

The Left in Government
Latin America and Europe Compared
Documentation of the 2nd Conference
June 2010

Upsurge in Latin America – Europe on the Defensive?

Ed. Birgit Daiber

Rosa Luxemburg Foundation Brussels
www.rosalux-europa.info

THE LEFT IN GOVERNMENT

Latin America and Europe Compared –
Conference Documentation of the 2nd
Conference June 2010

UPSURGE IN LATIN AMERICA – EUROPE ON THE DEFENSIVE?

Ed. Birgit Daiber

Birgit Daiber Ed.:
The Left in Government
Latin America and Europe Compared –
Conference Documentation
of the 2nd Conference June 2010

Upsurge in Latin America – Europe on the Defensive?

Published by
Rosa Luxemburg Foundation Brussels
www.rosalux-europa.info

© Birgit Daiber

Translation into English: Phil Hill
Layout: Edition Lit.europe, Berlin
Printed and bound by Motiv Offset

Content:

| | |
|---|----|
| Birgit Daiber | |
| Introduction | 5 |
| Lothar Bisky | |
| Welcome Speech: The Left in Government | 15 |
| Michael Brie | |
| A Different Government is Possible! | |
| Beyond the Centre-left Governments in Europe | 21 |
| Iole Ilíada | |
| The “Correlation of Forces” as a Central Issue for the Left in Government | 43 |
| Pedro Páez Pérez | |
| Processes of Social Participation Associated with the New International Financial Architecture | 49 |
| Daniela Trochowski | |
| Conditions for a Left Budgetary and Financial Policy in Brandenburg | 69 |
| Valter Pomar | |
| The Left in Government: Analysis of Latin American Country Reports | 73 |
| Cornelia Hildebrandt | |
| The Left in Government: Analysis of European Country Reports | 97 |

INTRODUCTION

BIRGIT DAIBER¹

For the second time, political activists from Latin America and Europe met in Brussels at the invitation of the Rosa Luxemburg Foundation to discuss their experiences with left governments and/or left participation in government. At the first meeting, the widespread opinion was: yes in spite of some disappointing results, as in France and Italy, the left cannot evade the challenge of government participation.²

The second conference was to serve the purpose of deepening our understanding of the issue. How is the left reacting to the global crisis? What strategic concepts exist? What are the political issues in which the left is implementing new concepts? What about such issues as participatory justice, ecology, deepening democracy, or an alternative financial architecture? Are developments in Latin America and Europe comparable in the first place? What can leftists in Latin America and Europe learn from one another?

In his introductory statement, **Michael Brie**, director of the Institute for Critical Social Analysis of the Rosa Luxemburg Foundation, pointed to the development of the European social democrats, who have been pursuing deregulatory strategies since the mid-'90s, and have thus contributed considerably to the neoliberal restructuring of national economies and to the dismantling of social supports in Europe. Especially the New Labour government in Britain and the Red-Green government in Germany played an ominous leading role in this regard. We now see the global crisis and its European aspects as an opportunity to build new contacts and new relationships for the development of counter-

¹ Birgit Daiber, Head of the Brussels Office of Rosa Luxemburg Foundation

² Birgit Daiber (ed.), *The Left in Government: Latin America and Europe Compared*. Rosa Luxemburg Foundation Brussels, 2010, English and Spanish.

hegemonic strategies. For this purpose, several decisive conditions must be met. What is needed is new alliances, transformational projects, left forces capable of cooperation and with a realistic option for power, and strong democratic participation by the citizens. In order for left forces to be able to develop such a perspective in a structurally conservative societal situation characterized by the defensive struggles of social actors, goal perspectives must be drafted which offer development opportunities for the majority of society, such as an improved system for protection against social risks, possibilities for social advancement, and ecological progress. Michael Brie asks the European left whether it is really convinced that a different politics is possible, and whether it is prepared to enter into the alliances necessary for that.

Iole Iliada, Director of the Perseu Abramo Foundation in Brazil, referred to the general issue at hand at the first Latin America Europe conference of the Rosa Luxemburg Foundation in 2009: Under which conditions does it make sense for left political forces to participate in government? How can they arrive at a position where they do not merely administer the existing system, and move towards a transformational perspective of the capitalist system? She refers to Antonio Gramsci, and states with regard to Latin America that not every progressive policy is also a piece of transformation of the relations of power. At the same time, the left must understand that it is not an observer, but an actor in a dynamic process. In Latin America, the left forces have been elected to government due to the crisis of the neoliberal model. This was possible because not only the social movements and the working class, but also parts of the middle strata rejected the negative effects of the neoliberal model. In addition, the socially disadvantaged indigenous population conquered new free spaces. However: being in government does not mean one holds power. In Latin America, left movements and governments continue to be constantly threatened by reactionary political forces, which are still strong, and will use any possibility for a coup d'état. Hence, Iole Iliada concludes, there is no alternative for the left forces but to their historic opportunity; nonetheless the

left must be clear about the fact that the path to real change of the relationships will be long and stony.

Pedro Páez, president of the Ecuadorian government's Commission for a New International Financial Architecture, refers to Michael Brie and to the question of the extent to which it may be successful to develop a new historical subject of change under conditions of the systemic crisis of capitalism. The crisis is sharpening not only the conflict between pauperization and the accumulation of wealth in the world, it is also providing an opportunity to develop a redefinition of political ethics and economic rationality, which would at the same time move human liberation and individual dignity to centre stage. Páez calls the current era the senile phase of capitalism.

Since what is at issue is a systemic crisis, systemic answers are required. The confrontation not only involves the necessity for transformation of the mode of production, but also the transformation of capitalistically determined mode of living. Especially in Ecuador and Bolivia, this aspect is being formulated through a transformation of values and basic goals, incorporated in the new constitutions with the terms "*buen vivir*" and "*vivir in plenitude*" (living well, living in plenty). At issue here is the fundamentally different relationship between humankind and nature, and fundamentally different social relationships between people. However, such an alternative model of the mode of living can only develop in the context of a transformation of the relations of production – and this in turn can only come about if the means of regulation are changed. In a historical excursus, Páez describes the history of colonial and postcolonial extractivism – the exploitation of resources and people – in Latin America, and its effects today's progressive and left governments. He emphasizes that not only an analysis of the crisis of capitalism, but also of a new type of crisis capitalism which renders governments, states and even each individual powerless, is necessary.

He recommends concentrating on a new mode of regulation. He sees the *Banco del Sur* as a specific project of this type, incorporating a south-south development bank and the interregional monetary instrument *sucre*, which is being launched by Latin American countries. He stresses the continued existential importance of international agreements, such as the debt moratorium for countries of the South, a fundamental change in the structure of the IMF, and a ban on criminal financial instruments.

Daniela Trochowski, Secretary of State for Finance of the German state of Brandenburg, describes the extremely difficult financial situation of her state, which is being considerably aggravated by the crisis. The state currently has € 20 billion in debts, and depends on the inter-state financial compensation mechanism which exists in Germany. Due to the crisis, Brandenburg has received € 204 million less in transfer payments from wealthier states under that system, and since tax revenue has also been reduced by the crisis, there are very few possibilities for reducing the structural budget deficit. At the same time, the current crisis of public budgets is first and foremost the result of a neoliberal doctrine which supports tax cuts and the reduction of public services, and rejects market regulation. By contrast, the crisis shows that it is urgently necessary to regulate financial markets and reform financial institutions, so that social and ecological goals can be realized. Regulation is a public duty, and a key demand of the left. Unlike the practice of European states, which have pumped billions of euros of tax money into the financial markets in order to save them, tax revenues should be used for social and ecological transformation.

The Brandenburg state government coalition of Social Democrats and the Left Party is trying in spite of difficult conditions to provide impulses for alternative policies. The qualitative improvement of the educational sector by the hiring of new teachers in schools and kindergartens, the creation of a public employment sector for the long-term unemployed, and the extension of the student basic support programme to include

low income secondary school pupils in the last years before leaving school are important steps toward a courageous but realistic politics. Our experience shows that it makes an important difference whether the Left Party is in government or not.

Valter Pomar of the Workers' Party of Brazil, and director of the São Paulo Forum, provided an overview of the current debate on the left in Latin America, and formulated three questions:

To what extent do left governments provide an extension of power to the working classes?

To what extent does government action contribute to permanent change in the structure of society, and to reducing capitalist hegemony? And finally: could these changes be reversed by a return of the right to power?

Pomar states that in the ten country reports presented,³ there is a wide range of different assessments of the situation, not only with regard to the issues raised, but also to the direct interests of the various social groups in these countries. He adds that there remain theoretical deficits in the analysis of the social structures of the subcontinent regarding the continued existence of capitalist dominance. The effects of the global crisis are not as great as had been feared, because most countries had already previously initiated redistribution processes in order to diversify their markets. In some countries, new constitutions could be initiated which have the goal of a fundamentally new evaluation of societal goals, and new participatory structures for the citizens.

He identifies three essential levels of intervention of left politics in Latin America: (1) Urgent measures, mostly involving transfers of funds; (2) Implementation of universal policies in the areas of health, education

³ Argentina: Oscar Laborde; Bolivia: Pablo Stefanoni; Brazil: Valter Pomar; Chile: Esteban Silva Cuadra; Ecuador: German Rodas Chaves; Nicaragua: Carlos Fonseca Terán and Arlén Cuadra Núñez; Paraguay: Ignacio González Bozzolasco; El Salvador: Blanca Flor Bonilla; Uruguay: Graciela García; Venezuela: Sergio Rodríguez Gelfenstein.

and minimum wages; and (3) Structural reforms with the goal a new relationship between the social classes, such as tax and land reforms.

With regard to ecological demands, the countries are caught in a contradiction between rapid economic growth which is environmentally damaging on the one hand, and slow – and expensive – environmentally compatible growth on the other. At the same time, left governments are forced to defend themselves against the permanent pressure of the disempowered right wing, which is constantly working against them; the offensives of these forces in Central America and the Caribbean have already been successful. Pomar draws the conclusion that the battle for power will be won in a few years – but that the construction of an alternative society will take decades or centuries.

Cornelia Hildebrandt, party researcher at the Institute for Critical Social Analysis at the Rosa Luxemburg Foundation, gave an overview of the seven European country reports,⁴ and the experiences of left parties in Europe with government participation. Unlike in Latin America, left parties in Europe have always been the smaller partner in governing coalitions with the Social Democrats, or in broader coalitions which have also included centrist parties. That means that the scope of action to realize one's own goals is limited from the outset. It also means that it is not impossible in any of the historic or current instances of participation in government by left parties to implement approaches to a transformation of the capitalist system. The experiences in France, Spain, Italy and Greece also show that the left parties have emerged weakened from their direct participation in governing coalitions, or from the toleration of governments. Often, moreover, left parties and government alliances lose sight of their independent goals in the areas

4 The Left Party in Berlin: Stefan Liebich; The Left Party in Brandenburg: Thomas Falkner & Katja Haese; The Left Party in Mecklenburg-Hitler Pomerania: Steffen Bockhahn; Finland: The Left Alliance: Ruurik Holm & Laura Tuominen; France: The French Communist Party: Daniel Cirera; Iceland: The Left Green Movement: Auður Lilja Erlingsdóttir; Italy: Sinistra Ecologia e Libertà: The Public Affairs Office, Region of Apulia; Norway: The Socialist Left Party: Dag Seierstad; Sweden: The Left Party: Henning Süßner.

of social policy and peace. They thus run the risk of isolating themselves from the social movements, which however are often the engines of societal emancipation processes. Moreover it becomes much clearer in the course of government participation than it does in opposition that the left parties often – still – have no answers to the current radical processes of transformation of the relations of production. The socio-ecological renewal which encompasses a transformation of production, reproduction and modes of living, is an essential goal of left parties in Europe. At the same time, that goal has yet to be translated into concrete programmes or into practical projects, for the left parties in Europe are still concerned with developing entry projects into the socio-ecological reconstruction process.

Comparing the development of the left in Latin America and Europe, major differences become apparent. The left in Latin America has experienced many electoral successes since 1998, but at the same time, it continues to be confronted with the hegemonic interests of the USA and, increasingly too, of the EU. Undeniably, today's Latin American left represents a complex and pluralistic heritage, and is very heterogeneous. It includes movements which attempt to realize democracy and justice within the framework of the capitalist system, but also parties and movements fighting for the "socialism of the 21st century". This heterogeneity is apparent, too, in the profile of leftist governments. Unlike in Europe, the left in Latin America emphasizes not its differences and its ideological conflicts, but its common interests and the building of cooperative structures. Compared with left discourse in Europe, it is apparent that the left in Latin America is engaged in pragmatic reformist activity, and is at the same time anti-capitalistic. It has learned from the long history of resistance and revolutionary tradition that its success depends on democracy and acceptance by the population.

The left in Europe has since 1989 and the implosion of the Soviet Union in 1991 been on the defensive. Europe's social democrats have dedicated themselves to neoliberal policies, and since the beginning of the

global crisis in 2008, only with great difficulty found their way back to regulatory policies. After 1989, the left radical parties either became social democratic, withdrew into socio-cultural niches, or changed fundamentally. In addition, Europe – with the exception of Norway – is groaning under the crisis, and the left is forced to fight to preserve the welfare state. In view of massive austerity policies of the nation-states, the scope of action is very restricted, but is being used at the regional level. Currently in Europe, most left government participation – the exception is the Greek part of Cyprus – are located in the North: Iceland, Greenland and Norway. These countries at the same time illustrate the range of crisis developments in Europe: Iceland has only with great difficulty been able to ward off state bankruptcy, while Norway has been virtually unscathed by the crisis. In Iceland, the left in the government coalition is in a peculiar dilemma, in the face of the debt crisis and IMF supervision, so that the scope of action is narrower than it is elsewhere. In Germany, the left is a government in the states of Brandenburg and Berlin, and implementing its own key policies in the areas of education and securing employment. In Italy, the region of Apulia is governed by a leftist regional president, and is attempting to implement the socio-ecological and democratic renewal.

Latin America shows an entirely different picture. In nine countries, the left is in the government, and the anti-capitalist dynamic is very powerful. Gaining control of natural resources in their own countries, building industries, and on the other hand engaging in policies of social redistribution constitute the pragmatic core of the transitory government activity in many countries. The central goal, in the view of left actors, is not blind faith in development – “*desarollismo*” –but rather alternative focal points to be achieved by deepening democracy and the participation of the population, as well as the concrete struggle against poverty. Here, respect for and participation by the indigenous population is of key importance. At the same time, concepts which are on the verge of realization exist for an alternative financial architecture which could provide important impulses for other world regions as well.

The pragmatic core of practical politics is accompanied by very many far-reaching concepts and goals: The Latin American left – in spite of its regional and national differences – is setting new standards in international discourse. Its debates are oriented towards the establishment of new values, such as in the constitutions of Bolivia and Ecuador through the concept of “*buen vivir*”, which means not prosperity or individualized happiness, but rather a fulfilled life; or raise the issue of “extractivism”, i.e. short-term exploitation of mineral resources without concern for environmental conditions, and propose a new definition of nature as a living entity, and not as an exploitable resource; or which call for new strategies of de-colonization and respect for cultural diversity and new structures of participatory democracy. All these are elements of a new comprehensive left theory and practice, which cannot really be transferred, but which is of considerable importance for the international discourse.

Following we publish the central statements of the conference. The collection of single country reports are published as pdf on our website www.rosalux-europa.info.

Brussels, December 2010

WELCOME SPEECH: THE LEFT IN GOVERNMENT

LOTHAR BISKY⁵

Dear Comrades, Dear Friends, Dear Guests, I am delighted to be able to open this conference today at the Rosa Luxemburg Foundation in Brussels, a conference which is already the second one on the topic of the assumption of government responsibility by the left in Latin America and Europe.

I would like to thank all of our guests for whom this conference is important enough so that you have come here to Brussels today, and especially those who have travelled from afar, from Latin America, for we all know how stressful and laborious such trips can be. Just as sincerely, I would like to thank all of our European participants for their presence. I am also pleased to see here in the room a few familiar faces, friends and comrades whom I have met on one or the other trip abroad, or whom I have had the pleasure to receive for talks in Berlin or Brussels. The goal and purpose of our two-day conference is the continuation of the analysis initiated a year ago on the experience of the left in government in Europe and Latin America. Now, I know we have excellent academics among us, and we of course want to be live up to the scientific standards of accuracy and truthfulness in our investigations and evaluations of political processes in our countries. However, a purely academic analysis is not what we intend.

But we are all politicians here, we want to not only understand and comprehend the political and social processes, we also want to actively influence change. For this, we need, among many other things, knowledge and experience. And that is why we are here, we want to analyze and compare our experiences. We want to see how political and social processes are developing in our societies, what we of the left can and

⁵ Lothar Bisky, President of the GUE/NGL Group in the European Parliament, former President of the European Left Party, former President of the Party Die Linke in Germany

must do in order to do justice to the interests of working people, and also – and this is the theme of this conference – we want to compare our experience in government or participation in government, and see what it has brought us.

Experience is one of the most important measures for the further qualification and improvement of our strategy and tactics in achieving our political goals, it will help us to better define our goals and the steps needed to realize them. Mutual learning is part of the internationalist character of the left. If we were to merely look at our own countries, only at the processes occurring within each country, we would not be internationalists, and without internationalism, we would lose an important part of our essence. For us therefore, international experience is a natural part of our struggle. That is a matter of course for us all, or at least it should be.

We like to make statements like, “learning from the experience of Cuba”, “taking the experiences of Chile into account”, “learning from the Bolivarian process in Venezuela”, or “grasping the indigenous experience in Bolivia”. I could have named European countries here instead.

That is all easy to say, and sounds obvious. And yet, the exchange of experience must be organized concretely. We have to sit down and think about our own experiences, and structure them. We have to come together, exchange views, discuss our experiences, sometimes even argue.

And because that is so necessary, but doesn't always succeed automatically, is why I am so grateful to the Rosa Luxemburg Foundation and its Brussels Office for organizing this great opportunity to exchange experiences, and I want to express my gratitude to Birgit Daiber and her team.

Dear comrades, dear friends, over the course of these two days, there will certainly be a number of issues that will be discussed in depth and in detail. Openness and constructive criticism will play an important role. Everyone here will have to repeatedly critically re-examine his or her own experiences, or face the questions of all the others present here. Just telling success stories and hiding all the problems and difficulties will not get us any further.

Of course, the leftist movement has achieved great successes in recent years – more in Latin America, currently, than in Europe, where we are deeply concerned about the sad state of some parties and movements with a proud tradition. And yet, in Latin America too, all the processes are not unfolding without problems, we are still far from having answers to all the questions, new difficulties are emerging, resistance is growing. We need to talk openly about all this.

As to the fundamental question of whether the left should even strive for government involvement in the first place, even if, due to the relationship of forces, it is not in a position to call the capitalist system into question immediately, you already discussed that last year. And you came to the conclusion that each case must be assessed individually. The relevant conditions in the various countries, or even in the provinces, districts or towns, are often too different to permit general statements. However, if the left participates in the exercise of political power – to whatever extent, either as the sole ruling party or in a coalition – it must dedicate all its strength to creating significant changes for the people. I think the experience in Europe and Latin America has shown that those parties are successful which have understood how to at least initiate a visible change in society, and to set new points of emphasis in economic and social policy, with an orientation towards the interests of working people and the socially weaker strata, the marginalized and the disadvantaged, and who are serious about a genuine democratization of society, including the economy.

Where we succeed, we can be sure of popular support; left-wing government projects will be confirmed, as was the case for example in Bolivia and Ecuador and also in Uruguay. However, there are also plenty of examples for the opposite, unfortunately, especially in Europe, but Chile too probably belongs in this category, where the lack of abandonment of neoliberal policies was not of course rewarded by the voters. Let us take up this discussion of last year and continue it constructively. Let us look carefully at the conditions under which the elements of left politics and left government have been successful and those under which they have not.

Here, there may be more questions than answers.

I can neither presage the results of your deliberations and discussions, nor do I want to, but I would like to name a few topics which should definitely be discussed.

First, there is the well-known fact that the takeover of government power as a result of winning an election does not yet mean the conquest of power. Left government projects face the concerted power of business and also of the media. In Latin America, that is probably more obvious in Paraguay than in any other country.

What can be done in such a situation, in order to shift the balance of power? In a number of countries, suffice it to name only Venezuela, Ecuador and Bolivia, constitutional processes and constitutional amendments have brought about change. Our friends of Frente Amplio in Uruguay have had years of experience with plebiscitary processes – especially in the defence of state property in the areas of general economic interest, i.e. energy and water supply, public infrastructure, etc. – and have almost always been successful there.

In Europe however, the people in many countries are denied such direct involvement in basic policy decisions, or else it is at least still restricted. Here, experiences from Latin America can show us ways which we want to follow, but cannot yet always follow.

The profound democratization of society and the involvement of people in the direct exercise of political power, in other words, a direct and participatory democracy, and the decentralization of decision making and management – are oft-cited tools when it comes to the transformation of society. Sometimes they are seen as a panacea: all you have to do is provide the people with the possibilities, and the problems will already be solved. This is by no means the case. There were and are many positive examples of how miraculous results have been achieved through participatory democracy or through forms of local self-government. And yet, actual experience has shown us that these processes are not self-running mechanisms. The involvement of citizens in the exercise of political power must be ever re-organized and re-designed, especially if the processes being controlled do not affect the interests

of the people directly, as they would for example in the case of the construction of a new school or a health centre. So, dear comrades from Latin America, we are eager to hear about your experiences, eager to hear exactly how you have been successful in practice, and where the problems are.

This question has to do with another problem that is of great importance for all left governments at whatever level: the relationship to the societal organizations and movements.

The societal organizations and movements are very often a major driving force for the advance of progressive, democratic and left-wing ideas. Through their work, they help prepare the ground for left-wing government projects. However, after the accession to government of forces of the left, there have more than once been tensions and contradictions with social organizations and movements. Much has already been said about the reasons: sometimes, group interests and national interests are seemingly irreconcilably at odds, and there is also the limited scope of action of many left-wing governments, not only in financial terms.

Nonetheless, we must succeed in binding these forces to us over the long term, for they are our natural allies; ultimately, they often represent those parts of society for which we want to make policy. I think we are all interested in practical experience in this area.

And I would like to mention one last topic area about which we should share our thoughts here. That is the question of the development of approaches for a completely new model of the life and of the economy of humankind, which especially the indigenous groups, nations and peoples brought up repeatedly in conversation. Especially at the Alternative World Climate Summit in Cochabamba, many ideas, suggestions, and demands were raised, which go far beyond the problem of climate change and the solutions to it. We on the left would be well advised to take these projects very seriously, and to see them as an inspiration and as tools for the construction of "a different society". Much of that can and will be incorporated into our own concepts. This too is something we should discuss.

DIFFERENT GOVERNMENT IS POSSIBLE! BEYOND EUROPE'S CENTRE-LEFT GOVERNMENTS

MICHAEL BRIE⁶

1

A new strategic situation The short social-democratic decade and the return of the conservatives

After the German parliamentary elections in 1998, thirteen of fifteen governments of the then member countries of the European Union were led by social democrats; Spain and Ireland were the only exceptions. Within a decade, this picture has been reversed completely. The centre-left in Europe is everywhere on the defensive.

Self-criticism on the part of the left of its last twenty years is the necessary point of departure for real renewal. For the life goals, the political convictions and the style of politics of the most important social democratic leaders were no longer rooted in the values of the left, the results of their politics no longer had any connection to leftist goals, and the cooperative base for a common left formation had disintegrated. To put it bluntly, *this left no longer knew what it wanted. It no longer wanted what it could do. It could no longer do what would have been good for itself and for the country.*

The political opinions of a whole generation of leftist leadership were neo-liberal oriented. Lest we forget, there was the joint paper which Gerhard Schröder and Tony Blair presented to the European Union in 1999, at the pinnacle of leftist rule. In it, they announced that economic success and successful employment policy were dependent primarily on a "framework that allows market forces to work properly". The

⁶ Director of the Institute of Social Analysis, Rosa Luxemburg Foundation (Germany).

social democrats had, they went on, for much too long overstated the “weakness of the markets”, while underestimating their strengths. And, they explained, “the reduction of non-wage labour costs” – i.e., the employers’ co-payments for old-age, unemployment and health insurance – “and a more employment friendly tax and contribution structure that looks to the future is therefore of particular importance.” And Peter Mandelson’s statement that “we are utterly relaxed about some people getting filthy rich” was certainly led *ad absurdum* at the point when employees had to pay for the orgy of money-making by others.

The results of this “modern” economic policy in Germany are the focused expression of the miserable plight of a once centre-left politics:

- a growing gap between the lower and upper pay levels: Germany leads the pack in low paid workers in continental Europe, with a share of 22 per cent;
- a level of inequality which climbed to US standards within just a few years: 14 per cent are income-poor, while the upper ten per cent were able to increase their share of net assets from approx. 45 to over 60 per cent between 1993 and 2007;
- stagnating real wages, a declining pension level, stifled domestic demand, the lowest net investment quota of all highly developed countries, and reduced economic growth, with strong export of capital;
- a drop in the wage ratio from 72 to 64 per cent between 2000 and 2007, with a simultaneous reduction by half of the investment quota: thus, contrary to promises, the growing profits and fortunes were not productively invested, but were used for speculation, thus contributing considerably to the financial bubble;

No real ecological turn-around.

The most depressing aspects of the new lack of concern of social-democratic or even green politics include a readiness to join actively in the new wars of the post-communist era. If the official federal government terminology on Afghanistan is often criticized, let us recall Green Foreign Minister Joschka Fischer, who announced in connection with the NATO attack on Yugoslavia: "We aren't waging any war; we are offering resistance, defending human rights, freedom and democracy." Bombs, he added were "necessary to stop the Serbian SS."

The result of such policies was ultimately the disintegration of the German left's *ability to cooperate*. Of the once close alliance of SPD and trade unions on the one hand, and of the Greens and the social movements on the other, little remained but bitterness from internecine fights and much alienation. With the demonstrations against-Hartz IV (the social cutback programme) a mass movement arose against an SPD-led government for the first time since the NATO twin-track decision for missile re-armament after 1980. The formation of the Electoral Alternative for Labour and Social Justice (WASG), a child of left trade unionists, left forces in the SPD and remnants of the independent left, and including those who turned away from the Greens over the Yugoslav War, became an expression of the fact that the societal left no longer had a political counterpart. With the Left Party, formed by the merger of the WASG and the PDS, a third force is now active in the party spectrum which is considered part of the broader left. But every organization and movement concentrated on its own immediate goals – inevitably narrowly. Since the power of fundamental change has been lacking, the disputes have largely been structurally conservative, or stuck in bare negation – a "no" lacking any credible opposite "yes". That incapacity is an expression of the defensiveness of the left in organizing an actual broad social movement against the crisis policies first of the CDU/CSU (conservative) and SPD coalition, and now under the conservative-liberal government. The crisis of capitalism hit a left which lay in ruins: deeply de-legitimized, frustrated and stymied. As Hans-Jürgen Urban of the Metal-Workers' Union wrote: "Actually, a socio-economic systemic change should be in order. But for that, a

functioning actor would be needed, a left willing and capable of action – and none is in sight, far and wide. The left, rather than sucking political honey from the historic confirmation of its critique of capitalism, is displaying symptoms of paralysis.”⁷ However, this description of the situation in 2009 could now change in 2010 to 2012. From the fragmented, defensive, structurally conservative societal left, an integrated and offensive force for transformation could emerge, and overcome the split between Realpolitik and “radical resistance” with a commonality of “radical Realpolitik”.⁸ To do so, however, the left would have to re-invent itself anew, with great courage and determination.

The crisis in the crisis

With the series of crises since 2008, precisely European capitalism has entered into a phase of instability. Particularly because it has developed a balance of capitalism, democracy and the welfare state over the course of a century, it is particularly endangered, for this balance is ever less possible to uphold in an era of financial market capitalism. Strong European capitalism has become a weak link in the chain of global financial market capitalism. Here, the various options of further development seem to collide with particular force: an authoritarian-imperial path to development, a social-democratic multilateral financial market capitalism, a de-civilized capitalism, and emancipative alternatives.⁹

The rapid change amongst ruling factions, between conservative and social-democratic neo-liberalism, the unstable alliances designed to secure power, the forced incongruence of methods and goals, and especially the ever darkening horizon which contains no more promise, but only the threat of a long march through times of social cutbacks,

⁷ Hans-Jürgen Urban: Die Mosaik-Linke. Vom Aufbruch der Gewerkschaften zur Erneuerung der Bewegung. [The Left Mosaic. From the upsurge of the trade unions to renewal of the movement] http://hans-juergen-urban.de/archiv/literatur/2009_mosaik_linke_bfduip.pdf, p. 2.

⁸ Michael Brie (ed.): Radikale Realpolitik. Plädoyer für eine andere Politik. [Radical *Realpolitik*. A call for a different politics], Berlin 2009.

⁹ Cf. In greater detail, Brie, Michael, Op.cit., p. 30 ff.

unemployment and uncertainty – all these herald an epochal break: Business as usual is becoming impossible.¹⁰ The policy of ever more torturous “muddling through” is reaching its end. But this will only come true if this politics is brought to an end. It won’t be enough – not any more – merely for the rulers to no longer be able and the citizens to no longer be willing. What is needed is feasible alternatives which also have power on their side, the power of conviction, the power of cooperation and the ability to act and, the power of realistic creativity. Organic societal crises¹¹ can be compared with theatre dramas. They consist of **five acts**: (1) the immediate outbreak of the crisis, which profoundly shakes the existing stability and makes extraordinary emergency measures necessary; (2) a crisis within the crisis, in which it becomes obvious that the measures taken will not be able to reduce that instability, but will only sharpen it further; (3) the break-up of the ruling block and the formation of alternative approaches; (4) the experimental pursuit of new, often contradictory development paths; and (5) the implementation of a new mode of development on the basis of a new societal alliance, a ruling alliance.¹²

The years 2008 and 2009 constitute the first act of the present crisis. This first act of a long drama was characterized by the eclectic co-existence of contradictory measures, which was to prove impressively to be a recipe for our rulers to keep control of the crisis.¹³ Monetarism and Keynesianism, European rescue packages and competition between countries, a Green New Deal and a cash-for-clunkers scheme, debt brakes and stimulus programmes, pay restraints and tax gifts,

¹⁰ Klein, Dieter: *Krisenkapitalismus. Wohin es geht, wenn es so weitergeht* [Crisis capitalism. Where it's going if it keeps going like this]. Berlin 2008.

¹¹ Cf. Re the term “organic crisis” and its application to the present development: Candeias, Mario: *Passive Revolutionen vs. sozialistische Transformation*. RLS papers 2010 (http://www.rosalux.de/fileadmin/rls_uploads/pdfs/rls_papers/rls-paper-Candeias_2010.pdf).

¹² Cf. Exemplarily for the New Deal in the USA: Fraser, Steve, Gerstle, Gary (eds): *The Rise and Fall of the New Deal Order, 1930-1980*. Princeton, N.J.: Princeton University Press 1999.

¹³ For a detailed discussion of these strategies: *Die Krise des Finanzmarkt-Kapitalismus* [The crisis of financial market capitalism].

subsidized short-time work and investment pump-priming, sectoral minimum wages and stagnating pensions – all were implemented at the same time. A block was forged uniting export-oriented corporations and banks, central structures of the organized workforce and the broad middle strata. This block was held together by a growing national debt and very contradictory policy approaches. Its foundations had already been laid after the electoral defeats of the social democrats and the general discrediting of neo-liberal policies, at the latest since the middle of the nought decade.

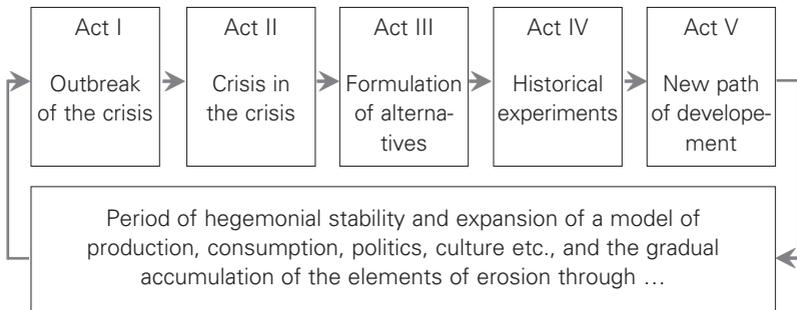
The ability to move in different directions at the same time is declining, however. The present crisis coalition is based not on a productive regime of accumulation; the regulatory means being used are completely contradictory; the interests are diverging; and the resources needed to purchase a consensus are being consumed further with every new crisis. The proud masters of the crisis have turned into the pitiful slaves of their own crisis management. “Business-as-usual” appears ever less probable.

The shock effects of 2010 in Europe have raised the curtain on the second act of the crisis, and first of all changed the perception of the situation: It has become undeniable that no improvement can be expected in the foreseeable future on the basis of neo-liberal policies. Yet the recipes put forth by the prevailing political forces against the crisis amount to trying to cure the plague with cholera. The economic and financial crisis has now become a crisis of the nation-states and of the European Union. The nation-states, the lenders of last resort, are themselves endangered – financially, economically, socially and ultimately, too, politically. It is getting ever more difficult to satisfy competing interests. That however will break apart the coalition of forces which had secured stability in the first phase of the crisis. The “crisis in the crisis” is at hand.

Two scenarios are relatively probable in Germany. On the one hand, the possibility cannot be entirely ruled out that the ruling block will somehow manage to hold the crisis coalition together for two or three years. The reserves for this have not yet been completely used up, and more

importantly, no attractive feasible alternative has yet emerged. Without such an alternative, even a rather bad situation can last. On the other hand, drastic changes can no longer be ruled out. The instability has grown so great that a rapid change of policy on the part of certain power groups and a reorientation is becoming ever more probable. Further shocks could bring the structure of political stability to collapse. The chances for alternative approaches are increasing; the gains which members of the ruling block can hope for if they abandon ship are growing larger.

Graph 1: The five acts of an organic crisis



2

The Contours of a New Hegemony-Capable Left

“A crisis is a productive condition,” Max Frisch once said. “One must only remove its smack of catastrophe.” The art of accomplishing this “only”, and of doing so primarily for the disadvantaged in society, is the art of leftist crisis control. That is what we need today.

The disintegration of neo-liberal hegemony will not inevitably be replaced by a left counter-hegemony; it will have to be created consciously. Both hegemony and counter-hegemony are contexts, relationships of different elements. There is neither a social nor a political protagonist with whose interests the interests of all other disadvantaged groups “ulti-

mately” coincide. As Laclau and Mouffe have argued, this means “that the relationship between social agents can only become more democratic to the extent than they accept the particularity and the limitation of their claims; that is, only to the extent that they accept their mutual relations as being indispensably permeated with power”¹⁴.

Cooperation presupposes the differences and the self-interests of the participants and does not subsume them – but it can and must change them. Only by a transformation of interests based on solidarity which is at the same time productive will they acquire societal force, and escape from their subordination to the supremacy of the ruling circles. Only in a context in which they change themselves will they acquire the power to be effective, and can they hope for results which would not have been attainable alone. Counter-hegemony has three decisive conditions: (1) new alliances; (2) transformatory projects; and (3) cooperation-capable left forces with a realistic power option, with the strong democratic participation of the citizens.

New alliances

Class societies are pyramids of property and power. However, precisely because the burdens are so unevenly distributed, those on top need a certain degree of consensus around their rule. But how can this be ensured when the divisions in society are so forcefully aggravated? It was long supposed in the Marxist-inspired tradition that large social groups (classes and strata) had fixed interests, which they expressed more or less adequately, but that they could be hindered in doing so by “false consciousness”. However, the real contradictory nature of their social condition and the possibility of being able to take different roads make it possible for one and the same social group to pursue very different strategies, and in so doing, to concretely determine their interests in the first place. To mention only two examples: wage workers can seek to defend their interests through a nationalistically or even

¹⁴ Ernesto Laclau; Chantal Mouffe: *Hegemony and Socialist Strategy: Towards a Radical Democratic Politics*. London, 2001.

racially articulated defence against immigrants – and therefore vote for such parties as the Italian Lega Nord or the Austrian FPÖ, or else by developing a social state based on solidarity. Highly qualified women can be interested in maintaining a low-wage sector, so that such can be personally relieved of such tasks of reproduction as housekeeping and child care at minimal expensive, or else they can advocate highly qualified tax-financed public services.

The great majority of the population of Germany can, in a somewhat simplified way, be divided into six large groups (see Table 1). They are differentiated first according to their position in the social process of reproduction (the diagonal arrow pointing from bottom left to the top right symbolizes increasing access to property, assets and power). Depending on their place in this system, the social groups relate more positively to the social state, or tend to support “free markets” (the horizontal dimension); and are especially oriented toward individual self-determination (libertarian values), or to communality (vertical dimension) (Graph 2). The upper strata with a higher degree of access to resources are divided because they are active in either of two sectors: the private sector – i.e., business – or the more publicly-characterized state sector, in the socially, culturally and human services oriented fields. The first sector is represented by market economy oriented and moderately authoritarian outlooks. Competition and directives are their guiding principles. On the other hand, the second group have a rather libertarian and social-state oriented values. They know about the importance of negotiation and compromise. Those who are excluded from access to property, assets and power want a strong social state and have to some extent solidarity-based, communal or authoritarian, or even racist outlooks. These distinctions are frequently modified by such further factors as gender or age; political orientation changes accordingly.

Table 1: Socio-political milieus in Germany

| | |
|---------------------------------------|---|
| Market-economy oriented middle strata | Established or upwardly mobile qualified and highly qualified people with middle to high managerial responsibility, especially in private industry |
| Social-libertarian strata middle | Groups in social, cultural and human-services oriented fields, as well as the cultural economy, with high-levels of education, largely based in the public or publicly-supported sector |
| Satisfied upwardly mobile | People with middle-level qualification who have achieved considerable social advancement and can practice a high degree of individual initiative, often craft professionals, or self-employed workers |
| Threatened core employees | Core groups of industrial and industry-related wage dependent people with mid-level qualification. threatened by restructuring and the crisis |
| Sub-proletarian groups | Modern discriminated groups, such as the unemployed, the working poor, etc., the so-called lower precariat |
| Traditional lower groups | People with low qualification, doing simple activities, often pensioners |

Source: based on Neugebauer 2006 and simplified

To win majorities, three alliances are possible. Each group can be actively present in two or three alliances and see its interests represented there: (1) an alliance of the better-off, those who by qualification and position can have access to a relatively secure position and realize an above-average income; (2) a market-liberal authoritarian alliance; and, finally (3) a solidarity-based middle-bottom alliance (for more detail, see

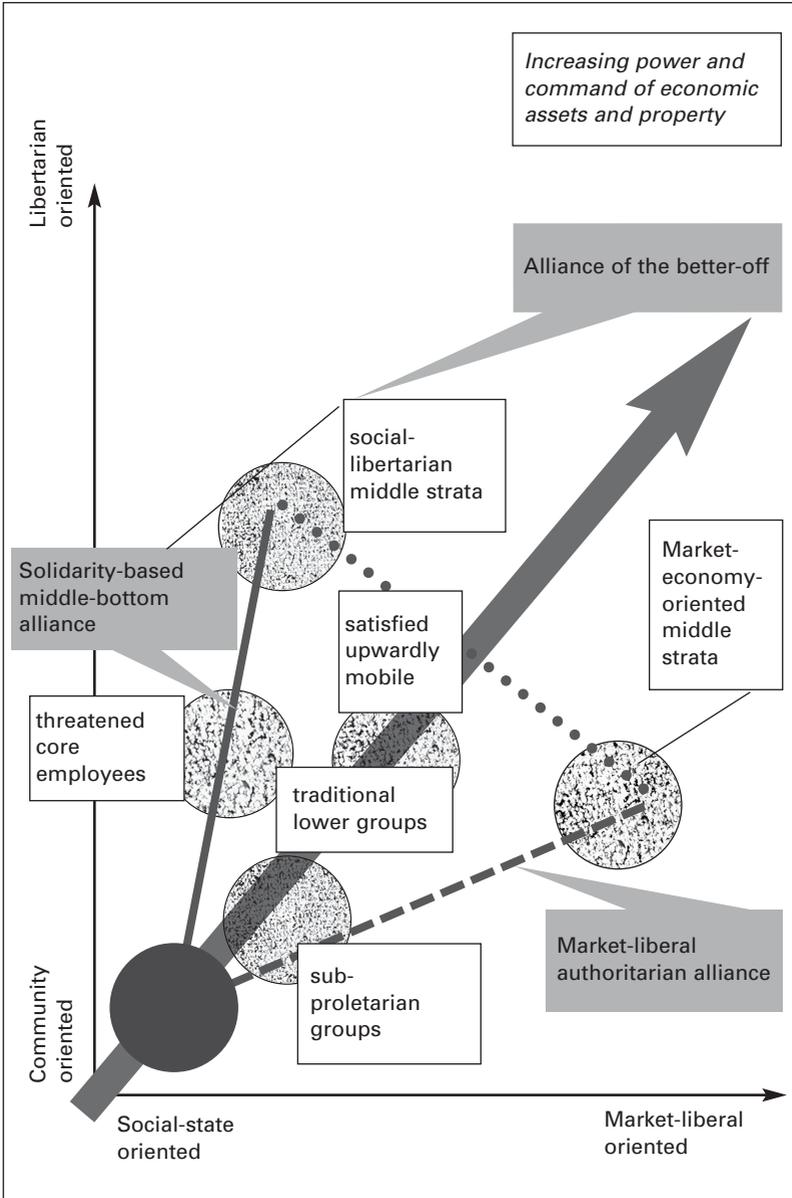
Brie 2007). None of these alliances is in a position to homogenize the various interests, values and goals it contains, but it must try to interconnect them differently in each instance. They are therefore also unstable and always contested. Since the social-libertarian middle strata tend to vote for the SPD, the Greens or in part for the Left Party, and the market-economy oriented middle strata tend to the FDP and CDU, the SPD and CDU must try especially to win over the bottom middle and lower social groups, if they want to become parties of government. If not, they need partners who have strong bastions among these groups. The party system forces them to not completely forget the social question.

The alliance of the better off is a class alliance of the ruling market-centred elites and the upper middle strata. Schröder and Fischer geared the red-green government to a politics of the *Neue Mitte* (new middle), which politically wrote off wage workers and the lower groups, and took the interests of the wealthy and of the “top achievers” as their guideline. The Greens’ “Green New Deal” project for a new social contract also exhibits the essential features of an alliance of the better off in the framework of ecological modernization.

The market-liberal authoritarian alliance unites, under the predominance of the same elites, the private market-economy oriented middle strata, and ties them to the strata of the upper-middle and the marginalized, who hope that by excluding others (immigrants, “freeloaders”, etc.), they can improve their own position and receive state support. The new conservatism in Germany, France and Italy aims at winning over the threatened sectors of the wage dependents and traditional lower strata for such a market-liberal authoritarian alliance, the hallmark of which is economic nationalism oriented towards the core EU countries. Competing for the same group are also the representatives of a “folk-nationalist anti-capitalism” (see Kaindl 2007).

A solidarity-based middle-bottom alliance would orient itself above all towards the interests of three groups: (a) the middle strata active especially in the public sector, but also as self-employed workers; (b) workers threatened by neoliberal policies; and (c) those affected by declassing who are looking for solidarity-based solutions. They would need partners in that part of the political elites which, due to their anchoring in the state sector, wants to accommodate the general interest. This alliance would seek to tie together the various interests through entry projects of a social-ecological transformation.

Graph 2: Value Orientations and Possible Social Alliances



Transformatory projects

The situation of a structurally conservative individualization of defensive struggles can only be overcome by means of a common goal perspective which can provide all in common with better opportunities – be it greater social security, new development opportunities, or social advancement. Wolfgang Fritz Haug writes, with reference to Gramsci, “A class formation is ‘historically progressive’ thanks to its historical ‘productivity’, i.e., its life prospects thanks to the expansivity of a concrete political-economic regime which it supports, thanks to which ‘it advances all of society by not only satisfying existential requirements, but enlarges its leadership by the continual occupation of new industrial-productive areas of activity,’ and thus feeds the credible expectations of individual life perspectives.”¹⁵ In the following, I will very briefly examine several such approaches.

They are not representative of the entirety of the left, but they refer to new developments which differ considerably from those after 2005.¹⁶ The common origin of these concepts was the 2009 Bundestag elections, and the efforts to introduce alternative positions into the discussion.

¹⁵ Haug, Wolfgang Fritz: Hegemonie. In: HKWM, Vol. 6/I, pp. 14-15.

¹⁶ Cf. On the position at that time: Michael Brie: Segeln gegen den Wind. Bedingungen eines politischen Richtungswechsels in Deutschland [Sailing against the wind. Conditions of a political change of direction in Germany]. In: Michael Brie; Cornelia Hildebrandt; Meinhard Meuche-Mäker: *DIE LINKE. Wohin verändert sie die Republik?* [The Left Party. In which direction will it change the republic?] Berlin 2007, pp. 259 – 318.

Table 2: Comparison of different scenarios of economic development “Business as usual” vs. a “policy of social growth” Key figures for the basic scenario and for the “social growth” scenario

| | Basic figures 2008 | Basic scenario 2020 | “Social growth” scenario 2020 |
|---|--------------------|---------------------|-------------------------------|
| Per capita GDP, in thousand €* | 29.5 | 34.3 | 37.9 |
| Productivity per hour, in thousand €* | 52.0 | 67.8 | 83.5 |
| Employees in thousands | 40,424 | 37,487 | 42,116 |
| Effective annual working hours per employee, in h | 1,318 | 1,309 | 1,064 |
| Employees in social-insurance-paying jobs, in thousands | 28,579 | 24,340 | 30,522 |
| Unemployment rate, in % | 7.6 | 9.3 | 1.3 |
| Real domestic demand, in billion €* | 2,157 | 2,414 | 2,760 |
| Private consumption per capita, in thousand €* | 15.7 | 17.8 | 19.8 |
| Real government demand, in billion €* | 419 | 488 | 547 |
| Net export rate, in % | 9.9 | 11.2 | 8.3 |
| Wage rate, non-adjusted, in% | 66.8 | 60.6 | 67.6 |
| Real net annual wage, in thousand €* | 16.1 | 17.0 | 21.0 |
| Income share of the poorest fifth, in % | 8.8 | 8.1 | 10.3 |
| Income share of the richest fifth, in % | 37.0 | 38.6 | 35.2 |
| Government expenditure ratio in % | 39.1 | 36.6 | 36.3 |
| Aggregate social rate in % | 38.4 | 42.4 | 33.2 |

*1995 prices, Source: Bartsch, K. et al. (2009)

Let us take as an example the strategy “Germany 2020” developed by the SPD-associated Friedrich Ebert Foundation before the parliamentary elections. It is based on the approach of “social growth”, which is counterposed to neo-liberal growth policy, and is supposed to combine sustainability and justice. Securing demand and increasing productivity are central, but they are to be designed completely anew. This model too is built on four columns:

Increased productivity through investment in education; free and universal qualified child care; special support for people with immigrant backgrounds; above average public investment, etc.;

Increased employment by massive expansion of a strong public and private service sector with high qualifications, particularly in the areas of education and health; active labour market policies, and steps for improved compatibility of work and family life, etc.;

Ensuring domestic demand by a more just distribution of income and an expansionist financial policy by the ECB, and a tax and wage policy coordinated at the European level;

Improvement in distribution by adjusting pay to match productivity increases, and a growing wage share based on high employment, adequate minimum wages and tax relief for lower incomes.¹⁷

This concept is also methodologically interesting in that it counterposes the “basic scenario” to a “social growth” scenario, and arrives at the conclusion that the considerably higher growth rate engendered by the social reorientation of economic policy should make possible a very low unemployment rate, a balanced national budget and considerably greater participation of the poorer sectors in prosperity, with shorter

¹⁷ Eine soziale Zukunft für Deutschland. Strategische Optionen für mehr Wohlstand für alle [A social future for Germany. Strategic options for greater prosperity for all], *Wiso Diskurs*, FES, February 2009.

work weeks (Table 1). The horror scenarios of the collapse of the social security systems is continued *ad absurdum*, since social growth would also lead to a lower social insurance rates, even with improved output. While the lower and middle strata would profit to an above average degree from such social growth, the upper twenty per cent, too, would not be negatively affected, thanks to the overall increase in income.

The common key elements of these and other strategies of left forces in Germany are (albeit with differing weightings):

- the centrality of socio-ecological reconstruction
- the development of a highly qualified service sector with strong public funding in the areas of education, health care and old-age care
- the strengthening of the codetermination by the state and by staff in business enterprises (economic democracy)
- the strict regulation of the financial markets, their subordination to the real economy, and the strengthening of public financial institutions, as well as a massive redistribution from top to bottom and from the private to the public sector
- an orientation towards employees in the industrial and especially the service sectors, and towards disadvantaged societal groups, such as young people, the unemployed, pensioners and people of immigrant background, and also towards the sectors of an ecological transformation and information society.

All these approaches assume that the result will be a different model of development which can overcome the present scarcity of resources for social and ecological tasks and for global solidarity. These are conceptions of the expansion of economic efficiency in the area of services and resource productivity, particularly on the basis of socio ecological transformation. The implementation of these concepts requires *first*, a willingness to accept a relatively high level of national debt, so as to be able to initiate and consolidate the reconstruction process, and to rea-

lize rapid social effects. Only in this way can the social basis for such a transformation be secured. Like the New Deal or neo-liberalism, the socio-ecological transformation will have to write an uncovered cheque on the future for its initial phase. *Second*, tough intervention in the relations of distribution is inevitable – both for financial reasons and out of consideration for legitimacy and justice. Wage levels in Germany must be rapidly raised by concerted action, primarily in the service sector and for the lower wage groups, and excess fortunes made accessible to the public good by a moderate level of expropriation (“millionaires’ tax”, “death duty”, etc.), and an effective restriction on speculative transactions. The enormous economic, political and cultural influence of the financial elite and the rich must be overcome. *Third*, the coordination of economic and social policy, and of tax and wage policy, would be necessary, at least within the European Union and especially between France and Germany. Corridors should be created to compensate for imbalances of exports over imports, bind social payments to the development standard – a higher standard would mandate the expansion of the welfare state – and link wages to a country’s relative productivity. The Europe of negatives, of mere market integration,¹⁸ is at an end. It has become obvious that the European Union cannot be had without an economic, social and environmental union. *Fourth*, the left must talk about the enormous possibilities which a socio-ecological reconstruction would provide for living together in solidarity and for an emancipative way of life. Producing differently and living differently must stop being a threat, and become a hope. The real scandal is that we live beneath our human potential, that we constrict new technological and cultural potentials through the market and through consumerism. Today’s wealth condemns many to poverty and impoverishes humanity – through bad jobs, relationships without solidarity, the compulsion of the market, exclusion and precarity.

¹⁸ Karrass, Anne; Schmidt, Ingo; Huffscheid, Jörg; Deppe, Frank: *Europa: lieber sozial als neoliberal*. Hamburg [Europe: rather social than neoliberal], 2004.

During this second act of the crisis, there are a number of entry projects¹⁹ which permit social and political protagonists to re-define their interests in the light of a possible new development path. A concrete alternative space is created, without which no real transformation is possible. But this space will remain only an abstract possibility, unless there is a fulfilment option. Only with the power to organize this space will a centre be created to which the various protagonists can refer.

Cooperation capable left protagonists, a realistic power option, and broad democratic movements

The trade unions and the social and political forces are dependent on a twin strategy of measured conflict and cooperation with the rulers, as long as no other option is recognizable. Protest and arrangement, all the way to participation and subordination, are unavoidable, if no change of direction seems possible. The gap between radicalism and political realism is widening. One and the same organizations follow contrary approaches in an almost schizophrenic way. Mobilization “from below” runs up against narrow limits, beyond such single actions as demonstrations against cuts in the social system or the G8 summits. Apart from the modest subcultures of convinced activists, which are held together by a high level of internal group dynamics, the willingness to act is determined by short-term indignation and recognizable chances of success. The potential available in Germany for the rejection of neo-liberal policies is therefore being unleashed only to a limited extent, due to the fact that the traditions of public protest are particularly weak here, and there are hardly any positive experiences. The “long march through the institutions” is the main path to political change in this country, and has at the same time repeatedly proved to be a dead end. Violence can emerge from such frustration.

¹⁹ On the concept of the initial projects, cf. Brangsch, Lutz: “Der Unterschied liegt nicht im Was, wohl aber in dem Wie”. Einstiegsprojekte als Problem von Zielen und Mitteln im Handeln linker Bewegungen [“The difference is not in the what, but in the how.” Initial projects as a problem of ends and means in the action of left movements], In: Brie, Michael (ed.): Op. cit. 2009, pp. 39 - 52.

Extra-parliamentary protest can only be effective if it changes the conditions of the protagonists within the political system, and be it as a credible threat of the strengthening of competitors, or of being voted out. There is thus no either-or alternative – extra-parliamentary or parliamentary; rather, there is only the question of designing it, of the *how*. As Albrecht von Lucke has formulated it: “One thing is certain: Without a perspective of formulation – which ultimately means an orientation towards government – voters who are actually sympathetic and potential coalition partners will succumb to the enticement of power. ... Without the connection of political ideas and concrete power options, the left wing faces political insignificance as a result of a structural inability to govern. That would spell the definite end of the social-democratic century.”²⁰ Power options are always *also* governmental options. Especially when basic change and a change of direction in politics is at issue, the problem arises as to who is to bear the costs of such a transformation, including the costs of overcoming the resistance against such change. Only rarely are there privileged protagonists who are both powerful enough and have enough material interest in radical change that they are willing to bear these costs alone. Institutional reforms require the state to distribute the costs of a transformation broadly, and at the same time make long-term binding decisions towards which the behaviour of protagonists can permanently reorient itself. Even policies of “destructuring the state”²¹ presuppose a state as the instance which defines the line between state and society.

Cautious attempts are emerging from various quarters to explore the opportunities for an opening of the political agenda. Political crossover projects between parties are becoming popular, but are still far removed from options for political power. Trade unions and social movements are continually trying to test the reaction to a policy of resistance. The anti-nuke

²⁰ Albrecht von Lucke: Europa und die Krise der Linken [Europe and the Crisis of the Left], In: Blätter für deutsche und internationale Politik, No. 7/2009 (<http://www.linksnet.de/de/artikel/24780>).

²¹ *Entstaatlichung*: lit: “de-state-ization”; usually, it means “de-nationalization”, but here, it refers more to pushing back the state in favour of grassroots self-organization, rather than capitalist ownership.

issue has demonstrated the mass support that can be mobilized for extra-parliamentary protest, if it can be seen to be able to influence policy effectively. What has not yet emerged however, is any broad, mutually reinforcing movement of movements. The interaction of party politics, trade unions, social initiatives and citizens has yet to become a common “Yes we can!” A social and democratic hegemony is possible, but not all the necessary conditions for it are yet present.

The centre-left governments of the last ten or fifteen years were by and large governments based on neo-liberalism and financial market capitalism. To some extent, they tried to soften its effects – and were thus the “lesser evil” – or they endeavoured to slow down the policy of neo-liberalism. To some extent however, they became the virtual engines of the perfection of financial market capitalism. It was precisely then that they (1) inevitably undermined their own social base; (2) carried out projects which were in fundamental contradiction to the values of equality and social justice, as well as, often, of peace; and (3) split the left deeply and durably.

To the extent that the third act of the crisis is ripening, and that it is becoming inevitable that the course be set, the possibility of a new and different type of government is also becoming possible – a *left* government. It should contribute to starting on the way to a really politics of social solidarity, ecology and peace, based on a different economic, social and societal policy. The contours of such a politics are getting ever clearer.

The forces of the fragmented left must make up their minds: Are they convinced that a different politics is really possible? Do they have the courage to back a true change of direction? Are they ready to do everything necessary to ensure that the social and political alliances required for that purpose can be forged? Do they have the determination to themselves pay the price for such alliances, and not to overtax partners? Can they find a basis for cooperation beyond the “lowest common denominator”?²² After twenty years of an unbridled, destructive financial market capitalism, now is the time: *Hic Rhodus, hic salta!*

²² Cf. Michael Brie: Jenseits des kleinsten gemeinsamen Nenners [Beyond the lowest common denominator], In: *Neue Gesellschaft - Frankfurter Hefte*, no. 4/2010, pp. 46 – 48.

THE “CORRELATION OF FORCES” AS A CENTRAL ISSUE FOR THE LEFT IN GOVERNMENT

IOLE ILÍADA²³

This text seeks to recapture some of the general observations made during the seminar titled “The Left in Government: A Strategic Project?” hosted by the Rosa Luxemburg Foundation in Brussels in May 2009. There was one underlying question that seemed to come up in all the debates throughout the seminar: Under which circumstances is it worthwhile for left political forces – which do not only wish to administer, but also to overcome capitalism – to participate in government? Looking at the multiple circumstances of each country where there is a presence of the left in government, each process has its own peculiarities. Hence, an initial approach to this question should lead us to the following conclusion: We need to make a case by case analysis of the situation. However, we should not content ourselves with this answer because it could mean relinquishing the opportunity to identify more general categories of analysis, which are necessary if we want to interpret the political phenomena and use this understanding in order to map out a strategy for the transformation of society.

Therefore I suggest the category *correlation of forces* or simply “relation of forces” as a reference to the question posed. I will make use of the former expression because it has been consecrated in political writings, in particular in Latin America.

In terms of political thought, one of the interesting approaches regarding this question is the one offered by Antonio Gramsci, for whom, of course, given his Marxist affiliation, the idea of correlation of forces (or *rapporti di forze*) is linked to the idea of *class struggle*. This is also the

²³ PhD in geography, Director of Perseu Abramo Foundation (Brazil), responsible for international cooperation.

point of view adopted in this text as a reference. Hence, when we speak of “forces”, we refer to “forces of capital” on the one hand, and “forces of labour” on the other.

We observe that the concept has been widely used; nevertheless it is important to point out that this has been done with no great rigour. For instance, the use of the expression an “unfavourable correlation of forces” has become commonly used as a justification for the incapability to bring about more profound advances and transformations in society. On the other hand, in particular in Latin America – given the recent rise of left forces in that region – sometimes people fall into the trap of labelling any progressive change a “change in the correlation of forces” – while otherwise, that expression is hardly used, and if so, only with reference to the electoral/ parliamentary correlation of political blocks, so that one part is used to refer to the whole.

Such formulations, undoubtedly, can lead to serious mistakes.

In the first case, if it is true that every political action has to be considered in the current phase of the correlation of forces, the mistake is to take something for granted that by definition is dynamic, a process, and not taking into account that when talking about a *relation*, it is evident that the left is not a mere spectator, but rather a part of this conflict of forces. Therefore, its actions are crucial to the final outcome of the “correlation”.

With regard to the generalized use of this expression when referring to any form of progress, there is the risk of believing that the simple improvement of the living conditions of workers – or an increase in the number of voters for progressive parties – is already a sign that the left is winning the struggle, and hence also fulfilling its role.

It is therefore worth recalling that according to Gramscian thought, which we referred to above, changing the correlation of forces means removing the bourgeoisie as the hegemonic and dominant class in favour of all workers. In other words, transferring power – in its varied forms: political, economic, cultural etc. – to the working class. We do not seek to think of a change of the correlation of forces which will gradually lead us from capitalism to socialism, but rather of a process

of the *accumulation of forces*, which at some point in time will make possible the desired rupture.

After clarifying the basics, we can now return to the initial question regarding the participation of the left in government with the following reformulation: is it possible to change the correlation of forces in favour of the working class through the presence of the left in governments? Is it possible to achieve this through an accumulation of forces to overcome capitalism?

In order to answer this question, which is by no means easy, let us take as an example the experiences of the Latin American left in governments, which have been very interesting and promising to date.

In general, taking into account the peculiarities of each case – how could it be otherwise – the victory of the left in these countries became possible in the wake of a crisis of the present neo-liberal model; when the adverse effects were no longer bearable for the working class and for sectors of the middle class – but even for some sectors of the bourgeoisie. In these cases, the existence of the institutionalized electoral processes – which always enjoyed societal support – coupled with a higher level of organization has been the means through which this dissatisfaction and discontent were expressed by those who were critical of the model and those who were capable of embodying the desire and necessity for change.

In all these cases, the left entered government via elections, but did not take power. This sentence is a good synthesis of the idea that even if these processes are the product of a small shift in the correlation of forces, the actual power – the productive system, the wealth, the media etc., as well as other important sectors of the state, still remained in capitalist hands. In addition, the victory came at a moment in time where the ideas of the left were far from being hegemonic in these societies.

Analyzing the experiences of the Latin American left in governments, it is undeniable that there were significant changes. Almost all these processes improved the living conditions of the working class and led, at least in theory, to the strengthening of their organization.

Social segments previously excluded from political life have become autonomous political subjects again. The circles in which democracy is exercised has become broader, creating new forms of participation and of expressing “opinion and will”, to use a term so popular with theorists of democracy.

In all these cases, the left and progressive forces faced a fierce and aggressive opposition capable of resorting to coups d'état, to attempts to divide the national territory, to electoral rigging, and if this were not possible, to resort to the media at their disposal in order to destabilize and defeat these governments.

We undoubtedly face a process where social forces oppose the political and economic direction that these societies are pursuing. It is undeniable that the presence of the Latin American left in governments has helped to counter the power of the dominant class in this intense interplay of forces.

On the other hand, we must note that the concentration of this power in the hands of the dominant classes has hardly changed. With variations from one country to another – in fact, all these generic considerations acknowledge that there are important nuances from one country to the other – it is imperative to realize that those who control financial capital, production, the land, the media, knowledge and science have in effect maintained their dominance, and even possibly increased it. From a structural point of view, these societies have not changed profoundly.

But the effective transfer of power is important for the workers, because as we well know, the presence of the left in governments via elections, as much as we want the presence to last, is always a transitional experience. It is necessary to make sure that these changes are turned into structural transformations difficult to be reversed by the right-wing governments, which may succeed us. However, it is even more important to broaden and expand consciousness, organising capacity, social interventions and the labour struggle. In this way the aforementioned accumulation of forces becomes possible, and could, at some point, bring about a rupture with the dominant system.

Let us get back to Latin America: The problem is that the important advances that have been acknowledged, as well as the lack of more structural changes, are more a matter of perception than of analytical conclusion. Obviously, there is data supporting both conclusions – either a very positive and optimistic evaluation, or a negative and pessimistic analysis. However, this data has not even been systematized, nor are there very precise studies or analyses showing the real impacts that such processes have had on Latin American societies; bearing in mind that such analysis always need to consider the starting point or rather the existing correlation of forces vis-à-vis the presence of the left in government.

This *lack* of analysis exists partly because the left, in its experience vis-à-vis these governments, had to give concrete answers to concrete problems, whereby the empirical method has prevailed. However, it is also due to the fact that these processes are fairly recent, if viewed from a historic point of view. For a theorist, it is always more difficult to capture an object in motion, whose form and consequences are continuously changing before one's eyes. In addition, it is important to consider that the definition of a real correlation of forces is in itself difficult and complex, and involves an integrated analysis of a number of aspects, which in turn include a large number of variables. Among them, we cite the analysis of classes and their factions, their social and political organizations, the functioning of the state, including its various aspects, the general economic and social situation etc. But whatever the reasons may be, it is a problem that we have to face. The comprehension of these processes, their advances and limitations, their challenges and opportunities, their obstacles and origins, is essential to turning this historic experience into a successful accumulation of forces, as mentioned above.

This of course also holds true for the European left. By the way, in as much as it is possible to change the correlation of forces within each country, it will be difficult to win the struggle if it remains isolated. This process can only advance if the solidarity, the support and above all, the *articulation and integration* of the left and progressive forces as well as that of their governments and states become ever broader.

Returning to our initial question: Under which circumstances is it worthwhile for the left to be in power?

We could respond by saying that it is worthwhile to be in government if the left is capable of using its presence as a way of shifting the correlation of forces for the benefit of the workers. The problem is that this effect can only be realized *a posteriori*. Therefore, when the historic opportunity for the left arises to be in government, it should not hesitate or reject such a task. We must rise to this challenge, as has been justified to a large extent by the Latin American left in governments.

PROCESSES OF SOCIAL PARTICIPATION ASSOCIATED WITH THE NEW INTERNATIONAL FINANCIAL ARCHITECTURE

PEDRO PÁEZ PÉREZ²⁴

In the context of this structural crisis, to talk about social participation leads us to a key point: the role of political praxis in creating the historical subject within the scope of this systemic crisis of capitalism.

I would like to start by stressing that this one is not merely a financial crisis. What we are experiencing today is a confluence of various crises within the scope of a structural crisis of the capitalist mode of production. As events unfold, the issue of moral guidance in this process is of utmost importance. That is why we have to be very careful and think twice about executing a mere defensive and “balanced” policy. It is crucial to take initiative and to build a social reference as alternative to the frustration and rage of the people when it comes to create a historical subject, because at a political level there are real objective and subjective elements capable of turning this crisis from structural into a systemic crisis. Hence, it is vital to stop the oligarchic agenda and to reverse this ongoing concentration of power, currently prevailing upon the basis of the process of concentration and centralization of capital, which, indeed, has already seen an exponential pace of growth over the last centuries, but that with this crisis, that pace has truly reached exorbitant levels.

Recently, Forbes Magazine published an article about the list of the world’s billionaires: over the last year, not only has the number of people who have more than a billion dollars increased by 30%, but also the list of the world’s billionaires, which is not exhaustive, shows that the

²⁴ Pedro Paéz Perez, plenipotentiary representative of the Government of Ecuador in topics related to the new financial architecture and President of the Technical Presidential Commission for the Ecuadorian Proposal for a new regional financial architecture.

control over the financial activities held by this group of wealthy people has tripled. Over the same period of time, millions of people have lost their jobs, especially in the North. Meanwhile, in the South the majority of people do not even have the privilege of having a formal job in the first place: such circumstances do not only put their employment situation at risk, but also their basic living conditions, which are already precarious. Despite excellent scientific and technological advances, there are still millions of people suffering from serious food insecurity. According to FAO, since the outbreak of the financial crisis one and a half years ago, around 200 million more people joined the number of those already suffering from hunger. Then, beyond the official narratives and the popularized interpretations, the explosion of the crisis and the actions undertaken to “solve” it have worsened the conditions of vulnerability of billions of people, while rewarding the richest segments of the society, most of whom directly responsible of the corruption and incompetence in the financial operations that conducted the whole world to a dead-end road.

In this framework of accelerated social polarization, it is vital to identify the crisis as a class instrument, as a mechanism seeking to reduce the power of individuals, communities, and nations to a situation of powerlessness: with the threat of hunger, the notions of national and popular sovereignty take other dimensions. The fiscal, currency and banking crises, to varying degrees and extent, intensify this powerlessness also under different horizons of precarity.

A fundamental part of creating the historical subject is to empower and to emancipate the individuals and, in doing so, the left has to recover the banners of freedom and the decision-making power for the individual. We need to rescue the role of the individual in history, in its collective dimension as a component of a historical subject, and within the scope of a national construction that goes far beyond the role of the small nation state and which points to another vision of the regions seeking to build a multi-polar world.

The horizon of a multi-polar world requires the strengthening and redefining of the ongoing regional integration experiences in the framework

of a system of nation-states that has become dysfunctional to the oligarchic interest in the perspective of this structural crisis. Now, it is fundamental to garner political accumulation from the territories and the communities. This, however, is not only limited to the issue of “sovereignty” as it often tends to be the case in discussions here in Europe. Quite the contrary, the issue of regaining the nations’ capacity to act has to be addressed not only from the perspective of building a “Patria Grande”, like in Latin America; but also from the perspective of rebuilding the concept of power from the territories and communities, or from what we would call supranational sovereignty, national sovereignty, sub-national sovereignty, popular sovereignty – basically everything as part of a coherent process of accumulation of power from below. The challenge is to develop a national guidance of this process based on assuming initiative in the short, medium and long-term which will enable the empowerment of the progressive forces, but not based on the traditional view of the political spectrum with its linear view of the structure of politics (this is how close we are to neighbouring parties of the centre). In this logic of linear geometry from right to left, we would already be conditioned by these formal proximities in the alliances.

I believe the crisis opens up enormous opportunities towards the articulation of different form of coalitions – not necessarily electoral but programmatic – which will allow us to break free from these types of restrictions we are prisoners of, and with which will define precisely how to block the oligarchic agenda that is currently expanding.

I think it has been mentioned a few times; or it has been referred to implicitly in the presentations: This crisis of civilisation we are experiencing now, just like the crisis in the nineteen thirties, places us at a historic crossroad. It did so back then because among the projects that were on the agenda was the project of social regression. Today – due to the confluence of various types of crises – this could prove even more dangerous.

The solution to the structural crisis back then was eventually brought about by the victory of the antifascist forces as a whole. In the North this

paved the way for the thirty glorious years of capitalism brought about by the Social Democratic Pact here in Europe and the New Deal in the United States, as well as the socialist bloc in the East and the national popular processes and national liberation processes in the periphery. Behind these events were issues that need to be addressed today as well.

We are not talking about a mere political issue, but we are also talking about the significance of having a governance combining politics and economics, but always from a perspective that favours the articulation of forces. Hence, it is important to have a resolute programme, which permits assuming initiative, while at the same time turning the progressive forces into a reference of a process of distinct political consolidation that will mark the process of popular construction. This process of empowerment, in the short, medium and long-term should allow blocking the neo-fascist project (the obscurantist project) and its attempts to revert the advance of the popular conquests. This also requires – beyond good will on our part – that we focus our work not merely on the objective forces, but also on the subjective forces in which our social actors operate.

That being said, I think it is crucial to grasp the current crisis in a responsible manner and without compromise as a systemic one. We are experiencing an exacerbation of the mercantile fetish, understood by Marx as alienation: the presence of the market as a monster acting as an external agent disconnected and independent from human volition. The current crisis, which was induced by the process of concentration and centralisation of capital also implies a centralisation of power that reduces humankind to a state of indefensiveness and powerlessness at the very moment when major and preventable events are presented to us as being a circumstance that is absolutely alien and immune to human volition, inescapable, inexorable, natural ...

We need to de-fetish the crisis by adopting everyday political actions. And even though – within the destructive explosion we are currently witnessing – there are various long-term mechanisms put in place which do not exclusively cater to the special interests of one group or the other. The logic is still, however, that those actors holding political,

economic and ideological power profit from this crisis. While it is crucial to study the crisis of capitalism in its most profound theoretical dimensions, we also need to analyse and understand the capitalism of crisis: How is capitalism fares in these difficult economic, financial and political times?

Part of the progressive political action is to spread the necessary social pedagogy so as to uncover that unemployment and adjustment policies are not mere natural phenomena affecting all of us equally, without anybody's fault, just like an earthquake or flood catastrophe. It is crucial to place responsibilities in the hands of the powerful groups and denounce the logic of capital against life in this historical phase.

The wave of speculative attacks which we are currently witnessing in Europe (if you recall, we warned of this in our meeting last year) does not only form part of the technical conditioning of the mismanagement of public funds, but it is also related to specific economic, financial and political agendas embroiled in a bloody struggle within the global bloc of power.

It is very important to note that there is a very complex set of new circumstances and impasses emerging from the crisis which does not only point to a slowdown in the usual rhythm of the production processes and the accumulation process of goods, but also puts into question the process of re-productive significance: The crisis marks a unique opportunity to break with the criteria which have until now been perceived as "normal" in terms of rationality. Based on this perspective, taking into account the objective and subjective conditions of the actors, the left can start preparing a contra-hegemonic proposal, assume moral guidance of the process and also initiate the possible beginning of a new historic bloc.

There are no processes without historical subjects. It is very important in this context, in particular for Latin America, to understand the dialectics between "originating" accumulation (put it in the gerund, not only primitive or original accumulation, or accumulation by dispossession) and "ordinary" accumulation of capital. In contrast to the primitive accu-

mulation – understood as a fact in the past, frozen in time, the “originating” accumulation constantly reinvents itself in the center, the periphery and the semi-periphery, although in differentiated ways. It is a sequential expropriation-reinstallation process of production conditions that are ever more precarious for the labour power without any other possibilities of self-sustain. The “originating” accumulation also includes what authors such as David Harvey refer to as accumulation by dispossession, operating in more widespread conditions precisely because of the process of the degradation of civilisation, which marks the current crisis in the senile phase of capitalism, in which not only the economic but also the political impacts of this process become evident – as I have already pointed out earlier.

The dialectic tension between this form of accumulation (“originating” accumulation) and the normal accumulation of capital (“ordinary” accumulation) defines historical structural limitations to the processes of creating a citizenship and the Hegel-Weber promise of a state as an expression of rationality- expression of a collective will.

The incapacity of capital to become in the periphery the predominant quantitative productive form (and not only the dominant mode of production) marks the limit in the reproduction of the historical subjects in terms of objective and subjective aspects, and constitutes obstacles to the capacity of introjecting the rationality of power.

Within the historic framework of an ever growing, widespread and problematic awakening of the peoples of the planet, the formation of culture more or less under the hegemony of the global North – where in its womb the canon of reality should not oppose, at least as a promise, these limitations of the periphery – establishes a set of universal values that clash with the realities and tendencies of the vast majority of humankind.

Based on these structural limitations of particular geographic definitions conceived according to the visions of the peoples, their frustrations and their de-legitimisation, there are at least two key and timely factors that are operating with intensity today:

One is the ever growing prevalence of human mobility, migration flows and transnational families; unfortunately I cannot delve into this here today. However, it defines a very concrete dynamic of comparisons, generalisations and expectations that are complex in terms of substance.

Secondly, the structural crisis itself.

The conquests of civilisation propelled by the capital and which Marx and Engels praised over in the Communist Manifesto have now started to disobey the logic of the accumulation of capital and the structuring reality of the concentration of power; something we are currently witnessing and being victimized by. There is a tremendous concentration of power and therefore the speculation/war-profiteer agenda of these mafias, which are part of the political reality as well as of the structural impasse of capitalism, become ever more prevalent in terms of time and space.

Due to the structural crisis, there is a relatively sudden need to change what is perceived as “justifiable”, “normal” behaviour of power, which causes the mechanism of social legitimisation to lose power.

Facing the crisis of profitability at the core of the productive capital which has been evident since the sixties, the financilisation and globalisation that were offered as solutions mark a shift in the fundamental logic of accumulation towards circulation and short-termism, which has already posed enormous challenges in social control.

The financial explosion about two years ago marks an even more profound impasse regarding these possibilities of profitability, known as “real economy”. The fundamental mechanisms to improve the profit rate of the high finance – of the effective structures of power found at the peak of the system – are characterised by specific bouts of speculative bubbles, rip-offs and war bouts, which need distortions by the media, interventions in mass sociology and all different types of extreme actions to make it pass as “permissible” (read Naomi Klein).

There are clear priorities for political action today that have tactical as well as strategic impacts:

- War is always an easy and profitable business for them. Therefore, it is fundamental to organise the progressive political forces in such a way so as to block this agenda of hegemonic power surrounding these concrete possibilities of unpredictable dynamics.
- The economic pressures have played a very efficient role in disciplining the masses and therefore the construction of an anti-hegemonic culture arising from the progressive forces does indeed need to offer immediate solutions, and in the long-term also viable solutions vis-à-vis the crisis, like a civilizing imperative which breaks with the new framework of “impossibilities” which become generally accepted.

It is very important that we do rise up to this challenge that is theoretic as well as operative in nature. In contrast to the theories of classic imperialism, there are a number of macro-economic and financial manipulations that have not been sufficiently analysed, neither in the field of economics nor in critical or heterodox literature, not to mention in the orthodox neo-classics.

We indeed have a systemic crisis and the alternative solutions to get out of the crisis are also systemic. There are stumbling blocks that can inevitably be felt by the way the system works in certain moments in time. In “normal” times all the “cogs in the wheel” of the system (objective and subjective) are running smoothly and unfettered. But in times of systemic crisis blocking and clogging occurs that is increasingly hard to mend, in objective as well as subjective terms. If we manage to channel social and political energy towards these neuralgic points, in these stumbling blocks of the system, the possibility of bringing about change is much bigger than in “normal times”.

We need to engage once more with doctrinaire and theoretic rigour in the analysis of the capitalist mode of production, not only as a productive mode (in that sense, the capitalist enterprises will have a long life)

but also as a criterion of totality, as an organizer and a systemic regulator of the global economy as a whole. This mode of production is currently stuck in a senile phase and a good part of the reforms which thirty or forty years ago could have been absorbed are now simply no longer compatible with the current power structure, or with the new need for exploitation – neither here in the North nor in the South.

Far beyond a bit of spark that was present in the discussions about the socialism of the twenty-first century, some of the reforms which were included in this perspective are those formulated by the Alliance for Progress, the World Bank in its early days, and the advanced positions of the right and the centre right in the sixties in Latin America. We are not trying to dogmatically infiltrate these possibilities, quite the contrary; we are trying to assess with all the theoretical rigour the potential these options bear for the articulation of the empowerment of the people and for the construction of popular, national and supranational sovereignty. We also explore other theories. We are trying to avoid encapsulating ourselves in any prefabricated model of socialism we deem desirable obtain.

Focusing on the reforms which tactically allow us to empower the people and strategically open up objective and subjective conditions to lead superior social struggles will enable us to advance the creation of the historical subject and reclaim the true role of the left in government coupled with the nurturing and construction of popular power, with the aim of regaining the capacity of individuals and communities to take decisions.

With this vision we can already overcome the limitations that come with measuring the left in government against pre-established recipes or parameters. It cannot be required as a rule, for example, for us to pin ourselves down to a certain position with regard to the processes of nationalisation. Starting with decision-making capacity, we need to find other considerations: the concrete analysis of the concrete situation and not widespread dogmas. We have a serious problem, to put it mildly, with a priori solutions.

For example, the significance of an efficient public bank that is guided by strategic objectives in the process of change must not be underestimated, and the call for public control of a bank that has received a bailout from the state is not to be undermined. That being said, it is still very risky to nationalise a bank that is in serious trouble (as has been done in Iceland). In some circumstances this nationalisation means taking on a gigantic debt and getting entangled in serious economic, political, and ideological problems, the consequences of which will thwart the interests of the people. The thesis of nationalisation has to be preceded by rendering priority to debt service mechanisms, the separation of the speculative part and the protection against bankruptcy for the productive process and employment.

I think it is very important to understand that at this historical junction, it is necessary to develop a programmatic agenda that includes tactical as well as strategic tasks so as to respond to the immediate political discussion and envision changes in the mode of regulation and the regime of accumulation, the mode of production and the mode of life.

Not only are we faced with a crisis of the capitalist mode of production, but we are also faced with a crisis of the mode of life: This is a concept of longer duration that forms part of the Latin American experience of countries such as Ecuador and Bolivia, where it is known as *Sumak Kawsay*: living in self-realisation (*vivir en plenitud*), living well (*el buen vivir*). This goes very much beyond the mere discussion about overcoming the mode of production: It is about a different kind of relation between humankind and nature and also about a different type of relation among human beings.

This is how serious the task is, when talking about reactivation policies within the framework of a new model of development and a new model of civilisation at the same time: We cannot subscribe to the illusion harboured by some sectors that we can change the mode of life without overcoming the dominant mode of production; this in turn is not possible without changing the regime of accumulation which defines it (in terms of priorities and rhythm of investment, distributive dynamics, divi-

sion of labour and articulation with other productive logics), and doing so implies reassessing the mode of regulation (a combination of economic policies and institutions) which makes this regime of accumulation viable.

The question now is how are we going to do this in the face of these concrete conditions? In answering this question, I would like to restrict myself to Latin America, which is the case I know the best. We have been prisoners of a historical matrix of dependency for 500 years in Latin America. This was aggravated by neoliberalism over the past thirty years, which has not only led to a rapid deterioration of the productive fabric, mostly build up in the context of the capitalist modernization but also to an institutional dismantling which has been at the heart of a transformation process of social actors who the progressive forces have to attend to.

I would like to briefly mention those monetary, financial and macroeconomic elements that do not usually form part of the progressive discourse.

The role of Latin America as a supplier of primary commodities based on an extractivist model, wherein labour power and nature are our only “comparative advantages”, was originated by the Borbonic reforms (and the Pombal reforms in the Portuguese case) dating from the eighteenth century, redefining – from a “British” idea of free trade – the international division of labour.

Even today, in economies that reached a diversified and dense productive potential, such as the Brazilian and at some point also the Argentinean and Mexican ones, the productive engine ultimately depends on and is shaped by the level of our international insertion on the basis of lowering labour and natural resources costs. The structural plunder committed against labour power and nature goes largely against the idea of an alternative model of development.

The nation-building endeavour explored alternative horizons including the political experiences that emanated from our liberators’ dreams of the continental project of the Patria Grande and the experience of Paraguay before the War of the Triple Alliance; and during the twentieth

century, the popular-national and democratic-revolutionary processes which, based on ISI (the import substitution industrialisation) found diverse expressions in the attempts of several countries of the continent (Vargas in Brazil, Perón in Argentina, Cárdenas in Mexico and even Chile during the Allende era). Historical proof shows that it is not technical elements or endogenous economic factors – as suggested by the specialised literature – which defined their limitations and failures, but rather political and military defeats which stifled them.

It is very important to reconsider these processes from a critical and rigorous perspective that is not constrained by conventional thinking imposed by the right and which will allow us to advance with concrete instruments so as to use the participation in the government again as part of the effort for creating the historical subject.

Assuming governance involves regaining the tools required to give back to the individuals, the communities and the nations the instruments and capacities to make decisions with regard to critical aspects. Among the defining factors of the “generation of impotence” there are processes, in hierarchical order, such as the erosion of monetary functions, financial transnationalisation, the transfer of traditional instruments towards the “automatism of the markets”, if not even the open surrendering of sovereignty, such as in the extreme case of the official dollarization.

The legacy of three decades of neoliberalism in Latin America is an exacerbation of the extractivist model for the supply of primary commodities, a higher dependency on differential rents and hence also a higher dependency on the reproduction of the dominant class on the basis of a rent-seeking strategy. Workers are pushed into an even more precarious situation; their role in the formal subsumption of labour under capital is ever so diminished; and therefore they are less involved in creating and building spaces of struggle, such as the trade unions (with important exceptions in Brasil and Argentina). In the unions the formation of the consciousness of the working class per se starts being dissolved at the hand of mechanisms emanating from everyday-life

that are stained by the culture of “Every man for himself!”, the omnipresent fierce competition, postmodernism and consumerism.

I would like to briefly show – without trying to be exhaustive – some figures which characterise the development of Latin America over the last decades. Many, including us in the left, have bought into the idea of the neoliberal mode of regulation offering a leap towards modernism and efficiency, because that is the model of entrepreneurs who will stimulate investment. In practice however, the statistics of ECLAC (CEPAL)²⁵ show that the rate of investment under the accumulation regime of ISI was between 25–30% of GDP. Due to the neoliberal governments and policies that were put in place by the nineteen eighties, profiting from the debt crisis, it dropped to 15–20%. This rate will only recover when progressive governments come to power.

The production slowdown and the de-industrialisation changed the material basis of the workers’ struggle by significantly reducing their participation in the generation of national revenue with escalating social effects marking a rise in indigence (15% since 1980) and poverty (34%), in absolute as well as in relative terms. This is only alleviated when progressive governments come to power later. Notwithstanding their efforts, the social programmes these governments implement continue to be largely ensnarled in direct transfer policies that remain within the same epistemological and operative framework defined by the World Bank.

The confluence of diminished investments in the production capacity, social polarization and a restriction of domestic markets, characterises a regime of accumulation that leads to more uncertainty, and therefore desperation and dependency on international markets. It is also responsible for the much poorer development of GDP, not only in terms of the historical average, but also with regard to its degree of volatility.

This is not idiosyncratic to Latin America. An global inventory conducted by the International Monetary Fund itself finds that there have been

²⁵ Economic Commission for Latin America and the Caribbean.

267 financial banking and balance of payments crises since the beginning of the era of neoliberalism. However, neoliberalism was sold to us as the model we so needed. Judged according to its own parameters, the regime of accumulation that was fuelled by neoliberal policies does not lead to an increase in growth or to the improvement of fiscal sustainability or the sustainability of the balance of payments. While ISI lead to a dependency with regard to capital goods and imported inputs and a frailty in the external sector, the regime of accumulation brought about by neoliberalism reproduces this frailty that is now, however, linked to the massive import of consumer goods and luxury articles.

The last decade has seen a recovery due to very favourable conditions presented by the continent's international terms of exchange – conditions that have never been recorded since statistical surveys were first conducted in Latin America more than a century ago. This explains to a large extent the accumulation of reserves, the reduction of external debt and the fiscal improvement in the region.

The role of the progressive governments of the continent needs to be redefined with respect to several nuances. The limitations and possibilities of these progressive governments within a structural context to create the historical subject also have to be reconsidered. We are directly put at risk by this new phase of the expanding crisis that now poses more serious threats. It is crucial for us to understand the ferocious and brusque nature of the newly emerging vectors of change, and to address them with due caution; taking them into account will help bring about a radical transformation in our political and economic agendas.

Let me kindly remind you that a year ago we had a similar meeting; and who would have thought back then that the Euro would be under such serious threat in such a short period of time. An adequate interpretation helped shape a swift response. It is probable that the next victim of the speculative attack is going to be Latin America, which hitherto has fared relatively well.

I insist, we do not only need to understand the crisis of capitalism, but also the capitalism of crisis.

The reduction in export markets in terms of price and quantity, which we already saw in the previous phase of the crisis, the credit crunch, the speculative bubbles which define a latent balance of payments crisis and a stronger anxiety regarding hard currency liquidity, is exacerbated in the current period by a qualitative dislocation of basic adjustment mechanisms of global markets: Above all, we see a distortion in the formation of commodity prices. Prices of our main commodities, such as crude oil, soy and copper have less and less to do with reproduction costs, but are increasingly subject to stock-market speculation.

On the other hand, we have the metastasis of the basic vectors of structural insolvency of the financial system. Apart from the nominal inflation of financial assets linked to real estate at the centre of the system, we now also see its dispersion into other areas and instruments as well as an ever increasing destruction of the basic mechanisms for the generation of revenues: reductions in real wages, employment and public spending.

There are also new elements that make the global situation very vulnerable and fragile; their full scale has not yet become visible. However they increase incentives for speculative attacks against attractive assets and siphoning out mechanisms that facilitate wealth distribution from the subsidiaries to the parent company in transnational corporations (be very careful with the Spanish flu!).

This has adverse effects for the recovery of internal credit; it affects the animal spirits of entrepreneurs, which tend to increasingly make use of defensive strategies instead of making long-term investments, which could help boost production and employment. Given the potential convergence of these elements, the robustness of the banks could be called into question, which in turn often gives rise to speculation, short-termism and predatory behaviour on the part of large financial groups inside and outside of the continent.

Even though they have only a minor impact, these elements exacerbate the extractivist model for the supply of primary exports. Whether progressive or not, from the government we all have to look after the soundness of our currency which assures macroeconomic-financial stability and external viability is key in that sense. With the current deregulation in the exchange rate markets, hard currency shortage is the splendid occasion for speculative attacks.

The dollar dependency, then, is a key factor for our under-development. In order to maintain the dollar inflows, our “comparative advantage” it is indispensable, and in order to “improve” it, we need to keep the wage costs and natural costs low. But even in the short-term, the depredation of labour power, biodiversity, and ecosystems will not prevent but rather aggravate the latent conditions of a possible financial and economic crisis on the continent.

These reflections are an invitation to discuss the electoral calendars in Latin America, Europe, and the United States and establish programmatic lines that include but also transcend them.

In the light of all these circumstances, the progressive governments in Latin America are faced with a potential and sudden deterioration in their capacities to act effectively. As a further possible consequence, a big question mark also hangs over the process of integration, which contrary to the European case, in which supranational sovereignty grow at expenses of the national one, in Latin America determines the capacities of each nation- state to act within the limits of their own borders.

Far beyond the important progresses made in the field of politics and institutions, the field of economics, the current schemes of integration have been whittled down to the conventional framework of tariff policies and continue to be extremely weak; because part of the countries are tied to extra-regional free trade agreements which have undermined the possibility of a common external tariff. And this is happening amidst growing pressure for bigger concessions in the negotiations with the European Union and within the World Trade Organization. Suffice to show the impact of a “market correction” (within the framework of ex-

change rate wars) of the Brazilian Real on the productive apparatus of Argentina, the stability of the Argentine government, the continuity of the progressive processes in that country, and the possible domino effect it has on the rest of UNASUR (Venezuela, Colombia, etc.).

The crisis can be turned into a powerful weapon to reduce nation-states, governments and individuals to a state of powerlessness. From this perspective, the New Financial Architecture appears to be a necessary, minimal and insufficient condition to defend ourselves and guarantee the basics: creating the conditions for a response on the part of individuals, communities and nations.

A global proposal is needed with regional and national contents. One cannot speak of a Global Financial Architecture and a New Regional Financial Architecture without also speaking about a productive transformation which requires a New Domestic Financial Architecture in order to create a new type of economic policy. Paraphrasing the thesis 11 on Feuerbach, as other colleagues have done, we would in this case say that it's not about taking over the government but transforming it.

The technical challenges of the economic policy in Latin America have to guarantee the dynamic coherence of the mode of regulation so as to strengthen the viability and the sustainability of a regime of accumulation that in the long-run moves away from primary exports and in this way empowers people, giving them back their decision-making power. Only a mode of regulation focused on capacity building is able to promote development. This means that a series of institutions and policies are needed to strengthen the articulation between private capital, the de-privatised and non-corporatist state and the Popular Economy in all its diversity. The New Financial Architecture would be instrumental in achieving this by establishing a new relationship between the financial system and the productive system, be it big or small, capitalist or not capitalist. Based on this, a re-negotiation of the international division of labour and the general patterns of the generation and distribution of revenue would eventually become feasible.

It is important to break with the monopoly of global liquidity held by Wall Street and the US "Federal Reserve", who finance multi-billion dollar bailouts for banks, the expansion of the wars in Iraq, Afghanistan, Pakistan and other countries as well as the fourth fleet in Latin America, the seven military bases and the deployment of US troops to the national bases of various countries of the region. Obtaining the issue of annual Special Drawing Rights (SDR) without conditions, as has been achieved by the G192 and the "emerging economies" in 2009, can help redirect this liquidity towards new mechanisms of South-South cooperation based on regional agreements such as ours in Latin America, and it would also pave the way for a new type of North-South relations.

Without entering into details, suffice to give you the gist of a global proposal for a New Regional Financial Architecture that is to rearrange and de-concentrate the uni-polar power structure of the old institutional architecture that still prevails. Reflecting the economic, cultural and historic conditions of each situation, these regional bloc agreements would include a new type of a development bank which sets out another set of priorities focusing on the logic of life instead of the logic of international financial capital. Such priorities are sovereignty in the field of food, healthcare provision, energy, production of knowledge, the financing of the popular economy in all its diversity so as to provide decent jobs for people. This proposal is steered towards generating options and conditions so that this social and productive energy can unfold all its potential. In contrast to the demands made by transnational financial capital for big profits in very short periods of time, our focus will be on other forms of community participation favouring a family economy and popular economy. The Bank of the South is the beacon of hope for South America in this context.

A second component includes the creation of a space of monetary and regional financial sovereignty linking the surplus regional currency to "real" direct transactions via the payment compensation schemes that value the work and the production of the people via a balanced exchange, far from the primary object of today's key currencies: specula-

tion. The most innovative project in Latin America in this context is SUCRE (Unified System for Regional Compensation)²⁶, an instrument already used in commercial exchanges between members of ALBA.

These components require a third pillar for their protection: a netlike support of supranational financial security that consolidates regional recovery of the coherence of flows and the productive machinery. Ecuador has formulated a proposal in Latin America, titled Fund of the South and is based on the connection and transformation of the central banks of the continent with regional savings procedures, and a synergy governance of international reserves, national currencies and joint currencies. In this new institutional framework the global SDRs, for example, can be part of the mainstay for the issue of regional SDRs, like SUCRE, offering a scheme that would set free a massive quantity of resources –currently trapped in fear of speculative attacks –to be invested in the generation of wealth and well-being.

Various initiatives of bloc-to-bloc cooperation in the global South based on similar mechanisms would redefine a new multi-polar balance based on the real priorities of the peoples and the reinvention of the currency as a form of recognition and a driving force for labour and creativity.

For the North, these SDRs can hardly be more than just an accounting item. Generally the restrictions of globally accepted currencies are not exogenous restrictions, but self-imposed restrictions. Apart from regaining the capacity for action by giving the universal right to employment priority over bailouts of banks, the North could well donate its SDRs shares for the compensation of the historic debt and also the financial explosion of this global crisis. These annual resources could be used as an agile fund to alleviate humanitarian catastrophes, acute hunger, extreme poverty and environmental catastrophes. With minor changes in the current norm, these resources would reactivate the North's own international markets without inflationary pressure, financial costs and

²⁶ Span. SUCRE: Sistema Unitario de Compensación Regional de Pagos.

without budgetary disputes (no industrialised country has used its SDR for fiscal financing), thus significantly redefining its relation with the South when it comes to finding effective solutions to these global problems (such as global structures offering efficient incentives to change technical norms and paradigms that are contaminating, dislocating and predatory in terms of production, consumption and transport).

Making headway in these few aspects would without a doubt cause resistance and retaliation. We should therefore insist in putting in place a series of measures that we have been working on for a long time:

The moratorium and the audit of debt as global proposals

- New and immediate directories with representative officials of the regions to provide and administer resources for productive reactivation without conditionalities and also preventing the International Monetary Fund which has multiplied its sources from reviving its blackmail power.
- Universal prohibition of speculative mechanisms, such as short selling, CDS and others, and limiting the long positions of food, energy and precious metals in futures markets due to the harmful effects they can have

Regulation of Hedge Funds

- Separation between the finance strictly related to the productive process and the rest (mostly devoted to speculation) in the spirit of the 1933 US Glass-Steagall Act.

This means establishing a specific agenda that is based on the interests of the peoples and not on the interpretation of the information gathered in opinion polls with regard to what the position of the left should be. The social productive processes cannot be re-launched without the massive destruction of the fictitious capital linked to this prevailing parasitical hypertrophy; and this inevitably defies the structures and the culture of the oligarchic and imperial powers. It is humanity that is at risk.

CONDITIONS FOR A LEFT BUDGETARY AND FINANCIAL POLICY IN BRANDENBURG

DANIELA TROCHOWSKI²⁷

In the aftermath of the economic crisis the conditions to participate in the coalition government in Brandenburg have dramatically changed for the party Die Linke – the German Left Party.

When we entered into negotiations to form a coalition government in autumn 2009, we knew about the difficult conditions we would have to face, one major concern being the public deficit in Brandenburg. Only today are we beginning to recognize how difficult these circumstances have really been, and that things will get worse than we thought at that time.

The financial position of the State of Brandenburg and its municipalities is still dramatic. The current public debt is approximately € 20 billion. In the next months, no considerable changes of this situation will take place. To a great extent, Brandenburg depends on interstate monetary transfers, a measure at the federal level for fiscal equalization payments from richer to poorer states (Länderfinanzausgleich). In addition, there are extraordinary payments under the Solidarpakt II, which specifically benefit the East German states. The annual rate of money transferred under the latter scheme is decreasing progressively, and will be phased out altogether by 2019, leading to a substantial loss of revenues for these states in the upcoming years.

The decline of internal revenues at the federal level caused by the economic crisis affects those measures, leading to a smaller amount of money to be shared between the states. For this year, the loss of public revenues was about € 470 million, and in 2009, the Länderfinanzausgleich transfers € 204 million less to Brandenburg. As tax incomes in Brandenburg will decline as well, the situation will get even more serious, leaving no space to correct structural deficits in the household.

²⁷ State Secretary, Ministry of Finances, the Left Party, Brandenburg, Germany.

The aftermath of the financial and economic crisis will have a great impact on budgetary policies at both the federal and state levels. Certainly, the narrowing financial scope for public households is the result of incorrect past political decisions, based on an inadequate perception of the state's role, both at the European and the national levels. The current crisis of public budget is primarily the result of the application of the neoliberal doctrine, which first transposed tax policy and led to the current crisis of the euro, which has now been followed by a deep financial and economic crisis.

First of all, neoliberalism attacks the public expenditure quota, as it did in the case in Greece. During the financial crisis, the stock exchange in Greece did not rely on tax payments. It was consolidated by public debt. Those neoliberal stability measures led to a collapse of both the neoliberal and the European welfare state. The public debt caused by those measures has led to a new crisis, for which all European countries will have to assume liability.

Due to the political system in the Federal Republic of Germany, tax income for Brandenburg depends largely on policy decisions made at the federal level. In retrospect this dependence is getting visible. Whenever the governing coalition on the national level has changed tax laws or adopted a tax cut, it has affected public households in the states. Mostly, those measures by both the coalition of the Social Democrats and the Green Party and the coalition of the Christian Democrats and Liberals led to a cutback at the state level .

The changes in tax laws have also generated gains, but those weren't taxed. They have not been invested in education or infrastructure programs, but led to more speculation on the financial markets. Now, we are confronted with the results of these speculations at all levels. With less money available, public policy is now confronted with the results of those wrong decisions and the functional capability of public institutions is endangered.

Even Social Democrats now admit that the doctrine "no public intervention in the market" cannot solve social problems. The unregulated financial markets generated a huge stock bubble which finally burst.

The market is not an efficient mechanism to regulate either the financial markets or the real economy. Regulations of financial markets and financial institutions, like the change to a more socially just and ecological economy, will require regulation from the left, and are a public task. To put this insight into practice, we have to transfer resources and powers to the states. Instead of doing so, the national government has increased public spending by transferring hundreds of billions of euros in order to consolidate financial markets. As more public measures to consolidate the euro will follow, this is a disaster for Europe.

The state should not be reduced to the role of an actor that consolidates financial markets, but is incapable of providing services to the public. The most urgent political issue in the near future is, who will have to pay for the huge public debt? The means to recover the public budget should not be limited to a reduction of public spending, if no new incomes are to be generated by taxation of wealthy and capable citizens. Increasing pressure on public budgets to reduce spending and the decline in income caused by reduced transfers or a failed tax policy at the federal level show how fragile public households are.

The coalition by Social Democrats and the Left Party in Brandenburg has set different priorities. Being aware of the crisis of public households, we offer new opportunities to the citizens in Brandenburg. As an actor embedded in those circumstances, we have to make decisions in order to transfer the required resources to realize our core measures, even when the circumstances for our policy have deteriorated.

We are investing in education and hiring new teachers for schools and kindergartens. After years of precarity and indignity, permanently unemployed persons are getting new jobs in programmes generated by the public sector, at wages largely comparable to union scale.

From September on, high school pupils from a low-income background are to be supported by a public lending programme, the Schüler-BaFög, patterned after the existing support programme for university students. Companies in Brandenburg have managed their way through the crisis, supported by public programmes.

In the political debate on social and sustainable development in Bran-

denburg, the coalition government faces public opinion and adopts a position that is based on confidence, credibility and realism. Our budgetary policy is courageous and realistic. In the current situation, this means leading Brandenburg through the crisis with a just and responsible policy.

Our core measures are balanced between the consolidation of the public household, securing the state's capacity to act, and a policy that promotes Brandenburg's development.

A final remark: Our experience with coalition governments formed by the Social Democrats and the Left at the state level in Brandenburg, Berlin and, previously, in Mecklenburg-Hither Pommerania shows that we can realize social change and that we can set new accents to change the direction that our society is taking. As the federal-level coalition by Christian Democrats and Liberals disrupts the nation, excludes the most poor and endangers social stability, change is urgently needed!

THE LEFT IN GOVERNMENT: ANALYSIS OF LATIN AMERICAN COUNTRY REPORTS

VALTER POMAR²⁸

In 2009, the Rosa Luxemburg Foundation organized a conference on “The Left in Government: A Strategic Project?” After the conference, the contributions were compiled in the book titled “The Left in Government: Latin America and Europe Compared”.

At this conference and also in the articles published in the book, a part of the Latin American Left confirmed that being in government is or can be part of the way to socialism.

This is a statement we can either agree with or not. And we can interpret it in various ways.

For instance, for those who believe that socialism means social welfare and political democracy within the scope of capitalism, the statement that being in government is or can be part of the way to socialism is neither a political nor an ideological contradiction.

And for those who believe that socialism is a historic stage of transition between capitalism and communism, a transition that starts with the assumption of power by the labouring classes, the statement that being in government is or can be part of the way to socialism raises various questions, including:

- To what extent does being in government mean transferring power to the labouring classes?
- To what extent does being in government contribute to changes in the societal structure which reduce capitalism’s hegemony?
- To what extent can these changes be reversed through the victory of the right an implicit risk in an electoral strategy?

²⁸ Workers Party (PT) (Brazil), Member of the National Board, Executive Secretary of the Foro de São Paulo.

For those who share these doubts, it becomes necessary to analyze whether what the left, and popular and progressive governments in Latin America and the Caribbean, are doing contributes to the transition process in every country contained in the analysis, from being in government to being in power; and whether it contributes to overcoming the current situation, in which we improve the living conditions of the majorities, but remain within the scope of capitalism, so as to reach a new situation in which we improve the living conditions of the people, within the scope of socialist transition.

Evidently, answering these questions is not easy, as it implies analyzing processes; an analysis which requires that we also take into account the correlation of international, continental and national forms.

Generally, the Latin American Left increasingly considers itself to be a power operating at the regional level. In other words, the national processes are seen in the light of the contribution they make to everything that happens on the sub-continent.

Meanwhile, this type of regional analysis does not eliminate the necessity to know in greater detail what is happening in each country, the choices made by the progressive, popular and left forces there, and the changes which have successfully been implemented in their politics and social structures; on the contrary.

To deal with these questions, including a comparative analysis between Latin America and the Caribbean and what is happening in the European Union, the Rosa Luxemburg Foundation organized another conference, held from June 27 through 29, 2010.

For this second conference, the Institute requested reports on Nicaragua, El Salvador, Venezuela, Ecuador, Bolivia, Paraguay, Argentina, Brazil and Uruguay, and also on Chile, a country now governed by the right. For reasons of presentation, the following are the government periods analysed:

- Argentina: Néstor Kirchner (May 2003 to December 2007) and Cristina Fernandez (December 2007 to December 2011);
- Bolivia: Evo Morales (January 2006 to January 2010 and January 2010 to 2015);
- El Salvador: Mauricio Funes (June 2009 to June 2014);
- Ecuador: Rafael Correa (January 2007 to August 2009 and August 2009 to 2013);
- Nicaragua: Daniel Ortega (January 2007 to January 2012);
- Paraguay: Fernando Lugo (August 2008 to August 2013);
- Uruguay: Tabaré (March 2005 to March 2010) and Mujica (March 2010 to March 2015);
- Venezuela: Hugo Chávez (February 1999 to January 2001, January 2001 to January 2007; and January 2007 to 2013);
- Brazil: Lula (January 2003 to December 2010).

Cuba is not included in our analysis. Resulting from a revolution in 1959, the case of Cuba is qualitatively different to what is happening in the countries where, since 1998, the Latin American left has won elections and participated in the respective national governments. Nor are the progressive Caribbean governments part of our analysis.

We suggested that the authors of the ten reports provide us with a general analysis of their respective countries, with a special focus on the following aspects:

Democratization
social equality
economic development

environment
the role of the state
regional integration, and
international politics.

Looking at every individual case and all countries together, we believe that these aspects will allow us to discuss to what extent the actions taken by the progressive and left governments in Latin America and the Caribbean have or have not resulted in the accumulation of power usable for structural reforms.

Evidently, be it as a result of the way they were requested or owing to the conditions under which they were compiled, the reports do have some weak points which have limited the possibilities for such an analysis. Nevertheless, they have allowed us to draw some conclusions, which were a good starting point for the conference on the June 28 and 29.

Social structure

The first conclusion: a more detailed analysis of the political, economic, social and cultural processes in Latin America requires a previous study of information on the social structure in this region, its sub-regions and member states. In other words, it is necessary to analyze the social classes and class conflicts in the region and in every country. The authors of the individual reports have of course already implicitly analysed the situation. However, the impression that remains after reading all reports is that the reasons for the different interpretations that exist within the Latin American Left not only involve different opinions in terms objectives and how to reach them, but also in terms the point of departure, and of the historic and immediate interests of the various social sectors that form part of every society.

Two examples: the allegedly patriotic bourgeoisie and the so-called indigenous peoples. Depending on how these two sectors are sociologically evaluated, different accounts of the present and the future can result. Another question in this respect: Can we speak of Latin America and

the Caribbean as an organic entity? Or are we dealing with a political project based by different socio-economic motive forces, the identity of which is primarily rooted in their common enemy?

The three examples cited teach us the necessity to analyse the social structure or structures that exist on the subcontinent. Our theoretical deficit therefore does not only include the analysis of twenty-first century capitalism but also of the social structures dominated by capitalism in our region.

Analytical politicism

The aforementioned theoretical deficit is often transformed into a "politicized" discourse about what is happening in Latin American societies. Hence, we talk about "confrontation of projects", the conflict between "hope and fear", between "change and conservatism", rhetorical formulas which are useful politically, but avoid any detailed categorization of each project.

Does this difficulty to a certain extent result from the obviously pluralistic character of the projects in question, which, in some cases, cannot be reconciled with our analytical categories? For instance: Can we say that we are faced with a socialist process in a certain society, if the private bourgeoisie in this society is hegemonic?

This is obviously very difficult. And sometimes at least, this difficulty grows into a discursive process which does not take into account the differences between the objective of the governing party and the actual process in society.

It should be mentioned that this reasonable discourse is first and foremost carried out by the right opposition forces which treat any and all democratization efforts as "communist", "socialist" or "revolutionary". But the left is making the same error.

Because of its symmetry with the term "economicist", I will call this discursive operation "politicist".

Politicism emphasizes and evaluates the (real or alleged) transforma-

tions that took place in the field of politics at the expense of the transformation which has occurred in the socio-economic area (property, production and circulation process, relationships between capital and labour, social inequalities, etc.).

Far be it from me to consider the political struggle secondary. However, we must not forget that the political changes that have occurred in Latin America since 1998 are still very superficial. Or, to be more precise, the whole the transformation in the entire region is yet much greater than the sum of its parts the transformation in the various countries.

What is happening in Latin America is extremely important in the light of the current global situation; and the overall process in Latin America is, in terms of quality, more important than what is happening in each country. This also shows, to a certain extent, that the transformatory process has a higher anti-imperialist or national-capitalist, anti-neoliberal potential than it does a socialist potential.

In the countries covered by the analysis, the left controls the government sometimes under difficult conditions but it is still far from being in control of power. The Chilean experience has shown that it is possible for a left force to stay in government for a rather long period of time without effecting profound transformations, either in the social structure, or, still less, in the political institutions.

Analytical politicism encourages an analysis with the goal of responding to what makes a certain political force remain in power (or not), and also when does it become necessary to respond to what strengthens or weakens the political, economic and social power of a certain class or group of classes.

There is another feature of analytical politicism, a literary collision (with some poetic licence) of such paradigmatic categories as capitalism, neoliberalism, socialism and power itself. The debate about the "originary" peoples is strongly influenced by this poetic licence and leads to quite a few misunderstandings.

Based on these initial considerations (and provocations), I will now

make a few remarks on what the aforementioned reports say.

Desarrollismo – economic development at all cost

Let's start with a distinction: Just like Cuba is a product of different historical process, which started in 1959, the Chile of the Concertación coalition (the Concert of Parties for Democracy, as it is sometimes called in English) has also emerged from a different process, started in 1989. Therefore, the following comments focus more on the other nine countries, even though, in some cases, what is said also holds true for Chile.

The reports have shown that concerns about economic development dominate in all governments, be it as a reaction to the neoliberal logic, or due to a desire to rapidly deal with social needs, be it to deal with the complaints of the capitalist sectors, or as part of a socialist long-term policy, or as an expression of a combination of some or all of these factors. Between 1930 and 1950, the both popular and conservative principle of "economic development at all cost", or desarrollismo, was predominant in most Latin American countries. The number of military coups that occurred starting in the 1960s was a reaction of the political right, of big capital and of imperialism, to the radicalization of popular development, more often than not in cooperation with socialist sectors. In the 1970s, the conservative desarrollismo faced a crisis, followed by the debt crisis, neoliberalism and restricted democracies.

One of the questions emerging from this analysis is therefore the necessity to analyse the differences and similarities between the periods of desarrollismo. This is particularly important in five dimensions: the role of the state, political democracy, social equality, the environment and regional integration.

One important aspect that must be taken into account when we discuss desarrollismo in Latin America is the impact of the global crisis. Against this background, I will recall the aspects of the analysis carried out in the basic document of the 16th São Paulo Forum.

The progressive and left governments benefited, initially, from aspects

of the productive model, a legacy bequeathed by the neoliberal period, in the expansion period regarding the sale of basic products and the availability of capital.

The global crisis of 2008 has changed this scenario and forced the governments to try to introduce further-reaching modifications to the traditional productive model. This has intensified the political debate in all countries in the region, and also broadened the conflict over distribution.

The case of Latin America and the Caribbean was unlike that of the industrialized countries. As neither internal nor external demand plunged dramatically in these countries, the impact of the crisis was not that acute, mainly because the majority of the countries had introduced redistribution policies before the crisis to diversify their markets, especially the commodity markets.

The losses of 2009 in the Latin American and Caribbean countries (LAC) will be balanced in 2010. In 2009, these countries saw a negative growth rate of -2 per cent, but a growth rate of 4 per cent had been predicted for 2010. Growth rates in almost all countries will be higher than the negative trend of the previous year. However, there is one major exception to this otherwise moderately optimistic picture: Mexico. In 2009, the Mexican economy slumped by almost 7 per cent, and growth in 2010 will at best be 4 per cent.

Even though GDP in Latin America, with the exception of Mexico, shrank moderately in 2009, the growth gap (i.e. the difference between the growth rates between 2009 and 2007) was 6.3 percentage points, which is still rather significant. This means that, if there had not been a crisis, the LAC countries would be at least 6.3 per cent better off in terms of GDP growth than they currently are; they would be 6.3 per cent richer, so to speak.

The role of the state

In all countries of the region, there has been a consolidation of the economic role of the state, not only as a regulator and stimulator, but also as a direct producer and owner of some national commodities, such as oil, water, gas, etc.

Even though this may be presented as part of the implementation of socialism in some countries, it would be more correct to talk about the growth of a state capitalist sector – which is generally indispensable, especially when aiming at rapid growth.

This process revives the classical debate over the class character of the state, the role of bureaucracy and the role of the state regarding economic development, including the confusion between statism and socialism. We cannot say that the Latin American left has a single common view on the role of the state.

Political democracy

In all countries of the region, participation in political life in its different forms is on the rise.

The same happened during the *desarrollista* period of the twentieth century; however, there is one important difference: Unlike that period, the current period is dominated by parties of the political left.

In all countries, the rise in public participation has led to tensions with the social strata which have previously held a political monopoly, the media which had at their service, and with the traditional institutions the party/electoral, justice and security systems, and the state bureaucracies.

In some countries, it was possible to set up constituent processes with the goal of creating new public institutions. In others, this was impossible – or at least, no such efforts were made.

As the extension of the democratic spaces of the majorities generally bring about a reduction of the areas previously monopolized by these minorities, they then accuse the left governments of “authoritarian” or “totalitarian” tendencies.

Such accusations are ridiculous, but they bring us to a topic which requires further discussion: How can we make sure that the expansion of democracy for the majorities and the reduction of the number of positions illegitimately occupied by the minorities do not lead to a loss of support among the middle sector of the population? On the other hand, how do we deal with the relationship between the branches of government, the executive, legislative, judiciary, and the relationship between participatory and representative democracy? These topics are of major strategic importance, but have not been sufficiently addressed in the reports.

In this respect, it is interesting to see that concerns are mentioned in most of the reports about the imperialist military offensive in the region, but only few of the reports analyzed the position of the armed and police forces of each country: subordination to the civil power, commitment to democracy, etc.

In any case, we see the following trends in all countries with left and progressive governments:

- a) an increase in democratic liberties
- b) a rhetorical and actual radicalization on the part of the social strata which previously held a political monopoly, and
- c) the discovery that the electoral strategy consumes a lot of energy and additionally causes distortions of various kinds among the left forces.

Another important aspect is the political impact of the global crisis. Once again, let us have a look at the base document of the 16th São Paulo Forum, which states:

The effects of the crisis lead to a more difficult situation for the left governments and can be favourable for the Right opposition.

Until now, the impact of the crisis on the election processes has been rather unclear, however. The left forces in the governments of Uruguay and Bolivia, for instance, confirmed their victory. The case of Chile was a different one, even though it could not be confirmed that the reasons

for the failure of the Concertación were mainly owing to the effects of the global crisis.

The most important elections in the remaining months of this year will be the presidential elections in Colombia [defeated in the second round by the candidate of the right, Santos – annotated by the author] and Brazil and the parliamentary elections in Venezuela. In 2011, presidential elections will be held in Peru, Argentina, Guatemala and Nicaragua.

Despite the fact that the connection between the global crisis and the electoral processes in the LAC countries has until now been rather implicit, there could be the following effects:

Effects on the elections: When a crisis comes up, the citizens tend to want to punish the incumbent government when taking to the polls and not the opposition; even though it is them, the opposition, who are suggesting the return to the neoliberal model.

Social effects: An increase in poverty and unemployment often aggravates discontent and the criticism voiced against the governments, hence more discontentments.

Capacity to act: The governments have to respond quickly and with targeted action to the crisis. If they fail to do so, the price they have to pay can be high.

Structural effects: Many problems which have remained unsolved over the years will aggravate. The public policies should therefore be reconsidered and the necessary adjustments made.

Effects on economic performance: In addition to what has already been said, the crisis is not over yet, and the prospects remain uncertain. If the economic performance and the global financial crisis deteriorate again, the LAC countries will once again face difficulties. The governments must be prepared for this contingency.

In the case of left opposition parties, the effects of the crisis constitute a platform for criticism and alternative proposals, especially where the impacts of the crisis have been more severe, as in Mexico. This critical position must without doubt address reactions of uncertainty and fear of a turn to the left among the population. The problems of unity between the progressive sectors will again become the key issue for providing a more reliable alternative than that of the right.

Social equality

Progressive and left governments in the entire region have adopted public policies to fight poverty and social inequality. In the first case, we can see the success of these measures. In the second, there are controversies.

There are three types of social policy, and they appear together:

- a) emergency measures,
 - b) “state” or “universal” policies and c) structural reforms.
- Emergency measures (normally direct monetary transfers) are frequently applied in all countries.
 - State or “universal” policies (health-care, education, services, a minimum wage, etc.) are an established goal for all countries. Apparently however, they are only a reality in some countries.
 - Structural reforms, or rather the reforms which alter the ownership structure or, at least, establish a new relationship of powers between the social classes, such as tax reforms including an inheritance or wealth tax, or agricultural reform, do not seem to be a frequently used measure, even though they are regularly referred to in political speeches.

As a result of the absence or weakness of structural reforms, development leads to the reduction of poverty while at the same time reviving or, in some cases, extending social inequalities.

We can conclude that there have been improvements in social conditions for the people where a progressive, left government is in power,

and this improvement would have been even greater had we not been hit by the global crisis. The draft of the base document of the 16th São Paulo Forum says:

Despite the moderate impact of the crisis (with the exception of Mexico), poverty increased in the region. The World Bank estimates that the number of poor people in the LAC countries increased to 10 million in 2009, which meant a step backward after major progress had been made in the previous five years. It must, of course, be underlined that five of these ten millions are Mexicans.

According to the World Bank, "while it is estimated that 60 million Latin Americans lifted out of poverty between 2002 and 2008, between 9 and 10 million people became poor again in 2009, and the number of poor people would have even been higher had the governments in Latin America not broken with the tradition of the past and thus been able to maintain and, in some cases, strengthen social assistance programmes. The number of new poor will decrease significantly by the end of 2010.«

Likewise, in the field of employment, »an estimated 3.5 million workers lost their jobs in the LAC countries, a relatively low figure compared with the total workforce of 270 million«, according to the International Labour Organization ILO. Unemployment in the LAC countries increased by 1.2 percentage points, from 7 to 8.2 per cent, according to the latest estimates, which caused the number of unemployed persons to rise by 3.3 million, resulting in the increase of the number of unemployed people to rise to 22.5 million by the end of 2009. Another eye-catching fact is that real wages in the region fell in 2009. This employment crisis in Latin America is unlike previous periods, when significant increases in employment and an increase in unreliability as well as a severe plunge in real wages were reported.

We can conclude that the cost of the crisis for Latin America was relatively low, but, at the end of the day, the region still suffered a setback.

Even if we leave aside the case of Mexico, we have to acknowledge that the situation in Latin America was negative in 2009 even though the impact was less severe than in other regions. Therefore, despite the fact that the losses can be recovered in 2010, the effects of the negative balance of the previous year must not be underestimated.

In addition to the impact of the crisis, we must also consider that the social structures still remain unchanged and that the situation is still very different from the European social welfare state. This discovery has strategic consequences, so the question is: Will the coexistence of capitalism on the one hand and a constant expansion of democracy and social welfare on the other be possible in countries like ours, in the absence of such elements of the European experience as imperialist exploitation, the Marshall Plan, pressures from the "Socialist camp", etc.?

Ecological justice

One of the by-products of development as well as of productive re-adaptation to the crisis of 2008 is the pressure on the environment.

In all countries, including those where the official discourse is in favour of environmental protection, there is a growing conflict resulting from an obvious equation: If rich countries do not assume responsibility for the environmental costs and continue to threaten the political and economic stability of poor countries, these countries are forced to choose between rapid economic growth, with its potential for major environmental damage, or growth with a high degree of environmental protection, which is then very expensive and slow.

The convergence of positions among some environmental movements, neoliberalism, and foreign interests in Latin America is therefore quite logical, albeit for different reasons: all are interested in low productive growth rates.

On the other hand, the sectors dictated by *desarrollismo* tend to treat environmental issues as aspects of secondary importance. One cannot say that there is one socio-ecologically coherent “*visión desarrollista*”, even though concern is there.

Regional integration

Analyzing the reports one by one, it is possible to note a lack of procedural harmony. In other words: the political, economic, social and cultural changes do not evolve in an equally balanced fashion. And this imbalance is the breach through which the right-wing opposition and the imperialist forces European and American try to penetrate and reconquer the governments of every country.

This is one of the causes which make the process of regional integration strategic. It enables compensation for the imbalances, whilst at the same time offering essential synergy for each and every national process. This is another important difference between this current period of *desarrollismo* and the previous one. The current period has the mission of regional integration, driven by a double social base: on the one hand, sectors of capital interested in markets and regional possibilities, and on the other, the popular sector, interested in a different kind of development.

Partly due to the double social content, and partly due to the interior differences within the popular sector, there are currently various visions with regard to the integration process. We note that the majority of the governments profess rhetorically to aspire to Latin Americanism, but they are actually fostering South Americanism. On the one hand, one can see that the counter-offensive of the right has been more successful and is stronger in the Central American and Caribbean region, cf. the events in Panama and Honduras, the trade agreement with the EU, the anti-Cuba campaign, etc.

We also see different visions relating to the content of integration. Among these visions we cite the one that endeavours to prioritize the integration process between governments which have things in common, the Bolivarian Alliance for the Peoples of Our America (ALBA);

and those which fight to prioritize regional integration regardless of the ideological orientations of the governments, such as UNASUR.

On the other hand, it should be noted that the economic hegemony of the United States continues to be powerful, including in countries such as Venezuela, Ecuador and El Salvador. In the two latter cases, the countries' economy has been dollarized – the US dollar was made the national currency during the neoliberal period.

Finally it is to note that the general strategy of the United States vis-à-vis the crisis seems to be the same one adopted in similar past situations: making use of its hegemony in the military field, using it to blackmail others for the benefit of its own economic interests, and even provoking war.

It creates among the progressive Latin Americans two attitudes that appear to be in conflict. On the one hand, making all efforts towards peace, a recent example being the agreement between Iran, Brazil and Turkey; on the other hand, elaborating a regional defence doctrine and preparing armed forces compatible with this endeavour.

Strategic defensive

What can be concluded? First, we live in times of crisis and transition. There is the crisis of neoliberalism, the crisis of capitalism, the crisis of US hegemony, the crisis of conservative *desarrollismo* in Latin America. However, as always, we know very well what is crumbling; but we do not know what is to come.

Neoliberalism is in a crisis, but not dead; either actually or theoretically. Furthermore, the demoralization of neoliberalism does not automatically or uniquely lead to the strengthening of socialist ideas. What one can observe now includes this; however, it has first and foremost – so far included the strengthening of Keynesian thinking as well as the resurgence of extremely conservative and right-wing matrices.

Capitalism is in crisis, but it is a long way from vanishing. In addition, the crisis in its neoliberal form and the decline of its Anglo-Saxon axis does not mean that the capitalist mode of production is finally collapsing. To use a popular Brazilian expression: capitalism will only disappear

from “morte matada” (being killed), and not from “morte morrida” (natural death). For that to happen, it will be essential to have an alternative force capable of overcoming it at the national and international levels. So far, no such force exists – and we are a long way from having one, it seems.

The crisis of US hegemony allows for a similar analysis. On the one hand, it is no longer capable of hegemonizing the world, as it did in the past. On the other, it is becoming ever more evident to what length a sector of the US establishment is willing to go to maintain and prolong its hegemony – war being the area where its destructive superiority is overwhelming. Military blackmailing, topped with economic might in the form of dollar hegemony can make this ever more destructive hegemony of the United States last much longer; moreover, it could assume forms with tragic consequences for humanity.

It is paramount that the Latin American left define more clearly what short and medium-term strategy we believe we can have vis-à-vis the United States and also the European Union.

If there no collapse, revolution, or at least fundamental structural change in the USA is visible in the near future, how can we coexist with such an aggressive nation? What are the implications for our national security strategies in terms of drug trafficking and migration?

In addition to what has been said above, the socialists of the twenty-first century cannot plead ignorance with regard to the complexity and the long struggle to overcome capitalism. The struggle for power can be resolved in years, but the creation of a different society is a project that will last decades and centuries.

At the beginning of 1990, with the demise of the Soviet Union, we can say that the entire socialist movement entered a period of “strategic defensive”.

The situation began to change between 1998 and 2008, starting with the rise of various left governments in Latin America and followed by the global crisis. However, these events will still not change the nature of the period, which continues to be marked by a “strategic defensive”. One example of this is the contrast between the depth of the

global crisis and the manifest capacity of capitalist states to prevent the explosion of their social and political structures.

Another sign is the existence of a counter-offensive launched by the Latin American right, which has, paradoxically, received a boost from the global crisis, due to the economic difficulties it created for the more progressive governments. Moreover, the victory of Obama, whose positive image formed and facilitated by his contrast to Bush allowed the USA to recover some leeway although recent events such as Iran demonstrate to those who had doubts what the Obama administration is really about.

The strategy of the Left

Against this backdrop, the Latin American left fights to maintain the conquered areas, accelerate the process of regional integration and further enhance the changes.

The practical question is how to achieve this, and at the same time avoid two errors: One is to try to go beyond our capacities to maintain the political process. The other one is to neglect to consolidate the forces for socialism.

The socialist movement of the twentieth century was defeated. However, the repertoire of experiences is enormous. On the other hand, the experiments and the attempts of the socialists of the twenty-first century are still very limited. During this period we have not seen any major revolution. In Latin America for example, even though we are very proud of the governments that we have voted in since 1998, we should recognize that we are still far from the political and social depth achieved by the Cuban revolution of 1959. The struggle for socialism in the twenty-first century has thus hitherto failed to produce such a revolution. Theoretically speaking, that means that we still have not managed to come up with the necessary analysis of contemporary capitalism, the attempts made to create socialism in the twenty-first century, and the strategy for the fight for power and the socialist construction under the prevailing conditions of the twenty-first century.

Perhaps it would be more precise to speak about socialism and strategies. Our movement has always been plural, geographic, sociological, theoretical, organizational and political. This does not mean putting the various traditions on the same level, but simply remembering that we are the heirs to a collective heritage that is complex and plural.

Capitalism is one of the causes of this plurality. The capitalist mode of production fosters a tendency towards uniformity, but the capitalist socio-economic structures in different regions of the world and historic periods differ significantly from one another. Therefore, overcoming capitalism requires different strategies of resistance, of conquering power and creating socialism. It does not mean that all the strategies are valid, but it does mean that the socialist movement must reject the idea that there is only one valid strategy for all regions and periods.

Another reason why we have to use the plural is that the different classes and sectors in the struggle against capitalism do not necessarily have the same long-term objectives.

It is worthwhile mentioning that this plurality stands above parties, programmes and different strategies. It embraces those whose goal is a democratic state and well-being within the framework of capitalism, includes those who are committed to a type of socialism that preserves the pre-capitalist communal social structure, and those who confuse socialism with the struggle against imperialism. The ecology of the modern socialist movement is so broad that plural categories are most appropriate.

If we manage to successfully combine the various national strategies and one strategy of continental integration, we will significantly contribute to the socialist movement leaving behind the current situation of "strategic defensive" and entering a state of "strategic balance", at least in our continent.

This has to take place against the backdrop of a global crisis and transition:

a) a crisis of neoliberalism at a time when critical thinking is recovering from the effects of two decades of an ideological and political defensive

b) the crisis of US hegemony, without having any hegemonic substitute creating a situation that promotes multilateralism, the formation of regional blocs and cross-sectoral alliances;

c) the crisis of the current model of capital accumulation without any systematic alternative being apparent; and

d) the crisis of conservative desarrollismo in Latin America, which is currently undergoing a transition towards a post-neoliberalism, the characteristics of which are being defined along the way.

In other words, a situation in which the past hegemonic models are in a crisis, with no substitution models in place.

In the crisis of neoliberal capitalism, the following converge:

a) a classic crisis of accumulation

b) the exhaustion of the government's capacity to manage the Bretton Woods institutions;

c) the limits of unsustainable consumption of the US economy; and

d) the dynamism of financial speculation.

This combination of variables points towards a more or less prolonged period of global instability. In the short and medium term, that instability is related to the crisis of neoliberal capitalism and the decline of the hegemony of the USA. In the long run, it relates to a growing contradiction between globalization of the human society vis-à-vis the limited characters of national and international political institutions.

These diverse extents of instability make the formation of alternatives more pressing and more difficult at the same time. The old model does not work properly, however it remains strong. Meanwhile new political and economic models are emerging, but still fail to be imposed.

The crisis underlines the high environmental and social cost of capitalism, especially in its neoliberal version, ideologically strengthening those sectors which defend "non-neoliberal" capitalism. And to some extent, the crisis has also strengthened the advocates of a socialist alternative to capitalism.

However, the strengthening of the left and the progressive sectors is being conducted within a structural situation which still conspires to favour of a conservative outcome to the crisis. The Central American countries, even though they are the ones most affected, still have immense economic, political and military power.

On the other hand, three decades of neoliberal hegemony have limited the intellectual horizon and the strength of the left, especially in Latin America and the Caribbean. These contradictions and limitations become evident when we observe the lack of correspondence between the scope of the crisis and the timidity of proposals and measures.

Because of this, the integration process in Latin America and the Caribbean has gained strategic significance. The central topic in this process is as follows: the consolidation of economic, social, political, military and ideological ties, so that member states can coexist without subordination or dependence in a geopolitical space that remains hegemonized by the United States and the European Union.

The question is also: Will it ever be possible, instead of merely living together, to substitute the current international status quo which has as its organizing (and disturbing) element the United States, for a new order predicated on the combination of the expansion of internal markets and a new type of international exchange?

Whatever the answer might be to such questions, it is becoming apparent that we are faced with long-lasting conflicts which will be unleashed in a climate of major instability at two different but interlinked levels: First, within each country; and secondly, between the different countries and regional blocs.

As a result of these conflicts, a more conservative or more progressive world can emerge even a socialist world committed to strengthening democracy, internationalism, public property of the main modes of production, as well as democratic planning and environmentally friendly development.

Political orientations

By way of conclusion, we would like to share some political reflections with you which we have prepared in the framework of the São Paulo Forum, expressed in a basic document of its 16th Session, August 17 through 20, 2010, in Buenos Aires.

The 15th Foro de São Paulo formulated three fundamental tasks: not to give away any space to the Right, further enhance the changes and accelerate the integration process.

An analysis of the period August 2009 to now showed our success in the elections in Bolivia and Uruguay; but we lost the elections in Chile. We failed to revert the coup in Honduras and, the Left suffered an electoral setback in Colombia.

The Foro de São Paulo has to take stock of the processes in Honduras, Chile and Colombia. We also have to discuss concrete means of supporting the unity of the Left in the countries mentioned as well as those with forthcoming elections. So as to neutralize, among others, the alliance and the support the Right is obtaining from its European and US American allies.

After the 16th Meeting of the Foro de São Paulo there will be parliamentary elections in Venezuela (September) and presidential elections in Brazil (October). The outcome of these elections will have a strong impact on the regional situation, in particular the presidential elections in 2011 in Argentina, Guatemala and Nicaragua as well as in Peru.

The Foro de São Paulo has to pay special attention to the elections in Peru and Mexico. In order to have in those two countries left and progressive governments, it is essential to qualitatively alter the correlation of forces in the region.

It is more difficult to take stock of the depth of changes. As stated at the 15th Meeting, we still lack scientific monitoring which allows us to conduct a comparative analysis of the successes of the different left and progressive governments in Latin America. Despite the prevailing difficulties in carrying out such an analysis, it is possible to affirm some ideas:

- a) our societies are still extremely unequal and changing this requires not only development, but also a very specific type of development which includes broadening the role of the state, extending social and public policies and introducing changes in the ownership structure;
- b) the counter-offensive of the Right will demand from the left and progressive governments in the region to expand their political hegemony, which means adopting measures which promote democracy, including in social communication;
- c) The global crisis had and will continue to have an impact on the region. Hence, further enhancing the changes will increasingly depend on what is being done in the region.

In terms of accelerating the integration process, we can say that left and progressive governments of the region continue to be committed to this objective.

The regional summit of Central American and Caribbean nations as well as the repudiation of UNASUR (Unions of South American Nations) vis-à-vis Porfirio Lobo attendance at the LAC-EU summit are positive signs. And Brazil's role in the agreement reached between Turkey and Iran has to be seen as a collective success of the region.

The 16th Meeting will assess whether the three formulated tasks from the previous meeting are still valid. However, it is essential to add some perspectives, orientations and clarifications as well as some political organizational tasks concerning the forum directly.

First of all, we attach high priority and urgency to strengthening the strategic debate among us. The debates initiated in the 1990s, within the framework of the Foro de São Paulo, significantly contributed to our success in the struggle against neoliberalism, including the conquest and actions of governments.

Today we are experiencing a new situation in the region and the world. Confronting this new situation means a high capacity to analyse and elaborate strategic formulation. The Foro de São Paulo is perfectly suited to offer a platform for such a debate. Hence, it is not about having just one single policy, nor about centralizing our action as from the next Foro de São Paulo – recent and not so recent experiences showed the limits to such an endeavour. However, it is about harnessing the unity in diversity, which we have so far created, as a starting point and ideal environment to initiate a debate we all need.

In this spirit, the Foro de São Paulo's Network of Schools, Foundations and Research Centres has to make it to its task to organize, as of September 2010 a series of activities to this end.

The programmatic and ideological definitions of the LAC Left are even more pressing vis-a-vis the failure of social democracy. In LAC there has only been one progressive movement in the last few years that was successful, conquering national governments, forming mass political parties and developing alternative social movements. This success should be echoed in the creation of a more profound identity of the Left. These new paradigms will emerge without a doubt from practical experience but also from an intensive debate, respecting and including progressive parties and social movements. The debate has to be encouraged to be as broad and diverse as possible. Nonetheless, FSP is a body that can very well stage this debate because it is the most unitary, broad and democratic platform for left and progressive parties in LA; and in a certain way FSP already acts also as a global point of reference.

THE LEFT IN GOVERNMENT: ANALYSIS OF EUROPEAN COUNTRY REPORTS

CORNELIA HILDEBRANDT²⁹

The conference “The Left in Government II: Latin America and Europe Compared”, held on June 28 to 29, 2010, brought together experts from Latin American and European countries, including government representatives at the ministerial level and intellectuals from left movements. The presentations and debates focused on the exercise of governmental power by left forces, and the participation of these left forces in governments for the purpose of achieving profound change, both in Europe and Latin America, and as a means of developing transformatory social, political and cultural forces. Transnational cooperation between the left in the various world regions is of great importance in that regard. Experts from various backgrounds and countries have been working on reports about local/ regional and national government participation by the left, addressing the following questions:

General conditions of the left in government:

- Have the basic conditions for the left in government changed as a result of the global crisis?
- How do you assess the tendencies of the development of capitalism in your region, and which conclusions do you draw from this for your own political action?

Development of alternative projects:

- Which independent approaches are there with respect to participation and democracy? Which alternative projects are there in the area of social policy, with the goal of deepening social justice?

²⁹ Researcher at Institute of Social Analysis, Rosa Luxemburg Foundation (Germany).

- To what degree can concrete projects and strategies be understood to be part of a transformatory strategy for social development?
- What is new about them, and what is the nature of their transformatory character?
- What is the view of the state prevailing on the left? How is the role of the state in the preservation and expansion of common goods and social services assessed?
- Are there interregional and international relationships of cooperation which are important for government responsibility? Are concrete international experiences being used as the basis for your own work in government?
- What significance does the issue of peace have for government policy?
- Are there any specific ecological projects, and how are economic, social and ecological developments interconnected? Are there approaches towards a socio-ecological transformation?

In response to these questions, the authors have formulated the positions held by the leftist parties in Europe, i.e. of parties which position themselves to the left of the social democrats. For the particular countries, the following parties and persons submitted papers:

- Germany: The Left Party (Die Linke) in Berlin; author: Stefan Liebich; The Left Party in Brandenburg; authors: Thomas Falkner and Katja Haese; The Left Party in Mecklenburg-Hither Pomerania; author: Steffen Bockhahn;
- Finland: The Left Alliance (Vasemmistoliitto); authors: Ruurik Holm and Laura Tuominen;
- France: The French Communist Party (PCF); author: Daniel Cirera;
- Iceland: Left-Green Movement (Vinstri hreyfingin, grænt framboð); author: Auður Lilja Erlingsdóttir;

- Italy: The Left for Ecology and Freedom (Sinistra Ecologia e Libertà/ SEL, a centre-left alliance); author: Communications Office of the centre-left government in the Region of Apulia; also, positions of the Communist Refoundation Party (Rifondazione Comunista / PRC);
- Norway: Socialist Left Party (Sosialistisk Venstreparti); author: Dag Seierstad;
- Sweden: Left Party (Venstre); author: Henning Süssner.
This article consists of a first General Section and of a Synopsis, based on the country reports, and is supplemented by country studies which are available as manuscripts in 2010 for Germany, Italy, Finland, France, Iceland, Sweden, as well as addition materials, particularly about the effects of the crisis.

PART 1: GENERAL REMARKS

Instances of participation in government by the Left

- Germany: 1994–2002: Toleration of an SPD minority government in Saxony-Anhalt
1998–2004: The “red-red” (SPD-PDS/Left Party) government in Mecklenburg Hither Pomerania
Since 2001: The “red-red” government in the State of Berlin
Since 2009: The “red-red” government in the State of Brandenburg
- Finland: 1995–2003: the Rainbow Coalition, i.e. the Social Democrats, the Left Alliance and the conservative National Coalition Party (At that time, the Centre Party was further right, more conservative, than the NCP)

- France: 1944–1947: The Government of the Liberation
 1981–1984: The Mitterrand government: The PCF in coalition with the Socialists (PS)
 1997–2002: The “Plural Left” government (Gauche plurielle), consisting of the Socialist Party (PS), the Communist Party (PCF), the Greens, the Left Radical Party (Parti de gauche radical / PRG), and the Citizens’ Movement (MDC).
- Iceland: Since 2009: Coalition of the Left-Green Movement and Social Democrats, supported by Progressive Party in noconfidence motions (“toleration”).
- Italy: 1976–1986: Toleration of Conservative-led governments by the Communist Party (PCI)
 1996–1998: First Prodi government (centre-left)
 2006–2008: L’Unione (the Union – second Prodi government), consisting of 13 parties with a coalition programme, and including a range of parties from the radical left to Catholic Christian Democratic forces in the political centre
- Norway: Since 2005: A “red-red-green” government, supported by the trade unions

Why do leftist parties enter government?

Before turning to the country reports, it makes sense to reflect once again on fundamental questions connected with left government participation, such as: First, questions as to the reasons for entry of leftist parties into government, even if the prerequisites for implementing left politics are difficult from the outset; second, the question as to the results of left government participation; and third, the question as to the conclusions to be drawn; that is to be addressed in this paper by exploring the question of alternatives, of projects capable of implementation under the given conditions.

Fundamentally, the goals of left government participation have, since the collapse of the state socialist system in Europe, always involved the improvement, or at least the defence of the concrete living situations of people, and the design of a more social, more democratic and more peaceful society. This is connected with concrete projects, primarily in the areas of social and labour market policy, education, immigration and peace politics. Since the 1980s, this has been linked to the prevention of neo-liberal or austerity policies, as in France and Italy, and with the defence or the further development of the welfare state. Moreover, it has involved the defence of democracy, and the prevention of right-wing governments like that of Berlusconi in Italy, who would have won the 2006 elections had the Rifondazione Comunista (PRC) not been joined the government. The PRC was under great public pressure to prevent this. Their withdrawal from the first centre-left Prodi government in 1998, due to its policies of budget consolidations and cutbacks, led to their being widely blamed for having “brought down a left government”.

Left governments have, since 1989, also been formed as a result of political crises – as in Iceland in 2009, or, earlier, in 2001, in the German state of Berlin.

With which results?

Another basic fact is that the success of left governments depends on various factors. These include such basic conditions as the electoral and party systems, political traditions and cultures; the concrete social and economic, and also financial policy situation of a country, and hence, too, the space for action for left politics; the concrete political and societal relations of forces, including too the strength of centre-left parties, i.e. of social-democratic, left-liberal and green parties, and of the trade unions and the social movements. Here, the strength of trade unions and movements means that not only the strength of their organizations is important, but also their capability for enabling inter-organizational cooperation, and for combining parliamentary and extra-parlia-

mentary cooperation. It is not enough, as in Italy, to merely accept the impulses and interests of social movements.

The composition of governing coalitions, too, is decisive: for example in France, Italy and Finland, they were to great extent centre-left governments. This is particularly true of the centre-left coalition (the *Unione*) which formed the second Prodi government, bringing together thirteen parties, four of which were liberal or saw themselves as part of the political centre. The Rainbow Coalition which ruled Finland from 1995 to 2003, too, was a centre-left alliance consisting of the Social Democrats, the Left Alliance and the conservative National Coalition Party, which at that time saw itself as to the left of the Centre Party.

The conditions under which the left has to date participated in government have varied widely with respect to the existing relations of forces, i.e. to the strength of the left, particularly of the social-democratic parties, of the trade unions and social movements which have supported a left government coalition, or have declined to do so, but also with respect to the strength of the bourgeois and/or right-wing blocks. In Italy in 2006 for example, the "left" block only barely outscored Berlusconi's right-wing alliance; their lead was only 0.7 per cent. The right-wing Berlusconi government was thus not beaten decisively. Since 2006, the left was constantly on the verge of being torn apart due on the one hand to having to support the government's social cut-backs, while on the other not losing its own base, which was criticizing the government intensely and at the same time was demanding that the Prodi government not be brought down. The mobilizable left movements, which had, especially in 2007, organized gigantic demonstrations and strikes, such as the railway, metalworkers', and public service strikes, were confronted with a political left which felt forced into formal abstinence from protest, and thus could provide no political or organizational centre for these struggles. This also applied to the leadership of the leftists' trade union (CGIL). The only reason the left stayed in office was to keep Berlusconi out.

The goal of the creation of the prerequisites for processes of social transformation aimed at overcoming capitalist society have not been

achievable in any centre-left government to date. In Italy, France, Spain and Greece, the left emerged weakened from its role as a coalition partner in left governments, or as a political force tolerating such governments.

Reasons for the deterioration of electoral strength, or for failure

A look at previous centre-left governments in Europe reveals the following reasons for the deterioration of electoral strength, or for the failure of the left, as in Italy:

Left governments have been seen as a value in and of themselves. This applied to the Berlin state government in 2001, which was symbolic for “red-red” governments in Germany, as well to Finland during the Rainbow Coalition – here primarily with the justification that “only by participation in government can one exercise power”.

The scope of action of the radical left cannot be limited merely to the composition of governments, with parties which represent different political and social interests, and in some cases divergent political projects, which are then contained in compromised form in coalition agreements, in accordance with the real political relationship of forces. Or else common political goals are weighted differently, such as reduction of social inequalities and the development of social infrastructure and securing livelihood on the one hand vs. questions of budget-balancing on the other. The second Prodi government wanted first to balance the budget and then to redistribute it socially, in a second phase. They never made it as far as this latter phase, so that the PRC could no longer present itself to Italy as a social, political force. Some 25% of the workers were pushed below the poverty line; the trade unions offered no solutions which the political left might have seized upon; at the same, the radical demands of the left met with no support from leftist trade unionist. A similar fate also befell the Rainbow Coalition in Finland; a government consisted of the Social Democrats, the Left Alliance, the Swedish People’s Party and the conservative National

Coalition Party, which also initiated a budget consolidation programme. Fundamental trends of social cutbacks could not be prevented, or were indeed implemented, by centre-left governments in Finland, Italy, Germany and France. The social image of the left was no longer recognizable – as shown in Berlin in the 2006 re-election, when the Left Party lost a major part of its core electoral support.

Leftist parties lose if essentials of left politics and their defining profile as a social force and as a peace force are no longer recognizable, but when those who nevertheless demand such a profile are instead publicly excluded from the party or its parliamentary group. For left politics too, various political alternatives must still be weighed against one another, as a necessary aspect of activity in the context of real contradictions. What is damaging in this regard is the exclusion of representatives who vote against the majority opinions of left parliamentary groups, as in Italy (the vote on Afghanistan) or in Finland (the vote against reducing the welfare support minimum, and the child allowance), damaging, in fact, to the democratic character of the left. For a party thus also robs itself of its internal correctives, which necessarily stem from the different political views in a plural left.

The left in government must change its weighting regarding cooperation, i.e. ties to cooperation partners in politics, business and society which have hitherto been relatively distant from the left must be strengthened, in order to implement left policies; at the same time, cooperative relations with social movements are weakening – often due to the conscious desire of both sides. The Left Alliance in Finland “terminated its relations to the NGOs and the grass-roots movements all but completely”; the peace movement engendered by the Iraq War was not on their agenda in any respect.³⁰ The globalization critical movements were cool to the Prodi government, so that they could not be counted on as societal support for the left in government.

³⁰ Anna Kontula/Tomi Kuhanen (2010). *Der Wiederaufbau des linken Bündnisses – Hoffen auf einen Neuanfang*. Manuskript. In: Linke Parteien in Europa: Strategien, Positionen und aktuelle Debatten, Dietz-Verlag, forthcoming.

The neglect of the organizational question, as in Italy, led to a weakening of the party structures, and to the parliamentarization of the left, resulting in the loss not only of its party-political, but especially also of its social rooting. There was a reliance on Bertinotti, and hardly any work or development – let alone consolidation – of fluid party structures was carried out, although the weakness of the PRC is its ability to bind its members over the long term.

The left had no sufficient answers to questions of the current radical transformation of the working world – see the rationalization measures since the 1990s in Finland. Ideas of socio-ecological reconstruction, which must also involve a change of production, reproduction and life-styles, have always, including in the present country reports, been identified as the goals of left politics; to date, however, they have hardly been developed conceptually. The left in the countries described here is still working on the creation of the prerequisites for initial projects.

These initial projects themselves are projects of open participatory learning oriented towards power shifts and re-weighting of actors in society, which are to enable success and moderate between political levels, and promote a holistic connection between life-style, cultural and historical identities. They are based on the unity of transformation and self-transformation, and promote a transformatory process in the direction of a socialist society of solidarity.

PART 2: CONDITIONS OF THE LEFT IN GOVERNMENT

The current crisis of financial market driven capitalism

In 2009, the economy in Europe shrank by 4%. At present (2010), unemployment in Europe is at 9.5% (January 2009: 8.0%).

The quality of the jobs can be ascertained from the steady increase of the “working poor”; even before the crisis, they accounted for 8% of employed persons in Europe.

With the exception of Norway, increasing national debt over the past two years has been characteristic of all countries, especially those in

the euro-zone, and here primarily in Greece, Spain, Portugal and Italy, but also in Germany. Budget deficits amount to approx. 5% of GDP. As a result, national budgets are to be more strictly controlled from the European level. The EU stability pact is to be adhered to, according to which the budget deficits of the countries may not rise above 3 per cent of GDP. A revision of the monitoring and sanctions measures is being prepared at the European level, which are to be applied at an earlier stage than has hitherto been the case. In addition to the budget deficit, a country's total indebtedness will also be an issue. There will be concrete stipulations for the reduction of overall debt. Decisions on this were taken by the EU Commission on June 17.

Nonetheless, the country reports all indicate that the crisis is affecting individual countries completely differently: Norway is virtually unaffected (Seierstad), Germany has been moderately affected to date (Liebich, Bockhahn, Falkner/Haese), Greece is threatened by national bankruptcy, and in Iceland, the banking system has already collapsed completely (Erlingsdóttir).

Initially, the crisis-management strategies were primarily nationally oriented: with bank bail-out and economic-stimulus packages, the nationalization of banks, support for such stimulus measures as those for the motor industry, extension of unemployment benefits, etc. With the rescue package for Greece, the countries of the euro-zone were confronted with the necessary of also rescuing the euro, the stabilization of which cost € 750 billion. The resulting increase in the national debt is becoming one of the central challenges which the left in government has to address.

The budget consolidation proposals advanced to date include: budget cuts of € 30 billion by 2013 in Greece, of € 65 billion by 2012 in Spain, and of € 24 billion in Italy; and an increase in the retirement age to 62 years in France. Other measures include reductions in public services or hiring freezes, reductions of salaries in public services, e.g. in Italy, Greece, Germany, or the announced wage-raise freeze, e.g. in France and cuts in supplemental pay. These cuts impact the area of social benefits – in Germany, particularly the child allowance for social transfer

recipients, (e.g. cutting the subsidy for parents, pension payments, and heating cost subsidies). Up to 15,000 jobs in the public service are to be cut permanently.

The left faces a complicated situation. In most European countries, it is operating from the defensive, and where measures for the consolidation of the economy and society are in fact necessary, increasingly sees itself exposed to pressure to consolidate the budget, as in the German state of Brandenburg (Falkner/Haese).

At the same time however, societal pressure engendered by these cut-backs which have already been announced is rising, and fuelling the resistance of the trade unions, the social movements and the parties of the left; these forces are increasingly protesting against government cut-backs under the slogan: "We won't pay for your crisis!" in Italy, France, and Germany.

In view of these developments, the head of the European Central Bank (ECB) and Sarkozy are demanding a European economic government, the tasks of which would include control of competitiveness and of budgets, and necessary structural reforms. EU Council President Herman van Rompuy has also now pronounced himself in favour of this idea. In Germany too, the Left Party demands a European economic government to overcome economic nationalism in Europe.

The crisis of social democracy in the western European countries

At present, the left in the western European countries is still confronted with the failure of Third Path and the crisis of social democracy. This was particularly visible in the results achieved by social democratic parties in the European Parliamentary elections of 2009: Germany: 20.8% (2004: 21.5%); Estonia: 8.7% (2004: 36.8%); France: 16.48% (2004: 28.9%); Great Britain: 15.31% (2004: 22.6%); the Netherlands: 12.1% (2004: 23%); Austria: 23.7% (2004: 33.37%); Spain: 38.51% (2004: 43.5%); and Hungary: 17.38% (2004: 34.4%). This reflects an identity crisis of social democracy – its very self-concept as a mass party of the

people and of the welfare state, with an electorate traditionally primarily of workers and employees, and the socially disadvantaged. Increasingly, workers are voting for right-wing or right-populist parties.

The social-democratic parties have collapsed especially dramatically wherever they implemented radical neo-liberal policies, as in Ireland and Iceland.

In the Scandinavian countries Denmark, Sweden and in Norway, the social democrats are increasingly losing their image as the genuine representatives and defenders of the Scandinavian welfare state model. They polled only 24.4% in the European elections in 2009 in Denmark, and 20.9%, in Sweden. In Norway, the Labour Party has again assumed its old role alongside the Socialist Left Party.

Have the basic conditions for the left in government changed as a result of the global crisis?

The results of the crisis have had different effects in different countries. The situation is dramatic in Iceland, while the effects are still moderate in Germany to date, and Norway is described as having suffered relatively slight effects of the crisis. This has a corresponding effect on government policy. In Germany, the issue is increasing state-level (i.e., regional) debt due to a drop in tax revenues, and a rise in necessary expenses, such as for measures for the reduction of unemployment; again in Germany, the response here was short-time work. In Norway, the situation is different; here, due to the relatively slight impact of the crisis to date, there has been no change in left politics in government. The rejection of neo-liberal politics has been retained. Social cuts, such as those with which left governments are already faced today in other countries, such as in Iceland (Erlingsdóttir), have not occurred to date. There is also no pressure on the welfare systems due to budget consolidation, as there is in Germany (Falkner/Haese or Liebich).

The rather lesser effects of the crisis in the Scandinavian countries are the result of their specific integration into the international labour mar-

ket, which is oriented towards cooperation amongst the Nordic countries, towards different financial and bank policies (with the exception of Iceland), a system of social regulation of the Scandinavian welfare state model, and with a broad public sector, which to a substantial degree has prevented the effects of the crisis from impacting primarily on the socially disadvantaged.

In the view of Daniel Cirera, the crisis has deeply transformed the economic and social landscape in Europe, and is increasingly reaching the dimensions of a political crisis. He sees the results of the 2009 European elections as an indication of this fact, as the disasters which befell the Social Democrats in many western European countries revealed the changes in the political landscape, as did massive voter abstention. Both the centre-right and the centre-left parties are losing support in favour of right-wing and right-populist parties.

Nevertheless, a true political crisis has occurred only in Iceland; none has occurred within the countries of the EU; there have, however, been changes within the neo-liberal block, as in Germany. But there has also been increasing tension within the EU, which came to the fore around the issues of support for Greece, the rescue of the euro, and the question as to how to deal with national bankruptcies.

The crisis has on the one hand demonstrated the necessity for a break with neo-liberal economic and social policy; at the same time however, pressure from the European Central Bank (ECB) to consolidate budgets and comply with the Maastricht criteria – i.e., the rule that budget deficits not exceed 3 per cent of gross domestic product.

The following problems have been identified in the country reports:

The number of the unemployed has increased in the western European countries: It was 9.9% in January 2010 (6.5%³¹ 2009), but 20.9% for young people under 25. In the countries examined here, it was 7.5% in Germany, 8.6% in Italy, 9.2% in Finland, 9.1% in Sweden and 10.1% in France, but, in Finland for example, it is generally not blamed on the governments (Holm/Touminen). What these figures do not show to date is any expansion of precarious employment and additional wage cuts by means of the extension of short time pay, i.e., in areas hitherto protected by union contracts, the danger of a permanent increase in part-time jobs is growing.

With the undermining of democratic controls by strengthening the executive at the expense of the parliaments, democratic participation of the latter has been considerably restricted, as in Germany or in France (Falkner/Haese; Cirera), especially with the bank bail-out packages and the implementation of stimulus funds. The demands for public control of the banks, for global regulations of the financial markets, including the introduction of a financial transactions tax, the ban on hedge funds, and even the control of companies by their employees are increasingly on the left agenda, as in Finland (Holm/Tuominen) or Germany (Falkner/Haese).

The space for action in designing policy by the left, especially financial policy, is being reduced by dramatically increasing national debt levels, as in Italy or Finland, or the indebtedness of German states and municipalities (Brandenburg). It is already clear that in Iceland, the level of social expenditures cannot be maintained (Erlingsdóttir), but even in Germany, such a trend is evident, due to the debt ceiling, which also applies to the German states (Bockhahn, Falkner/Haese). In addition, there are decreasing revenues due to economic collapses (Liebich, Bockhahn), and shrink-

³¹ Eurostat press release of 1 March 2010. <http://europa.eu/rapid/pressReleasesAction.do?reference=STAT/10/29&format=HTML&aged=0&language=DE&guiLanguage=en>

age of the budgets (Falkner/Haese), along with growing expenditures due to necessary enhanced social support payments.

The effects of the bank bail-out packages for the consolidation of the euro, amounting to € 750 billion, cannot be described at this point. Of this amount, € 250 billion has been provided by the IMF, € 123 billion by Germany, € 92 billion by France, € 81 billion by Italy, € 54 billion by Spain, etc. That means that the influence of the IMF on European policy will, as in Iceland, attain a new quality, which the left will have to address. That means that the left too will have to coordinate its policies at the European level with a new quality of cooperation. Obviously, a Europe-wide switch to an austerity policy is being carried out which will intensify the crisis and will be accompanied by supposedly necessary cutbacks, which will in turn affect social policy in each country. Political scopes of action will be further restricted, and authoritarian de-democratization tendencies promoted. This can also be seen in the country report of Italy, and in the texts to the various states in Germany.

In Henning Süßner's view, the crisis is hardly present in the left discourse in Sweden. Only the pros and cons of rescue packages are being discussed.

Open questions for the discussion participants from the European countries:

Which consequences do the bank bail-out measures and the stimulus measures implemented to date have for the political behaviour of the left? Which effect do financial and economic packages have concretely on a left politics in the countries or regions? What the crisis means for the left?

The crisis represents a great challenge to the left: the imperative of unity, which would be able, for instance in France, to beat Sarkozy (at least in the second round) and form a majority against the right (Cirera). Another challenge would be to reach agreement on concrete policies and ways to effectively handle the crisis and do justice to the expectations of the people.

There are two fundamental trends: Especially the western European left is not profiting from the crisis (Finland, Germany, France, Italy), although it has for years publicly criticized the neo-liberal policy of the privatization and deregulation of public assets and services, and the reduction of social services.

The situation is different in the Scandinavian countries, where the social-democratic parties, in spite of the critique by the radical left, are still considered the defenders of the Scandinavian welfare state model. Red-red and red-red-green coalitions are under discussion, and, beyond Norway, could also be formed in Denmark, between the Social Democrats and Socialist People's Party, tolerated by the Enhedslist (the Alliance).³² The Swedish Left Party has unfortunately missed its chance to join the government, which would have been the first left coalition government in Sweden (Süssner).

What are the causes of the lack of support for leftist parties?

Increasingly, people are questioning whether parties can provide solutions to the basic problems of today's challenges. Especially young people no longer expect answers to their problems from the parties. At the same time however, the need to act concerning decisions which affect their lives directly is growing, as in France (Cirera). The exhaustion of today's forms of democratic and institutional representation is described, as is the restricted representation of the interests of the majority of the citizens.

The left tells it like it is, but has no answers – no overall strategy as a response to the crisis (Bockhahn, Süssner, Holm/Touminen). To date, they have been very well able to analyze the development of the capitalist system to financial market-driven capitalism, and to warn of these

³² Johansen, Inger V. (2010). *The Left and the radical left in Denmark* (Ms.). The "Enhedslist" is the Danish European Left affiliate, while the Socialist People's Party tends toward the Greens.

developments, particularly on the financial markets. They particularly warned against the authorization of speculative financial market products, such as hedge funds. Control of the financial markets, bank regulation, a financial transactions tax ("Tobin tax") etc. has been demanded for years. The left demands a Keynesian-oriented, domestic market oriented economic policy. However, wherever the social democrats react to the effects of the crisis with Keynesian measures and instruments, "the left is disarmed" (Holm/ Touminen).

Question of responsibilities:

The parties to the left of the social democrats are recognized as having competence in social issues, but not in economic issues. This applies e.g. to the left in Finland (Holm/Touminen) – here, this is particularly due to past experience. It is also true of the Left Party in Germany with respect to the bourgeois parties (CDU). There is still a "basic confidence in the putative economic competence of the large parties" (Liebich).

At present, red-red coalitions are not attractive in the western European countries; they are not considered by the majority as an alternative political project. This is on the one hand due to the weakness of the radical leftist parties to the left of the Social Democrats, and the active role of the Social Democrats in the re-construction and the deconstruction of the European welfare states, such as Italy, Finland (Holm/ Touminen) or France, as an actor in neo-liberal politics. On the other, it is due to the fact that the previous red-green project in Germany failed to realize any socio-ecological reconstruction, and ended in a classic process of transformiso, the integration of leading opposition groups into the ruling block. "The red-green project led to the societal generalization of neo-liberalism."³³

Crises also intensify tensions within the left: between the left as employers and the left in the trade unions, especially the public service

³³ Candeias, Mario (2010). Es gibt kein gemeinsames Projekt. [There is no common project] <http://ifg.rosalux.de/2010/05/21/es-gibt-kein-gemeinsames-projekt/> [24.05.2010].

(Falkner/Haese), between the libertarian left and the traditional, particularly trade union oriented left. This is most obviously the case in migration-related issues, where the classical left also strongly holds value conservative positions, as in Finland (Holm / Tuominen).

Leftist parties in governments are faced with expectations which they cannot meet (Bockhahn). Declining revenues along with increasing needs in social areas, as in Brandenburg, make it more difficult to design left policy. Often, all that remains is the management of scarcity. Nevertheless, differences have been perceived regarding where budget cuts should be made. Here, left government coalitions can make a difference, ensuring that social considerations be taken into account more strongly (Bockhahn). The debates around the shutdown of libraries and swimming pools, or reduced investment and dismantling of public services demonstrate this.

This problem of the stabilization of society: This is the problem, or the challenge, which Iceland faces: under control of the IMF, the left has the assignment to stabilize the country, and at the same time, to implement left policies. The question as to whether the politics of the Left Green Movement, which unites both socialist and environmental movements, can under these conditions and under control of the IMF implement societal stabilization in a transformatory manner (societally, economically and socially) is one that is not answered in the country reports.

At the same time, the crisis has caused faith in the healing force of the market to be increasingly called into question (Bockhahn). I.e., the left has the opportunity to counterpose an alternative to the crumbling neo-liberal policy structure of privatization and of deregulation of public supports for livelihoods, as in France. This also means better basic conditions for a left discourse on the role of the state, on a rollback of speculation-based capitalism, on solid revenue structures, on control of the market, on the priority of the political sphere, on the right to public control of banks and corporations, as in France (Cirera), etc.

But answers to the crisis do not automatically come from the left. The danger of right-wing populism and neo-fascism is growing in Europe.

Daniel Cirera refers to this in his paper with reference to various countries in Europe. In the elections to the European Parliament, radical right-wing parties scored well: Vlaams Belang (Flemish Interests) in Belgium got 9.8%, the right-wing populist party the "True Finns" got 14%, the French National Front, 6.3%, the Italian Lega Nord, 10.2%, and the Dutch right-populist Freedom Party, led by Geerd Wilders, 17%. Those latter results were confirmed in the parliamentary elections of June 2010. The crisis is advancing debates about restrictive migration policies, as in France (Cirera), Italy (Apulia) and Finland, and campaigns against foreigners (Holm/Touminen). The commentary on the causes of the crisis in Greece refers to the growing moral devaluation of countries within the EU, and an increase in more strongly nationalistic orientations.

There is growing ambivalence towards Europe, e.g., in Germany. Euro-scepticism is growing on the left, as in Norway, Sweden or the Netherlands. At the same time however, there is a need to act at the European level and, more than ever, to act together (Bockhahn).

The protests under the slogan "We won't pay for your crisis!" are seen as an opportunity for this (Cirera). There have been protests in Germany with approx. 40,000 participants, in Rome (Italy) with 100,000 participants; and in France, 1.4 million people participated in the general strike there in January 2010.

However, the left lacks any coherent political agenda for economic development, or responses to the precarization of the working world (Bockhahn, Holm/Touminen, Süssner). These processes too have been only insufficiently analysed to date (Finland). In reference to considerations of the welfare state under present conditions, the response of leftists is still the welfare state model of the 1980s (Sweden).

In detail:

Iceland: Dramatic changes have taken place as a result of the local and global crisis. In 2008, all three of the country's major banks collapsed, and were taken over by the state. Iceland was the first European government to establish a "bad bank".

These developments were accompanied by a political crisis which led to new elections in 2009, in which the Left-Green Movement achieved 21% of the vote, for 14 seats in parliament, and formed a new government together with the Social Democrats. Amongst the most important tasks it faced were the re-construction of the banking system and the economy, and the stabilization of Icelandic society.

The concrete problem for the left is, according to Auður Lilja Erlingsdóttir in her country report, that they have had to act under the conditions of the IMF programme, which was already in place prior to their government's assumption of office. That means that the leftist minister of finance must cooperate with the IMF, and defend that cooperative effort. That means acceptance of the "Icesave Agreement", i.e. the assumption by the government of responsibility for the losses incurred by British and Dutch investors due to the bankruptcy of the three big Icelandic banks. Without this acceptance, there would have been no release of further funds for Iceland. On this issue, there is no agreement within the party.

Italy: The Italian budget deficit as a proportion of GDP is -5.3% (-2.7% in 2008). Total state debt is € 1.76 trillion (€ 1.66 trillion in 2008); as a proportion of GDP, that is 116% (106.1% in 2008), and per capita indebtedness is € 29,324.10 (€ 27,901.20 in 2008). Berlusconi is working on a cuts package for 2011 and 2012 amounting to € 25 billion. The plan for cutting expenditures was to be presented in Brussels on June 7. The planned savings measures include the reduction of the transfers to the municipalities of € 4 billion, higher taxes for employees and pensioners, boosting the retirement age to 67, and cuts in health services, including payment for hitherto free medicines.

Norway: The global financial crisis hit Norway less severely than many other OECD countries; there was even a slight drop in unemployment to less than 4%. The advantageous fiscal position provided for a massive budget stimulus, supplemented by steep cuts in interest rates and considerable liquidity measures. The Norwegian banks had few "toxic" assets and insecure loans. Contributing to this were the supervisory system and memories of the Nordic banking transactions crisis of the early 1990s.

The efforts of the government to soften the effects of the crisis were effective and largely successful. And because the crisis was less severe, and because the reactions to it were accepted by society, the political results of the crisis have been less than in other European countries.

That has not changed the basic conditions of the left in the global crisis, explains Dag Seierstad in his paper. The policy initiated by the government of turning away from neo-liberal policies is to be continued. This includes primarily the development of public services, and the rejection of deregulation and privatization. Otherwise however, this policy is basically a policy of the status quo (Seierstad). There have been no major structural reforms which might change the balance of forces within Norwegian society.

Sweden: The economic crisis is remarkably non-present in the discussions of the red-green opposition alliance. Although the bourgeois government is being attacked for having reacted to the crisis only insufficiently, no convincing alternative concept has been presented, in Henning Süssner's view. As to the concrete case of the handling of the crisis of the Swedish auto industry, the discussion revolves primarily around the not very well thought through pros and cons of state rescue packages (Süssner).

The Social Democrats, who have traditionally never made pre-election coalition promises, and ruled for decades with parliamentary minorities, were ultimately forced, due to the relations of forces in the Stockholm parliament, to tie first the Greens and then also the Left Party into a new cooperative project with the promise of a coalition, and the ultimately unsuccessful goal of taking over the government in 2010.

How do you assess the tendencies of the development of capitalism in your region, and which conclusions do you draw from this for your own political action?

The question as to the assessment of the evolutionary trends of capitalism was answered differently: historically, as a transition from Fordism to post-Fordism (Holm/Touminen); as financial market driven cap-

italism (Falkner/Haese); as neo-liberal capitalism (Süssner); as a system which has accomplished the transition to a service economy (Seierstad); as a system in an existential crisis (Bockhahn), and yet adaptable (Cirera, Liebich); or as a system under the changed conditions of the European Union, which exerts direct influence on national policy (Seierstad). In the following, these positions will be presented in greater detail:

The development to post-Fordism, or to financial market capitalism: To date, the development of post-Fordistic, financial market driven capitalism has yet been inadequately analyzed. The transition to a service economy is a topic of reflection, as in Finland and Norway (Holm/Touminen, Seierstad).

Capitalism is in an existential crisis (Bockhahn):

The Icelandic experiment of radical liberalism and an unhampered free market, which lasted from 1991 to 2008, has failed (Erlingsdóttir). Capitalism is described as a system which is unable to provide appropriate answers to the challenges of our time, i.e., one which would necessarily combine sustainable ecological development with qualitative growth and just distribution. Inside the developed industrial nations, we are experiencing only makeshift attempts to rein it in, after the crashes of recent months (Bockhahn).

The Role of the European Union:

The European Union restricts both the national policies of the countries of the EU and those of Norway and Iceland, which are bound to the EU by their membership in the European Economic Association (EEA) treaty. This treaty also mandates a policy of deregulation and privatization – a neo-liberal political orientation (see the continued decontrol of postal services/Dag Seierstad). The most important reason why there is no sign of more fundamental change in the development of capitalism in the Nordic countries of Europe is the fact that all these countries

are mandated to uphold the principles of the European Union, including non-discriminatory free movement of goods, services, capital and labour, with an orientation towards maximum competition, deregulation and privatization. These principles restrict the freedom of action of any government which wants to correct “market failures” in any effective way. In this respect, Norway, due to its membership in EEA, is in a position no different from that of the EU countries (Seierstad). There are few signs of any general trade union strategy at the European level to effectively counteract the European Court of Justice.

The Role of the EU for the Nordic countries: No structural change

To date, the crisis has not led to any structural changes in the western European countries. Structurally, the speculators’ casino is still open for business (Seierstad); for the first time, it has now been restricted by measures of the German government: a ban on naked short selling (Bockhahn), and the announcement of plans for a financial transaction tax. The left should not underestimate the capacity of the system for reform and adaptability, or its “self-regulating forces” (Liebich). The hegemonic forces of the system are using the crisis to adapt the system to new conditions, and to save it, as Daniel Cirera explains in his paper. That includes the accelerated neo-liberal restructuring of society through a generalization of austerity policy to all areas of society (pensions, the labour market, privatization, cuts in social spending and social investments) (Cirera).

At the same time, the contradiction between austerity policy and growth policy is growing, as one of the central, confrontative issues of the crisis. That raises the question: Which growth, which development? (Cirera).

To date, there is no systematic analysis – including in the country reports – of the “crisis management instruments” of governments, such as the Stability Council in Germany, which is to adopt fundamental resolutions on the implementation of the supervision of the budgetary situations of the federal government and of the states. In future, budgets

are to be judged using four code numbers (indicators): financing balance, credit financing share, total debt and interest-tax share. For each indicator, generally applicable threshold values have been established, the transgression of which may point to a threatening budget crisis. If this is ascertained, the Stability Council will in future be able to impose restructuring stipulations, even without the consent of the state concerned. This may be a blueprint for European regulations.

The right-wing or centre-right governments such as those in Sweden, Denmark and Finland are continuing to hold on to neo-liberal-oriented policies, as they did before the crisis. There had been hope that a political change would be possible in Sweden and Denmark in upcoming elections, with the example of the centre-left government in Norway as an important model for the political development in other Scandinavian countries. The Social Democrats in Sweden and Denmark joined together with the Left Party in Sweden and the Enhedslist in Denmark, respectively, to campaign as an alliance for a left majority, and a left-wing government, supported by the trade unions and civil society groups.

National Debt

With the crisis, the mounting national debt caused by bank bail-outs and stimulus packages is constricting the option for political action. The problem of the chronic under-financing of the German states and municipalities is felt particularly strongly in such times. The fact that more than half of all countries face serious debt problems today makes the serious effects of the unequal distribution of capital and prosperity evident; at the same time, the national debt further limits the political scope of action. Nevertheless, that scope exists, even in times of crisis, as has been shown by the space made available for formulation of alternatives in the state of Brandenburg. The state budget has been encumbered with extreme, additional burdens. The budget for 2010 provides for a net new borrowing of about € 650 million, with decreased revenues of € 850 million compared with 2009, simply due to reduced

tax income. On top of that is the problem of the “debt brake” mandated by a recent amendment to the federal constitution; moreover, even with a very low interest rate, the state will pay more than € 700 million in interest in 2010. The result is that the present spending standard cannot be maintained.

However, the left should not underestimate the self regulating forces of the system, and its capacity to repair and adapt itself, as Liebich notes in his paper. The hegemonistic forces of the system are using the crisis to adapt the system to new conditions, and to save it. That includes the accelerated neo-liberal restructuring of society through a generalization of the austerity policy to all areas of society (pensions, the labour market, privatization, cuts in social spending and social investments). At the same time, the contradiction between austerity policy and growth policy has grown to a central, confrontative issue of the crisis, raising the question: Which growth, which development? (Cirera). Liebich too notes that there are many representatives of capitalism who currently see its operation as disturbed, and therefore want to re-establish a partially regulated market mechanism, and limit speculation.

Alternatives to capitalism?

The Manifesto of Fundamental Values of the Left Alliance in Finland distinguishes between capitalism and the market economy; it demands a market economy which is “ecologically, socially and humanly sustainable”.³⁴ That could be achieved by “subordinating the market to national and international democracy”. “How” is the question which is however not clearly answered.

³⁴ Anna Kontula/Tomi Kuhanen (2010) *Der Wiederaufbau des linken Bündnisses – hoffen auf einen Neuanfang Studie*, pp. 13 ff.

PART 3:

ALTERNATIVE PROJECTS BY THE LEFT IN GOVERNMENT

Which independent approaches are there with respect to participation and democracy?

The dismantling of the welfare state and the roll-back of democratic rights and liberties, are primarily defended as occurring under the cost pressure of the crisis – against social programmes in all European countries, but especially in the euro-zone, against budget consolidation programmes, such as the debt brake in Germany at the state and local levels, which impacts the socially disadvantaged in Germany, and the immigrants, as in Italy and Finland. The struggles are directed against the orientation of the EU as a competition region (Falkner/Haese); and against the measures of EU and IMF in Iceland (Erlingsdóttir). The concrete demands stated in the country reports include:

The defence of health services in Italy, Germany and Iceland

- The struggle against corruption of the political system in Finland and Italy, including limitation of party donations/ election campaign financing (in Germany)
- The struggle against increased repressive measures and monitoring at the workplace and elsewhere, and the restriction of civil rights (Bockhahn)
- The defence of democracy against the right, against xenophobia and attacks on immigrants, particularly in Italy
- It is also emphasized that the defence of democracy must start inside one's own party (Holm/Touminen).

Which projects can be successfully implemented?

The country reports cite measures for poverty alleviation in Germany, Finland and Iceland; for publicly funded employment in all three German states; integration programmes, and an education policy which permits longer single-track schooling, from class one through ten in Italy, Germany and Norway; an improvement of the teacher-to-child ratio in kindergarten, in Sweden and Norway, and early childhood education, in Norway and the German states of Berlin and Brandenburg.

As a special challenge to the left in Italy and also in Finland, the problems of immigrants and refugees were mentioned, especially when no residence permits are possible. But especially then, it is necessary to fight for compliance with human rights standards, according to the report from Apulia. Another problem is that of illicit work and human trafficking in Finland.

Which alternative projects are there in the area of social policy, with the goal of deepening social justice?

In answering the question, it was not clear what the alternative is to – to capitalism or to neo-liberalism, i.e., a change within the system. What is described is predominantly alternatives to neo-liberalism. Concretely: An end to the policy of privatization and deregulation of public livelihood assurance: Such a halt to privatization was successfully implemented in Norway and in Germany – particularly in the state of Berlin since 2005. With the rescue of the banks with public funds, and of corporations, the question as to public control – including nationalization – of banks and corporations arises, which in this context raises the property question anew (Seierstad). A new economic, social and ecological model can only be based on democratic development and a corresponding right of ownership (Cirera). That would however also require reforms of institutions at the European level.

Moreover, the protection and defence of social safeguard systems is part of that. This is emphasized in all country reports as an alternative left project. That includes poverty alleviation (e.g. Germany, Italy, Ice-

land etc.), and the social protection of heavily indebted home owners in Iceland. It also includes an increase in social transfers, and minimum wage payment for companies to be awarded public contracts in Norway (Seierstad) and Germany (Bockhahn). It also includes the expansion or at least the defence of the public sector (e.g. Norway, Germany).

Leftist parties to the left of the social democrats who are defending the European welfare state model face the problem that this function falls ever more to leftist parties under the conditions of a financial market crisis, but that they at the same time must always go beyond the mere maintenance of the status quo, so as not to become merely conservative administrators of their respective welfare state models. Especially in the Norwegian and Swedish view, the necessary ability to reform the welfare state, adapt it to current needs (Seierstad), and the make it more efficient (Süssner) must be emphasized. In the Italian view, this includes the demand for quality, transparency and freedom from corruption.

Another problem arises for such Nordic countries as Sweden and Norway in that the left parties cannot portray themselves as the defenders of the welfare state to the left of the social democrats, since the latter have also portrayed themselves as defenders of the existing welfare state and as opponents of privatization, etc. They thus become, as Hennig Süßner has said regarding Sweden "basically administrators of classic social-democratic positions. But that only works as long as the real copyright holders, the social democrats, abandon these positions themselves, and can be attacked." In the Swedish case, Süßner explains, other defining issues for a left-wing party are either too insignificant, such as resistance to foreign military action, or solidarity with Cuba; or they are pursued only half-heartedly, since they are either seen as utopian – like reduction of working hours – and/or they have already been increasingly occupied by others, as in the case of environmental issues, or resistance to the EU.

Other demands include:

Changes of fiscal policy are demanded primarily in the paper from Iceland; here, there was until recently a uniform tax rate for all. In this respect, the progressive tax system is a step towards greater justice. In other countries, demands for a financial transactions tax (Falkner/Haese), a millionaire's or wealth tax, and the repeal of previous tax reductions (Germany) are raised. The Norwegian left faces the problem that it has promised not to raise taxes in this government term (Seierstad).

The use of instruments of participatory democracy is raised, e.g. referenda (Erlingsdóttir, Bockhahn, Seierstad), participatory budgets as in Norway (Seierstad) or Berlin, and the expansion of self-administration and autonomy, including the shift of decision-making to the regional and local levels (Falkner/Haese, Cirera). Especially the Italian paper elaborates on this; it describes the method of the direct communication with the citizens in the region of Apulia, and also regional decision making processes involving the citizens of that region. This is connected with a reform of institutions in Italy and France. In France, in Daniel Cirera's view, the concentration of power is quasi-monarchical, and is in the hands of the president. Democracy projects which he envisions include projects of societal integration, such as access to citizenship and participation in elections; lowering the quotas for the implementation of plebiscites is also raised (Liebich). This includes participatory forms for spatial development planning, as in Italy, Brandenburg and Mecklenburg-Hither Pomerania.

Additional demands include: The protection and the development of employees' rights in Italy, France and Germany, and the expansion of employees' codetermination (Seierstad). In Germany, staff co-ownership is being discussed as an instrument of economic democracy. In Norway, there is a discussion of new forms of companies and factories, this also in the interest of the trade unions. Changes in the area of property ownership remain necessary (Seierstad).

The expansion of the public sector, including the transfer to public ownership, especially of energy companies, is demanded in Norway (Seierstad). Similar approaches exist in Berlin, and all country reports include demands for re-communalization of public structures providing the necessities of livelihood and the social infrastructure. In Italy, the defence of the water supply as a public asset is one aspect of that.

The public sector also includes its modernization, and the expansion of public services, or the defence of jobs in the public sector. But it is precisely here that in many EU countries, such as Italy, France and Germany, cutbacks are being announced to reduce public employment, freeze hiring and cut salaries. In Germany, the Left Party wrote the demand for expansion of the public sector into its draft programme as a condition for government participation, but without taking the concrete situations of particular states into account, i.e. in some cases, there is downward demographic development.

A peculiar feature in Germany is the publicly funded employment sector, where long-term unemployed persons are supposed to obtain meaningful employment under dignified conditions. In Berlin, 7500 jobs were created; in Brandenburg more than 8000 jobs are provided for under the new coalition agreement, to be funded with € 40 million.

Dag Seierstad describes new forms of cooperation of companies and factories in Norway, which are also designed to stabilize the trade unions; this should be elaborated upon.

However, all suggestions lack any conclusive overall societal plan (Finland, Germany). This, it is argued, gives the rulers time to keep on combating the symptoms and stabilizing the system.

As an example, the list of demands of the Norwegian left, in which the entire range of demands is concretely presented, is given below once again:

The use of referenda and the participatory budget:

The Socialist Left Party has endeavoured to include citizens in political decision-making by means of referenda. In the party programme for the period starting in 2009, the issue of democratic participation is developed

more strongly with reference to examples in Latin America and Spain. The party defends the participatory budget, which has been implemented in some counties and in one of the boroughs of Oslo. The result to date is however that there has been no support from other parties for a more strongly participatory (direct) democracy, or for participatory budgeting.

The expansion of economic democracy in the workplace:

The Socialist Left Party has generally supported greater influence by public employees in the workplace. The programme for 2009-'13 includes the following demands:

a) Cooperative forms of property rights and staff participation, and appropriately structured companies should be legally and financially promoted. In the general meetings of companies and associations, the representation of the workers should be between one third and 40 per cent. In this way, the share of the owners would be reduced to 60 per cent.

b) If the owners of a company want to leave the country – the issue of the shift of jobs to low wage countries – the employees should have the right, in cooperation with the authorities, to buy their own workplace, even if the company owners don't want to sell. Result: These requirements were not made part of government policy, due to the resistance of the Labour Party (AP).

Expansion of public ownership:

Strategically important companies and corporations should be in public ownership, particularly in the energy sector. The public right of ownership must mean that companies and corporations be managed in the interest of the community (the state, the county, the municipal borough), so that the profits accrue to the community. Partially privatized companies should be transferred to 100 per cent public ownership, so that the owner (the government or the regional or local authority) can run them. Result: This is partly being realized by the government. The state has reduced its right of ownership in some sectors, but has

expanded it in the petroleum and energy sector, and in the service industries. Since 2008, the construction of hydroelectric power stations has only been possible for public enterprises.

Modernization of the public sector, including employees

It is not enough to defend public services against deregulation and privatization. The public sector must be permanently reformed and made more efficient, to provide the population the services which they need and are increasingly demanding. The centre-left government has promised to make the public sector more efficient by inviting the staff and their trade unions to close cooperation in cases of workplace changes, so that these will be in accord with new requirements. This is understood as an alternative to the method of out-sourcing, as a real modernization measure for the public sector. Results: The government is still a long way from actually changing the public sector in this direction. The privatization of the public sector has been stopped, but the introduction of market principles in the management of the public sector is being implemented. Positive initiatives can be found in the self-management sector, where many municipal boroughs design the management more efficiently with the trade unions, and at the same time improve the quality of services.

Contracts in the tradition of the cooperation of factories and companies:

The centre-left government supports an industrial policy based on cooperative traditions in factories and companies. This tradition of cooperation has given trade unions considerable influence in technological and organizational changes in the workplace. It has for some time been undermined by more aggressive strategies on the part of the employers. If this trend prevails, this foundation of existing Norwegian competitiveness will be a thing of the past. This affects the issues of economic democracy in the industrial field, and restricts the freedom of action of the new government.

To what degree can concrete projects and strategies be understood to be part of a transformatory strategy for social development? What is new about them, and what is the nature of their transformatory character?

The answers to this show that the question was to some extent not understood. No definition of terms was provided for the questions. As a result, very different answers were given. No answers came from Iceland.

The problem is two-fold. First, there is no fixed definition on the left of the term "transformation". It is used, if at all, in very different ways in various parties, and is often synonymous with "change" or "development". But there has been little reflection as to what is special about this kind of development. Bockhahn describes a transformatory process as one aimed at overcoming the dominance of capital in various societal areas, for more democracy, more social justice, more social policies, more real opportunities for everyone, and against power structures which stand in the way of doing that (Liebich). In his view, and that of Steffen Bockhahn, this includes measures in the area of education and life-long learning – as is also raised in the Italian paper, publicly funded employment (Falkner/Haese), a modern public service (Süssner), codetermination by staff, and the promotion of participatory processes (Seierstad).

Basically, the projects described here mean the expansion of the public sector, and the development of public assets, equally accessible for all. They target the expansion of the "logic of profit", and support the strengthening of the "logic of solidarity" in society. But the system changing effects of single measures must be aimed at creating the prerequisites for transformatory processes; hence, they must be brought into the context of fundamental change. Dag Seierstad has provided the beginnings of a critique with reference to the Norwegian projects: transformatory projects presuppose a change in the mode of economics and production, which is not the case in Norway. The question as to how projects might be developed so that their effect, beyond im-

improvements in the immediate living situation of people, can also be systematically transformative must be discussed further.

On the basis of the country reports, the question arises as to which projects should be examined? What are the criteria upon which transformative projects could be based? Which indicators are to be used for assessment? Which basic conditions need to be changed for this purpose? Which role would the state play here?

What is the view of the state prevailing on the left? How is the role of the state in the preservation and expansion of common goods and social services assessed?

The political left is more state-proximate than state-critical (Süssner). The state is seen as a guarantor of social and democratic rights, including social benefits. It is perceived positively as an actor confronting the market-expanding processes of capitalism, and compensating for its effects. It is seen as having a major role in maintaining and extending public welfare; an increasing role for the state (Erlingsdóttir,) is expected, particularly through the preservation and development of the public sector, a question which should be brought back onto the agenda again (Cirera). In addition, it must be the guarantor safeguarding the quality of services, says the Italian paper, including by ensuring public controls, transparency and co-determination (Liebich).

State action is an option of action for the left (Falkner/Haese). The papers from Italy and Germany refer to the fact that the left here has a responsibility for the quality of government work, and that, as a formulating force in government, it must implement left projects.

For additional seminars, a portrayal and discussion of the criteria for ruling successfully would be a very important topic.

Bockhahn refers to a central conflict of the left: "On the one hand, we call for a strong state, particularly in the areas of social, financial and economic policy. On the other, we see the strong state as a repressive apparatus. A clarification of our understanding of the state is needed here, one element of which is the issue of the state's monopoly on the

use of force. That is important because leftist parties in government must be able to implement political alternatives, even in the face of resistance.”

Nationalization also means: the state bears the risks – which really means that the general public does (Liebich). What that means for the left is an open question.

Less often raised is its role as an instrument of rule, as a class instrument for implementing neo-liberal policies (Holm/Touminen). Statements concerning the state and democracy, and the change of power structures are, however, found under the heading “participatory democracy”. The necessity for the democratization of the state is also raised indirectly in connection with the problem of corruption (Finland, Italy), and more directly in connection with demands for transparency and code-termination (Norway, Italy and Germany).

One point made by Henning Süßner is interesting: The thesis that the left is more likely to represent centralized state-supporting positions, while the greens tend more towards deregulation and decentralization – i.e., for possibilities for citizens’ involvement.

Are there interregional and international cooperative relationships which are important for government responsibility? Are concrete international experiences being used as the basis for your own work in government?

The question as to international cooperative relationships is answered very differently: as a cooperative effort between leftists (e.g. Bockhahn, Süßner); as relationships that the left has to enter into as a result of its concrete situation, such as that of the left in Iceland with the IMF, or those of the left in the EU with EU institutions (Cirera), including those of the European Left Party (EL) with the GUE/NGL Parliamentary Group in the European Parliament; or the relationships between the left parties in the Nordic countries, which is evidently stronger than the cooperative relations amongst left parties in Europe, which are described as completely underdeveloped (Bockhahn). At the

European level, there is a lack of coordination on particular policy areas, strategic projects in countries, and positive cross-border ideas going beyond criticism and protest. Even inter-regional cooperation often fails. It is different with the left parties in Sweden and Norway, which are already coordinating political projects to be jointly offered to the voters, with a view toward the next elections. "The Swedish left has a Scandinavian orientation. Traditionally, there has been an exchange between left-wing parties of Denmark, Finland, Iceland, Norway and Sweden, in the context of the inter-Nordic cooperation in Council of Ministers and the parliament" (Seierstad).

Moreover, such regional particularities as the Mediterranean location of Apulia enable special cooperation, which contributes to cultural exchange, etc. In the Italian paper, reference is therefore made to the Mediterranean countries, to the special proximity of the Balkans, and to the possibility for using the common cultural heritage for cross-border cooperation. The artistic characteristics of Apulia could strengthen cooperation in these areas – including with leftists in other Mediterranean countries. In this sense, the Italians are making full use of the funds provided for development cooperation by the EU, including those for projects and measures of inter-regional cooperation.

There is also such cooperation between the eastern German states of Brandenburg, Mecklenburg-Hither Pomerania and Berlin with Czechia and Poland, as a bridge between western and east-central Europe. This is especially important due to the relative weakness of the Polish left and of the left in the Baltic States.

Altogether, a political left must integrate itself into a network considerably more strongly internationally than it has to date, and work together on a concept for a world economic system and a global social system based on solidarity (Bockhahn). This must be represented with consideration for national conditions and requirements.

Learning from others: Especially in Germany, the Scandinavian experiences are seen as exemplary. Also important is the Latin American experience with participatory democracy. With regard to issues of participatory budgeting, this also applies to Norway (Seierstad), and for

Germany, especially to Berlin, where participatory budgets have been implemented in some boroughs.

What significance does the issue of peace have for government policy? The peace issue is central for the left. Peace is an identity value (Cire-ra), and an indicator for left politics. If the political left were to stop showing a clear commitment to peace and against war and violence, it would make itself to some extent superfluous and lose a major part of its credibility. What is needed today is an overall concept which includes a culture of peace – especially the Italian paper emphasizes this. Concretely, this means an international policy structure based on multilateralism and on an alternative to the militarization of international relations, particularly in the European context, which gives cooperative development a priority over a policy of domination.

The central topics in this context include: The question of NATO membership is raised in the country reports from Sweden, Norway, Germany and Finland. In Finland for example, public opinion is strongly opposed to Finland's possible membership in NATO (Holm/Touminen), while in Germany and France, the majority of the population is in favour of remaining in NATO. In its draft programme, the Left Party in Germany demands that NATO be "dissolved and replaced by a collective security system with the participation of Russia and the expansion of civilian partnership relations between the EU and Russia. Moreover, there should be no expansion of NATO, no participation of NATO in Response Forces (NRF) or multinational armaments programmes, and no expansion of the NATO mission (strategic maritime transport, disaster response, energy security).³⁵ It demands that the NATO doctrine of preventative wars and the use of nuclear weapons be terminated, and that active steps be taken towards a nuclear-free world.

The war in Kosovo, in Iraq and especially the demand for withdrawals of troops from Afghanistan were issues raised in almost all country

³⁵ DIE LINKE (2009). *Konsequent sozial. Für Demokratie und Frieden*. Bundestagswahlprogramm 2009. [Electoral programme of the German Left Party, 2009] p. 53f.

reports; in all of them, this was the last item. It is notable that in Germany and in Finland, the governments do not refer to the military mission as an operation of war.

Regarding the question of the basis for the foreign commitment of NATO forces: Stated concretely for Norway, but also implied in all other papers was the position that military forces not participate in operations which have not been authorized by the United Nations.

An additional question is the further formulation of international law, raised in the papers from Finland, France and Germany, which describe this as a necessary task of the left.

More specific demands can also be deduced from the geopolitical situation of the respective country. For France for instance, the peace issue means a concrete change of Mediterranean policy and a policy change towards Africa. Mediterranean policy issues are also a concern to Italy, and both papers also describe the role of Europe regarding the question of refugees and migration.

It is important to uphold solidarity, to be on the side of social movements, and to protest against the mistaken neo-liberal policy structures of international policy, of numerous countries and organizations, and of military alliances, which are oriented towards military conflict resolution (Holm/Touminen).

It is also important, according to Stefan Liebich, to discuss alternatives and to show tactical skill in the struggle for majorities in various contexts. And it is important, especially for EU and NATO member countries, that the left draft not only fundamental positions, but also concepts for gradual changes of present conditions, and be willing to compromise for such developments. For regional governments however, such issues can only be central if they involve local conflict sites – as Falkner and Haese stress. Due to the federal system in Germany, state governments can have influence on national policy via the Bundesrat, the upper house of parliament. That means that if peace policy issues are dealt with there, left regional governments can exert influence. Otherwise, there is no credible connection, e.g. between the policy of a state government in Germany and the issue of the Afghanistan War.

Are there specific ecological projects, and how are economic, social and ecological developments interconnected? Are there approaches towards socio-ecological transformation?

Left politics must necessarily operate on the assumption of the close interrelationship of three areas, of three corners of an equilateral triangle: without economics, there would be no social security, and without the natural foundations of life, nobody would need an economy (Bockhahn). Deficient social standards always lead to ecological problems, too, and a stronger orientation towards ecologically-oriented economics can help get a grip on social concerns. Implementing this kind of thinking in one's own behaviour and in the heads of potential voters must be a central task for the political left, and built in as a leitmotif of the overall plan for a socialist world order of solidarity (Bockhahn).

This is described similarly in the French paper by Daniel Cirera: In future, it will be neither possible nor realistic to imagine an economic and industrial development policy without integrating the environmental dimension. Social issues and the ecology will have to be considered together. The "Green New Deal" which has been suggested, meaning a kind of "green capitalism", will not change the foundations of the system, but will rather serve as a justification for austerity policies. From the left point of view, it is necessary to bring environmental problems together with all aspects of societal life and manners of production. The dynamic dimensions of a socio-ecological transformation must at the same time advance social transformation.

The Manifesto of Fundamental Values of the Finnish Left Party distinguishes between capitalism and the market economy. It demands a market economy which is to be "ecological, social and humanly sustainable".³⁶ That could be achieved by "subordinating the market to national and international democracy". What remains unclear is: how? The left – this is formulated in all papers – supports measures for the

³⁶ Op cit., Kontula/ Kuhanen, p. 13 ff.

reduction of carbon dioxide emissions, and for ecologically sustainable development, including regional development, as in Apulia or in the German states (e.g., Falkner/Haese).

The discussions of the Norwegian left refer to a basic problem: its economy is substantially dependent on oil and gas, which also finance the Norwegian welfare state, and its claim to sustainable development. For this reason too, the issue is resource-saving manners of production, as part of the question as to what alternative economic system is the goal. The restructuring of the economy, e.g. in Brandenburg, the production of solar energy plants and other questions of alternative power generation describe the necessary direction. At the same time, the abandonment of brown coal, which will only be possible over the long term, demonstrates the difficulties of such a restructuring process clearly. To date, there exists only the initial attempts at a combination of social and ecological issues and political projects; climate, energy and social issues are described; their combination, less so.

The Finnish paper points to a problem: the danger of the expansion of nuclear energy in Finland. At present, 36% of Finnish energy is provided by petroleum and gas, and 22% by renewable energies, 16% by bituminous coal, 16% by nuclear power and 7% by peat. Finland has two nuclear power stations in Olkiluoto and in Loviisa, each with two reactor blocks. A fifth reactor has been under construction in Olkiluoto since 2005. A sixth reactor is presently being discussed, and is seen as probable.

Hardly reflected at all in the papers to date are questions of concrete cooperation amongst strategic partners, including too the issue of "antagonistic cooperation" as the basis for an overarching project of socio-ecological transformation.