

Web Transcript
Pursuing a Just World Order, Crisis for the Left (LP edit)
Leo Panitch, Delhi, 11 November 2010

File source:

<http://www.socialistproject.ca/leftstreamed/ls81.php>

Runtime:

01:05:09:00 SMPTE drop (29.97 fps)

Phonetic transcriptions use SAMPA notation.

This is a slightly edited version of a transcription of a talk (followed by responses to questions) by Leo Panitch at the Delhi University symposium on “Globalization, Justice and Democracy”, which took place immediately after the three day International Conference on “[The Global Crisis and Hegemonic Dilemmas](#)” on 8-10 Nov.2010 in New Delhi. Drawing on his book [In and Out of Crisis](#) (with Greg Albo and Sam Gindin), Leo Panitch addresses here a lack of ambition on the left which has been more debilitating than its lack of capacity in the current global economic crisis, and outlines the kinds of immediate demands for radical reforms as well as longer term socialist strategic orientation that is needed today.

Edited Transcript

Speaker: Leo Panitch

Well, let me thank the department very much for organizing this symposium today. It's been a very exhilarating week, for me in particular, I'm sure for all of us who have come from abroad. And to see so many of you here today to continue this discussion in a way that is directly addressing political directions for the left is very, very encouraging, and I hope we'll learn a lot from each other. I want to begin where Vivek [Chibber] left off, not so much in terms of the lack of capacity on the left but the astonishing lack of ambition on the left. If you go back and look—and I and two of my comrades, Greg Albo and Sam Gindin, tried to document this from the time the crisis began, so I'll be reading you a couple of quotations from a little book we produced called *In and Out Of Crisis*, which Aakar Books will be bringing out here soon.

If you go back and look at the response of the left to the crisis in North America (and it wasn't any different in Europe, really), what you saw was a very populist response. *Why are you bailing them out? Let them go under.* This was kind of the Michael Moore response, which was, of course, utterly irresponsible. Workers have what savings they have in the banks. Their paychecks go into the banks. They depend on their pensions in order to be able to survive when they retire. The very rooves over their houses was what was at stake here. It was a utterly irresponsible populism, *don't bail them out.* A second response, very common and quite similar, was to say, this is a product of the government not having done its duty: governments are supposed to regulate capital, and they didn't do so. So, for instance, you found in what is otherwise a very important mobilizing and analytic magazine in the United States called *The New Labor Forum*, in an excellent article on the cause of the crisis, you found the case for reform being put this way, and I'm quoting: “Government is necessary to make business act responsibly. Without it, capitalism becomes anarchy. In the case of the financial industry, governments fail to do their job for two reasons: ideology and influence peddling.”

But as Vivek was indicating, this fundamentally misunderstands the nature of the state under capitalism. The state, in fact, was very active in promoting financial liberalization. The United States has the most regulated financial system in the world by far if you measure it in terms of the number of statutes on the books, the number of pages of administrative regulation, the amount of time and effort and staff that is engaged in the supervision of the financial system. There's nothing comparable in the world. But that system is organized in such a way as to facilitate the financialization of capitalism around the world. And indeed, had the type of development of global derivative markets that took place in the 1990s not occurred, which the US above all was encouraging or at least concerned not to stifle, then the globalization of capitalism—including globalization here in India in the last two decades—would not have been possible.

In terms of proposed reforms, a marker of the lack of ambition was that one of the most—the brightest, most knowledgeable, and most heard (because the left *is* heard in the United States and the media) commentators on American finance, Dean Baker, who runs a Washington-based financial studies institute on the left, recommended that the immediate reform that the new government should put in would be a limit of \$2 million on salaries of Wall Street executives and traders. Now, there's an example of the left thinking inside the box—a limit of \$2 million on salaries at a time that people are being driven out of work, losing their homes?! Similarly—and Dean Baker had advocated this as well, but he was not alone, of course; this was the most common demand of the left—a transaction tax in the financial sector, which is designed to throw some sand in the wheels of how many times financial instruments would be turned over by market speculators. That got taken up by the Labour government in Britain in particular before it was defeated. It's disappeared from the agenda, very largely. We don't hear much about it now. A minor version of it may get introduced, but it's nothing more than the equivalent of a tobacco tax, in which the state takes some revenue out of the very thing that is causing the problem.

Another example of proposed reform, coming from those people who were attempting to connect, quite rightly, the ecological crisis with the economic crisis was what? Even if Copenhagen had succeeded the great demand there involved extending the central 'reform' coming out of Kyoto, the creation of a carbon market. This amounted to turning to a new arena of derivative trading (which is indeed growing very large) that is, to turn once again to the very thing that caused the problem. This vast expansion of capital markets and future markets through derivatives to allegedly solve the climate crisis, in which companies trade future options on how much pollution they'd be putting into the air or the extent to which they would be aggravating, or otherwise, the emissions crisis, the climate crisis.

There were also some nationalizations of banks, as you know. Governments couldn't do any other, apart from just bailing them out, than actually taking a good number of them over. That occurred in the United States, as well as in Europe, and in parts, of course, of the global South. But what was interesting about that nationalization—and I want to quote here from the man who was appointed by the Labour government in Britain, by Prime Minister Brown, who was allegedly, in economic terms, much more left-wing than Tony Blair—the man who was appointed to oversee the banks that were taken over in the United Kingdom, immediately, the day he was appointed, was quoted in *The Financial Times* as saying that those banks would, quote, “operate on a commercial basis at arm's length from any government direction or control, seeking mainly to act as maximizers of the

taxpayers' return on their investment.” This led one not very radical sociologist to say it looks like the banks have taken over the Treasury of the United Kingdom, rather than the Treasury has taken over the banks. Among the very few voices that called for a real nationalization of the banks, one of them, I must say, was Dan La Botz, the man who got 25,000 votes that you just heard about, a labour activist (and a good one) in the United States, who as soon as the severity of the crisis was clear, in September-October 2008, began to issue very interesting reports on the Internet, giving examples of previous bank nationalizations, which countries had nationalized the banks, and when, and how, and how it might be done, and done it in a way that would transform them for social purposes.

Another who raised this was a prominent regular blogger for *The Financial Times*, a quite bourgeois economist called Willem Buiter, who teaches at the London School of Economics and who has been a member of the Bank of England's monetary policy committee. He's certainly no Marxist. And here's what he said on one of his *Financial Times* blogs: "There is a long-standing argument that there is no real case for private ownership of deposit-taking banking institutions, because these cannot exist safely without a deposit guarantee"—that is, when you put your money in a bank, there is a guarantee provided by the state that if the bank goes bankrupt and you have as much as \$100,000 dollars in it, you will get all of that back. So they can't exist without that, and they haven't since the Great Depression. And secondly, as we've of course seen in this crisis, but we could see it repeatedly over the last—through the banking crises of the last 30 years, they cannot exist, as he says, without being ultimately underwritten by central banks as lenders of last resort. So these banks, which are private banks—and they've been the most dynamic and powerful and expansive sector of capitalism in this globalization phase—have depended upon the state to do so. And Willem Buiter, the member of the Bank of England's monetary policy committee, argued, therefore, that we need to nationalize the banks and bring them into public control as a public utility. And he concluded this blog saying, "From financialisation of the economy to the socialisation of finance. A small step for the lawyers, a huge step for mankind."

Well, this sounds a little bit, if you've ever read *The Communist Manifesto*, like the call that Marx made in his list of ten reforms for the centralization of credit in the hands of the state - which just goes to show that in a crisis you don't have to be a Marxist to have radical ideas if you have any sort of ambition or self-confidence. Most Marxists don't have that ambition and self-confidence today. But you do have to be a Marxist to understand that this is not going to happen by bringing some lawyers into a room and signing a few documents. This is the technocratic notion of how it happens, which is what Buiter was understandably putting forward. It can only happen through a massive class struggle, which involves a massive transformation of the state itself. The most important reason for taking the banks into the public sector and turning them into a public utility is that you would remove thereby the institutional foundation of the most powerful section of the capitalist classes in this phase of capitalism. That's the main reason for nationalizing the banks in terms of changing the balance of class forces in a fundamental way.

A second reason, of course, for nationalizing the banks would be to transform the uses to which finance is put. Let's take an example. Where I come from, Ontario, in Canada, the backbone of the economy, apart from banking, is the automobile industry. The layoffs that have occurred, the plants that have been closed (this has been going on for three decades, but it was heightened, of course, during the economic crisis very severely) pushed unemployment up to 10 percent—but in the auto

industry, in a city like Windsor, about a quarter of the labour force, given the people who also depend on the auto sector. You're not just losing physical capital there. You're losing enormous skills. You're losing the skills of tool and die makers. These people can make anything. A banking system that was a public utility would be able to help transform the uses to which credit is put, so those skills could be used to build wind turbines, so they could be used to develop the kind of equipment we need to harness solar energy cheaply rather than expensively. We cannot conceivably, in my view, even begin to think about solving the ecological crisis that coincides with this economic crisis without the left returning to an ambitious notion of economic planning. It's inconceivable. It can't be done. We've run away from this for half a century because of command planning of the Stalinist type, with all of its horrific effects—its inefficiencies, but even more its authoritarianism. But we can't avoid this coming back to the need for planning, and having credit in the hands of a public utility or series of public utilities is at the core of what economic planning would have to be, what the conversion that would be required to get out of this crisis would entail, what would be involved in the democratic planning of investment. And when we on the left call for capital controls, we can't just talk about that and think about that in the sense of capital controls that would limit how quickly capital moves in and out of the country, as in a moment like this where there's a danger of currency wars. We need capital controls because without them we can't have the democratic control of investment. They're not just capital controls at the border that matter; what matters all the more if we're socialists is controls on capital for the point of directing, in a democratic fashion, what gets invested, where it gets invested, how it gets invested, etc.

Now, people often say that socialists in the last 20, 30 years have not laid out a program revision. I don't think that's true. I think there's been more writings on what a future socialism would look like in the last 20, 30 years—by academics, at least—than probably ever before. What's been wrong with those visions is they've tended to paint a picture of a fully developed socialist society. You know, some combination of plan and market, etc., has been at the center of what most economists have done in this respect, or various versions of participatory budgeting, participatory—worker participation, etc. They've been exceedingly short on two things. One is immediate demands and reforms. And the other is, how the hell would we get there? What are the vehicles? What are the agencies? How are the vehicles connected to building the agencies? Let's begin with immediate demands, because it certainly is very true that you're never, whatever the vehicle or the agency, going to mobilize people simply on the basis of we need to nationalize the banks, we need to have the economic planning, when they know that can't come for decades, given the lack of political forces to introduce it. They need to be mobilized by immediate demands, just as when the great socialist parties were built they were mobilized by winning trade union rights, a reduced workweek, some elements of a welfare state, a mass educational system, etc.

Some 15 years ago, when the FMLN in El Salvador turned itself—after the settlement of that civil war, turned itself from being a guerrilla army to a political party, I was one of the people invited to help them set up a party school. And I had a conversation there with a man who later ran for president under the FMLN banner, who had been the subcommandante on the San Salvador Volcano, Fecundo Guardado. And he said, everybody here thinks that the long term is the next election, which since this was in 1995 would have been in 1999. He said they're completely wrong. In fact, that's the short term. And what we have to hope is that by 1999 we will be strong enough, have a strong enough base, to be able to make a decent showing in the next election. The medium term is 2010, when we have to hope that we will have a broad enough representation and a broad

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enough development of our members' capacities that we actually could have an influence on the direction of the country. The long-term is 2020, when we will be able to get elected as a government that can actually do something, that can transform the state. And the woman who—Angela Zamora who had been running the educational program and introduced me to him, was sitting there, and she said, in that case I'm leaving the party. I can't go back to the people who I've been leading in struggle for 15 years and tell them they have to wait for 2020 for immediate reforms. It's impossible. I can't do it.

So one needs to figure out how to combine a clear, ambitious sense of immediate demands with this longer-term vision, and that I think in the current crisis must center around bringing the banks into public ownership. For this, we need to be pointing—out of this crisis in particular (certainly those of us in North America do)—to something like a massive program for public housing. It was precisely the failure to do this after the Great Society program in the 1960s (which was the biggest step in the welfare state of the United States, even bigger than the New Deal), after it reached its limits because of the fiscal crisis of the state in the 1970s (which was what generated Reaganism and neoliberalism) that exposed the real contradictions in the project for a Keynesian welfare state in the US. What happened then was that rather than a massive program of public housing to transform American cities, which was so desperately necessary given how bad housing was, especially for black populations, what happened instead was the left Democrats, the radical Democrats, the ones that Clinton wanted to put down, that Vivek was talking about, what did they call for? They called for the banks to lend money to poor black communities—in other words, for the problem to be solved by mobilizing black people, who had been largely excluded from the banking system, into it. It's a good reform. It was similar to liberal feminism's demand that women should be able to get credit cards, which they were largely not allowed to do by the banks until the 1970s. Well, you should be careful what you hope for. They won those demands, but the effect of winning those demands was a channeling of those communities more deeply into the structures of finance, the most dynamic sector of capitalism. Now, it's true, of course, that Clinton carried those reforms much further in the 1990s. He did so because he was appealing in the same way to the black people in the Democratic Party constituency (Clinton was known as 'the black President' for this), which was *we're going to get you into capitalism, we'll let you succeed at the capitalist game*. And then Bush, of course, let every crook that he could find into the mortgage business. Of course, there's no reason why black people or women shouldn't want the same rights as everybody else - why shouldn't they look forward to their homes appreciating in market value? But you need to understand the dynamics and contradictions that are involved in trying to win reforms for people through making them more deeply part of capitalism. And the results were clear.

We should be demanding universal public pensions, as the private pension plans won by trade unions now are coming unraveled for both public sector and private sector workers. And that would contribute to strengthening the class, because it would eliminate the competition amongst workers that employers have played on with their private pensions. Indeed, increasingly we see that even the largest corporations today, as was evident with General Motors, you cannot be sure will be able to sustain their pension plan as they reduce their workforce and increase the productivity of the fewer workers they have, which we Marxists call increasing exploitation. We should also be calling for free public transit—not only free health care, not only free education, but free public transit. Given the ecological crisis, this is essential. Now, all of this is decommodification. All of this is trying to take a crucial portion of what we need for our livelihood, our basic needs, and decommodify them

as far as possible within capitalism.

Those are the demands we need to make, and they appeal to people. People understand them, and they respond positively to them, even in the United States. The trouble is that there's not that much room for manoeuvre left for reform in today's capitalism, because in order to have a major program of public housing, in order to have free public transit, you very quickly run up against *where are the funds going to come from?* It's possible to argue, given how cheap public bonds are today, that you can go to the bond market, but that also means, given who owns those bonds, that you become subject to the kinds of pressures from bondholders that is requiring the Greek and the British and the Portuguese and the Spanish states to do what they're doing to their public sector in order to guarantee that they won't eventually default on those bonds. So you come back fairly quickly to the need to at least begin a process of socialization through taking the banks into the public sector.

Now, why do so few people, apart from Dan La Botz and a couple of us sitting in Toronto in Canada, make this point on the left? And it has to do with the tremendous defeat the left suffered 30 years ago, before the collapse of the Soviet Union and before the leadership of the Chinese Communist Party began turning itself into a bourgeoisie in order to turn China into a capitalist society. It began happening in the 1970s. Certainly in the countries of the West it began happening there. And it began happening there for complex reasons, but they had to do with the contradictions of Keynesianism. The fact that the reforms that had been won after 1945 and were extended in the 1960s—partly because of the emergence of the student movement and the women's movement, and in the United States the civil rights movement, the black movement—the extension of those reforms and the elaboration of the previous reforms increasingly ran up against the contradictions of capitalism. Full employment in the 1960s made it possible for my generation, whether we were plumbers or nurses or academics, to say to our bosses: give us a 20 percent. I remember nurses asking for 35 percent wage increases. Why not? They weren't earning as much as plumbers. They had every right to. But that's a revolutionary demand if it's distributive. It caused inflation. They were able to make those demands because under conditions of full employment one could say Keynesianism by the '60s had succeeded. It meant the reserve army of labour wasn't operative. The reserve army of labour is there for one basic reason, as Marx and later Joan Robinson and Michael Kalecki pointed out, and that's to create fear. You ask too much if you're not afraid of losing your job: you tell your boss to go away if he tells you to work harder or if you're a woman [and] he harrasses you on the job, 'cause you know you can pick up a job down the street later.

This created enormous militancy, but it was a mainly economic militancy in the 1960s, not a politicized militancy. And as political parties and their house intellectuals began to look for ways to hold on to the old reforms rather than move beyond them, the main thing they did was to turn to the trade unions in the public sector or the private sector and say, you need to exercise wage restraint, because you're causing inflation. That was their main role. And that had a strong effect and demobilized that militancy. But on top of that all, the inflation that was being caused, which did contribute to a profits crisis, which, as Vivek was saying, isn't just a matter of that having an effect on employers; it has an effect on state revenues. That means, all the more, states aren't able to continue with reforms, to extend the reforms. They retrench, which is what began to happen in the 1970s.

There was a second thing happening at the same time, which was the response of the left to

Stalinism. The emergence of a radical new left, the '60s generation, which emerged as much inside the Communist parties as outside the Communist parties, involved tried to come to terms with their authoritarianism and statism—and by that point, the clear inefficiency, since it had been argued in the '50s that Communism was, at least by virtue of planning, able to secure higher growth than capitalist countries, [but] by the '60s and '70s that was no longer the case. And as that happened, you got a further loss of nerve, even within the Marxist left, a loss of nerve in two senses. The strongest wing of what was known as eurocommunism opted for social democracy, just as social democracy was facing all of the contradictions of Keynesianism that I spoke of. But since they hadn't been part of it, they weren't aware of it. And a second wing was intellectual, mostly based in the universities, the explosion after the '60s of the left in the university. It used to be the case, if you were Marxist, you didn't become a university teacher like me and Vivek; you went into a communist party. The '60s generation, if you were a Marxist intellectual, you ended up teaching at a university. You can't make revolutions part-time. And that generation—again, coming to terms with Stalinism was very important—increasingly and understandably moved to what became known as postmodernism. Pluralism of thought. There is no truth. There should be no party. What we heard yesterday in the form of a question to Achin Vanaik: doesn't every socialist revolution produce a Stalinist dictatorship? And we've lived for 30 years under the imprint of the fear that postmodernism reflected about doing anything, about having a socialist strategy at all, rather than trying to develop the new institutions that would build in the institutional constraints not to have those problems, which is a risk, of course, but without it, no change.

I'll just conclude with this. Between 1848 and the end of the 19th century, when the first great mass parties of the working class finally were emerging (and it took that long; it took 40 to 50 years) there was a great deal of movement—the First International, the beginning of the Second International, the emergence of trade unionism, etc., a great deal of movement. But it took 50 years, between 1848 and the late 1890s, for those great working-class parties, the first permanent organizations of the subordinate classes in world history, to emerge. We have been in and are still in a similar period. If we're going to make the kind of parallel that Perry Anderson did at the conference this week with the mid-19th century, we also need to make it, not only in terms of parallels of state institutions and their relationships with one another, but in terms of the emergence of working-class organizations.

There have been attempts in this 40-, 50-year period that we are now in to build new working-class organizations that learn the lessons of both social democracy and of bolshevism and of the communist parties. The Workers' Party in Brazil was, I think, the most hopeful and most promising. It has, I believe, failed and turned itself into a classical social Democratic Party. But it saw itself as the first post-Leninist and post-social Democratic Party, and it saw the purpose of getting into the state not merely as introducing policies, but as using the resources of the state to help the unorganized organize themselves, even if that would cause them problems, 'cause when you encourage people to organize, they'd make demands on you. That was to be the Workers' Party purpose. It didn't do it—from the beginning of getting into local office in the 1980s, it was clear. The other great victory of party building, of movement building, and taking the state was of course the ANC in alliance with the South African Communist Party. And that is the great second tragedy (a greater tragedy, of course, than the Brazilian one) of our time. We will see what happens with the Bolivian movement's production of a party and a government. We'll see what happens with Venezuela. It's very early days. But it's not surprising that as we attempt to reconstruct the political

vehicles that will refashion the very changed working classes, it's not surprising that there will be false starts.

I just would say this. We clearly need to learn something from the postmodernists. We need to learn that working-class parties, as the working classes are reconstructed, need to gain strength from working-class diversity. Working classes have never been homogenous. Arguably, they were even less homogeneous in the past than they are today, and heaven knows they are not homogeneous today. But it is possible to fashion the type of working-class institutions that gain strength by recognizing the diversity of that class in every sense—in gender, in language, in religion, in race, etc., or whether you're in the informal sector or whether you're in the formal sector of the economy, etc.

This can't be done, of course, without enormous international solidarity. But the type of international solidarity we need has to be rather different than even was the case in the World Social Forums, in that movement of movements. That movement of movements did not encourage people when they went to Brazil (I'm not sure what happened here in India when you had one) to ask difficult questions about the Workers' Party, to ask whether participatory budgeting was really all that it was cracked up to be in terms of developing the capacity of the women from the poorest sectors, from the favelas that it mobilized. Were they engaged in the class struggles that were limiting the Workers' Party? Were they being developed by them? Or were they being marginalized? “You deal with the question of whether there'll be a sewer or a road as a result of the few pennies you get in the budget.” But were they being encouraged to engage with the question of what do we do with the struggle of the local landlords who were trying to take back the land the favela was built on, or to get compensation for the land when its value was increased by putting in a sewer, which was what was going on? But that was off the agenda of the participatory budget. Well, anybody who went to Porto Alegre knows that was never discussed. Instead, the cadre would come and tell us how wonderful it was. It was a bit like going to the Soviet Union in 1935, as Sidney and Beatrice Webb did from the Fabians, and they came back and said, I've seen the future and it works, just as the greatest show trials in human history were taking place. Nothing like that is taking place, of course, in Brazil or anywhere else the left is in power today. But we ourselves were engaging in a similar practice by not asking critical questions of our hosts in Brazil,

We are also today reproducing the mistakes of that movement of movements, when all we do is organize the next bus to the next protest. The protest of the anti-globalization movement was exhilarating and important and proof of the number of young people who want to change the world, proof that the era we're in, in that 50-year period, may be coming to a climax. The anarchist element of this was very important, and almost inevitable, given the failure of parties in the past. But we've got to get beyond the anarchist fear of organizing a party, of changing the state. Perry Anderson is here, and it was Perry who said, in one of his great books, that class struggle is ultimately resolved at the level of the state.

Thank you.

Leo responds to questions taken from the audience (excluded from transcript):

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Crisis or opportunity? In a sense it's the flipside of the same concept. And we need to try to see this moment of crisis from the perspective of what openings does it create, what struggles emerge spontaneously that offer windows on places that we need to go and build on. And I think you're right that the limitations of a purely defensive response to the crisis is not taking advantage of the opportunity that the crisis creates. And I think the point I was trying to make was that even what I called the movement of movements that has emerged—and, arguably, it emerged, you know, before Seattle in 1999; it emerged out of the groupings in India in the mid '90s that were campaigning against the WTO, etc.—that that movement of movements bringing together groups, to some extent it's been to win new reforms, but a very, very large element of it has been defensive. And in that sense, really, -- for all of the "Another world is possible" slogan -- it's been oriented to attempting to hold on to things as much as to take things in a new direction, whether that's done to prevent water privatization, or whether that's done to protest at a G-20 meeting. In many ways, however militant the action, it's often very defensive. The point about class struggles being resolved through the transformation of the state that I quoted from Perry Anderson's *Lineages of the Absolutist State*. (he was talking about this historically, not, obviously, with regard to our current moment, but I think the point is valid) , I was trying to allude there to the limits of a perspective that says you can change the world without taking power, without engaging on the terrain of the state, without transforming the structures of the state. Because it isn't just a matter of state policies, it's a matter of the way that the state is structured as a capitalist state, so that even reforms that are won are won in a way that are demobilizing and don't lead on to further structural reforms. And I do think that we need to understand and be tolerant of, but we need to critique the anti-statism that is so common in that movement of movements, the suspicion of anyone who says the word "party", the suspicion of anyone who talks in terms of transforming the state. It's understandable. But I think those people need to realize, who carry that suspicion as their main politics that they will be trapped forever in organizing protests at G-20 meetings. That's not to say that insofar as they're inspired by the Zapatistas, or inspired by the kinds of struggles that took place in Bolivia, that they're wrong. I think you can find many, examples of struggles that yield a new political culture at a local level. All over, I would say - in North America, even - you can find them. Vivek is absolutely right about the limits—the incredible limitations of the organized left there. But evidence of such struggles bubble up when you go to the Social Forum in the United States, like the one in Atlanta or Detroit. You find many examples of this right across the country, and you see that local political cultures are going well beyond the limitations of, let us say, if it's a black community, that the civil rights movement ran into or the black power movement ran into in the 1960s, and they're aware of that. But we have to learn, as you were suggesting, how to become part of those local struggles, link them up, and transform them in a direction that is aimed at taking that new culture into a struggle for state power. Otherwise, they will run up even more quickly against the kind of limits that the immediate reforms I was pointing to will run up against, you know, as this current crisis is transferred down to the state and local level, to the regional and local level, which every central state will try to do—they will run up against the limits of what can be secured at the level of a community.

As for the question on trade unions, this is enormously important. We probably are facing, in my view, the destruction of public sector trade unionism unless there's a shift in the balance of forces in the context of this crisis. Capitalism can only go on so long with the private sector being as limited in its unionization, its density being so low, in terms of collective bargaining rights and recognition, and the public sector being almost universally unionized. It can't continue. It holds too many examples in terms of the ability of public sector unions to resist in this crisis. And I think part of the

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onslaught on state expenditure that is taking place now is, either deliberately or not, but the effects of it will be to destroy public sector trade unionism. That's how serious this is. That said, it's clear to me, at least, I think to a lot of us, that trade unions, as they evolved through the 20th century, not only in the advanced capitalist countries, also in most of the countries of the South, are no longer capable, are no longer capable of being more than defensive. They are not able to win new gains, and they are not able to organize in ways that develop the capacities of their members. It is possible to increase organization in the retail and service sector as a couple of unions in the United States have particularly done, but they've done it on the basis of what I call a credit card trade unionism. They've gotten more members by making deals with employers, which are based on the demobilization of the workers that they organize, and certainly not the development of the capacities of the workers they organize. Part of what we need to do in the 21st century, then, to concretize 21st-century socialism, apart from visions of participatory workplaces in the future, is to build a trade unionism that is actually a class organization, 'cause there's a sense in which—and there always has been—that unions that organize people by factory, by office, by university department, or at least single university faculties, are not class organizations. And I was talking to some remarkable young activists here at this very university who are engaged in building neighborhood trade unions. I think that's one of the important ways to move forward. It doesn't mean you don't engage in factory or office unionization, but it goes beyond it, and it organizes people in the many facets of their lives that you were pointing to in terms of the crisis going beyond being merely a financial crisis.

In terms of the question about the emergence of a left political culture, a lot is going on. Do we know about it? Especially in a city like Delhi, how does one become fully aware of how much this is so? In Toronto, we've done a mapping of what types of struggles people are engaged in. Often people who don't think of themselves as political, even people from South Asia who inherit your tremendous politicized culture, who then engage in struggles in Canada without any reference even to sophisticated political concepts that they would have used in this more politicized society, they get denuded of it. But that doesn't mean they're not engaged in struggles. And we've created a Workers Assembly in Toronto out of representatives of many of those organizations that we met through this mapping—anti-poverty organizations, refugee organizations, etc. There's a lot of suspicion of party that comes up immediately that will have to be dealt with as we try to build something creative.

Leo responds to more questions taken from the audience (excluded from transcript):

On the question of liberalization from below, as I understood it, this relates to the frustrations that people feel (not only in what is called the informal sector, but increasingly also the people who do have regular jobs to go to) in terms of resentment, a internal class resentment against those who have benefits, who have union protections, who have holidays, who have overtime pay, and those who don't. And what you're pointing to is the enormous danger of a race to the bottom, which is what I was pointing to when I spoke of public sector unions being destroyed. And that is taking place all around us, this liberalization from below. But if you mean it in terms of liberation from below, that's the furthest thing from it. What you're describing is liberalization from below in the sense that, yes, capitalism, as it evolves, does create all kinds of resentments, not against the class at the top, but as against other working people, and also all kinds of prejudices on the part of people

who are, let us say, in the formal sector, against the 'lazy louts' who are in the informal sector. Anyone who studies or knows or ever been part of a working-class culture knows this. And it's what, above all, working class organization, especially socialist class organization, has been about overcoming through history.

This leads into, I think, the 'just world order' question, which is a very good one. It's inevitable now that in some ways people in the South must see this as us in the North getting our just desserts. There is a proletarianization of the global South taking place though capitalist development—not the capitalist underdevelopment but the capitalist development—of so many parts of the global South (by no means all of it, but very important parts of it—even though within each country there is enormous uneven development and some underdevelopment going on, even in China and in India). The capitalist development that is going on comes with a massive proletarianization. And I mean that in the sense of not a narrow industrial proletariat, although heaven knows there's enough of that, but the growth of a very large service sector, and indeed even quasi-public sector, in which people are working in wage labour relations or the equivalent thereof, are working in relations that we would have to call classically capitalist relations. There's indeed, at the same time (and this is not surprising; it always happens in capitalist development, although the size of it is unprecedented historically) the creation of a massive sector, which moves in and out of those types of structured capitalist wage labour relations in this period of transition. And the effect of this for the proletariats, for the broadly defined working classes in the advanced capitalist societies, including all the way up to teaching assistants in universities, has to be a decline in our standard of living, if we define our standard of living the way we now define our standard of living. Once you have a global proletariat of this size with capital this mobile, the very broadly defined working classes of the North cannot retain their standard of living as we define it, as defined in terms of individual consumption, even apart from the ecological crisis. It's inevitable. That's what all of the movement of capital has partly been about. And one can celebrate that to some extent vis-à-vis the global South, except that it is taking place, of course, in ways that hardly look very progressive when you look at it from the bottom up. And that means, in terms of a vision of a just world order, that we obviously need to factor that into our vision in the North of what we're aiming for.

As I was saying to some people about this earlier this week, one of the great first ecological socialist statements of the last 30 years by a Marxist was André Gorz's *Farewell to the Proletariat*, which ends with the utopian vision of an 18-hour work day in France, which he shows could reproduce workers' standard of living if they only worked alienated labour of 18 hours a week, and the rest would be self-directed labour—you could go to libraries, or the equivalent of libraries, get means of production, decide what you're going to do, and have self-directed activity. But he forgot that France is sitting on the other side of the Mediterranean from North Africa. Maybe it's possible to retain the French standard of living on a socialist egalitarian set of structures at 18 hours a week, with all of the wonders that would involve in terms of liberating human capacities. But can you do that when the poverty of Africa is simply across that sea? So we need to be thinking about all this very ambitiously. I think you're right: what I was laying out was obviously far too little ambitious. We need to think of it in terms of transforming what we understand as our standard of living, understand our consumption much more in terms of collective consumption and what can be done in that respect. And the biggest question up for the global South, I think, now, as you face a long period of transition (because none of these transitions are going to happen without a very long and slow, a decades-long process of building political and socialist forces), is that the type of trade

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Pursuing a Just World Order, Crisis for the Left (LP edit)
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unionism we're seeing with the strikes in China, the question will be whether the Chinese proletariat, for instance, as it engages in those struggles, will engage in those struggles for the purpose of individual consumerism. This is exactly what the G-20's agenda is when they say China and India need to pick up the slack: there needs to be a wage-led capacity of introducing some Fordist development in the South so that you can sell—capitalists can sell to workers in the global South directly, rather than just depend on exports. And if you reproduce what North American trade unionism did, and to some extent what Indian trade unionism did, where it was strongest, you hardly, I think, are contributing to the socialist transformation that is so much needed in terms of a just world order.

End of Transcript