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**Deepening World Economic Crisis
And The Working Class Response**

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The capitalist triumphalism which flourished after the collapse of Soviet Union and the East European socialist countries could hardly have been more ill-timed. The few turbulent years since 1990-91 in the world arena have almost blown up the illusion and mirage conjured up by the protagonists of unfettered market forces for an irreversible triumph of international finance capital.

True, the decade that is coming to an end witnessed all the rivalry and jubilation for such a triumph, but, of late, things have started a different face. Asia, whose inter-regional and external trade makes up a third of the world total, has entered a deep slump, which is now remorselessly spreading around the world. Shaken by these ominous developments, one of the biggest of the world's financiers, George Soros, warned the US Congress against complacency and said on 15 September 1998, "the global capitalist system which has been responsible for our property is falling apart of the seams". Some bourgeois economic pundits are now warning of a world depression.

Overall deepening crisis of the system

True, the present phase of capitalist development -- globalisation and the triumph of finance capital have opened up dazzling new opportunities for some people. It has shown a rise of the corporate power immensely expanding the wealth and power of a few hundred global corporations. But the current downturn has also laid bare all the manifestations of unheard of deepening crisis of the system. It is not merely, or even primarily, a financial crisis. It is a deeply rooted crisis of capital accumulation, now expressing itself as a crisis of production.

Apart from all other cause of the crisis, it was already evident that in East Asia there was serious overcapacity, especially of computers, electrical consumer goods and motor vehicles. The East Asian slump almost immediately caused a sharp fall in the prices of oil and other commodities -- down 30 per cent at the end of last year to a twenty-year low, transmitting the crisis to mainly commodity exporting economies.

As is well known, East Asia, in any case, part of US, Japanese and European multinationals global production complex. With the deepening and spreading of the crisis, rising unemployment reduced income levels, mounting business and consumer debt defaults and government cuts will further reduce demand and accentuate over-production on a world basis. Over-production will hit the advanced capitalist economies too. According to the anarchic logic of capitalism, this will lead to a massive destruction of productive capacity and higher and higher levels of mass unemployment.

On the other side of the globe, after the shivering Mexican crisis, it is now Brazil has been the epicenter of economic turmoil and its shock wave is bound to rock the entire Latin American economies.

The crisis in Russia with its financial-economic melt-down also represents a new phase in the world economic crisis which opened with the East Asian currency crisis in 1997. It has thoroughly exposed the malignant symptom of the underlying sickness of Russian capitalism. Far from being a dynamic epicenter of global growth, as many capitalist enthusiasts in tune with the imperialists claimed until recently, the Russian economy has been reduced to a barbarous jungle dominated by predatory financial swindlers propped up by the US and the IMF-World Bank duo. That Russian crisis will have its impact on Western capitalism, US capitalism in particular, is also acknowledged by some western economic commentators. Writing in Wall Street journal of 17 August, 1998, under the headline 'Russia's Challenge to Capitalism', Jacob Schlesinger comments, "Russia's travails have introduced a new edginess to an already nervous stock market and were blamed for atleast some of the Dow's descent last week. More broadly, Russia risks undermining confidence in the future of the expanding global market system and how it is managed -- an optimum that has given a huge boost in recent years to American corporate investment plans

and the US stock markets's rise".

The collapse of the Soviet system (for whatsoever reason) was taken advantage of by the imperialist circles and anti-socialist propagandists that capitalism is a successful system. Now the collapse of Russian capitalism is a loud signal to cancel this out.

The leaders of the advanced capitalist countries have been plunged into a crisis of policy. Buoyed up by the apparent continuation of the rising 'bull-market' on US and Eastern stock markets, bourgeois strategists -- barring a few like George Soros -- were resolutely denying the seriousness of the Asian crisis and its global effects. Right from Clinton, Greenspan (head of the US Central Bank) down to the G-7 leaders have pooh-poohed the global impact of these crisis, but now all of them are in jitters.

Working class and the poor left in the lurch

The global economy has achieved a dynamic in which competition among localities has become as real as competition among firms. The main characteristics of this capitalist globalisation may be summarised as below:

- ** The world's money, technology and markets are controlled and managed by gigantic global corporations;
- ** A common consumer culture unifies all people in a shared quest for material gratification;
- ** There is a perfect global competition among workers and localities to offer their service to investors at the most advantageous terms;
- ** Corporations are free to act solely on the basis of profitability without regard to national and local consequences;
- ** Relationships, both individual and corporate, are defined entirely by the market; and
- ** Loyalties to place and community matter little.

How far the transnational corporations' loyalties even to their country of origin and their own communities do not matter are amply

exemplified by the constant mobility of these transnational corporations in search of more and more profits across the national borders and how the different national governments compete with each other are also exemplified by the reckless competitive bids of those governments ultimately resulting in constantly downward pressure on the wages and curtailment of the trade union rights of the workers.

As an ideal case, for instance, Moore County, South Carolina, won a competitive bid in the 1960s and 1970s when it lured a number of large manufacturers from the industrial regions of the northeastern United States with promises of tax breaks, lax environment regulation, and compliant labour. Proctor Silex was of the companies attracted. Later, when Proctor Silex expanded its local plant, Moore County floated a \$5.5 million municipal bond to finance necessary sewer and water hook-ups -- even though nearby residents were living without running water and other basic public services. Then in 1990, the company found that across the borders, Mexico offered more competitive terms and then decided to move to Mexico leaving at lurch the Moore County which had incurred public debts to finance infrastructural facilities for the company. Not simply so, the company left behind 800 unemployed workers and drums of buried toxic waste in the Moore County.

How in a competitive bid to lure transnational corporations, the national governments seek to divest the workers of their elementary rights to unionisation becomes clear from another classic example again involving United States and Mexico.

Americans need go no further than the Mexican border to get an idea of what it now takes to be globally competitive. The *maquiladoras* are assembly plants in the free trade zone on the Mexican side of the border with the United States. Like magnet, this zone attracted many US companies including General electric, Ford, General motors, GTE, Sylvania, RCA, Westing house and Honey Well -- that were seeking low-cost locations in which to produce for the US market. Growth has been explosive from 620 *maquiladoras* plants employing 1,19,550 workers in 1980 to 2,200 factories employing more than 5,00,000 Mexican workers in 1992. Many are fitted with most modern high productivity equipment and technology. *But the most revealing feature is this that the productivity of the Mexican workers employed in these modern plants is comparable to that of US workers, average hourly wages in maquiladora factories are just*

\$1.64, compared with an average manufacturing wage of \$16.17 in the United States.

Over and above, to maintain the kind of conditions, transnational corporation prefer, the Mexican government has denied workers the right to form independent labour union and has held wage increases far below productivity increases. In the summer of 1992, more than 14,000 Mexican workers at a Volkswagen plant turned down a contract negotiated by their government-dominated labour union. The company fired them all, and a Mexican court upheld this company's action. Earlier, in 1987, in the midst of a bitter two-month long strike in Mexico, Ford Motor Company tore up its union contract, fired 3,400 workers, and cut wages by 45 per cent. When the workers rallied around dissident leaders, being disgusted with the official union, gunmen hired by that official government-dominated union shot workers at random in the factory.

Loose enforcement of safety and environmental regulations is another attraction for the US investors. An investigation team from the US General Accounting office reported to US Congress how all six newly opened US plants it inspected in Mexico were operating without the required safety measures and environmental licences. Investors are exempted from property taxes on their factories and public infrastructure -- road, water, housing and sewage lines with the workers living in shanty rooms that stretch for lines. Thus, the workers are exposed to all sorts of dangers to their health forcing them to live in a precarious condition. (For more details, see 'When Corporations Rule the world', David E. Korten, USA, chapter 8).

Mexican workers, including children, are thus heroes of the new economic order in the eyes of corporate libertarians -- sacrificing their health, lives, and future on the alter of global competition -- the *modus operandi* of the present phase of capitalist globalisation. These are just typical examples only. This has become the general feature of the global competition around the globe, in the process of which workers are being sacrificed at the alter of the insatiable greed for more profit and more profit of this capitalist globalisation. And the national governments of the third world countries are becoming wilful collaborators of this dehumanising exploitation of their workers in a bid to lure investment.

Globalisation intensified poverty and deprivation

For overwhelming majority people of the world, capitalist globalisation is a disaster. While mainstream economists and the protagonists of this new phase of capitalist offensive seek to belittle or even ignore the disaster that is being spelled out by the globalisation, the agencies like United Nations Development Programme or International Labour Office or even World Bank or the OECD Reports could not hide the increasingly darker side of this new phase of capitalist development so far as the conditions of the working people and the poorer sections are concerned.

According to UNDP Report for 1998, 'Poverty and deprivation are not only a problem of the developing countries'. It goes on to record:

** On the basis of an income poverty line of 50% of the median personal disposable income, more than 100 million people are income-poor in OECD countries.

** At least 37 million people are without jobs in OECD countries, often deprived of inadequate income and left with a sense of social exclusion from not participating in the life of their communities.

** Unemployment among youth (age 15-24) has reached staggering heights, with 32 per cent of young women and 22 per cent of young men in France unemployed, 39 per cent and 30 per cent in Italy and 49 per cent and 36 per cent in Spain.

** About 8 per cent of the children in OECD countries -- including half or more of children of single parents in Australia, Canada, the United Kingdom and the United States -- live below the income poverty line of 50 per cent of median disposable personal income.

** Nearly 200 million people are not expected to survive to age sixty.

** More than 100 million are homeless, a shockingly high number amid affluence. (UNDP Report, 1998)

Obviously, the condition of the developing countries is much more worse. The Human Poverty Index (HPI) measures the extent of deprivation, the proportion of people in the community who are left out of progress.

The UNDP Report for 1998 worked out HPI for 77 developing countries and their revelation is horrifying:

** The HPI in developing countries ranges from 3 per cent in Trinidad and Tobago to 62 per cent in Nigeria.

** The HPI exceeds 50 per cent in Mali, Ethiopia, Sierre-Leone, Burkina Faso and Nigeria.

** Coming to the subcontinent -- for India HPI is as high as 35.9 per cent, for Pakistan 46 per cent and Bangladesh, it is 46.5 per cent, while for Sri Lanka, it is 20.6 per cent.

** UNDP estimates HPI for China with a different economic and political system to be 17.1 per cent.

The above figures calculated by the UNDP provides a fairly clear picture of the condition of economic development in the third world countries in the era of capitalist globalisation.

The Report at the same breath pointedly mentions, "inequalities in consumption are stark. Globally, the 20 per cent of the world's people in the highest income countries account for 86 per cent of total private consumption expenditures -- the poorest 20 per cent minuscule 1.3 per cent".

World Employment Report 1998-99 is prepared by International Labour office. In this new phase of capitalism, the ILO estimates "that, out of a world labour force of 3 billion people, 25 to 30 per cent are underemployed and about 140 million workers are fully unemployed. Mainly as a result of the large-scale displacement of workers in East Asia caused by the economic crisis", the ILO extracts "an additional 10 million workers to be added to the ranks of the unemployed by the end of 1998, inevitably accompanied by a significant increase in poverty and underemployment in the countries directly affected". The ILO sums up the employment situation in the world as 'largely grim'.

The ILO also comes to the conclusion "rapid globalisation and fast-paced technological progress also present new challenges that are common to all countries. The heightened competition and economic change that result from the combined forces of global economic integration and technological advance can cause instability and difficulties in maintaining employability of large segments of a country's labour force".

The net effect of this neo-liberal globalisation is obviously more unemployment and more misery of the masses which is corroborated even by the latest UNDP and ILO reports. Only ten to fifteen per cent of the population of a country -- particularly the third world countries are the beneficiaries of the neo-liberal capitalist globalisation. The rest are ruined by unemployment and misery.

In fact, the effect of globalisation is witnessing a come back of Marx's *Theory of Immiseration* with more vengeance. To quote Marx, "The greater the social wealth, the functioning capital the greater is the industrial reserve army the greater is the mass of consolidated surplus-population, whose misery is in inverse proportion to the torment of labour The more extensive in the industrial reserve army, the greater is official pauperism. *This is the general law of capitalist accumulation*". (Marx, *Capital*, Vol I, p.644). But in this phase of capitalist globalisation, capitalism has arrived at a structural crisis resulting in just not 'industrial reserve army' but a horrifying situation of structural unemployment which can be remedied only by destroying the structure and replacing it by a new one -- a socialist alternative of economic and political structure.

Deepening crisis and the developing resistance

David Rockefeller so fervently hoped twenty five years ago "free market forces" are indeed "able to transcend national boundaries" and to do so more easily than at any time in history. Thereby Rockefeller hoped that "broad human interest being served best". Quoting Rockefeller's comments, Jeremy Brecher and Tim Costello rightly pointed out "Paradoxically, globalisation is indeed serving 'broad human interests' but in a very different way than David Rockefeller ever imagined. One of the most important effects of globalisation is one of the least recognised. Downward levelling is creating a lose-lose, negative sum game for the majority of the people in all parts of the world. Far from winning, in a race to the bottom nearly all lose. As a result, the most diverse people share a common interest in halting the race to the bottom". (Global Village or Global Pillage, South End Press, p.33)

Hopefully, clear indications are visible that though very slow, a change in the consciousness of the working class, the employees and other sections of the poor is taking place across the globe realising

the necessity of halting this 'race to the bottom'.

United States and Great Britain

By the end of 1998, the car workers have one of the most militant histories of struggle because, being concentrated at the sharp end of the production system in their thousands, they are forced to act collectively to protect their jobs and conditions.

The world car industry with a total market of 58 million cars had a capacity of 79 million last year with an excess capacity of 21 million -- more than the entire productive capacity of the US auto industry. By the year 2002, this will be the equivalent of 80 modern assembly plants sitting idle.

Now the world-wide recession, which started in the newly industrialised nation of South East Asia is putting the existing auto companies under tremendous pressure. Wage rates in the car plant of Mexico, for example, are one sixth of those in Europe.

On average, US workers have only just returned to the income levels of the 1980s, after the recession of the early 1990s. Now households are generally dependent on longer hours, several jobs and more members of the family working. Any increase in unemployment and return to a squeeze on wages will have a devastating effect in workers' living standards.

Sir Alex Trotman, president of Fords, said recently that European car workers will have to take cuts because "costs are too high in Europe including the social overheads". He went to predict that of the 40 car companies in the world today, no more than six would be left in the next few years -- two in the USA, two in Europe and two in Japan.

The 14,000 strong Long Bridge Works has been in the headlines as BMW, the German owners of Rover, threaten to shut the whole plant down if the workers don't accept management imposed working conditions. Though the trade union representatives on BMW's European Works Council (set up as a part of the EC social chapter regulations) have supported the company plans, it is the rank and file

shop-floor workers have been defiant. They are resisting because they have no alternative.

In Britain, the Liverpool Dockers remain defiant to the end. Barely in the history of the British trade union movement a struggle have caught the imagination like that fought by the sacked Liverpool Dockers.

Their refusal to cross a picket line set up by eighty Torside dockers in September 1995 was to unleash a bitter battle between a brutal employer, backed by the police, and the 500 dockers with their families and a wide layers of supporters around the country end internationally. This determined struggle lasted for 28 months during which, almost unprecedented in any other dispute, only 30 of 500 dockers never participated in the picket line. The involvement of the women of the waterfront, following on the tradition set up by the miners' support groups in the 1984/85 strike, also broke through new barriers.

Liverpool was the last dock to return to work in the national dock strike of 1989. The strike was in defence of the dock labour registration scheme which ultimately confronted the Thatcherite attack designed to deregulation of labour and widespread communalisation and temporary contracts. The top leadership of the union did not favour the strike, but the rank and file workers carried it forward. The recent struggle of the Liverpool dockers was a part of the global protest of the working class against the ill-effects of neo-liberal globalisation.

In Britain, while the drastic cuts in social security measures in the areas of health and education are creating discontent among the public service workers, the British economy is also faced with first signs of recession. Her 'two-speed economy' Scotland, the North and the Midlands with their manufacturing base, have been hit first and are already experiencing the first effects of recession with job losses. As a minimum, it will drop by 1.5 per cent this year and probably by a lot more next year. Upto 1,70,000 jobs in the engineering industry are likely to disappear by the end of the next year. Moreover, the idea that Britain was insulated from the Asian 'contagion' has now been shattered by the revelation that UK exports to Indonesia and Malaysia have plunged by 50 per cent, South Korea by 55 per cent, and those to Thailand and the

Philippines down by 60 per cent.

The crisis, it is true, has not yet affected all parts of the economy. Before the full effects of a downturn has been felt, job losses have spurted in the banking and finance sectors of London with redundancies at shell and Merrill Lynch etc. Jobs in the city of London account for one fifth of all jobs in Britain's finance and banking industry. This is just the beginning, as 50,000 workers in London area alone are threatened with redundancy. Provided a militant and uncompromising trade union leadership, this joblessness looming large may also witness a spate of militant trade union struggle in Britain against the effects of the deepening crisis of capitalism.

France and Germany

With the victory of the Left and rejection of the right-wing government in France in the fresh election held in the middle of 1997, hopes were raised in the minds of the working people for an economic policy quite different from that of the earlier right-wing government during which the French working class fought historic battles once in the winter of 1995 and then in 1996.

But within weeks of taking office in June 11, 1997, the Socialist Party Prime Minister Jospin allowed the Renault Plant at Vilvorde in Belgium to close and signed the Stability pact in Amsterdam in preparation for European Economic and Monetary Union. In September, he started privatisation by offering France Telecom and Air France to private capital.

Other policy decisions were, however, left-wing measures. Jospin won qualified support from the Left by taxing some profits, but overall the burden of meeting the Maastricht criteria for EMU still falls overwhelmingly on the shoulders of the working people.

One of the welcome measure was the law on the 35-hour work as a step to contain joblessness. But, of course, there is dispute as to what extent jobs will be protected or new jobs will be created by this new law.

In the first national budget, Jospin promised 7,00,000 jobs for young people -- half in the public sector. Some of these jobs have actually been created in the public sector, though well below the number promised. These `youth jobs' really mean that young people can be taken on for low wages, without the condition and job security of the state employees. Nevertheless, some young people have got jobs under the scheme and has brought down the unemployment figure slightly.

However, unemployment is still running at over 12 per cent and one of the major developments of 1998 winter was the emergence of the unemployed youth's movement demanding the right to a decent income. Occupation and demonstration in December 1997 or January 1998 threw the Jospin government seriously off balance for the first time. The French Communist Party and Green MPs though there were also in the government, even some in the Socialist Party came in support of the unemployed. The movement of the unemployed started out with the unemployed committee of CGT and other unemployed action groups which eventually gathered momentum.

Last September witnessed strikes and demonstrations in the educational sector by the teachers as well as the students supported by their guardians to defend the education system and to repel government cutbacks.

One of the signs of the social crisis in France is when the most oppressed sections in society refuse to accept their fate and fight back. This is the case with France's unemployed and the youth.

The German election in September last came only as a big `No' to anti-working class and neo-liberal policies of Chancellor Kohl. He had to go and Schroeder of the SPD because the new Chancellor with the incorporation of the Greens in his government.

The background of the defeat of Kohl was stormy events of working-class protests against his government's neo-liberal policies. It was the final point of a development which began with mass protests against the government's austerity programme, which in June 1996 brought half a million fighting workers to Bonn in the biggest trade union actions since 1945. The fight was against government's

austerity programme. Since then, spontaneous strike actions by car workers against the reduction of sick pay in autumn 1996 and militant mass protests by miners, building workers and street workers against unemployment came to the fore in spring 1997.

In Germany, unlike France after the success of Jospin, there may not immediately develop mass workers' protest actions to put the new government under pressure.

Sections of workers, however, may take the opportunity to press their demands and it is also time that nothing will change if the working class, the trade unions, the youth do not fight for changes and call for action to put pressure on the government so that in Schroeder government reverses this 16 years cuts in social spending that it could tax the rich, create jobs and services. But Schroeder is unlikely to do so as his policies are based on the acceptance of the dictatorship of the market, just as Kohl's policies were.

Already there is simmering discontent within the policy markers of Schroeder's government. His finance minister Oskar Lafontaine, of late, resigned from the government and warned Chancellor Gerhard Schroeder not to steer the ruling Social Democratic Party too far to the Right, saying this party should remember "the heart lies in the Left, not in this stock market"!

Much of Germany's turning toward Left and for that matter, emergence of a class-conscious and militant trade union movement depend on the future policy of the Party for Democratic Socialism, the transformed East German Communist Party of the pre-1989 days. This is the main Left-wing party of Germany winning 4,47,600 more votes during the September election, than in 1994 with 92,000 votes in West Germany. Its support reflects that many workers and youth, especially in the East are looking for an alternative to the Left of the Red-Green coalition. Schroeder's response to this crisis and the role of the Left, particularly of PDS is going to decide the future developments in Germany. The SPD accepts the Maastricht criteria and the EMU and if simultaneously the general slow down of the economy continues, the government will be forced to carry through harsher attacks on the working class in the event of which the perspective of a militant working class resistance will be more and more real.

East Asia

Though the Asian financial meltdown occupied front page headlines in the world press, only in the middle or late 1997, the first salvo that burst the bubble of this 'East Asian Model' so long touted by the World Bank-IMF and the array of mainstream bourgeois economists, was the great working class strike and upsurge in December 1996 in South Korea joined by the students, teachers, unemployed youth and the entire public service workers. Though initially denied, the shock-wave of East Asian financial crisis has started hitting the economies world over.

And working people's militant upsurge in Indonesia reached the extent of throwing out the dictator Suharto and now the workers, students, youth conduct daily strikes and demonstrations demanding jobs, living wage and freedom to organise.

The earlier outlawed People's Democratic Party (PRD) which has strong influence amongst the working class is preparing for a bigger offensive against the present regime and the whole rotten system.

Workers' wages are simply too low to live on. After the recent rise in the minimum wage, it is still only 1,98,000 rupiahs in Jakarta -- less than 10 pound and 1,22,000 rupiahs in Surabhaya.

Meanwhile, the government has introduced laws that further undermine the already restricted democratic rights. However, people are in a mood to fight, though the situation is to a certain extent confused. Islamic fundamentalists are also in the rampage much to the help of the present regime. But Sukarnoputri Megawati, daughter of the former president Suharto is the well-known bourgeois politician under whose leadership struggle for democracy continues. The PRD, a left party, is operating in a 'grey zone', many of the leaders are imprisoned, but the party is not illegal any more. And, there has been a marked shift in the mood of the struggle also with a much more serious attitude.

However, the workers are slowly growing class conscious and self-

confident now than during the last May outburst of struggle and they are poised for gaining more support than before.

The whirlwind economic crisis sweeping through East Asia has taken its toll of political leaders. With mass demonstration calling for his resignation, it seems, it is now the turn of the aging Mohamad Mahathir who ruled Malaysia almost unchallenged for 17 years.

In September last, the Queen of England was whisked through the streets of Kulalampur when thousands of demonstrators were facing the batons and tear-gas of the riot police in protest against the arrest of former deputy prime minister and heir apparent to Mahathir, Anwar Ibrahim.

The arrest and the follow-up mass demonstrations indicate the crack in the ruling class as to the economic policy matter particularly after the ousting of president Suharto by surging tide of mass struggle. Anwar charged that there was a political conspiracy against him because of his challenge to Mahathir's cronyism and authoritarian method. Two men began to clash seriously over what kind of policy Malaysia needed to adopt in the face of the economic hurricane sweeping through East Asia. While still in office, as finance minister as well as deputy prime minister, Anwar pushed through a harsh IMF type austerity package in December of 1997. As the country's economy failed to respond, Mahathir took a more and more protectionist approach, denouncing foreign speculators, a 'new form of colonialism' and introducing capital contracts which upset free market capitalists at home and abroad.

If allowed to continue, the movement against corruption and nepotism could begin to involve wider layers of the working class. Serious splits at the top in society, in the face of social crisis possesses the potential of giving rise to militant mass movement as witnessed in Indonesia which threw out Suharto.

Japan

Japan's capitalism is sliding into a slump at a time when many economic pundits were still dismissing the East Asian crisis as a little local difficulty. Even the president of the giant Japanese electronic group, Sony, Mr. Norio Ohga warned on April 2, 1998: "The Japanese

economy is on the verge of collapsing. If the economic situation continues to decline -- this will no doubt have a damaging effect on world economy". (*Guardian*, April 4, 1998).

Corporate profitability is plunging (estimated down 15 per cent over 1997), and so it is not surprising that big manufacturers are cutting back capital expenditure. After decades of urging people to save (at miserably low interest rates), the government is now urging them to spend, more. But people are fearful of hard times to come. Unemployment is rising, life-time job security is being eroded and the social safety net is minimal. Zen-Roren, the Japan's Left-wing trade union at the national level is already in the midst of struggle and in future days more working class struggles are ahead.

Mexico, Brazil and Latin America

Beginning with the Mexican crisis, the so-called 'Asian Tigers' were the next to be affected by the *modus operandi* of global finance capital. Now the latest one is Brazil which is passing through a severe financial crisis under the rampage of the same global finance capital.

The armed peasant rebellion in Chiapas in Mexico led by the peasant organisation Zapatistas flared up under the unbearable impact of this crisis.

Not simply the poor Indian peasants, the poor and the labour were extremely hard hit by the economic collapse in Mexico. A study conducted by *EL Financier* found that in the first nine months of the Zedillo administration, 2.193 million people fell into extreme poverty -- increasing the number of people below poverty line above 40 million. The deterioration in the living standards of the poor and indigenous people has led to increased social tensions and incidents of crime. Apart from the poor people, a large section of the middle class has also been affected by the growing unemployment. Mexican trade unions' growing resistance forced the Zedillo government to announce some palliative measures. IMF came out with a massive bailout programme, but questions are being asked, is it a bail-out programme or a programme for putting Mexico on sale to the imperialists?

Now the financial crisis has engulfed Brazil, a country which accounts for 45 per cent of the region's output. The scale of its calamity and its impact on the whole region can not be underestimated. Brazil being the world's eighth largest economy, accounting for more than 10 per cent of the regional GDP. The crisis will provoke further shocks throughout the world economy, while for a decade Latin America has been portrayed as the success story for the application of neo-liberal policies.

The onset of the crisis for the Brazilian currency, the real and the rapid flight of capital signals the end of the dream of the Continent's ruling classes that a new dawn of stability and growth had begun.

The impact of the crisis began with attack on the workers. For 2,800 Ford workers in Sao Paulo, Christmas of 1998 began with receipt of redundancy notice from the employers on 24 December, 1998. And the New Year began with all the sacked workers reporting for work and refusing to accept the layoff. Two demonstrations of more than 10,000 workers marched in support of them. At the same time, the state of Minas Gerais imposed a moratorium on debt repayment to the Federal government and triggered the devaluation of the real, which had previously been pegged to the US dollar. Since then the real has plunged by approximately 50 per cent. And, the crisis is only just beginning in Brazil and in the rest of the Continent.

In Brazil, more than 50 per cent of the work force still receive less than US \$2 per day and the richest 10 per cent of the population take more than 50 per cent of the total income. One per cent of the land owners possesses 44 per cent of the productive farm land. Less than 3 per cent of the population hold nearly two-thirds of Brazil's half billion arable hectares. As the bottom end of the scale 53 per cent of the farmers survive, rather than live, on 2.6 per cent of the land.

The mass of the Latin American population has gained nothing from the last period of economic growth. Throughout the Continent, an estimated 65 per cent of the population live in poverty. This average figure marks the desperate situation that has developed in some of the poorest countries such as Bolivia, Paraguay and Peru. Bolivia is one of the poorest countries in the world where 70 per cent of the population live in poverty and life expectancy has fallen to less than 60 years.

The policy of massive privatisation in the Latin American countries has resulted in a tightening of the grip by the imperialist powers throughout the region as foreign multinationals have bought the privatised sectors of the economy.

Thus, with the death of the `Asian Tiger' model, now the Latin American model also dies, -- then what model remains for the global finance capital -- that is the moot question.

India

The Indian ruling class is desperately moving forward with their so-called `economic reform measures' at the dictate of the World Bank-IMF-WTO. They refused to learn from the lessons of the so-called `Asian Tigers' and now also they care little for the onset of the severe financial crisis in Brazil and the rest of Latin America.

When the East Asian financial crisis began, first in Thailand, then engulfing the entire region, the government of India expressed their self-complacence claiming that in contrast to the East-Asian countries, "India's economic fundamentals are reasonably strong" and so there was no cause for fear. This was stated in the Government of India's pre-budget Economic Survey of 1997-98. And the government merrily went on with their massive privatisation drive, closure of sick industrial units, forcing workers and employees to accept premature retirement, reducing import duty and offering India as an ideal hunting ground for the foreign multinational companies.

But just one year after, in the Economic Survey of 1998-99, the Government of India offer a brief mention of the East Asian crisis, the financial meltdown in Russia and the onset of Brazilian crisis, is compelled to admit that `India was not wholly immune to these unfavourable developments'.

But they refused to change their economic policy. Rather their neo-liberal `reform policy' has been further speeded up imposing further burdens on the working class, peasants, women, youth and the students.

Working people of India built up massive resistance since 1991, the year of beginning of their IMF-World Bank dictated new economic policies. According to different estimates and figure available at least one million workers have lost jobs during this decade. More are threatened with loss of jobs as government has decided massive privatisation and closure not only of the public sector, even of the government departments alongwith outright closure of sick units list in the public and private sectors. The policy of non-recruitment and drastic shrinkage of employment opportunities are ominous developments for the working people.

The recently passed Insurance Regulatory Authority Bill and the Indian Patents Amendment Bill are going to throw India's economy in the clutches of the multinational capitals. The government has not learned any lesson as to what hot money flows mean and what is meant when portfolio investment overtakes FDI. The lessons of East Asia and Latin America did not teach them anything.

So, the Indian working class has no option but put up a massive resistance. The last 11 December nation-wide strike called by the joint platform of most of the trade unions and mass organisations amply confirmed that all efforts put together, a very powerful resistance of the working people can be built up in India. And, that is most essential.

Capitalism's economic and political crisis deepens --All out resistance needed

All models are collapsing one after another. East-Asian model of so-called economic development crashed, followed by Russia's economic collapse in last August and then the onset of Latin American financial crisis with Brazil as the focal point.

It is not only in East Asia, Latin America, Russia or India, the entire capitalist world is engulfed with severe crisis. The poor and the common masses are the worst victims of this financial crisis. But how to resist it effectively and globally?

Historically, there has never been a mechanical link between economic crisis and mass political movements. The forms of

struggle, especially the timing, cannot be predicted in advance. But one thing is certain. A deep slump will shatter the illusions of capitalism which were built up in recent years. Consciousness will rapidly catch up with them, not automatically but with the conscious efforts on the part of the Communists and other Left radicals to organise the toiling people and built up massive resistance.

The present stage of struggle and resistance is practically a struggle against the manifestations of the capitalist economy's malady, its deep crisis. What is needed is to present an alternative before the masses, a viable socialist alternative and create the necessary confidence and consciousness among the masses to translate that alternative into a reality. The task is hard, tortuous and lengthy. But it has to be undertaken in right earnest within the confines of national boundaries and across that at international level also. To fight the global effects of capitalism, a new sense of international solidarity and unity among the working masses is an urgent task today.