

# Smash the IMF and World Bank!

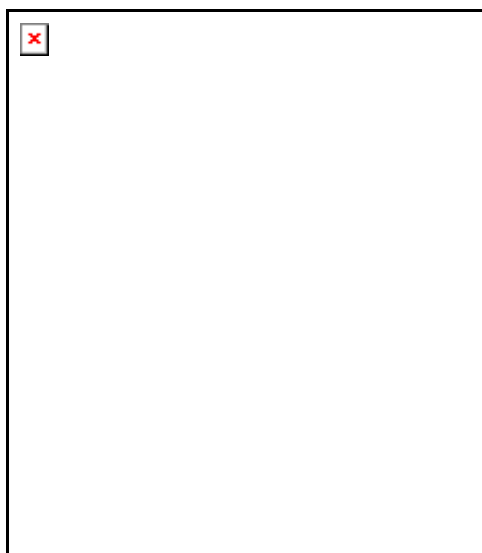
## A socialist alternative to global capitalism

### Introduction

This pamphlet, produced by the Committee for a Workers' International (CWI), is an edited and updated version of a pamphlet published by Socialist Alternative, the CWI's organisation in the US. The pamphlet was originally written by Philip Locker and published under the name of 'Global capitalism and the Socialist Alternative' and distributed at the huge demonstration against the WTO in Seattle, December 1999.

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### The struggle against global capitalism



Following on the heels of Seattle, Washington, London and Melbourne tens of thousands of activists will take to the streets of Prague 23-26 September and march against global capitalism. The target: the annual meeting of the International Monetary Fund. The goal: to shut down and otherwise disrupt the International Monetary Fund (IMF) and World Bank. The last millennium ended with 50,000 people marching in what became the Battle in Seattle. The new anti-capitalist demonstrations have proved that Seattle was not a

simple speed bump on the road to globalisation: it represented a turning point. A new wave of radicalisation is beginning to spread. Deep anger and a willingness to take a stand against injustice, fuelled by universal attacks against workers' rights, growing inequality and cut backs in social services and welfare, has been brewing. A new movement against big business and capitalism is taking shape. For example, as we go to press, widespread protests are taking place across Europe against rising petrol prices. Protestors in France have forced the Jospin government into making concessions.

The blockades of fuel distribution centres, refineries and depots in Britain involved lorry owners, self-employed lorry drivers, taxi drivers, farmers and indeed workers who cannot afford the huge fuel price hikes. Despite petrol stations running dry, the blockades enjoyed huge support in society. People are fed up with the high cost of living in "rip-off" Britain. Most of the blockades have been called off, but New Labour will be forced to make fuel tax cuts, or face the possibility of further countrywide protests.

These movements, which are of profound significance, foreshadow future mass struggles by the organised working class throughout Europe. It is clear that thousands of people are looking to fight back and beginning to organise. The movements against the World Trade Organisation (WTO), IMF and World Bank have a clear anti-establishment and even anti-capitalist character. The questions posed are: What is the best strategy to challenge the power of the big monopolies and the madness of the capitalist market? How do we take the movement forward after Prague? Is there a viable alternative to global capitalism?

## **The IMF, the World Bank and global capitalism**

The IMF, World Bank and WTO are central pillars in the global economy and have been called the "architects of the world economy". The IMF and World Bank were originally established at the Bretton Woods Conference in 1944. They were mainly funded by the United States to re-build the shattered world economy after it broke down during the Great Depression of the 1930s and World War II.

Ever since then, the IMF and World Bank have acted as an instrument for defending capitalism, maximising the profits of the big multinationals and maintaining the domination of the US over the world economy. Within this common framework there is a division of labour and functions between the IMF and World Bank although these have tended increasingly to overlap, and the two organisations work together quite closely. The World Bank makes long-term loans to governments to finance development projects such as roads, power plants, schools, dams, bridges, ports, etc. The IMF decides which countries are eligible for international loans.

## **'Structural adjustment programmes'**

The IMF and World Bank will only extend loans if countries agree to accept 'structural adjustment programmes' (SAPs). SAPs are forced down the throats of the people of the former colonial world. To pay off the loans, the IMF and World Bank demand governments raise money by selling off public assets and companies (privatisation) and cutting state expenditure on social services like health care, education, and pensions. SAPs require countries de-regulate and "open up" their economies by cutting subsidies to local industries and slashing trade barriers and tariffs. Countries must open up their economies to the

multinationals (usually based in Western countries), remove restrictions on foreign investments, and allow corporations access to the workers and natural resources of the country at bargain basement prices. The vast majority of the profits made by the multinationals are taken out of the country and brought home (repatriated) to the West. SAPs encourage export-oriented growth (selling cheap raw materials or commodities on the world market, like cash crops, garments, or computer chips) to generate hard currency. All in all, the IMF and World Bank SAPs turn countries into loan repayment machines, generating easy profits for the world's biggest companies and banks. IMF policies also both directly and indirectly impact on workers in, for example, Europe and the US. Because they are partially funded with public money, the IMF and World Bank redistribute wealth from working people in the West (through their taxes) and funnel it to programmes which benefit the multinationals. The effects of IMF/World Bank programmes are to lower wages and working conditions worldwide, which exerts a downward pressure on workers' living standards in the industrialised countries as well.

## **The bitter pill that poisons**

The IMF and World Bank claim that neo-liberal reforms, while a bitter pill to swallow, in the end lay the basis for major economic growth and therefore higher living standards. But the evidence proves the opposite. In the past 15 years, per capita income has declined in more than 100 countries and individual consumption has dropped about one percent annually in more than 60.

## **A debt trap**

The IMF and World Bank loans have created a huge debt trap. This overwhelming debt has led to the poorest countries in the world allocating enormous portions of their national incomes towards paying interest. The sick logic of capitalism means that money is actually flowing from the world's poorest countries to the richest. Debt is one of the most important weapons with which the big capitalist powers dominate poor countries. It is used as a means of blackmailing the poorest countries and tightening the screw on the vast majority of the people in Africa, Asia and Latin America.

The IMF and World Bank use the debt as leverage to pry open new markets and gain access to cheap labour and raw materials. In order to get new credit (to be able to keep up debt repayments) and not default on their loans, former colonial countries must accept the dictates of the IMF and World Bank.

Today the underdeveloped world owes a total of US\$ 2.5 trillion in international debt to big banks and the IMF and World Bank. "Developing" nations pay the West nine times more in debt repayment than they receive in "aid" from Western countries. For example, after the recent devastating floods in Mozambique - destroying the homes of more than a million people - Western countries coughed up a tiny US\$

40 million in "aid." But Mozambique pays more than US\$ 70 million dollars a year in debt repayments to Western banks! While diseases like cholera and malaria are spreading rapidly after the floods, only 1.1% of the GDP is spent on health care, down 75% after nearly a decade of IMF imposed austerity programs.

Mozambique is far from the only country in this destructive situation: Tanzania, for example, has been spending nine times more for debt servicing than for basic health and four times more than on primary education. In Africa as whole, where only one child in two goes to school, governments transfer four times more to banks and the lenders in the West than they spend on health and education. Even the United Nations (UN) has to admit that: "If government invest in human developments rather than debt repayment, an estimated three million more children would live beyond their fifth birthday and a million cases of malnutrition would be avoided".

According to the World Bank, poverty in Africa increased by 50% between 1994 and 2000. Why? One reason is that virtually every nation in sub-Saharan Africa entered into a structural adjustment program in the 1980s. Yet for the entire decade, GNP in the region fell by 2.2% per year, and per-capita income declined to pre-independence levels. Former World Bank official, Morris Miller summed this up when he said "Not since the conquistadors plundered Latin America has the world experienced a (financial) flow in the direction we see today."

## **To the money lenders**

Latin America owes more than one-third of its total economic output in a year to other countries and banks. In Haiti the IMF and World Bank blocked the government from raising the minimum wage and then demanded the privatisation of profitable public companies which generated revenue for desperately needed services. The IMF insisted that Haiti should cut government services by half, in spite of a national shortage of teachers and health care workers, a life expectancy of 49 years for men and 53 years for women, 45% literacy and infant mortality running at nearly 10%.

## **"Shock therapy"**

Similarly catastrophic results from an IMF and World Bank engineered programme of "shock therapy" can be seen in the former Soviet Union (USSR) and Eastern Europe. The "shock therapy" has paved the way for gangster capitalism and a catastrophic increase in inequality. The economy of Eastern Europe and the former USSR have shrunk by a quarter over the last ten years. A UN report produced in 1999 estimated that the number of people living in poverty (using a poverty line of US\$ 4 a day, in 1990 purchasing power parity dollars), in Eastern Europe and the CIS countries increased from 13.6 million in 1989 to 147 million.

The Soviet Union and the countries of Eastern Europe were not "socialist states". They were Stalinist states ruled by a totalitarian

bureaucratic elite, not by working people. There cannot be a development towards socialism without genuine democracy (elected bodies, the right to organise and a real possibility for people to take active part in the day to day running of society through a drastic cut in working hour, etc.). A planned economy needs democracy as the body needs oxygen.

The bureaucratic elite, who acted as parasites on the nationalised economy in the USSR and Eastern Europe, were the first to join the capitalist camp when Stalinism went into crisis and then collapsed in 1989-90. State assets were transferred to gangster capitalists (ex-bureaucrats), with the full backing of the IMF. Yeltsin's undemocratic regime of robber barons was given billions of dollars by the IMF in order to stay in power. The collapse of Stalinism and the horrifying conditions created by the restoration of capitalism in the ex-USSR and Eastern Europe shows that the only way forward is the struggle for genuine socialism based on democracy and workers' control.

## **Neo-liberalism**

Globalising trends have led to a grotesque increase in inequality, both internationally and within national states. The gap between rich and poor is greater today than in any other time in history. Three men have as much wealth as the poorest nations in the semi-developed world with a combined population of 600 million people. The 225 biggest fortunes in the world, mostly concentrated in the US, total more than US \$1 trillion, the equivalent of the annual income of 47% of the poorest of the world's population, or 2.5 billion people. These are obscene inequalities and they are becoming worse every day. In the words of the British newspaper The Guardian: "What is the difference between Tanzania and Goldman Sachs? One is an African country that makes US\$ 2.2 billion a year and share it amongst 25 million people. The other is an investment bank that makes US\$ 2.6 billion a year and share it between 161 people".

## **The multinationals**

The world's biggest companies now control 70 percent of world trade. Global capitalism is led by a few hundred giant multinationals, which are often richer than nations. Financial speculation and instability is endemic in global capitalism. Less than ten percent of all transactions in the world has some relation to financing trade or investment. More than 90 percent of all transactions are speculative. This shows the parasitic nature of modern capitalism - of globalisation.

On the basis of globalisation, it is true, a tiny elite in the poorer countries has become much richer. The majority of people, however, have become poorer, and much more threatened by calamities such as floods, famines, and especially war. There have been with over 60 separate armed conflicts during the 1990s, claiming hundreds of thousands dead and creating more than 17 million refugees.

## **Fight racism - Defend the right of Asylum**

However, while borders go down for capital and goods, the rich countries are building new walls against immigrants and refugees. The formation of a 'Fortress Europe' by the European Union (EU) has, for example, made it almost impossible for anyone to be granted asylum in the EU. Racism and sexual discrimination have always been used as weapons by the bosses and the politicians to attempt to divide and rule the working class. But we have to stand together to fight for jobs and a decent life. Only a united movement of workers and youth can prevent the growth of right wing, nationalist parties. Unless this is done these parties can hi-jack a popular reaction against global capitalism. The far right and reactionary nationalists offer no solution. As we have seen in the ex-Yugoslavia society can enter a vicious circle of violence and conflicts caused by national and ethnic divisions.

Racism must be stamped upon wherever it raises it's head. This can only be done by actions organised by trade unions, community groups, immigrant organisations, anti-racist groups, etc. A gulf between the classes We should not forget, moreover, that globalisation has also led to much greater social polarisation and class division within the advanced capitalist countries, especially within the US, the most powerful. A huge section of the population, especially immigrants and people of colour, live and work under Third World conditions. Forty-five million people in the US live below the poverty line, while over 40% have no health insurance.

The destructive effects of neo-liberalism are not merely excesses of capitalism, or just a particular, accidental mutation. They reflect the fundamental, essential character of capitalism in this period. Since the end of the long post-war boom in the mid-1970s, ("the golden age" of capitalism 1950-75) the world economy has entered into a period of crisis and stagnation, as the level of economic growth has declined around the world. During the post-war period, the ever-growing economic "pie" created the basis for capitalists to have high profits while allowing workers to receive higher wages and benefits.

## **Global capitalism after 1975**

The crisis or stagnation in the world economy since the 1970s means that the only way capitalists can maintain their rate of profit has been a redistribution of wealth, through an attack on workers. The main aim for the entire 1980s and 90s has been busting unions, lowering wages, and dismantling the welfare state. This basic programme has been carried out in nearly every country around the world, regardless of which political party has state power. This suggests that neo-liberalism is no mere accident. It is the inevitable, inescapable logic of the world economy in this period. For big business to remain competitive in this period of capitalist crisis, there must be a relentless drive to lower workers wages and living conditions.

But what about the 1990s boom in the US economy? Media pundits

glow in adulation at the marvels of the "new economy". The real position of the US economy, however is quite unsound. Serious strategists of big business agree that not all is rosy. Business Week's economics editor Michael Mandel recently warned, "Sooner, rather than later, the New Economy boom is likely to be followed by a New Economy bust - a recession and stock market decline that could be much deeper than most people expect."

## Meltdown in Asia

The 1997-98 Asian crisis marked the beginning of a major world downturn in the economy, plunging 40% of the world into the worst recession since World War II. So far, the US and Europe have remained immune from the "Asian flu." But it is only a matter of time until the US and European economies sink into a recession. Paradoxically, the Asian crisis temporarily strengthened the US economy. With billions of dollars of speculative capital fleeing Asia, most of it ended up settling in the US stock market, pushing Wall Street up. This only further fuelled the US expansion. The entire world economy is now perched in an extremely precarious position - resting completely on the US bubble economy, which in turn rests upon the Wall Street bubble. It is only a matter of time before these bubbles will burst, and the US, Europe, and the rest of the world economy will plunge into a sharp slump and crisis.

## Colonialism: Old and new

*"Better, sometimes to have multilateral agencies ... prepare the path for direct Western corporate investments than for the U.S. to dictate to foreign governments."(Baltimore Sun, June 18, 1981)*

After World War II, mass movements of millions for national independence and self-determination threw the colonial powers out. But imperialism has not disappeared - it has just changed its spots. The former colonial world has won formal independence, but real political and economic policy is still dictated from the imperialists and big business. Even Jesse Jackson, a member of the Democrats in the US, said at a conference of African nations: "They used to use the bullet or the rope ... now they use the World Bank and the International Monetary Fund."

## An iron grip

Today imperialist domination is economic, maintained by control of the world market, the power of the multinationals, international financial institutions and backed up with immense military might. If necessary, imperialism will militarily intervene in defence of its markets. Today, we can use the term "neo-colonialism", to describe how imperialism has managed to maintain an iron grip on the less developed world. The multinationals are in control of the world market and world trade. The biggest three banana companies have 80 percent of world banana trade: the three biggest cocoa companies have 83 percent of world cocoa trade, etc. The poorer countries are forced to sell cheap and buy

more expensive goods from the West. The constant worsening of their trading position with the West, particular since the mid1970s, has created a poverty and debt trap. Even if the poorer countries increase their volumes of export, they end up with less in revenues of income thanks to the falling value of their export. That is one main reason why the gap between the rich and the poor countries increased from 11 to 1 in 1913 to 74 to 1 in 1997.

With fantastic technology, large-scale industry, and enormous financial powers these companies and the main capitalist governments control the fate of the world. The major imperialist states reserve the right to plunge parts of the world into war for the sake of maintaining their power and profits. For example, the USA bombed Iraq "back to the Stone Age" in 1991 for the sake of oil profits. As a senior American official remarked candidly at the time "If Kuwait grew carrots, we wouldn't give a damn." Of course, the main capitalist powers also compete with each other on the world market and for resources and spheres of influence. At the present time the powers back various sides in bloody wars tearing large parts of Africa apart, such as the Congo. During world economic downturns or slumps each capitalist class will fight tooth and nail to defend its place in a shrinking market.

No matter how the imperialist powers try to dress up these reactionary policies in nationalist and jingoistic language, the results mean disaster for workers and youth in the advanced capitalist countries and neo-colonial world.

## **Super exploitation**

Since the multinational companies are based in the West, and since they have already dominated their own national markets, the main thrust of "neo-liberalism" has been to open up markets in the "under-developed" world. This enables the multinational companies to sell their products at a cheaper rate than local businesses and to take over their economies. Neo-liberal cuts are engineered to destroy all subsidies for the production of domestic goods, aid for domestic farmers, and programmes to foster domestic small businesses. Neo-liberalism has been an absolute disaster for the peoples of the poorer countries. Under the guise of the so-called "free market", companies have robbed the wealth of these countries and stored it in the vaults of the major banks of the West. This super exploitation of these countries is merely a less overt version of the directly racist colonialism of the past.

Nominally, the IMF and World Bank are international organisations whose policy is set by all 182 member countries. In reality, they are used as tools to further the interests of the big capitalist powers, with the US having the dominant position. Even the New York Times let slip that the "(IMF) acts as the lap dog of the U.S. Treasury."

The demonstrations against the IMF and World Bank are only the beginning of an ongoing and escalating fight back of workers and young people against the multinational corporations. But what is the programme strategy and demands that can mount an effective

challenge to global capitalism?

The movement is already clear in its opposition to the IMF, World Bank and its neo-liberal program. But there needs to be more clarity on what concrete measures are needed to rectify these problems. We also need a strategy of how we are going to get from here to there. What is the next step in building a mass movement against the multinationals and global capitalism?

## **Smash the IMF and World Bank**

The IMF, World Bank and the World Trade Organisation should be smashed. The IMF and World Bank deliberately attack our rights and living standards and accelerate exploitation of the environment, all for the sake of maximising profits. They are hostile institutions, representing the interests of the ruling class.

Some groups make the mistake of trying to reform the IMF and the World Bank, saying that abolishing them is "utopian" and "unrealistic." Global capitalism is here to stay, and it requires international institutions to uphold it, they argue. This logic leads them to avoid really challenging the agenda of big business. Instead, they focus on ameliorating conditions within the framework of the existing system, claiming it is more "strategic" to try and get a seat at the negotiating table for labour, environmental and consumer representatives.

In fact, this is the most utopian and unrealistic strategy. In the first place, workers and environmental representatives would be unable to effect significant change in the IMF and World Bank policies. They would be vastly outnumbered, and they would have much less pull than the representatives of big business. Also, their goals would be completely at odds with the fundamental goals of the IMF and World Bank. The policies of the IMF and World Bank are the inevitable result of the logic of capitalism in this period. Focusing on trying to reform these institutions confuses the issue of who the real enemy is, creating illusions that the policies of these institutions are somehow independent from capitalism.

## **The politicians pay lip service**

The debt of the less developed world acts as a crushing weight on their economies, and has transformed these countries into loan repayment machines that benefit rich investors. The increasing public outrage over this situation has forced the IMF and World Bank to begin to make some noises about "debt forgiveness." Realising that much of the debt is simply not collectable and there is no chance of it ever being paid, they may be willing to write off a certain portion of this debt as a public relations manoeuvre, but they will try to avoid a comprehensive, immediate, and total cancellation. Furthermore, they have attempted to link "debt relief" with demands for structural adjustment. Only five countries so far have had any debt relief at all. We cannot expect that the same people that make huge earnings on the debts and use them

as means of blackmailing would completely and unconditionally abolish the very same debts.

## **Non-payment of the debts!**

It is obvious that the cancelling of the debts will only come about as a result of a decisive struggle by workers and poor on a national as well as an international plane. It is part of a struggle to establish governments that represent the interests of workers and the poor. The CWI demands: Kick out the IMF! Non-payment of the debts. Bring the banks and the financial institutions under public ownership.

On this basis would it possible to wipe out the debts and free up billions of dollars of resources for development of their economies, providing food, housing, health care, child care and education. Ending debt would help relieve the pressures building up on the world's ecosystem. It is likely that in the coming period, under conditions of a deep international downturn, indebted countries will simply cancel their debts unilaterally, refusing to pay any longer.

Once one country declares it is ceasing to pay, how long will it take for the other countries to follow? Once a precedent is set, it will be impossible to convince the semi-developed world to continue to fork over billions, when they can see a living example of a country that simply refused to pay.

While non-payment of the debt would represent a huge progressive step forward and a blow against imperialism, it would not in and of itself be a lasting solution to the deeply rooted misery and exploitation confronting the people of Asia, Africa and Latin America - the former colonial world. The burden of debts grew out of a system, capitalism, and is one tool among many employed by the industrialised countries to keep the former colonial world in shackles. It is this system that must be ultimately transformed. If capitalism remained, it would only be a matter of time until a new debt was accrued - because the same structural economic relations would still be operating.

## **Fight neo-liberal policies!**

Social gains won over decades have been rolled back. Workers' share of the national income has been drastically cut and that is why inequality has reached an unprecedented level. The richest 2.7 million Americans (roughly 1 percent of the population) now earn as much as the poorest 100 million. Cuts in welfare and benefits have meant that today's workers are less protected than the generation before. Privatisation is just another word for a more costly and worse service than before. Working class people are forced to pay more for less, while private companies looting the state take home billions. Privatisations represent the single largest transfer of wealth that has ever taken place in history.

Moreover, in the 1990's workers had to work more in order just to stand still. The average American today spends 162 more hours at work than

in 1969 - nearly a whole month of added work per year. Almost 8 millions adults in the US held two or more jobs at the beginning of 1999. Job insecurity and more pressure and stress at work affect every aspect of human life and cause de-motivation, ill-health and enormous strains on the family.

## **Sleaze and corruption**

The parasitic nature of capitalism gives rise to corruption and fraud. This is also reflected in the political super structure of the system, in official politics and in the running of the capitalist state. A golden circle of politicians and businessmen have stolen millions from state coffers. There is little trust in the bourgeois institutions such as the legal system, the church and the political system. The "democratic legitimacy" of capitalist government has been drastically undermined and the present political system is in crisis. The traditional political parties have been discredited by scandals, sleaze and cronyism. The present system is rotten from top to bottom.

The growing hatred against the capitalist politicians could be harnessed if there was a clear working class alternative linking together all the different issues around a common anti-capitalist and working class agenda.

## **Public ownership!**

The World Bank and IMF exploit and oppress the "developing" countries for the benefit of the rich. In this scheme, their partners in crime are the big Western banks and financial institutions. Simply abolishing the IMF and World Bank is not enough. We need to break the power of the big banks that carry out the same exploitative policies as the IMF and World Bank do in relation to the less developed world.

Currently, these banks are run on one simple principle - maximum short term profit. Instead of a rational plan of investment designed to increase production and reduce poverty, they invest most of their capital in speculation in order to raise profits. This causes destruction and chaos across the world. An excellent example of this is the Asian Crisis of 1997-8 when international speculators began to frantically sell their investments in stocks, currencies, and other financial instruments, triggering a devastating economic crash throughout Asia. After having made record profits off the Asian "tigers", the speculators brought entire nations' economies crashing to a halt by pulling out at a moments notice, leaving millions of workers behind in poverty and starvation.

## **Indonesia**

For example, in Indonesia, school enrolment dropped by 25% while poverty rates rose from an official level of 11% to 40-60%, depending on the estimate. At one point, Indonesia's food shortage became so acute that then-President Habibie implored citizens to fast twice a week! Indeed, millions had no choice but to fast, suffering hunger and even

starvation. How did the IMF intervene in this crisis? With US\$ 200 billion - not, however, to save the jobs of millions of workers or feed starving farmers - but to bail out, Chase Manhattan and J.P. Morgan; the very banks that had caused the catastrophe in the first place.

The immense resources at the disposal of these banks should be used to develop the economies of the world. But this will never happen under the current setup. There can be no democratic decision on how to use the resources and wealth of the big Western banks while these institutions are privately owned and operated. The CWI fights for taking the big banks and financial institutions (insurance companies, investment banks, currency and stock speculators, etc.) into public ownership. The gigantic profits and assets of these institutions could be mobilised to put an end to poverty, hunger, and unemployment and guarantee everyone, internationally, the right to a job, housing, food, healthcare, and an education.

## How to go forward

The protests against the WTO, IMF and World Bank are a great beginning, which hold out the promise of developing into a new, mass, anti-capitalist movement. The Battle in Seattle and other mass actions against the IMF and World Bank have demonstrated a growing desire to fight back against corporate greed, the destruction of the environment and global capitalism. The movement has shown the entire world that deep within the United States, at the heart of international capitalism, there is opposition to big business globalisation.

The WTO, World Bank and IMF are seriously worried at the growing anti-capitalist protests and the general mood of anger against them. The World Bank has recently attempted to go on the offensive, producing propaganda 'studies' to supposedly show how globalisation and SAPs actually help the poor. Of course, these 'findings' run counter to the actual experiences of working people across the world.

Capitalism - and its international institutions - are not easy pushovers, however. There needs to be a serious discussion and reflection on where the movement needs to go. What are the next steps? What kind of movement is necessary to decisively defeat capitalism? While protests of 20,000, 50,000 or even 100,000 can be a huge embarrassment to big business and cause some short term damage, they will not be enough to turn the tide of neo-liberalism and pave the way for a new kind of society. To do this, we must harness the collective energy of working people, youth, women, the disabled and the oppressed, in a mass movement of tens of millions. The working class makes society run. It is in its numbers and its ability to act as collective force that the working class has strength.

## Building the workers' movement

The only way to build a movement is to fight on the day-to-day issues



that affect large numbers of working people internationally. There is mass anger among workers and young people at the policies of big business. Big business continues to destroy our environment and the food we eat continues to be poisoned, secretly genetically modified and engineered. Schools continue to rot due to lack of funding. Police continue to brutalise and harass racial and ethnic minorities and working people each day. Many democratic rights and social gains, won by generations of mass struggle, are being attacked and rolled back.

A mass movement of the working class would link all these issues together and direct people's anger at big business, the institutions and the system responsible for them. These issues are political issues. Only by linking the day to day struggles of workers, youth and the oppressed to the struggle for socialism can the movement survive in the long term and maintain its momentum between big events.

## **No political voice**

The parties of big business and the establishment are a dead end for those struggling to change society. They have been the ones responsible for legislating and implementing attacks on workers. In the 1990s former workers' parties, like Labour in Britain and the social democrats in Western Europe, have become capitalist parties. They have embraced the market and neo-liberalism.

The collapse of the totalitarian Stalinist states in Eastern Europe and Russia heralded the end of any alternative to capitalism as far as the leaders of the Social Democracies were concerned (never mind the fact that the regimes in Eastern Europe were not socialist!). The lifestyles of these overpaid social democrat bureaucrats meant they had long been out of touch with the reality of the market system on the lives of working class people. As the social democracies moved dramatically to the right and embraced the market system they emptied out of workers. But for the vast majority of people capitalism still means exploitation, inequality and poverty. Working people have no choice but to fight back. Big business is class conscious - they organise and fight for their class interests. It's time working people did the same. We need our own political party, funded and controlled by workers, to fight for our interests, like free national health care, better jobs, stopping environmental destruction, a massive increase in funding for education, and an end to racism.

## **We need our own party**

The complete capitalist transformation of former workers' parties has created a new political atmosphere. Working class people and youth do not have a political voice. We need to re-build the workers' movement along socialist lines. The CWI calls for the establishment of new workers' parties. With a bold anti-capitalist, anti-neo liberal appeal and a socialist programme these parties could attract youth, women, and those who face discrimination and oppression. Such parties are likely to have many trends of opinion within them. The CWI will campaign for

these new workers' parties to be inclusive, democratic and open, allowing all tendencies to organise and put forward their ideas. The CWI would form a revolutionary socialist section within these parties. We are struggling to build the forces of genuine, revolutionary socialism by winning new members to the CWI.

It was members of the CWI in Britain (Militant/Socialist Party) that organised a mass non-payment campaign of 14 million against the poll tax in the late 1980s. This mass movement - a citizens' revolt - not only beat the poll tax but also forced Thatcher (one of the most vicious capitalist warriors at the time) to resign in 1991.

Members of the CWI were instrumental in setting up Youth Against Racism in Europe (YRE). This was the first and still the only genuine all-European campaign against racism and fascism. The YRE organised a 40,000 strong all-European march against racism in Brussels in 1992. Since then the YRE, has played a key role in many countries combating the menace of racism and the extreme right, and against the scrapping of the right of Asylum. The CWI has a proven track record of fighting in elections and has won local government seats in a number of countries. In Ireland, our organisation, the Socialist Party, has a member of parliament, Joe Higgins, representing workers and youth in the Dublin West constituency. Tommy Sheridan, who represents the Scottish Socialist Party (SSP) in the new Scottish Parliament, is a member of the CWI. All CWI public representatives only take the average wage of ordinary workers, donating the rest of their income back to the struggle to change society. However, where the leaders of new Left and anti-capitalist parties have moved to the right and do not put forward a fighting socialist programme they have tended to face a fall in electoral support and sometimes even splits. These are the sort of problems that have affected, for example, the United Left (IU) in Spain.

## **An anti-corporate mood in the US**

Growing hatred and disgust towards the capitalist politicians and big business will find expression on the Left and individuals can even step into the vacuum. For example, US presidential candidate, Ralph Nader, who is backed by the Green Party, is the first viable, progressive, anti-corporate, third-party challenger in over 50 years. He could receive millions of votes, in some cities reaching 5-15% of the total votes. Tens of thousands of environmentalists, young people and union activists will be mobilised in the campaign.

The CWI section in the US, Socialist Alternative, is campaigning for people to vote for Ralph Nader and the Green Party as the most effective way to show the growing movement against the Democrats, Republicans and the corporations. These elections can be used as a tool for building a movement against capitalism.

Unfortunately, Nader and the Green Party do not have a class approach to politics. Instead, they believe that they can reform capitalism through a series of legislative fixes, without realising that the problems facing the majority of people are rooted in the very structure of the system. While

the Green Party has a vision of a different, more just and ecologically sustainable society, it has no concept of how to get there and does not understand the role of the working class in changing society. Despite these limitations, a successful Nader campaign will accelerate the trend of disintegration of the US big business two party system of the Democrats and Republicans.

## **The extreme right**

Without a strong socialist alternative there is the danger that right wing demagogues and the far right can make gains electorally. We have seen this recently in Austria, where Jorg Haider's far-right Freedom Party has been included in a coalition government. This sparked off magnificent mass demonstrations of mainly youth, which continue today. The Austrian section of the CWI has played a key role in these 'Resistance' mobilisations. It is necessary to mobilise against the far right and also to put forward an alternative programme of full employment and affordable and decent housing in order to prevent the far right from gaining a base in deprived areas.

## **The Socialist Alternative**

The only lasting alternative to the IMF and World Bank is to build a society where this system of big business competing for profit cannot control our lives. These big multinationals are accountable only to their shareholders, whose sole interest is to maximise profits. They are beyond the democratic control of the people. Essentially they are an un-elected dictatorship who have more control over our lives than our elected government. Maximising profits means taking away power and resources from everyone else, whether they be workers, small businessmen, small farmers, students, the poor or the elderly.

The only way to control these companies is through public ownership and workers' control and management. 500 huge multinationals dominate the world economy. Their power even dwarfs some medium size countries. The only way to get control of the economy and to build a genuine democratic political process is by putting the top 500 companies and banks that dominate the economy under democratic public ownership. Only in this way can this cancer at the heart of our society be removed.

## **There is no "Third Way"**

Tony Blair and other social democratic leaders argue that they stand for a "Third Way" and some sort of "civic society" that is meant to soften the worst aspects of modern capitalism. This is only so much hot air from these people, given that they have completely accepted the market economy and its consequences.

There are some people who genuinely detest the effects of globalisation and believe there can a solution based on some sort of "control" of capitalism. In reality, there is no 'third way' between capitalism and the

struggle for a just, classless society - socialism. Attempts to run "mixed economies" in the post-World War II period, when there was sometimes large scale state ownership of industries in the national economies, failed to transform the nature of capitalism. Despite the working class making big gains through struggle or the threat of struggle, there was no serious challenge to the rule of big business and the big banks by the post-war social democratic governments. This in the end made it impossible to maintain the social gains made. Eventually, the model was abandoned during the world economic crisis of the 1970s and neo-liberalism was adopted by the ruling classes with a vengeance.

## **The power of the working class**

The most powerful force on the planet is the working class. Without their labour, nothing would move. It is the working class that produces the food, raw materials, steel, automobiles, and computer software. It also drives the buses, unloads the ships, tends the sick, and teaches the young. The working class is the only force in society that the capitalists cannot do without. Today, in all European countries and on a world scale the working class is numerically more powerful than ever. The formerly great mass of small farmers and shopkeepers have dwindled to a tiny proportion of society, gobbled up by big agribusiness and giant retail outlets. Into the workforce have come millions of working women who have left the isolation of their homes and emerged as a strong force to advance the interests of the working class. Thus today, the vast majority of people gain their primary means of subsistence by receiving a paycheque for a living. If you include their families (their children and retired parents), the working class is the overwhelming majority of the population.

The working class is potentially the most decisive force on the planet. The key task for realising this strength is for workers to become conscious of their power and to get organised in workplaces, communities, and colleges. When workers become conscious of their interests as a class, they would then see that they have interests separate from big business. From such an understanding, the conclusion workers will draw is that the working class ultimately needs its own political party to be able to challenge the big business parties for power.

## **Karl Marx - 'The Thinker of the Millennium'**

The only viable alternative to global capitalism is a global socialist system. Karl Marx, who was voted the 'Thinker of the Millennium', explained that since workers create the wealth, then the workers can run the economy without the capitalist class. He explained that the capitalist class does not contribute anything to production. The role of the capitalist is destructive, since if he cannot make a profit, he will lay off workers, close plants and destroy productive factories. These mass layoffs leave productive workers on the streets unemployed, more metal on the scrap heap, and the economy much poorer. By the working class coming to power and creating a democratic plan of production, involving all sections of society, then the economy can be taken out of the blind

and destructive forces of the market place, and directed in a way that best meets the needs of the majority. In essence this is democracy being introduced into the economy. Thus, economic decisions would be made by the majority, for the majority, rather than by the minority in the interests of the minority.

## **The struggle for socialism**

But how could such a new socialist society be created? How do we take power from the 500 top companies? The answer lies in the huge potential power of the working class. Time and again in the last 150 years, the workers' movement has challenged capitalism. Many revolutions swept through the world in the 20th Century: in the wake of the October revolution in 1917; after the ending of World War II; the mighty general strike in France 1968; in the 1970s when the working class overthrew the military dictatorships that ruled Greece, Portugal and Spain. Throughout the century, workers and the poor in the former colonial world have been involved in constant struggle for national and social liberation. The latest example is from Ecuador at the beginning of this year, when workers together with indigenous people toppled the government. For a moment the country was in the hands of the demonstrators and protestors. But they were not conscious about their own strength and were not clear how to defeat capitalism once and for all. The forces of the old order were able to step in and formed a government.

The French workers and youth showed the power that exists in united struggle when they forced the right wing government to retreat in 1995 - the first strike against globalisation, according to one newspaper. The right wing parties have still not yet recover from that defeat. That capitalism is still in power, despite upheavals, mass struggles and sacrifices, is because the lack of a clear socialist leadership that prevented these movements and struggles from taking power and successfully changing the system.

## **A Workers' Government**

The CWI fights for the coming to power of a government representing the waged, the unemployed, youth, women, the disabled, pensioners and the oppressed - a workers' government. Of course, a workers' government which began to implement its socialist policies would immediately face massive resistance from big business. In this situation the workers' government would need to rally workers and youth to its support. Through mass demonstrations and introducing workers' democratic control at all levels of society, including the armed forces, big business and the forces it would try to mobilise would become isolated and defeated. When left reforming governments have been in power before the capitalists have sabotaged the economy and organised a huge flight of capital out of the country. These governments failed to decisively abolish capitalism. A government representing working people would take the economy into democratic public ownership and would control the monopoly of foreign trade.

A national review would take place of the productive resources available to the incoming workers' government involving the participation of all sections of the population. It would then start to reallocate economic resources to provide for the needs of workers in all areas of their lives. The first priority would be to provide decent clothing, housing, health care, food and other basic needs. At the same time, resources would be put into making education, retraining, music, sports and other important cultural activities available to everyone. Also, by sharing out the work, the working week could be reduced to 30 hours a week, as a medium step towards a vast reduction of working hours.

## **Make big business pay**

All of this could be financed out of the profits, rent and interest that goes to the richest 1%, and the huge boost such a programme would give to the economy. By bringing the banks and insurance companies into public ownership and out of the profit-making business, then finances would be available for those projects that need them, rather than the banks being the personal speculating tool of the top 1%. An enormous amount of new wealth would be created by these programmes. This would allow decent wages to be paid to all workers. Socialist policies would be tailored to creating long-term stability - good long-lasting products, decent housing, etc. There would be no gains to be made from short-term profit. The environment would be seen as an asset for future generations, and would be protected. Housing would be built to last, and its value would be available to workers for longer.

## **Expansion of democracy**

A workers' government committed to implementing socialist policies would expand democratic rights into all areas of life. This would include the rights of students, parents and school workers to participate in running the schools and colleges. It would extend workers' democratic control to the workplaces. It would take the newspapers, TV, the movie industry and the radio stations out of the hands of the tiny minority who presently control them. All areas of the media would be open to all groups in society that can prove they have support in society. With today's and tomorrow's technology, an educated and less stressed population could gain easy access to all the information they need to participate in decision making at all levels of society.

The coming to power of a workers' government committed to reorganising society along socialist lines, with the full participation of workers in the major decisions, could transform the lives of every worker, youth and senior citizen. Insecurity, fear, hunger, and discrimination based on sex, race, or sexual orientation would be ended. Although the scars inflicted on this generation by the system would not heal immediately, future generations would be spared the anguish of the present generation. By democratic accountability at every turn, and through the participation of every person in running society, a new world could be built. The collapse of the Soviet Union went some way to discrediting the idea that socialism is a viable system. There, a bureaucracy rose to power on the back of a workers' revolution, and

strangled that workers' revolution. The Bolsheviks came to power in Russia in October 1917 and enjoyed mass support from workers and peasants. This was expressed through the workers', peasants' and soldiers' councils, the Soviets, where real power lay. The Soviets were mass bodies of struggle and represented the highest form of democracy ever seen.

## **The revolution betrayed**

However, the delay of the socialist revolution to the more economically advanced West and the defeat of a number of revolutions, led to isolation, terrible privations and the demoralisation of the small Russian working class. A counter-revolutionary bureaucracy developed around Stalin and conducted a bloody one-sided civil war against all those that represented or were associated with the socialist ideals of October. The bureaucracy consolidated itself in power and acted as a parasitic growth on the planned economy. Despite this the planned economy was able to make tremendous steps forward for a period even in the absence of workers' control and planning. The regimes established in Eastern Europe after the Second World War were made in the image of Stalinist Russia, albeit with some national peculiarities.

With its military rule, its denial of workers rights, its denial of basic democratic freedoms and its political oppression of the working class, the Soviet Union and other Stalinist states had nothing to do with the ideals of genuine democratic socialism. In a genuine socialist society the economy would be under the democratic control of workers and their communities. All political officials and managers would receive the average wage of those they represent, and they would be elected and subject to recall. Democracy is essential to a planned economy. This was the position of the Bolsheviks under Lenin and Trotsky.

In fact, the complete absence of workers' democracy eventually led to the collapse of the Soviet Union and other Stalinist states, after years of economic stagnation and decline. How could bureaucrats, by dictatorial command, develop a huge, complex economy? Only by overthrowing the bureaucracy and introducing workers' control and planning could society move forward. Unfortunately, the tremendous mass movements of workers and youth against the Stalinist regimes in the late 1980s and early 1990s were, due to an absence of a genuine socialist alternative, misdirected by those that championed a return to the market economy. The result for the mass of people in Russia and Eastern Europe has been rampant poverty, unemployment, and ethnic conflict and wars.

## **Socialism rooted in workers' experiences**

The ideas of genuine socialism were not consigned to the dustbin of history following the collapse of Stalinism, as the ruling classes had the folly to imagine. They are the only ideas that consistently meet the real needs of working people, youth and the poor. Socialist ideas emerged from the development of working class struggles in the 19th Century when early trade unions and workers' political organisations were being

formed. Giants of the workers' movement like Karl Marx and Frederick Engels gave socialism a scientific character and armed the working class with powerful ideas. Those ideas will re-emerge over the next few years as a mass force through the development of titanic workers' struggles and the anti-capitalist and anti-globalisation movements. For the majority of humanity capitalism cannot deliver the goods. Working class people will increasingly look for a viable alternative to capitalism, to the ideas of socialism, as they move into struggle.

## **International Socialism**

We are not however just starting out again from the situation facing the workers' movement in the 19th Century. The 20th Century is rich with lessons about revolution and counter revolution and the strategy, tactics, organisation, ideas and programme needed to build successful mass socialist movements that can abolish capitalism and build a new society. Despite setbacks the potential power of the working class remains intact. For example, despite a fall in numbers over the last few years, many workers have their own organisations, trade unions, that will overturn the dominance of the right wing at the top and will be transformed into mighty fighting organisations on the basis of big class battles. Fighting democratic unions can combine with the growing anti-capitalist and anti-globalisation movements, and other organisations that will be created in the furnace of events, to create the forces capable of abolishing capitalism once and for all.

New mass parties of the working class will emerge from this process, and new international workers' organisations. The magnificent, revolutionary traditions of the working class and youth in Europe and on a world scale will be re-ignited.

In coming to power in any one country, the working class could reach out to workers across the globe. A socialist state, especially in one of the powerful economies, would be a beacon to workers around the world. Instead of the world being a market for exploitation by a handful of huge multinational corporations, under socialism it would be organised to unite the resources and skills of workers to improve the conditions of all workers. A new world could be built without wars and without starvation and famine. The largest export of a socialist state to many countries would no longer be military supplies, but equipment, and skilled labour to help them build up their economies and transform their lives. A democratic socialist workers' government would be able to reverse the present environmental catastrophe, and begin to work to construct an economy which would maintain the long term well-being of the planet. With a democratic plan of production, and an end to the artificial distortion of national economies in the underdeveloped world because of their plunder for cheap raw materials and foodstuffs by the big multinationals, industry could start to develop around the world. This would transform these national economies. They could then start to provide the products needed for their own populations. This would then lay the basis for the end of the division of the world into a few rich advanced countries, and the remainder of the world living in abject poverty, not by driving down the wages of workers in the more

industrialised countries, but by raising up the wages of workers around the world to the highest levels.

With power taken out of the hands of the ruling classes around the world, the basis would be laid to end the present wave of wars, civil wars, and ethnic cleansing. There would no longer be a small minority who would gain by holding down a national minority. Then democratic decisions could be made about how different communities and nations wish to live. The principle of self-determination of nations would be established as a democratic right for all peoples. With democratic socialist policies, a socialist federation of the world would allow the harmonious development of all the peoples of the world.

## Conclusion

The extreme neo-liberal policies of IMF and World Bank are a product of capitalism in a period of global economic decay. Any effective fight against the IMF and World Bank must be linked to building a powerful movement against capitalism itself, and to replace it with an alternative system. We believe the only viable alternative is democratic socialism. How else can we control the multinationals' pollution of the globe? How else can we ensure that the peoples of the world have enough to eat? How else can we end the domination of the poorest countries of the world by the multinational companies that have distorted and destroyed their local economies in search of global markets and cheap raw materials? How else can democracy be defended and expanded in the face of the huge media machines which now straddle the globe? It can only be done by a genuine coming together of the people of the globe based on mutually supporting economies controlled by workers. In other words, we need to fight for global socialism. The task may be large, but the time is right. We urge all those who agree with us to help mobilise against the IMF and World Bank and at the same time join the CWI in the struggle to build a new, socialist world.

## To combat neo-liberal policies, the CWI fights for:

- A living minimum wage.
- A shorter working week without loss of pay and on conditions set by workers. No to the bosses' flexibility and annualisation of working hours.
- No more cuts in public services, pensions and social benefits.
- A massive public spending increase for health, education, child care and housing.
- Stop privatisations. Re-nationalise the public utilities that have been privatised.
- No discrimination on the ground of sex, race and sexuality. Equal pay for equal work.
- Free education at all levels and free health service.
- Invest in a cheap, accessible, integrated and environmentally friendly and publicly owned transport system.
- A progressive tax system, based on direct taxes, increased corporate taxes and taxes on wealth and the rich.

- Abolish the national debt. No more hand outs to the speculators and parasitic money lenders. Compensation to paid on the basis of proven need.
- Confiscate the assets of companies which blackmail workers and jeopardise the future of the community, or which have a record of environmental pollution.
- Take into public ownership the commanding heights of the economy under the democratic control and management of the working class people.

### Contacting the CWI

Global capitalism needs to be challenged on an international plane. Problems such as poverty, unemployment, pollution, racial and sexual discrimination know no border. That is why the CWI struggles to build a new socialist international that can bring workers and youth together worldwide. The CWI was founded in 1974 and has affiliated parties and organisations in more than 35 countries on all continents.

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