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Stinging defeat for Spanish state

3 May 2001, by **José Ramón Castaños "Troglo"**



PP leader Jaime Mayor Oreja

The electoral arithmetic is perfectly eloquent. There was a spectacular growth of the rate of participation which reached 80% of the electorate, something completely exceptional in the Western democracies. That witnesses to the high degree of politicisation of Basque society, but also the crucial issues at stake in this ballot. The changes in relation to 1998 are slight enough, taken at the level of the relationship of forces between the "pro-self-determination" bloc (those parties who had supported the declaration of Lizarra) and the "Spanish centralist" bloc (Popular Party [PP] and Socialist Party [PSOE]).

But they are very significant if one considers what happened inside each of these blocs. On the one hand there was setback for the Spanish centralist right represented by the PP in its attempt to overtake the Socialists (their relative scores remain stable) and on the other a spectacular displacement of the abertzale (nationalist) left (Herri Batasuna-Euskal Herritarrok) towards democratic nationalism (PNV, Basque Nationalist Party).

The analysis of these results is helps us trace the political perspectives in each of the scattered pieces of the

jigsaw puzzle of the Spanish state: Euskadi, Catalonia, Galicia and Spain. One can distinguish several elements.

A setback for the Spanish state

The pact concluded between the PP and the PSOE sought to profit from the moral rejection of the assassinations carried out by ETA to bring the Basque country to heel: to put an end to governmental autonomy, reverse the linguistic policy in favour of the Basque language, Euskera, to halt the progress of the sentiment of national identity and to reduce to nothing the regime of tax sovereignty.

It was necessary, then, to put an end to the reign of the PNV and this underlay the campaign of parliamentary obstruction led by Madrid against the Basque institutions, the criminalisation of democratic nationalism assimilated to violence, xenophobia, fascism, the "gulag", or the Holocaust. The stinging defeat for this enterprise shows the impossibility of a Spanish centralist regime taking control of the Basque country and confirms the nationalist majority which, for 25 years, has oscillated between 58% and 60% of the electorate. The PNV came ahead in 96% of the municipalities.

A crushing victory in the small towns,

scores higher than 50% in all the provincial capitals and a clear relative majority in the big urban concentrations with working class and immigrant populations, where the socialist current has been strongly rooted since the 19th century. This massive vote for the PNV is a reaction of national dignity against the external aggression of the state, a stinging rebuke to the Spanish centralist parties. But the importance of this vote stems also from the categorical rejection of the assassinations carried out by ETA.

A sanction against ETA

Euskal Herritarrok (EH) lost more than a third of its votes and half of its seats. We were right to analyse the breaking of the ceasefire and the resumption of assassinations by ETA as the suicide of the abertzale left. What is positive is that these votes have gone to the democratic nationalist current. These are not lost votes and the abertzale left can recover them if it engages in a veritable political regeneration by imposing on ETA a definitive truce or by breaking politically with it. The forces of left nationalism are very active and even if a good part has gone over electorally to the PNV, that absolutely does not imply their neutralisation by moderate

nationalism.

However the weakening of EH with the uncritical closing of ranks around its leadership nucleus reduces its margins of manoeuvre and its capacity of political independence in relation to ETA. Self-determination and the reform of the state are unavoidable questions posed by the PNV itself in its discourse in favour of self-determination (the demand for a shared sovereignty of nationalities inside Europe), but which also take on

a renewed vigour in Catalonia and Galicia. The Basque employers do not hesitate to demand that the government Aznar adopt a "more flexible policy in relation to the autonomous nationalities and the model of the state".

The PNV has just presented a peace proposal: "A round table involving the participation without exclusion all the political parties which, in the image of Ireland, allows the building of a national consensus to give Basques the ability to speak for themselves

which is today refused to them."

Self determination and peace. That requires a change in the leadership of the Socialist Party and a return to the old democratic alliance with the nationalist forces to reform the Constitution and adapt the state to the legitimate aspirations of the nationalities which make it up. Some time will be needed for that, a time with a bitter taste marked - until when? - by ETA's assassinations. Such is political life in our country.

A Basque majority demands engagement in dialogue

3 May 2001, by Izquierda Anticapitalista

A new stage is opening in Basque society that must be presided over by a new impulse in favour of a negotiated end to the conflict without exclusions and limits, by a popular outcry that ETA ends its killing and by the demand that the Aznar government take measures - like the fulfilment of legality concerning the return of Basque prisoners to Euskadi - that contribute to defusing the climate of tension existing until now. Also a radical change of attitude would be necessary on the part of the judiciary that, even in the midst of an electoral campaign, has continued to contribute to the criminalisation of sectors of Basque youth.

The strategy of the PP and the PSOE, who have been supported by the main representatives of the institutions of the state - including the Crown - the big mass media, the employer's association and, lamentably, the majority of trade unions in their antiterrorist pact, their obsession with criminalizing Basque nationalism as a whole and their reinvention of an

excluding Spanish nationalism, has suffered a resounding defeat, which they should take note of and act consequently, taking a political turn in favour of the dialogue that the majority of Basque society has demanded.

Something similar has happened with EH, who will need to have a deep internal debate that we hope leads to an explicit distancing of themselves from the activity of ETA and support for non-violence and dialogue.

The recovery of EB-IU provides without a doubt a stimulus to an advance towards the reconstruction of a Basque left defending self-determination and an open federalist project, as well as a model of society strongly dyed in the colours red, green and violet. We are sure that its activity in the parliament will be based on a close alliance with the social movements that have supported dialogue, like Elkarri and Gesto por la Paz, as well as with the social unions, groups, organizations and professional

sectors that, already as shown in their unity of action around the experience of the "Charter of Social Rights" demonstrated, aspire to link the defence of the Basque national identity to the fight against insecurity and for basic social rights.

Outside Euskadi, IU-Federal must assume the consistent defence not only of the basic discourse of EB-IU but the firm conviction that only by means of the recognition of the right of all Basque citizens to decide their future will it be possible to advance in the eradication of the violence and the solution of a conflict whose political nature has been amply corroborated in these elections. IU-Federal must unite that defence to the demand for recognition of the pluri-national reality of the whole of the Spanish State and, therefore, to the opening of a process of dialogue and convergence in action with other national left or nationalistic forces present in other autonomous communities.

May 16, 2001

Burying British Farming?

3 May 2001, by B. Skanthakumar

Foot and mouth disease, that first came to light on February 19, is regarded by some as the final blow to an agricultural sector still reeling from the bovine spongiform encephalopathy (BSE) catastrophe (better known as 'mad cow disease') of a few years ago.

Andrew O'Hagan warned, "the new epidemic was but an acceleration of a certain decline ... it is difficult to imagine British farming surviving in any of its traditional forms".

It also threw out of kilter New Labour's choreographed plan to call an early general election on May 03. The Government postponed the poll, claiming people in quarantined areas would be unable to participate in the electoral process, but really so as not to lose political capital from appearing insensitive to the state of mourning in rural areas the length and breadth of the land. The only silver lining for the Government was the cancellation of the Countryside Alliance demonstration planned for March 18.

This right-wing organisation "campaigning for the countryside, country sports and the rural way of life" had threatened to bring 500,000 people on the streets of London to protest against the Labour government's perceived urban bias and opposition to rural 'traditions' such as fox-hunting with dogs.

Foot and Mouth Disease

'Foot and mouth' is a highly infectious viral disease affecting pigs, sheep, cattle and goats causing blistering lesions on their hooves, mouth, tongue, and muzzle. It is not life-threatening to humans, unlike BSE, and is even not necessarily fatal to infected animals. Only a small percentage of animals usually the very young, very old and sickly will die

through weakened resistance to disease through loss of appetite.

In spite of a few scares no humans have contracted illness in this outbreak and only a handful of slaughter-men through exposure to animal blood have fallen ill complaining of short-lived flu-like symptoms. There have been outbreaks of FMD in all parts of Britain including Scotland, and in Northern Ireland too. However it has been most concentrated in the English counties of Cumbria and Devon, which are also major tourist destinations.

How do we explain the rapid spread and dispersal of FMD? "Any epidemic is both the cause and the consequence of a precise historical moment," Ignacio Ramonet reminds us, and "Britain has been a laboratory of ultra liberalism for the past 20 years" (Le Monde Diplomatique, April 2001).

Intensive industrial farming means that livestock and dairy farming in Britain is dominated by the compulsion to increase productivity, reduce costs, ensure year-round supply and find markets abroad, while under the thrall of giant superstores which retail produce.

Livestock markets and abattoirs (slaughter-houses) have reduced in number and geographical distribution, as the imperative to find 'economies of scale' is increasingly difficult to resist. In a grotesque ritual live animals are subjected to the trauma of confinement in small spaces for hours on end and trucked in heavy goods vehicles that contribute to road congestion and greenhouse gas emissions. Through unclean conditions and contamination in these vehicles, as well as in abattoirs, disease is spread.

The absurdity is that these vehicles criss-cross the country transporting processed meat and dairy to the very

places they originated. Meanwhile rural communities lose the employment and income from local sale, slaughter, and preparation of meat.

The major perpetrators and beneficiaries of this practice are the supermarkets who George Monbiot argues in his new book, *Captive State: The Corporate Takeover of Britain*, have producers in a stranglehold. The supermarket chains demand centralised delivery and processing of produce - a further reason why animals are moved hundreds of miles for sale and slaughter. Adding insult to injury the former livestock markets with their prime location are often taken over by supermarkets for new branches that drive local small businesses into bankruptcy.

In its ham-handed attempts to suppress the spread of infection the Ministry of Agriculture, Fisheries and Food (Maff) only contributed to the crisis ridden atmosphere in the countryside. Maff ordered farms, even those free from FMD to be off-limits, footpaths to be cordoned off, and urban dwellers instructed to not visit. "The countryside is closed", announced the mass media, with farmers and politicians alike in solemn agreement. Movement within country areas was also discouraged. Many farmers were stranded on farms, instructed not to leave them, or to receive visitors for fear of spreading the virus.

However in many areas, especially Devon and Cumbria, the tourist trade is far more important to the local economy than farming. The ban on tourists, the negative publicity abroad and the alarmism encouraged by the Government was particularly badly timed, coming as it did at the beginning of the Easter holiday season.

Killing frenzy

As reports of FMD predictably accelerated, panic grew in Maff, unleashing a killing frenzy on its part. There are broadly two strategies against FMD: 'stamping out' or mass slaughter, and vaccination. From the onset, Maff dismissed vaccination as an option.

Instead it was resolved that not only infected animals but those within 3 km of outbreaks and therefore at risk of contracting the virus would be slaughtered. Initial estimates were 125,000, later revised upwards to 800,000 by the end of March. At last count some 2.7 million sheep, cows, pigs and goats including rare breeds and household pets have already been or will be killed. The official justification for this enormous organised massacre of healthy animals is to create a 'firebreak' protecting uninfected herds from infection. Meanwhile as of May 13, three months into the epidemic, there had been only 1,593 'confirmed' cases of foot and mouth.

Even this number is an over-estimate. It was revealed recently, after testing of FMD cases, that something like only 70% may actually have had the virus (Independent, May 11 2001). A combination of inexperienced veterinary surgeons and over-zealous Maff officials had apparently misdiagnosed hundreds of cases, thinking it better to slaughter first and conduct laboratory tests later.

Why was vaccination not considered? For the same reason it had been abandoned in the first place. In 1990 the European Union, following Maff lobbying, ended the mandatory vaccination of animals for FMD. The reason being to preserve 'disease-free' status for British meat exports, as vaccination creates suspicion that the animals may have been or were under threat of infection allowing other countries to ban those imports.

Vaccines in use create antibodies that replicate those produced by the virus and some tests cannot distinguish between immunised and infected livestock. So rather than risk loss of export markets, Maff preferred to risk

infection of animals including through import of animals from abroad which might themselves be diseased. Its only 'solution' to an outbreak was to slaughter healthy animals, instead of a mass vaccination programme, so that Britain can soon after the mass cull regain 'disease-free' status.

Indian eco-feminist, Vandana Shiva, expressed the outrage of critics of this strategy: "This war against farm animals reflects the insanity of those who promote globalised, industrialised food systems which create, promote and spread disease, but who simultaneously want a 'disease free national herd'" (Guardian, April 04 2001).

Export

Indeed it is the compulsion to export that has dictated the handling of this disaster - not the welfare of the animals or even a long-term policy for farmers and the rural economy. Yet, as the contribution of agriculture to national income has fallen from Â£6 billion in 1995 to Â£1.8 billion in 2000, so has the value of meat and dairy exports to a mere Â£630 million last year, of which meat exports were Â£310 million.

Meanwhile in what Caroline Lucas, Green MEP [Member of European Parliament] calls "the great food swap": Britain imports 61,400 tonnes of poultry meat from the Netherlands in the same year that it exports 33,100 tonnes of poultry meat to the Netherlands. Britain imports 240,000 tonnes of pork and 125,000 tonnes of lamb while exporting 195,000 tonnes of pork and 102,000 tonnes of lamb.

Our supermarket freezers have Argentine beef and New Zealand lamb when at the same time British beef and lamb is exported to other European Union countries where the public is rightly reluctant to consume it. The economic case for meat exports is increasingly difficult to make when it makes greater sense to concentrate on production for the national market.

Farmers

Where one might have expected some protest against this barbaric slaughter of animals from among farmers, the National Farmers Union (NFU) - the only trade union with which New Labour willingly associates - vociferously supported Maff, and when the Government came under pressure to begin limited vaccination, refused to co-operate.

The Times (May 04 2001) editorialised, "the intimate relationship between MAFF and the National Union of Farmers meant that an interest group secured an influence not witnessed since the 1970s". However the NFU while its membership is mainly of small farmers has ignored greater support among them for vaccination, and selective instead of mass culling that is favoured by large farmers who dominate its structures and leadership.

One sheep farmer told the Guardian (April 19 2001), "[The NFU] put forward the views of the 20% of big farmers who get 80% of the subsidies, not family farms under 200 acres ...". The problem in the farming sector is that its economy (and morality) has been corrupted by the European Union's subsidy regime and the compensation culture of the Ministry of Agriculture.

Over 46% of the EU budget is allocated not to salaries and bureaucratic institutions as the xenophobic tabloid press would like us to believe, but to agricultural subsidies and price support policies in the guise of the Common Agricultural Policy. It is the subsidy regime that has restructured post-war farming which determines the livestock that is bred, the crops that are planted, and the fields that lie fallow.

Under the present system farmers had two options: once animals became infected or were vaccinated they would inevitably lose their export market and have to bear the economic loss of animals that survive but with reduced value, because livestock weight is reduced and the milk yield is less, or, they could slaughter their

animals and receive 100% compensation from the Government regardless of whether those animals were infected or not. Unsurprisingly farmers chose to grab the money on offer, by sacrificing healthy animals, and use it to restock, diversify into something else, or take early retirement. Animal welfare and a humane attitude towards animals have been "totally subordinated to an economic rationale of productivity, efficiency and export markets from which almost no one demurs ... our accommodation with the market has so numbed us that we can see no other way of viewing the world and its occupants", observed Madeleine Bunting (Guardian, March 31 2001).

It is staggering to compare the ease with which governments past and present hand out money to farmers, including in the BSE crisis caused by farmers feeding livestock remains of other animals to reduce their feed costs, when Labour is utterly indifferent to the thousands of car-workers at Rover (in Birmingham), Ford (in Dagenham), Vauxhall (in Luton), steelworkers at Corus (in South Wales and Scunthorpe) and mobile telephone workers at Motorola (in Bathgate) who have lost their livelihood in recent months with only hand-wringing from Ministers.

The Government has also resisted appeals from rural hoteliers and small businesses for compensation packages similar to those extended to farmers though the former estimate the loss to them at £22.2 billion. Thus far its 'aid' package for the rural sector consists mainly of tax deferrals, EU money and loans.

Opposition

There has been no parliamentary opposition to the Government's strategy in dealing with foot and mouth disease.

The Conservatives, the party of God, Queen and Country, had only one refrain: operation control of the mass culling should be removed from the Ministry of Agriculture and handed over to the Armed Forces. In fact 'New Labour', never slow to borrow as much as they can from their

predecessor in government, had already introduced armed forces personnel for logistical duties and to accelerate the slaughter and disposal policy.

The notion that a civilian administration should be subordinated to the military is typical of Tory politicians, who grow up playing with toy soldiers and now want to play with real soldiers too.

The only political party taking a clear position against mass culling and for vaccination is the Greens, who are also critics of industrial farming and the EU's globalised agriculture and food policy. However its only campaign proposal is the astonishing suggestion that "we should take a minute to think about what is going on, stopping the country for a minute at midday every Tuesday" until the Government changes its mind. No wonder the Green Party has few adherents among the anti-corporate globalisation movement.

The mainstream environmental organisations have been either disinterested or conciliatory towards the Ministry of Agriculture. Some such as the Royal Society for the Prevention of Cruelty to Animals (RSPCA) have actually supported the 'stamping out' strategy while others such as Friends of the Earth and Greenpeace have been more preoccupied with the Bush administration's withdrawal from the Kyoto Treaty on Climate Change and trials of Genetically Modified crops than the welfare of farm animals. The animal rights movement that has been so prominent against foxhunting and targeting research laboratories and scientists against animal testing has been invisible and silent on this issue. Only the Small and Family Farmers Association and the Soil Association [organising organic farmers] have supported vaccination and criticised the mass slaughter policy.

Populace

Among the populace there has been unease but as the Times (May 04 2001) noted, "the public has been willing to award the Government the benefit of the doubt on foot-and-mouth. It has treated the disease as a

form of strange natural disaster which politicians, understandably, have struggled to match".

Public passivity was unsurprising in the face of no clearly articulated opposition to the Government within or outside Parliament. The rate of mass culling peaked in the first two weeks of April leaving tens of thousands of carcasses rotting in the open and a greater health hazard than when the animals were alive.

Only with the prospect of more pyres to burn animals and bigger pits to bury the rest did local people begin asking questions on the public health implications. The Ministry of Agriculture and local government fumbled for an answer.

While neither FMD nor vaccination pose dangers to humans, the disposal phase of the mass slaughter policy does. Burning emits dioxins and carcinogens into the atmosphere causing human birth defects and hormonal changes in wildlife, while the amateurish burial of animals in fields, releases bacterial pollution into the surface and ground water supply which humans and animals use. The contamination to farmland is so serious that it may be unsafe for cultivation for years ahead.

By mid-April the first co-ordinated actions began as some communities protested against the mass burnings and against the location of pyres as well as burial pits near their homes. Across the country, from Northumberland to Devon and Cumbria to Brecon, there were blockades of sites, roadside protests and picketing of local government offices objecting to the method and location of disposal.

Trouble

Rural communities in Britain are in deep trouble. According to the State of the Countryside Report 1999 "42% of rural parishes had no shop, 43% had no post office, 83% had no doctor, 49% had no school and 75% had no daily bus service". Those most vulnerable to isolation and neglect are the elderly and those without private transport.

Family-run farms of around 150 acres practising mixed [arable and livestock] farming are in decline, as big monoculture industrial farms over 4,000 acres overwhelm them, displacing human labour with greater mechanisation, using land more intensively with artificial fertilisers, chemicals and GMOs.

As urban sprawl expands and rising property prices in cities and towns push people to buy homes in rural areas, locals are unable to afford housing in their own villages. Farm labourers, many of whom are employed on a casual basis, without the working conditions and rights of organised workers, are paid wages at the derisory minimum rate but in many cases, in clear violation of the law, well below it. The rural workforce has declined by 20% over 20 years creating scarce employment for the young and increasing push-migration for work elsewhere.

Alternatives

A sustainable rural policy, has been outlined by John Lister, Socialist Alliance parliamentary candidate in Oxford East constituency and leading member of the International Socialist Group:

- Shift subsidies from large farmers to small farmers to encourage organic production;
- Incentives for small farmers to form co-operatives to share and reduce costs and collectively bargain with food companies;
- Incentives not to import or transport food that can be grown locally (reducing energy use and pollution);
- Turnover tax on multinational agribusiness and supermarkets;
- Raise the national minimum wage to £7.40 an hour;
- Greater regulation and inspection of health and safety procedures at all stages of agricultural production and food processing;

- Investment in cheap and efficient publicly-owned rural transport - bus and rail;
- Investment in community facilities, youth clubs, primary schools and environmental projects.

"It is clear that we are winning the battle against foot-and-mouth", said Tony Blair, a few days before announcing the worst kept secret in British politics - the next general election will be on June 07. However the Government admits that new cases are expected into August as fresh outbreaks occur. The last major epidemic in 1967-68 took eight months to run its course. Certainly so far as the Ministry of Agriculture and the National Farmers Union is concerned, the worst of the foot and mouth scourge has certainly been weathered. Nevertheless with farming in a neo-liberal vice and the scandal that is the food-industry, we have reaped only a fraction of what agribusiness has sown.

A wave of xenophobia and intolerance

3 May 2001, by Andrej Kurnik

AK: Last year in Slovenia we faced a huge wave of xenophobia and intolerance against immigrants. This sentiment, that could be felt in general public opinion and mood, was in reality the result of state policies on immigration.

Namely, the state was, and still is, dealing with the problem of migration and illegal immigrants in an exclusively repressive manner. Illegal immigration is regarded as a state (national) security problem and not as a social and political problem that has to be seen and treated in the context of becoming part of a world economy in the process of globalisation of production and exchange.

The whole problem was left in the hands of the police, who became the exclusive interpreter of the problem. A very dangerous alliance of police and

media was established that saw the illegal immigrants as criminals, disease bearers and almost a contagious danger.

The result of all this was the xenophobic mood that legitimated the police excesses (from the killing of an Iranian citizen at the border to awful mistreatment of immigrants that were apprehended) and produced fertile soil for a fascist movement and for the establishment or reinforcement of a radical neo-fascist political force.

The situation became and still is very dangerous, especially if one is familiar with the Slovene situation. First of all, in the last ten years there have been tendencies to politicise and instrumentalise the repressive apparatuses. This was the case in the army and the same is true for the police. Some political forces on the

right are trying to establish their base in these institutions.

The director of the Slovene police acts in the same manner. He tries to avoid any conflict with his subordinates and tries to unify the police against the minister of interior, government and so on. At the same time he is trying to present police not as a professional institution but as the force of the nation and ally of the common Slovene people.

Secondly, we must take into consideration the socio-economic structure of Slovenia that was established in the last ten years. Slovenia more and more survives on the transfers and financial flows of the global economy.

On the ideological and political level it is seen in the aggressive emphasis on

a Central European identity (Mittel Europa) and in the adoption as development models of states such as Switzerland, Austria, Luxembourg, Liechtenstein, Singapore and similar. Such a parasitic socio-economic structure is the real nursery for xenophobia and intolerance.

The resources are limited and static and every newcomer (foreigner) is a threat for the existing privileges. By the way, Slovenia's prime minister for the last eleven years (Janez Drnovšek) is a professional accountant. So Slovenia is a very good environment for the Bossi [Northern Italian right-wing separatist - ed.] or Haider [Austrian far-right leader - ed.] type of nationalism. Obviously the vacuum was too dangerous so we had to intervene.

IV: What were the groups and organisations that participated in this demonstration and what were the demands that were made?

AK: The demonstration was organised by the Office for Interventions, the body for co-ordination of different activist energies. OFI is a Slovene experiment whose aim is to co-ordinate the small leftist groups and individuals that do not find a place in the contemporary Slovene political space. That space is completely colonised by political parties that structure and homogenise it through grand stories on which they build a false conflict and dynamics that helps them to control and divide the society. Such grand stories as about World War II, and resistance fighters and collaborationists, liberal values against conservative based in Catholic doctrine, and so forth.

What is common to both blocks is Slovene nationalism, the 'end of history' [absence of ideological contestation - ed.], attachment to the market economy, free trade and [labour market] flexibility, admission to NATO and the European Union.

OFI co-ordinates those forces that are antagonist to this fundamental consensus, on which the Slovene social and political space is organised, structured and controlled to the benefit of a new economic, social and political elite. Currents that are

present in OFI are those from the 1980s (organisations and individuals that bear the new sensibility that appeared in those years and are disappointed by the way things were codified and developed. These are people and organisations from the peace movement; those who are fighting for the rights of women, homosexuals and the disabled) and the new currents that evolved from the international movement against capitalist globalisation.

There are also those who appertain to "timeless currents", such are the anarchists. So the demonstration was a mixture of different currents and different sensibilities. Their common point is their exclusion from power and the demonstration was meant to be the medium for those who, thanks to their exclusion from power, cannot express themselves otherwise. Through this we built our solidarity with immigrants that are caught and imprisoned because of the simple fact that they are dreaming of a better world.

What is, in my opinion, the most important thing was the fact that we managed to organise a demonstration that was international and that had a clear political message. There was a considerable international presence: from Austria, Croatia and especially from Italy with a contingent of 200 members of Ya Basta! [direct action group best known for its uniform of white overalls and confrontation with the police - ed.].

In this way we managed to leave the terrain of philanthropy by stressing the connection between the organisation of capitalism and control over global capital flows and by declaring and experiencing the new type of citizenship - planetary citizenship.

IV: What were the reactions of public opinion and the newspapers? What has been the response of the government to these demands?

AK: The Slovene media tried to marginalise the demonstration. Some of them were talking about 300 protesters (in reality there were about 2,500 protesters) and they sent

journalists that have no skills in covering such events and such problems. So they were talking about the demonstration as if it was a kind of public festival and not a serious political event that is going to (in the long run of course) change the political landscape in Slovenia.

The fact that the media marginalised the demonstration is in line with the role and self-perception of the media in Slovenia. They understand themselves as the initiators of events (they have the impression that they decide what is going to happen and what is happening). On the other hand they are completely integrated in the power structure in Slovenia. So they did not really understand the event, because it was produced outside the existing political space in which they play a considerable role.

What has to be recalled is the fact that we claimed that the media were responsible for the xenophobic mood in the public by their non-professionalism and uncritical collaboration with the police. So the dislike is mutual. Now, after the demonstration, the media are trying to make up for what they have missed. So now they are regularly dealing with the issue of immigration. While this is a forward step, it is still only a small step because the media's treatment of this issue is to make trite observations about it.

The government responded to our demands for open borders, universal rights and planetary citizenship by even harder repression of immigrants. New police forces at the border, an even harder regime in the detention centres for immigrants and aggravation of the conditions and chances of immigrants and asylum seekers in Slovenia with a regressive change in the law on asylum. They also want to prevent such demonstrations as ours happening again by a new restrictive law on public gatherings.

IV: What danger does a reinforcement of repression represent for the different social forces of Slovene society?

AK: Immigration is the field in which the repressive police apparatus is

growing and is becoming more and more brutal. Its practices are hidden from the eyes of the public. In dealing with illegal immigrants the police are developing a conduct that has nothing to do with the values of human rights and dignity.

On the systemic level the police have gained a huge space of discretion, so it is practically out of any political or civil control. This apparatus, brutalised in this grey zone is going to be sooner or later used against other levels of society.

At the border areas (especially with Croatia) a police state is being established. Under the pretext of the control of migration flows the police develop new tactics of surveillance, denunciation, information that are going to be useful in the control of the whole society.

It is obvious that the conflict between immigrants and local inhabitants is produced artificially. The state and media manufactures a discourse on illegal immigrants as a threat to national security in order to hide the real danger.

This is the anti-social neo-liberal politics that managed to dismantle the social state and to reduce individuals into commodities that can be sold for the profit of their owners. The spread of xenophobia in the Slovene public is functional for the Slovene economical-political elite. One must know that Slovenia is in the last phase of its economic restructuring. This is the last stage in establishing the market economy. This process requires the further flexibility of work, privatisation of all those sectors that are still in public hands, and liberalisation of the agricultural market. All these correspond to the procedure for admission to the European Union. We can expect some level of social conflict in those processes.

I already mentioned the response of the government in the adoption of the new (quite repressive) law on public gatherings. This law is going to prevent any serious attempts to resist the final phase of establishing the market economy.

This law forbids any demonstration that would be held near the buildings of state and political power or would disrupt public transport and it gives discretionary powers to the police to intervene, ban, charge, and punish in the course of a demonstration.

IV: Isn't it contradictory that a regime which has been installed after huge demonstrations for democracy, which resulted in the settlement of a so called democratic system of government, is building a repressive apparatus which the former regime was unable to use?

AK: A critical assessment of the so-called democratic changes in the 1980s and in the beginning of 1990s has not yet been made. There is a lot of mystification, a combination of national mythology and the ideology of parliamentary democracy. No analyses of social and political forces that were active in these days, and no analyses of the material transformation of society in past two decades have been done.

Well, it is obvious that the previous regime (Federal Republic of Yugoslavia) lost its capacity to mediate the social conflict. New channels to direct those conflicts were established. They were transformed into ethno-national conflict.

In other parts of former Yugoslavia these new ways to mediate conflicts and antagonisms were completely devastating. In Slovenia they proved to be functional, even successful. Slovenia was successfully transformed into a parliamentary democracy; it adjusted its economical and social space to the world market with success. I mean "successfully" in the sense that there was almost no resistance to it and that repression was not really needed.

What one can notice lately in Slovenia is that the consensus or rather hegemony that ruled in Slovenia for the last decade is slowly fading away. You cannot build hegemony on the danger of Serbian nationalism and on the need to enter the EU and NATO forever. So the state propaganda (especially pro-EU and NATO) is more and more aggressive and brutal. All

this shows the erosion and emptiness of governing consensus. The crisis of hegemony means more repression, more force.

IV: What is the role of the EU?

AK: The EU is applying enormous pressure on the states that are candidates for its membership. It wants them to stop immigration through its borders. So these countries assume the role of buffer zones. There is also a lot of blackmailing in this.

These states are supposed to apply the Schengen (pact for harmonisation of entry and movement of visa nationals - ed.) regime on their borders with third countries even before they have become members of the EU. This leads to the situation that in Slovenia we are encircled by the Schengen wall. There is a Schengen border between Slovenia and Italy, between Slovenia and Austria, and a "self-imposed" one between Slovenia and Croatia.

In the last case the situation is very painful. This was once one state and this border really cuts into relations between people on the both side of the border.

Those who live in the border area meet ever more vigorous police surveillance and harassment but for the EU, as the Italian and German interior ministers recently stated, this border is still not European.

IV: Which future do you see for Slovenian society in terms of civic, social and economical rights?

AK: As I have already said, Slovenia is now in the last phase of structural adjustment to the regime of the market economy. Through this process we expect aggravation of living conditions of those parts of society that were not yet targeted by market reforms; particularly small peasants who will not survive Slovenia entering into the European agriculture market. In the process a lot of small peasants are going to be proletarianised.

We also expect further labour market flexibility. Here the majority of the work has already been done. Considering the corporate structure of

the regime (political control of unions and peasants' organisations) we do not expect any serious resistance to these processes.

The real political task in Slovenia is to organise an antagonistic (political) subject that will have to be founded in the new type of citizenship. The ideological apparatus of the state managed to construct the organic link between Slovene nation and capitalism (history began with the new state and so on), between citizenship and a democracy whose real aim is a market economy. This is a deadlock

for any resistance.

The good news is that the recent events we were talking about show a gap in this construction. Of course we are still very far from the day when we could say that the regime is in crisis. But in the case of immigration its vulnerability is clear. Migration in the context of globalisation, the fact that they want to stop it regardless of the level of repression, these are the real threats to the social and political equilibrium of the system.

People that are coming from all

around the world, demanding their social and political rights independently of their ethnic origin and race, represent the imminent change of citizenship, of social and political existence.

We hope that when the time comes we are going to be strong enough to resist the new reactionary mechanisms to mediate antagonisms and to live under massively new forms of economic, social and political life, which are going to be founded in respect of universal rights. The 1980s must not happen again.

That sinking feeling

3 May 2001, by Erdal Tan



Police battle protesters

While this is an IMF-generated financial and monetary crisis and classic enough in its way, it has a good number of Turkish particularities.

First, it should be noted that there is (comparatively) very much less foreign capital in Turkey than in East Asia or Latin America: less than a US\$1billion. There are then internal structural and conjunctural factors that have shaken the fragile equilibrium of the Turkish economy, subjected for more than a year to an austerity policy dictated by the IMF with the aim of reducing the rate of inflation (which had effectively fallen from 70% to 20%).

In the background of this crisis was a confrontation between two sectors of Turkish capital, which has sharpened over the last decade. In one camp, the traditional big industrial bourgeoisie, which defends a line of 'modernisation' of the economic apparatus (privatisation, deregulation, overhaul of social security, quasi-suppression of subsidies to agriculture, and so on) and structural political reforms - a certain

'democratisation' conforming to the "Copenhagen criteria" - with the aim of joining the EU. In the other, the mafiosi, underground economy and rentier sectors, who have greatly enriched themselves in the last years.

Over the last decade the public debt has come to swallow up nearly all the state budget and the debt stock has reached 70% of Gross Domestic Product (GDP - national income). Servicing the debt devours nearly 95% of state receipts (against 30% some 10 years ago). Moreover, the deficit of the public banks now amounts to 18% of GDP.

This system of permanent internal indebtedness has been financed by a foreign debt that has almost tripled in a few years (it now stands at more than US\$100 billion) and a supplementary indirect tax on workers in the form of a chronic inflation of 70%. It is this system that is now bankrupt.

Boom

During the 1980s, a period dominated by president Ā-zal, economic restructuring and the foreign debt (connected to the commercial gains made during the Iran-Iraq war) had

allowed the realisation of important infrastructure investments which accompanied a veritable boom in certain sectors (road and air transport, telecommunications, textiles, construction, banks, energy, media, audiovisual, domestic electrical appliances, big distribution, and so on).

Turkish capitalists had even begun to win some foreign contracts, above all in the Balkans, the former USSR and some Arab countries.

Some traditional sectors of "contraband" (notably tobacco, alcohol, and so on) having been liberalised, important clandestine or criminal sectors were able to take root, thus laundering 'legally' the capital they had unlawfully accumulated in previous years.

Those close to president Ā-zal also profited from all this to fill their pockets (through bribes and public contracts) and corruption became generalised throughout the state apparatus, on an unprecedented scale.

With the 1990s, the era of president Demirel, indebtedness accelerated and the president's cronies continued to enrich themselves, but with investment reduced, with several

recessions and two serious monetary crises (1994 and 1997).

Clientelism

To 'crony capitalism' was added an unrestrained clientelism, which also served to defuse social discontent. In the course of a decade half a dozen political parties (social democrats, liberals, nationalists, Islamists) succeeded each other in power, at municipal and national level, each taking their turn at pillaging the public purse.

The army took the lion's share, with the financing of the war against the PKK (Kurdish Workers Party) and significant purchases of modern weaponry. New criminal sectors (linked to the police, to certain sectors of the army and to feudal Kurdish lords) have emerged with the war in the southeast (trafficking in weapons and drugs), as well as a vast parallel economic sector, encouraged by the state because of its dynamism (notably in the area of foreign trade).

Thus a very particular system has been created, which is at the origin of the current crisis. The public banks controlled by the politicians have distributed advantageous credits pell-mell to the corrupt bosses in their entourage; with this 'capital' these latter have pocketed public contracts, purchased enterprises and above all acquired privatised banks.

With the money from these banks, they have financed their affairs and have filled their pockets (sometimes emptying the coffers, as in the case of Demirel's nephew!), notably by borrowing state money through buying Treasury bonds at exorbitant rates of interest (more than 50%, indeed 70%) and then profiting from the advantageous exchange rate of the dollar to change the capital accumulated into dollars and reinvesting it abroad. The money thus 'evaporated' is estimated at more than US\$200 billion, or the equivalent of the GDP!

These sectors pay neither taxes nor social charges: all the weight of the public receipts falls on the wage earners (deductions at source and

high VAT), as well as on the holdings of the traditional big bourgeoisie.

These latter (who, it should be said, have also profited from the system) have begun to complain of "unfair competition". Moreover, the "Susurluk scandal", four years ago, revealed the links of the mafia, far right and police, as well as their involvement in numerous assassinations of left personalities or Kurdish nationalists, provoking in reaction an important popular mobilisation (the campaign for "a minute of darkness to obtain clarity").

The army have also begun to worry about the dangers of social drift, but above all about the bankruptcy of the public finances, which imperils their important and costly projects of modernisation.

The 'system' is, moreover, in ill health: the small private banks and the public banks have begun to crash, the politicians doing everything possible to cover up this situation, for fear of a new financial crisis.

Clientelism has also reached its limits: all the political parties have lost their electoral base, the two biggest parties gaining only 22% and 18% at the last elections (1999). Today in the polls no party nationally receives more than a 10% approval rating!

Change of approach

A change of approach had then become inevitable. The big employers have imposed on the current government a new economic programme of "struggle against inflation" and of 'restructuring'. Moreover, a "clean hands" (anti-corruption) operation has been launched by the state higher-ups.

With the departure of Demirel from the presidency and his replacement by Sezer, the "honest, democratic little judge", several corrupt bosses have been arrested for embezzlement (including a number of bankers, former ministers or big employers close to Demirel and even the boss of the second biggest media group in the

country). Others are in the firing line, notably the pals of the leaders of the current coalition or the opposition!

However, all this happens on the basis of total political uncertainty and instability. The big bourgeoisie, which is alone in having an overall programme, does not have the means to apply it. Its own political personnel resists it: the politicians certainly have to implement it, but they do so with ill grace, fiercely resisting measures of restructuring (which would lead to the loss of their economic prerogatives) and trying to spare the bosses who are close to them (for fear that the scandals will finally drag them down too).

The military are in complete agreement with the economic policy, but very much less enthusiastic on the programme of "democratisation", which is nonetheless an indispensable corollary to European political integration.

As for the workers, they certainly support operation "clean hands", although with little confidence in it being carried through to the end, but they are obviously much more lukewarm on the austerity policy, of which they will be once more the victims! Moreover, plunged into the everyday fight for survival, the most deprived layers of the population (small peasantry, unemployed and urban residents, provincial petty bourgeoisie) stopped expecting any 'rational' policy at the national scale a long time ago: the majority of them do whatever they can to eke out a living while a minority seek solace in the arms of the ideologically radical currents (Kurdish or Turkish ultra-nationalisms, fundamentalism, religious or ultra-left sects of every kind, and so on), all difficult to 'integrate' or 'domesticate' in a 'normal' bourgeois system.

Impasse

Thus, the political impasse is virtually total. It is moreover on this basis of instability that the crash of February took place, shattering the fragile financial equilibrium of the country. Alarmed speculators (both local and foreign) have massively withdrawn

their capital from the country at the least signal of political crisis: a clash between president Sezer and prime minister Ecevit over delays in the "clean hands" operation was enough.

No government would have been logically able to remain in place after such an economic catastrophe. Moreover, the popular reaction was not slow to come. Apart from the big bourgeoisie, who have flayed the "incompetent politicians", the trade unions and then the small traders and artisans were on the streets.

The "Platform of Labour" (comprising all the trade union confederations and professional associations) brought 20,000 people to Istanbul for a fairly low-key demonstration. The union bureaucracy (fairly rotten and right wing) has done everything to rein in the movement, while the workers are quite dislocated and disorientated by the fear of unemployment and the slow but permanent erosion of their purchasing power over the last two decades. Certainly, their discontent is very deep, but the absence of channels for this and any political alternative stops them radicalising more seriously.

The current coalition is led by one of the two social democratic parties, while the second (which is no longer even present in Parliament) broke into three pieces in the weeks preceding the crisis! As for the radical left (Ä-DP - Freedom and Socialism Party), it is not only too weak to constitute a pole of attraction which is credible enough, but is also going through a period of fairly serious internal crisis which threatens its unity.

It is then mainly demoralisation which reigns.

Fiery reaction

On the other hand the diverse (and more or less spontaneous) demonstrations of the small traders and business people have been more massive and radical (with violent

fight with the police). It represents a fiery reaction from the enraged petty bourgeoisie, which sees itself suddenly on the verge of bankruptcy with the last crisis. They are certainly more radical, but ideologically rather close to the nationalist or fundamentalist far right.

The fact that the nationalist far right (MHP) is a member of the current coalition could moreover (almost) be considered as good fortune! For if this party had been in opposition, it would have captured the discontent and radicalisation of the petty bourgeoisie and would have prospered at the next elections.

Instead, this party is fairly discredited and seen as responsible for the current crisis, whereas the fundamentalists have also been discredited by their going over to the regime two years ago. The far right radicalisation of the petty-bourgeoisie remains deprived of immediate political opening.

So, even if it has been wounded, the heterogeneous coalition (left nationalist, far right, 'liberal' right) led by a septuagenarian and doddering prime minister manages to stay in place, in the absence of a political alternative inside or outside Parliament. Similar but less important crises ended with coup d'états (1960, 1971 and 1980). However, this time, a direct military intervention would go against the economic interests of the big bourgeoisie, since it would be viewed badly by the European Union.



"Super-minister" Kemal Dervis

It is, then, from the outside that the provisional solution has come, through the parachuting into the government of a new 'super-minister' of the economy, Kemal Dervis, a Turkish World Bank expert, known for his 'social-democratic liberal' positions.

He has a triple mission: formulating a new economic programme responding

to the wishes of the big bourgeoisie; giving sufficient guarantees to the G-7, IMF and World Bank to guarantee new international financial aid; and finally restoring hope to the rest of the population, all through his "clean hands" and "his globally recognized abilities"!

Since his arrival at the head of the economy, this expert seems to have brought off the first stage of his gamble - to create an illusion.

He has the unfailing support of the big bourgeoisie and the foreign backers as well as the army. Moreover, in the lack of any other hope, a great part of the population seems to accord him its confidence, given his pleasant manner and promises of "social measures". The bourgeois media already wish to see in him the second "Ä-zal", saviour of Turkey and predict a brilliant political future if his programme is successful.

However, the political class and his government colleagues only offer him lip service and attempt to throw as many spanners as possible in his wheels. To leave him to apply his programme would amount to a collective suicide for them in the medium term. On the other hand, opposing him too, ostensibly would amount to an immediate suicide (through a "popular lynching"). They have hardly any choice.

So Dervis can get on with his act and wave his magic wand. However, it is then that his problems will begin, for the social dynamics, and the class relations and conflicts, which have been unleashed by the current crisis are still at work and have hardly begun to show their gravity.

What will happen tomorrow when it becomes increasingly clear that the social measures announced are only promises for the long term, while the measures of austerity are already real and date from yesterday! And what will happen if this government ends up, in spite of everything, by falling to pieces?

New economic turbulences

3 May 2001, by **Claudio Katz**

Already from 1994, under the impact of the crisis of the Mexican peso - brutal devaluation of the peso, austerity, and so on - the regional upturn began to slow down and this was accentuated in 1997-1998 under the effects of the Asian crisis.

Then the panic created by Russia's cessation of payments (in August 1998), the Brazilian devaluation (in early 1999) and the surrender of the Ecuadorian economy, blocked any revival of the Latin American economy.

Latin America has undergone a regression on every terrain.

First, on the industrial terrain the regression is marked. Its participation in international trade in industrial goods has fallen. In addition, South East Asia has become the principal zone for direct investments from abroad in the periphery. The gulf that separates the South American continent from the developed countries has clearly grown.

In 1978, income per head in the countries of the 'centre' (imperialist countries) was 5 times higher than that of the most advanced countries of the continent (Argentina, Brazil etc.), and 12 times that of the most backward (Bolivia, Ecuador etc.). In 1999, the ratios were, respectively, 7 and 30.

Reform programmes

For the neo-liberals, this outcome is the consequence of the non-implementation of 'reform' programmes. However, when these neo-liberals criticise the insufficient degree of economic liberalisation of the countries of South America, or the limited flexibility of its labour market, they forget that this type of measure

has been applied amply for a decade without delivering the promised results.

From the other corner, the anti neo-liberals argue that the regional crisis is the consequence of the application of a "dualist, regressive, and exclusionary model". Nonetheless, this questioning of the dominant economic policy can neither grasp the social processes underlying the continental crisis, nor the capitalist logic of this crisis.

The same superficiality prevails when the turbulence of the Latin American economy are attributed to 'globalisation'. The neo-liberals affirm that their initiatives guarantee the participation of Latin America in the positive fallout from this process of globalisation; the anti neo-liberals, on the other hand, support the opposite view. However, these two approaches do not analyse the objective transformations of the 'globalisation of capital' and its impact on Latin America. They ignore also the changes of hegemony that are underway in the dominant bloc of classes of the region.

To transcend the limitations of these neo-liberal or simplistic anti neo-liberal positions, one must examine the four main economic transformations going on in the Latin American region, in:

1. The effects of external indebtedness;
2. The degree of industrial fragmentation;
3. The explosion of poverty; and
4. The deterioration of the terms of trade.

These transformations should be interpreted as disequilibria derived from the peripheral and dependent character of Latin America. To

undertake such an analysis, our starting point must be the theories of imperialism, and combined and unequal development.

Indebtedness

The ultra-rapid growth of the foreign debt of the Latin American countries constitutes the most obvious manifestation of the economic contradictions at work in the region. Indebtedness, which stood at US\$79 billion in 1975 and US\$370 billion in 1982, was US\$435 billion in 1990. At the end of 1999, it was US\$750 billion, giving the lie to the idea that "the end of the statist period" would imply a reduction of this burden on the working population of Latin America.

It should above all be understood that the debt constitutes a mechanism of economic restructuring that facilitates the adaptation of the region to the new international division of labour (what the dominant economists characterise as the specialisation of a country when in fact, the international division of labour is closely linked to the nature of the relations between dominant and dominated countries).

Thus, this debt serves to finance the acquisition of manufacturing infrastructures by, and the supply of raw materials to, the countries of the centre - imperialist countries.

That leads, in the present phase, to the acceleration of a turn by diverse countries to export specialisation in fairly unsophisticated products, and this at the cost of deterioration in production for the internal market.

In some countries, this export specialisation is concentrated in the simple processing of raw materials, in others in the production of intermediary goods or in assembly - from cars to toys.

Latin American industry is no longer, in the current phase, the main motor of growth.

It is extremely exposed to competition from the exporting countries of the centre and Asia-Pacific. This industry needs a significant level of imports to function that in turn generates disequilibria in the trade balance.

New investment is concentrated in the internationally competitive sectors to the detriment of the old national manufacturing complex that developed, in some countries, in the interwar period and the 20 years following the second world war.

Multiple consequences

The consequences are multiple: thus, for example, the development of engineering centred on the adaptation of technologies for production for the home market is breaking down. Also, activities of research and development are in decline.

An industrial model based on assembly, connected to a globalised network, has replaced the former model aspiring to an industrialisation which integrates at least the most advanced countries of Latin America: Brazil, Argentina, Mexico etc. Export specialisation has been accelerated, by a radical opening to international trade, whose most concrete expression is the reduction of custom duties, which have lowered in a decade from an average of 45% to 13%.

Although exports from the region as a whole grew from 14% to 23% of regional GDP between 1980 and 1995, the prices of exported products have declined, and thus the additional income obtained is, finally, insignificant.

Imports grew by 127% between 1990 and 1996 as against an increase of exports by 76%. As a consequence of this reorientation, Latin American participation in world trade had fallen by 1995 to 3.6% of the total of global exchange - the lowest level in the 20th century.

This dismantling of all protectionist measures and complete opening to the world market does not imply a simple return of the continent to its old function of selling raw materials and buying manufactured goods.

The model adopted, consists of installing at a higher degree, the mechanisms of unequal exchange, based on the export of agro-industrial products and the import of capital goods (machines, and so on).

Current exports cover a wide spectrum from bananas to petrochemical products through some of the intermediary goods linked to car production. However, purchases also include the latest computers, sophisticated machine tools or new pharmaceutical products.

In reality, the examination of the composition of imports and exports indicates that the technological gap is growing; that relative prices (the difference between prices of imports and of exports) are more unfavourable; and that the trade deficit can only grow.

Through the introduction of a new system of intra-firm and intra-industrial trade (exchange of goods between subsidiaries of a transnational or purchase by a transnational of particular subcontracted goods, and so on), the big transnationals specialise their Latin American affiliates in the basic industrial processing of raw materials and in labour intensive activities, which leads increasingly to loss making exchanges for the region.

These transformations increase unemployment, reduce wages and lead to a terrifying explosion of poverty. According to quantifications that differ on the measurement of poverty, the number of people affected by poverty in Latin America varies between 150 and 224 million.

These figures are greater than those at the beginning of the crisis in the 1980s.

This has led to a resurgence of medically easily preventable epidemics and the development of an infantile malnutrition that will leave

dramatic traces.

The combination of external indebtedness, export specialisation, trade deficits and the erosion of purchasing power are explosive, leading to periodic turbulence in the Latin American economy.

Yet this diagnosis only constitutes a single point of departure towards an analysis. To interpret what happens in Latin America, we need to look at the current vulnerability of the region using a theory integrating the historically peripheral and dependent character of the region.

Imperialism

The theory of imperialism explains the relations existing between the economies of the centre and those of the periphery (the dominated countries) at each historic stage of capitalist development. It explains how, in the course of each of these periods (nascent capitalism in the 19th century, classic imperialism in the first half of the 20th, and the 'late capitalism' which followed it), changes in the international division of labour occur - changes that determine the general restructuring of the Latin American economy.

In examining the mechanisms of appropriation of the resources of the periphery by the central powers, the theory of imperialism sheds light on the new commercial, financial and industrial forms of this 'confiscation' of wealth that has a fundamental impact on Latin America.

Contemporary imperialism is not characterised above all, as in the past, by the export of capital in addition to the export of commodities; nor by the conjunction of investment; and the relations of power as creditor (in the lender-debt holder relationship). Imperialism today implies a qualitative advance in internationalisation of production under the command of the big transnationals, which leads to a specialisation of each dependent country in certain kinds of tasks within the production process.

This hierarchical and fragmented restructuring of the internationalised

productive process strengthens the monopolisation of the resources of the periphery by the centre. This restructuring functions also, for the centre, as a shock absorber during its downward cycles, and as a factor extending its phases of prosperity.

And although the bulk of investment, trade, and production, take place between advanced capitalist or so-called Triad countries (US/Canada, Europe, Japan), the mechanism of appropriation of the resources of the periphery strategically facilitates the worldwide reproduction of capital.

Widening chasm

The data on the widening chasm separating the countries of the centre and those of the periphery is overwhelming.

Presently 20% of people living in the rich countries (where the division of incomes and wealth is also unequal), account for 86% of the private consumption of households on a world scale.

All the figures indicate that this tendency to polarisation is indisputable. The annual Human Development Report of the United Nations Development Programme relentlessly emphasises and illustrates this trend.

To this one can add comparisons that are nothing short of scandalous.

For example, expenditure on cosmetic products in the US alone is more than the total investment in basic education of the entire periphery.

There is no doubt that if one examines the world socio-economic map, the Latin American continent, despite the speeches about entry into the first world made by Brazilian, Mexican and even Argentine leaders, is firmly in the camp of the underdeveloped countries and its financial, commercial and industrial dependence constitutes a typical example of subjection to imperialism. The foreign debt is the most striking proof of it.

Latin America has followed the same trajectory as all the countries of the third world who having repaid

between 1982 and 2000 sums equivalent to four times the amount of their debt, end up, nearly two decades later, with liabilities three and a half time higher than was the case at the onset of the debt crisis.

The various measures to manage the debt have led to its expansion and a growth in the burden of its servicing. From a general point of view, the debt of the countries of the periphery constitutes a mechanism which perpetuates the removal of the wealth of the underdeveloped countries and, for this reason, this debt functions as a mortgage which is impossible to lift, although it only represents 5% of the total of public and private indebtedness on a world scale (as private companies, public bodies and households in the Triad make up the bulk of world indebtedness).

This indebtedness has allowed the International Monetary Fund (IMF) to play a characteristically imperialist role in relation to the economic policies of the Latin American governments.

Numerous investors who, unlike in the 1980s [when commercial banks were the largest creditors - ed.], hold the bulk of the credits on the region negotiate de facto with the indebted countries through the IMF.

Austerity

This international financial institution demands an austerity budget to guarantee the servicing of the debt and obliges the governments to refinance the debt (that is, borrow new credits to honour debts due for repayment), at extortionate rates of interest, which is damaging to those seeking to borrow for domestic investment, and prevents the adoption of reflationary policies [to increase consumption and stimulate growth - ed.].

Inward and outward flows of capital from the countries of the centre have become the determinant elements of the behaviour of the Latin American economy and this model undermines the prospect of any sustained growth. There are various ways of dealing with the debt burden. Some countries, like

Mexico and Brazil, prioritise the achievement of positive trade balances over stable exchange rates (the relation between the dollar and their currency). Others, like Argentina, prioritise parity between their currency and the dollar. In reality, these are only two ways of making the same adjustment, one through devaluation, the other through deflation, both seeking to assure the payment of the debt service.

On the plane of trade, imperialist domination is expressed through a complete opening to imports, favouring mainly the US. This latter country, in the course of the last decade, has succeeded in carving out a positive balance in its exchanges with Latin America, partially compensating for the deficits it records in economic exchange with other regions of the world.

Countries like Brazil and Argentina, who had a tradition of recording trade surpluses, are today in deficit, which accentuates pressure for the devaluation of their currency.

A supplementary proof of the dependent status of Latin America is given by its completely marginal role in the reorganisation of international trade under the auspices of the World Trade Organisation (WTO).

The countries of the region do not have permanent missions in the highest spheres of this organisation and do not have influence in its Dispute Settlement Body charged with resolving trade disputes.

Hence the decisions of the WTO prejudice the access of certain Latin American products to the developed countries and, simultaneously, these dominated countries pay a range of taxes on the complex manufactured goods patented in the countries of the centre. The explosion of poverty in Latin America is also a consequence of the transfer of income to the countries of the centre.

The "adjustments" to pay the debt, the loss of employment resulting from the destruction of "non-competitive" industries, the turn towards export specialisation as well as the complete opening to imports, all leads to a

reduction of purchasing power, a contraction of solvent demand and a rapid exhaustion of all the phases of economic reactivation.

The Latin American economy is prisoner of a vicious circle provoked by pauperising measures, which reduce purchasing power so as to "give confidence" to foreign investors. As we know these same measures lead this capital to flee when the contraction of the internal market and trade deficits stimulate prolonged recessions.

Combined and unequal development

The theory of combined and unequal development constitutes the second interpretative key to the aggravation of the instability of the Latin American economy.

It completes the analysis of the relations of dependency made above, by analysing the world economy as a unifying totality of advanced and backward forms of production, which determine the existence of diverse combinations of modernity and pre-capitalism in the countries of the periphery.

Some economic sectors and some countries progress, whereas all the under-developed countries see their distance from the centre grow.

The theory of combined and unequal development has had a great impact in the social sciences because it allows us to go beyond the positivist tradition which conceives the evolution of the third world as a progressive process (at a more or less rapid rhythm) of catching up and convergence with the first world. Instead, the theory of combined and unequal development insists on the fact that belated industrialisation, dependent and incomplete in the periphery, aggravate the contradictions of the underdeveloped economies.

It accentuates the fact that Latin American industrialisation is not healthy, but structurally fragile given its reduced competitiveness, its

systemic trade deficits, its lack of control on internal accumulation (for investment), and the absence of a domestic market with a sufficiently high purchasing power.

This approach demonstrates that the long-standing debate on the possibility or impossibility of industrial growth in the countries of the periphery leads to an impasse, because capitalism impels accumulation on a world scale.

However, in this process of development of accumulation, the industry of the countries of the periphery lags behind with all the historic disadvantages which function as structural obstacles to its development.

These barriers are the consequence of the transformations of capitalism at the beginning of the 20th century. From this period onwards, the coexistence of the accumulation of capital in the advanced countries with the specific accumulation in the backward countries has been broken. And the first process (accumulation in the advanced countries) became an obstacle for the transformation of the second (accumulation in the backward) in self-undertaken sequences of development.

Autonomous growth

The margin of autonomous growth that, in the past, allowed some initially backward countries like Germany, the US and Japan to catch up with and overtake more advanced countries like Belgium or Britain has disappeared.

This possibility was aborted from the moment that the central powers came to monopolise surplus value produced in the periphery, through a multiplicity of commercial, financial and industrial channels.

The world market was stabilised as an axis around which were articulated diverse capitalist, semi-capitalist and pre-capitalist socio-economic formations, magnifying the national, sector and regional differences in development, and juxtaposing advanced and primitive forms of

development. Globalised capitalism does not de-industrialise, but in a certain manner it congeals, relatively, the features of the advanced and backward countries. Globalised capitalism, for example, does not today block the growth of Brazil or South Korea.

However, it prevents these capitalisms reaching the levels of development of the US or Japan, as has been the case in previous stages of this mode of production. The theory of combined and unequal development explains the dualistic character of the industrial restructuring implemented in Latin America in the course of the last two decades.

It clarifies how the modernisation of industry has coexisted with the disarticulation of the overall process of accumulation. Thus, at the present stage, the same volume of manufactured products is produced in the Latin American continent but with one third of the personnel previously employed.

On the basis of investments aimed at greater exploitation of labour power, productivity rose between 1990 and 1996 at an annual rate of 3.7% in Argentina, 2.9% in Mexico and 2.8% in Brazil, compared to an annual average of 2.3% in the US.

This growth has reduced the differential in output with the countries of the centre in some reconverted sectors of Latin American industry (for example, steel and cars). Nonetheless, this reduction of differences coexists with an enlargement of the differences in the productive sectors that have been made marginal through re-conversion for example machine tools.

A big fracture has been established between the prosperous activity of some export sectors and the collapse of sectors orientated towards the internal market.

This contrast appears at its starkest when one compares the enterprises based on assembly at the Mexican frontier and the decay of traditional industry in Mexico. Or again, when one compares the modernisation of the agro-industrial export sector in

Argentina and the debacle affecting industry in the provinces of the country.

At a time when the export-oriented sector profits from the reduction of wage costs (linked to pauperisation and unemployment), this reduction threatens any process of durable growth (which requires a dynamic of internal demand).

In 13 of the 28 Latin American countries, the real minimum wage of 1998 is lower than that of 1980; and diverse studies indicate that the effective purchasing power of wage earners has fallen still more.

The purchasing power of the population has contracted under the effect of laws introducing flexibility of the labour market (already rendered fragile by the high rate of unemployment and underemployment) that have as their objective, the increase in the rate of exploitation.

The best index of this growth is the expansion of so-called informal work, or waged activities done without any element of social protection. In the last decade, of 100 new jobs created, 84 are so-called informal, with wages lower by 40% to 60% than those of the formal sector formal (according to studies by the ILO and CEPAL).

This fragmentation of the labour market contributes to the weakening of purchasing power and the extreme polarisation of incomes.

Polarisation

The theory of combined and unequal development also explains the indisputable polarisation of the world economy. Even some authors who proclaim "the obsolescence of the centre-periphery schema" and the "irrelevance of the phrase 'Third World'" nonetheless confirm the growth of inequalities between the countries that participate or remain at the margin of the current "epoch of the information economy".

They recognise that "qualified work linked to information" develops in the countries of the centre while 'degraded Taylorism' [the version of

industrial and labour process rationalisation exported to the third world - ed.] is concentrated in the periphery. This line of cleavage consolidates a "stable architecture" of the economy affirming a dominant pole that consists of only 15% of world population, but controls 90% of high technology production and 80% of IT activities.

Inside this rigid segmentation there is underdevelopment at a variable geometry, which modifies the peripheral status of each of the countries as a function of the model of accumulation (of investment) that emanates from the (imperialist) countries of the centre. Establishing a difference between the advanced countries taken as a whole and the bloc of the backward countries constitutes the point of departure for a more precise elaboration of the insertion of each country in the world market.

This conceptualisation should take into account the existence of a diversity of intermediary situations (dependent non-peripheral countries; semi-peripheral countries; non-dominant countries of the centre). In addition, it is about operating a distinction between the superior, inferior and median peripheral situations.

These last three strata mentioned allow us, for example, to operate a differentiation in Latin America between Brazil, Chile, and Haiti. In addition, this type of classification allows us to consider the whole of the region as situated at a level of development superior to most of Africa, but inferior to South East Asia.

It is certain that the increase in poverty has projected diverse Latin American regions and countries into zones of dehumanisation, very close to those known in the African continent.

Nonetheless, taken in its totality, the Latin American region has not suffered from social regression and criminality [of the state - ed.] of a breadth comparable to that of Africa; Latin America has not been reduced to a kind of battlefield for the pillage of its natural resources. Data on the pauperisation in Latin America is

shocking, but those concerning Africa are crushing. There, food consumption has fallen by 25% in the last 25 years and the number of people suffering from malnutrition rose from 103 to 215 million.

South East Asia

On the contrary, no country of Latin America has recorded in recent decades rates of growth similar to those of South East Asia.

In this region, there are countries like South Korea who have been in the forefront of this process: initially relying on manufacturing exports; then on development of their internal market.

Trying to explain why Latin America has "missed the boat" in comparison with South East Asia is a recurrent theme of the economic literature. Indeed, this question does not find a satisfying response outside of the theory of combined and unequal development.

The neo-liberals explain it by the predominance of the market rather than the strong presence of the state. The neo-structuralist current points to the importance accorded to industrial policy in some South East Asian countries.

These two interpretations both miss out on the overall context that marks the different trajectories. By essentially stressing the successes and failures of economic policies, they miss an essential fact: economic orientation is not a matter of free choice for the countries of the periphery. In addition, these explanations do not recognise that South Korea or Taiwan constitute exceptions to the general rule of the backwardness of the periphery and that the repetition of their performances in other countries is most improbable.

Also, it is commonplace to present Korea, Taiwan or Singapore as examples of emancipation from 'centre-periphery' relations, ignoring the fact that these countries have not emerged from their condition of dependency, as shown clearly by the

[financial-economic] crisis which broke out in 1997.

Forced to directly confront the competition of the big US, European or Japanese firms, the big Korean companies (chaebols) had to accept the rule of the strongest and begin a process either of dismantling, opening, or merger (through bankruptcies of groups, divestment of sectors, buyouts by US, European, Japanese firms etc.).

This reorganisation does not in the least imply so far a regression comparable to that of Latin America and it has not stopped an upturn, in South Korea for example.

However, although these economies of South East Asia are situated at superior levels of the periphery, they continue to be very vulnerable to flows of capital (which leaves permanently open the possibility of a massive withdrawal) and they would remain in a subordinate role in the event of an eventual constitution of a regional bloc where Japanese influence would be strong.

In reality, the industrialisation of South East Asia has many characteristics similar to the process experienced by Argentina in the 1950s and Brazil in the 1960s.

The difference resides in the fact that the objective conditions favouring industrial development, which were initially manifested in the most advanced countries of Latin America, are reconfigured subsequently in South East Asia.

This change responds to a given: the advance of the process of internationalisation of the global capitalist economy transformed Latin America's advantages (a certain earlier growth of the internal market) into an obstacle for the new types of external direct investment centred on the export sectors and the use of cheap labour power.

Also, the long history of popular uprisings and political instability in Latin America led to a diversion of imperialist investments to the Asian regions that were under US military occupation and had undergone land

reform and urbanisation (in particular Taiwan and South Korea).

The search for a disciplined and cheap workforce led the flow of investments to other Asian countries. Faced with the growth of productivity and the escalation of wages that followed in Korea and Taiwan, trans-national companies have implanted their subsidiaries in countries like Indonesia, Malaysia and the Philippines.

But, the numerous enthusiastic partisans of this 'exploiter-exporter' mode come up against a basic fact: competitiveness founded on low wages stops the development of a "virtuous circle of growth" based on internal consumption, a circle which would allow a certain rapprochement between the economies of the periphery with those of the centre.

This obstacle is a historic limit faced by all the countries that are late arrivals in the battle for a share of the world market. This limit cannot be leaped simply by a growth of investment, particularly foreign direct investment.

Turn of the dominant class

The transformations that have taken place in Latin America do not simply reflect objective changes in the world economy.

They also stem from a strategic turn taken by the dominant classes of the Latin American countries that is rendered in the adoption and implementation of neo-liberal policies. The main capitalist groupings have forged a new alliance with the trans-national companies (TNCs).

This change is comparable to that made in the hegemonic bourgeois bloc between 1940 and 1970, when the alliance between the big landowners and foreign capital (US but still often British and so on) gave way to an agreement between Latin American industrial capitalists and some big imperialist firms.

Today, these big imperialist firms have become, indisputably, the hegemonic

leaders of this bloc. This leads to a process of internal transformation affecting the entire industrial bourgeoisie that, by abandoning the policy of import substitution, lost the battle for its regional leadership. Only those capitalist groups who have succeeded in adapting to new conditions of 'globalised' competition persist, albeit as subordinate partners of the trans-nationals.

This new alliance is the big beneficiary of the economic reorganisation of Latin America. The fashion in which the foreign debt is managed illustrates this equilibrium, because the national capitalist sectors (of the new and elegant type) have profited from the growth of the debt in the same way as the imperialist creditors.

The enterprises that obtained a decisive advantage were those who succeeded in making the state take on their debts. Having escaped their obligations as debtors, these groups can proclaim today that the debt is "an obligation of the whole nation, an obligation that must be honoured".

In the case of Argentina, the bulk of the statification of the debt happened between 1980 and 1982. This salvaging of national (or joint-venture) firms consumed some 25% of Gross Domestic Product (GDP) [national income-ed.], that is, from 5 to 8 times more than similar operations carried out in the developed countries.

This redistribution of wealth is also considerable because it served to finance the flight of the assets of numerous indebted enterprises abroad, towards the countries of the centre. This drain of resources has not ended. Currently, capital held outside Argentina represents a third of GDP. In the 1990s, the outflow of capital from Argentina surpassed the payment of interest on the debt.

In Mexico, another type of buyout took place in the course of the 1990s thanks to the renationalisation of the banks that had been struck hard by the financial crisis, the so-called tequila effect. This salvage of the banks, which had been privatised some years before, cost the public treasury a sum equivalent to 15% of GDP.

In Brazil, entrepreneurs were unceasingly aided through devaluations that had the effect of devalorising the internal debts accumulated and taken up in local money. However, these adjustments aggravated the weight of the trade deficits, which led to an increase in taxes (mainly indirect ones) and drastic reining in of state subsidies and social expenditure. All this illustrates how the most powerful sector of the dominant classes has used the debt to its own advantage.

This same dominant group has participated actively in the massive privatisation of public enterprises. This transfer of state wealth is done through an under valuation of assets, an artificial revalorisation of bonds used as means of payment for the purchase of the privatised enterprises and, finally, the absorption by the state of the debts of the public sector, put up for auction to be privatised. The result: the public external and internal debt has increased rather than reduced.

The privatisations became a source of extraordinary profit for their new owners, who also obtain hidden subsidies and can utilise high tariffs, although the services are deficient and investment for modernisation remains low.

This dominant local bloc also draws profit from the management of new foreign loans destined to extend the process of privatisation to all sectors of social life.

Thus, one notes the important loans made for the introduction of pension systems based on individual capitalisation (Chilean style), the complete privatisation of health systems and the introduction of the profit motive into the educational system. Thus new sectors of activity for capital are opened. With this "second generation" of reforms, social expenditure is reduced and the state prioritises raising taxes to pay off old debts.

These same indigenous capitalist groups are the key actors in the turn to exports, which rests on the possibility of the pillage of natural resources and the lowering of the

price of labour power. In this enterprise, moreover, there is extreme labour 'flexibility' and the conditions of super exploitation intensified.

That is most apparent at the Mexican-US border, in the assembly factories (maquiladoras), where wages are up to 30 times lower than in the US. This explosion of increasingly poorly paid work can also be observed in Argentina, Chile and Brazil.

It is under this form that the dominant bloc reinserts itself in the competitive 'niches' of the world market, accentuating a scandalous monopolisation of the wealth created: 1% of the population takes 40% of the total income (in distribution of wealth, polarisation is still greater).

New contradictions and new disequilibria

The new advantages obtained by the hegemonic bloc of the dominant classes in Latin American are at the origin of the growing economic disequilibria that lead to the erosion of their economic power and a deterioration in their control of the political system.

The Latin American bourgeoisie is a historically weak sector rooted in an oligarchic regime, whose social base is fragile, and which has had to carry out an anti-popular policy in the process of consolidation of the nation state. This weakness has grown with the organic relations established between the dominant bloc and the transnational companies. This appears with great clarity in the current phase.

Firstly, this bloc has renounced the direct management of the nation state and agreed to share this control with the IMF and the representatives of the big foreign companies. For this reason, it possesses a weaker capacity for negotiation with the foreign enterprises that compete against the historic enterprises of national origin. Also, this bloc of dominant classes has seen a weakening of its capacity to intervene in the traditional battle between Western Europe and the US

for domination in Latin America.

Secondly, the growth of the foreign debt of these states has led to a situation of insolvency that weakens the power of the entire Latin American bourgeoisie. The loss of control of the debt raises the price of borrowing and increases the number of 'risk countries' (a heavily indebted country is offered credits at higher rates of interest than a less indebted country and a premium is added for a 'risk-country', which, according to the formula of banking institutions, is when the country runs a strong risk, at a given moment, of no longer being able to service the debt).

The price paid for new mandatory loans on the international capital market limits the process of internal accumulation (investment) in each country. Only the sectors where activity is closely linked to productive processes of subcontracting abroad, escape this difficulty of the high cost of borrowing.

Certainly, thanks to the state aid we mentioned the bulk of Latin American capitalists have never been affected directly by the debt. Still, the growth of this latter does not favour their business, if only starting from the increase of rates of interest for all loans.

Thirdly, export specialisation does not increase the base of an accumulation - of diverse investments in industry, services, and so on - under the direct control of national capital. Thus, the Latin American industrial bourgeoisie participates in the formation of regional markets (for example, the Mercosur common market, created in 1995, comprising Argentine, Brazil, Paraguay and Uruguay, with Chile and Bolivia as associate members) under conditions of growing imperialist control of industrial ownership.

Therefore, unlike the dominant European classes, those of Latin America are not undergoing a process of integration in a bloc that would participate as protagonist in a battle for hegemony of the world market.

In fact, these classes are integrating a regional market that is itself the focus of battles between the diverse

imperialist powers. At a time when the big trans-national firms take over the most profitable branches, the strongest and most concentrated Latin American groups sell their enterprises or participate as junior partner in the reorganisation of the industrial fabric.

This tendency sharpens with the loss of influence formerly held by the now privatised public sector. The subsidiaries of US and European trans-nationals have obtained completely dominant positions in Argentina and are very strong in Mexico and somewhat less so in Brazil. The massive bankruptcies of those small and medium enterprises that have not succeeded in reconverting themselves in the subcontracting sector are the proof of this ongoing externalisation of the Latin American economy.

Trade Deficit

Fourthly, the trade deficit resulting from the combination of export specialisation and a complete opening to imports, multiplies disequilibria to the extent that these disequilibria sharpen with the re-export, in various forms, of profits by the trans-nationals.

Thus, the external direct investments made in Latin America in the 1990s which prioritised modernisation of transport and communications with the strict goal of strengthening the characteristics of an export economy have surpassed the world average (while remaining clearly inferior to those directed to South East Asia); still, transfers of capital towards the parent firms - transfer of profits, licensing costs, patents, over billing for services provided by the parent firm, and so on - reached record levels. Hence a sustained growth rapidly meets the recurrent obstacle of the balance of payments deficit (the difference between total outflows and inflows).

Fifth, Latin America remains subject to a deterioration of the terms of exchange in its trade relations. The current progress of the 'globalisation of capital' penalises still more the regions with lower productivity, through a decreasing commercial

remuneration of labour realised in this region. The number of hours of average social labour effected in Latin America and included in an exported commodity grows relatively less than the number of hours of social labour embodied in an imported commodity, originating from a country of the centre with a higher productivity of labour; there is then an unequal exchange of social labour expended.

This disadvantage - which has always accompanied the internationalisation of the capitalist economy - was clearly less important when capitalism still organised itself, to a great extent, around national price systems and wages.

Indeed, the present constitution of homogeneous spaces of circulation of commodities under the control of trans-national enterprises that organise their investments, production and commercialisation on a world scale aggravates unequal exchange.

A more hierarchical and segmented international division of labour (national wages more differentiated and productivity more divergent between the sectors centred on the local market and those directed to the external market) has a negative impact on the Latin American continent.

Sixth, the neo-liberal reforms have created a level of unemployment and poverty that severely limits accumulation (the dynamic of investments and markets, that is the sale of commodities allowing the realisation of surplus value).

Some authors think that between 15% and 20% of the Latin American population enjoy a standard of living equal to that of the 'first world'; while 70% of the population sees its standard of living fall in the direction of the hell of the 'fourth world'.

Starting from this point, it is possible to understand why the blows against wage earners feed the crisis (blocking the markets). Unlike the advanced countries, the segment of the population with a purchasing power sufficient to support (from the side of demand) a stable process of growth is not only reduced quantitatively, but

also tends to shrink.

In Argentina, for example, there is a collapse of the traditional middle classes. In no region of Latin America, are relatively homogeneous wage zones tending to form, unlike what exists in the zones of the dominant countries (for example between certain EU countries).

With the growth of exploitation in Latin America, this deterioration of purchasing power consolidates itself and the difficulty of selling commodities at the value of their production becomes more widespread.

The constitution of a "Fordist norm of consumption" (similar to that existing in the countries of the centre) has been definitively blocked from the last decade onwards. Today the mechanisms for greater sale of durable consumer goods are not discussed; on contrary the agenda concerns how to stem the regression at the elementary educational and health levels. The delinking of social need and the demands of profitability takes on ever more dramatic forms. The combined effect of all the contradictions mentioned is at the origin of the growing instability of the Latin American regimes. This crisis takes forms going from the sudden interruption of executive mandates (Ecuador, Peru, and so on), to the disintegration of governments and the collapse of state structures.

The struggle for the sharing of the booty between the diverse groups in power accentuates corruption and undermines the capacity of the political personnel of the dominant class to control these tensions in the framework of the classical division of powers (executive, legislative, judiciary, military).

Hence, a turn towards authoritarian forms of government is underway. This evolution undermines the cohesion of the political systems that have emerged in the 1980s and removes the legitimacy of the ruling groups in the eyes of much of the population.

Neo-liberal mystifications

The neo-liberals present no explanation of the transformations underway in Latin America but make a simple justification, of an apologetic type, of the changes that they have contributed to putting in place.

The doctrine of the neo-liberals has served to guide government policies as a function of the needs of the dominant class which can be summed up as follows: reduce the cost of labour power; attack the unions; reduce social expenditure and increase inequality. The neo-liberals have covered this orientation and practice with an ideology that glorifies the market, deifies the consumer and pretty up private management.

Still, these mystifications have been permanently adapted to the necessity of applying economic measures that are in reality very different.

The neo-liberals develop a cynical discourse, particularly on the question of the debt. On the one hand, they affirm that this problem is of such gravity that any debt moratorium would end up with terrible reprisals from the creditors.

On the other hand, these same neo-liberals affirm that a debt is "no longer a problem" providing that refinancing (repayment thanks to new credits) of the interest on the debt is obtained. Obviously, they pass over in silence the terrible cost of this payment for the majority of the population. Privatisations are presented as big advances compared to "state inefficiency". On the contrary, these neo-liberals are silent on the amount of subsidies, mostly indirect, given to the new enterprises.

They praise the deregulation of the financial systems without mentioning that the new mechanisms of credit have not led to an increase in internal saving. These mechanisms have simply led to the reduction of the costs borne by the big companies and the expenses of the small and medium enterprises in decline or bankrupt. For the admirers of Von Hayek

(1899-1992), Milton Friedman (1912-) and Von Mises (1881-1973) increased poverty has demographic ("there are too many people"); educational ("they are not trained for work", employability); cultural ("they breed in an irresponsible fashion") or labour relations ("they lack a culture of work") causes. They say that the "sole way" to reduce poverty consists in increasing the rate of economic growth.

Nonetheless, in the event, they forget that this growth did not reduce poverty in the course of the intensive industrialisation of the 1950-1970 period. Moreover, they come up against an impasse on a key fact of the last decade: there is an inverse relationship between the growth of GDP and the alleviation of distress in Argentina and Mexico. Under the effect of growth, according to the most favourable scenarios of the reduction of poverty would necessitate between 100 and 400 years to have an effect. The same goes for jobs.

To suppose that through spontaneous growth at the level of economic activity unemployment would fall ignore an essential statistic: regional GDP, between 1950 and 1980, grew by 5.5% and jobs by only 2.9%.

Neo-liberalism emphasises opening up to trade. It claims that the modernising effect of this opening on companies leads to "the extension" of more qualified and better employment and an increase in purchasing power.

However, the fulfilment of this prediction is unceasingly held back year after year, because it is obvious that spontaneous growth, under the simple impulse of competition, is an illusion.

Disguise

That has not concretised in any circumstance and any country. By making use of a very fashionable disguise, neo-liberalism today repeats the most antiquated theories relating to the socio-economic backwardness of Latin America.

It claims that underdevelopment corresponds to an "insufficiency of

capital" and proposes to overcome this limit by increasing the potential for the 'comparative advantages' (a country is supposed to gain by specialising in the production of products whose relative costs are lower) of the area, by means of the enhancement of free trade and an increased degree of foreign investment. However, in the historical epochs where there was indeed a "lack of capital", this weakness was not the characteristic of a local defect, but was the product of a transfer of resources towards the countries of the centre (a transfer which began in the 16th century and was accentuated later).

During other periods during which saving was more significant, the normal budgetary equilibria and the acquisition of credit and foreign investments stronger, it was not the "lack of capital" but the use of this capital which blocked economic development. Including protectionism does not provide any explanation for economic failure because Latin America in general maintained over a long duration a degree of commercial opening much higher than that of the countries of the centre. Neo-liberal theory appears incapable of explaining any major aspect of the backwardness of this area. Indeed, insofar as it assigns to capitalism an invariably virtuous behaviour, it cannot offer any explanation of the acute imbalances at work in the South American continent.

This theory claims that this area is economically weak because of its being "suspicious of the market". But it cannot explain why, given the radical turn to privatisation since the 1980s, no increase in its international competitiveness was registered.

CEPAL

Whereas neo-liberalism translates the program of the dominant class, the theoretical production of CEPAL (Economic Commission on Latin America, whose best known theorist was Raul Prebisch) reflects the contradictions produced by the application of this program.

For this reason, the theorists of this

UN body question the results of the policies applied during the last decade while not criticising intrinsically their application and not proposing their removal. By adopting a language rather close to that of neo-liberalism, the new neo-structuralist vision of CEPAL replaces its old defence of an "autonomous development" and an increase in purchasing power.

CEPAL aligned itself to the option of an increase in the "international competitiveness" of the area. But this turn, marked by the wave of privatisations, was not adopted with great enthusiasm. It was carried out by taking recourse to the inevitable insertion in the 'new world order' paradigm.

CEPAL affirms that globalisation forces the abandonment of all the old models, while recognising that Latin America abandons its successes of the past without obtaining any significant benefit in return. It estimates nevertheless that there is margin for manoeuvre for negotiation in order to somewhat improve the situation of the region.

The principal spokespersons of this current also accept that the turn towards exports deepened a "truncated industrialisation". However, unlike in the 1960s, they do not note "structural heterogeneity" (i.e. the existing divorce between the internationally competitive branches and the remainder of the local productive system) as being a strong feature, completely harmful, for the

area.

On the contrary, they estimate that the modernisation of the exporting sector will become the engine of progress for the domestic sector, forgetting all the arguments advanced by them in the past on the disarticulation between the various sectors (internal, export, and so on). The mountain of paper written to criticise 'export orientated growth' were diplomatically filed away.

The same applies to the criticisms made of the opening to imports; in general, the proposals for a defence of local production from the devastating effects of external competition have disappeared.

CEPAL's research does not hide the extraordinary increase in poverty and promotes a 'growth with equity'. But their proposals do not suggest, as was the case in the 1960s, a redistribution of income, land reform, or the introduction of a progressive tax system.

At most, CEPAL calls for the alleviation of poverty by applying "the social plans of governments". But these proposals are accompanied by warnings against any expenditure that would induce budgetary imbalances. As regards the debt, CEPAL repeats that there is a "joint responsibility" of the creditors for their "lack of foresight" as lenders and their "lack of control" over the entities demanding credits.

For this reason, the 'Cepalists' advocate certain cancellations of

debts, a reduction of the total amount and, periodically, preach in favour of the formation of "a front of the indebted countries".

But these proposals have remained unheeded, as they do not have any more than an echo in the media. It has been shown that no banker expresses compassion for his debtors and that they will take into account only measures taken in a vigorous way, unilaterally imposed; all things which the Latin American governments would not even risk contemplating.

The adaptation of the CEPAL to its old liberal enemy translates the domination of the trans-national corporations vis-à-vis the national firms (local, regional) within the framework of the dominant socio-political bloc today in Latin America. At the same time, CEPAL clarifies the imbalances caused by the predominant weight of these trans-nationals and the loss of the autonomous strategic horizon, which the industrial bourgeoisie of the continent possessed for a few decades.

Anti dependency theory

The reaction against dependency theory is a characteristic of current thought in Latin America. [1] Thus, Cristobal Kay claims that the centre-periphery problem has been integrated into the (new) neo-structuralist approach. [