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# International situation

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## **Description:**

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**This report lies within the framework of the Resolutions and Reports of the 15th World Congress. It results from the discussions and the activity of the principal sections of the International, from our strong points but also from our limitations and our weaknesses. This report is not an "exhaustive world tour" of all the problems of the world political situation covering all five continents. It deals with the key points of the international conjuncture, which can have effects on the big questions facing us concerning orientation.**

Before approaching the new developments in the world situation since the 15th World Congress, let's recall the reference points that mark the general framework of our analysis of the period, noted at the last Congress of the International:

- ▶ The deepening of neoliberal counter-reforms and their socio-economic and political effects.
- ▶ The non-stabilisation of a "new world order" and the emergence of new contradictions in the international capitalist system: the armed dimension of capitalist globalization, economic contradictions linked to the domination of financial capitalism, inter-imperialist contradictions, "national" social and political crises.
- ▶ Crisis of legitimacy of neoliberal policies, social resistance and structural changes in the traditional workers' movement and the bourgeois nationalist parties.
- ▶ New spaces for the construction of parties of the radical anti-capitalist left and revolutionary Marxist currents or organizations.

# 1 The war in Iraq

## 1.1 A war which structures the world political situation

The war in Iraq has confirmed:

- ▶ Neoliberal globalization: inextricably, organically, linked to armed globalization, it is reflected in the recourse to armed force as an ordinary mode of management of international affairs, hence the notions of "pre-emptive war" or "unlimited war".
- ▶ The strategic stakes for US imperialism: oil, occupation of strategic areas in the Middle East and at the gates of Asia, new forms of colonization, realignment of imperialist powers around US interests.
- ▶ The military supremacy of the USA, boosted by the increase in the arms budget. For the USA, in a world where forms of domination are more than ever differentiated and hierarchized, it is about dominating the processes of creation and appropriation of value and wealth.

## 1.2 The Iraqi quagmire

But this enterprise of domination comes up against contradictions.

The US military occupation in Iraq is currently heading for chaos. If oil production has increased to 2.8 million barrels, more than the level of production under the embargo, Iraqi society is disintegrating: 70% of the population is unemployed, there is an explosion of poverty, the disappearance of food aid, resistance from political-religious parties and the development of forms of military resistance.

Currently, the most probable hypothesis is that of a quagmire for the USA. While taking account of the differences with the US intervention in Vietnam, the US press is beginning to invoke the "spectre" of a new Vietnam. The development of the situation in the USA itself in terms of popular public opinion also goes in this direction; there is concern about the duration of the military occupation, numbers of soldiers killed, fear of a new conscription to send new contingents and so on.

## 2 The development of inter-imperialist contradictions

### 2.1 The war in Iraq: a turning point?

These contradictions exploded during the war in Iraq. They trace the broad tendencies of a redefinition of world relations, between states and peoples, the relations between Europe and America, the relations between the US, Russia and China.

On the US side, it amounts to challenging what is convenient to call "multilateralism", a certain type of international relations, through international institutions - the UN, UNESCO, WTO, World Bank, IMF. These bodies underpin the world relationship of forces to the profit of the imperialist powers and constitute instruments of their domination. But some are gripped by the contradictions internal to the system.

On the European side it is not a case of resistance from "old Europe", but, schematically, of an opposition between two axes - the first around the Franco- German alliance which is opposed to the US and the second, around Great Britain, Spain, Italy, Holland, Denmark and the countries of eastern Europe supporting the US. A schematic opposition because the lines can shift, but the contradictions between the USA and Europe combine with these inter-European contradictions.

### 2.2 Meaning and limits of these tensions

These contradictions go beyond the conflicts that appeared during the Iraq war. They express, under the imperatives of neoliberal counter-reform, the sharpness of the economic contradictions, as much in the key sectors of the economy - iron and steel, the aeronautics industry, the agro-alimentary sector - as in the relations between the dollar zone and the euro zone. They also reflect the geopolitical conflicts between US domination and the European positions.

New oppositions appear between the USA, Russia, and China but also between the USA and the new emergent "powers", such as Brazil or India, without forgetting the armed oppositions between capitalist powers with the "nuclear capacities" of certain states.

The new world situation is heavy with centrifugal tendencies that were contained for many years by a system of

equilibriums between imperialism and the Soviet bureaucracy.

They express one of the contradictions internal to the capitalist system. They do not have the importance of the contradictions between imperialist powers on the eve of the first and second world wars. It is not the first time that we have seen conflicts between capitalist states during international crises (for example, the opposition between US policy and that of De Gaulle in the 1960s). We should not overestimate the significance of it because these contradictions are contained by a well-understood sense of the fundamental interests of all. Thus, if the USA has acted unilaterally in Iraq, if France and Germany have opposed the US plans for the reconstruction of Iraq, the Bush administration cannot exonerate itself from cooperation with the other imperialist powers, under the aegis of the UN in particular.

However, contrary to the world vision of those who, after the collapse of the Soviet Union in 1991, looked to the construction of a new world order, on the basis of a socio-economic and political stabilization and a diminution of contradictions of every kind (between classes but also between states), the world situation is marked by the increase of conflicts and disorders of every kind.

The world has become increasingly ungovernable for the dominant classes.

The war in Iraq has revealed the erroneous character of any vision of the world political situation as a new period of historic stabilization. It invalidates notions like that of "super-imperialism" - a domination without contradictions of a single imperialism, US imperialism - or that of "Empire", a network of financial multinationals which substitute themselves for states. The war in Iraq has confirmed the reality of imperialist states, of the domination of US imperialism but also of inter-capitalist contradictions.

The latter are not the principal contradictions. They result from the fundamental contradictions, between the peoples and the imperialist powers, between the interests of the dominant classes and those of the popular classes.

Taking these inter-capitalist contradictions into account is functional, mainly for the two following reasons:

- ▶ To understand the space opened up by the conflicts and crises for social mobilisations. The contradictions inside the WTO, for example, have allowed the movements for global justice to redeploy their mobilizations. During the war against Iraq, the contradictions between the US, on the one hand and Germany and France on the other, opened up new space for the anti-war mobilizations.
- ▶ To fight against any policy of sacred union around the dominant classes who, on account of their own capitalist interests, oppose those of the dominant imperialism. It is particularly important to oppose any policy of support from the workers' or trade union movement to a European power that would be a counter model of democratic civilisation opposed to the US or other models. While utilising the contradictions internal to the system, our objective remains a policy of unity and independence of the popular classes vis-à-vis their dominant classes.

Finally these oppositions create fissures, tensions and re-evaluations. The next US presidential election will be a good time to analyse the level of these tensions. The policy of neoliberal counter-reform and armed globalization began before the Bush administration. Let's not forget that the US congress - Republicans and Democrats voting together- approved the US intervention. But the counterproductive effects, the dead-ends and risks of destabilization of the policy of the Bush clan are today being denounced by sectors of the US dominant classes. Will these tensions lead to re-evaluations, changes of administration or will they be swept aside? That will be one of the key issues at stake in the US election.

## 3 The deepening of the capitalist offensive

We will approach this question through the developments of US economic policy, European construction and the Latin American situation.

### 3.1 Some remarks on the US economic situation

The figures indicate a resumption of growth in 2003. This new phase of growth has some limits. It does not create jobs. The restructurings linked to the search for new productivity gains, like the uncertainties of this upturn, do not lead to the massive creation of jobs. Industrial and IT investment is not forthcoming. But primarily this new phase of growth is modelled by the fundamental disequilibria of the US economy. US growth is linked above all to the USA's ability to attract the brunt of world capital flows to Wall Street.

This allows the US to compensate for enormous deficits in its current account, budget and indirectly in household consumption credit. The US foreign debt remains at very high levels, nearly 30% of GDP. Deficits are increasing under the pressure of military budgets and a tax policy at the service of the wealthiest.

This capacity to attract world capital is linked to a political-military relationship of forces favourable to the US. Also the US model of economic growth cannot be exported. More, this financial pressure on the US economy implies, abroad, strengthening competition to the benefit of US industrial and financial groups, and, at home, sharpening the exploitation of the workers to ensure an optimum rate of profitability. Hence a growing pressure on wages, a reduction in public budgets, restructurings leading to layoffs in strategic sectors like cars or the development of sub-contracting.

### 3.2 The acceleration of neoliberal counter-reform in Europe

The imperatives of the dominant classes in the European countries and the effects of international competition, in particular between Europe and America, force the European governments to carry out new attacks against the wage earners and the unemployed - dismantling of the social state, break up of social security in France and in Germany, pensions reform, deregulation of social relations, a challenge to the labour code in France.

This policy is being pursued today by right wing governments - like those of Raffarin in France, Aznar in Spain, Berlusconi in Italy - but also by left social liberal governments - the Blair government in Great Britain and Schröder's SPD-Green government in Germany.

This new attack intensifies the conditions of the class struggle. It leads to less social state and more penal state, more repression against workers, immigrants and their organizations and associations. It impels the coalitions of right wing parties to deploy authoritarian policies. In a situation of global retreat for a traditional workers' movement that has adapted to capitalist neoliberalism, fascist or neo-fascist parties are experiencing a notable development. In a series of countries like Italy or Austria, their recycling in the coalitions of the authoritarian right strengthens the policy of attack against the popular classes.

On the political and institutional level, the European bourgeoisies are currently evaluating the type of instruments necessary to ensure their domination. The failure of the discussions of the Giscard convention demonstrates the difficulties in unifying the projects of all the bourgeoisies across a total of 25 countries. It also demonstrates the will of some bourgeois sectors to advance in the construction of a "European power" around the Franco-German axis (see annex on Europe).

### 3.3 The Latin American crisis

The Latin American situation is marked by a deep instability, the brutality of neoliberal policies, the explosion of struggles and social movements, the illegitimacy, in the eyes of significant sectors of the population, of neoliberal counter reform and "national" social and political crises, in the sense of generalized crises.

The pressures of the US administration combined with those of the international institutions - the IMF and World Bank - force the governments to deepen adjustment policies and neoliberal restructurings. The imposed framework of "FTAA or FTAA light" favours the US in production and inter-American trade, the demands for payment of the foreign debt lead to reduction of social budgets, dismantling of public services and generalized privatisation.

The last meeting of the FTAA saw all the Latin American governments align themselves with the USA, with the exception of Chavez's Venezuela.

The Lula government has confirmed the continuity of the Brazilian state's commitments to the IMF. It is even considered one of its best pupils.

In Argentina, the IMF continues its blackmail over economic aid, demanding new restructurings of the administrative apparatus seeking greater profitability!!

In Bolivia, the privatization of one of the main natural resources, natural gas is at the centre of the agenda.

The chaos in Haiti shows, in a particularly striking manner, how far the combined consequences of centuries of imperialist domination, a decomposition of the state, and the recent effects of the ultra-neoliberal politics can go.

This pressure aggravates corruption and parasitism at the summits of the dominant classes and states. Political-financial racketeering, supported by mafias, is an integral part of this type of domination.

This new inter-American governance, under the pressure of the USA, implies, once again, gigantic transfers of diverse types of resources towards the big imperialist groups and their subsidiaries. The rejection of these transfers is one of the themes of the popular mobilizations, whether in Bolivia (rejection of the privatization of gas) or in Venezuela (control of oil production).

Finally the instability produced by the effects of neoliberal policies involves a turning point in the political-military strategy of US imperialism, with a strategy of counter-insurrection in Colombia and Venezuela, the preparation of a coup d'état in Bolivia, and destabilization in Argentina and Brazil. Here again, the economic and strategic imperatives of US domination increasingly narrow the spaces and margins for manoeuvre of the governments, in particular for all experiences of the "social-liberal" type.

## 4 The evolutions of the traditional left or of bourgeois nationalism

### 4.1 Social liberal changes in the workers' movement

The changes in the mode of capitalist accumulation and the acceleration of neoliberal counter reforms have provoked and continue to provoke structural changes in the workers' movement and in the traditional nationalist parties.

The internal logic of world relations and the interests of the dominant classes of each country exert such pressure on states and governments that the parties of the governmental left have adapted to neoliberalism. There is no choice - if these parties wish to manage the economy and the capitalist institutions, they must accept the new rules of the game.

In government, they are the relays of the policies of the dominant classes and their commitments to the international institutions or structures like the European Union or the FTAA.

### **4.2 Reduced room for manoeuvre**

The socio-economic room for manoeuvre is narrowing. There is no space for new Keynesian policies, or a combination of the development of public services, increased wages and the stimulation of household consumption to revive demand.

The Jospin and Lula governments - even if the French PS and the Brazilian PT are not of the same nature - have adapted to the logic of neoliberal counter-reform: reduction of public budgets, tax policies favouring the wealthiest, privatization, reform of social security and pensions, agreement of the Lula government with the criteria imposed by the IMF, notably in the repayment of the foreign debt.

Peronist nationalism, beyond this or that initiative against the Bush administration, integrates its policies within the framework of the demands of the IMF.

In this process, these parties are undergoing qualitative changes, changes in their social base, disengagement of sectors of the popular electorate, increasingly strong interpenetration with the summits of financial capital and the state. These structural changes do not however erase them from the political map. These parties can come back or maintain themselves in power in the face of the crisis of the traditional right. They continue to represent sectors of the popular classes, which continues to pose problems of unity of action in struggles and in the social movements. But these parties constitute, in the framework of bourgeois alternation, one of the instruments of domination of the dominant classes.

### **4.3 A growing pressure on the Communist parties and other "anti-neoliberal" currents**

This pressure is also exerted on the Communist parties, which have a tendency to experience an inexorable decline. The PCF, the PCE, the German PDS have now accepted a "strategic satellization" by social democracy. This tendency is encouraged by the policy of integration of the ETUC (European Trades Union Confederation) in the construction of a neoliberal Europe. A new factor is that this pressure is also exerted on Italy's Party of Communist Refoundation, whose leadership is in the process of defining a policy of integration in an eventual centre-left governmental coalition led by Prodi, president of the exceedingly neoliberal European Commission. Finally, we should note the negative evolutions of currents or leaderships that identify with "anti-neoliberalism" without identifying with an anti-capitalist policy of unity and independence in relation to the economy and the capitalist institutions. These currents, faced with the question of government or power, have a tendency to adapt to the logic of "capitalist governability". This is the case with the Lula government in Brazil, Lucio Gutierrez in Ecuador who went so far as to support Bush's war in Iraq, and now the oscillations of Evo Morales in Bolivia.

## 5 Social resistance persists

Despite the capitalist offensive, social and democratic struggles remain one of the key factors of the world political situation. We can note a series of mobilizations and social struggles that have weighed on the situation.

### 5.1 Struggles which have marked the political situation

- ▶ February 15, 2003 constituted one of the key days of mobilization against the war in Iraq on a world scale. More than 10 million people demonstrated across the planet.
- ▶ Mobilizations against the consequences of neoliberal reforms have taken place in numerous countries, with strikes against pensions reform in France and in Brazil, mobilization for the defence of social security in Germany, against the deregulation of the labour market in Spain and in Italy, semi-insurrectional strikes in San Domingo for a wages increase.
- ▶ Mobilizations of peasant movements, like the Brazilian MST for the occupation of land, of unemployed movements like that of the piqueteros in Argentina.
- ▶ "National crises" in Bolivia on the questions of the privatization of natural resources or of land, in Venezuela around the Chavez regime, in Haiti to overthrow Aristide.
- ▶ Development of mass movements in Iraq against the US military occupation, in most cases under the leadership of Islamist reactionary political-religious parties, development of other forms of social resistance.
- ▶ Maintenance of the Palestinian resistance to the Israeli military occupation.
- ▶ Finally, we should stress the repeated successes of the World Social Forums. In an international political situation which is difficult for social movements as a whole, the Social Forums remain a reference point for international popular mobilizations, a place of anti-neoliberal, anti-capitalist, anti-war, convergence, the practical demonstration that one can resist capitalist globalization. The success of the last Forum in Bombay attests to this. From a certain point of view, these forums express, if in a deformed manner, the more global relations of force between the classes, the will of a series of sectors of the social movements to resist capitalist attacks.

### 5.2 Strength and limitations of social resistance

This social resistance indicates the capacity for reaction of the popular classes in the face of counter reform. They reflect and in their turn sustain a crisis of legitimacy of the dominant classes, their states, governments and international institutions, but this resistance does not reverse the underlying tendencies of the world relationship of forces. These social movements can "jam the machine", but for the most part they end in setbacks or political and social defeats for the workers' movement. These struggles are decisive for the reorganization of the social movements but they do not produce organic growth of trade unions, associations or "reformist" or "revolutionary" parties.

There are key elements of reorganization in these struggles but they are not yet in a position to create conditions to bring about deep changes in the relationship of forces inside the labour movement or between the fundamental classes. Spaces are opening up, left free in particular by the neoliberal evolution of social democracy, the nationalist

parties and the accelerated decline of the ex-Stalinist parties, but the radical forces still face difficulties in occupying them fully. We continue to pay the price for the defeats of the past century; the process of reconstruction is a long one.

## 6 Some tracks for our political tasks

These can be organized around three axes:

- ▶ a policy of unity of action;
- ▶ elements of an anti-capitalist programme;
- ▶ some proposals for rallying the anti-capitalist and revolutionary left.

### 6.1 Unity of action

Our policy of unity of action of all workers and their organizations should be a permanent dimension of our intervention. Integration in the mass struggles, the associations, trade unions, in short integration in the "real movement of the masses" is the first condition for acting politically. That also presupposes ensuring the autonomy of the mass movements in relation to the political parties so as to preserve their unity and their effectiveness. We should, on this point, draw lessons from the Argentine experience, where each political party, including and above all the organizations identifying with Trotskyism, has its own projection in the mass movement (in particular in the movement of the piqueteros), thus aggravating the division inside the popular forces.

### 6.2 Combining anti-capitalist responses

However, it is necessary to go beyond the indispensable intervention in the resistance struggles and in the leadership of the social movements. It is necessary to advance more substantial responses at the programmatic or strategic level. The conditions of this debate have been modified in recent years. In the movement for global justice, it is necessary to simultaneously combine the construction of unitary movements and anti-capitalist responses, notably when faced with "reformist", "regulationist" (which have as their objective only the correction of the excesses of the capitalist system) or nationalist currents. It is necessary to promote a radical and internationalist response. We want another world, says the movement for global justice... it is necessary to say which.

That involves a programme which prioritises the social question and the class struggle, which pushes to the limit social and democratic demands, against layoffs, for wage increases, for another distribution of wealth, against privatisation... and this logic poses problems of incursions on capitalist ownership, workers' and peoples' control. In France, we put forward an emergency anti-capitalist plan as electoral platform and programme of social struggle.

The Argentine experience poses the problems of the occupation of workplaces, of resuming production after the owners have abandoned them, and of workers' control.

In Venezuela or Bolivia, the social and political crises of these countries put on the agenda demands against privatization, for the public and social appropriation of natural resources - gas, water, oil - and for the affirmation of national and popular sovereignty against the pillage of wealth by US imperialism.

This orientation should rest on unitary proposals and the self-determination and self-organization of the popular classes. In situations of sharpened struggle or crises, putting structures that anticipate the construction "of a power from below" on the agenda is decisive in order to advance towards a positive outcome to these crises.

This general orientation has also its projection at the level of government and of power. We oppose all formulae of management of the state and the capitalist economy, we defend the perspective of a workers' government resting on the mobilization of the workers and their organizations. This position allows us to reject the policies of support for or participation in "social liberal" governments while genuinely posing the question of government or of power, unlike those currents which wish to contain mobilizations in counter-power or in the illusion of "changing the world without taking power", the positions of Holloway and others, in a series of countries or in the movement for global justice.

### 6.3 Pursue our policy of anti-capitalist unity

Recent developments in the international political situation have placed on the agenda the clarification of certain debates - the evolutions of the Lula government or the leadership of the PRC in Italy - and, on the other hand, the willingness of a series of revolutionary or anti-capitalist currents to discuss, exchange, act in common, as reflected in the conference of anti-capitalist parties in Mumbai. We should continue along this road both at the level of the conference of the European anti-capitalist left and the international conference, which held its first meeting in Mumbai, even if the forms, rhythms and political forces concerned are different. We should stress the two criteria that have guided our work until now:

**A** anti-capitalist conferences whose centre of gravity is a class struggle orientation, combining radical demands, internationalism, clear demarcation in relation to social liberalism and support to governmental coalitions of this type;

**B** open and representative meetings with political formations that are in transition or seek places of exchange or of action. In this sense, while preserving the class-struggle centre of gravity of the conferences of the European radical left, these conferences are a place of discussion with forces like the PRC or whatever CP seeks discussion.

Parallel to this, we must increase the relations between revolutionary or anti-capitalist organisations, organizations on the basis of a radical but non-sectarian orientation, integrated in particular in the movement for global justice. Indeed, our orientation is not that of the unity of revolutionaries on the basis solely of abstract references to the revolution, but convergence on the basis of a "common understanding of events and tasks". It is in this sense that organizations like Scotland's ISM, the Australian DSP and the ISO from the USA have participated in this International Committee. It is also in this sense that we pursue work with other organisations like the Greek DEA or the Pakistani LPP. Finally, on another level, we pursue our relations with other organizations like the British SWP and we will establish relations with the organizations from the international conference.

To conclude, the new space for the radical left, the realignments in the workers' movement, the political and strategic issues put on the agenda the perspective of broad anti-capitalist parties, as key elements of leadership of the mass political processes, in the conditions of intensification of class struggle, in the months and years to come. That involves strengthening the class struggle content of the parties or broad formations being built, notably through drawing all the lessons of social liberalism, and that also involves continuing the process undertaken at the last congress of the International - revitalizing our organizations, rallying revolutionary Marxists, building our sections, in order to enrich these broader processes.