THE NEW WORLD ORDER AND THE SOCIALIST AGENDA

Leo Panitch and Ralph Miliband

I

The juxtaposition of 'new world order' and 'the socialist agenda' might seem odd, at least jarring, perhaps even absurd. For is not the notion of a new world order today intended to mean, if it means anything, the establishment, finally, of capitalism's complete and definitive global sway as the twentieth century draws to a close? Socialist ideas, movements, regimes, stepped onto the world stage near the beginning of the century promising alternatives to capitalism and, indeed, presenting themselves as the historic successors to capitalism; they now take on the aspect, from the vantage point of today's fin de siècle 'new world order', of having been merely temporary barriers to the realization of global capitalism. The explicit reconfirmation through the 1980s that even the ambitions (let alone the deeds) of social democratic parties in the West do not extend beyond the management of capitalism seems of little moment beside the dramatic collapse of the Communist regimes in the East, given their origins, history and character as the only rival mode of economic organization that the enemies of capitalism ever were able to bring into being. 'The world', The Economist said in September 1991, 'used to have two seriously different ways of trying to run an economy. Today it has only one.'

It is in this sense that 'the end of history' is said to be nigh. Not only have specific 20th century socialist movements and regimes run their course, but even the idea of socialism, of a future transcending capitalism, is one whose time allegedly has passed. In the conception of the new world order, humankind has no viable alternative to global capitalism. Upon this foundation and within its clearly established limits, humankind may aspire, at most, to be ruled according to the tenets of liberal democracy along the lines practised today by the leading capitalist states: this is the furthest point humanity may justly and rationally seek to reach.

Can this discourse be refuted? Can the conservative political forces which make use of it be challenged? Can the idea of a socialist future – and strategies appropriate to serious attempts at getting there – be relaunched
in the face of the 'new world order'? These are questions that must be addressed by socialists today.

The first step is to assess how much substance there is to the notion of a new world order. That notion has met with much derision, not only on the Left; for the condition of the world hardly suggests that the 'just treatment of all peoples', as invoked by George Bush as constituting international relations in the 'new order', has come into being. Yet, removed from the self-serving and cynical use of the term as a new cover for American imperialist postures, or of confused notions of a fundamental change in capitalism that goes under the appropriately vague rubric of 'new times', there is a good deal of truth in the idea that a chapter of history has come to an end in recent years, and that the chapter which is now being written has some important new features.

The most obvious of these new features is the disintegration of the Soviet Union and its elimination from the world scene as the 'other superpower'. This is of momentous importance in itself. But what gives even greater importance to the collapse of the Soviet and other Communist regimes is their embrace of the 'market economy'. What has occurred in the ex-Communist regimes is a powerful drive towards the restoration of capitalism; and this includes, as is necessarily the case with peripheral capitalisms, a process of incorporation as subordinate elements within the economic, cultural and military/strategic networks of the international capitalist system. This has gone well beyond the ambitions of the most avid proponents of market reform within the old communist regimes; and it has gone beyond the wildest dreams of the most ardent Western advocates of 'rollback'. For them, the title of Richard Nixon's recipe book on 'how to compete with Moscow' in the Gorbachev era, 1999: Victory Without War, must have appeared naively optimistic when it was published in 1988.

The transition from communism to capitalism is still full of unresolved problems: many of them will almost certainly prove to be unsolvable in terms recognizable to contemporary liberal democracy. But the will to privatize and accumulate is nevertheless there, and is strengthened by the pressure of Western governments, the International Monetary Fund and the World Bank, the international 'business community', and a host of eager academic apostles of neo-classical economics. When the popular image of the American suburban shopping centre as epitomizing 'normal society' begins to fade amidst the price rises, injustices and corruptions of an actual transition to capitalism, 'Yeltsin's tutor', Harvard's Jeffrey Sachs calls a press conference in Moscow warning the political class not to flag in their enthusiasm for the free market. 'It is too easy', he tells them, 'to prey upon the confusion of the people.' In other words, pay no heed to the
people's cries of pain. Still, the fact that the problems may indeed be insoluble in democratic terms should not obscure the fact that it is indeed a transition to capitalism that is taking place.

Nor is the process confined to the region of the ex-Soviet Union and Eastern Europe. Unlike Gorbachev, the old Chinese Communist leadership have had no intention of loosening their monopoly of power, but they most certainly are engaged in an authoritarian transition to capitalism, and are well along that road. Other erstwhile third world 'Marxist–Leninist' regimes, like Angola or Mozambique in Africa, have renounced the label, while still others in Asia, like Vietnam, also shift towards market-oriented practices. In the Western Hemisphere, Grenada, after the murder of Bishop and the American invasion, became an offshore haven for shady banking capital; and the Sandanistas have been squeezed from office. Washington waits for Cuba finally to drop back into their imperial lap, expecting that it is not at all likely that Fidel Castro, without Soviet trade or aid, can long maintain his present course.

This liquidation of the Communist economic model is an event of historic importance. It had in recent decades produced stagnation as well as shortage, although the system of centralized planning overseeing extensive economic development had in earlier decades appeared impressive to a multitude of economists and others who were by no means exclusively of the Left. Indeed, urgent warnings used to be issued by many such people that the Soviet Union was launched on a course of development which would before too long bring it level with the West. Such estimates were clearly wrong, having paid insufficient attention to the qualitative differences between extensive and intensive phases of development. Still, the achievements under the extensive growth model of central planning were real enough in certain social as well as economic terms, even though it must always be stressed that the human and environmental cost they demanded was horrendous, sustainable only by highly repressive political regimes.

Such regimes were destructive of the creativity necessary to sustain socialist innovation and motivation. During the decades of stagnation, attempts at economic reform were repeatedly made in country after country, but these reforms required a degree of cooperation from workers which these regimes could not hope to achieve: either because the reforms were cast within, or ran aground against, the encrusted interests of the bureaucracy; or because they depended on price increases and increasing the level of inequality and worker insecurity. So Communist regimes entered upon a period of permanent crisis; and, in the Soviet Union, this led to Gorbachev and perestroika. But perestroika itself turned into a gigantic failure: the actual attempt to shift towards market socialism in practice threw up even more contradictions than the notion already raised in economic theory. In this context, the political opening of glasnost led to revolution.
In most ways, the Communist model was an appalling deformation of socialism; and there is a good argument to be made that it was not socialism at all, if one takes socialism to have as its core constituent elements not only the socialization of the predominant part of the means of economic activity, but also democracy and egalitarianism. On this ground, its disappearance in the Soviet Union and elsewhere is hardly a matter for regret. What is a matter for bitter regret, on the other hand, is something else altogether: the disappearance of the hope that existed at the beginning of *perestroika* in the Soviet Union that this might in due course produce something that would begin to resemble socialist democracy, on the basis of a loosened but predominant public sector. That hope turned out to be an illusion.

The liquidation of that possibility has large implications, not only for the ex-Communist countries themselves, but for the rest of the world as well. The fear that had haunted all conservative forces ever since 1917, namely that Communism might yet turn into an attractive alternative to capitalism, was always an element in the political chemistry that produced aid to the third world, and reform and redistribution in the advanced capitalist countries themselves. One could see, for instance, this fear in that old Cold Warrior *Nixon* as he tried in 1988 to work through the implications of Gorbachev for American policy: for apart from insisting on military and strategic 'preparedness' for continuing superpower conflicts in Europe and the Third World even in an era of compromise on nuclear arms control, he also contended that the United States, if it were now to defeat Communism without war, really would have to prove that it was 'not only the strongest and richest economy but also the most just society . . . Our greatest challenge in this respect is to enable all our citizens to share fully in America's success . . . We must solve the problems of the urban underclass, the homeless, the poor, the disadvantaged . . . The West will become impotent if its guiding philosophy degenerates into . . . a kind of cosmic selfishness." With the model of Communist reform gone, the spur to capitalist governments to turn such rhetoric into anything even slightly approximating reality is that much less sharp.

Moreover, even while Western socialism does – quite rightly – distance itself from the Communist experience, the fact that Communist regimes were unable to realize democratic reform and economic restructuring, and left their successors with a catastrophic legacy as well, has also been of great help to the broader anti-socialist cause, in so far as it has lent further plausibility to the notion that the only alternative to communism was indeed capitalism. Although the limitations of market freedom will not be lost on people, as they observe the suffering and perhaps even the chaos that accompanies a transition to capitalism, the notion that there is no alternative will not be effectively countered without a great effort by many people to construct a new model of socialism that appears attractive and viable. We shall return to this.
The collapse of Communist regimes also has large implications for countries in the 'third world'. For one thing, it deprives many of them of the military, economic and technical aid which they received from the Soviet Union and Eastern European regimes. This aid was a token of the fact that the Soviet Union could be reckoned on as a limited counter to the United States on the world scene, and might be counted on to extend help to revolutionary regimes and movements of national liberation. This aid was hardly costless in terms of the political, ideological and economic courses into which such regimes and movements were often channelled, but at the same time it was often a critical lifeline. The prospect of not standing alone against the massive military, political, economic and ideological power of a hostile capitalist world was an important condition of struggle against oppressions and exploitation in the 'third world'.

However much the terms of 'capitalist encirclement' and 'counter-revolution' may have been used to rationalize post-revolutionary dictatorships and incompetence, the forceful reality of such pressures must also never be forgotten. As Franz Schurmann once put it: 'In each of these countries, these leaders told their people that the new society was mortally endangered from aggressive forces abroad and subversive forces at home. In every instance, these threats were real. From the time of the October revolution, powerful foreign countries, fearing the spread of revolution or the march of red armies, did what they could do to weaken or destroy the socialist countries.'

The Soviet presence in the world, itself taking the shape it did in no small measure due to the ability of its leaders to appeal not only to the myth but also to the reality of 'capitalist encirclement' and 'counterrevolution', was always much the most important source of the Cold War, in so far as the Soviet Union played some role, however limited and cautious, in opposing American purposes, notably in the 'third world'. The notion that the Soviet Union constituted a major military threat to the West, indeed to the whole world, because of its insatiable craving for world domination, was always sheer myth – perhaps the greatest myth of the twentieth century. But the Soviet Union did present a permanent challenge to the United States, in so far as its potential intervention, or that of other communist regimes, might weaken American pressure against regimes and movements of which the United States disapproved.

This deterrent has now gone, and the Gulf War of 1991 was the first example of what this signifies. With Saddam Hussein's invasion of Kuwait, the issue was not whether he should be compelled to retreat, but whether this was to be achieved by military means or by diplomatic means, including concessions by the Kuwaiti ruling family to some legitimate grievances, on the one hand, and, on the other hand, the threat and, if necessary, the reality of UN sanctions against Iraq. It was clear from the early days following the invasion that the United States was intent on military action, not only as a means of repelling Iraqi aggression, but also
as a way of demonstrating that governments which for one reason or another ran counter to American interests would be severely punished. In times past, the Soviet Union might have been expected to take the lead in opposing military action, whether successfully or not is not the point. Instead, Gorbachev, more and more dependent on American goodwill for his own survival, opted for acquiescence to the American-led military expedition against Iraq. However important Mrs Thatcher may have been in convincing George Bush that Iraq was his Falklands,’ she could never have prevailed but for the sea change in the geopolitical context introduced by the liquidation of the Soviet Union as the ‘other superpower’. Except for this, it is hard to believe that the United Nations could have been so easily and effectively, as Canada's former Ambassador to the UN put it, 'conscripted into the role of providing cover for US foreign policy.' As Stephen Lewis explained:

... the United Nations served as an imprimatur for a policy that the United States wanted to follow and either persuaded or coerced everybody else to support. The Security Council thus played fast and loose with the provisions of the UN Charter. For instance, sanctions were invoked under Article 41, but there was never any assessment of whether those sanctions were working or might work sufficiently before the decision was made to resort to force under Article 42. Moreover, no use was made of the Military Staff Committee, which under Article 47 is supposed to direct any armed forces at the Security Council's disposal. ... In some respects ... [this] may have been the UN's most desolate hour. It certainly unnerved a lot of developing countries, which were privately outraged by what was going on but felt utterly impotent to do anything—a demonstration of the enormous power of US influence and diplomacy when it is unleashed.8

All this clearly showed that there was now only one superpower in the world, whose purpose is to oversee a global capitalism. An American image of a 'new world order' was first enunciated by Woodrow Wilson at the time of the birth if Soviet Communism. It has now been repeated (with less flair, but in the face of less opposition) by George Bush at the time of the death of Soviet Communism. The promulgation of a 'new world order' is intended to herald the demolition of the barriers to global political and military, as well as economic, domination by the major capitalist powers in an international system in which the United States is preeminent.

But what is the nature of this global capitalism? How are we to understand its contemporary dynamics and contradictions? What weaknesses, both domestic and international, undermine the stability of this new world order in which there is now allegedly only one way to run an economy? In so far as a new chapter in history is being written, it is not only because of the collapse of Communism, but because of the features which global capitalism is revealing in our time.

At the time President Bush proclaimed his new world order, the North American economy had already entered a severe economic recession. On
the first anniversary of the beginning of the Gulf War, 15 January 1992, and with no recovery in sight, George Bush conceded that the American economy was 'in free-fall'. It was a remarkable admission for a President to make, in terms of the role he must play, not only domestically but internationally, in shoring up consumer and business confidence. Unlike his carefully rehearsed outpourings scarcely a year earlier on the glory of the new order, it was a hasty response to a group of disgruntled municipal administrators and local businessmen gathered in a disused airplane hangar in a recently closed Air Force base in Portsmouth, New Hampshire. But the scene powerfully symbolized the extent to which, as the New York Times put it, the glory had 'frayed and faded' like the yellow ribbons: 'the sense of the war as a turning point for the nation has all but evaporated, as evidenced by President Bush's descent from triumphant commander in chief to beleaguered steward of a sagging economy.'

By this time, in fact, a wide spectrum of expert opinion ranging across the ideological and theoretical divide of the economics profession had identified this North American recession as threatening to be even deeper and more stubborn than the one that inaugurated the 1980s, which was itself the most serious since the Second World War. Alan Greenspan, Chairman of the Federal Reserve Board, averred publicly that the severity of the downturn was unprecedented. W. W. Rostow, in a special article for The Wall Street Journal, rejected 'the assumption that we face a mild version of the Depression of the 1930s' which might be cured by another stimulus to consumption along the lines of Reagan's 1981–2 tax cuts; he called for a massive programme of public investment to restore capital stock and infrastructure. The editors of Monthly Review noted 'that a consensus is building up that the present recession is not a routine phase of capitalism's recurrent business cycle but rather a turning point to a new phase of capitalism's long-term trajectory . . . [inviting] comparison with the 1930s . . . '

The symptoms that elicit such perspectives go well beyond new episodes in the continuing saga of decline of the 'fordist' sectors that emerged, out of the crisis of the 1930s, to form the core of the virtuous post-war circle of mass production and mass consumption. Now, alongside General Motors' $4.5 billion loss in 1991 (occasioning the impending closure of 21 plants and the loss of 74,000 jobs) needs also to be counted the $2.8 billion loss suffered by International Business Machines in 1991 (the first financial loss in IBM's history leading to a worldwide reduction in its workforce of 49,000). Similarly, just as the 'new times' computer sector as well as the 'fordist' automobile sector are affected, so are the growth poles of the North American economy: not only is the 'rust-belt' severely hit now, but also the 'sun-belt'. In the twelve months to September 1991, Los Angeles County lost 50,000 jobs and its unemployment rate suddenly moved from 6.1 to 9.3 per cent, well ahead of what was in any case a rapidly rising
national rate (which by the end of 1991 had already wiped out all the employment gains during the 1980s). Metropolitan Toronto, the growth pole of the Canadian side of the continental economy, lost no less than 78,000 jobs in the same period, as its unemployment rate doubled to over 10%. A massive loss of some 400,000 manufacturing jobs in Canada since mid-1989, in the wake of the Canada–US Free Trade Agreement, an anti-inflationary programme of high interest rates and a high dollar, and the decline of the share of profits in the GDP to its lowest level since 1932, has been at the root of this. Its devastating effects have been compounded by the collapse of the real estate boom of the mid 1980s which has at the same time brought the construction industry in North America, from the building trades to architects, to a virtual standstill (by far the worst year for housing starts since 1945) with an attendant severe contraction in commercial and financial services."

State and provincial governments, already overloaded by the shift of welfare expenditures from the federal level, have been caught in an unprecedented squeeze between actually declining revenues (again for the first time since 1945 in most cases) and ballooning welfare expenditures. Despite running the largest deficits in the history of subcentral governments anywhere, neither the right wing Republican administration of California nor the social democratic government in Ontario have maintained real levels of welfare, health, educational or municipal expenditure. No less than 40 states have cut or frozen benefits to families with children; as for 'able bodied' adults without children, who have never had much claim on the American welfare system in any case, some states have removed them (numbering 82,000 people in Michigan alone this past winter, for instance) from the welfare rolls entirely. Even before the onset of winter, by October 1991, the number of Americans on very low incomes who were enrolled in the federal food stamp anti-hunger programme reached 24 million, 9.6 per cent of the population, with no less than 3.2 million more people having been newly enrolled in the previous twelve months." Even so, in the winter of 1991–92, a spontaneous advertising campaign for a new labour market strategy swept across the United States: people held up signs along roadways and in shopping centre parking lots, bearing the crudely-painted inscription, 'WILL WORK FOR FOOD.'

The extensive growth over the previous decade in trade, financial and investment interpenetration of the main capitalist countries also means, of course, a higher degree of coincidence of the conditions of bust as well as boom. Little noted as George Bush took industrial leaders with him to Tokyo to demand the Japanese open their market to more American car sales (about three-quarters of the $41 billion US trade deficit with Japan is in automobiles and parts) was the fact that, while the share of Japanese car sales in the American market continued to rise in 1991, the absolute number of Japanese cars sold in the US actually declined by over 5 per cent.
it was just that the American car companies sales declined even more, by over 12 per cent. Similarly, if IBM's problem was that world computer sales declined in 1991 for the first time ever, this also affected the sales and profits of Japanese (and European) firms in the industry. Huge excess capacity exists not only in the automobile sector in North America but also among the semiconductor manufacturers in Japan. With Toshiba, Hitachi and Mitsubishi (like Olivetti and Bull S.A. in Europe) experiencing significantly lower profits, they responded by cutting prices as well as production targets and reviewing investment programmes. Even while the Japanese growth rates remained over 4 per cent in 1991, domestic retail sales were at their lowest – and bankruptcies were at their highest – in decades. Despite a cut in interest rates, an actual decline in private capital investment in 1992 had been predicted by leading Japanese research institutes."

Among the major European countries, the British economy had moved into recession at about the same time as the American and Canadian (and Australian) economies, more or less matching their rapid fall in annual growth rates from around 4% up to mid 1989 all the way down to an actual decline in real GDP in 1991. The Italian and French economies followed a similar trajectory, less precipitous in terms of the decline of growth rates (still holding on to about a 1 per cent rate of growth in 1991), but coming on top of rates of unemployment that were already by far the highest among the G7 countries. The German economy remained strong, and in fact registered in the fateful year of unification in 1990 the highest rate of growth (4.5%) for fifteen years. But even Germany (now including the former GDR, of course) registered virtually no growth in GDP in the last three quarters of 1991. With very broad implications for general recovery in Europe and beyond, the Bundesbank at the end of the year raised interest rates to their highest levels in postwar history to counter the attempt by German workers to recoup through wage increases the tax imposition made upon them to finance unification. The West German unions, so long held up abroad as a shining example of good sense to all others, had become the bête noire of the international financial press in the winter of 1991–92, their 'irresponsible' wage demands being blamed for preventing a general recovery.14

This current recession, which threatens to plunge even the advanced capitalist countries into the depression in which most the third world have already been enveloped for a decade, needs to be understood against the background and as a continuing aspect of the crisis which the post-war capitalist order entered almost a quarter of a century ago. The much vaunted 'globalization' of capitalism, – a term coined to refer not to the penetration by capitalism of erstwhile Communist regions, but to the subjection of even advanced capitalist social formations to the competitive logic and exigencies of production, trade and finance undertaken on a
world scale – may be seen both as cause and as consequence of this crisis of the post-war order. Indeed, if the first quarter century after the war offered the visage of a series of advanced capitalist Keynesian welfare states that had finally managed to overcome permanently capitalism's crisis tendencies, the quarter century that has followed has presented the visage of a global capitalism, transcending the managerial capacities of any nation state, in a permanent state of crisis.

The conditions that made possible the 'golden age' of western capitalist prosperity in the 1950s and 1960s, which coincided with the hey-day of the Cold War, were also the conditions that made plausible the claim – and the widespread belief – that capitalism had finally overcome its crisis-ridden nature. These conditions were quite special: a massive renewal of capital stock after a great depression followed immediately by a world war; large pools of cheap labour and raw materials; clusters of technological and organizational innovation bearing fruit in terms of productivity growth and consumer demand; continued military reflation through the Korean war and the Cold War. In these special conditions lay the material basis for the promise that the mass unemployment of the depression was forever a thing of the past; for the seemingly endless horizon towards which gradualist social reform could advance without fear of reversal; and even for the image held out to the 'developing' nations that they too could follow the stages of capitalist growth that would slowly but surely lead towards such a consumerist and welfarist nirvana. It was via the internalization of these promises, as well as in the face of the pressure of anti-communism (of course, the promise and the threat were not unrelated) that the social democratic parties and their trade union allies in the West firmly shifted the ideological rationale for their reformism towards the humane management of capitalism (which could now safely be called by another name – a 'mixed economy' would do) in place of the old rationale of a gradualist democratic path through capitalism to socialism.

This golden age era of post-war capitalism came to an end in the late 1960s and early 1970s as the special conditions that fuelled it ran their course and amidst the interrelated contradictions the great boom had generated: overaccumulation amidst declines in profitability and uneven productivity growth; increased competition amongst the advanced capitalist economies; challenges to the stability of the American dollar which by 1971 broke the Bretton Woods system of fixed exchange rates; inflationary pressures in the context of trade union militancy under conditions of near full employment; the fiscal crisis that attended a new wave of welfare state reforms; and rising commodity prices for third world resources (capped by the 1973 'oil shock'). The Keynesian welfare state, through its macroeconomic policy and corporatist arrangements, proved incapable of extricating national economies from 'stagflation' in these circumstances, while its vulnerability to international financial markets became in-
creasingly manifest. For the first time in a generation, this return of crisis conditions momentarily brought back onto the agenda of a number of European unions and social democratic parties (who also inevitably felt some internal reverberations from the political and industrial radicalism of '1968') the issue of effective national control over private investment. But it was capital rather than labour that proved the more dynamic social force, less constrained by post-war institutional and ideological rigidities, and readier to try to transcend their limits.

The sheer ideological bravado which Western bourgeoisies came to display in this crisis may instructively be contrasted with the torpor and loss of confidence which the Communist nomenklatura exhibited in the same period, and also helps to understand the degree of emulation which motivated the Gorbachev reformers, let alone those who have followed them. The reassertion by the western bourgeoisies of their faith in competition, individualism, free trade and free markets, indeed their reconeig of the very notion of freedom in terms of the freedom to do business, was evidence of a renewed determination (in the very midst of the crisis of a post-war order in which, although they had had to compromise, they had still, after all, been the senior partner) to make the world entirely in their own image. There have been, of course, crucial material underpinnings to this ideological bourgeois renaissance. The revolution in communication introduced by the micro-chip and the spread of computer technology; the space which vastly increased flows of international trade and finance opened up for new configurations of capital mobility and accumulation; the restructuring of production in a manner that simultaneously made it more integrated internationally and more flexible locally in terms of labour and material inputs: all these were interrelated and mutually enforcing developments over the past two decades.

Combined with increasingly severe bouts of deflation between the late 1960s and the early 1980s, the labour shake out and locational shift entailed in the rationalization of the traditional mass production industries as a result of the above developments resulted in a reemergence of a structural reserve army of unemployed and underemployed in all the major capitalist countries. Meanwhile, the accompanying shift in the balance of forces between capital and employed labour has been unmistakable. This has been seen most graphically in the United States, where trade unions retain only 16% of the labour force, where real wages have stagnated for two whole decades, and where the ratio of the salary of a CEO for one of the hundred largest corporations to the average factory wage, which had stood at 40 to 1 in 1960 (but only 12 to 1 after taxes), stood at 93 to 1 in 1988 (and no less than 70 to 1 after taxes). Even where the ballast of working class political organization in other countries laid the basis for stronger corporatist and welfare statist defences, successful bourgeois offensive to establish decentralized bargaining and/or to curtail

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rights to organize and to strike have been common, and through the course of the 1980s not a single welfare state remained immune from severe measures of fiscal austerity and regressive changes in taxation."

As David Harvey has noted, "this shift in state policy was partly a direct result, in the context of fiscal crisis and rampant inflation, of the growth of a new global financial system . . . which effectively checked the power of the nation-state (even the United States) to pursue any kind of independent fiscal and monetary policy that did not run afoul of the volatility of international currency markets." While the impact of this on the advanced capitalist state in terms of restraint on public welfare expenditure and public investment has been severe enough in the 1980s, for most of the third world the 1980s were literally devastating, with interest rate levels making unpayable the debt on lending so freely proferred by Western banks in the 1970s. With primary commodity prices never recovering from the severe global recession these interest rates were designed to induce, it was not in the face of too much resistance that the IMF wielded its financial whip to enforce adherence by many third world governments to the neoliberal rules of global capitalist competition. The same fate is being visited on the ex-Communist regimes today.

The impact of the hidden hand of financial markets in putting constraints on the options of indebted states does not mean that there has been less of a role for the state in the context of globalization. The nature of state intervention has changed, but the role of the state has not necessarily been diminished. There have been important shifts in the hierarchy of state apparatuses particularly in bringing to the fore those which facilitate accumulation and articulate a competitiveness ideology, while those which fostered social welfare and articulated a class harmony orientation have lost considerable status. Perhaps most important, central bank agencies increasingly defined their role as one of making the regulation of monetary growth in their national economy consistent with their broader obligation, in terms of their international networks, to the collegial regulation of money in the world economy."

The role that the annual G7 economic summits have come to play since 1975 in international coordination of this sort is instructive. It is not so much that these summits are policy-making forums, although they certainly lend legitimacy to institutions like the IMF and GATT with whose agendas they have become increasingly integrated. There are really two reasons such 'summits' are important. The first is that they work out a discourse in which all informed opinion is invited to address the problems of the day. (This is why negotiations over the wording of summit communiques is often intense: 'reducing expectations' as a way of addressing inflation, 'liberalization' as a way of talking about the global ramp of financial capital or privatization of public services and deregulation of industries or markets.) The second reason they are important is in terms of
the role they play in establishing and reinforcing solidarity, often in the face of domestic democratic pressures, among the leading capitalist politicians and bureaucrats. The leaders at such summits are not only involved in a process of policing the third world's adherence to the laws of capitalism, but are also involved in cementing the adherence of each of the member countries."

For the most part, this 'internationalization of the state' remains _ad hoc_ and informal. In so far as it has become more formal, whether through GATT or the IMF at the world level or through regional treaties like the Canada–US Free Trade Agreement or the Single European Act, the role of states becomes to internalize and mediate, but ultimately to be responsible for policing adherence to the untrammelled logic of international capitalist competition within its own domain. Perhaps the process is seen most clearly in relation to 'Europe 1992', as accounted for by Streek and Schmitter:

. . . Europe's large firms seem to have resolved at some point in the early 1980s that the increased size of production runs and investments required for world market competitiveness made it counterproductive to use their clout in national political arenas to get protection from foreign _competition_ through subsidies, technical standards serving as nontariff barriers, or privileged access to public procurement contracts . . . The main concession governments seem to have made in return for business giving up previous claims for national protection was that the future European political economy was to be significantly less subject to institutional regulation — _national or supranational_ — than it would have been in the harmonization-minded _and_ social democratic 1970s when employers found themselves forced to struggle against a Community directive that would have made German-style co-determination _obligatory_ for all large European firms. In the 1992 _compromise, the project_ of European _integration_ became—finally and formally bound up with a _deregulation project_.

Perhaps 'privatization' would be a better term for this project than 'deregulation' in so far as the regulatory function over market standards and entry formerly carried out by national governments is in fact taken over by regional organizations that are dominated by and primarily accountable to large corporations, even if they often include public officials who take on responsibility for international enforcement. But, whatever the most accurate term, Streek and Schmitter get at the substance of the matter when they say that while '1992 amounts to a formal devaluation of vast political resources that have come to be organized in and around the nation-state . . . they leave property rights untouched or even increase their value.' And they cogently go on to argue that for some time to come, 'whatever will occupy the place of the supranational Single European State governing the Single European Market, will likely resemble pre-New Deal liberal state', with, in Marshall's terms, a high level of civil rights, a low level of political rights, . . . and an even lower level of social rights, these being essentially limited to a set of European-wide health and safety standards. Historically intervention on health and safety matters represented the earliest stage in the history of the welfare _state._
This process is not confined to Western Europe, of course, but represents what Stephen Gill has identified as a much more general shift towards a 'new constitutionalism for disciplinary neo-liberalism' involving the 'construction of legal or constitutional devices to remove or substantially insulate the new economic institutions from popular scrutiny or democratic accountability. Tendencies towards the wider adoption can be seen in the debates, for example, not only over Economic and Monetary Union of the EC . . . but also the roles of the central banks of East and Central Europe, the monetary constitution of a future Canada, as well as more general arguments made by bankers, economists and some politicians in favour of the need to constrain state autonomy over fiscal policy.'

The irony of the trend towards constitutionalizing neo-liberalism is that it exacerbates rather than contains the tendencies of the new global capitalism to generate successive economic crisis (Thus, 'paving the way for more extensive and more destructive crises' and 'diminishing the means whereby crises are prevented' are not only memorable phrases: they still provide analytic as well as descriptive power."

As we have seen, the neo-liberal era that has followed the Keynesian era of capitalism has had all too real effects. But what it has not created, despite all the smoke and mirrors generated by 'new times' strategists insisting that unions and the Left get on board a new 'regime of flexible accumulation' successive to the stable post-war 'fordist regime', is anything that might seriously be called 'a new productive system endowed with appropriate regulatory structures, which is capable of sustained and consistent development.'

The famous 'Volker cold bath' that opened the decade entailed a unilateral decision by the American Treasury to slay the dragon of hyper-inflation via radical deflation. Although the G7 partners with whom the United States is supposed to rule the economic world resented the lack of coordination, the medicine worked, not least because it established the context for Mitterrand's strategic retreat towards austerity – with demoralizing effect on the Left around the world up to the present. The effect at home (and to a significant extent in other G7 countries) was to end inflation via deindustrialization. In the wake of this 'success', what was not permitted to others by way of fiscal stimulus was taken up unilaterally by the Americans themselves as Reagan's tax cuts and second cold war military expenditures set the grounds for the speculative boom of the mid-1980s. Streek and Schmitter appropriately recall an old Roman imperial maxim, 'quod licet Jovi non licet bovi' to describe this, but in joining with so many others in designating the Reagan deficit as 'Keynesianism in one country' they perform a travesty on Keynes not unlike that which has been so commonly visited on Marx over the past decade. Just as Marx would have disavowed many of the Communisms we have known, so Keynes would have disavowed the kind of massive deficit that adds no productive infrastructure to the economy while underwriting unregulated global as
well as domestic credit expansion. (By 1985 the size of the international bank credit market had increased as a proportion of world trade in goods and services from 11 per cent in 1964 to 119 per cent.)

While the deindustrialization of the early 1980s severely undermined the capacity of the American working class to play its part in mass consumption (Macdonald's wages just do not sustain the purchasing power that steelworkers' wages used to), it momentarily appeared, during the artificial boom of the mid 1980s that the gigantic 'yuppie-style' borrowing and purchasing habits of a 'sub-bourgeois, mass layer of managers, professionals, new entrepreneurs and rentiers . . . [who] have been overwhelmingly successful in profiteering from both inflation and state expenditure' might sustain 'a new embryonic regime of accumulation that might be called overconsumptionism.' But it could not last. After surviving the stock market crash of 1987 and the Savings and Loan scandal and bail-out, American capitalism entered the 1990s in a recession, which differed from the one that inaugurated the 1980s primarily in this respect: it was not one strategically induced. The G7, especially the Germans, are unwilling to accommodate continued American borrowing as they did at mid-decade. George Bush rushes off to Japan to beg for 'managed trade' and is appropriately derided there for sounding like a General Motors car salesman. And as the possibility of protectionist trade blocs looms ever larger on the horizon, the contradictions posed by neo-liberal free trade within them become ever clearer. The North American Free Trade Agreement with Mexico as well as Canada is directed at relocating North American production so that Mexico exports goods rather than people north of the border. But it is also necessarily directed at liberalizing trade, not least in agriculture, and the consequences of this, it is reliably estimated, will be that 'about 850,000 household heads will leave the Mexican countryside if corn subsidies fall and trade if further liberalized. Of them, more than 600,000 will head to the US.'

There have been those who have argued for a long time that it was the Cold War that kept a return to depression from the West's door. It is too soon to say whether we have entered one now, but this much is clear:

...we live in an age of political celebration of the virtues of entrepreneurial capitalism and individualism, in an era when our technological confidence appears unbounded...and when spatial barriers are crumbling. Yet it is also an era...[which] reflects a crisis of capitalism of the deepest magnitude—a crisis that flexible accumulation has not resolved given its paltry rates of growth, the painful devaluations, the increasing class polarizations, the increasing political tensions—all in the midst of extraordinary instability, insecurity, fragmentation and change.

What is the significance of this in terms of the prospects of socialist renewal in the 'new world order'? It has not been our purpose here to try to advance the case for one or another version of crisis theory. Nor do we claim to know whether the advanced capitalist world has necessarily now entered irretrievably into the depression that has afflicted most of the third
world for the past decade. And we certainly do not mean to revive any such hoary myths as the old breakdown thesis, whereby the image of an ultimate capitalist crisis is made to do the hard work of socialist strategy and struggle in inaugurating a socialist future. On the contrary, we are of the view that it is through crises that capitalism historically has tended to recover its dynamism; and that where and when it is unable to do so, and where no viable revolutionary alternative or at least few means of democratic defence exist, the consequences are always appalling.

But such crises are also an opportunity for the Left to develop new forms and strategies that qualitatively enhance its capacities. Out of the long crisis of 1873 to 1896 emerged the European mass working class parties and trade unions; during the course of the Great Depression of the 1930s the models of industrial unionism in North America and of social democratic governance in Scandinavia were cast. The economic crisis that currently envelops global capitalism, even at the very moment of the ignominious collapse of its Communist nemesis, makes it possible that a different political climate entailing very different currents of thought will come to prevail against the bourgeois bravado we have grown used to over the past decade. As the shortcomings and contradictions of an unregulated market economy even in the 'affluent' societies become more and more manifest in the current crisis, the need for a comprehensive programme of radical economic change will again come to be felt more keenly in labour and socialist movements, and indeed beyond. Even in the United States, there are signs that recession and the crisis in public infrastructure, health provision, education, and collective and social services in general may be creating a space for something like a new New Deal, which would, for all its limitations, be a tremendous advance on predominant trends since World War II. In such a climate, there is an opportunity for the Left to think creatively about, and to work constructively towards, new forms and strategies that enhance its capacities to put a democratic socialism back on the agenda for the twenty-first century.

All this raises the very large question of what kinds of forms and strategies, of what kind of socialism, the Left will advance in the coming years. In order to begin to answer that question, it is also necessary to take careful account of certain facts regarding current conditions and developments on a global scale.

One such fact is the movement away, not only in the Communist world, but also in Latin America and Africa, from military, single party and racial dictatorships and their replacement by at least formally democratic political regimes. 'Democracy', in relation to these regimes, means that they have adopted such democratic forms as electoral competition and the
acknowledgment by the government of some elementary civic rights. On the other hand, the social order, as distinct from the political system, remains as it was, with the same social structure, with all the privileges, inequalities, exploitation, mass deprivation at one end and great luxury at the other, which this signifies. The change, from the point of view of the dominant classes, is not in the least intended to modify the social order as well as the political system. On the contrary, the introduction of democratic forms is intended to contain popular pressure and drive it into safe channels. Thus, for instance, was the popular upsurge which overthrew the Marcos dictatorship in the Philippines contained with the accession to power of Mrs Aquino. The same process has been at work elsewhere, and was greatly favoured by the United States and its allies in the context of the new cold war of the 1980s and the subsequent struggle for reform within the Communist states. The establishment of democratic forms, however brittle, to replace capitalist dictatorships, was structured so as to ensure that the new governments did not deviate from the path of economic, financial and social stabilization – indeed that they became more open to the blandishments of neo-liberalism with the same social groups in power, minus the generals, or with the generals under civilian control.

The limited character of the change from dictatorship to democratic forms should not, however, lead to an underestimation of its significance. For one thing, the change would almost everywhere not have occurred had it not been for the irruption of radical popular forces on the scene, which shows well enough how great is the potential for intense popular pressure against the status quo in the current appalling crisis of third world development in general. Also, the change means that the repressive methods favoured by dictatorship – imprisonment, torture, death squads – are no longer so prevalent, even if they are not altogether stopped; and democratic forms enable progressive forces, including the Left, to organize themselves more effectively than was possible under dictatorship. In some cases, the new forms and strategies adopted by the Left both were crucial to undermining the dictatorships and to mounting both grass roots and electoral challenges to the liberal bourgeoisie after the transition to democracy. Nowhere has this been more so than in Brazil, where, growing out of the popular mobilizations that made the strikes of the late 1970s effective, the Workers' Party under Luis Inacio da Silva ('Lula') was only narrowly defeated in the second round of the presidential election in December 1989. Less strategically and institutionally innovative, but nevertheless notable in a very different setting, was the challenge issued by Cardenas in Mexico – and the breadth of response – in the context of the presidential election of 1988, when the PRI (Party of Revolutionary Institutions), so long virtually unchallenged, had to resort to shadier practices than usual in order to prevail.

The pressure for change which is manifested by these and innumerable other episodes will not abate, for the simple but crucial reason that the
reforms in *the social order* which its abatement would require are precisely what the people in power are most deeply committed to resist. The economic growth and development under capitalist auspices, which the dictatorships and then the liberal bourgeoisies promised would at least attenuate the dreadful conditions under which the vast majority of the population of the 'third world' is condemned to live, have proved a chimera. Given this, the chances are that the pressure for change will not only be maintained, but that it will grow.

This, clearly enough, does not mean that the inspiration behind this pressure will necessarily be left-inspired. Some of it, even much of it, if recent experience is any guide, will in some countries be reactionary, racist, xenophobic, and steeped in the worst kind of religious obscurantism. But the Left will be present on the scene, and, as experience also shows, will sometimes be the predominant force in the ranks of the opposition. It is possible, of course, that the same structural conditions of poverty and underdevelopment, of encirclement and counterrevolution as produced Communist dictatorships in the past will shape future left-wing regimes as well. But lessons can also be learned from history, with some effects on future practice. One of the effects of the collapse of Communist regimes is that it has discredited the type of political and economic system which was common to them as a model for socialist development, as well as the type of Leninist vanguard party which, in the name of quite unrealizable notions of semi-direct popular rule, ignored the difficult questions of accountability in representation, decision making and administration. If such a recent instance of new socialist party formation as Brazil's is indicative, this suggests that these questions may well be in the forefront in light of the lessons of past experience.

And what about the political conditions that will emerge from a return to capitalism in the ex-Communist countries? The market economy is today producing mass unemployment and increased deprivation, the spread of criminality, prostitution and drug trafficking, steadily rising prices, government corruption, and cuts in the social benefits which, however poorly, Communist regimes had provided and which the people had come to take for granted. Here too, the veritable anomie which has descended upon these countries has produced morbid reactions in the form of ethnic strife, inflamed nationalism, xenophobia, a recrudescence of antisemitism, etc. On the other hand, there is plenty of evidence that, however much enthusiasm the market economy may generate among the new power-holders and their advisers, the enthusiasm is not shared by the population at large. There are already signs here and there that, even whereas the old Communist regimes are most passionately rejected, ex-Communist parties with some promise of new leaders, new programmes and new forms of organization, but above all with the promise of political defence against the cruelties of the marketplace and the new primitive accumulators, are not
without a good deal of support. The Polish elections of November 1991 may be symptomatic. Poland is where the free market experiment was given extreme form. In the elections, a mere 42.5% of those eligible to vote went to the polls, and voted for some twenty parties, none of which got more than 12% of the vote. Among these parties, however, the parties of the Left did remarkably well. The Democratic Left Alliance, ex-Communist, got 12.1%; the Peasants, also ex-Communist, got 8.9%; three left parties from the splintered Solidarity movement got together 12.5%. This represents a third of the electorate which bothered to vote. In addition, a centre-left party, the Democratic Union, led by the former prime minister, Tadeusz Mazowiecki, got 12% of the vote. The prime minister, Jan Krysztof Bielecki, the prime mover in the turn to the market economy, whose party obtained only 7.2% of the vote, described the result as 'a vote against the market economy'. How much encouragement socialists may draw from this election either in this or in other ex-Communist regimes is by no means yet clear. But what is clear is the imminent danger that the manifold failures of the market economy, and the resentments they will produce, may foster a creeping authoritarianism, one of whose main purposes would be to limit the political space for democratic opposition and to bring about 'political stability' at its expense, and at the expense of civic and trade union rights in general. But resistance to such a development is part of the struggle which the Left has to wage, and which, with the help of democratically-minded parties, groupings and individuals that are not part of the Left, it may hope to win.

For all the vast differences which exist between the ex-Communist countries on the one hand, and Western capitalist democracies on the other, there are also, in the perspective of the need for a socialist renewal, at least this striking similarity between them: the triumph of neo-liberal principles even over social democratic principles, let alone socialist ones. As we pointed out in the previous section, the crisis of the Keynesian welfare state brought back onto the agendas of many European unions and social democratic parties programmes which proposed to transcend the crisis by an extensive shift towards public control over private capital. By the beginning of the 1980s political forces advancing such programmes, usually accompanied by a concern to extend simultaneously the means of popular participation at work as well as in public life, figured very prominently in social democratic parties in Britain, France, Sweden and Greece. In the British case, the intra-party struggle against this was so tenacious and bitter that the public party split became an electoral liability, and those advancing the case for democratic socialist renewal were made (and this was the ultimate sign of their defeat) to bear the blame. In the other cases, social democratic governments were elected in the early 1980s with commitments to an extension of public control over capital figuring visibly on their platforms. But through the course of the decade, with more
or less rapidity in the face of neo-liberal as well as older centrist and right-wing social democratic opposition, these aspects of policy were jettisoned or trivialized. Left-wing forces which had advanced these socialist options were marginalized in relation to these governments and increasingly within the parties as well.

What is perhaps most notable, however, is that it was not only democratic socialist options which were defeated, but the old social democratic model itself could not stand in the face of neo-liberalism. This was seen as the French and Greek governments swung wildly from radical socialist promise to austerity; soon they were joined by social democratic governments in New Zealand and Australia in more and more explicit neo-liberal policies. But it was most definitively demonstrated as the Swedish social democratic government (albeit from a much more extensive and secure welfare statist base) followed a similar trajectory through the course of the 1980s towards policies increasingly more attuned to the neo-liberal requirements of the 'business community' at home and abroad.

Social democracy seeks to distinguish itself today primarily by having a better recipe for competitiveness, one less dogmatically opposed to state intervention in industry than the neo-liberals in so far as it stresses the need of public support for high tech industries and for training programmes for the highly skilled labour they would employ – as if all but a few could succeed at such a game. The social democratic option at the European level offers only a minimum social policy amendment to the predominant privatization thrust, the issue of the control of capital appearing nowhere on the agenda.

Meanwhile, outside the spheres of political power, and again parallel to developments in the East, what might be called the intellectual and academic Left has also been in headlong retreat from what one of the prophets of post-modernism, Jean-François Lyotard, has contemptuously called 'mega-sagas', meaning comprehensive schemes of radical change, notably socialism. It is impossible to say how long the ranks of the Left will be plagued by this fashion, but it is clear that it is an intellectual mood that was very much based on a caricature of contemporary socialist aspirations as inherently totalitarian. This ignores the extent to which the aspirations of socialists in every era, and not least of the new left of the 1960s (taken together as encompassing a new generation of radicals and an older generation of socialists and communists), entailed not a future constructed on a model of disciplined proletarian homogeneity but rather of genuine pluralist democracy in which the state would be subject to a freely associated society.

What may have unhinged so much of the Left in recent years might well have much to do with our having been thrust once again since the early 1970s into an era where the competitive dynamics of capitalism appear to have escaped any means of control. This is nothing new, as Tony Benn has
recently noted, quoting an unlikely source, Harold Macmillan's *The Middle Way*, written in 1938: 'We have lived so long at the mercy of uncontrolled economic forces that we have become sceptical regarding any plan for human emancipation.' What compounds this problem for the Left is that socialist aspirations have lost their traditional organizational moorings. Of two main institutional embodiments of the socialist project in the twentieth century, Communist parties have dramatically collapsed, while Social Democratic parties seem to have quite definitively divested themselves of any interest in transcending capitalist social relations, and marginalized in the 1980s even those within them who had always sought to reestablish socialist ideals and practices. But long before these developments, it had been clear that both of these institutional expressions were in socialist terms sclerotic; indeed it was this understanding that more than anything characterized the new left of the 1960s. What caused this had both to do with strategic and programmatic errors and failures, albeit of quite different kinds, and with the way in which a continually dynamic and powerful capitalism has reshaped the terrain on which these parties were founded, undermining their attachments to their traditional social bases through the cultural transformations of consumer capitalism and the socio-economic transformations entailed in the continuing deconstruction and reconstruction of industry, occupation and locale. But even if these parties were already said to be in the 1960s, and demonstrated to be in the 1980s, completely discredited as institutional expressions of a socialist project, it must also be said that nothing viable has yet arisen to replace them as such. The attempt by elements of the new left to reground the project in newer and purer marxist–leninist parties has proved, predictably even from the vantage point of the 1960s, to be utterly inappropriate and ineffective; while the various attempts at boring from within the old parties either suffered from the same faults and/or were repulsed, or, where successful, carried some Euro-Communist parties all the way to social democracy rather than to a revived socialism.

Of course the sclerosis of the old party politics has provided openings for new forms of struggle and the formation of new political identities which have enriched the left in these last decades, not least by making their presence felt in the old parties; and they have also laid the base for some new parties, albeit still mainly small ones, of socialist-feminist-ecologist orientation. But we have very far to go yet before this provides the organizational and strategic means to dispel the widespread sense that we are completely 'at the mercy of uncontrolled economic forces', to establish a sense of confidence that we may properly speak in terms of a socialist project for 'human emancipation', which amounts to more than a millenial hope, which has some real meaning, in other words, in the relevant future.

In recent years *The Socialist Register* has devoted itself to sustained and serious inquiry of what is and is not desirable and possible in terms of
We shall continue with this. Although this is not the occasion for another detailed prognosis, it may be useful to draw a few brief conclusions from our discussion here of the condition of the 'new world order'. In light of the 'globalization' tendencies of contemporary capitalism, for instance, it is a common and a welcome reaction on the Left to stress the need for a renewed internationalism, particularly in terms of strategic and organizational coordination and cohesion of parties, unions and social movements on a regional basis. It is certainly the case that such coordination of struggles and strategies is useful and necessary, in so far as this regional coordination is not premised on a beggar-my-neighbour orientation itself (as making Europe or North America competitive or protectionist as regional blocks vis-a-vis the rest of the world sometimes seems to be, for instance), but is oriented to establishing viable supranational bases for resisting the neo-liberal agenda and for establishing democratic means of controlling capital. But sometimes this internationalist focus is advanced at the expense of deriding or at least giving up on the struggles that remain so necessary at the level of the nation state, and indeed, at subnational levels. This is a false polarization of what is needed, not least because even a capitalism that is fully extended in its global reach still relies on nation states more than any other structures for its preservation and reproduction, and because progressive policy interventions in international regulatory bodies still must be made, and will continue to be made for a foreseeable future primarily via the representatives of nation states. To give up the struggle at the national level for socialist renewal in the name of a global socialism to match a global capitalism is mere romanticism.

But what strategy should guide socialist renewal even on this more realistic basis? In countries where capitalist democracy prevails, socialists have no real option but to advance their cause within the existing constitutional process, by means of a combination of electoral and extra-parliamentary activism, while attempting all the while to redefine in more substantive and extensive terms the parameters of the constitutional system itself. An approach distant both from ultra-leftism on the one hand and from the politics of accommodation of social democracy on the other will need to be elaborated and developed, given clear and relevant, short-term and longer-term policy meaning and institutional focus. This approach entails an involvement in immediate struggles over a multitude of current issues: in the current moment of economic crisis the most important must be bold programmes for economic recovery which are oriented to employing people directly in the expansion and improvement of the public infrastructure. This will, in the current balance of forces, entail capital borrowing for this purpose, but this can itself become a means of considerable popular mobilization in an emergency, along the lines of 'victory bonds' campaigns in wartime. While no such programme will allow one
country to escape by itself from the economic crisis, this programme could mitigate the effects of the crisis, and lay the basis for a more ecologically sound, socially just, productive economy in the future. It would contribute, moreover, to giving people a sense that something can be done about the crisis, which is the key to further popular mobilization in even more radical directions. Socialists will have to clarify, in the latter respect, their insistence that the aims which are common to most of the Left – the creation of truly democratic and egalitarian societies – cannot be realized without the dissolution of the existing structures of power and privilege. Such dissolution still requires, as an essential but not sufficient condition, the transfer of economic power from private hands into the public domain. But it also requires finding practical means whereby to escape what Weber called the 'iron cage' of bureaucratic organization. Socialists must concern themselves not only with getting this or that policy claim represented to and recognized by the state, but with changing the administrative apparatuses of the state so that they become representative and accountable and oriented to providing the means and resources for as much decentralized and popular decision making and resource allocation in civil society as is compatible with democratic planning for common social problems. The socialist project is not about more state or less state, but a different kind of state.

Socialists can have no illusions about the speed with which they may be able to achieve a really significant advance in the fulfilment of their aims. But it is reasonable for them to believe that there is a constituency which can be won over to socialist purposes and that this constituency will grow as capitalism shows itself increasingly incapable of coping with the manifold crises which it produces. Patterns of advance will vary greatly from one country to another; and there will be setbacks as well as victories. But the gloom in which so much of the Left has been plunged in recent years is very short-sighted. For wherever one looks, there is ferment, with grievances expressed, demands made, rights affirmed. Some of it assumes profoundly unhealthy forms; but a good deal of it is progressive and speaks a language which is well in tune with socialist aspirations. In this perspective, the notion that socialism is dead says more about those who voice that notion than about future prospects.

NOTES


17. See *Capitalism since 1945*, pp. 310–311.


20. The earliest summits played an important role, for instance, in steeling the resolve of the British Labour Government to reject the alternative economic strategy upon which they had been elected and accept the IMF terms on austerity in 1975. James Callaghan describes in his autobiography how the friendship he formed with Gerald Ford at the first summits became crucial to convincing the IMF that the Labour Government was serious about cutting its public borrowing and welfare expenditures. As the Americans saw it, in the words of then Secretary of William Rodgers: 'It was a choice between Britain remaining in the liberal financial system as opposed to radical change of course, because we were concerned about Tony Benn precipitating a policy decision by Britain to turn its bank on the IMF. I think if that had happened the whole system would have begun to fall apart . . . so we tended to see it in cosmic terms.' Callaghan saw it in similar terms but, rather interestingly he personalized it: 'I never had cause to doubt Gerald Ford's word or his good faith. It may seem strange that a republican president and a Labour prime minister could work so confidently with each other. The reason was that . . . we both accepted that the interests of our two countries and of the alliance transcended political differences.' Is it surprising that in the course of providing his account of one of the greatest political crises in modern British history, he thinks it relevant to point out that he and his wife now visit Gerald Ford every year at his home 'high up in the beautiful Rocky Mountain state of Colorado'? James Callaghan, *Time and Chance*, Collins, London 1987,


22. Ibid., p. 152.


31. Harvey, op. cit., p. 110.

32. For a survey of this trend, see e.g. *The Retreat of the Intellectuals: The Socialist Register 1990*.


34. See especially *Social Democracy and Beyond: The Socialist Register 1986/6; Socialist Renewal, East and West: The Socialist Register 1988; and Revolution Today; Aspirations and Realities: The Socialist Register 1989*. 

pp. 430ff.