

Impact on labour

# The World crisis, capital and labour: the 1930s and today

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**Almost nowhere are the labour movement and the left prepared to respond to the world economic crisis even as the latter deepens. Today's economic crisis and labour's response cannot be a replay of the 1930s and yet one can learn from that historical experience. The left around the world presently finds itself in a difficult position without, in most places, a strong socialist organisation or a powerful labour movement. The key to the development of the labour and social movements and of a socialist movement in the United States and in Europe will be, as it was in the early 1930s, the development of militant minorities, ginger groups in the workplace and unions, in communities, and in the various fronts that challenge the status quo.**

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The world economic crisis that began two years ago continues to expand, ramifying through the international economic system as it touches virtually every region, nation, and people on the globe. As the Group of 20 meets, representing more than 80% of the world economy, world leaders remain deeply divided about the way forward and have been unable to come forward with a unified proposal to deal with the crisis. [\[1\]](#)

Working people, labour unions, social movements and the left face enormous challenges in what is clearly a new period in world history. While the exact nature of this economic crisis will continue to be debated for years to come, the response to it has already begun among workers, unions and political parties on the left throughout the world. Almost nowhere are the labour movement and the left prepared to respond to developments.

**The crisis today**

The International Monetary Fund's (IMF) 28 January news release read: "World Growth Grinds to Virtual Halt, IMF Urges

Decisive Global Policy Response". The IMF predicted in January that the US economy will not grow this year, but rather shrink by 1.6% and that global economic growth would be a mere 0.5%, the worst rate of economic expansion in 60 years. [2] This overly optimistic projection will have to be revised downward. [3] Since then Japan's industrial production fell by 10% in January and the US economy shrank by 6.2 in the fourth quarter of 2008. Even the Indian economy, expected to do better than most, found its growth rate reduced to 5.3% in the third quarter of 2008-09 from the previous year's 8.9% in the same quarter.

The International Labour Organisation (ILO) issued a report in January that predicted that global unemployment in 2009 could increase over that of 2007 by a range of 18-30 million workers, and more than 50 million if the situation continues to deteriorate. At the same time some 200 million workers, mostly in developing economies, could be pushed into extreme poverty. ILO Director General Juan Somavia said that "the number of working poor living on less than a dollar a day could rise by some 40 million - and those at 2 dollars a day by more than 100 million".

"The ILO message is realistic, not alarmist", said Somavia. "We are now facing a global jobs crisis. Many governments are aware and acting, but more decisive and coordinated international action is needed to avert a global social recession. Progress in poverty reduction is unravelling and the middle classes worldwide are weakening. The political and security implications are daunting." In fact, his bleak predictions are not sufficiently grave: China alone could lose 50 million jobs just among its internal migrant workers.

## **Two parallel crises**

The catastrophe unfolds in each country and on a world scale as two parallel crises: one for the capitalist class and one for the working class, small farmers and the poor. The result is a struggle between these two groups, first, over the question of who will pay for the crisis; second, over how the economy will be reorganised through the crisis, and, third, over the new state of affairs that will prevail when the crisis ends. The capitalist classes in each country want to socialise the cost of the crisis, shifting it on to the working classes through bailouts and rescues paid for out of the public purse and through wage cuts.

The outcome of the struggle cannot be foreseen because it is a question of relative power as well as of politics. The capitalist lobbies and parties will want the government to help banks and corporations to recover, either through nationalisation or large infusions of public monies, and then once they are solvent again, will want them returned to private parties and profitability. Working

people, if they are to avoid bearing the burden of the crisis and becoming the victims of the post-crisis new order, will have to take advantage of the current turmoil to organise and to develop political alternatives.

The situation today, then, invites comparison to the Great Depression of the 1930s where a struggle between capital and labour unfolded, albeit on the basis of profoundly different conditions. Europe had been plunged into a world war in 1914 in which millions died and that finally ended in 1918 with the defeat of the Entente accompanied by a series of revolutions that brought down the Russian, German, Austrian-Hungarian and Ottoman Empires. The immediate post-first world war economic crisis led to the rise of Fascism in Italy and then to Nazism in Germany, and then to a return to world war by the late 1930s. The struggle between labour and capital in the 1930s not only took place within this context, but also stood at the very centre of it.

## **1. Capital and labour in the crisis of the 1930s**

Today's economic crisis and labour's response could not be a replay of the 1930s. The question of hegemony then, of course, was being played out between Great Britain, the United States, and Nazi Germany. Throughout Europe, within each nation there was also a struggle for hegemony between rival blocs of capital, and between capital and labour. Ordinary times slipped into the past as war and revolution came over the horizon.

The world capitalist system today is in an altogether different situation than it was then. While capitalism had become a world-wide system long before the 1930s, capitalist industrial production remained concentrated in Europe, the United States, and Japan, virtually the only nations where the working class made up one of the largest groups in society. Throughout the rest of the world, in Asia, Africa and Latin America, much of exports were agricultural and most industry was extractive, like mining or lumber. Only relatively few industrial enclaves existed in the colonies and neocolonies which could not then even be characterised as "developing" nations. While the working classes in those countries were extraordinarily concentrated and, once organised, inordinately powerful, they seldom proved capable of becoming the dominant force in the national scene. With militarism having come to power in Japan, it was in Europe and America that workers, their unions and parties became a principal factor.

The European and American workers' movements took advantage of the 1930s to organise, where they did not already exist, powerful industrial unions and workers' parties. Everywhere in Europe those developments - accompanied by large-scale strikes and even occasional local attempts to seize power - put the ques-

tion of socialism and revolution on the agenda. In Germany, the divisions between the social democrats and the communists – exacerbated by Stalin’s characterisation of the socialists as “social fascists” – destroyed chances for a united front and made it possible for Hitler to take power in 1933. Mussolini and the fascists, of course, had already taken power in Italy in 1922 after the collapse of the workers’ factory occupation movement of the *biennio rosso* of 1919 and 1920.

### **The Soviet union, Stalin and the communists**

The crisis of the 1930s in Russia was altogether different than in the rest of Europe and Asia. The workers led by the Bolsheviks had overthrown capitalism in Russia in 1917, but the backward economy, the war-torn conditions, followed by civil war and foreign invasion made the construction of a socialist society there alone an impossibility. Efforts to extend the revolution to Poland through armed invasion and to Germany through communist uprisings had failed by 1924, the same year that the Bolshevik leader Lenin died. Within a few years Joseph Stalin had succeeded in organising a new ruling group which overthrew the old Bolsheviks and took power. During the decade between 1927 and 1937, Stalin’s counter-revolution had destroyed the remnants of workers’ power in unions, workers’ councils and the Russian Communist Party. Stalin’s bureaucracy now ruled a new Russia, neither socialist nor capitalist, a bureaucratic collectivism bent on creating a strong state through industrialisation. The forced march to industrial development would take the lives of millions, but ultimately succeeded in modernising Europe’s most backward nation and making it a military power.

Stalin’s victory also put him at the head of the Communist International, the organisation of communist parties around the world. After the failure of his theory of “social fascism” in Germany and the victory of Hitler, a development which threatened the future of the Soviet Union, Stalin reversed course, calling for communist unity not only with the reformist socialists, but also with capitalist parties, or for that matter with any party opposed to Fascism and Nazism. To achieve unity with the capitalists of Europe, it would be necessary to drop the revolutionary rhetoric, to moderate the political course, and to hide communist designs on power, even when, as in Spain, the new bureaucracy harboured ambitions of somehow seizing power. As they evolved into a parliamentary and reformist party, the communists’ programme in western Europe came to resemble the socialists. The communist’s new found reformism would have profound implications, particularly in Spain.

Since the beginning of the 1930s, Spain had been in turmoil. In its most industrialised province of Catalonia, it was the National Confederation of Labour (CNT), affiliated with the anarchist International Workers Association, which led the

workers movement while in other regions it was the General Union of Workers (UGT) linked to the Socialist Party which held sway among the workers. In 1936, in response to the narrow victory of the Popular Front - the Republican Parties of Spain and Catalonia, the Socialist Party, and the small communist party - General Francisco Franco led a military rebellion beginning the Spanish Civil War. Simultaneously, within the Republic another contest developed between the capitalists and their parties on the one hand and the anarchists and the rest of the far left on the other. The communists, as part of the Popular Front government, played a key role in stifling attempts at revolution from below. Their hand was strengthened by the Soviet Union's support for the Republic and by the communist organised International Brigades.

Throughout the Civil War the Spanish workers fought to defend the Republic and at times to take power on a local level, but the Spanish socialists and even the anarchist leaders declined to break with the capitalist parties of the Popular Front. The communists and the International Brigades, meanwhile, not only fought the fascists, but also suppressed the anarchist and revolutionary socialist left. The small, left wing Workers Party of Marxist Unification (POUM), with which George Orwell fought, also failed to find a way forward toward socialism. After almost three years of devastating civil war, Franco succeeded in overthrowing the Republic and then in obliterating the labour movement. Spain's fascist government, neutral in second world war, would survive into the 1970s.

In France another Popular Front, made up of the same alliance between the more liberal capitalist parties, the socialists and communists, came to power in May of 1936, followed immediately by the huge general strike that began that month and continued on into June. The General Confederation of Labour (Confédération générale du travail or CGT), led by the communists, moved quickly to put itself at the head of and to contain a workers' movement that was rapidly radicalising and threatened to become revolutionary. The government moved with equal haste to attempt to arbitrate discussions between the unions and the employers. The result was that on 7 June 1936 the French employers and unions signed the Matignon Accords granting workers the right to union representation, to strike, and to bargain collectively, and in this first such national agreement a 7 to 12% wage increase, a 40-hour week, and paid two-week vacations. While the workers had achieved a remarkable success, their union leadership and the Popular Front government also succeeded at the same time in keeping the movement from turning in an even more radical direction, one that might have created a revolutionary situation.

### **The united States in the Great Depression**

The Wall Street Crash of 1929 detonated the Great Depression which in the United States lasted the entire decade. The gross national product fell from \$103 billion to \$48 billion by 1932,

while profits dropped from \$10 billion to \$1 billion. Some 9,000 banks failed and 100,000 businesses went under. Unemployment rose from 3.2% to 24.9% within three years, leaving 12.8 million jobless. Factories not only lay off workers but also cut work days or cut hours, and often increased the pace of work for those on the job. Banks foreclosed on homes while landlords evicted tenants. Men left in search of work and, broken and ashamed of their failure, sometimes never came home, simply abandoning their families. With businesses failing and workers unemployed, tax revenues fell, causing city and state governments to cut the budget and lay off public employees. It was the worst American economic decline since the long, deep depression of the 1890s.

Republican President Herbert Hoover lost the 1932 election to Democrat Franklin D Roosevelt, the governor of New York, a somewhat liberal pragmatist who took office at the depth of the Depression. Roosevelt's New Deal policies and the Democratic Party Congress offered some encouragement to labour, but at the same time worked to keep the labour unions within the framework of capitalist labour relations. That framework was provided by the National Labour Relations Act of 1935 which for the first time in US history gave workers the right to organise labour unions, strike, and bargain collectively.

### **The left in the american crisis**

When the Depression first began, the union movement proved unable to respond. The American Federation of Labour (AFL), made up mostly of skilled white workers in craft unions, saw its membership decline dramatically in numbers as the Depression deepened. The AFL proved politically unwilling and organisationally incapable of taking action on behalf of the working class as employers began to walk away from the unions and their contracts. The small Communist Party (CP) of the United States threw itself into organising the unemployed as early as 1929 into the "Fight Don't Starve" movement. The CP's Fight Don't Starve movement demonstrated at factories, corporate headquarters and in front of government buildings, with some violent confrontations such as that in Detroit and New York where many were beaten and a few killed. More significant were the Unemployed Councils created by communists and socialists in several major cities to demand relief, jobs, and in support of strikes. By 1934 a new more radical labour movement appeared as communists led stevedores on strike in San Francisco, socialists headed up an auto parts workers out in Toledo, and the Trotskyists gave direction to the Teamsters strike in Minneapolis. All three strikes were successful, signalling the beginning of a new labour movement.

At the 1935 AFL convention in Atlantic City, New Jersey, John L Lewis, the rather conservative leader of one of the United Mine Workers (UMW) unions, one of the few industrial unions in the federation, led a split that brought about the creation of the

Congress of Industrial Organisations (CIO), a new federation dedicated to organising industrial unions. Lewis' CIO, funded by the UMW, created an organising staff made up largely of the leftists who for years had been organising in the industrial cities of America.

The militant rubber, steel and auto workers were soon drawn into the organisation, as Lewis' CIO succeeded in channelling the industrial worker upheaval. The rubber workers successful sit-down strike in Akron in 1936 was followed by the sit-down strike in the General Motors auto plants in Flint, Michigan in 1937, which also proved victorious. Shortly thereafter, the US Steel Corporation, without a strike, signed an agreement with the CIO, though other steel companies resisted. By the end of the 1930s, the CIO had succeeded in bringing about three million industrial workers in the labour movement, while a revived AFL organised another million or more. Within the framework provided by the new National Labour Relations Act, unions were recognised, contracts bargained, and though there was much turmoil, the labour movement began to settle down. The Supreme Court helped to ensure that it did by outlawing the sit-down strike.

While the leftist militants who organised the CIO at the grass roots may be said to have had three objectives - industrial unions, a labour party, and socialism - by the late 1930s all but the first had been set aside. Most of the Socialist Party's members had found their way into the New Deal Coalition and the Democratic Party. The communists pursued the American version of the Popular Front, and, though they ran their own candidates for office, actually supported the Democrats and Roosevelt. Lewis and the communists initially differed with Roosevelt on the question of entering the European conflict that changed after the Nazi attack on the Soviet Union in 1941 and then the Japanese attack on the United States that same year. The US alliance with the Soviet Union led the communists to proclaim that "Communism is twentieth century Americanism". The National War Labour Board, a tripartite organisation made up of government, the corporations and the unions, provided the structure through which the unions would be domesticated. The government pushed employers and unions towards cooperation and eventually partnership, a relationship which, though sometimes rocky, continued on through the post-war period.

### **The End of the crisis in Europe**

The crisis in Europe did not so much end as become transformed into the horrors of the second world war. The war's termination through the fire-bombing of Germany and Japan, and finally the dropping of the atomic bomb on Hiroshima and Nagasaki, not only ended the crisis, but also brought to a conclusion the hundred year history of the development of the European labour movement. Mussolini in Italy and Hitler in Germany destroyed

the socialist and communist parties and the labour unions, as well as sending most of their leaders to the death camps. Stalin's anti-Bolshevik campaigns of the 1930s had eliminated the leaders of labour movement there. The Nazi's military campaigns, conquests and occupations in the Low Countries and France finished much of the union movement in those nations. The Red Army's simultaneous liberation and conquest of Eastern Europe eradicated the socialists and old communists in those countries and their labour leaders. The war itself, the killing, the sickness and the starvation took most of the rest of the revolutionary generation of the 1930s. The post-war world would be altogether different as a result of the crisis, the failure of revolution, the death camps and the war.

While there was a radical upsurge from below led by the resistance movements in France and Italy in the last years of the war and immediately after war's end, the socialist and communist parties succeeded in keeping the movement from taking a revolutionary turn. Thus the post-war era began with two reformist and parliamentary labour parties leading a large and sometimes militant but no longer radical workers' movement.

## **2. The crisis of 2008-09**

Capitalism in the 21<sup>st</sup> century is, more than ever, a world system. But it is not our grandparents' capitalism. Since the 1930s the world capitalist system has changed in several ways, all of which affect both the nature of the current crisis and the response of the working class. Capitalism has expanded, and its penetration of peoples, states and regions of the world has deepened, while its operation has been transformed in ways which, if they did not change its essence, changed its methods and organisation significantly.

With the end of the second world war, the process of decolonisation began in Africa and Asia as former colonies became independent nations open to new economic relationships, that is, new forms of economic exploitation. The fall of communism in the Soviet Union and eastern Europe by the early 1990s also opened up that region to private capitalist investment, including from countries in the west. More recently, China's turn from bureaucratic communism to authoritarian capitalism expanded the system still further. Throughout the post-second world war period, then, capital flowed into these vast new regions of Africa, Asia, and eastern Europe which had been thrown wide open to investment. Africa, except for South Africa, for the most part, continued to have a post-colonial economy much like the old colonial one, with investment in some agricultural export products, oil and mining. Only South Africa saw significant growth in manufacturing.



## **Expansion of capital in Asia and Latin America**

Most of the capitalist economic growth in the developing world occurred in Asia, in countries like Japan, South Korea, Taiwan, Hong Kong and Singapore, though after 1980 the Chinese communist government began to oversee a transformation to a capitalist economy through the use of state capital, off-shore Chinese capital, and investment from countries such as the United States. Within little more than a decade, China had been transformed into the fastest growing capitalist industrial economy on earth, its production largely driven by the US market. India too entered upon a path of rapid capitalist industrial development by the 1990s. In Latin America, Brazil grew into one of the world's largest 10 economies; rapid industrialisation also took place in Mexico.

During this same period, capitalism changed its methods from the Taylor-Ford model of industrial production based on scientific management and assembly line production to the post-Fordist, Japanese, or lean production model. Production management in workplaces around the world introduced just-in-time warehousing and parts delivery systems, created workplace quality circles or teams, cut the workforce, and introduced more intense supervision. At the same time corporations reduced the size of their core facilities and workforces through subcontracting or contracting-out, a strategy which also tended to reduce the role of labour unions and the collective bargaining agreement. Japanese and Korean success in the auto industry, later imitated by European and American manufacturers, was largely based on these new production models.

One of the most important new developments in world capitalism beginning around 1980 was the growth of the world-wide manufacturing model, that is, a manufacturing system based on production of parts taking place in various countries later to be assembled in another nation, and perhaps sold in yet another. The growth of satellites, fibre optic cable, and cellphones, the computerisation of communications and of production controls, the development and spread of the inter-modal containerised cargo system adaptable to trucks, trains, ships and planes, and the creation of a world finance system facilitated by information technology made such a world production model possible.

All three of these developments - the expansion of capitalism to the post-colonial and post-communist worlds, the development of lean production, and the world production model - were accelerated by the appearance beginning in 1980 of neoliberal economic policy. Margaret Thatcher in the UK and Ronald Reagan in the US first began to introduce the neoliberal model based on deregulation and privatisation, open markets and free trade, tight monetary and fiscal policies, cuts in government social welfare spending and an end to subsidies on basic commodities (such as corn or petroleum), and a concerted attack on labour

unions. Later, the international financial institutions - the International Monetary Fund (IMF), the World Bank, the World Trade Organisation (WTO) - would use structural adjustment policies to press these measures on developing countries.

### **The post-War Working class**

To understand the labour movement's response today, we have to see it in the perspective of the post-war experience. After World War II, in the revulsion against Fascism and Nazism and the conservative political parties in Europe, the populations elected the Labour Party and social democratic parties to power in western Europe. While the situations and the timing varied from country to country, the tendency was toward the creation of social-democratic welfare states in the post-war period, institutional reforms in labour relations and social welfare which remained intact even when conservatives or Christian Democrats came to power. At the same time, in most western European nations, the government and political system tended toward the integration of the labour unions into the political system as an electoral apparatus, just as the various forms of union participation or joint-management integrated the unions into the economic system as junior partners.

Similarly, in the United States, the post-war New Frontier, Great Society and War on Poverty measures of Democratic presidents John F Kennedy and Lyndon B Johnson established a similar though narrower and weaker welfare state in America.

The general post-war prosperity of the United States and the consistent improvements in the standard of living in Europe combined with the welfare state measures led to a period of relative social stability lasting from 1945 to the mid-1960s during which the left political parties and labour unions atrophied.

By and large, collective bargaining became ritualised as unions traded shop floor control for wage increases, cost-of living clauses, and health and pension benefits. Automation of the plants in the 1950s and 1960s led to a combination of intensified production and the gradual reduction of the industrial workforce.

When a period of economic crisis and social conflict erupted in the late 1960s and 1970s, a New Left and a new worker insurgency in countries like Greece, Italy, France, Spain and Portugal, and to a lesser extent in Germany, led the resistance. The French general strike of 1968, the Italian "hot autumn" of 1969-70, and the near-revolutionary upheavals of 1974-75 in Spain and Portugal raised the prospect of socialist revolution but proved incapable of breaking the grip of the reformist socialist and communist parties and their labour federations.

Nevertheless, the tendency towards the absorption of the

socialist and communists into the parliamentary system as moderate reformers together with the institutionalisation of labour relations meant that the working class was too weak to stop imposition of the new capitalist order of post-Fordism, world production and neoliberalism.

Throughout Europe, Japan and the United States, with competition increasing and profits stagnating, employers went on the offensive in the 1970s. The employers launched what shocked union officials called “class warfare”, during a decade when every contract negotiation seemed to lead to conflict. The combination of the employers’ offensive and deindustrialisation, the closing of older less-productive plants in order to meet foreign competition, led to a gradual reduction in the size and power of the unions, though nothing like what would happen in the following two decades.

The neoliberal period that began in 1980 saw the further political degeneration of left political parties around the world.

While the labour, social democratic and communist parties of Europe had already begun in the pre-second world war or Popular Front period to play the role of reformist parties that would seek to administer the capitalist economy and its state rather than to transform or overthrow them, by the 1980s these parties had become in most cases little more than tepid centre-left parties carrying out programmes little different than their conservative and liberal counterparts. During the neoliberal era, social democrats enthusiastically privatised, deregulated, opened markets, cut the budget, and restrained labour unions. Consequently, as the working class saw its standard of living decline, its parties and unions lost their support.

Throughout the neoliberal period of the 1980s and 1990s, in countries around the world, unions were driven from the halls of government, lost their weight in political party conclaves and found themselves driven out in the cold. Unions, in fact, became the targets of a concerted attack by government and employers. For while at the heart of the neoliberal agenda were measures like budget cuts, deregulation, privatisation, and free markets open to foreign investment, also central to that agenda was the weakening of the power of labour unions. In the neoliberal world, the union was a pariah.

Neoliberal policies affected unions in various ways: closing of older industrial plants often wiped out the strongest labour unions, direct government attacks on unions eliminated others, changes in labour legislation, particularly, the promotion of “flexible” labour laws weakened union protections, contracting out (or out-sourcing) replaced union workers with non-union contract workers, while an employers’ offensive debilitated unions and eroded contracts.

While the government and employer attack on unions proceeded, it was often accompanied by

changes in production

which resulted in a reconfiguration and a recomposition of the working class such that even in developing countries, industry and industrial workers tended to decline, while services and service workers grew, and casual employment multiplied. So there was a tendency for as much as a quarter, a third or even half of the workforce to become part of the informal economy. They laboured in that economy without social security (health and pension), without labour unions, and without paying taxes. As the process advanced, workers often found job security imperilled, wages falling, and benefits diminishing. All of this was accompanied, of course, by a gradual and general decline in the standard of living of workers.

During this period, the ties between government and communist, social democratic, labour, nationalist and populist parties and their respective labour federations were weakened. Whether in the former Soviet Union, Indonesia or Mexico, the government-party-union connection - a connection often built on patronage and rife with corruption - was severed. In several countries - including the United States, Mexico and Venezuela - under the pressure of events, the old political labour federations cracked up, rival labour federations multiplied, and, in some cases, the unions were virtually pulverised. Unions which once found strength through their ties to a leftist party that for long periods of time controlled one or another government, now found themselves cut loose from both government and party and set adrift in the choppy economic seas.

In most countries, during this period, unions suffered damaging attacks and sometimes crushing defeats during this period.

At the same time, in Bolivia or India for example, new social movements arose, sometimes calling themselves "unions", but representing not the industrial working class or government employees, or service workers, but rather groups such as the unemployed, the self-employed, the landless, the indigenous and women. New unions for casual workers arose in Japan, Korea and India. Combinations of the old unions, the new movements, the indigenous groups, dissident military factions, and old left political parties created new political forces and, especially in Latin America, where massive struggles eventually brought some of them to power in one or another country.

### **Latin America: the neoliberal trend resisted**

The situation was different in Latin America. The disappointments in democratisation and the failures of the economy in the 1980s and 1990s led to the rise of social movements, political parties, and candidates that opposed neoliberalism and the Washington Consensus. Latin Americans resisted neoliberalism in various countries through a series of national general strikes, popular uprisings, and attempted coups. By the late 1990s the

struggle found expression in political campaigns. The continental shift to the left can be seen clearly in the series of elections over the last decade which brought to power in seven Latin American nations a series of presidents with politics described as ranging from populist, to social democratic, and, in some cases, as some claim, revolutionary socialist.

In Venezuela, Hugo Chávez, a charismatic military officer and coup leader was elected president in 1999 and re-elected in 2000 and 2006. He proclaimed a struggle for a Bolivarian socialism, what he calls "socialism for the twenty-first century". Chávez has won support from sections of organised labour, mobilised Venezuela's poor, and has used the nation's oil wealth to finance campaigns - the Bolivarian Missions - to bring health, education and welfare to the nation's needy. He has worked to build unity among Latin American nations to resist the United States. Chávez has, in the past few years, created the United Socialist Party of Venezuela (PSUV) and the National Union of Workers (UNT) as political instruments of his government's power. A populist whose methods involve a combination of direction from above and mobilisation below, Chávez's Bolivarian Revolution has been paused but not paralysed by a reactionary bourgeois opposition, the power of the United States, and the vicissitudes of oil prices. More democratic forces with other visions of socialism tend to operate within the broad *chavista* movement rather than outside of it.

Ignacio "Lula" da Silva, a former steel worker, organiser of the Metalworkers Union, then of the Brazilian Labour Federation (CUT), and of the Workers Party (PT), has pursued more cautious and traditional economic programmes. His government has been aligned with the banks and big construction companies, kept its support of the CUT and PT, and created a welfare programme for the nations' poor. In the international arena, he has formed an alliance with China and India to block the US in the WTO, and he too has worked for Latin American unity under the leadership of Brazil.

Evo Morales represents the explosion of the indigenous people onto the Latin American scene. An indigenous person himself, the head of a union of coca growers, a self-proclaimed socialist and leader of the Movement to Socialism (MAS), Morales has fought both to keep control of the country's national resources (gas and lithium) and for a national land distribution. His radical programme has won broad support from the country's indigenous and poor people of the altiplano and fierce opposition from the European or mestizo people of the low lands.

Within all of these countries there exist mass labour and popular movements and revolutionary groups though nowhere does socialist revolution appear to be on the agenda. While the most radical situations exist in Venezuela and Bolivia, to be successful there social movements would have to overcome both Chavez's "personalistic" approach and the limits of the petroleum-based economy, while in the second it would have to

surpass Morales' cautious pursuit of reform. Neither of those seems highly likely.

## **China in crisis**

At the new heart of contemporary world production in Guangdong Province, China, the sudden collapse of the American market and other national markets led to abrupt plant closings, layoffs, and in some cases worker protests and riots. China's growth rate fell to 6.8% in the last quarter of 2008, ending five years of growth at 10% or more. The IMF predicts China will grow by only 6.7% this year, though some think growth might only be 5%. Economists say that China needs an 8% growth rate to provide jobs to new entrants to its labour force.

Already by February there were 20 million Chinese without jobs heading home to their villages. "It's expected that 40 to 50 million or more migrant workers may lose their jobs in urban areas if the global economy keeps shrinking this year", wrote Tsinghua University's Professor Yu Qiao in a recent paper. And this does not include the permanent urban residents who will also lose their jobs in this downturn. "Jobless migrant workers on this mass scale imply a severe political and social problem", said Yu. "Any minor mishandling may trigger a strong backlash and could even result in social turbulence". According to official Chinese government statistics of 2006 and 2007, the country's manufacturing industry then employed 44.5 million migrant workers and 33.5 million urban residents. [4] The Chinese Academy of Social Sciences asserted in January that the real unemployment rate was 9.4%, and could be expected to rise.

The Chinese Ministry of Security reported that "mass incidents" - such as strikes and riots - numbered 10,000 in 1994, but by 2005, that had risen to 87,000. While the government stopped publishing the statistics, observers believe the numbers have risen even higher. "Without doubt, now we're entering a peak period for mass incidents ... In 2009, Chinese society may face even more conflicts and clashes that will test even more the governing abilities of the party and government at all levels", according to senior Xinhua agency reporter, Huang Huo. [5]

While elsewhere the state, party and union ties broke, in China the Communist Party jealously guards its power and protects the All-China Federation of Trade Unions (ACFTU). Yet even in China, the ACFTU has evolved in complex and varied ways and sometimes functions somewhat more independently and sometimes, even if rarely, in one or another situation in defence of workers. The local ACFTU union finds itself both assisted and challenged by independent workers' centres. Whether the state will be able to contain the rising tide will depend on whether or not workers can build labour and political organisations independent of the government, the Communist Party and

the ACFTU.

## **The crisis, the movement, the left and the Future**

The left around the world finds itself in a difficult position without, in most places, a strong socialist organisation or a powerful labour movement. The key to the development of the labour and social movements and of a socialist movement in the United States and in Europe will be, as it was in the early 1930s, the development of militant minorities, ginger groups in the workplace and unions, in communities, and in the various social movements that challenge the status quo. Militant minorities, acting independently of the labour bureaucracy and of the liberal and social democratic parties have the capacity to set larger forces in motion. Once large numbers begin act, history suggests that this will lead suddenly to the development of new tactics and strategies and fresh political alternatives.

The revolutionary left - tarred with the failures and atrocities of both social democracy and Stalinism and recognising that programmes are something to be constructed not proclaimed - hesitates to put forward a full-blown plan which it recognises that it does not have the arguments to justify, the forces to fight for, or the power to impose. The development of a programme will have to come with the evolution of a new socialist left, and working class and popular movements.

We already begin to see such first attempts to project a programme - not yet on a revolutionary basis - in the declarations of the Asia-Europe People's Forum in Beijing and the Social Forum in Belém. [6] The calls for socialisation of finance and industry and for the administration of the economy democratically, raised by movements from below, point toward a possible future. Yet those programmes and demands will be meaningless unless the labour and social movements can mobilise to push them forward. During this period, the revolutionary left, through militant minorities and the development of its programmatic ideas, may be able to lay the basis for revolutionary organisations, and, in some countries, to even construct a revolutionary party.

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### **P.S.**

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### **Footnotes**

[1] Jane Wardell, "G-20 Officials Meet Amid Policy

Divisions”, at: <http://www.google.com/hosted-new...>

[2] IMF, “World Growth Grinds to Virtual Halt, IMF Urges Decisive Global Policy Response”, at: <http://www.imf.org/external/pubs...>

[3] International Monetary Fund, “World Economic Outlook Update: Global Economic Slump Challenges Policies”, 28 January 2009, at: <http://www.imf.org/external/pubs...>

[4] John Garnaut, “Spectre of 50m Job Losses Looms in China”, *The Age*, 19 January 2009, at: <http://business.theage.com.au/bu...>

[5] Tania Branigan, “China Fears Riots Will Spread as Boom Goes Sour”, *The Observer*, 25 January 2009, at: [<http://www.guardian.co.uk/world/2009/jan/25/china-globaleconomy>]

[6] “The global Economic Crisis: An Historic Opportunity for Transformation”, at: <http://www.europe-solidaire.org/spip.php?article11729> and, “We Won’t Pay for the Crisis: The Rich Have to Pay for It!” at: <http://www.europe-solidaire.org/spip.php?article12821>

[We won’t pay for the crisis. The rich have to pay for it !](#)