social convergence against the monetary straightjacketing; a coordinated reduction in work time to an immediate maximum of 35 hours; European wage indexation and a European minimum wage; harmonization of social security based on the highest acquisitions; a plan for major public works in transport, communications and energy; industrial projects and “Europeanization” of strategic multinationals;

– a democratic Europe of citizens: European citizenship and institutions (right of vote for all residents; genuinely equal social and civil rights for women; a European assembly and the right of veto for national parliaments; suppression of the Schengen agreements and of all discriminatory measures like the Pasqua laws.

– The proper use of subsidiarity: defining the democratic content of subsidiarity as a new distribution of power and of the attributes of sovereignty on the levels of the states, the European Union, and internationally.

Such a framework would make possible resolving both advancing toward supernationality and recognizing collective national rights (Euzkadi, Corsica, etc.);

– a peaceful Europe of solidarity: nuclear disarmament, cancellation of the debt, new forms of cooperation, ecological measures.

10. In the present conditions of the internationalization of production and trade, of the crisis of efficiency and legitimacy of existing states, of a redeployment of the division of labor, of new minglings of populations, those nations which accede to a state existence can no longer play the integrating role that the nation-states of the past century or the decolonization period played. This explains the tendency to search for a mythical legitimacy (our land and our martyrs), an ethnic or identity-based (chauvinistic and xenophobic) legitimacy with its full load of purifying fantasies.

Yugoslavia is not an exception (Israel, Germany). Under these conditions, the nationalism of the oppressed can be quickly converted into an oppressive nationalism against one's own minorities. A class alternative requires more than ever a close relationship between national democratic projects and an close international perspective (regional responses, redefinition of exchanges, alternatives to the WTO and the IMF's structural adjustments), as well as inserting regional or ethnic democratic demands within the framework of broader solidarity so as to avoid the devastating impasse of micro-nationalism:

- primacy of citizenship over nationality;
- the right to self-determination and voluntary association (subsidiarity);
- guarantees for (linguistic, scholastic and cultural) minorities.

11. Transitional demands are bridges from immediate demands that respond to urgent needs to the seizure of power. But these bridges and passageways are quite shaky today. Where is the power to be seized? It is still concentrated in the really existing state apparatus, but it is already being delegated to regional and international institutions. This is a problem for the ruling classes.

– The idea of a homogeneous political, economic and territorial space has gone out of date, and it is by no means certain that any such space will be reconstituted on a higher (continental or regional) level. Divisions within the bourgeoisies are already showing the contradictions among capital that is directly globalized, capital that is still protected by its national institutions, and capital that aims at a middle-level reorganization (the European Union), with all possible and imaginable intermediate forms between these three sectors of capital.

– It is a major strategic problem for the workers' movement, whose policies were shaped for decades within the framework of national states, with revolutionary variants (nationalizations, a single bank, monopoly on foreign trade, dual power) and reformist variants (democratization and Keynesian policies). Today the disjunction between economic and political power, the dispersal of decision-making centers (on the local, national, regional and worldwide levels) are such that the gateways established by immediate demands tend to go off in all directions. It is striking to note that the Brazilian PT's program was far more moderate than the radical reformist program of the Chilean Popular Unity in 1970, or that what would now be a radical program in certain European countries (reduction of the workweek, immigrant rights, debt moratorium, demilitarization) is often far weaker than the reformist programs of the seventies (nationalizations, elements of workers self-management and control). Faced with the impotence of reformless reformism, the majority currents in the workers' movement waver between adaptation to free-market logics (modernizing social democracy) and nationalist turns inward (various Communist and ex-Communist parties).

Defense of social rights and gains depends on existing laws and institutions, but effective measures to reduce unemployment and for an economy in the service of human needs require a directly regional or international dimension (coordinated shortening of the work week, joint training policies, investment projects and control or socialization of multinationals). So what we have to do, starting from people's struggles and experiences however modest and partial they may be, is formulate and implement a transitional approach for the 21st century. This is how, around simple and accessible themes, we can give a dynamic content to the recomposition in progress and lift it out of tactical and self-seeking ruts. Once again, we have to reformulate the basic elements of an approach that leads to an challenge to the whole of the established order:

a) Citizenship/democracy (political and social). Against the restricted universality of human rights, civil rights and equality of rights (immigrants, women, youth), civil rights and social rights (male-female parity); social rights and public services.

b) Against the dictatorship of the market, its short-sighted consequences, its anti-egalitarian logic: the right to exist, beginning with the right to a job and to a guaranteed minimum income; recycling the gains of productivity, (housing, education and health services), which implies a broadening of free services and incursions against private property rights. The right of citizens to social property, of businesses including the choices and decisions which have a major impact on their present and future living conditions; this right to social property does not necessarily involve nationalization, but rather effective socialization (the right to user self-management, decentralization, planning).

c) Solidarity between generations (social security, ecology).

d) Solidarity without borders: disarmament, debt, regional political spaces, internationalization of social rights.

Similar work should be done starting from the most burning issues for the dependent countries (debt, land reform, regional cooperation) and for the Eastern countries (alternatives to privatization, democracy, the national question).

III. By way of a tentative conclusion

12. Of course there are economic cycles. Of course there are upturns and downturns in struggles, and we will take part here and there in explosions, mobilizations, and fierce resistance. But these good-sense reminders must not make us forget that the changes under way are not conjunctural: we are witnessing a historic mutation of the mode of capitalist accumulation, whose full strategic consequences we cannot yet foresee. At least it is not too soon to take stock of the magnitude of the problem. The “crisis of revolutionary leadership”, which has become a crisis of the workers' movement as such, acquires all the more importance in this historical perspective. The world situation is always the scene of contradictory tendencies. However, it is not possible over the previous decade to balance out the good points and the bad points: Nicaragua with Chiapas, Palestine with South Africa. The terms are not equivalent. One need only listen to and read the declarations of the Zapatistas: an insurrection of despair against the effects of liberal modernization. A number of factors were at play in the end of apartheid as well as the collapse of the bureaucratic dictatorships. Mass mobilizations and the expression of democratic aspirations, of course, but these were also combined with the specific needs of capital: the system of apartheid was increasingly came into conflict with the whims of liberalization and deregulation.

Once this dynamic set in, its evolution was largely determined by the world relationship of forces. So one tendency is clearly winning over the other, not on the basis of calculations but as proven by major events: the dislocation of the USSR without even the beginnings of a political revolution, the dominant restorationist dynamic in the East, the imperialist reunification of Germany, the defeats of the Central American revolution, the Gulf War, the Israeli-Palestinian agreements, the increased isolation and exhaustion of the Cuban revolution. The crisis of leadership and of the workers' movement's political project thus results from a combination of three factors: long-term social effects of the crisis (social mutation); the cumulative disorganizing effects of the policies of the reformist and populist leaderships confronted with the first shock of the crisis; and the profound effects of the bankruptcy of “actually existing socialism”.

In the imperialist countries, the Stalinist parties discredited revolution and social democrats discredited reform. Neither presently fulfill the same function as in the past. The former no longer base their identity on the reference to the socialist camp, and can only transform themselves into national reformist parties if they have the chance to supplant social democracy in this role. At the same time, the traditional social democratic parties, caught up in the liberal whirlpool of loyal management and the impasse of national Keynesian potions, are closely associated with European capital and want to be the active wing of Maastricht Europe. More and more, they are the incarnation of reformless reformism. This crisis of representation of the working class movement is also seen in a crisis of efficiency

and representativity of the union movement (which varies according to country) and by the fragmentation and atomization of class consciousness. In the countries of East Europe and in the ex-USSR, the fact that class discourse was that of the old power and that words have totally lost their meaning, that there was no merger between the democratic their aspirations of society and the class movement, that the low level of mass anti-capitalist struggles in the advanced capitalist countries was hardly a positive reference (compared to what happened in 1968) constitute so many obstacles to the rebirth of a social movement that would be independent of capital, which is finding its rebirth in fractions of the bureaucracy.

In the dependent countries where progressive anti-imperialist currents were able to enter into conflicting alliances with the nationalist sectors of a potential (petty) bourgeoisie, the change in the international relationship of forces has led to a cascading "realistic" realignment (accommodations and compromises with the IMF and World Bank). The period when OPEC appeared to be a beacon and where the international division of labor inherited from colonialism allowed for a certain margin of maneuver and bargaining seems to be definitively over. Although for a time it was hidden by the rise in oil prices, the collapse of this system began at the end of the 70's with the collapse of raw materials prices, which undermined both the social basis and the self-confidence of this anti-imperialism. The changes in world political relations following the fall of the Berlin Wall, the dislocation of the USSR and the Gulf War were the final blows. There is now an outright and not conjunctural crisis of the forms of the preceding phase of radical anti-imperialism (confusion in Panama, in Haiti) and a strong tendency to destructively adapt to a fall-back position in the name of an illusory "realism" (El Salvador, Nicaragua, South Africa). For now, the dominant tendency on a world scale is the weakening of social movements (first of all of trade-union movements). Although large-scale electoral shifts are taking place (as in Italy), they rarely benefit workers' parties, still less often radical alternatives to these parties. Caudillos and populist formations, even parties of the far right, are usually the first to profit from disaffection with the traditional parties. Compared with what we noted at the last World Congress, the revolutionary left itself has largely fragmented and become weaker (witness the crisis of the Central American organizations, the break-up of the Philippine CP, and the retreat of the South African trade-union left). We are setting out to rebuild a revolutionary project and an international in considerably deteriorated conditions.

13. Our previous discussion requires the addition of a few clarifications in order to try to avoid the worst misunderstandings. Comrades have carried on a great deal over the idea of a new epoch. Let's keep it simple. Historians have invented extremely refined, sophisticated categories in order to express the periodization of rhythms (cycles, phases, stages, etc.). Here we are merely trying to emphasize that what we are going through is not a routine alternation of upturns and downturns. A configuration is coming to an end, and the changes linked to capital's reorganization really pose new problems. Even if the theme of globalization is used in an ideological way (to defend free-market liberalism without borders and resignation in face of the constraints that follow from it), globalization is still something real. It determines the dynamics of social transformations, political fractures and the destabilization of states.

Other comrades have stressed the emergence of elements of an imaginable new mode of regulation. This is true as well as logical. There are no clean breaks in history. The new emerges from the old, and elements of a solution are maturing in the midst of the crisis: technologies, organization of labor, new markets and new products. But right now these phenomena have neither the magnitude (i.e. generalization) nor the coherence required to launch a new phase of lasting growth. This is why we emphasize the political and institutional conditions required for any exit from the depressive long wave. This does not mean that these exit conditions necessarily have to take the form of a single catastrophe or a new world war. We brought up in the report the hypothesis of slow strangulation, of which local conflicts with global implications (such as Bosnia) could be one aspect.

To conclude, is it really necessary to spend so much time on a sterile polemic over the "New World Order", as if some people (the majority) were swept away by a desperate pessimism and believed that such an Order had come to stay, while others (true to their revolutionary faith) kept to their faith in the capacity of the masses? The majority resolution from the last World Congress already stressed (beginning with its title) the new disorders (like the Gulf War

and future ones). You would have to be cross-eyed to open your newspaper each day and find proof in it of an orderly world! Antagonism, conflict and struggle are inherent in the system: that is not about to change. But this is just where the problem begins. We can only foresee the struggle, Gramsci said wisely; we cannot foresee its outcome.

Revolution is necessary. We are struggling in order to make it possible and make it victorious. But it is not certain, and above all we are forced, like generals who are always behind the times because they have forced to reason on the basis of the last war, to imagine a revolutionary project in the shape of past revolutions, whereas a renascent social movement will probably bring answers that no one could foresee.

14. Some comrades seem to have been shocked by the question the report asks: Where is the power to be seized? True, one can simply answer that class struggle still begins, as the classics from Marx to Trotsky said, in the national arena and that its strategic horizon is still first of all the seizure of power on the national level. This is not yet false, but it is already no longer entirely true. We have clearly rejected in the report the idea of a super-imperialism that would really reduce nation-states to the status of vestiges and make struggles on the national level futile: a situation in which the praiseworthy but distant goal of a globalization of struggles (or a renewal of internationalism) would serve as a alibi for resignation, passivity, and adaptation to the neo-liberal dynamic. On the other hand, these states and the power that they express is losing control of a growing part of the production process, monetary flows, and movements of capital. This means that the national dimension of the struggle for power is more and more immediately entwined in regional and global dimensions. We can no longer respond to the question of so-called "external constraint" in the same way we did at the time of our first polemics about the Common Program of the Left in France in the 1970s.

From now on a transitional approach must directly combine demands that defend gains in a national framework and that propose transformations in at least a continental framework. Otherwise we are leaving the initiative to the bourgeoisie. A comparable problem is posed for the dependent countries, who are trapped in the new international division of labor and whose tactical space has been considerably narrowed. We have already emphasized that the Brazilian PT's program (meaning the program that we adopted too, not Lula's campaign) was already far more moderate than the programme of the Chilean Popular Unity. And this was Brazil. What can we say about countries that do not have this level of industrialization and productive capacity? In what conditions can de-linking from the world market still constitute a way to launch development? What are the effects of what some economists call involuntary de-linking: the throwing of whole countries or regions onto the margins of the world market?