

Ernest Mandel

Socialism or neo-liberalism?

(February 1993)

From **Bulletin in Defense of Marxism**. [1]

Downloaded with thanks from the Mandel Archive at www.angelfire.com/pr/red/mandel/
Marked up by [Einde O'Callaghan](#) for the **Marxists' Internet Archive**.

Since the mid-'70s there has been a worldwide offensive of capital against labour and the toiling masses of the third world. This offensive expresses the sharp deterioration of the relationship of forces at the expense of the workers. It has objective and subjective roots.

The objective roots are essentially the sharp rise of unemployment in the imperialist countries from 10 million to at least 50 million, if not more. The official statistics are all government statistics, and they're all fake. In the third world countries, at least 500 million are unemployed. For the first time since the end of World War II, unemployment is rising in the bureaucratised post-capitalist societies too.

The subjective roots lie essentially in the total failure of organised labour and mass movements to resist the

capitalist offensive. In many countries these organisations have even spearheaded it: France, Italy, Spain and Venezuela, just to name a few. This has undoubtedly made resistance to the capitalist offensive more difficult.

But all this being said, one should not underestimate the concrete impact of pseudo-liberal – in reality neo-conservative – economic policies on world developments. These policies, codified by the International Monetary Fund and the World Bank, and symbolised by the governments of Thatcher and Reagan and their many imitators in the third world, have been an unmitigated disaster.

Under the pretext of giving priority to monetary stability, the fight against inflation, and balanced budgets, social expenditure and the expenditure for infrastructure have been ruthlessly cut. This has resulted in a worldwide rise in social inequality, poverty, disease and threats to the environment. From a macro-economic point of view it is increasingly counterproductive and irrational. From a macro-social point of view it is indefensible and odious. It has increasingly inhuman results which threaten the survival of the human race.

I should point out the basic cynicism of the neo-conservative ideological offensive which accompanies the conservative economic policies. The neo-conservatives say that they want to reduce state expenditure drastically. In reality, state expenditure has never been as high as in the 1980s and early 1990s under the neo-conservatives. What really happened was a shift away from social and infrastructure expenditure to military expenditure, which for that period can be estimated at \$3 trillion, and to subsidies to business. The bailing out of bankrupt and near bankrupt financial institutions like the savings and loans associations in the United States, as well as the huge interest

payments on the steeply rising debt, belongs in that category.

The neo-conservatives say that they stand for universal human rights, but in reality, given the unavoidable mass reactions against these antisocial policies, neo-conservative governments increasingly undermine and attack democratic liberties: trade union freedom, the right to abortion, freedom of the press, freedom to travel. They create the appropriate climate in which extreme right-wing tendencies – racism, xenophobia, outright neo-fascism – can arise.

Third world poverty

The worldwide growth of poverty is disastrous. In the third world it has become a historical catastrophe. According to official United Nations statistics, more than 60 countries with a total of more than 800 million inhabitants have suffered an absolute decline of per capita domestic product between 1980 and 1990. In the poorest of these countries this decline is in the order of 30-50%. For the poorest layers of these countries' populations the figure oscillates around 50%. Per capita domestic product in Latin America in 1950 was 45% of the imperialist countries. In 1988, it fell to 29.7%.

Decades of modest rise in public welfare were wiped out in a few years. What this means concretely can be illustrated by the example of Peru. According to the **New York Times**, more than 60% of the population of Peru is undernourished, 79% live below the poverty level, which is

quite arbitrarily fixed at \$40 a month. Even college-educated civil servants earn only \$85 a month. This is not enough to pay for a month's car parking in that country.

If one takes into consideration the social differentiation inside the third world countries, the situation is even more disastrous. The poorest inhabitants of the poorest country have today a daily food intake which equals that of a Nazi concentration camp of the 1940s. A report of the United Nations World Health Organisation prepared for a December 1992 conference estimated that half a billion people suffer from chronic hunger in addition to several hundreds of millions of people who suffer from seasonal malnutrition. Nearly 800 million people in the third world suffer from hunger. If you add to that figure the number of hungry in the post-capitalist and imperialist countries, you arrive at nearly one billion people today suffering from hunger. And this is when there exists an overall situation of overproduction of food.

In the north of Brazil, there is a new race of pygmies which has arisen, with an average height 35 centimetres less than the average inhabitant of Brazil. The way the bourgeois ruling class and its ideologues characterise these people is to call them rat people. This characterisation is completely dehumanising, reminiscent of the Nazis, and has very sinister implications. You know what is done to rats.

There is widespread malnutrition involving insufficient consumption of vitamins, minerals and animal proteins. Women and children especially have these deficiencies. As a result, children in the third world run a risk of dying or catching grave diseases 20 times greater than that of children in the imperialist countries.

The fate of children symbolises the rise of barbarism in the third world. This is not a question of the future; there

barbarism has already started on a huge scale. According to the statistics of UNICEF, every year 16 million children die from hunger or curable diseases in the third world. This means that every four years there is an equal number of deaths of children as all the deaths of World War II, Auschwitz, Hiroshima and the Bengal famine combined. Every four years a world war against children. There you have the world reality of imperialism and capitalism in a nutshell. In addition, in south Asia, 20% of baby girls die before the age of five; 25% die before the age of 15. Baby girl infanticide is growing from year to year, combined with massive use of child labour under conditions of semi-slavery.

Growing inequality

The disastrous effects of neo-conservative economic policies are no way limited to third world countries or to the living conditions of the mass of the inhabitants of post-capitalist societies. They have started to extend more slowly, but in a real way, to the imperialist countries too. In these countries, depending on what source you use, between 55 and 70 million people live below the poverty level. A dual society is developing, with a growing number of social groups less or not at all protected by the social security net: the unemployed, casual labourers, people living on welfare, mothers having to care for many children alone, demoralised petty criminals: these are some of the constituent elements of that underclass.

Here is but one example which is very telling, very sad and very revolting. In the heart of what has been historically revolutionary Paris, where five major revolutions have started, every day thousands of migrants, workers and casual labourers, stand around waiting to be employed. Sometimes they are, sometimes they aren't. They are without any kind of social protection, without residence permit. They are competing among themselves to work for a pittance, because a pittance is still higher than what they can get in their own countries.

The situation in the United States ghettos is typical of that trend. Youth unemployment in the ghettos reaches 40% and most of these youths have no hope whatsoever of finding any job in the future. The same phenomenon has spread in a more limited way to several southern European countries and Great Britain. Privatisation accentuates these trends.

While real wages actually declined in the USA, the number of people having gross annual incomes of one million stable dollars has risen 60-fold. That of people getting between \$ 60,000 and \$1 million has risen from 78,000 to 2 million, but there's literally not a single worker among this new rich.

The rich get richer

The perverse effects of neo-conservative policies on the world economy are likewise evident. Both the growing poverty of the third world and the third worldisation of sectors of the population in the imperialist countries constitute one of the major

brakes on any significant expansion of the world economy.

Third world debt has led to that perverse and scandalous development of a net flow of capital from the south to the north, with the poorest parts of the poor countries subsidising the richest part of the rich countries. One could say in a cynical way that that's what capitalism is all about. Nevertheless, in this dimension and amplitude it's at least a new phenomenon in the 20th century.

The same is true for the adverse development of the terms of trade and the role of intermediaries on world price structure. It is very little known that the second largest contingent of third world exports after oil is coffee, which we all drink. At this time, for western consumers, coffee is relatively cheap. A pound of coffee cost around \$5 in the western countries. The workers who produce that coffee get 30-50 cents a day. The rest is taken in by middle men.

The greatest danger of the third worldisation in the south, the east, and the west is the spread of typical poverty-related epidemics like cholera and tuberculosis which were assumed to have been wiped out. The ominous threat of AIDS is likewise poverty related. The former director of the World Health Organisation's anti-AIDS program predicts that at the end of this century, 100 million people will be HIV infected, of whom 25% will fall ill and die; 85% of these deaths will occur in the third world.

This is not a result of some cultural or ethnic specificity, but of deficiencies in education, prevention, health care and sanitation. At the same time, \$7 billion have been spent in the struggle against AIDS since the beginning of the epidemic. Only 3% of this sum has been spent in the third world, where 85% of HIV-infected people live. It is obviously

suicidal to believe, even for the capitalist class, that the epidemic will not reach the imperialist countries too.

Under these circumstances, the pope's call to limit the struggle against AIDS to self-restraint and the chastity of individuals and to oppose the use of condoms and the contraceptive pill is totally irresponsible. The neo-conservative policies of cutting health and education budgets everywhere likewise appear irresponsible and suicidal. The overall effects are as economically obnoxious as they are socially obnoxious.

'Market economy'

In all the university departments dealing with development policies, in all the countries of the world, it is considered to be a truism that the most productive investments are those for education, health care and infrastructure. But if you cross the corridor into the sub-department of economics called public finance, then you suddenly hear that a balanced budget is more important than investment in education, health care and infrastructure, and that there have to be ruthless cuts in these budgets in order to stop inflation.

It should be stressed that pseudo-liberal, neo-conservative policies are being applied within the framework of a capitalist-dominated world economy. Two important conclusions can be drawn from that basic fact of life.

First, much of the ranting about the alleged superiority of the so-called market economy is just eyewash. Market

economy in the pure or near pure form does not exist and has never existed anywhere.

Second, any alternative economic policy applied within that same framework, like the neo-Keynesian policies now proposed by a growing number of international institutions and leading capitalists, will not result in any basic change in all these horrible realities. To give you just one example: the tremendous technological backwardness imposed upon the third world by imperialism means that while that part of the world consumes only 15% of the world's total energy expenditure, it has to spend five to six times more energy per dollar's worth of domestic product than the richest countries.

Hence the question arises, don't we need a basic alternative not only to pseudo-liberal policies, but to the whole capitalist system in all its variants in order to get to a qualitatively better world than the present one? My answer is obviously yes. That's why we need socialism, and that's why I am and will remain a socialist.

Humankind is facing frightful threats to its physical survival: nuclear, chemical, and biological warfare, traditional massive wars which could become nuclear wars by the bombing of nuclear power stations with conventional weapons, growing risks of destruction of the environment typified by the greenhouse effect and the ozone hole, destruction of the tropical forests, desertification of large parts of Africa and Asia and the cumulative effects of epidemic catastrophes.

Many people have raised the question, "Isn't it already too late? Isn't doomsday unavoidable? Will humankind be able to survive the coming 50 years?" We believe that humankind is not doomed. This is not wishful thinking or pure intuition.

It is a belief based upon solid scientific data and the ongoing dynamic of scientific research.

Just one example: there exists a concrete, serious approach to completely reverse the desertification of Africa; to irrigate the desert in order to make it again into a rich food-producing region like it had been up until 1,500 years ago; to inspire its inhabitants to apply nature-conserving agricultural techniques to switch back from commercial crops to crops which enable them to feed Africans in a healthy manner. The effect of a green, wooded Sahara on the world climate would be really stunning.

The problem to be solved in this case is not a technical, natural or cultural one. It is a social one. In order for this solution to be applied, you need a social order in which greed, the desire to accumulate personal wealth regardless of overall social and economic costs, and short-term pseudo-rationality substituting for long-term rationality do not determine social and economic behaviour. We need power in the hands of social forces which can prevent individuals, classes and major class fractions from imposing their will on society. Power needs to be in the hands of the toilers willing to let solidarity, cooperation and generosity prevail by democratic means over short-sighted egoism and irresponsibility.

It is not a question of awareness. The rich, the capitalists, the powers that be are not stupid. Many of them are perfectly aware of, for instance, the ecological dangers. They try to take them into consideration, include them in their economic planning and projection, but under the pressure of competition, they are forced to act in such a way that the overall threat remains.

Some say that science and technology have developed an irresistible logic of their own, and that uncontrolled

development of science and technology is bringing humankind to the brink of extinction, but this is not the correct way of seeing things. This is what you could call, in terms of Marxist philosophy, reified thinking. Science and technology are presented as forces divorced from the human beings who control them. But this is incorrect.

Workers' democracy

Science and technology have no power independent of the social groups who invented them, apply them, and bend them to their interests as they see them. The key problem is to subject science and technology to conscious social control in the democratically established interests of the great majority of human beings. To free them from submission to special interests, which abuse them regardless of the long-term interests of the human race. For that purpose the organisation and structure of society itself must be subjected to democratically determined, conscious control.

What socialism is all about in the last analysis is the conquest of human freedom for the greatest possible number to decide their own fate in all key sectors of life. This is, in the first place, true for all wage earners, who are under the economic compulsion to sell their labour power and who represent today a mass of people bigger than they ever were in the past. There are now more than 1 billion wage earners.

Those who plead for minority rule over and above that freedom – the freedom of these wage earners to decide in a democratic way which priorities to apply to production and how to produce and distribute – those who state that this freedom should be subordinated to the rule of market laws, rule by the rich, or rule by the experts, rule by the churches, rule by the state or by the party, arrogantly assume the perfectness of their knowledge and their wisdom and underestimate the capacity of the masses to equal or overtake them. We reject these claims as empirically unfounded and morally repulsive, leading to increasingly inhuman consequences.

We share Marx's warning that the educators in turn have to be educated. Only the democratically organised self-activity of the masses can achieve that. Socialism is a social order in which these masses decide their own fate in a free way.

In order to look at the world as it is today, we have to look at it in a way that is different from what you generally read in the newspapers or see on television. People are starting to fight back.

In Uruguay, the people have just rejected, in a referendum by 74% of the vote, privatisation of the telephone company. British miners, and especially Italian workers, have reacted to the austerity policies which their governments tried to put down their throats in a very big way. Both groups have been on strike against these austerity policies. In Germany we have witnessed, and this is most heart-warming, a radical reaction of the youth, against the rise on xenophobia, racism and neo-fascism.

This is completely different from what happened at the end of the 1920s and the beginning of the 1930s. At that time the Nazis conquered the high schools, the universities

– the youth – much before they conquered political power. Today, the mass of the youth is moving against xenophobia, racism and neo- fascism while political parties are going to the right.

The most gratifying example is that of Brazil, where there is a fight back of the working class against a corrupt reactionary government. I'm rather pessimistic, I don't think they will win, but a challenge to bourgeois power in this seventh largest country in the world, where there are now more industrial workers than in Germany in 1918, has at least been made possible.

There is, however, a sober side to the world picture, and that is that many of these movements are generally single-issue movements and are discontinuous because of the lack of an alternative social order.

Socialism

Over this whole world development hovers what we call in my movement the worldwide crisis of credibility of socialism. Workers have no confidence whatsoever in Stalinism, post-Stalinism, Maoism, Eurocommunism, or social democracy.

Under these circumstances, neither of the two basic social classes, capital and labour, is capable in the short or medium term of imposing its historical solution to the world crisis. The capitalists can't for objective reasons, because the working class is much too strong. It is much stronger than it was in the 1930s. But the working class cannot solve this world crisis either because it has no belief in an alternative social order.

So we are in for a protracted crisis, the outcome of which is at this stage unpredictable. We have to fight for an outcome in favour of the working class, in favour of socialism, in favour of the physical survival of humankind. Because that's the real choice today. Not socialism or barbarism, but socialism or the physical extinction of the human race.

I see the key task of all of us socialists as threefold.

In the first place to defend unconditionally all the demands of the masses everywhere in the world which correspond to their real needs as they see them, without subordinating this support to any priorities of a political nature or of any specific power scheme. We have to go back to the example of what the labour movement did in its inception and during the period of its greatest growth from the end of the 1880s up until the eve of World War I.

Socialists had two key goals at that time: the eight-hour day and universal suffrage, and they didn't start from the question: How are we going to realise that, in what form of power, what form of government? No, they said these are objective needs of human emancipation, and we will fight for them by all means possible and necessary and we will see what will come out.

In some countries the eight-hour day was conquered by general strikes. In other countries it was realised through governments which one could consider workers' governments. In others it was given by the bourgeoisie as a concession to a powerful workers movement, thereby trying to prevent it from making a revolution. But that's neither here nor there. The real fact was that the eight-hour day was, as Marx and Engels pointed out, in the objective interest of the working class, and that is the reason why you

shouldn't subordinate the fight for such demands to any pre-established power scheme.

I have many times reminded the comrades of the famous formula of that great tactician Napoleon Bonaparte, whom Lenin quoted very approvingly, "First start the struggle, and then we'll see". The important thing is to start the struggle; what comes afterwards depends on the relationship of forces, but the struggle itself changes the relationship of forces.

The second task of socialists and communists today is basic socialist education and propaganda. Humankind cannot be saved without substituting for this present society a fundamentally different society. You can call it anything you want to, the label makes no difference, but its contents have to be specified, the contents of socialism as it will be accepted by the masses. After the disastrous experiences of social democracy, Stalinism and post-Stalinism, the image of socialism can only be one of radical emancipation, having a dimension of radical feminism, radical defence of the environment, radical antiwar pacifist consciousness, political pluralism and total identification with human rights without exception. Socialism will be accepted only if it is considered radically emancipatory on a world scale without exception.

The third condition for solving the terrible crisis of credibility of socialism is the reunification of socialism and freedom. The bourgeoisie has made a terrible strategic mistake in raising the human rights issue against socialists the world over. This will become a boomerang hitting it again and again. But in order for that to happen, the reunification of socialism and human freedom has to be complete.

In the mid-'20s, the traditional song of the Italian labour movement, *Bandiera Rossa*, contained these wonderful words, "Long live communism and freedom!"

One of the gravest crimes of Stalinism, post-Stalinism and social democracy has been to provoke the historical divorce between these two values. We have to come back to that.

In the United States in the mid-'20s two anarchists, anticommunists – they had absolutely no sympathy for communism – Sacco and Vanzetti, were condemned to death by the reactionary bourgeois government. Their cause was taken up by the Communist Party of the United States and by the Communist International. The fact that they were anarchists, anticommunists, didn't make any difference whatsoever. I say with pride that our comrade James P. Cannon played a significant role in organising that worldwide campaign for these two anarchists. That's the tradition we have to go back to without any restrictions.

Whoever commits crimes against human rights under whatever pretext in whatever country should be condemned by the socialists-communists of this world. That's the precondition to restore confidence among the masses in our movement. Once that confidence is restored we get a moral power, a moral credit, a moral strength which has 10 times more punch than all the weaponry which the capitalists control.

In defence of Marxism

I want to tell my friends at the Marxist School that they are absolutely right to stand for Marxism and not to give in in the slightest way to the anti-Marxist

pressures which are all around us. Some are open, some more diffuse, but they are all around us.

Marxism is the best thing that has happened to social thought and action in the last 150 years. Those who deny that, those who make Marxism responsible for Stalinist counter-revolution, for social democratic support for colonial wars, are either ignorant or deliberate liars. Marxism has given humankind two basic conquests which we have to defend, but with the assurance, the self-confidence that we are defending a good cause.

Marxism is the science of society. It is the understanding in a coherent way of what has been going on for the last 200 years, if not much more than that, on the basis of a tremendous wealth of empirical information and without any valuable, even partially valuable, alternative among the social sciences.

We make no predictions about the future. The only scientific form of Marxism is open Marxism. Marxism which, like Marx himself said, integrates constructive doubt. Everything remains open to reconsideration, but only on the basis of fact. Those who do this in an irresponsible way without taking facts into consideration, those who throw away this tremendous tool of understanding world reality in exchange for nothing but scepticism, irrationality, mystification, or mythology serve no positive purpose.

As important as Marxism is as a science, its second basic component is just as important, and that is its moral component. Marx himself formulated this in a very radical way. From his youth through to the end of his life he didn't waver for one minute from the definition of what he called the categorical imperative.

That is to fight against any condition in which human beings are despised, alienated, exploited, oppressed or

denied basic human dignity. Whatever the pretexts are for the justification of such denials, we have to oppose them unconditionally. Understand that you cannot be happier than if you have dedicated your life to this defence of human rights everywhere in the world: the defence of the exploited, the oppressed, the downtrodden, the despised.

There is no better way to be a good human being in this world than to dedicate your life to this great cause. That's why the future is with Marxism.

Note

1. Transcript of a lecture given at the New York Marxist School on February 21, 1993. Slightly abridged, from **Bulletin in Defense of Marxism**.
