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Towards an anti-capitalist pole

26 March 2009, by **Jan Malewski**

The debate brought out convergences and confirmed common reference points on the main anti-capitalist measures and the necessity of a clear policy of independence in relation to social democracy. All the organisations present reaffirmed the necessity of rejecting all policies of parliamentary or governmental coalition with social liberalism, social democracy or the centre left. These key references for the reconstruction of a new workers' movement and an anti-capitalist alternative did not exhaust all the indispensable debates needed to elaborate a socialist project, on the diverse experiences in Europe, on the key questions "the formulation of a European anti-capitalist programme, the problem of war, the eco-socialist response to the ecological crisis" and on the form and content of the socialism of the

21st century.

This success was of course linked to curiosity about and sympathy for the initiative of the LCR, the construction of a new anti-capitalist party (NPA), but there was more. A historic change of period has been working its way through the workers' movement and all organisations, for several years. This process has perhaps reached maturity in a series of countries. The conjugation, in the context of capitalist globalisation, of the current crisis of capitalism, of the redoubling of attacks on social and democratic rights, and the social liberal evolution of the traditional left, opens a space for the radical left.

The organisations present in Paris on June 1, 2008 decided to meet again before the end of that year and to

pursue the debate on how to create an anti-capitalist pole in Europe, in particular at the European elections of June 2009.

This was done on December 13, 2008 in Paris. Once again it was the LCR and the NPA, then in construction, who took responsibility for the organisation of the meeting. A smaller meeting "most of the 12 organisations from Greece present in June could not travel this time, investing all their energies in the youth anti-government mobilisation while others had national meetings on the same day" it made progress towards the setting up of an anti-capitalist pole at the next European elections and also in affirming national links (for example the Belgian LCR and the Socialist Party of Struggle "PSL, ex-MAS" have since decided

to participate together in the European electoral campaign in the context of the European anti-capitalist left pole). The Polish Party of Labour (PPP), the Socialist Party (SP) of Sweden, the Anti-capitalist Left (IA) from the Spanish state, the Critical Left (SC) from Italy announced their willingness to engage in a common European campaign alongside the NPA of France, attempting to create an anti-capitalist pole at the European elections. It is unquestionably a step forward, the statement adopted by the anti-capitalist currents and organisations of Europe witnesses to a will to discuss and act together.

The crisis, like the social resistance to the plans of capitalist restructuring of the governments of the European Union has obviously had an accelerator effect. The discussions on the situation in Greece have certainly shown that it did not amount to an isolated example.

This type of meeting is also useful for "thinking Europe": the common points of situations in the context of the

crisis, but also their specificities in the unequal development of the social movements. For all the delegates, and here there is a difference with other left currents, it is not simply about attacking the excesses of finance capital or returning to the welfare state, as Die Linke proposes in Germany. It is necessary to break with capitalism, satisfy the demands and social needs of the popular classes and to do that to attack the property and power of the employers.

In the same sense, unlike the majority of forces grouped inside the European Left Party, the anti-capitalists reject participation in governments or parliamentary coalitions with social democracy and the centre left. For what is at stake in all these discussions is the emergence of a new political current on a European scale: an anti-capitalist pole. After social democracy, the Greens and the Left Party, which essentially comprises the European Communist Parties, the "anti-capitalists" need to be there.

This "anti" current goes beyond the organisations who have signed the

final statement. Relations should be built or strengthened with parties like the Left Bloc in Portugal, Syriza in Greece or the left currents of Die Linke.

In the midst of these meetings the delegations of the LCR and the NPA in France were in Poland in December 2008 to meet activists in the Polish Party of Labour (PPP) and the free trade union "August 80" (which is at the origin of the construction of this new party) and participated on January 17, 2009, at Ruda Śląska, in the national meeting of this party, organised with a view to preparing the European elections campaign, which decided that the PPP be involved in the construction of an anti-capitalist left on the European scale.

The organisations present in December in Paris also decided to act together to contribute to the success of the unitary demonstration against NATO in Strasbourg and set a meeting in Strasbourg for early April to continue the construction of this European anti-capitalist pole.

The protests in France and the New Anti-Capitalist Party

24 March 2009, by **Nathan Rao**

France has just gone through another day of mass strikes and protests against the hard-Right government of president Nicolas Sarkozy. The protest action is hugely popular in opinion polls and comes on the heels of another successful but smaller day of action on January 29, a victorious six-week general strike on the Caribbean island of Guadeloupe that spread to other overseas colonial territories and the proliferation of radical protest actions among students and in a number of workplaces - all in the context of growing job losses and a deepening financial and economic crisis.

'France's Thatcher' on the defensive

Not long ago, Sarkozy was widely hailed in Anglo-American circles, from the Blairite "centre-Left" across to the Bushite and Harperite neo-conservative Right, as the French Thatcher — the man that would usher in the "normalization" of French society by at long last breaking resistance to growing inequality, job insecurity, privatization and cutbacks. And yet, a mere 18 months into his

mandate the swaggering and obnoxious Sarkozy is now stumbling in the face of the resilience and scale of popular resistance.

Though still very far from being defeated, Sarkozy and the neoliberal project more generally are on the defensive in France, a country at the heart of the global capitalist and imperial order. This has not failed to raise a few eyebrows in other European and western capitals, where the fear is that developments in France will serve as an example for workers and young people in their own countries.

Further stoking these fears is the fact that Olivier Besancenot — the 34 year-old postal worker and spokesperson of the newly created New Anti-Capitalist Party (NPA) — has consolidated his position as by far the most popular opposition figure in the country. For several months now, polls have ranked him well ahead of the leader of the nominally social-democratic Socialist Party (PS) Martine Aubry — and even further ahead of the PS candidate in the 2007 presidential elections Ségolène Royal and centre-Right leader François Bayrou. Besancenot recently even earned the unusual distinction of being the only left-wing and working-class figure to be named to the Financial Times list of 50 people "who will frame the debate on the future of capitalism."

New party, new politics for France's Left

As its name suggests, the NPA has an explicitly anti-capitalist profile and its program calls for a revolutionary transformation of the country's political institutions and property relations. It is an activist party, with a growing base of more than 10,000 members across the country involved in local organizing efforts and broad activist campaigns and the internal work and debates of the NPA itself.

The party brings together former members of the largest surviving (and now "self-dissolved") organization of the 1968-era far-Left (the "Trotskyist" LCR), a wide array of experienced and previously non-party-affiliated trade-union and social-movement activists, a new generation of radicalized students and youth and a significant layer of people of all ages for whom the party is their first political experience ever. It is quite easily — certainly within the industrialized world at any rate — the most dynamic and radical example of attempts at fashioning a left-wing alternative to the increasingly discredited policies and institutions of neoliberalism and capitalism.

Relevant to Canada's Left?

This is all very heady stuff. So heady, in fact, that it is tempting to see these developments in France as distant and exotic, of no particular relevance to our own work and debates here in Canada. That would be unfortunate.

To be sure, there are important differences between the context and relationship of forces in the two countries. For one thing, today's protest movements are at least in part an extension of those that have shaken France since late 1995; and the initiative to found the NPA was taken only after a long, complicated and occasionally rancorous debate between the various political and social-movement forces involved in these movements in one way or another. It will certainly take time and a significant upsurge of protest and resistance in Canada before these kinds of debates get any kind of traction beyond the margins of political life here.

Fundamentally, however, the strategic lay of the land in the two countries is not so dramatically different. Whatever the fate of Sarkozy's cabinet in the face of the present protest movement or of Sarkozy himself in the 2012 presidential elections, the NPA are under no illusions that there will be a serious breakthrough for anti-capitalists in the short term. Even in France, the relationship of forces and rules of the institutional game are firmly stacked against such an outcome.

The NPA understand that they are just now entering a long period of rebuilding working-class and anti-systemic movements and of developing a new vision and strategy for enduring radical change. This is something the party's program describes as "21st century socialism", tipping its hat to the Bolivarian revolutionary process underway in Venezuela and other Latin American countries.

Collective action possible in face of economic crisis

What are the broad lessons we can take away from the French experience?

For one thing, the protests and strikes, and the organizing that made them possible, show that resignation, panic and "everyone for themselves" are not the only possible responses to the onset of economic hard times. While people will often respond in a conservative and individualist manner at the onset of a crisis, there comes a time when they realize that systemic issues are at play and that only broad, collective action and political alternatives will do.

For another, the party and trade-union organizations of the traditional Left are too weakened and compromised by years of adaptation to neoliberalism and dependence on positions in parliament and the state to respond to the challenges thrown up by the hard-Right and the economic crisis. While rightly associated with a range of measures of socio-economic progress, the post-war mediations between the organized working classes, their party, trade-union and social-movement representation and the state itself were never ideal; but after 25 years of neoliberalism they have ceased even to be operative for some time now.

In France, repeated waves of mass protest and organizing over the past 13 years have failed to halt the traditional Left's drift towards the Blairite "centre-Left". As the Right and ruling elites toy with various ineffective solutions to the crisis, the forces of the "centre-Left" will be quick to latch on to the handful of "stimulus" and ersatz "Keynesian" measures that are thrown into the mix to artfully declare a major breach in the neoliberal fortress. So the crisis is just as likely to deepen the rightward trend of the traditional Left and "centre-Left" as it is to push these forces in a more radical and combative direction.

The new days of action in France

provide further confirmation of this analysis. While they could not have occurred without trade-union unity at the top, this unity "from above" came about in response to pressure "from below" and simultaneously acts as a trammel on the further development of the current movement. The pressure "from below" has itself been the result of a surprising and noteworthy development — the confluence of a substantial segment of public opinion with radical sectors scattered across traditional and new trade-union groupings, local workplace and activist campaigns, the student and international-solidarity movements and the relatively small party-political organizations of the radical Left.

How a 'radical Left' can get a wide hearing

And this brings us to the particular significance of the NPA. It is as much a product of this surprising confluence of forces as it is a vital ingredient in ensuring that the present unity and momentum are not lost in the face of hard-Right intransigence and "centre-Left" weakness and perfidy.

In other words, the debate on political strategy and organization now occupies centre stage; and the main lesson of the NPA's undeniable success is that a radical-Left political project can both receive a sympathetic hearing and play this strategically essential unifying and galvanizing role, on condition that:

â€¢ Its message consistently targets the systemic origins of the crisis and identifies those responsible for bringing us to the brink of economic

and ecological calamity.

â€¢ It contains an iron-clad commitment to the broadest unity "in the streets" of all forces willing to oppose the right-wing agenda, overall and on an issue-by-issue basis.

â€¢ It confidently enters the electoral, institutional and media fray but strikes a position of defiance and strict independence on the question of electoral and governmental agreements and alliances with the forces of the traditional "Left" and "centre-Left" (not to mention centre-Right forces such as those around François Bayrou in France and the Liberal Party here in Canada). These forces are beyond redemption as any kind of credible vehicle for popular aspirations and seek to govern at all costs — in practice along lines that vary only slightly from those of the Right and hard-Right.

â€¢ It prioritizes work among those sectors of the population and country ignored or abandoned by the traditional institutions of the "Left" and "centre-Left". The NPA has, for example, made a priority of organizing in the working-class and immigrant areas that have been hit hard by neoliberal structuring and were the backdrop of the banlieues revolt of late 2005. This is why the topics of racism and the precarious work imposed on young people figure prominently in the NPA's internal discussions.

â€¢ It aims to be a grassroots force, rooted in the actual struggles and debates of workers and young people, eschewing any kind of elitist, rigid and hyper-activist model of organizing and transformation, throwing its doors wide open to seasoned activists and interested newcomers alike, while creating a democratic and transparent

framework for collective discussion, decision-making, action and the drawing of balance-sheets.

â€¢ It takes a long-term approach to its project of social and political transformation and understands that we are in an extended period of resistance and development of alternatives to capitalism and imperialism. While history and politics always have surprises in store, especially in a period of deep crisis such as now, the relationship of forces is too unfavourable, and the vision of an alternative too weak, to expect major breakthroughs on an institutional level in the near term. Better to understand this and get down to the serious work of organizing and rethinking than to feed technocratic and armchair illusions about quick fixes and imminent elite-level "paradigm shifts".

A new generation's 'New Left'

Finally, the protest movements in France and the birth of the NPA inaugurate a new chapter in the life of the international radical Left, especially when viewed in tandem with the developments of recent years in Latin America. The fact that the main figure associated with events in France was born in the mid-1970s also signals the emergence of a new generation of radicals.

We had a whiff of this trend during the wave of anti-globalization protests ushered in by the Battle of Seattle in 1999. But now it appears to be asserting itself much more forcefully, with a larger and more receptive audience than the one that existed just a short time ago. This, too, is a tremendously important and encouraging development.

Our common stance in the European elections

24 March 2009

First of all we want to express our solidarity with the revolt of Greek youth against the killing of Andreas Grigoriou. In these serious times we fully support the fight of the organisations of the anti-capitalist left against repression, capitalist plans and the corruption of the Caramanlis government.

This social explosion reveals the tensions that are accumulating in Europe against the plans of the capitalist and the government of the European Union.

This will be sharpened as the policies of the bosses and EU governments to deal with the capitalist crisis are going to worsen the living conditions of millions of workers.

We reject the EU governments' policies, which save banks and not people. This Europe is not ours, as was clearly expressed by the NO to the European Constitution in the referendums in France, the Netherlands and Ireland.

We propose an anti-capitalist emergency plan which - rather than thousands of redundancies the employers are planning - gives the priority to jobs, proposes the complete nationalisation of banking and credit

systems under workers' and popular control and satisfies social needs.

The problem is not the so-called excesses of "financialisation" and improving the management system, but breaking with capitalism and its logic.

In these conditions, and taking into account the particularities of each country, we commit ourselves to building a coordinated and united opposition against the bosses' attacks, and at the same time to create the conditions for a political alternative and anti-capitalist pole and which is based on popular mobilisations, defends a Europe that meets the needs of the workers and people, and refuses any support to or participation in governments with the social-liberal SPs or centre left.

It is on this basis, and despite the concrete possibilities and choices of each of our organisations, that we intend to be present to defend this political stance during the next European elections.

But before then we will participate in the big united-front demonstration against Nato in Strasbourg and Baden-Baden on the occasion of the

60th anniversary of this symbol of military imperialism in the world.

The organisations endorsing this statement are:

Belgium : Ligue communiste révolutionnaire-Socialistische Arbeiderspartij (LCR-SAP, Revolutionary Communist League-Socialist Workers' Party)

Britain : Socialist Party (SP), Socialist Resistance, Socialist Workers Party (SWP)

France : Ligue communiste révolutionnaire (LCR, Revolutionary Communist League)

Greece : ENANTIA (United anticapitalist left), SEK (Sosialistiko Ergatiko Komma), OKDE-Spartakos

Italy : Sinistra critica (SC, Critical Left)

Ireland : People before profits (PbP)

Poland : Polska Partia Pracy (PPP, Polish Labour Party)

Spain : Izquierda anticapitalista (IA, Anticapitalist Left)

Sweden : Socialistiska Partiet (SP, Socialist Party)

Some comments on the draft ecosocialist "Belem Declaration"

24 March 2009, by **Daniel Tanuro**

Dear friends and comrades,

The "Belem Declaration" is an important document issued at a very important moment.

As an ecosocialist focused on climate change, I totally agree with the

general orientation of this document: denunciation of capitalist growth, productivism, and capitalist strategies to cope with global warming. Among other points, the link with the indigenous peoples, their culture and their struggles is especially important, in my view.

But the declaration lacks some key aspects, on the one hand, while some precise statements are clumsy or wrong, on the other hand.

My main remark is that an ecosocialist declaration should absolutely link the climate crisis to the worst and deepest

business crisis since 1929. This is a key condition if we want to get some influence among the workers and the poor in general.

We should explain that the combination of both crisis opens a totally new situation. Indeed, this combination means nothing less than a general exhaustion of the capitalist system: on the one hand, a new long wave of capitalist growth would ask a very brutal attack against the working class and the poor in general, on the other hand a real business recovery –even a green one– would provoke a catastrophic runaway climate change. In this context, there is simply no alternative, but an ecosocialist one.

(I have just written a document about this combination and some strategic conclusions to draw of it. You can find it – in French– on Europe Solidaire sans Frontières: <http://www.europe-solidaire.org/spip.php?article12340>.)

Because the globalisation of economic and climate crisis makes ecosocialism so urgent and necessary, the declaration should give much more importance to the social demands of workers. Rich economies have to reduce their energy consumption by 50% or more. Such a reduction can not be achieved only by better energy efficiency: a certain “de-growth” of material production and consumption will be necessary. This means the declaration should absolutely support and promote demands like a radical reduction of working time without wage losses, the nationalisation with expropriation of utilities, the retraining of workers without wage losses and under workers control, public services devoted to the insulation and energy improvement of buildings, a redistribution of wealth thanks to the taxation of the rich and the nationalisation of the bank system, etc.

By the way, I find following statements clumsy or even false (in some cases):

– “for the capital commands the means of production of knowledge (...), accordingly, its professors send forth an endless stream of proposals, all variations on the theme that the world’s ecological damage can be

repaired without disruption of market mechanisms and of the system of accumulation that commands the world economy”. Would you say that to James Hansen, or Ignacio Chapela, or others scientists like these two? Surely, they are not ecosocialist activists, but neither are they “professors of the capital”! We should encourage honest scientists in their fight against capitalist lobbies, call them to take their political responsibilities, and start a dialogue with them. The text is really clumsy from that point of view.

– (in the Kyoto system) “polluters are not compelled to reduce their carbon emissions”. This is simply not true. Polluters are compelled to reduce their emissions, they will even be fined if they do not 100 (Euros/t in the ETS). Though, this is the reason why they managed to get an overallocation of quotas, free allocations and more carbon credits. This is one of the “positive” aspects of the Kyoto Protocol. Though, another “positive” aspect is that there are indeed some limits “to the amount of emission credits which can be issued by compliant governments” (and to the kind of activities giving right to credits, too). Even if the Protocol is bad, insufficient, dangerous, we should not underestimate some “positive” aspects of it, because there is a risk that the new treaty will be worse.

– “Since verification and evaluation of results are impossible, the Kyoto regime is not only incapable of controlling emissions...”. This is partly true for carbon credits (due to the loopholes in the CDM) and for carbon sinks (technically very difficult) but not for the CO2 emissions in developed countries, which are very precisely measured, reported and verified.

– As even the Wall Street Journal put it in March, 2007, emissions trading “would make money for some very large corporations, but don’t believe for a minute that this charade would do much about global warming.” We should be careful with that kind of quotations coming from that kind of bourgeois newspaper. The Wall Street Journal, like many others in the US, is (was?) opposed to Kyoto for very bad

reasons, indeed!

– “Bali avoided any mention of the goals for drastic carbon reduction put forth by the best climate science (90% by 2050)”. Sorry, this is untrue. Instead, the footnote in the Bali roadmap clearly refers to very precise and very important pages in the IPCC AR4. Page 776 of Working group 3 contribution, for instance: from the table at this page, one must conclude that developed countries must reduce their emissions by 80-95% by 2050 while developing countries must “deviate substantially from the business as usual scenario”. Ecosocialists should repeat and repeat that the drastic emission reductions “put forth by the best climate science” ARE mentioned in the Bali agreement, and that this agreement engages the governments. They should denounce the governments because they do not respect their Bali engagement. Actually, not to do that makes it easier for the bourgeois governments to kick “the best climate science” into the long grass. This, in my view, is a very important tactical point in the mobilisation. Not only towards the governments and the media, but also towards the environmental NGO, which also dodge some figures from the Bali roadmap (see my article – in English – on this very on <http://www.europe-solidaire.org/spip.php?article11808>). By the way, for the same tactical reason, the declaration should quote the Intergovernmental PCC on this point, instead of using a vague formula about “the best climate science”.

– “Ecosocialism involves a revolutionary social transformation, which will imply the limitation of growth”. Two remarks: (i) a negative growth (and note barely a limitation of growth) of the MATERIAL production and consumption (not a general one) is needed now, immediately, in the developed countries, and (ii) I suggest ecosocialists to make a difference between growth on the one hand and development on the other hand.

– The concrete demands relating to the energy system should give the absolute priority to energy efficiency and the reduction of energy consumption. This a “sine qua non” condition for the transition towards a

system based on renewable sources. Giving this priority is also very important in the polemics against green capitalism, green win-win recovery, etc. By the way, all

renewable energy sources, except geothermal, are solar sources. I do not know if it is still possible to change the document. I hope so, because the initiative is excellent and we all need

something like that, indeed.

Comradely yours

Daniel TANURO

Cars, the end of a cycle

21 March 2009, by **Jean-Claude Vessillier**

The new crisis of the car industry, which has just exploded in the second half of 2008, is singular in its simultaneous impact on all continents, its breadth, its potential consequences for the labour force mobilised in this industry, its links with the end of oil as an abundant energy and the environmental crisis. In this sense, the crisis of the car industry concentrates all the dimensions of the crisis currently ravaging the planet. Just as the first oil crisis of 1973 initiated a new cycle in the history of the car industry, the events of the last quarter of 2008 mark the end of this cycle and prefigure a new period where, through new crises, it is very much the future of the petrol powered car and the millions of workers making it which is at stake.

The weight of the car industry in the world economy is well known. Around 8 million people are employed around the world in car construction and the manufacture of parts. The turnover of this industry was nearly 2 thousand billion euros in 2007. This industry, internationalised and concentrated in capitalist terms, is organised in factories of several thousand workers. Car factories have often been the crucible of the workers' movement, whether in Western Europe, Detroit in the USA, Latin America with the factories of the industrial belt of São Paulo in Brazil, or more recently the Renault Dacia factory in Romania. As a consumer good whose use fashions and disfigures the urban space of the megalopolises of the entire world, the car has an impact on social relations as a whole.

The crisis of 2009

The fall in car sales has been general in most countries. This exceptional synchronicity is the consequence of the global character of the economic crisis. The rapidity of the development of the crisis has also been exceptional. For a decade up until the autumn of 2008, the level of car sales varied with the conjuncture: stagnation in Western Europe, North America and Japan, growth in the rest of the world. The generalised fall only began in September 2008 and has spread to all continents in less than three months [1]. China has also been affected with a strong slowing up of the growth of previous years.

Country	USA	Germany	France	Italy	Spain	Japan	China
Oct-Dec 2008	-35 %	-10 %	-15 %	-13 %	40 %	-20 %	2 %
Total 2008	-18 %	-7 %	-0.7 %	-13 %	-28 %	-6 %	+6.7 %

The depth of the crisis is not revealed by these results alone because falls of around 20 % of sales have already been observed in the past. If we only take the sales of the last quarter, the crisis would not have the singular traits which distinguish it from the previous ones. The fall in the last quarter of 2008 prefigures a lasting depression from which no possible date of recovery is currently envisaged. This uncertainty is aggravated by the doubts weighing on the future of the car and its engines. What was the field of the prospective hypothetical has become a given which determines the practices of the whole industry.

The current depression: a structural crisis

The social attacks observed in the last quarter of 2008 are all the more violent in that they are not content with responding to the falls observed in recent months, they anticipate a long term crisis.

The car industry is indeed confronted in a structural fashion to a crisis of outlets which has three aspects: a classic crisis of outlets in the sense that the products of this industry are not finding buyers at their sale price because of the pressure on wages in the developed capitalist countries, a crisis linked to the types of cars demanded potentially in the countries which today draw production and world consumption, and finally the environmental crisis which tends to render obsolete the mode of propulsion which ensured the rise of the car industry over a century ago.

This crisis of outlets sharpens the competition between internationalised firms on the "traditional" markets of the developed countries but also in the other countries, starting with the main "new" growing market, that of China. Even before the outbreak of the crisis of autumn 2008, overcapacities of production were obvious. Only 54% of the production capacities of Renault in Western Europe were used in the first half of 2008 [2].

In this pitiless universe each group is playing for its survival. There is no longer a stabilised oligopoly which

could control production and markets. The short term threats to the future of General Motors or Chrysler illustrate the fragility of the collapsing world oligopoly.

New firms from China or India will compete with the existing firms, thus increasing surplus production capacities at the world level. A new division of the relation of forces between car constructors and equippers has existed for fifteen years. In the areas of on board electronics or petrol substitution technologies, certain firms will strengthen their positions because of the financial difficulties of the traditional car builders.

Internationalisation of markets and products, globalisation of capital

The globalisation of markets is as yet unfinished in the sense that the same cars are neither produced nor sold in all continents.

The observed duplication of car production over the last thirty years is not homogeneous in terms of time or geographic zone. In the USA, production fell by 15% over the last thirty years and this in a continuous manner throughout the period. Across Europe, production fell by 60 %, but in Western Europe, it has stabilised over the past twenty years, and in central Europe it has grown since 1990. In Japan, the essence of internal growth took place between 1975 and 1990. The most striking phenomenon of the last decade is the emergence of China which should in less than five years produce more cars than Japan or the US and thus become the second biggest world car producer.

The growth of world production is not accompanied by a growth in the proportion of exchanges. The cars are in their majority manufactured to be sold locally, in a specific country or group of countries. The trend is thus towards rapprochement between the big zones of production and big zones

of sale. As a consequence, there is no geographic zone towards which the majority of production would be relocated so as then to be resold in the rest of the world. Such was the reality in 2007 on the eve of the eruption of the crisis of 2008.

Year	Europe Import	Europe Export	USA Import	USA Export	Japan Import	Japan Export
1990	12%	20%	29%	3%	1%	55%
2007	14%	20%	30%	13%	2%	55%

source [3]

The share of exports of European car production to the rest of the world has remained astonishingly stable at around 20% of the total product in the continent, while imports have gone from 12% to 14%. Japanese exports to the rest of the world have also remained at the level of 55% of production because it was before 1980 that the growth of exports of Japanese cars took place. So far as the USA is concerned, the share of imports has remained at the level of 20% of the total of production. The emergence of China over the last decade has not until now contradicted this trend in that the big majority of cars produced in China are intended for the internal market.

The globalisation of the car industry has been at the level of the firms who have created subsidiaries and factories outside of their territories of origin and who have launched numerous operations of merger and restructuring. This growing internationalisation of firms renders the crises observed currently still more synchronised. Whereas in the 1990s a presence over several continents was presented as an “insurance” against very strong variations in one of the countries, the simultaneous nature of the crisis combines its effects.

This internationalisation has first affected the most profitable markets, that is the triad constituted by North America, Western Europe and Japan.

US firms only produce half of their production in the USA. In addition to the subsidiaries existing in Europe since 1945 (Ford, Opel and Vauxhall), activities in the South American continent, China and buyouts of companies have developed, General

Motors being the US firm the most committed to this strategy of globalised implantation.

Japanese firms practice the same type of deployment. Since 2005, more than half of the cars of Japanese brands are produced outside of Japan in factories situated nearer to their outlets. This is the case in the US and in Europe where the growth of sales of Japanese cars is based on cars produced locally.

The European car industry has internationalised in the same way with new installations in Latin America and China. It has in its neighbourhood a new space for development, that constituted by the former Stalinist countries. The attraction which leads all European manufacturers to build factories there is linked to the immediate interest for the employers of having qualified workers at lower wages than in Western Europe, but also the general policy of seeking to bring production closer to the new markets. It is the combination of these two factors which explains the “rush to the East”. The production of cars in central and Eastern Europe reached the volume of 2,900,000 vehicles in 2007 whereas sales did not exceed 1,300,000 units. Most countries in this zone are seeing new installations: Poland, Czech Republic, Slovakia, Rumania and Slovenia. The gaps in development and car engines between the two parts of the European continent indicate that sales will increase more in central Europe, but this will concern smaller cars that generate less profit than the type of models which ensured the profitability of car firms in previous decades.

Compared to the policy of the European leader Volkswagen VAG, the French car industry has been late in participating in this deployment. But now the two French groups PSA and Renault carry out the majority of their production and sales outside of their national historic base, although the two groups remain still in their majority European. So far as Renault goes, 35% of its sales are outside Europe against 15% in 1990.

Less than 50% of Renault’s car production is now based in France, but this phenomenon accompanies the internationalisation of sales to Europe

and the rest of the world. All European manufacturers are in the same situation in relation to their historic country, a phenomenon amplified by intra-European transfers caused by the new growth in Eastern Europe.

Internationalisation of capital and stability of exchanges between big geographical zones: the argument according to which the current crisis would be due to the competition of the new emergent countries is then not valid. The roots of the crisis are at the very heart of the functioning of the capitalist economies.

A crisis of outlets for the car industries

Since the 1990s, the big globalised firms have tried to maintain their profits by higher prices in terms of equipment and the cost of each car, since they are unable to increase the volume of sales.

The know-how of most firms is oriented toward the manufacture of increasingly sophisticated and expensive cars. It is against the tide of the trend observed in the rest of manufacturing industry with the prices of final sale incessantly falling. The car has thus become inaccessible to the final consumption of the greater number in Western Europe; a third of new cars produced are sold to long and short term rental companies, and to companies for the needs of their own travel activities as well as for the use of their higher managers [4].

In the urban peripheries, which are increasingly vast geographically, a car is needed to get to work or go shopping, but this is increasingly a second hand car whose average age is ever older, a factor which acts in the direction of a fall in the sales of new cars.

The stagnation of the sales markets observed since the 1990s in western Europe, the USA and Japan has been transformed in recent years into a downwards trend because of the growing exclusion of the majority of

insecure employees from the purchase of a new car. New cars as designed and manufactured today find fewer and fewer buyers in the developed capitalist countries. The globalised firms are less and less capable of finding profitable outlets for the types of products emerging from their design offices and their former factories.

Insofar as the consumption of cars in these new emergent countries is dominated by narrow layers on exorbitant incomes, the models produced in the US or European factories could yet find outlets there. The limited example is that provided by the luxurious Mercedes cars sold in the oil monarchies of the Middle East.

The growth in the number of potential buyers of new cars leads to the reorientation of the demand for cars towards new less luxurious models, the types of models progressively abandoned by the big globalised firms. The biggest share of the growth in world car production should be that of consumers in the emergent markets, for whom the price factor is crucial. Vehicles like the Tata Nano manufactured in India or other low cost products should attract millions of consumers to the car market. During the motor show in Shanghai in April 2007, Suzuki boss Hiroshi Tsuda did not hide his interest in the models presented by the Chinese, judging that the latter were now in a position to take shares in foreign markets, notably in the emergent countries, where the main demand remains price [5].

Crisis in the USA

The double whammy of the oil price increase and the financial crisis has impacted on an industry already in crisis. This impact was felt first in the USA. As the US car industry condensed most of the factors of the crisis and was then especially fragile, it has been the most affected with the most immediate and devastating consequences for millions of workers.

The credit crunch and the oil price increase to 150 dollars per barrel in summer 2008 were the combined detonators of the crisis: the detonator,

not the cause. The falls in sales observed in the second half of 2008 on the US market were certainly significant, in the area of a fall of 20% in relation to the comparable months for 2007, but this must be located in the tormented history of a cyclical industry. The singular aspect of the situation resides in the fact that this event has put General Motors and Chrysler in a situation of quasi-bankruptcy. Without the support of public funds demanded from Congress and the Bush administration, the former biggest industrial company in the US would have had to file for bankruptcy.

The US car crisis is deep seated. The three big US manufacturers, General Motors, Ford and Chrysler have been losing ground for thirty years. The first warning came in 1975 after the first oil crisis: it was the end of the gleaming chrome models of the 1950s and 1960s. The US manufactures were then forced to produce smaller cars. This was the phenomenon of "downsizing" which did not stop US manufacturers from being subject to new competition from Japanese makes. The profit gained from each car fell in proportion to the average fall in price of the car. In the absence of an enlargement of their internal markets, the rise of the 4x4 and other cars of the same type in the 1980s and 1990s allowed profits to be restored. But this solution did not allow US manufacturers to durably maintain their competitive position: that is plain to see today.

The market in huge, expensive, oil guzzling cars quickly reached its limits in the US as in the other developed countries. The consequences of wage restrictions in the US as in other capitalist countries have reduced their potential number of buyers. Also, the most urbanised areas of the US North-East and California turned away from these costly models and the export of this type of model could not be envisaged on a large scale because of their cost of purchase and use. Producing the same number of cars, but individually more expensive has then not allowed a revival of profits.

In the 2000s, the trend already observable for two decades was amplified with the continuing decline

of Ford, GM and Chrysler. In 2007 GM was overtaken by Toyota as the world's biggest car manufacturer.

To stem this decline, the Detroit bosses tried to increase the intensification of work and reduce the wage costs of manufacturing. The members of the UAW covered by the collective agreements of the car branch fell from 1,500,000 in 1979 to 500,000 in 2007. The number of workers at GM fell from 110,000 in 2006 to only 55,000 at the end of 2008.

It is too often forgotten that the US car industry cannot be reduced to the three big firms in Detroit. Inside the US alone, in 2007, Japanese companies produced nearly a quarter of the total vehicles manufactured. Toyota has 13 installations in North America in states far from the historic base of Detroit, the most significant factories being in Indiana, Kentucky, Texas and Virginia. Inside the NAFTA area including Canada and Mexico, the three big US firms only produced half of the total manufactured in 2007. The decline of the US car empire began well before the last half of 2008.

The bankruptcy of a company as big as GM or Chrysler is certainly a decision of a political character mobilising the state apparatus of the bourgeoisie, arbitrating between contradictory interests. The social cost of bankruptcy would be considerable in terms of liquidation of a number of agreements negotiated between the single majority trade union, the UAW, and an enterprise no longer able to meet its undertakings. It would also penalise all the small, medium and large companies dependent on the manufacturers. But the advantages would be also significant for other fractions of capital. Legal bankruptcy would be a means of definitively breaking with the agreements made during the golden age of the car industry. It would also present a way out to capital seeking to invest in more profitable enterprises or branches.

The subsidies paid by the Bush administration have a counterpart, requested not from the shareholders or top ranking directors but the

employees. The advantages they still enjoy, although conscientiously rolled back for two decades, are presented as the source of current difficulties. The example on US soil itself of the new Japanese factories is brandished to suggest that more profitable car producing organisations are possible.

The factories built by Toyota, Honda and Nissan employ workers who are outside the collective agreements signed by the UAW. Today the average gross hourly wage paid by GM is equal to that paid by Toyota, namely 30 dollars. But the total wage cost for a GM worker is estimated at 69 dollars including total pension expenses (pensions paid to 432,000 retired persons and their spouses), and health expenses. The same expenses at Toyota are estimated at 48 dollars. These "official" data indicate clearly the meaning of the measures in preparation: under the cover of bankruptcy or in return for the billions of dollars granted by the Bush administration, taking out what remains of the social advantages of the employees of the US car industry.

As in other countries, US workers count for nothing in choices completely oriented towards the short term profit of shareholders and towards the production of increasingly unsellable cars. While the shareholders and the employers responsible are bankrupt in every sense of the term, the employees must pay the bill for the failure. The Bush administration has finally granted twenty billion dollars to General Motors and Chrysler. But nothing is settled. The three Detroit manufacturers are indeed, as counterpart for the billions of dollars of public funds received, obliged to show that they are capable of becoming profitable before March 31, 2009. That means that they must propose measures of restructuring before this date. More than two million jobs are threatened among the three big firms and their subcontractors. Bankrupt or not, the dismantling of entire layers of this branch of industry is inscribed in the projects of capital.

The rise of the Chinese car industry

With the crisis of the US car empire and the emergence over the last decade of China, the "classic" US-Europe-Japan triad has lost its hegemony. With the Chinese car industry arrive new capitalist competitors who will feed the crisis of overcapacity of production and block the development of the Chinese market as an El Dorado offered to all the predators of the formerly dominant triad.

The Chinese car industry is developing through capitalist enterprises in specific practices. The Chinese situation is different from that observed during the phases of conquests of new car markets in the preceding decades. In Latin America, notably in Argentina and Brazil, and in the different territories of conquest in Europe (the Iberian Peninsula then central Europe) the big internationalised firms created subsidiary companies with complete freedom of installation. Activities of production and sale locally generated their own profit then consolidated at the world level in the results of the firms. Local production was not completely integrated, generating thus a new field of activity and profit through the manufacture of parts in the metropolitan countries which were then sent for assembly in the new installations. This is not reproduced in exactly the same way in China.

It was in 1981 that Beijing authorised the foreign car manufacturers to set up in China, but only through joint-ventures. The Chinese directors at the central and regional level dispose thanks to these associations of means of control over their partners and over the formation of profits. On the other hand heavy customs duties affect the import of spare parts and encourage the joint-ventures to manufacture the parts locally. That leads to the establishment of a car industry network involving factories for assembly and manufacture of spare parts.

The most notable actors in the rise of Chinese production through these joint-ventures were General Motors and Volkswagen VAG., with Toyota increasingly present for some years. The relations between joint-ventures can be interlinked: the same Chinese enterprise can contract with different foreign firms through structures created for each partnership; the same foreign enterprise can contract several joint-ventures with several Chinese companies.

On June 8, 1982 Volkswagen and the government signed a partnership agreement for a vehicle assembly factory. VAG is now involved in two joint-ventures, SAIC Volkswagen and FAW Volkswagen. The first association has three production sites and the second two assembly sites and motor and gearbox factories. VAG has thus become one of the two biggest constructors with a total of 855,000 cars produced in 2007. That represents 14% of the total production of the German firm. In 2008 VAG was the biggest manufacturer operating in China with nearly a million cars divided equally between its two joint-ventures.

General Motors has been involved in another joint-venture created in 1998, SAIC-GM, which produces Buicks and Chevrolets. In 2007, the latter sold 500,000 vehicles. In addition GM imports directly vehicles manufactured elsewhere and has sold through these two channels 989,000 vehicles in 2007.

In China as on the world terrain GM was undertaken in 2008 by Toyota which has two relays: FAW Toyota and GAC Toyota. Its objective is to reach a million cars in 2010.

These types of association are very profitable for foreign firms. On May 30, 2005, the Chinese ambassador in Paris stated: "three quarters of US installations in China showed a positive balance sheet in 2004, of which 42% realised a rate of profitability higher to that of the world level. The German Volkswagen realised a quarter of its operational profit in China through its joint-venture." [6]

But this type of agreement is no

longer the only means of developing the Chinese car industry. Chinese manufactures are beginning to emerge and prepare to play a role in globalised capitalist competition. Geely and Chery are among them. With 180,000 cars, the volume of their production is still very weak compared to that of the joint-ventures. The four Chinese state owned manufacturers (BAW/BAIC, DongFeng, FAW and SAIC) could also soon develop without joint-ventures. Possible associations with western capitalist firms could be in an inverse relationship of dependence with the buyout of foreign companies in difficulty who cannot find buyers in their territories of origin. The competition will only be strengthened, first on the Chinese market, then on the world market.

This competition will sharpen first in China. The type of development chosen by the Chinese leaders privileges competition as a stimulant to increased productivity. The joint-ventures are places for sharing technical knowhow but also experiences in the area of the exploitation of workers.

The Chinese manufacturers benefit from low wage costs. For example: 3.50 dollars per hour at Geely. There is a ferocious outbidding of wage policies from one province to another. Less developed, the interior provinces offer very low costs. Such is the case of the province of Jianxi where new car factories are being established.

There is then no natural or spontaneous tendency to an increase of wages in the context of an increase in production. But demands for wage increases and the improvement of working conditions are expressed in a more collective and organised fashion in the big workers' concentrations in the car factories : this observation, valid on all continents for a century, also applies in China.

The factors explaining the development of the crisis in cars will also act in China, even if in a deformed fashion, starting from the time when this country is plunged into the contradictions and exploitation specific to capitalist economies. The rapidity with which China has begun to be affected by the world cars crisis

shows that this country is immersed in capitalist competition and its crises.

Cars and the environmental crisis

The car industry is not only confronted with a crisis of profitable outlets and the sharpening of competition among firms, it is also directly involved in the threats to the climate and the scheduled end of growth of the extraction of the oil used by the combustion engines of cars.

The billion cars today in circulation on the planet are the biggest consumers of oil. The transport sector represents around half of all world oil consumption, road transport alone accounting for 80% of this half. It only represented a third of total consumption of oil in 1971, which shows that the transport sector has been the least effective sector in using oil substitutes.

Because of the damage caused by the pollution generated by the combustion of oil fuel, and the end of oil as abundant energy, the car as it has existed for a century sees its future jeopardized.

In the balance sheet of world emissions of CO₂, the transport sector is the second most responsible sector with 21% of total emissions. Its emissions are the most difficult to combat. Transport is by its nature a mobile source and disperses greenhouse gas emissions and pollutants.

But beyond this technical diagnosis, what was accepted or tolerated in previous decades has become socially unacceptable. The use of the car is confronted with a set of new constraints caused by this growing social rejection of car pollution. It is true that each new car produced is less polluting than in the past. But the car industry is still lagging behind and is only following the standards laid down by the different public authorities. The application of these standards makes new cars still dearer in price whereas one of the

determinant causes of the crisis is the inability of the car industry to find outlets for its production of cars which are too dear. The contradiction between the individual mode of appropriation of cars and the growing cost of social use becomes ever deeper.

The increase in oil prices is another factor of crisis. Beyond the fluctuations which now characterise the evolution of the price of crude oil, and consequently that of the world financial crisis, a new period opens. The peak of world production is already on the horizon of prediction, even if the date cannot be fixed with certainty.

What is important is not the exact date but the fact that the date of the peak of production is already on the horizon of prediction. Calendars are very diverse in the car industry: the time from the design of a motor and its industrialisation can be up to a decade. In the previous period the Renault "Cléon Fonte" motor was

manufactured for forty years from 1962 to 2004, equipping notably the R4, R6, Twingo and Clio. The motors designed and manufactured today by the car industry will be still in circulation when the peak of oil production has been reached and passed.

Of course, there will still be production and consumption of oil for decades. But the threshold reached in the coming years of the maximum peak of oil production will lead to a change in behaviour and price levels. Those who do not take account of this reality are myopic and irresponsible.

The false response of the electric vehicle

In these conditions, can an industry in crisis be revived by the development of the electric car as substitute for the combustion engine? All the big car

firms will now explore this new road.

If cars with modes of propulsion other than the combustion engine are not today sold in significant numbers, it is because the car industry was not concerned with investing in this area when it was timely and possible. The gains of the previous periods have been redistributed in dividends to shareholders and invested in other areas. Investment has been concentrated on enrichment on an unchanged technological basis of ever more sophisticated products. When little has been done during periods of growth, who could believe that an industry would do more in the midst of a crisis and in a situation of ever exacerbated competition?

The electric cars which will be sold in the five coming years will be heavy, dear, not very autonomous and very demanding in electricity. Renault talks about a "rapid break" in the deployment of electric vehicles with a fleet of 100,000 vehicles of this type in France in 2015 [