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Fourth International

# Contribution from Argentina to the debate on the international situation

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## A) General Considerations:

it seems necessary to us that the debate address certain questions posed by the crisis:

1) Capital's system of domination/rule and exploitation is sustained in each historical period on the basis of a specific model of accumulation, reproduction and distribution that in turn requires a specific political hegemony that at each moment articulates international and national relations of forces in an organic form. But this organic nature appears weakened in a crisis. **Are bourgeois-democratic institutions, which furthermore are subjected to mafias and shady deals of all types, in a condition to support the blows of the world crisis?** Moreover, even certain multinationals seem to have become autonomous from the national States where they originated, and the creation of a global State does not seem viable, given that new institutions such as G20 have not so far provided all the effectiveness that the system requires. **Is current management of the crisis adequate?**

2) The current economic crisis and the Iraq war lead to the discovery that the EU does not appear as a new hegemonic centre; the many states and persistence of nationalisms seem to have set limits on its political and economic coordination.

Public debt is critical in certain European countries and explosive in others. These imbalances are proportionally lower than those of the United States, but they face major difficulties of external financing. All the means of budgetary balance of the European Union have remained overburdened. In his recent visit to Buenos Aires, Paul Krugman said Spain had no way out other than devaluation. What way out is there for Italy, Ireland, Greece or England today? The Euro seems to be in serious difficulty. **So what can become of the European Union as a supranational institution?**

3) It seems to us that the document lacks an full description of the state of the working classes and all the subaltern groups on the world level. Fragmentation, identity, xenophobia, racism, migrants ... new subjectivities. It is worth emphasising that if neoliberalism has found no solution, it has established a relation of social and political forces that is absolutely favourable to capital and absolutely unfavourable to workers. The crisis has stripped neoliberalism of legitimacy, however it has not reversed this reality, which prevents a social response adequate to the crisis in the conjuncture and, with a perspective of power, leads to discussions about the question of the subject.

4) The document lacks a description and characterisation of the situation of the workers' and social movement in the US - degree of organisation and readiness to struggle - also in terms of minorities and migrants. What can the probable course of the class struggle be in the centre of world capitalism? What will happen? What can happen? If anything will...

## B) Some specific questions: proposals for amendments and additions

### 1.1. At the end of 1st paragraph conclude:

"The heads of State meeting in the G-20 in London issued a call to all countries not to resort to protectionist

measures, while in Viña del Mar (Chile) at the meeting of "progressive" leaders, the representatives of Spain, Britain and Chile showed alarm at the "populist and protectionist tendencies and protectionism stimulated by the crisis".

"However multinational bodies with their general proclamations are one thing and the attitudes of each country in terms of their national economies are something else. Thus the US, France, China, Britain and Spain have applied different versions of "buy national"; Germany, France, the US and Russia among other countries have enacted administrative measures limiting foreign investment; in the European Union which claimed to be a model of social integration there is a resurgence of racism and xenophobia and foreign workers are expelled, particularly towards Eastern countries. In Latin America protectionist measures taken by Argentina are provoking reactions from Brazil, which pleads in international forums for a greater opening of trade".

"This does not mean that there has been a break in world trade as in the 1930s, however it is possible that at the end of 2009, trade will have contracted by 10%, although for major exporters - Germany, Japan, China - this percentage will practically triple, while direct foreign investments in the world will fall by 21% in 2008 and it is possible that this trend will continue in 2009. The transfers migrants send to their homelands have fallen rapidly (this is particularly significant for countries such as Mexico and Ecuador), and some flows have reversed from the south to the north. Tourism and international transport have also contracted.

Thus the crisis has undermined the pillars of globalization: i.e. the world trade of commodities. Capital and human mobility has fallen and currency flow between countries has contracted. WTO, which is trying to revitalise itself, has been stagnant for several years."

**After "recovery in Asia..." add:** "For Latin America a 4.1% growth is hoped for, a growth that contrasts...

**At the end of the whole point add:** "along with the absence of strong trade unions and workers' parties advocating a different way out"...

**1.2. At the end of the point add:** For this reason, the G20 outcomes are a retreat to the past that was shattered by the crisis. The end of the Washington Consensus was decreed, but this was set in the centre of the IMF decisions and its order of priorities is clearly neoliberal".

**1.4. Complete:** "According to ILO, in Latin America the crisis has meant 2.2 million newly unemployed, raising the region's rate to 8.4% and entailing a strong increase in informal work.

In the paragraph "Privatisations are confirmed, except in certain cases - exceptions - such as the social security system in Argentina or the Japanese postal service", just for information we wish to point out that in Argentina the national airline, the postal service and services providing clean water and environmental remediation have been recovered. It is clear that the major privatisations such as the railways and petroleum industry have not been touched. Furthermore, we have to take into account the State seizure of the extraordinary agrarian rent, with which subsidies to maintain rates and jobs have been financed,. Including the strong growth in the GDP in the last six years the participation of the internal market was much greater than the contribution of exports. Moreover, while the central countries are issuing to provide subsidies, with other criteria, here there is no issuance, but using available funds. It seems necessary to report on this situation because in the classification of blocs of governments in Latin America, the Argentine government is included in the social liberals when in truth it is a case unto itself. This is a discussion within the Argentine left, but it should be made known".

**2.1 Beginning of the point** "Unilateralism, which elevated the US to hegemony, is in crisis nowadays and power is

spread out we will see if it is moving towards a multipolar scheme or an association among powers. In the immediate term the economic and military power of the US are not at stake, no other power could take over for it. However, the world is showing a new structure of international power that G8 can no longer contain, which is why G20 is necessary. China, India, Brazil and Russia seek to have their own weight in decisions and are acting with more and more independence (as Iran and Venezuela have done in other arenas). However the presence of these new powers can be seen as a recognition of them, or as a form of co-option by the world order. The IMF reform hoped for that would respond to the new configuration of world power has been deferred. The US will continue to rule and the body will continue to impose its conditions to grant loans.

**At clause a)** On the subject of FTAA and Trinidad and Tobago we propose: "Since the fall of the FTAA, the US has not had a global policy for Latin America, except for pressure and threats of aggression. At the Summit of the Americas in Trinidad and Tobago, the Obama administration has been trying to rearm its relations with its "backyard", isolating some countries (Venezuela, Bolivia) and co-opting others (Brazil, Argentina), however all of this has been such a failure that they did not succeed in signing a final declaration.

Nowadays, Latin America is disputed territory. On the one hand, the empire is aware that South America has been at the centre of resistance to neoliberalism and that in this crisis anticapitalist tendencies can hold sway, for this reason its response is twofold: on the one hand it puts the emphasis on lowering the level of tensions, affirming diplomatic relations and negotiations; on the other hand it seeks the return of the 4th fleet, the military coup in Honduras and the agreement for seven new military bases on Colombia's territory reveal the real content of the new administration. The current situation in Haiti with the humanitarian collapse could lead to a full US occupation, concluding in the long run with a new associated state.

"On the other hand, the recent VII Summit of ALBA nations and the resolutions approved propose a response to the crisis that breaks with capital's logic. Strengthening this alliance tends to shape a defensive regional structure that will make it possible to raise anti-imperialist barriers and to deepen measures such as nationalisations".

At clause c) We think the paragraph speaking of maintaining the dollar at a high level or organising a competitive devaluation should be inverted (because the latter is currently underway).

**2.2. at the beginning of this point:** The United States retains a dominant position ... add ... "until the time of the crisis 60% of growth in the world economy could be explained by US consumption - US society consumes more than it produces and covers the gap with imports - however now American consumers are more concerned with paying their debts to prevent seizure of their belongings, due to the fall in value of their assets, than consuming. Consumer confidence is very low and has started to restore the rate of savings (7% of the GDP, the highest in 50 years). Under these conditions who will replace the US consumer as a world motor force? And yet we must underline the rise of Brazil (which will grow 5.5% in 2010, driving a good part of the South American region), Russia, India and China (which will grow 8.5% in 2010, driving the entire ASEAN) (BRIC).

**Comment on China:** The G2 within G20 is an expression of this cooperation, but also of interdependence. The US is the country with the largest deficit in the world and China has the largest surplus. 60% of the US deficit is financed by China. Both countries are part of a sort of integration through trade and investment flows.

The world crisis has sped up the rise of China. It is already the world's first exporter and second economy, from January of this year and the free trade zone between China and ASEAN will come into effect, the third in the world in value and the first in population. Unlike the 1990s when China's growth was sustained by its exports, now the real motor of Chinese growth is its internal market. Domestic demand, which drags all the exports from Southeast Asia, has grown by 20% in the last quarters, the outcome of three convergent policies: an enormous infrastructure plan (16% of the GDP); a systematic reduction in interest rates and the creation of a health system that will succeed in

covering 90% of the peasant population (approximately 720 million people) in 2009/2011.

Standard & Poor y Moody's have recently estimated that the Chinese economy will grow by 12% over the next two years.

**At this point Brazil is described as "imperialist".** We have doubts as to this description, it seems to us that the imperialist capital that does exist in Brazil is not of Brazilian origin, and it is difficult to locate the country in some of the classical Marxist definitions of imperialism. Moreover it doesn't appear to us that there is a finance capital of Brazilian origin. On the contrary, we do think that Brazil remains a dependent capitalist country, hegemonic in Latin America, that on the one hand is subject to the interests of imperialism, yet on the other, the defence of its national space, seeking leeway (UNASUR) and has contradictions with the US. Yes, it does seem interesting to point out that it is the only country in the region with a national defence programme. This is a subject for debate and we think the opinion of the Brazilian comrades is important.

**2.4. first paragraph:** After "workers' strikes, add "and popular mobilisations" ..., These are hundreds, thousands ... change "Indians" to read "original peoples".

This leads to three types of government: we propose replacing the entire paragraph to read:

"There is a bloc of countries where one finds rightwing or far-right governments in Mexico, Honduras, Colombia or Peru, combined with brutal sectors of the oligarchic right that has not abandoned the perspective of overthrowing Chávez and Morales. The recent victory of the Neo-Pinochetist right in Chile could strengthen a Pacific bloc, with Peru and Colombia, to stage an imperialist counteroffensive in the region. All these sectors are on the offensive today, supported by imperialism's political-military elites.

A second group of governments is the focal point of processes of greater radicalisation and partial breaks with imperialism, such as Venezuela, Bolivia and Ecuador, and others whose course is still difficult to predict such as Paraguay and El Salvador. They have implemented policies of partial distribution of rents in favour of social programmes and to the poorer layers of the population, declaring their support for social movements. In the development of their internal contradictions and under imperialist pressure, they can progress towards decidedly anticapitalist positions. All see Cuba as a reference point. We are on their side against North American imperialism and local oligarchies.

"A third type of Government, with all its nuances, includes Brazil, Chile, Uruguay, and Argentina, with a "neodevelopmenalist" variation in the latter case. Continue with the original text "These are social liberal governments respecting ... that gave the PT government a real popularity.

We support.....continue original paragraph to the end.

#### **4. An anticapitalist programme**

The proposals centre on winning back positions specific to the Welfare State (for example, public services under social control) or reforms (redistribution of wealth) but there has been no mention whatsoever of experiences of factory occupation, self-management and alternative politics (for example occupying lands and cultivating them) or putting a stop to open-pit mines and to turning farmlands over to soya production.

When discussing the redistribution of wealth, it seems important to us to point out that the "problem" is not poverty as the World Bank says, and, especially in Latin America, the Catholic Church, discussing targeted programmes that are

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exactly what WB is backing. On the contrary, we think it is worth pointing out that the "problem" is the fact that the concentration of wealth requires the expansion of poverty and put the emphasis on the redistribution of wealth. This will not require targeted programmes, but comprehensive ones.

We also think that in terms of programme we must draw conclusions from recent years in Latin America. The region has been a real laboratory for social-political experiences: strikes with factory occupations, relenting firms under workers' control and management, worker-state co-management experiences, productive enterprises self-managed by unemployed workers' organisations, neighbourhood self-organisation and recuperation of public spaces, community forms of management, various forms of partial empowerment... These experiences should make up part of our programme.

*Buenos Aires, January 2010.*

### **Group in Argentina**