



IV325 - November 2000

Prague: Joint Declaration - 28 September 2000

10 November 2000

We believe that the cancellation of the final day of meetings reflects the institutions' recognition of their own lack of credibility. Confronted with vigorous protests from organisations like ours and a refusal to accept the empty rhetoric of "poverty reduction" and "debt relief" offered in response to assertions of their responsibility for decades of economic malfeasance, they have, at last, wisely chosen silence over more lies.

Our challenge to the right of these institutions and those who control them to dictate economic policy, largely through the leverage gained through illegitimate debts, has gone unanswered. Our call for a wholly new global economic structure, one which mandates not a single model but many choices for the many peoples of the world, is one that these institutions cannot accept, or even comprehend.

We gathered in Prague for an exceptionally broad, inclusive, international protest against the discriminatory and unjust policies of the IMF and the World Bank. We oppose the undemocratic and elitist character of both the institutions and the meetings they hold.

Our numbers include a great many young activists as well as people from Central and Eastern Europe who have now inaugurated the movement

against corporate globalisation in this region. Our numbers also include protesters in over 30 other countries, including Bangladesh, South Africa, Argentina, the United States, France, and India, who staged solidarity actions this week.

We came to Prague to act in solidarity with the millions who could not be in Prague: the impoverished women farmers of Africa, the workers laid off in Asia, the Pacific and Caribbean islanders denied credit for their livelihoods, the young women working in Latin American sweatshops.

We have spent our time in Prague not only protesting, but also discussing positive, people-centred alternatives to the debt crisis, structural adjustment programs, corrupt and environmentally devastating infrastructure projects, and the economic philosophy of development through exploitation of both the ecology and large majorities of the people in the South and in the East.

At the same time we denounce the psychological terror and physical repression executed by the Czech police forces before and during the conference of the IMF and World Bank. Their actions, notwithstanding instances of provocative behaviour by a few protesters, have injured dozens of innocent people and resulted in

hundreds of unjustified arrests during and after the essentially peaceful demonstrations. We express our solidarity with the hundreds who remain imprisoned, and call for humane treatment and speedy release of all those detained. We particularly express our grave concern over reports of brutalisation of those held in Czech prisons.

We note that the World Bank itself has acknowledged this month that its policies are failing. Its World Development Report, although subjected to censorship within the institution, offers a revealing critique of the growth-centred development philosophy that has long been the Bank's adamant answer to every question. And its report on the transition economies of the former Soviet Union and Eastern Europe has revealed a tenfold increase in poverty, from 2% to 21%, a clear indication that the neo-liberal recipe peddled by the IMF and World Bank has failed yet another entire region of the globe.

Given the evidence supplied by the World Bank itself, we would suggest that it and the IMF, and the commentators who continue to support them, consider that their calls for more of the same medicine, more of the same conditionalities, are inadequate. A revolution in economics is called for, one that returns control

of economies to the people who live in them. The time has come to put economics at the service of the people, rather than entire societies at the service of economic models that have failed for over 20 years.

Our protests in Prague, following those in Melbourne, Okinawa, Geneva, Chiang Mai, Washington, Seattle, and countless other cities, have again exposed to the world the contradictions and inadequacies of corporate globalisation, and of the IMF and World Bank. Our protests also echo the struggles going on today in Bolivia, one of the many places where people from many sectors have risen up against the local manifestations of the globalised economy. So long as that model continues to be imposed by the rich

and the powerful, organisations like ours shall continue to protest and to do everything in our power to expose the plain failures of the system. Wherever those who have taken upon themselves the power to make decisions for the global economy will gather, we will be there to witness, to expose, and to protest.

Signed: [1]

Focus on the Global South - Thailand (Nicola Bullard)

Initiative Against Economic Globalization (INPEG) - Czech Republic (Alice Dvorska)

50 Years Is Enough Network - USA (Soren Ambrose)

EuroMarches Against Unemployment - Austria (Leo Gabriel)

ATTAC France (Christophe Aguiton)

Jubilee 2000 South Africa/Jubilee South - South Africa (Dennis Brutus)

Center for Economic & Policy Research - USA (Mark Weisbrot)
Rights Action - USA (Annie Bird)

National Free Union of Students - Germany (Stefan Bienefeld)

Zashita Trade Union / Alternativy Association - Russia (Boris Kagarlitsky)

Comité pour l'Annulation de la Dette du Tiers Monde (CADTM) - Committee for the Cancellation of the Third World Debt (COCAD)

Prague - Mobilising against Third World Debt

10 November 2000, by **Éric Toussaint**

You participated in the meetings preparatory to the demonstrations in Prague and you are active yourself against institutions like the IMF and the World Bank. What are the demands of the demonstrators?

There is no single demand. There are rather some big themes around which the demonstrators focus. Among these figures a hostility to the IMF and the World Bank. But there are some nuances. Some are favourable to a suppression pure and simple of these two institutions, others believe that they should be reformed.

The cancellation of the Third World debt constitutes also a motif of mobilisation. But there also, there are some nuances between the demonstrators. Some are favourable to the cancellation of the debt of the poorest countries (sub-Saharan Africa, Bolivia, Nicaragua, Vietnam), others wish to extend this to all the public foreign debt of the Third World (India, Pakistan, Brazil, Indonesia, Mexico included).

What is the dominant profile of the people who make up the movement?

The dominant component is a generation of youth between 18 and 27. It is a youth with a particular sensibility: it has lived all its life in a world dominated by the market. These youth have not known the Communist regime, but they know from their parents that this existed and that it did not bring good solutions. They are no longer influenced by events like May 68 or the Vietnam War. It amounts then to a new mobilisation. These youth live in a world which does not convince them. They want a world where the environment is respected, where North-South relations are egalitarian and where the institutions are democratic. It is for this reason that they contest the IMF or the World Bank. They believe that these institutions are not democratic. And they contest certain effects of economic globalisation.

Do they reject this movement of globalisation? In other words, should

these militants be qualified as 'anti-globalisation' as they often are?

No. It is an error to characterise them in this way. What they want is a non-exclusionary globalisation which satisfies the basic needs of each. In speaking of "anti-globalisation", one gives the impression that it amounts to a turning inwards and this is not at all the case. This is not an identity-based, nationalist response or something like that. They oppose neo-liberal globalisation, an economy of profit.

Has this movement a future? Are we witnessing the birth of a groundswell which could resemble that of May 68?

It is a question that is difficult to answer. But I think that this movement is massive and does not relate to a conjunctural event. When I see a mobilisation like that in Seattle in 1999, or Millau for the Bové trial this summer, then now in Prague, I believe that we are witnessing a phenomenon which is here to stay. This movement is beginning quietly to

define itself and increasingly strengthen itself. A co-ordination is being established and numerous demonstrations are already envisaged for the future. In three big cities of the Third World there will soon be some very important meetings promoting an alternative to neo-liberal globalisation. In Asia, in Seoul from 17 to 20 October; in Africa, in Dakar from 11 to 17 December; in Latin America in Porto Alegre from 25 to 30 January.

But can the movement really structure itself and make advances when its members make demands which are sometimes so different?

I think so. The fact that there are different positions does not bother me. This is not a proof of weakness but of pluralism. We have moreover already obtained significant advances in a certain number of areas. Let us take the example of the Tobin tax (a tax on capital flows). Some years ago, its opponents rejected it with a wave of

the hand, without explanation. Today, some countries like Belgium, France, Canada or Norway are discussing it.

Those who have said that it was not feasible now have to explain themselves. On the cancellation of the Third World debt, some significant advances have also been realised. I believe then that this movement is not something to neglect, that it will amplify itself and that it has begun to have some influence.

The IMF, the World Bank, the WTO... and us?

10 November 2000, by **Nicolas Benies**

The economic context of crisis had favoured this mobilisation. It involved significant movements in both the developed countries and the countries of the third world. Revolts against neo-liberal globalisation existed, as shown in the victorious struggle against the MAI, [2] but they had no international character. Henceforth these mobilisations are international.

Is the world being led? And by who? This question is being asked in every country, in all the mobilisations. A conspiracy theory dominates, based on a simplistic explanation of the laws of functioning of the capitalist mode of production. Nation states have disappeared and the multinationals impose their law. It simply isn't true. Not that the power of the transnationals is non-existent, but nation-states still possess weapons. The governments are responsible for this globalisation.

They have decided to deregulate, to privatise... They cannot shelter behind globalisation itself to justify it. To attack neo-liberalism is also to attack the laws of the economic system itself.

An absurd world

Susan George, in her book *The Lugano Report*, [3] describes the decision-making process driving this absurd

world. On the basis of existing reports - by the IMF, the World Bank, the WTO, the OECD she exposes a neo-liberal logic that makes the flesh crawl.

Other solutions are possible, which take account of citizens' demands. On the condition that neo-liberalism is broken with. This rupture is even more necessary in that the policies of neo-liberal inspiration - whether austerity policies or structural adjustment - lead to a strengthening of inequalities and a dispossession of the (weak) power of citizens. In a recent edition of *Business Week* [4] two thirds of Americans surveyed (August 31, 2000) believed that prosperity owed a lot to the companies and that the big companies make good products and are competitive in the world economy. However, nearly three out of four thought that business had too much power over very many aspects of their life.

Al Gore understood this sentiment when he said at the Democratic convention that Americans should say no to "Big Tobacco, Big Oil, the big polluters, the pharmaceutical companies..", [5] adopting thus a more populist discourse. Undoubtedly one of the effects of the recent mobilisations. And 74% of those questioned agree with him! Again, 66% though that higher profits are

more important for the big companies than developing security or concern with the quality of products for the consumer... No doubt this is one of the explanations for the success of the recent book and film by Michael Moore, who denounces the policies of US transnationals and their responsibility for mass unemployment and the degradation of working conditions and jobs. [6]

The defeat of the policies of neo-liberal inspiration

Neo-liberalism is so omnipresent that its setbacks can pass unperceived. All the more so because often sociologists confuse economy and neo-liberalism. In fact economic science - insofar as it can be defined - is first and foremost political. It includes the conscious intervention of states, of citizens. No determinism. On the contrary, the field of possibilities is largely open. One of the big lessons Marx taught is to take into account the liberty of human beings. People make their own history but not in circumstances of their own choosing - in other words, the past is not a tabula rasa, but at the same time it is possible to change the course of history.

Neo-liberal policies have been catastrophic in every area. It is impossible to emerge from poverty through structural adjustment policies. It would be necessary rather

to begin by cancelling the debt to allow countries - sub-Saharan Africa in particular - to begin to develop in an autonomous manner, while implementing a protectionism which could be regional, to avoid submission to the law of the world market and the movements of capital.

The losers are still the same, the weakest. Christa Wichterich, [7] in her survey on the place of women in the world, demonstrates that it is women who are the first victims of poverty and cuts in the social budgets - because they are the first beneficiaries of social aid, but also because poor public services mean, for them, more free domestic work - bad conditions of work, unemployment, and overexploitation. She cites the example of workers in shoe enterprises - like Nike or others - who begin work very young and are worn out prematurely, thrown out by the boss who employs new recruits, without redundancy pay or social security. Everywhere women suffer most from the denial of rights. They are the first to be dismissed, they represent the majority of part-time and temporary workers. The workers' movement, whether trade union or political, has not taken up the defence of the rights of women and has thus permitted the enlargement of the flexibility of work and the degradation of the conditions of work for all. The defence and enlargement of women's rights is an integral part of the mobilisations against poverty and violence.

Neo-liberalism has suffered defeat again in terms of the conditions of economic upturn. That which has taken place in France is of the Keynesian type [8] and growth is based principally on the increase in consumption of households. The same is true of the US growth.

Suddenly, the IMF and the World Bank are interested - just like the WTO - in the social sphere. They now wish to be defenders of social rights, while conserving their neo-liberal orientation on the economic level. Their discourse is transformed as a result both of the setbacks outlined above and the mobilisations. The IMF is under fire. Its interventions during the financial crises are contested

everywhere.

Again on the financial crisis of 1997-98

The financial and economic crisis in the countries of northern and eastern Asia, like that in Russia, had shown the perverse consequences of pell-mell 'liberalisation', whether in relation to commodities, services or financial markets. The emphasis on exports had destroyed the indigenous food producing cultures leaving the semi-industrialised countries in the situation of importing basic foodstuffs. The internationalisation of the financial markets, the total liberty allowed to capital movements have fragilised the accumulation and growth of the economies of the countries of the so-called Third World, in different forms in the countries of Asia and those of central and Latin America. A crisis of profitability for Thailand and South Korea leading to a lower rate of increase of exports, a crisis of indebtedment for Mexico, Brazil and Argentina. The growth of GDP in these latter countries was dependent on inflows of capital, obliging them to raise still higher the rate of surplus value [9] to ensure a sufficient return to this speculative capital. Their currencies are anchored to the dollar, provoking the accentuation of austerity policies.

Increased poverty is accompanied by the growth of inequality and the widening of flexibility. The regimes of accumulation - the particular modalities of creation of wealth - have shown their fragility in the crisis. [10] The crisis itself is translated by industrial and banking restructurings. One can only subscribe to the conclusion of Pierre Salama, [11] "the financial crises are inscribed in the logic of a brutal and uncontrolled liberalisation of the semi-industrialised economies affecting not only the financial investors. [They] have recessionary effects on production and exchange. The financial crises have a high social cost." The crises that the capitalist world has just lived through are the evidence. The governments, contrary

to received wisdom, are not powerless. They could determine the conditions of a different regime of accumulation, ethically more just and economically more efficient.

We should note a return to ethical concerns. [12] Social justice cannot be ignored. It forms part of the dimensions of the economy. The neo-liberal economists - so-called neo-classical - forget a little too easily that the market does not exist without the state. Not only because the state structures the law of supply and demand [13] but also because it is intrinsically linked to the accumulation of Capital. The capitalism cannot function without the state. The crisis of the Russian Federation in August 1998 has shown it. At the same time we must rehabilitate politics. The capacity to take decisions which affect the future of all, informing citizens so they can participate in collective choices.

The fall of the euro (in September 2000) results both from the rise of the dollar, the only real international and reserve currency, and from the absence of credibility and legitimacy of European construction. It does not exist: there is a lack of supra-national institutions, a lack of coherence and co-ordination. All the discussions on the institutions have foundered on the resurgence of national interests. There is a lack also of the capacity to define a common project based on the construction of a social Europe.

The lessons of the crisis

One of the lessons drawn from this crisis by the international institutions is the necessity of the state, and a discourse on social justice. Alan Greenspan, president of the F.E.D., had declared that this financial and economic crisis was the most important experienced by the capitalist world since the end of the Second World War. Catastrophe had been avoided by floods of credit and the direct intervention of the US in favour of the Russian Federation and the countries like Mexico, Brazil or Argentina. At the end of 1998, around 40% of the world's countries were

mired in recession. As is customary, the dominant country, in the event the United States, benefited from this crisis. Speculative capital chose security and flooded to the United States. This allowed them to finance a record trade deficit to feed growth and the accumulation of capital. This allows us to understand the pursuit of the cycle of growth without needing any reference to the "New economy", ideological moonshine serving to justify the policies of neo-liberal inspiration. The kernel of truth is found in the definition of new fields of activity for the commodity on the one hand - the commodification of all activities, including education - and on the other a beginning of the enlargement of the third industrial revolution (that of computing and electronics) to the interior of companies. For the moment, no revolution in the organisation of work is on the horizon. Taylorism remains the model of reference. [14] It allows increased productivity of labour through increasing the intensity of labour. This is why the 'old' and 'new' economy differentiation has no meaning.

The IMF had been totally bypassed by this crisis which it was unable to analyse or predict. [15] This catastrophic balance sheet is the only common point shared by neo-liberals and those opposed to capitalist globalisation. Suddenly, there are proposals to reform the institution created at Bretton-Woods in July 1944. Michel Aglietta [16] proposes that the IMF should become the world central bank. It would thus become lender of last resort, playing the same role as national central banks but on an international level. Nobody believes that the financial crisis of 1997/98 is the last. Most forecasters expect a stock market crash - nobody risks predicting the date but it appears unavoidable. The solution they advocate is illusory enough. The US must agree to share their power! They are neither wise enough nor foolish

enough. It would be necessary for Europe, speaking with a single voice, to impose its will... we are a long way from that.

Neoliberal globalization: the winners

The transnational firms have gained enormously from the liberalisation of the markets, whether of commodities, services or capital. They have experienced a growth of their power. [17] In an apparently concomitant manner, the nation states have seen their capacity to regulate the economy diminish, but they continue to exist and structure both the accumulation of capital and the market, allowing the expression of the capitalist class. The crisis of the nation state is a reality, as is that of the social state. It amounts to the destruction of a form of state born after the second world war as a result both of the conditions of the Liberation and the social struggles which followed. Today, in accord with the imperative of the maximal valorization of capital, these social gains must disappear. This attack stems from political choices made by all the governments. Deregulation has taken place on all terrains, first and foremost in the areas of the right to work and social security - a challenge to the indirect, socialised wage - and in the financial sphere, to leave the field free to market 'liberalisations', whether commodities, services or capital. Capitalist and neo-liberal globalisation seems to proceed without restraint. These firms implement their international strategy, without taking account of general interests, believing that what is good for them is good for the country and the world economy. The logic of the firm imposes itself.

The imperative of 'competitiveness' becomes a categorical imperative, involving the lowering of the cost of

labour to lower the price of sale. Thus productivity gains are monopolised by profits. In the United States, the state continues to play its role as strategist and organiser for the whole national capitalist class, as well as capital that finds refuge there, to ensure the triumph of US imperialism over the rest of the world.

The monetary consequence of this domination is found in the role of the dollar, henceforth currency of reference for an international monetary system still in crisis and lacking an understanding between the big developed capitalist countries. The 'dollarisation' of Ecuador demonstrates this new given. The dollar has dethroned the sucre, the national currency. The central bank of Ecuador can disappear, it serves no purpose. Monetary policy will be decided by the US Federal Reserve Bank. Inequality and poverty can only worsen.

Deciding our future

Mobilisations against the policies of 'liberalisation' continue. At each IMF, WTO and World Bank meeting demonstrations involving participants from all over the world take place. They throw up the bases of a new international movement. The transnational firms have not yet grasped the dimensions of it, despite the warnings of Business Week. International trade union co-ordinations are needed. The stakes are vital. Our future is being sketched out here. To leave the transnationals as masters of the world is to take inconsidered risks with every aspect of our lives. Nothing is fatal nor ineluctable.

A militant new generation is becoming conscious of the necessity of action. We can give it the memory to enrich the struggles today.

From North to South: Debt crisis and adjustment plans

10 November 2000, by **Éric Toussaint**

So far as the countries of the Third World and the East are concerned, the formidable growth of the public debt began at the end of the 1960s and led to a crisis of repayment from 1982 onwards. Those essentially responsible for this debt are to be found in the most industrialised countries: the private banks, the World Bank and the governments of the North who lent some hundreds of billions of eurodollars and petrodollars.

To recycle their capital and commodity surpluses, these various actors in the North lent at very low rates of interest. The public debt of the countries of the Third World and East thus multiplied by twelve between 1968 and 1980. In the most industrialised countries, public debt also grew strongly during the 1970s as governments tried to respond to the end of the post-war boom through Keynesian policies of reflation of the economic machine.

A historic turn began in 1979, 1980, 1981 with the coming to power of Thatcher and Reagan, who applied on the grand scale the policies dreamed of by the neo-liberals, notably by increasing rates of interest very strongly. These increases obliged the indebted public powers to transfer colossal amounts to private financial institutions. From this moment on, on a world scale, the repayment of the public debt constituted a formidable mechanism for pumping a part of the wealth created by employees and small producers to the profit of financial capital.

The policies dictated by the neo-liberals constituted a considerable offensive of capital against labour. To balance their accounts, the indebted public powers agreed to reduce social expenditure and investment and to

resort to new borrowings so as to cope with higher rates of interest: hence the famous 'snowball' effect experienced everywhere on the planet during the 1980s. This refers to the mechanical increase in the debt caused by the combined effect of high rates of interest and new borrowings necessary to repay previous borrowings.

To repay the public debt, the governments relied notably on tax receipts whose structure evolved in a regressive manner in the course of the 1980-1990s. The share of tax receipts levied from capital incomes fell while the share of receipts coming from taxation of wages, on the one hand, and mass consumption via the generalisation of and increase in VAT (indirect taxes notably affecting alcoholic drinks), on the other, increased.

In short, the state took from the workers and the poor to give to the rich (Capital). It was the exact opposite of a redistributive policy which should be the main preoccupation of the public authorities. The crisis of the public debt in the 1980s is intimately linked to the process of deregulation which went with neo-liberal globalisation. The colossal growth of public debt from the end of the 1960s to the beginning of the 1980s is linked to the development of the market in Eurodollars which constituted one of the first stages in the deregulation of the international monetary system and the exchange markets.

The strategic stakes of

structural adjustment in the countries of the periphery

Structural adjustment policies began to be applied in the countries of the periphery just after the outbreak of the debt crisis in August 1982. They constituted the pursuit under a new form of an offensive which had begun 15 years previously. What was this offensive? It was the response from the governments of the North and the multilateral financial institutions at their service, starting with the World Bank, in relation to the challenge constituted by the loss of control over a growing part of the periphery. From the 1940s to the 1960s came Asiatic and African independence, the extension of the East European bloc, the triumph of the Chinese, Cuban and Algerian revolutions, the development of populist and nationalist policies led by the capitalist regimes of the periphery (going from Argentinian Peronism to the Indian Congress party of Nehru via Nasserite nationalism). New movements and organisations developed pell-mell at the international level, constituting so many dangers to the domination of the main capitalist powers.

The massive loans granted from the second half of the 1960s onwards to a growing number of countries of the periphery, starting with strategic allies (Congo under Mobutu, Indonesia under Suharto, Brazil under the military dictatorship...) and subsequently countries like Yugoslavia and Mexico, constituted the lubricants of a powerful mechanism for regaining control. It was to stimulate through target loans (the abandonment of nationalist policies) a better

connection between the economies of the periphery and the world market dominated by the Centre. It was also about assuring the supplies of the economies of the Centre in the area of raw materials and combustibles. By putting the countries of the periphery progressively into competition with each other and stimulating them to reinforce their export models, it was possible to lower the prices of the products that they exported so lower the costs of production in the North (and increase the rate of profit there). In a context of a rise in the struggles for emancipation of the peoples and the Cold War with the Eastern bloc, it also helped reinforce the zone of influence of the main capitalist countries.

Without saying there was a plot on the part of the private banks, the World Bank and the governments of the North, it is nonetheless the case that an analysis of the policies followed by the World Bank and the main governments of the industrialised countries in the area of loans to the periphery was not devoid of strategic ambitions. [18]

The crisis which broke out in 1982 was the result of the combined effect of the fall in prices of the products exported by the countries of the periphery towards the world market and the explosion of interest rates. From one day to the other it was necessary to repay more with falling incomes. Hence, strangulation. The indebted countries announced that they were facing difficulties in payment. The private banks of the Centre immediately refused to grant new loans and demanded that the old ones were repaid. The IMF and the main advanced capitalist industrialised countries gave new loans to allow the private banks to recuperate their money and to stop a succession of bank failures.

Since this time, the IMF, supported by the World Bank, imposed structural adjustment plans. An indebted country that rejected structural adjustment was threatened with the ending of loans from the IMF and the governments of the North. One can say without fear of contradiction that those who proposed from 1982 onwards that the countries of the

periphery should stop repaying their debts and set up a front of debtor countries were correct. If the countries of the South had established this front, they would have been in a position to dictate their conditions to their creditors.

In choosing the path of repayment under the tutelage of the IMF, the indebted countries transferred to the financial capital of the North the equivalent of several Marshall plans. The adjustment policies implied the progressive abandonment of key elements of national sovereignty, leading to a growing dependence of the countries concerned in relation to the more industrialised countries and their multinationals. None of the countries applying structural adjustment has been able to support a lasting high rate of growth. Everywhere, without exception, social inequalities have increased.

The new loans granted by the IMF since 1982 have three objectives:

1. to favor the structural reforms imposed by adjustment;
2. to ensure the repayment of the debt contracted;
3. to progressively allow the indebted countries to have access to private loans via the financial markets.

What does adjustment involve?

Structural adjustment includes two main types of measures. The first to be applied are shock measures (generally, devaluation of the currency and increased rates of interest in the country affected). The second are structural reforms (privatisation, tax reform...).

The devaluation imposed by the IMF has regularly reached rates of 40 to 50%. It seeks to render more competitive the affected country's exports so as to increase the currency

returns necessary to repay the debt. Another not insignificant advantage from the point of view of the interests of the IMF and the most industrialised countries: a fall in the prices of products exported from the South.

Negative effects: an explosion of the price of products imported on the internal market of the country concerned which can only depress internal production because the cost of production increases as much in agriculture as industry and crafts: they incorporate numerous imported costs in the production of goods as a result of the abandonment of 'autarchic' policies whereas the purchasing power of consumers stagnates (the IMF forbids any indexation of wages). Devaluation leads to an increase in inequality in the distribution of incomes as the capitalists who dispose of liquidities have taken care before the devaluation to buy foreign currencies. In the case of a devaluation of 50%, the value of their liquidities doubles.

Moreover, a high interest rates policy only increases the internal recession (the peasant or artisan who must borrow to buy the necessary factors of production hesitates to do so or reduces his production through lack of means) while allowing rentier capital to prosper. The IMF justifies these high interest rates by arguing that they attract the foreign capital the country needs. In practice, the capital attracted by high rates of interest is volatile and liable to flee at the least problem or when a better perspective for profit appears.

Other measures of adjustment specific to the periphery: the suppression of subsidies to certain basic goods and services and agrarian counter reform. In most countries of the Third World basic foodstuffs (bread, tortilla, rice...) is subsidised so as to stop big price reasons. It is often the case also for collective transport, electricity and water. The IMF and the World Bank systematically demand the suppression of such subsidies. Which leads to an impoverishment of the poorest and sometimes hunger riots.

In the area of land ownership, the IMF and the World Bank have launched a long term offensive which aims to

abolish every form of community ownership. It is thus that they obtained the change in the article of the Mexican Constitution protecting communal goods (called ejido). One of the big projects of the two institutions is the privatisation of communal and state lands in sub-Saharan Africa.

Measures of adjustment common to North and South

The reduction of the role of the public sector in the economy, the reduction of social expenditure, privatisation, tax reform favourable to capital, the deregulation of the labour market, the abandonment of essential aspects of state sovereignty, suppression of exchange control, stimulation of pension savings by capitalisation, deregulation of trade, encouragement of stock market operations... all these measures are applied throughout the entire world at various speeds according to the relationship of social forces. What is striking is that from Mali to Britain, Canada to Brazil, France to Thailand, the USA to Russia, one notes a profound similarity and a complementarity between the so-

called 'structural adjustment policies' at the periphery and those called 'stabilisation'. 'austerity', or 'convergence' policies at the Centre.

Everywhere, the crisis of the public debt has served as a pretext for the implementation of these policies. Everywhere, the repayment of the public debt represents an infernal chain in the transfer of wealth to the profit of the holders of capital. 'The markets of public debt securities (the public bond markets) set up by the main countries benefiting from financial globalisation and then imposed on other countries (usually without too many difficulties) are, even according to the International Monetary Fund (IMF), the keystone of financial globalisation.

Translated into clear language, it is very exactly the most solid mechanism set up through financial liberalisation for the transfer of wealth from certain classes and social layers and of certain countries towards the others.

Attacking the foundations of the power of finance supposes the dismantling of these mechanisms and thus the cancellation of the public debt, not only of the poorest countries, but also of all countries whose vital social forces reject government

imposition of budget austerity on the citizens in the name of the payment of interest on the public debt': Francois Chesnais, 'Tobin or not Tobin', Paris, 1998, Ed. L'Esprit frappeur.]]

Structural adjustment plans and other austerity plans constitute a war machine seeking to destroy all the mechanisms of collective solidarity (from communal goods to the system of pension by allocation) and to submit every sphere of human life to the logic of the market.

The profound meaning of structural adjustment policies is the systematic suppression of all the historic and social obstacles to the free deployment of capital to allow it to pursue its logic of immediate profit whatever the human or environmental cost.

It is necessary to break with this logic, abandon the structural adjustment policies wherever they are applied, and to rebuild overall mechanisms of control and expropriation of capital in a manner which gives priority to human needs. Hence the importance of collectively creating new networks of citizen struggle through North/South and East/West solidarities. These multiple resistances can open up a new emancipatory project.

Popular 'no' vote defeats Euro elite

10 November 2000, by Finn K. Johansen

In spite of a massive scare campaign, a 53.1 per cent majority came out against Danish participation in the single currency - a verdict strengthened by a poll turn-out of 87.8 per cent.

The bulk of the 'no' votes came from within the pro-Euro parties' electorates. More than a quarter of Liberal and Conservative voters said no. In spite of a well-planned campaign from the Social Democracy and the Danish trade union confederation LO, 40 per cent of social

democratic voters said no. And even though the pro-Euro wing of the Socialist People's Party (SF) got lots of friendly media attention for their "New Europe" campaign (funded by the Confederation of Industry!), 88 per cent of SF electors chose to say no.

While the working class was clearly divided on the Euro question, there was certainly a massive no vote from what is often termed "under-Denmark": the poorest, least educated urban areas showed a 'no' majority of around 60 per cent, while well-off

areas went to the 'yes' side by as much as 70 per cent.

The ones who felt marginalised and threatened by "development" are very likely to have rejected the Euro while many of the better-off workers gave it their consent.

In the final phase of the campaign SF leader Holger K. Nielsen became the main spokesperson for the "no side", engaging in an intense polemic with Nyrup Rasmussen on welfare questions.

Pia Kjaersgaard, leader of the far right, xenophobic Danish People's Party (DF), has been portrayed in some media as the "No Queen". It is true that the right wing, not least DF, has been clearly strengthened since previous referendums. Social democracy did its very best to focus on the role of DF in order to deter progressive EU sceptics from sharing a 'no' vote with nationalists.

The DF campaign called for a "Danish vote" to protect "crown and country", but stayed low key on its anti-immigrant issues in order not to stage unnecessary provocations.

Denmark's two main EU-critical cross-party movements, the People's Movement against the EU and the June Movement, including many left wing activists, favoured the broadest alliance stopping short of Pia Kjaersgaard's party. They entered into a "Euro No"-campaign including, among others, the Thatcherite Conservative Youth. When it came to actual campaigning, though, the right wing seem to have played a very humble role.

Parallel to this, individual campaigns were carried out by the Socialist People's Party (SF), the Red-Green Alliance (Enhedslisten) and other left wing parties, as well as by minority currents inside Social Democracy and bourgeois parties.

Overall, the 'no' campaigns proved less problematic than could have been feared. They were not marked by nationalism and self-sufficiency, while such attitudes did make themselves felt among part of the electorate. No' campaigners often put forward the situation of East Europeans who are having a hard time joining the EU because of the harsh EMU criteria. And, as pointed out by an Enhedslisten poster: "The world is larger than the EU".

The impact of the EMU on the welfare system played a major part in campaigns ranging from the left wing to social democratic dissidents and even some bourgeois groupings. Increasing tax competition combined with the Stability Pact rules against budget deficits constitute a threat to the funding of the Welfare State, it

was argued. In Denmark, 69 per cent of welfare payments are tax financed, a share far larger than in most Euro countries.

Prime minister Poul Nyrup Rasmussen has been boasting about his role in placing "employment" high on the EU's agenda. He even put forward the Lisbon summit last March as proof that the social Europe is happening right now. "Insubstantial and obligation-free". That is how another prominent social democrat, Ivar Naegegaard, referred to the Lisbon employment goals. As a government minister, Naegegaard co-signed Denmark's joining the EC in 1973. But he was deeply disappointed when the Maastricht criteria were laid down without including one on maximum unemployment. 'The problem with the euro is that the price stability goal is given a far higher priority than the employment situation of the various countries', he said.

Ole Jensen, a representative of "Trade Unions against the Union", also warned against the Lisbon theses according to which millions of new jobs will be created in small and medium sized enterprises. Behind all the talk of "innovation", he puts his finger on well-known corporate-friendly prescriptions making up the concrete measures agreed in Lisbon: - You have proposals to alleviate taxes on the lowest paid, so that, in return, their wages can be lowered. And once again, you have the demand for greater flexibility. This usually means lower wages, wider wage gaps, uncomfortable working hours and easier access to sacking workers.

The "yes" establishment had at its disposal by far the most money, the government services, three quarters of the MP's, massive support of employers' as well as trade union federations, and all major newspapers except one tabloid. However, the "yes" vote was weakened by a series of mistakes.

A few weeks before the referendum, the Prime Minister made a fool of himself by "guaranteeing" the future of the national pension scheme. This guarantee was considered untrustworthy by three quarters of the public, especially since, in order to

win the 1998 general election, Nyrup Rasmussen "guaranteed" the early retirement pension, and six months later introduced an important element of private insurance, thus adapting to EU policies.

While the 'yes' parties tried to keep the EU core countries' plans of increased EU powers from the public, the 'no' side was able to quote leading EU politicians voicing demands for further harmonisation and an "economic government" still louder as the euro rate went down.

According to some analysts, the 'yes' side could have gone on the offensive by arguing openly in favour of a closer political Union. However, most pro-Euro politicians were painfully aware that this would have caused an overwhelming 'no' majority.

Opinion polls before and after the referendum show that, in general, the Danes are interested in and well-informed about EU questions, but they tend to be sceptical towards the Union project because they fear that the EU is undermining democracy. According to an opinion poll shows that half of the voters made their choice on the basis of the general EU development.

That is why the 'yes' side resorted to a scare campaign similar to the ones used in the five previous EU referendums in Denmark. Failing to join the Euro, portrayed as a shelter of solidarity against "crude market forces", the crown would come under pressure causing interest rates to go up, which would cost 20,000 jobs and 20 billion crowns. Voting 'no' would unleash a package of austerity measures.

The same message was conveyed by an alliance of bosses and trade union officials. Full-page advertisements showed managers and shop stewards saying: "We, the people working in the enterprises, fear a no vote". Nevertheless, the catastrophe scenarios failed to convince a majority and were falsified by the extremely moderate response by markets in the days following the vote.

The 'no' victory was a heavy blow for Poul Nyrup Rasmussen and his Social Democrat-Social-Liberal government.

While promising a series of "people's hearings", the government is trying to prevent EU critics from gaining any influence on Danish EU policies.

The negotiations on a new EU treaty

to be decided in Nice in December are central to the discussions about the consequences of the 'no' vote. The government claims that the Nice Treaty is something completely

different, while the EU-critical movements demand that the government puts a brake on the Union train in Nice by blocking for further majority decisions, particularly on social questions.

Statement on the Euro referendum

10 November 2000, by **SAP (Denmark)**

Use the NO in the fight for welfare!

Social welfare was justifiably a central issue in the Euro debate. By voting NO we defended - temporarily - a certain "freedom of manoeuvre", which theoretically can be used to defend and improve social provisions. The bad news is that this has not shaken the government, whose loyalty to "economic competitiveness" and EMU criteria, not only prevents the use of this flexibility but also undermines welfare.

If the government in addition tries to answer a NO with tighter austerity policies, it must be answered by protests and demands for policies shifting the burden onto capitalists and the rich.

There is a need for much more than a single "billion kroner to welfare". Trade unions, in both the public and private sector, must unite with user groups in activities to increase welfare and create real jobs to carry out socially necessary tasks. They must reject tendering and privatisation and fight for the extension of the public sector under workers' and users' control.

Use the NO in the struggle for a different Europe!

The EMU still exists after the Danish NO. The Euro continues to be a reality

in 11, soon 12 of the 15 EU countries, and Denmark is still tied to the EMU, both politically and monetarily.

If the Danish NO is to change anything in Denmark and Europe, we need to rely on its international effect.

The working people in the Euro countries got to know the anti-social results of preparation for the Euro. The Euro's decline can cause a whole new succession of explosive situations, as governments, prompted by the EU and the Central Bank, try to force through the so-called "structural reforms", which "the markets" demand to create confidence in the Euro: more privately financed welfare, more unjust taxes, more flexible job markets etc.

At the same time the democratic legitimacy of the Euro project is anything but sound. In only two of the Euro countries have the population been consulted via a referendum.

In this situation the Danish NO can give valuable inspiration to EU critics and opponents in Europe, but there is a danger that its image will be tarnished. If Pia Kjaersgaard is seen as the "NO queen", it will be elements like Haider who will be encouraged to take the offensive.

It is therefore decisive that the Left loudly and clearly puts forward its social and solidarity-based arguments against the EU and takes initiatives aimed at the left-wing, trade unions and grass-roots organisations, in the EMU bloc, in Sweden, Norway and Britain, and in the countries applying for membership.

Use the NO to create a new European community!

Despite the NO victory, Danish EU opposition has experienced some left defections. There is a growing group with solidaristic and international values who see it as being an excessively conservative and nationally limited force.

In a world where multinational companies and finance markets set the agenda, we can't shelter behind a formal national sovereignty.

The EU's Single Market is putting heavy pressure on welfare provisions, encouraging privatisation, downsizing, and cuts. The EMU accelerates this process and the EU attempts to extend its powers.

The NO should be used to demand a halt to EU majority decisions on social and employment amongst other things, but we can only hope to resist the growing pressure on welfare provisions through new Europe-wide demands, movements and struggles.

- Against tax competition between the EU countries, which threatens the financing of welfare, we need to demand an agreement about minimum levels of company taxes and related items.

- Against the money markets we must demand a European Tobin tax and

other restrictions on the movement of capital.

- Against the social catastrophe imposed upon the East European populations by their governments' attempts to meet the demands of the Single Market and the EMU, we demand that these requirements are removed and that the EU market is opened to Eastern Europe immediately.

- Against the undemocratic and anti-social construction of the EMU project, we demand the prioritisation of social criteria and the political control of finance authorities.

- Against financial hegemony and globalisation, we demand a genuine democratic evolution in Europe - for a peoples' Europe, grassroots democracy and peoples' power.

These are just examples of the aspects of a European alternative which Danish trade unions, movements and left-wing organisations need to develop with their sister organisations in the rest of Europe.

Use the NO in Nice!

The first big opportunity to meet across borders and promote social opposition to the EU is the counter-summit in Nice in December 2000.

The monetary union has not been defeated, even if the NO vote on September 28th put furrows in the brows of bosses and politicians. The hope for a revolt against the power of capital in Europe can only be found in a combination of social mobilisation and EU opposition as well as demands for alternatives based on solidarity, both on a national and cross-border basis. This hope will grow if the NO is used correctly.

SAP National Committee, 1.10.2000