

Labour Focus on Eastern Europe

THE CHECHEN WAR



also:

post-Kosovo

Blair/Schröder's Third Way

a review
of European
affairs

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Cover: the bombed city centre of Grozny

Sheila Malone

Russian Aggression in Chechnya

Sixty people die when bombs hit a crowded marketplace, forty as a passenger bus is hit, another twenty five as they flee in a refugee convoy. Roads are jammed as 200,000 are driven from their homes and forced to survive in desperate conditions in border camps. Such scenes remind us of NATO's indiscriminate bombings and their aftermath in its war in the Balkans. The invader this time is Russia, whose air and land forces have been battering the small Chechen republic of Ichkeria (Chechnya in Russian) for the past three months.

With the same savagery as NATO in the Balkans, Russia is now waging its war in the Caucasus, aimed at inflicting the maximum damage to the area's infrastructure and therefore to civilian life whilst minimising Russian casualties. Thousands of men, women and children have been killed or injured and hospitals, schools, roads, bridges and water and power supplies destroyed.

A Russian resident of Chechnya (actually a Cossak) interviewed during Russia's last war there in 1994-5, in which an estimated 50,000 people died, complained:

“God knows why the army came here. To protect Boris Yeltsin, to keep the (oil) pipeline from the Caspian, to line someone's pocket - only not for us, that's clear.

The mountainous region of the North Caucasus has always been of vital geopolitical and strategic importance to Tsarist and Soviet - and now post-Soviet - Russia. In seeking to subdue it, Russia has

used the “sword and the samovar” tactic to divide and rule and play off one people against another.

The brutality and cynicism with which this was carried out has led to centuries of oppression and resistance. Perhaps the most savage episode was the mass deportations of the Chechens and other nationalities - the Ingush, the Karchai, the Balkars, the Kalmyks, the Meskhetians and the Tartars - after the Second World War. Fearing opposition and the exposure of his own criminal role during the war, Stalin simply wiped these entire peoples off the map.

Though tens of thousands died of cold, starvation and disease during the exodus it is a tribute to the Chechens that when Khrushchev allowed them to return in 1957, they were able to rebuild their nation. Nevertheless, a bitter legacy remains from this and other oppressions. Chechnya was incorporated into the Soviet Union in the 1920s and in 1936 given the status of an autonomous Republic within the Russian Federation, i.e. not full regional status as were, for example, Armenia and Azerbaijan.

The “thaw” under Khrushchev and the later growing economic difficulties of the Soviet Union led, by the 1970s and 1980s, first to demands for greater autonomy and later to the formation of movements such as the Popular Front of Chechnya and Ingushetia. By 1991, influenced by events in the Baltic States and in response to Yeltsin’s mishandling of the situation, more radical Chechen dissidents - among them the later President Dzhokhar Dudayev - seized power and declared independence.

No serious attempt was made by Moscow to put down the revolt in Chechnya for another three years. But when invasion did come, it led to a humiliating defeat for Russia.

Much of the reason for this was the continuing collapse of the Russian state itself and the decay and demoralisation within the military. But Moscow also decided to concede a (temporary at least) Chechen victory because the revolt did not lead to further destabilisation in the North Caucasus, despite the rebels pleas for support from neighbouring republics.

A peace treaty was therefore agreed which stated that Chechnya should have a special status that would not contradict two conditions - the integrity of the Russian Federation and the principle of self-



Bombed house in Grozny, 1999

determination. However, as most Chechens wanted by now to use self-determination to leave the federation, these two principles contradicted each other in practice.

The immediate publicised causes of the present Russian invasion in August this year were firstly a series of bombings in apartment blocs in Moscow in which 300 people died and secondly the incursion of some Chechen fighters, led by Shamil Basayev, into neighbouring Dagestan.

The Kremlin immediately blamed “Chechen terrorists” and “Islamic fundamentalists”. The Chechens have denied any involvement in the bombings and the Dagestan episode seems mainly to have been a handful of previous independence fighters, backed by some arms and rhetoric from the Middle East. However, the fear and racism that Moscow whipped around both gave them the excuse to intervene.

Thus the contradictions of the 1995 peace agreement have been blown apart, with the Kremlin reclaiming Chechnya as an “internal matter” for the Russian Federation. In doing so, Russia has reasserted its traditional foreign policy vis-a-vis the Caucasus. What was blurred last spring by Moscow’s marginalisation during NATO’s war for influence in the Balkans has now become clear in Russia’s claimed

right to intervene in its own sphere of influence in the Caucasus - with the West's tacit endorsement.

Besides being a natural southern border to Russia, the geopolitical importance of the Caucasus lies in its rich natural resources of oil and gas. The Chechen capital of Grozny was once the second biggest oil centre of the Soviet Union - the second largest country in the world. Chechnya's own oil reserves are now almost exhausted but its importance for the oil question is the fact that the Baku-Novorosiisk pipeline (from Azerbaijan to Russia) flows straight through it.

With the recent discovery of vast new oil reserves under Azerbaijan, both East and West have their eyes on this very valuable prize, but its exploitation and export is of very vital interest to Russia. It sees its role as preserving stability in the region by opposing Chechen independence and preventing the spread of the "Chechen disease" to neighbouring Republics.

Western leaders, equally interested in this stability, are giving Boris Yeltsin the green light for this policing role by their refusal to give anything but a friendly reprimand over the present war.

Though some European leaders, seeing a role for the OSCE, which met in Turkey in November, have ventured a stronger criticism, the fervent moral crusading against Serb oppression in Kosova, used to justify the West's own war against Serbia, has been conspicuously absent in the case of Russian oppression in Chechnya.

The geopolitics of oil play a big part on both sides in the interdependency of Russia and the Caucasus Republics. Throughout Chechnya's bid for either greater autonomy or independence, Russia has used economic sanctions or withdrawal of state subsidies as well as military intervention to try to bring it to heel.

However the political elites in both Moscow and Grozny have manipulated the situation in their own interests. The dealings of the Russian Mafia dwarf those of the Chechen mafia, but it is nevertheless true that corruption and gangsterism has played their part in the growing problems and the popular disillusionment with the Grozny regime. As an example of Mafia collaboration during the presidency of Dadyev, Chechnya was able, in spite of an official blockade, to continue importing Russian oil for refining and export and, at the

same time, a blind eye was turned to the Chechens systematic siphoning off of oil from the pipeline. In fact an estimated \$1 billion went to the Chechen government from oil in the first three years of the blockade but, as in Russia, it is unclear into whose pockets the money actually went.

What is clear is that Chechnya embarked on the same neo-liberal economic project as Russia itself. Public services decayed, jobs were lost and wages unpaid. Again, as in Russia, living standards have plummeted, except for those prepared to engage in the parallel black economy.

This summer prolonged talks between Russia and Chechnya on the future of the Baku-Novorosiisk pipeline broke down. Much is at stake both for the Kremlin politicians and the previously humiliated armed forces, who this time are claiming they can win the war. But whatever the aims and machinations of the political and military elites, this is a war to subdue a small resilient nation and bring it once more under Russian domination. The brutal bombardment should be stopped immediately, Russian troops withdrawn and the Chechen people given the right to determine their own future.

Economic sanctions must be lifted, neighbouring borders opened to refugees and massive aid given to alleviate their terrible plight as winter approaches. ●

[On the general history of Chechnya and, in particular, on the background to the 1994-1996 war, an excellent source is Ben Fowkes (ed.), *Russia and Chechnia: The Permanent Crisis* (Macmillan, 1998). ed.]

Vicken Cheterian

**The Russian Military in the Second
Chechen War: Revenge of the Army,
or a Putsch in the Making?**

When the Russian Army started its recent invasion of Chechnya, a number of observers compared it with the first Chechnya war, when Russian tanks invaded this Caucasian republic on December 11, 1994. In both wars, the Russian authorities used Chechen terrorist acts and incursions in neighbouring republics as pretext for their decision. Another similarity was that the invasion of Chechnya took place weeks before Duma elections, and some months before centrally important presidential elections, and are justly seen an attempt by ailing and scandal ridden Yeltsin to distract public attention. Yet, the differences are more striking, and observers have already mentioned the dramatic change in Russian public opinion from opposing to supporting war efforts, as well as in the media, from broadcasting critical views during the first Chechnya war to the current docile reproduction of the Russian official viewpoint.

But most commentators have missed one key difference between 1994 and the present war, and that is the position of the Russian military. In fact, in 1994 the Russian army and its genshtab (General Staff) was one of the most serious opponents of the war, and during the initial weeks it stayed out of both operation planning

and refrained from leading the initial assault. The war was prepared and commanded by the FSK (Federal Counterintelligence Service) and the Interior Ministry, with the genshtab taking the leadership of military operations only in February 1995, after the disastrous New Years' attack on Grozny which had led to the death of some 2000 Russian soldiers.

The opposition to the war was at every level of the army: from simple soldiers who simply refused to fight, to Generals Boris Gromov and Valery Mironov, Deputy Defence Ministers, who considered that the army was unprepared for the operation and was going to be held responsible for the failure. First Deputy Commander of the Army, General Eduard Vorobyev, even refused to lead the operations because of poor planning. This time, we see that the Russian Generals are not only for this war in Chechnya, but they are pushing for a total war to take control of the whole rebellious republic. Major General Vladimir Shamanov, the commander of the Western federal forces in the North Caucasus, commenting on possible negotiations with Chechen representatives, said: If the government



Russian General Shamanov

tries to stop the army, there will be a powerful exodus of officers of various ranks. The officer corps may not survive another slap in the face. (.) For myself, I would say that I would tear off my shoulder boards and go and do something in civilian life. I would no longer serve in such an army.

Shamonov repeated a belief widely held among the military that the first Chechnya war was lost because the army was betrayed by politicians. Anatoly Chubais, one of the country's most pro-Western politicians, said recently:

The Russian army is reviving in Chechnya, faith in the army is growing and a politician who does not think so cannot be regarded a Russian politician. In this case there is only one definition - a traitor.

One is left with the impression that it is the army that is dictating the political goals of the war, a strange situation in a country where the military is supposed to be under civilian control. This impression is confirmed by the incident in which the Russian military force, on their peace-keeping mission in Bosnia, crossed to Kosovo to take strategic positions around the Pristina airport without even the knowledge of the political leadership in Moscow.

Why this change? Is the second Chechnya war the army's "revenge for our past defeat" as Grigory Yavlinsky, the head of Yabloko Party, put it, or does it reflect a more profound transformation within the army and, in general, in Russian society?

The war in Chechnya will not only leave its mark on the whole of the Caucasus region, but possibly could have consequences larger than that. Next year, a presidential elections awaits Russia, and it is important to consider the role the Russian army might play in this process of change of power. The Russian Army has been in a state of collapse and disintegration since the collapse of the Soviet Union. The once mighty Red Army had to fit in the boots of the diminished Russian armed forces, shrunk from the 2.7 million soldiers Russia inherited from the USSR to a mere 1.2 million in 1994. Moreover, Russian politicians stopped funding the armed forces, paying for little more than running costs. According to an article by Stanislav Menshikov in *Voprosy Ekonomiki*, (July 1999), from 1991-1997 output of military products decreased by 88 per cent, while military spending was cut by 85 per cent.

This was not just a reflection of the dire situation of Russian state finances, but reflected the mentality of the reform-minded politicians under the Prime Minister Yegor Gaidar, who considered

that, at the end of the Cold War and East-West confrontation, there was no need to have large and expensive armed forces. The underfunded army had not only failed to carry out the necessary reforms to transform itself in line with the new conditions, but had reached a point of near collapse, clearly shown in its defeat in the first Chechnya war. The armed forces were so weakened that both the military and the political elite increasingly considered nuclear force as the only deterrence against possible outside threats.

However, the Russian leadership has come to realise that it was its military weakness that led to its political marginalisation. NATO expansion in Eastern Central Europe was a hard blow to Kremlin policy, while at each major international event, it has seen itself without any voice, as was the case in the Middle East and, more recently, in Yugoslavia. Moreover, while Russia has lost control over Chechnya, Western powers, especially the USA, are pushing for the construction of pipelines that would carry Caspian oil to the West by skirting Russia and going through its traditional regional rival, Turkey. This made the Russian Defence Minister, Igor Sergeev, declare recently that the West is not interested in Russia stabilising the situation in the North Caucasus.

There are ample signs that Russia is trying to rearm itself, in spite of a general lack of funds. According to news agency reports, military factories in Tula received complete wage arrears earlier this year, something not seen for years and demand increased by 400 per cent compared with last year. It is also claimed that military spending will be increased by 57 percent to 146 billion roubles (\$5.7 billion) in 2000. Prime Minister Vladimir Putin vowed to rebuild Russia's military might because of growing instability at home and abroad and the increasing use of force in world affairs:

If we let our defence potential weaken, our independence as a sovereign state will be compromised. The government has undertaken to rebuild and strengthen the military might of the state to respond to new geopolitical realities, both external and internal threats.

More recently, the Russian Navy tested two missiles, a reaction to US proposals to amend the 1972 Anti-Ballistic Missiles (ABM)

treaty. By creating a missile-defence shield, the US could neutralise the threat of Russian nuclear weapons, the last trump card in Moscow's hand. Another important shift during this period is the total collapse of the "reforms". The "shock-therapy" of Gaidar, implemented in Yeltsin's first term, led to a catastrophic weakening of the Russian state, without any positive results. There was also no real progress during Yeltsin's second term and the political elite around "the family" have nothing positive to offer Russia. Objectively, there is a need for an authoritarian regime that could fight against criminality and corruption within the administration and which could preserve the unity of the country by strengthening central authority.

The weakness of the army and its internal division has often left the wrong impression that it is an apolitical body. "At several crucial junctures in Russia's recent history, it was the army that determined what the direction was to be," writes Russian military analyst, Pavel Baev. It was the guns of army generals, led by Marshal Zhukov, that decided the outcome of the succession struggle after Stalin's death, when the detested head of NKVD, Lavrentin Beria, was the clear designate to take power. More recently, it was the immobilism of the army that led to the failure of the anti-Gorbachev putsch in 1991, while the confrontation between Yeltsin and the Russian parliament in October 1993 was decided by the intervention of army tanks.

Yeltsin succeeded in neutralising the political force of the military by dividing the armed forces. In a time of necessary reforms and scarce resources, the Russian president worked on creating alternative armed forces outside the army hierarchy, by strengthening the Interior Ministry Troops and the Presidential Security Services as well as the Border Guard Troops. Is a weakened political class could still keep the army outside of the Kremlin walls?

Following the crash of the rouble in August 1996, Yeltsin appointed Yevgeni Primakov, the former head of Russian intelligence services, to the post of prime minister. Primakov tried to curb the influence of the oligarchs, fight corruption, and strengthen state institutions, before being sacked by the suspicious president. Before the appearance of Putin on the Moscow political scene, the alliance of Primakov-Luzhkov, with their Fatherland-All Russia party (OVR),



Prime Minister Putin

backed by Most Bank money (largely believed to be closely associated with the former KGB), was the most popular political formation and Primakov the probable future president. Oddly enough, the two prime ministers who succeeded him, Sergei Stepashin and Vladimir Putin, were also ex-KGB generals.

If an authoritarian alternative is being prepared and the Chechnya war is a reflection of a power struggle for the Kremlin, then Russia could face serious dangers. The Russian army is chronically weak and it could repeat the catastrophic performances of both the Afghan war and the first Chechnya war.

Not only are the Russian armed forces divided, but there are also

clear signs of its territorialisation: that is, the establishment of closer links with local interest groups in return of services or food. There is a large number of private armies that have developed in recent years, from the small “mafia” groups to the splendid 20,000-strong force of Gazprom. The further weakening of the political authorities, or another defeat in Chechnya, could threaten the survival of the Russian state itself.

The Russian military command has learned from its previous mistakes in Chechnya and from the US war against “terrorism” in Afghanistan and Sudan as well as from the more recent NATO war against Yugoslavia. But a simple comparison shows how incorrect this assumption is. Unlike NATO, the Russian army did send in ground troops from the early days of the war and has already suffered several hundred casualties. Moreover, the Russian army, by declaring a total war against all Chechen forces - in fact all Chechen people, with the

exception of the Moscow based Diaspora - has left little margin for a political way out. Even if it succeeds in taking all Chechen towns and villages, Russia has no capacity to rebuild Chechnya, which would eventually trigger a new rebellion. In the short term, this “little victorious war” has helped to reshape the image of the Russian military. But can the army afford another long low intensity war? How long will the army stay in the Caucasian mountains, fighting off Chechen guerrilla attacks? If the last two hundred years are anything to go by, the Chechens will organise daring counter-attacks. Is the second Chechnya war a rehearsal for an authoritarian regime in all of Russia, or yet another chain in the disintegration of the Russian state? ●

Renfrey Clarke and Boris Kagarlitsky

Chechnya: Russia's "East Timor"

In the East there is a proverb: "Don't brag when you're on your way to war". Russian President Boris Yeltsin's generals have obviously never come across this saying.

They still have not won a major battle in Chechnya; in fact, there has not yet been a single serious encounter. Nevertheless, the media have relayed boasts that thousands of Chechen fighters have been killed, while admitting that it has not been possible to find the bodies. On other channels, meanwhile, reports tell of aircraft bombing friendly troops, and of chaos in carrying out the simplest activities.

This year's operation in Chechnya began with a saturation media campaign, to the refrain of "we will not repeat the mistakes we made in 1994". However, neither the soldiers nor the politicians show signs of having made a serious analysis of the 1994-1996 war.

General Pavel Grachev's strategic plan in 1994 centred on making a single powerful thrust, in order to break through to the Chechen capital, Grozny, in the shortest possible time. Grachev then aimed to capture the city and smash the Chechen armed forces and political structures before the Chechens could organise themselves to conduct a partisan war.

From a strictly military point of view, this was the only way to proceed. But, as always, the execution of the plan was miserably inept. The assault on Grozny failed, and a lengthy siege of the city began.

This allowed the Chechen president at the time, General Dzhokhar Dudayev, to prepare a military and political base for prolonged resistance in the mountains of southern Chechnya. The failure of the initial plan doomed the Russian army to a drawn-out war that was impossible to win with the forces and money available.

After the war, the Russian generals convinced both themselves and the politicians that the reasons for the defeat were irresolution in the government, and broad popular hostility to the conflict. Accordingly, they concluded that before relaunching the war, they needed to gain unanimous support among the political elites and to gag the mouths of critics.

Show of muscle

In the resumption of armed operations, the lessons of NATO's Kosova campaign have been reinterpreted in Russian fashion. The population has been swamped with propaganda. Opponents of the war have been either denied access to the mass media or intimidated into silence.

Surveys indicate that support in Russia for the conflict is by no means as universal as is claimed. Nevertheless, the psychological substrate is one of profound public apathy.

Among Russians, the image of the Chechen fighter, courageously battling the despised Yeltsin regime, has faded. Contrary to the claims of war propagandists, this is not so much because people have learned something they did not know earlier, as because the past three years really have brought changes in Chechnya. With the republic effectively independent, prominent Chechen field commanders have turned into corrupt criminal bosses, closely linked to the worst elements of the Russian elite.

For big-time Russian criminals, the existence of Chechnya as a territory within Russia's nominal boundaries, but outside the control of the Russian state, has created phenomenal opportunities. The republic has provided a sanctuary for operations ranging from contraband and money-laundering to drug-running and, increasingly, kidnapping. Even people sympathetic to Chechen President Aslan

Maskhadov understand that against this alliance of Russian and Chechen criminal business, he is quite powerless.

In the course of the 1990s, the brazenness of Chechen bandits has been made part of the political folklore of Russian television viewers. So too has a supposed fascination of Chechens with explosives. When a series of bombings took more than 300 lives in Russian cities in the late summer and early autumn, Chechens were immediately blamed, though the connection was never proved.

Russian tanks then began rolling over the Chechen border. The notion that the invasion was aimed at thwarting crime and rooting out terror, however, is naive. The key reasons why the generals have again been set loose against Chechnya need to be sought inside the Kremlin walls.

For Yeltsin and his notorious “family”, the fact that Chechnya is a criminal haven is not necessarily cause for attacking it. But the fact that Chechnya is nominally Russian, and outside Moscow’s control, is different; Chechen independence has been a long-running advertisement for the feebleness of the Kremlin’s authority. As the presidential fortunes continued to wane during the spring and summer, the attractions of making a show of muscle in Chechnya increased.

By this time, the Yeltsin regime’s political supporters and clients - the people who might keep the “family” out of jail - were clearly unelectable. There was a pressing need for another of the president’s made-to-order crises, an emergency that would make it possible to introduce censorship, “consolidate” the nation around the government, and cancel, postpone or falsify the presidential elections due for next year. When “Chechen” bombs began demolishing Russian apartment buildings, the fit with the regime’s political needs was almost too perfect to be true.

Western backing

For the Western governments that trumpeted their outrage at the actions of the Serbian military in Kosova, Russian actions in Chechnya have always been a delicate matter. There is no sign, however, that the Russian authorities erred when they concluded that Western friends would stick with them through another Chechnya campaign - no matter how grim the body count.



Russian tank in Chechnya, 1999

For Western leaders to voice more than guarded concern would raise the question: where was their indignation during the slaughter of 1994-1996? And although there are influential circles in the West that would be relieved to see Yeltsin leave power peacefully in mid-2000, none would welcome the traumas of a forced early resignation.

All these calculations, however, are liable to turn to dust if the Russian army is again humiliated in Chechnya. The problem for both the Russian authorities and their Western mentors is that in one variant or another, a repeat of the 1996 debacle is all but certain. Grachev's strategy in 1994 was correct in textbook terms, but the one adopted in 1999 is not even that. The army is moving slowly toward Grozny, without involving itself in major battles.

The Chechen fighters are being "forced out" of their positions by artillery and air strikes. After each such strike (and in many cases, before it), the fighters retreat. The army then claims a victory and advances a few kilometres, until coming upon the next knot of resistance. The Chechen formations withdraw in good order, and the reports from the military propagandists of massive losses among the enemy appear less and less convincing.

The Russian bombardments would have some effect if the Chechens were trying seriously to hold a front according to the rules of the first and second world wars. However, they are conducting a partisan struggle, and their aim is not to halt the Russian advance, but to make it slow and expensive. Their successes so far have been undeniable. The Russian strategy that allows this, one suspects, is dictated not by subtle planning but by a mortal fear of the enemy.

The generals who are conducting the Chechnya campaign have obviously not read the works of Mao and Che Guevara on partisan warfare. But while in their military academies they could not have failed to study the history of the 1812 campaign in which the Russian army defeated Napoleon. In 1812, the French slowly moved deep into Russia, while the weaker Russian armies under Barclay de Tolly and Kutuzov slowly retreated, avoiding a decisive battle. After the French had captured Moscow and declared themselves victorious, partisan warfare began throughout the entire territory they had occupied.

Abandoning the burnt-out and uninhabitable Moscow, the French emperor fled. The key difference with the present Chechen campaign is that Napoleon, understanding the situation, tried to force the Russians to an all-out battle, while today's Russian generals are scared to risk anything more than a skirmish.

It is clear that Maskhadov will not be able to surrender Grozny, Gudermes or Bamut without a fight, for the same reasons that Kutuzov could not yield up Moscow without first having fought at Borodino. But as with Moscow in 1812, no-one will set out to hold Grozny at any price; the aim of the Chechens will be to keep the attackers relatively confined and immobile, while causing them continual, debilitating losses. The Russian army, meanwhile, will be forced to storm Grozny without taking account of its losses, since this is the only way it can demonstrate its victory.

Any new failure during the assault on the Chechen capital will have a profoundly demoralising effect on the army, while the capture of the city will not make the slightest difference to the overall course of the war. The Chechens have undoubtedly made their plans on the basis that at a certain point they will abandon Grozny. Because of the slowness of the federal forces, the defence of the city will be even less

important for the Chechens than in 1994.

It is not hard to predict what will happen after that. The army for some reason thinks it will be hard for the Chechens to spend the winter in the mountains (although Dudayev's fighters, who were much less prepared for a partisan war than Maskhadov's units, nevertheless survived the winters of 1994-95 and 1995-96). Meanwhile, no-one is thinking about how the Russian army itself is going to cope with winter in Chechnya. The military supply system is in an appalling state, far worse than in 1994, while the devastated Grozny — in a precise analogy with burnt-out Moscow in 1812 — will not provide winter quarters for a huge army.

So far, the Russian forces have not been entering population centres, fearing contact with local residents. But the army cannot spend the winter in the open, and nor can it leave Chechnya. Since the fighters have not been defeated, but have simply withdrawn, they will return as soon as the army departs. Consequently, the army will have to remain indefinitely, trying to control literally every village. The Russian forces have neither the military strength nor the financial resources for this.

A population off-side

There is little reason to doubt that three years of independence have left the Chechen population bitterly disappointed. Dudayev promised that Chechnya would be prosperous, democratic, secular and socialist. By 1999 the Chechens had received poverty, chaos and the uncontrolled rule of corrupt warlords, along with religious extremism, to which Maskhadov has made repeated concessions.

The assumption in the Kremlin has clearly been that by comparison, Russian rule will seem attractive. However, there is a good deal of wishful thinking here. Chechens recall not only the outrages of the past three years, but also the nightmare of the preceding Russian invasion.

Meanwhile, the chaos that the Russian armed forces have created at the pass-control points between Chechnya and Ingushetia, together with the corruption and racism of the Russian civilian and military authorities, are likely to alienate many Chechens who might still feel sympathy with Russia.

The rocketing of market-places, the bombing of columns of refugees and other “technical errors” will hardly make the army more popular. On the contrary, the Chechen fighters will once again seem as heroes, especially since new field commanders will quickly emerge, free of responsibility for the mayhem wrought by their predecessors. The new war will create new leaders.

In any case, the Russian authorities will be unable to either rebuild Chechnya or create jobs there. For the present, Moscow is simply continuing the destruction. This means that for young people in Chechnya there will be no other occupations apart from shooting at moving targets dressed in the uniforms of the Russian army.

The failure of the second Chechnya campaign will become more or less obvious by spring. One can only guess at the scale of the catastrophe. There are a number of possible variants from a drawn-out, ruinously expensive war against “invisible” partisans to a total rout of the army and disintegration of the command structure, as happened to the French in 1812.

Revolutions and reforms in Russia have regularly begun with lost wars, and the present Chechnya campaign may well set off new shocks in Russia itself. The unanimous support which the political class has given the war means that if the army is defeated, a deep political crisis will ensue.

Defeat could act as a turning-point for social consciousness, with large numbers of people moving from apathy to protest and resistance. Or Russian society, which has meekly endured many humiliations, may reconcile itself to this one as well.

Whatever the case, the Russian generals are continuing to march, with a good deal of bravado, into the traps that have been set for them. The denouement will be bloody and convulsive, accompanied by calls for a broad suppression of dissent to allow the crusade against “terrorism” to be redoubled.

Independence for Chechnya!

On the left, there must be no equivocating; the Chechens have the unconditional right to independence. Russian leftists face a dual challenge: even before taking the fight against the war to the government, they will have to wage a sharp political struggle to secure

their own forces around the anti-war position, resisting chauvinist disorientation.

This task will not be made easier by the fact that there is only one progressive thing about today's Chechen leaders: the fact that for contradictory and (quite probably) fleeting reasons, they are heading a struggle that has an undoubted liberating dynamic and that is directed against people who are much more dangerous enemies of the international working class than the Chechen leaders themselves. ●

Peter Gowan

Kosovo: The War and its Aftermath

The NATO air war against Yugoslavia lasted for 78 days, from 24 March until 20 June 1999. The NATO powers were allied to the Kosovo Liberation Army (KLA) and the air campaign was linked to a KLA ground campaign within Kosovo against Serbian security forces and the Yugoslav army.

The NATO war was not only a military action. It was simultaneously, a major intervention in European and world politics. In particular, the war decision threw down three political challenges: it questioned the core legal rules of the inter-state system by attacking a sovereign state without a UN Security Council mandate; it was a major challenge to Russia not only because Russia supported the existing core legal rules, but also because it both violated clauses in the NATO-Russia Founding Act and involved aggression against a country with which Russia had friendly links¹; and the war was also a challenge to the political cohesion under US leadership of West and Central European states, many of which had been drawn very reluctantly into the war by the activities of the Clinton administration. At stake in the war was therefore not only the future of the Western Balkans but the evolution of the European and international political order.

Despite the avalanche of media coverage of this military conflict, a great deal of data relevant to a full analysis and evaluation of the war remains, at present, unavailable to researchers.² The gaps apply not only to military but also to diplomatic activities. And even when a wider factual basis does become available, there will be, inevitably, intense debate as to how this data should be interpreted. Therefore all assessments must be treated as provisional.

In broad outline, the military side of the war was fought in two theatres: within Kosovo itself, where NATO air strikes were combined with KLA activity and where the Yugoslav army and Serbian security forces concentrated upon striking at the KLA and its actual or potential sources of civilian support while seeking to protect its military assets from NATO air power; and secondly, within non-Kosovo Yugoslavia, and especially within Serbia, where NATO air strikes were directed first at military targets, then at civilian and economic infrastructures - transport systems, public utilities, factories and other civilian targets such as TV and Radio stations.

The NATO air war was overwhelmingly a US effort. The US flew over 80 per cent of the strike sorties, over 90 per cent of the electronic warfare missions, fired over 80 per cent of the guided air weapons and launched over 95 per cent of the Cruise missiles.³ The European NATO member states thus had only an auxiliary role in the direct military effort, though one of great symbolic importance, and both command structures and decision-making on the targeting of air strikes and on the termination of the air war were effectively in American hands. The fact that the US government denied their European allies the right to be involved in decisions on 80 per cent of NATO targeting did, of course, have enormous political significance within the NATO region.⁴ These governments had to defend all US strikes after the event without having any advance control over them. Where the European NATO states played a significant military role was in the troop deployments and logistic efforts in neighbouring Macedonia and Albania.

As far as the Yugoslav side was concerned, it was both militarily and politically almost entirely isolated. This is another way of saying that the Russian government decided not to take military action to assist Yugoslavia and, as the war progressed, reduced its support for

core Yugoslav political demands. As the Russian general staff indicated at the start of the war, Russia did have the military capability to transform the military equation, but it decided not to do so. NATO Supreme commander Wesley Clark has confirmed that if Russia had supplied Yugoslavia with its modern anti-aircraft defences, NATO might have been defeated. The US government, he says, put fierce political pressure on Russia not to give any such support.⁵

On the political-diplomatic side US predominance within NATO was less overwhelming than in military matters. The other key players were the German and French governments. And as the war continued, the international political role of the Russian government became increasingly important as it became clear that NATO military action could not lead to an unconditional Yugoslav surrender in the short term. Although the Blair government played no significant role in the diplomacy that eventually brought the war to an end, it did play a significant political role on behalf of the US government within the NATO region. By claiming (falsely - see below) that the Milosevic government was set on a Hitler-style genocide equivalent to the extermination of the Jews during World War Two, it presented continental governments which might have withdrawn their support for the war with the risk that they could be branded as supporters of genocide in the Anglo-American media. This role of the Blair government is turning the NATO war politically into a mission to crush the Serbian state also served to neutralise liberal sensitivities within the NATO countries over NATO's destruction of civilian life and infrastructures in Serbia.

Evaluation against aims

The difficulty of evaluating the NATO war against the Yugoslav/Serbian state lies not only in gaps in data and problems of interpreting it, but also in establishing what the political goals of the NATO states and of Yugoslavia/Serbia were in conducting the war. While government leaders made public statements about their war aims, such public statements do not necessarily express the real operational goals of policy in this war any more than in any other. At the same time, we do not have direct access to information about the US government's decision-making on war aims and means: such material

remains classified. Nevertheless an interim interpretation of aims can be reached through making the reasonable assumption that the US government made a rational calculation on how to harmonise operational means and goals. From this assumption we can engage in backward mapping from actual policy outputs back to policy goals and thus gain some basis for establishing aims against which the war can be evaluated. Such an assumption of rationality in the case of US policy on this war is all the more reasonable since we know that the US administration spent some fourteen months preparing the military campaign and its political repercussions in painstaking detail.⁶

The NATO powers publicly declared the aim of the air war to be purely humanitarian. In the first days of the war this declared humanitarian goal was presented in direct and immediate terms: NATO said it was bombing Yugoslav/Serbian forces to prevent them from attacking the Kosovar Albanian population. Yet the means NATO employed for this supposed purpose - an alliance with the KLA combined with high altitude bombing of Kosovo when weather permitted - had an effect opposite to the declaratory aim: Serbian security forces launched a full scale offensive against the KLA and forcibly expelled hundreds of thousands of Albanians from Kosovo. This was an outcome which Pentagon chiefs had foreseen as likely, before the war was launched. As the *Washington Post* reported:

Privately even the staunchest advocates of air power amongst the four star commanders doubted that air power alone could do much to budge Milosevic in the near term. They noted the challenges of sending planes against widely dispersed ground forces that were carrying out door to door terror.⁷

The Defence Secretary, William Cohen, also advised, before the war started that there would have to be a long bombing campaign. The *Washington Post* explained: “Aides say Cohen never counted on the operation being over quickly.”⁸

Thus the declaratory aim of the air war could not have been its operational aim. If humanitarian aims are held to have played any governing operational role, then that must have been that of a humanitarian end result through an eventual NATO occupation of Kosovo. This may be described as a humanitarian paradox: NATO

was prepared to precipitate a humanitarian catastrophe and even, according to some NATO leaders, a genocidal catastrophe, for humanitarian goals to be achieved when the Yugoslav leadership was eventually coerced into accepting a NATO occupation of Kosovo. Yet such a paradox is not, in fact, permissible within a strict humanitarian ethical justification for this war. This may account for the fact that NATO leaders insisted at the start of the war that they believed Milosevic accepted that NATO should occupy Kosovo and actually would welcome the NATO bombing as a means of persuading Serbian public opinion that it had no choice but to accept the occupation. This, in turn, however, undermines the argument that the purpose of the NATO bombing was to stop Milosevic from perpetrating a humanitarian catastrophe.

These declaratory contradictions on the part of US and NATO leaders leave us with a conundrum as to the real operational motives for the war on NATO's part.⁹ The only certain coherent link between evident NATO means and goals is that between the bombing campaign against the Yugoslav state and the goal of gaining eventual NATO occupation of Kosovo. As for the various declaratory rationales mentioned above, these seem to belong more properly to means of legitimation of the war vis a vis various politically relevant audiences, as follows:

(1) the rationale in terms of direct humanitarian intervention to prevent a humanitarian catastrophe in Kosovo had great significance for NATO attempts to gain some semblance of international legal legitimation of a war that violated core legal rules of the inter-state system: what in international law was an act of unprovoked aggression against a sovereign state in violation of the UN Charter was justified by the claim that international law could be overridden by the need militarily to try to prevent an imminent genocide in Kosovo.¹⁰

(2) The suggestion from General Wesley Clark that he had intelligence information indicating that Milosevic welcomed the bombing as a means of gaining Serbian acceptance of NATO occupation of Kosovo seems to have been designed to win support for the air war from NATO governments in Europe that were opposed to the campaign.

(3) The claims, after the bombing started, that the Yugoslav/Serbian authorities were engaged in genocide within Kosovo seems to have

been designed to gain enduring popular legitimation within NATO countries for a long bombing war.

The actions of the Serbian/Yugoslav state in Kosovo in response to the NATO attack served to provide the NATO states with ex post facto popular legitimation of the attack on Yugoslavia amongst the NATO populations themselves. The air campaign led to the expulsion of some 850,000 Albanians from Kosovo as well as some killings and atrocities against sections of the Albanian population and some destruction of Albanian property by Yugoslav forces and paramilitaries. Various NATO leaders, notably in the United States and the UK, claimed that these actions against Kosovar Albanians were a premeditated campaign of genocide and this claim was buttressed by their encouragement of the UN Security Council's International Criminal Tribunal on Yugoslavia (ICTY) to indict Yugoslav leader Milosevic for war crimes at the end of the war.

Yugoslav spokespersons acknowledged during and after the war that some atrocities had been committed against Kosovar Albanians in the first days of the war, but claimed these were the work of rogue elements and were not authorised by state authorities. They insisted that Serbian security and military forces actions in Kosovo were dictated exclusively by military necessities, notably efforts to crush the KLA and secure defensive positions along their borders. They further claimed that most of the Albanians flooding into Macedonia and Albania were refugees from the internal fighting and from the NATO bombing.

Authoritative, independent assessment of the scale and nature of the Yugoslav/Serbian state operations against Kosovar Albanians during the war is not yet possible. During the war NATO media reports claimed that as many as 100,000 Kosovar Albanians had been slaughtered by Serbian security forces.¹¹ After the war NATO spokespeople gave figures of 10,000 or more people killed by Serbian security forces and buried in approximately 100 sites.¹² At the start of August UN administrator Bernard Kouchner claimed a figure of 11,000 deaths and argued that he derived this figure from ICTY sources. But ICTY deputy prosecutor Graham Blewitt contradicted Kouchner's claim, saying that the ICTY had not provided any such estimates and stating that : "The only thing that we have said is that

the figure for the victims of war crimes is more likely to be in the thousands than in the hundreds.”¹³ The ICTY indictment of Milosevic as a war criminal, on the basis of NATO-supplied data, cited about 350 people dead,¹⁴ far less than the number of civilians killed by NATO bombing. Current ICTY figures for total deaths now stand at about 2,000, but according to the leader of the Spanish team of pathologists investigating graves in Kosovo, these two thousand are overwhelmingly the result of military clashes, not genocidal executions.

The logic of the war, as NATO experts acknowledge, gave an increasingly important role to KLA ground forces, whose task was to target Yugoslav troop concentrations for NATO air strikes and to draw Yugoslav military forces into open combat thus making them vulnerable to air strikes. Some military experts even claim that this KLA role played an important part in bringing Belgrade to the negotiating table. Thus the Yugoslav army had powerful military incentives for seeking to destroy KLA networks and units in Kosovo. Like NATO, the Yugoslav authorities could also claim that the killing of civilians in many cases could have the status of ‘collateral damage’ - independent estimates of the numbers of civilians killed by NATO bombing ran not in the hundreds but at over a thousand. Although the figure of 10,000 Kosovar Albanian deaths thus lacks any established factual basis whatever, it does correspond exactly to Western estimates of the number of Serbian casualties from NATO’s 37,000 bombing sorties.¹⁵ Whatever the final tally of deaths on both sides, there can be no serious doubt that the Yugoslav state was not engaged in a genocidal campaign to exterminate the Albanian population. This claim was a propaganda tactic on NATO’s part, enlisting memories of the Nazi genocide and of genocidal killings by Bosnian ethnic paramilitaries — especially Bosnian Serb groups — to mobilise support against the Yugoslav state.

What is, however, beyond doubt, is that the 78-day NATO war marked a qualitative escalation in the killings on both sides in the Kosovo conflict. While in the whole of 1998 between 1,000 and 2000 people were killed on both sides in that conflict, the deaths during the two and a half month war ran to many times these figures.¹⁶ Yugoslav government figures of the numbers of Yugoslav civilians killed by

the NATO bombing are 2,600.¹⁷

As the US Joint Chiefs had predicted before the war, the bombing campaign against Yugoslav military assets within Kosovo proved ineffective. NATO's wartime statistics on the damage suffered by Yugoslav hardware proved wildly exaggerated.¹⁸ Three months after the war NATO still claims to have destroyed 93 tanks, 153 Armoured Personnel Carriers and almost 400 artillery pieces. But these claims are both unproven and are regarded as wildly exaggerated by Western independent experts, such as John Beaver from Janes and other journalists who toured Kosovo extensively just after the arrival of NATO troops in Kosovo. Western journalists reported that only thirteen Yugoslav tanks had been knocked out and the retreating Yugoslav Army displayed an impressive array of tanks, artillery and other assets.. NATO subsequently sought to dispute this journalistic and visual evidence by claiming that the Yugoslav military concealed damage to tanks during their withdrawal from Kosovo.

Yugoslav sources give far lower damage statistics, claiming that the number of tanks damaged was 13 rather than 93. Given that Yugoslav data on the military side of the war have generally proved to be far more accurate than NATO sources, Belgrade's claims in this area should not be lightly dismissed.

It was, indeed the ineffectiveness of the bombing campaign within the Kosovo theatre which seems to have been a key motive for the US command to turn its main effort towards strategic bombing of Serbian economic and civil targets. NATO planes inflicted massive economic damage in Serbia, hitting 144 major industrial plants as well as Yugoslav TV and Radio. According to Yugoslav sources 33 medical clinics or hospitals and 344 schools were bombed and evidence of widespread damage to these facilities has been confirmed by independent journalists. According to Belgrade three out of every 5 targets of NATO bombing were civilian. Twelve days of systematic bombing by NATO destroyed the large Pancevo petro-chemical plant, causing pollution levels 10,000 times the permitted safety levels in the surrounding region. The resulting destruction of the Yugoslav economy involved a loss of 40 per cent of total output and of 44 per cent of industrial output. It also inevitably entailed civilian deaths and casualties. Many of these were classed by NATO as accidental.

NATO claims 20 cases of collateral civilian casualties. Anthony Cordesman of the Central for Strategic and International Studies in Washington says this is false: there were over 100 incidents of collateral civilian casualties.¹⁹

Information management

Media coverage of the war was an extraordinarily successful aspect of the NATO campaign. While NATO's own information unit was criticised for being clumsy - for example, through making false claims that were contradicted by Yugoslav government sources which later turned out to be telling the truth - the mass media themselves within the NATO area largely confined themselves to presenting facts and human stories that were consonant with NATO policy. Issues such as NATO's legal liability for crimes against humanity were not significantly raised. The presence of independent Western journalists in Belgrade and their possibility of travelling into Kosovo itself presented a potentially dangerous weakness in NATO information management, but the numbers of such genuinely independent journalists was very small and those who did challenge the NATO spin could be subjected to heavy political attack, as was illustrated in the cases of Regis Debray in France and Robert Fisk in the UK.

But the success of the information management side of the war was also related to another critical military-political aspect of the conflict: the fact that as far as NATO states were concerned it was a casualty-less war and also an almost entirely riskless war. It therefore touched NATO electorates' experience only at a synthetic level - that of TV images - and the levels of attentive energy devoted to war issues by electorates were well below those that applied in the Falklands for the British electorate or even in the Gulf war.

War diplomacy

Apart from ensuring Yugoslavia's continued political isolation within South East Europe and a semblance of political stability in such states as Macedonia and Albania, the major diplomatic issues during the war were concerned with NATO-Russian relations and internal NATO unity.

As far as the latter was concerned, media coverage in Britain

concentrated overwhelmingly on supposed NATO splits concerning military tactics - especially the supposed debate on whether to use ground troops. But the key issues were, in fact, from the start about the terms for ending the air war.

Intra-NATO tensions on this issue were deeply influenced by a decision rule which the Clinton administration insisted upon: that any decision by NATO's supreme body, the North Atlantic Council (NAC), to end the air war had to be unanimous. From very early on in the air war, the German government, as well as the Italian and Greek governments, indicated terms for suspending the bombing which differed from those of the US and indeed of the British governments. But it seems that the German government did not feel able to act vigorously on this issue without the support of France. While initially the French government kept its distance from German ideas for ending the war, President Chirac later shifted and this enabled a more vigorous German diplomatic effort to seek a negotiated settlement.²⁰ German efforts in this direction were, at the same time, constantly focussed upon achieving a common position with the Russian government, and it was the achievement of this German-Russian common position that led eventually to the diplomatic breakthrough that ended the war.

Russian policy was, from the first, the object of intense activity by the various NATO powers. The American deputy secretary of state, Strobe Talbott, spent most of the war in Moscow. The first American objective was to gain Russian military passivity in the face of the NATO attack. To achieve this, the Clinton administration offered Moscow the prospect of large IMF financial support.²¹ NATO also sought to convince Russia that it welcomed a strong Russian diplomatic involvement in seeking a diplomatic solution. And US diplomacy can no doubt be credited with helping in the replacement of Primakov as Prime Minister and in Yeltsin's decision to make Viktor Chernomyrdin Russia's envoy in charge of seeking a diplomatic solution. These steps were a signal triumph for American diplomacy, and they had a major impact on the course and final settlement of the war, pulling Moscow towards the crucial goal of accepting the entry of a predominantly NATO force into Kosovo at the conclusion of hostilities.

But there is no sign that American diplomacy was taking the

lead in seeking to make concessions to Russia and Yugoslavia with a view to bringing the war to an early conclusion. Efforts in this direction were led, within the NATO alliance, by the German government. Bonn worked intensively for weeks to construct a joint G7-Russian document outlining areas of general agreement between these eight powers in the hope that this would lay the basis for a new peace initiative. As the document indicated, this initiative would involve a return to the UN Security Council and an acceptance on NATO's part of its overall authority.

Although State Department officials in Europe seemed to support the G8 text, it was strongly criticised by unnamed administration sources in Washington the following day. And the US military strikes against the Chinese Embassy in Belgrade destroyed the possibility of carrying forward the German-Russian initiative for a new UNSC resolution.²² It also gave the Clinton administration at least a month's diplomatic breathing space in which to escalate the bombing in the hope of achieving a military breakthrough that could evade the need for substantial political concessions.

The German government then turned to establishing a secret back-channel to Belgrade, using a Swedish businessman as its intermediary and involving the Finnish President. These efforts brought a secret agreement on peace terms between Bonn and President Milosevic. In what appears to have been a carefully stage-managed German plan, the Bonn government arranged for the official, public mission to clinch the peace deal with Yugoslavia to coincide with the Cologne European Council meeting. At the same time, the German Chancellor made a public demand for a public enquiry into the US bombing of the Chinese Embassy, a demand which was all the more remarkable, given that the Chinese government itself had dropped its own demand for such a public enquiry as a precondition for Chinese acceptance of any Western UNSC resolution on Kosovo. It thus seems likely that Schröder's call for such an enquiry was designed to put pressure on Washington to accept the peace terms agreed between Bonn and Belgrade: if the German government had made public the information supplied to it by the Chinese government about the bombing, this could have polarised the NATO alliance from top to bottom.

Against this background, the Finnish President and Viktor Chernomyrdin flew from Belgrade straight to Cologne to the assembled heads of government of the EU who immediately endorsed the peace agreement. The NAC as an institution was by-passed and the Clinton administration was left with the choice of accepting the peace deal or finding itself in open political confrontation with the EU 15 including the British government. It continued bombing for a further week, but eventually accepted the German-brokered deal.

The end of the war

The air war was brought to an end, then, by a diplomatic settlement in which the German and Russian governments played a pivotal role. Under the terms of the agreement, two central objectives of the NATO powers were gained: the withdrawal of Serbian and Yugoslav military and state personnel from Kosovo and the entry into Kosovo of a predominantly NATO force, establishing a de facto NATO protectorate. Since the Yugoslav authorities had opposed both these steps before and during the war, their achievement was a defeat for the Yugoslav-Serbian state and was presented as a triumph for the NATO military campaign.

Yet a more detailed assessment of the diplomatic settlement of the conflict raises a number of complexities and interpretative problems. While NATO's military campaign in alliance with the KLA was undoubtedly responsible for the Serbian/Yugoslav agreement to cede Kosovo to NATO occupation, it is far from clear as to which aspect of NATO coercive action was decisive. It is also likely that political pressures upon Yugoslavia played their part. And finally, the Yugoslav government itself claimed that it agreed to the settlement because NATO made sweeping political concessions, concessions extracted by the relative failure of NATO's military efforts. From a Yugoslav point of view, as we shall see, these concessions were substantial. But it is by no means clear that they were equally substantial from the angle of the interests and goals of the NATO powers: we must, after all, remember that there were three main actors in the war theatre: not only NATO and the Serbian/Yugoslav state but also the Albanian separatist movements and the KLA.

There seems little doubt that, as we suggested above, the air

war failed to make a decisive impact upon Yugoslav military assets within Kosovo itself. There can be little doubt that any NATO attempt at a ground invasion of Kosovo would have been extremely costly and difficult for NATO troops even after 78 days of bombing.

Some commentators have claimed that the Yugoslav government nevertheless capitulated because of the threat by the United States that NATO would launch a ground invasion.²³ This speculation has been encouraged by General Wesley Clark. Yet no evidence of serious preparations for such an attack has been offered and as we discussed above, there were formidable military obstacles to such a project.

Others have argued that at the end of the war, NATO was able to demonstrate its capacity for a devastating war of attrition using the KLA to draw the Yugoslav army into the open and using the apache helicopters and fighter-bombers to decimate Yugoslav units. An engagement of this type did take place in the last week of the war. But the problem with this explanation is that the Yugoslav government had already secretly agreed to the terms of the settlement before this incident took place.

A much more convincing explanation of NATO's coercive success can be found in the impact of the air war outside Kosovo itself within Serbia proper. The US air force had demonstrated its capacity to inflict massive damage on Serbian economic infrastructure and above all on the civilian economy, transport and energy systems. The US government had also demonstrated its political will to strike at civilian targets with actions which would normally be classified as humanitarian war crimes: the bombing of Serbian media installations and civilian factories being cases in point. A threat by the US government to escalate this side of the air war could contain the threat of a full-scale break down of civil life within Serbia leading to disorders and the break-down of state administration and state authority.

This threat, if indeed it was made by the US government, would have been re-enforced by developments on the political front. As the war entered its third month, the Yugoslav state could see that it was unable to break out of an international isolation that was, if anything, increasing. Its major hope for international political support lay in Moscow and US diplomacy had achieved a notable victory in gaining



the removal of Prime Minister Primakov and in gaining Yeltsin's decision to place Viktor Chernomyrdin as Russia's diplomatic representative for the diplomacy connected to the war. Chernomyrdin was ready to accept Serbian withdrawal and a NATO-led occupation of Kosovo. Yugoslavia had also failed to break out of its isolation within the Balkans themselves

Viktor Chernomyrdin

despite strong popular sympathy for its cause in a number of neighbouring countries. And NATO governments had maintained their public unity and had largely maintained popular support for the war effort. Thus the threat posed by NATO bombing of Serbia's civilian infrastructure combined with the deepening external political isolation was probably decisive in bringing the Yugoslavian government to accept the terms offered by the German government.

NATO's concessions

At the same time, the peace terms did indeed include some substantial concessions to Yugoslavia/Serbia on the part of the NATO powers. NATO abandoned some central political positions which it had insisted upon at Rambouillet and at the start of the war. These concessions require careful examination.

The most important concessions were the following:

1. Rambouillet envisaged a three year transition in Kosovo towards a referendum on independence. The peace terms envisages no referendum and a continuation of Serbian sovereignty over Kosovo, including the return of Serbian state personnel..

2. Rambouillet recognised the KLA and its leadership as the political representatives of the Kosovar Albanian majority and as a provisional government of Kosovo. The peace terms do not recognise the KLA as a political authority.
3. Rambouillet did not recognise any role for the UN Security Council in the affairs of Kosovo. The peace terms placed Kosovo and the NATO occupation force under UN Security Council authority and indeed did not explicitly acknowledge NATO as having any overall authority within Kosovo.
4. Rambouillet did not recognise any independent role for Russian forces within Kosovo. The peace terms gave Russia the right to an independent presence of Russian forces within Kosovo.
5. Rambouillet gave NATO forces the right to operate throughout Serbia proper. The peace terms deny NATO military forces any right to enter Serbia proper.

These five points do mark a major political shift on NATO's part and they have enabled the Yugoslav government to claim that Yugoslavia's decision to repudiate Rambouillet and to opt for military resistance achieved very substantial political gains. Of this there can be little doubt. But what is in doubt and needs to be explored is whether these Yugoslav gains in the peace agreement represented, at the same time, a major failure on NATO's part to achieve its operational objectives in the Kosovo war.

As Henry Kissinger and many others have pointed out, some of NATO's Rambouillet terms seem to have been designed to be 'deal-breakers': in other words, designed to ensure that the Yugoslav government would reject the terms while the KLA would emerge from the breakdown on NATO's side. In this category of demands would fall Point Five: the right of NATO military forces to move across the whole of Yugoslavia. This replica of the Austro-Hungarian ultimatum to Serbia triggering the First World War was hardly a serious political goal of the NATO air campaign: it would have implied NATO occupation of Belgrade. It thus ensured a Yugoslav rejection of Rambouillet but could easily be subsequently dropped.

More important for understanding the nature of the whole war in political terms is an appreciation of the NATO powers' real attitude towards Kosovar independence and KLA control of Kosovo. NATO's

concessions on these two issues in the final peace terms were of great political importance to the Yugoslav government. But this does not necessarily at all mean that these concessions marked a climb-down by the NATO powers from their real political objectives in launching the war. While public opinion within the NATO zone more or less took it for granted that NATO supported the Kosovar Albanians and the KLA, the NATO powers did not, in fact, support either the central political aspiration of the Kosovar Albanians or the programmatic goals of the KLA. As for as the Clinton administration was concerned, it wished to gain the military support of the KLA in a war with Yugoslavia, but it was at best ambivalent if not downright hostile to the Kosovar Albanian goal of independence and unity of all Albanians. And the West European members of the alliance had shown themselves to be downright hostile to Kosovar independence.

An absolutely central political paradox of the NATO air war against Yugoslavia was thus that the United States administration was determined to launch a war against the Yugoslav state on the political terrain of the national question in Kosovo while simultaneously tending to agree with the Yugoslav state on the cardinal political issues involved in the Kosovo national question. Thus the shift in NATO's stance away from a Kosovo referendum, away from a KLA government and towards continued Serbian sovereignty over Kosovo did not mark a political retreat by NATO at all: simply a shift away from political support for the KLA's goals.

NATO and the national question

The political problem at the root of the Kosovo conflict was a national question: the desire of the majority of the Kosovar Albanian population to leave the Federal Republic of Yugoslavia. This was a deep-seated historical problem that had its origins in Kosovo's incorporation in Serbia in 1913. The problem was active in the inter-war period, during the war and during the construction of the post-war Yugoslav Federation. Time and again there was evidence of strong political movements in Kosovo rejecting the province's incorporation within a South Slav state. This separatist tendency was not, as many assume, simply a response to political repression. It revived precisely in a period throughout the 1970s when Kosovo Albanians enjoyed

sweeping national cultural and political rights. And it produced an upheaval in Kosovo in the early 1980s, before Milosevic rose to power. Kosovar Albanian nationalist separatism and harassment of the Serbian minority in Kosovo was indeed in large part responsible for Milosevic's rise to power and Milosevic's efforts to repress this separatist movement only sharpened and deepened the conflict.²⁴

The active entry of the United States into the Kosovo issue after the Dayton Agreement, never entailed an endorsement of the Kosovar Albanian separatist programme. But it did involve a common American and KLA hostility to the Milosevic regime in Belgrade. Instead of endorsing the KLA programme, however, the Clinton Administration advanced the analysis that all the problems in Kosovo derived not from a deep-seated clash of national aspirations but from the political character of the Yugoslav/Serbian government. The implication of this analysis was that once the existing Yugoslav/Serbian leadership had been overthrown, all Kosovo's problems including the national question could disappear. NATO's emphasis on the air war being a purely 'humanitarian war' also served the purpose of obscuring the real political sources of the Kosovo conflict. So too did NATO attempts to present the Milosevic leadership as having genocidal goals in Kosovo - a charge which, if true, made the moderate leader Rugova's meetings with Milosevic before and during the war incomprehensible and which in fact had no basis in the record of the Serbian Socialist Party on the issue (though it did have some basis in the record of some other actors in Serbian politics, including some who had been supported in the past by Western powers).²⁵

NATO resistance to Kosovar Albanian demands for independence derived from a number of considerations: NATO feared the possibility of a Greater Albania which would destabilise Macedonia and the wider balance in the Western Balkans. The US feared that Kosovar self-determination could lead to the unravelling of the Dayton agreement which rejected self-determination for the Bosnian Serbs and also rejected the incorporation of Bosnian Croats into Croatia. And the redrawing of Yugoslav boundaries would also violate the entire OSCE position on the inviolability of existing European frontiers, except when frontier alterations were made by mutual consent.

Russia's role and the UN

The areas where the peace terms that brought the conflict to an end did involve real retreats on the part of NATO as well as potential gains for the Yugoslav/Serbian governments lay in two other areas: the placing of Kosovo under UN authority and the recognition of a direct and independent Russian role in post-war Kosovo. The Russian role was the most immediately difficult one for the US government to accept; but the UN question was, in the long-term, the most important concession on the part of the American government. Both issues divided the NATO alliance and both were linked.

Just as the Kosovo war was not about resolving the Kosovo national question, it was also, from the angle of the US government, not just about pursuing the goal of overthrowing the government in Belgrade. The war was also a political act to establish a new set of political rules and rights in the European and the wider international theatres. Within Europe, from the angle of the Clinton administration, the war was part of a pattern of actions designed to make an American-led NATO the politically sovereign authority over the main political conflicts facing Europe. Since a NATO which included Russia would tend to undermine US leadership, this project entailed the exclusion of Russia from NATO and thus from Europe's central political institution. NATO enlargement into Poland and its acceptance of its own right to engage in military action outside the frontiers of its member states both assured NATO its European political dominance and ensured that Russia would be an excluded and dissatisfied power.

Yet there remained a loophole in these new arrangements won by the US in the 1990s: a number of European NATO states, notably Italy, Germany and France, continued to insist that NATO decisions on military action should be subordinated to decisions of the UN Security Council - a stance which simply reflected the established rules of the post-war UN international order. Yet the effect of this West European insistence that NATO be bound by UN Security Council mandates was to bring Russia back into play in European politics through its seat on the UNSC. The Clinton administration wished to break free from that constraint.

This desire to break with the established rules of the UN Charter on the part of the Clinton administration was not, of course, confined

to issues within the European theatre. No less important was its aim of breaking free of UNSC constraints for military intervention in other parts of the world. For the United States such intervention is not envisaged as being carried out unilaterally by the United States. The Clinton administration desires to avoid international political isolation by having West European states' military involvement in such actions, more for their symbolic political role than for the sake of making use of their military assets. The ongoing Anglo-American bombing campaign against Iraq outside UNSC mandate demonstrates this goal. And during the NATO war in the Western Balkans Tony Blair gave vivid expression to this general aim of overthrowing the cardinal rules of the UN-centred world order, especially in his April Chicago speech where he explained: 'Globalisation is not just economic. It is also a political and security phenomenon...' The new order, he insisted, requires an 'important qualification' to the principle of 'non-interference in the internal affairs of other countries'.

It was in this area of US war aims that the United States government was forced to retreat in its signing of the agreement which brought the NATO air war to an end. This retreat was achieved not only by Serbian/Yugoslav resistance to the air war – though that was obviously fundamental, but by two other factors as well: the fact that the German and French governments, as well as the Italians and others in Western Europe, wanted the UNSC's authority over NATO actions to be restored; secondly, the Russian government insisted upon this retreat as the price for its readiness to abandon the Yugoslav/Serbian government on the issue of NATO occupation of Kosovo. The alternative to abandoning its project of overthrowing the UN centred rules would have been a prolongation and/or escalation of an air war with the real prospect of NATO splitting. With some reluctance, the US administration finally capitulated on this point.

But this reversion to the restoration of UNSC authority along with the non-recognition of NATO authority over Kosovo then fed back into the future politics of the Kosovo conflict itself, giving Russia the opportunity to send troops independently into Kosovo as the Yugoslav/Serbian forces pulled back. This not only ensured that Russia would be able to play a continuing central role in what was the central political issue in European international politics; it also threatened

future US/NATO control over events in the Kosovo-Yugoslav theatre in the context of the Clinton Administration's determination to continue its drive to overthrow the Yugoslav regime after the end of the military conflict.

These issues led to a flash-point which could have derailed the whole Kosovo peace agreement and plunged NATO into a full-scale confrontation with Russia, when Russian forces occupied Pristina airport. NATO commander-in-chief Wesley Clark pressed for a direct military confrontation at Pristina airport. But the British government, siding with the other West European states, opposed Clark and the Clinton administration backed down, later deciding on Clark's early retirement as NATO commander-in-chief.²⁶

But the significance of the US government's retreat on the issue of UN authority should not be exaggerated. In some NATO states, notably Britain and France, the war created a positive enthusiasm for the use of military force outside UN authority against governments alleged to be making genocidal human rights abuses. This is a valuable political bridge head for future attacks like the Kosovo war. Secondly, the partial restoration of the authority of the UNSC must not obscure the fact that actual UN administrative authority within post-war Kosovo is something that the US and Britain have the ability to subvert, as has been shown in the case of UNSCOM's behaviour in Iraq and as has also been evident in post-war Kosovo where, for example, despite protests from Kofi Annan, Bernard Kouchner has flagrantly violated the terms of the peace agreement and subsequent UN resolution by replacing the Yugoslav dinar with the German deutschmark.

New post-war political conflicts in the western Balkans

With the signing of the peace agreement bringing the Yugoslav/Serbian withdrawal, the US administration, supported by the British government, ensured that the end of hostilities would be followed by a continued political confrontation with the Yugoslav/Serbian state, geared to overthrowing the Milosevic leadership and the Serbian socialist party. The chief means of achieving this goal was through getting the ICTY to charge President Milosevic with war crimes.

Secondly, NATO's shift of position from the Rambouillet terms and from the KLA's goals on the Kosovo national question was a signal to the KLA leadership to radicalise their tactics in order to achieve their goal of Kosovo Independence under KLA leadership.

Both these features of the war's conclusions have had serious humanitarian consequences for the peoples of the region. The decision to brand the Yugoslav leader 'an indicted war criminal' became the pretext for the NATO state to impose a blockade on a Serbia whose civilian economy was already devastated by the NATO bombing campaign. In contrast with the Anglo-American policy towards Iraq, the NATO powers seem unlikely to be prepared to see hundreds of thousands of Serbia's population starving to death or dying of disease. But the aim is clearly to inflict sufficient suffering upon the population to generate disorders and movements to overthrow the country's elected government. The second NATO – and specifically American – tactic is to greatly step up its funding of opposition movements and leaders seeking to overthrow the government as well as its jamming of Yugoslav mass media and its funding of pro-NATO media.²⁷ The third tactic is to encourage the leadership of Yugoslavia's other republic, Montenegro, to threaten to break away from Yugoslavia altogether.

The European Union has decided to support these campaigns. But so far the results appear mixed: the blockade will no doubt be effective in causing extreme hardship for large parts of the population of Serbia, but at the time of writing the attempt by US funded opposition leaders to mobilise a popular movement capable of overthrowing the Serbian socialist Party governments seems ineffective. US hopes and efforts may therefore turn towards seeking to recruit elements within the Yugoslav state machine (especially within the Army and security forces) to stage a coup d'etat, no doubt backed by assurances that it will prevent its ICTY from pressing war crimes charges against those who co-operate.

NATO's removal of a sure path towards KLA-led independence for Kosovo has led the KLA leadership to take radical measures to consolidate their grip on the whole of Kosovo's population, pursuing a covert but very effective campaign of ethnic terror and ethnic cleansing against Serbs, Roma and other non-Albanian ethnic groups

within Kosovo. This KLA campaign of terror has not been acknowledged by NATO's KFOR leaders within Kosovo. They have suggested instead that the terror has been spontaneous mass revenge by ordinary Kosovar Albanians. Yet there is clear evidence that the campaign against Serbs, Roma and other ethnic minorities have been organised and systematic and that many ordinary Albanians have been appalled by it. The Yugoslav newspaper *Borba* reported in August:

more than 200,000 Serbs, Montenegrins and other non-Albanians have been expelled from the Province. In these two months, the terrorists have killed over 200 and wounded more than 400 civilians, women, children and elderly people, mostly Serbs and other non-Albanian residents. About 40,000 private homes and dwellings have been looted, demolished or burned, while 40 Serbian churches and medieval monasteries, many of which have been declared as part of European cultural heritage have been burned down or demolished. As many as 80,000 Serbs and other non-Albanian citizens have been intimidated and forced to leave their jobs.²⁸

These figures are broadly confirmed by Western journalistic and human rights monitoring sources, and some put the total numbers of refugees fleeing the province even higher.²⁹ It is also now recognised that this has been an organised, covert campaign. As the *Los Angeles Times* reported in mid-August:

Here in the provincial capital, "a disturbing pattern has arisen in the method of intimidation used against Serbs still in the city," the Office of the U.N. High Commissioner for Refugees has found. First, a warning letter is received ordering them to leave their homes, then the threat is delivered in person, followed a few days later by physical assault, in some cases even murder.

Dozens of Serbs have been slain execution-style in Pristina, military police have said. Evidence shows that the victims were commonly bound at the wrists and made to kneel on the ground before being shot in the head. Many were blindfolded.

In dozens of Serbian villages throughout Kosovo, Serbs have fled after repeated threats and acts of violence, only to have

their villages burned behind them. In at least one case, authorities suspect that a Serbian village was raided at night and that all its residents were slain before it was destroyed.....

At separate news conferences last week, U.N. refugee agency spokesman Ron Redmond and U.S. Army Brig. Gen. John Craddock said they believe there are organised forces behind the anti-Serb violence. "This is one of the things that we're looking at very closely. It's more than just neighbours getting upset at each other," said Craddock, who commanded U.S. troops in Kosovo until his departure last week.³⁰

Both Human Rights Watch and The European Roma Rights Centre have identified KLA members as the perpetrators of the attacks, killings and rapes of Serbs and Roma.³¹ And *USA Today* reporter Jack Kelley, who witnessed a KLA campaign of terror against one family, reported unequivocally that KLA units were carrying out the terror.³²

Some Western reports have stressed that the KLA leader Hashim Thaci has publicly distanced himself from the campaign of killings and terror. But as *Le Monde* has pointed out, he has done so only in English-language statements, not in Albanian. It also reports that the KLA Press Agency is openly racist and that it attacks those Albanians who oppose the campaign of terror against Serbs, Roma and other ethnic minorities, calling them 'Serb Spies' and 'men who stink of the Slav'. The KLA has been intimidating moderate and liberal Albanians, threatening them with reprisals if they speak out against the campaign of terror.³³

These forms of racist intimidation against not only Serbs, but Rom, Turks, Vlachs and others in Kosovo on the part of Kosovo Albanian separatist nationalists are, of course, not new. They were practised in the 1980s and 1990s. Such Albanian Nationalist intimidation of minorities was, so to speak, the other side of the coin of the fact that separatism had always been strong in Kosovo and the Yugoslav state had not accepted the right of Kosovo to secede from the federation during the post-war period.

From the point of view of the KLA leadership the campaign is not only rational but central to their efforts to gain full independence

in the face of NATO resistance to their goal. By ethnically homogenising the province, the KLA has the possibility of declaring and asserting independence whatever NATO's future wishes. If substantial groups of Serbs, Roma, Montenegrins and other minorities remained within the province, these efforts could far more easily be blocked in the future by NATO powers in the name of defending minority rights.

At the same time, the KLA leadership, by acting swiftly to cleanse the province, has been able to take advantage of the fact that it would be politically impossible for NATO's leadership, and especially for the Clinton administration, to directly blame the KLA for the terror. To do so would result in inescapable pressures to indict the KLA leadership for crimes against humanity at the ICTY while KFOR is simultaneously relying upon the KLA to establish order in the province and could face a bloody guerrilla campaign against its own forces if it rounded up the KLA leadership for war crimes.

Against this background, the unity of NATO governments has come under increasing strain over their attitude towards the KLA and independence. Some European NATO governments have been very unhappy with the decision to allow the KLA to maintain a de facto military force of several thousand people. But at the same time the US press reported in September 1999 that senior US government officials were leaning towards supporting the goal of Kosovo independence.³⁴ The French government promptly repudiated any such idea, insisting on defending UNSC resolution 1244, which categorically states that Kosovo will remain within Yugoslav sovereignty.³⁵ The hints from the Clinton administration were almost certainly designed to increase pressure on political forces within Serbia to overthrow Milosevic or risk losing Kosovo for ever.

From an American administration point of view, the overriding priority in the Western Balkans must be to gain the overthrow of the Milosevic leadership by a government prepared to co-operate with the US in a political project within Yugoslavia of blaming all the sufferings of the Serbian people on the single figure of Slobodan Milosevic. The urgency of this goal lies in the following problems: first, there is a broad consensus within Serbian opinion that the NATO war against Yugoslavia was a criminal act and follows a systematic

campaign by the USA in the Balkans to deny the Serbian nation its right to self-determination. The longer this view remains, the more difficult it will be to re-educate opinion in Serbia to support the US record. Secondly US external propaganda to the effect that the Serbian government has been a genocidal ethnic nationalists can only re-enforce this anti-NATO consensus in a Serbia which is the last remaining genuinely multi-ethnic republic in former Yugoslavia. Thirdly, a deepening humanitarian catastrophe in Serbia as a result of the US blockade and the environmental catastrophe following the bombing, could lead to the crumbling of the blockade and divisions within NATO. Only through some overthrow of the constitutional order in Yugoslavia, followed by a show-trial of Milosevic and a large subsequent aid programme for Serbia can the US hope to consolidate its political base not only in Serbia but more widely in the region and in Europe as a whole.

From this angle, US hints that it will back a KLA-led independent Kosovo can be combined with hints that Milosevic's removal could lead it to break with the KLA and even crack down on it. Similarly, the US is hinting that if Milosevic stays it will ensure the break-away of Montenegro from Yugoslavia, while if Milosevic is overthrown Montenegro would remain within the federation. And the blockade is no doubt believed to be the most powerful weapon of all for destroying the current political position of the bulk of the Serbian population.

But the struggle for US mastery over Serbia - the central Balkan political objective behind the US-led air war - remains to be achieved.

The wider European aftermath

If the US government can replace the current Yugoslav regime with one friendly to US definitions of the region's past and future and if at the same time the US can maintain NATO unity, the 78-day NATO air war will have been a substantial, though not unqualified success for US political strategy in Europe. This success will consolidate support for NATO under US leadership within public opinion in most of the NATO countries. It will demonstrate throughout South East and Eastern Europe that the US is the hegemonic power in Europe, and the West European states should not be taken seriously as political



KFOR tank entering Kosovo

partners. And because the polarisation between NATO and Russia during the war did not lead to outright conflict - which could very likely have split NATO irretrievably - the war has, if anything, served to consolidate the new division of Europe which the Clinton administration pushed for with its drive to enlarge NATO into Poland. The more that there is a risk of military conflicts in the East in the future, the more Western Europe's continuing dependence on the link with the US seems necessary.

At the same time, the war had entailed political costs. The way in which the Clinton administration used a national conflict within a state for its own power-political purposes has sent an alarming message to other states around the world, the great bulk of which are very far from being nationally homogeneous. The brazen way in which the US was ready to overthrow the legal cornerstones of the existing international order has also increased suspicion and hostility amongst many other states. And the US government has been forced to retreat, at least temporarily, from its efforts to throw off the constraints of UNSC authority. It could also be argued that US enthusiasm to use

the Kosovo war to show-case its new techniques of electronic warfare was, on balance, unwise, since the Revolution in Warfare was shown to have a number of flaws against a sophisticated opponent like the Yugoslav army: its vulnerability to weather, its inability to destroy Yugoslav military assets on the ground and its inability to avoid substantial civilian casualties. It must also be doubted that the undermining of international law is an unequivocal US interest.

Within the European region, the West European states, feeling humiliated in front of their own populations by the US assertion of its European dominance, could have been expected to follow the war with a round of rhetoric about turning the EU into a great cohesive and independent political force in international affairs. Yet, as Strobe Talbott's speech at the Royal Institute for International Affairs in early October demonstrated, the effort by President Chirac and other West European states to move beyond rhetoric and take steps that could enable to EU to act in the defence field independently of the US has been a cause of disquiet in the Clinton administration.³⁶ Retiring NATO Secretary General Solana has also declared himself dismayed by suspicions in Washington over West European moves in this area.³⁷

The fact that the Blair administration appears to support the development of a defence policy-making authority within the Council of Ministers of the EU, involving regular meetings of military staffs as well as defence ministers in a cause of Washington concern. So too must be the news of a merger of French and German defence industries in the aerospace field, assuming that the merger does come off. While many of these moves were initiated by the French and German governments during the Kosovo war (notably signalled in the Franco-German Toulouse summit at the end of May) they must also be seen in the context of the need to underpin monetary union politically.

Less dramatically challenging but no less serious a problem could arise from a steady erosion of West European support for the US drive against Serbia. There are many small signs of such potential erosion, from the lack of deployment of troops and police in Kosovo in the numbers initially endorsed, through evident coolness of some West European states towards the US policy of seeking to maximise the sufferings of Serbia's population to drive it onto the streets against Milosevic.³⁸ But it is also seen in the evident lack of commitment of

EU governments to offering a new economic deal for South East Europe or to relax its trade regime significantly towards the East Central and East European region.

But the likelihood is that as so often in the past, US diplomacy will successfully ensure that its West European allies lack sufficient cohesion to mount a significant challenge to restored US European hegemony through NATO. Instead, they will act as they did over Kosovo: bandwagon with the US while building up fall-back positions so that if and when US initiatives turn out to be blunders, the major West European states can exploit these blunders as opportunities for to further their own regional power enhancement.

In conclusion, the new, post-Cold War American imperial expansion, under the banner of bringing civilised and humane values to the less civilised parts of the world, has made a significant advance through the war against Yugoslavia. But it is too early to say what all the implications of the air war will be, except that the social and political development of the Balkan region has been set back for at least a decade, if not far longer, and a deep division has opened in Europe between the big Slav nations in the East and the NATO powers.

Notes

1. On the NATO-Russia Founding Act, see Fergus Carr, "NATO and the Russian Federation in the new Europe" in Czech Atlantic Commission (Prague): *NATO Summit, 1997 and Further Enhancement of European Security* (Cesky Krumlov, 22-26 October 1997). See also Peter Gowan: "Making Sense of NATO's Balkan War", *Socialist Register 2000* (Merlin Press, 1999)
2. See A. H. Cordesman, "The Lessons and Non-Lessons of the NATO Air and Missile Campaign in Kosovo" (Centre for Strategic and International Studies, Washington DC, July 1999).
3. *ibid.*
4. All targets attacked by US planes were decided exclusively by the American command and even the British were not always informed of these strikes and US command intentions in launching them. See Michael Ignatieff, "The Virtual Commander", *The New Yorker*, 2

August 1999.

5. See the interview with Clark in Michael Ignatieff: "The Virtual Commander".

6. Barton Gellman, "Allies see no Credible Alternative" *Washington Post*, 23 March 1999, page A12.

7. Bradley Graham, "Joint Chiefs Doubted Air Strategy", *Washington Post*, 5 April 1999, page A1.

8. Bradley Graham, "Cohen Wrestles with Mission Risks", *Washington Post* 11 April 1999, page A24.

9. Many supporters of the war hoped these contradictions could be overcome through a NATO ground invasion. But the military and political problems involved in such a venture were enormous, though largely not discussed in public by NATO leaders: first, the likelihood that the Russian government would have responded militarily; second that, as the UK's General Rose pointed out, NATO lacked sufficient military forces trained and motivated for high intensity warfare which would probably have involved very heavy casualties.

10. On NATO's dilemmas on legal legitimization of the air attack, see Marc Weller, 'The Rambouillet Conference on Kosovo', *International Affairs*, 75, 2, Spring 1999.

11. Agence France Presse, 3 August 1999

12. See an Associated Press report on 18 June of claims that at least 10,000 Albanians were killed in more than 100 massacres and a Reuters report on July 2 that "peacekeepers" had catalogued more than 100 sites where Albanians "are thought to have been massacred and buried". The *New York Times* on the same day carried a similar report of "at least 10,000 people" slaughtered by Serbian forces "during their three month campaign to drive the Albanians from Kosovo".

13. "The falling number of Kosovo war victims: from '100,000' to '10,000' - now 'thousands'" Agence France Presse, 3 August 1999.

14. Reed Irvine and Cliff Kincaid, "Playing The Numbers Game In Kosovo", *Accuracy In Media (US)*, 3 August 1999.

15. See David Binder, "Balkan balance sheet doesn't add up" *MSNBC (US)*, 29 July 1999 (<http://www.msnbc.com/news/295110.asp>). Noam Chomsky quotes Robert Hayden, director of the Centre for

Russian and European Studies at Pittsburgh University: “The casualties among Serb civilians in the first three weeks are higher than all the casualties on both sides in Kosovo in the three months which led up to this war, and yet these three months were supposed to be a humanitarian catastrophe”. Noam Chomsky, “Is this really a grand Nato victory?”, 14 June 1999.

16. For estimates of the death toll in Kosovo during 1998, see SIPRI data. The US State Dept. claims that the death toll was at the high end of SIPRI’s estimate of 1,000 to 2,000. The Yugoslav government has documented details of over 600 Serb officials and civilians killed by the KLA before the NATO attack.

17. The Stockholm International Peace Research Institute reports the number of deaths in the fighting in Kosovo in 1998 was 1,000 to 2,000. The US State Department calculates 2,000.

18. NATO claimed towards the end of the war to have destroyed more than 50 per cent of Yugoslav artillery and more than a third of Yugoslav armoured vehicles.

19. See A. H. Cordesman op. cit., also “78 Days: An Audit of War”, BBC 2, 17 October 1999.

20. The first German plan for suspending the bombing, put forward within the EU, was leaked by British or American officials to the press before it has been fully discussed. Following the leak the French government stated that it did not support the German plan.

21. See, for example, the *Financial Times*, 30 March 1999, page 3.

22. The suggestion that the missile strikes on the Chinese Embassy were an accident produced by outdated maps was never credible: US military attaches in Belgrade had dined at the Embassy a number of times before the war and the strikes on the Embassy were unusual in being authorised from the Washington outside the NATO targeting machinery. The *Observer* newspaper has claimed the strikes were a US response to Chinese signals help for the Yugoslav army. But this factor, if true, does not explain such a major US step. The diplomatic factor seems more likely to have been decisive: namely that the US strikes against the Chinese Embassy as an operation of the same type as the British decision to sink the General Belgrano battleship at the start of the Falklands War: both had the effect of scuppering what looked like promising diplomatic initiatives for peace settlements.

- The British action was precisely designed to achieve that purpose. On the deliberate nature of the strikes, see “Revealed: NATO bombed Chinese Deliberately”, *The Observer*, 17 October 1999, pages 1- 2.
23. See A. H. Cordesman, “The Lessons and Non-Lessons of the NATO Air and Missile Campaign in Kosovo”, *op. cit.*
24. See Miranda Vickers, *Between Serb and Albanian: A History of Kosovo* (Columbia University Press, 1998).
25. On Serbian politics in the 1990s, see Robert Thomas, *Serbia Under Milosevic* (Hurst, 1999)
26. On the confrontation within NATO over Pristina Airport, see Ian Brodie “Generals at war over Kosovo raid” *The Times*, 2 August 1999. Of British general Jackson’s response to Clark, Brodie reports: “‘I’m not going to start the Third World War for you,’ the British general was reported to have told General Clark after refusing his orders to send assault troops and helicopters into Pristina airport to block the Russian forces.”
27. On US Congressional plans to offer the Serbian opposition \$100 million, see *The Financial Times* 19 August 1999. On US special envoy Robert Gelbard’s meetings with the Serbian opposition, see Dusan Stojanovic “US envoy trying ‘to unite’ Serb Opposition in closed meetings in Montenegro”, Associated Press, 4 August 1999. The opposition leaders he met were Democratic Party leader, Zoran Djindjic, Social Democratic Party president, Vuk Obradovic and Civic Alliance head, Vesna Pesic.
28. “Yugoslav government protest to UN on Kosovo”, *Borba*, 19 August 1999.
29. See, for example, Scott Glover, “Anti-Serb Crime Patterns Point to ‘Ethnic Cleansing’”, *Los Angeles Times*, 15 August 1999
30. Scott Glover, *op. cit.*
31. Tom Cohen, “KLA Said to be Behind Serb Killings”, Associated Press, 3 August 1999.
32. Jack Kelley “KLA leads a systematic ethnic cleansing campaign in Kosovo”, *USA Today*, 3 August 1999.
33. See “Kosovo: la chasse aux Serbs”, *Le Monde* editorial, 18 November 1999, page 17.
34. See *The Washington Post* report on 23 September 1999 that the Clinton administration was leaning towards Kosovo independence;

also Barry Schweid, "Kosovo Breakaway Gaining Support", The Associated Press, 24 September 1999.

35. See "France says it still opposes Kosovo independence", Reuters, 24 September 1999.

36 See Strobe Talbott, Deputy Secretary of State, "Remarks at a conference on the Future of NATO", The Royal Institute of International Affairs, 7 October 1999. See also William Drozdiak, "NATO Chief Leaves Changed Alliance for EU Post", *Washington Post*, 6 October 1999, page A34.

37. The *Washington Post* reported of Solana: "He believes a large part of his new job will be to resolve potential misunderstandings with the United States as Europe strives to develop a common foreign and security policy. Solana said he is dismayed by the suspicions and scepticism he encountered during recent consultations with U.S. policymakers." See William Drozdiak: "NATO Chief Leaves Changed Alliance for EU Post" *Washington Post*, 6 October 1999, page A34

38. Signs of this have been seen in attempts by some governments to go against the US blockade policy over fuel supplies, commercial aircraft flights and even clearing the Danube of the destroyed bridges. The *Washington Post* reported in October: "Last week, U.S. Secretary of State Madeleine K. Albright spoke with some of her European counterparts - including British Foreign Secretary, Robin Cook, French Foreign Minister, Hubert Vedrine, and German Foreign Minister, Joschka Fischer, to warn against any weakening of economic sanctions against Yugoslavia." See John Lancaster and Charles Trueheart, "U.S. Szymies Move By Allies to Lift Ban On Yugoslav Flights Ministers Approve \$5 Million in Oil Aid", *Washington Post*, 12 October 1999, page A13.

Ken Coates

After the War in Yugoslavia: What Next for the European Left?

After the war

It has become clear that, after the Yugoslav war, Europe will not be the same again. Quite evidently, the strategic position is now transformed by the establishment of what may well become a permanent NATO base in the Balkans. This registers a significant shift in the relations between the United States and Europe, and between both of these and the Russians. In turn these convulsions will affect relations within Europe, and between Russia and its allies.

For NATO to hold the gateway to the East, the Americans have been brought into a new state of hegemony in Europe. The new base symbolises vast power changes, not simply the occupation of the province of Kosovo. Whether or not this occupation will result in the pacification of internecine Balkan quarrels is rather uncertain, since new tensions appear to be emerging, and there is much scope for new atrocities, in the new feuds following the intervention itself.

Yesterday's guerrilla offensive by the Kosovo Liberation Army, and yesterday's paramilitary counter repression by the Serbs, are already giving place to today's new ethnic cleansing of Serbs by Albanians. And the ethnic and political divisions within the Albanian State, already evident, are likely, given time, to reassert themselves, exerting new disruptive influences in the territories now 'cleansed' of Serbian influence. It is therefore unlikely that a more humanitarian order will evolve in the region, in spite of the elaborate rhetoric which has been evoked to justify the recent bombardment. The distressing

fate of Yugoslavia will continue to cast its shadow over European affairs.

Even so, the new Balkan presence of NATO may have a far darker shadow to cast over a very much wider area. There are a whole series of questions which must be answered by the European Left, if it is to make its proper contribution to our common future, first of all by avoiding any repetition of such mayhem, and secondly by restoring an option for common security and non-exploitative co-operation.

Dominoes

To begin with, we must face up to the geo-strategic implications of a North American military presence in the Balkans. The official explanation which is given for this is that it will serve to underpin the emergence of a new democratic order, establishing a protectorate for the Kosovars. But although the military action may indeed establish such a protectorate, it has also been designed to achieve much wider objectives, which have an impact throughout the surrounding area.

In the immediate vicinity, there are dominoes which may fall in Macedonia and Montenegro. If they do, there could be consequences in Bulgaria and neighbouring countries, possibly in Greece, and if so, in Turkey. The turbulence which may be anticipated, and will need to be avoided, in this wider region, will almost certainly reinforce demands for stronger militarisation of the initial base. Already, the British Defence Ministry is calling for higher military expenditure and the modernisation of forces. This call will be likely to become louder and more repetitive. The subordinate allies will renew their dependence on the United States at every turn.

But far more seriously, the new base will hold the gates to the wider East, removing a large part of the initiative from Europe to the United States. Trilateral relations will become bilateral communications: a closed Euro-American circuit, and another Russo-American one, instead of direct and open equal three-way communications. Now, the succession to Yeltsin, which inevitably preoccupies the United States, becomes a problem in which an interventionist American administration may feel prompted to take issue. The relations between Russia and the Ukraine, already the subject of significant American concern, can move from an agenda of

analysis to an agenda for action.

Peter Gowan (in *The Twisted Road to Kosovo, Labour Focus* No. 62, 1999, p. 5) has warned us that Brzezinski, the key US policy-maker, has unambiguously signalled that any security pact between Russia and Ukraine would require action: Brzezinski wrote in 1998:

In such a case, when the West would have to choose between a democratic or an independent Ukraine, strategic interests - not democratic considerations - must determine the Western stance.

Intervention

With the prospect of American intervention if Ukrainians make the wrong decisions about their future, we come to the end of the peaceful option which was held out, however tenuously, with the collapse of the Berlin Wall.

Once, we were to withdraw the threat of arms from East West relations, and stimulate the emergence of civil society. A new common security regime would replace confrontation. But after the war in Yugoslavia, with the systematic downgrading of common security organisations, the marginalisation of the United Nations and the OSCE, it is becoming obvious to the most trusting of statesmen in the East, that it is power, not humanitarianism, that drives forward American policy, which has now indeed become hegemony in Europe.

The post-cold war settlement following 1989 provoked uneasiness in the relations between Europe and America. At the military level, this showed itself in a marked European reluctance to accept that NATO should act autonomously, independently of the UN. But the Yugoslav bombardment has ended this safety mechanism, because it was clear that the Russians and Chinese would inevitably veto the proposal.

However, once NATO had agreed to act outside the UN framework, it put in jeopardy the entire machinery of global co-operation. The veto was an unwieldy mechanism, but its essential function was to make global action dependant upon the unanimity of the major powers in the postwar settlement. Once that was gone, international law could no longer rest on any agreed foundations.

New foundations are arguably necessary, and might be

negotiated: but they cannot be unilaterally imposed. The moral cost of this decision falls equally on the just and the unjust, on the guilty as well as those guilty of infractions.

Raw power politics

The Yugoslav war ratified raw power politics in Europe and removed the pretence of obedience to a constitutional international order. Henceforward, the Americans will keep the gates between Europe and the East, and they will police them in the American, not the European, interest. If it is true that the gatekeepers will owe their position to the consent of their European partners, it is also true that these will find it difficult to invent procedures for withdrawing that consent.

What has driven these military decisions? There has been no geopolitical threat from the East. Indeed, it has taken the triumph of confrontational politics in the United States to persuade the Ukrainian Parliament that it may have been premature in its desire to rid itself of nuclear weapons. Evidently all these military reactions serve in some way the goals of economic policy.

What are the economic policies which drive the Americans to seek direct control of relations with the East rather than joint influence through co-operation? How does the war in Yugoslavia relate to spheres of economic influence, and the accumulation of capital? In what ways is it connected with the relationship between the dollar and the Euro? And, in an age in which the Third Way is disabling the most important labour movements, undermining the institutions of welfare, and moving towards a nakedly neo-liberal policy, how can the left recover the initiative, and begin to develop cogent alternatives to the politics of complicity in exploitation and endorsement of military aggrandisement?

Evidently, there are connections between the ideological Atlanticism of Tony Blair, and the tactical accommodations of the Third Way in the joint Anglo-German Declaration. There are connections between military politics and the liquidation of welfare. It is not difficult to see that the extrapolation of these policies offers an extremely bleak future to the rich capitalist states of the Western world: guns not butter, missiles not pensions. ●

Comment

Andrew Kilmister

The Kosovo Albanians and the Breakup of Yugoslavia

Labour Focus on Eastern Europe issue no.63 performed a valuable service through presenting a variety of material opposing what it rightly termed ‘NATO’s Unjust and Illegal War’ against Serbia. However, the articles ‘Notes on the Kosovo Problem and the International Community’ and ‘NATO’s Humanitarian Trigger’ by Diana Johnstone, which opened the issue, contained a number of arguments which in my view are both erroneous and likely to hinder the process of building political solidarity against imperialist designs in the Balkans. I want to concentrate on two aspects of Johnstone’s analysis, her approach to the Kosovan Albanian population and her account of the break up of Yugoslavia.

It is disputed by no-one that the Kosovan Albanians have constituted since 1945 a distinct national grouping within the Yugoslav state and within Serbia, while remaining part of a broader nation located also in Albania, Macedonia and elsewhere. Johnstone’s treatment of this national grouping is singular to say the least, coming from a writer on the left. While the Serbs are ‘modernised’ and ‘attached to modern state institutions’ (pp.32-3), the Albanians are characterised in terms more appropriate to imperialist, ‘orientalist’ scholarship of the nineteenth century. They ‘have never really accepted any law, political or religious, over their own unwritten “Kanun” based on patriarchal obedience to vows, family honour, elaborate obligations’ (p.33). These obligations and vows are enforced by ‘male family and clan chiefs protecting their honour, eventually in the practice of blood feuds and revenge’ (p.33). Not a shred of evidence is offered for this sweeping, one-dimensional characterisation of social relations in Northern Albania and Kosovo.

Given this view of Kosovan Albanians it is not surprising

that Johnstone feels that they need tutelage and induction into democracy: 'it is highly doubtful that holding parallel elections for ethnic Albanians only, resulting in unanimous election of an unchallenged leader, Ibrahim Rugova, and of election of a "parliament" which has never functioned, provides a better initiation into democratic political practice than could have been gained by using the official elections" (p.23). Johnstone's prescription for the Albanians in Kosovo through the 1990s is basically to say that they should have shut up about national issues and stopped complaining. Instead they should have participated in Serbian institutions like anyone else: 'they could, for instance have voted to fill 42 of the 250 seats in the Serbian parliament with their representatives' (p.7). But, sadly, they chose to remain obdurate: 'formally at least, the ethnic Albanian residents of Kosovo have more citizenship rights in Serbia than the many ethnic Serb refugees who have flooded into Serbia from Croatia and Bosnia since the collapse of Yugoslavia. But they refuse to exercise them' (p.11). Not only that, but they won't learn the Serbian language (p.7). While Johnstone does support bilingual studies in Kosovan universities (p.33) in other contexts she criticises Albanian insularity while saying nothing about Serb attitudes to other languages and cultures in Kosovo in the 1980s and 1990s.

Can one imagine a similar account from a US or European leftist of the Kurdish national movement in Turkey, the Palestinians in Israel, the East Timorese under Indonesian rule, Republicans in the North of Ireland or even the Francophone population of Quebec? To ask the question is surely to answer it. Yet in each of these cases, viewed from the perspective which Johnstone adopts, very similar criticisms could be made. The reason they are not is that this perspective has correctly come to be recognised as entirely inadequate for characterising societies where national differences play an important role. It is inadequate both normatively, because it neglects the real grievances and concerns of the national groups affected, and analytically because nationalities simply do not act in the way that Johnstone wants the Kosovan Albanians to do. Those who recommend this programme to them are then forced into a posture of simply bemoaning their obstinacy and pig-headedness – a perfect mirror image of the approach taken by Western liberals over the last decade

to the Serbs which is rightly criticised by Johnstone and others.

Johnstone's account of the breaking up of Yugoslavia is also problematic. This break-up was tracked in *Labour Focus on Eastern Europe* through the 1980s in a series of articles by Branka Magas, now collected in her book, *The Destruction of Yugoslavia: Tracking the Break-Up 1980-92* (Verso, 1993), the introduction to which is sharply criticised by Johnstone. I would not necessarily agree with every aspect of Magas' analysis and would certainly not endorse her current political positions with regard to the war over Kosovo. Yet in one crucial respect Johnstone's account marks a decided step backwards from that earlier work. Magas attempted to provide an account of the crisis in Yugoslavia which linked together three interlocking strands – the unresolved national question, the lack of true socialist democracy resulting from Stalinist practices and structures and the worsening economic collapse. The merit of her analysis was precisely that these were not seen as rigidly separate, but rather that the democratisation of the Yugoslav polity depended on an equitable solution to the problems of national difference while economic renewal was inconceivable without democratic progress. Whatever other criticisms can be made of her work this linkage has surely been borne out by the history of the last decade. To say this is not in any way to deny the baleful impact of outside intervention on both nationalism in the Balkans and the economies of the region.

For Johnstone however, these differing aspects of the Yugoslav crisis are not integrated in a concrete analysis. Thus she writes of the revoking of Kosovan autonomy by Milosevic in 1988 and 1989 that 'however unwelcome to the ethnic Albanian leaders, these changes were widely supported in Serbia as necessary to enable the realisation of the economic liberalisation reforms; they were enacted legally; and they left intact the political rights of ethnic Albanians as well as a considerable degree of regional autonomy' (p.7). The true import of these changes is lost by separating out the national, political and economic levels in this way. Formally, they may have been legal, just as the Soviet Constitution under Stalin was formally democratic. In practice they represented a fundamental challenge to the basis of the compromise between nationalities within Yugoslavia, by forming part of a process whereby the leader of one

state, Serbia, created a situation where he could control half the votes at the level of the Federal Presidency. This challenge was integrally linked to the strategies of that leader for consolidating and maintaining his political power and for launching attacks on working-class rights and living standards. The latter point is implicitly recognised by Johnstone through her reference to the necessity for Kosovo to lose its autonomy in order facilitate economic 'liberalisation'. It is far too abstract to argue, as Johnstone appears to do, that democracy and legality in Serbia can somehow be partitioned from the national question, so that if autonomy is removed from one group they can simply participate in the unchanged democratic structures enjoyed by other citizens. Rather, the revoking of Kosovan autonomy was a central part of the process of denying real, as opposed to formal, democratic rights to all the inhabitants of Yugoslavia, including of course Serbs.

This was understood very well in March 1989 by the miners of Treпча in Kosovo who struck and occupied in protest against the policies of Milosevic and by the Albanian demonstrators in Pristina of November 1988. Contrary to Johnstone's picture of a movement devoted to secession at the expense of any other goals, the strikers and demonstrators explicitly looked back to Tito's nationalities policy as a model and were fully clear of the links between the destruction of this policy and other elements of political and economic oppression. It was not they who needed initiation into the meaning of democracy but rather Johnstone.

Johnstone is correct in claiming that double standards have been applied to Serbia both by Western governments and liberal media opinion. She is also right in pointing to the disastrous consequences of economic, political and military intervention in the Balkans by outside powers.

These issues are challenges for us all on the left. But they will not be solved by ignoring the reality of nationalism in Kosovo and simply exhorting the Albanian population to forget the issue. At this time, when it is Serbs and Roma who are being expelled from Kosovo and worse, making it necessary to combat Albanian chauvinism and exclusivism in the area, and Western policies which permit it, it is more important than ever to do this from a firm standpoint of respecting and acknowledging Albanian national rights. ●

[The Blair/Schröder Manifesto, "The Third Way", published in the summer of 1999, has provoked much debate on the left in Europe. We produce below two contributions to this debate, the first from Gregor Gysi, leader of the parliamentary group of the German Party of Democratic Socialism (PDS) and the second from Boris Kagarlitsky, a prominent figure on the Russian left.]

Gregor Gysi

Twelve Theses for a Modern Socialist Policy

A Response to the Blair/Schröder Manifesto

In almost all countries of the European Union, forces representing democratic socialism are having political influence, either through opposition, tolerance of or participation in government. This means that we have to relate to and debate with the strategies of both neo-conservatism and Social Democracy. Common ground must be staked out and differences highlighted. The ideas of a modern socialist left require explanation.

The free development of the individual as the prerequisite for the free development of all - that is the message of a free, modern and democratic socialism. The political challenge to democratic socialism is to organise society in a way that ensures social and political human rights for one and all. In this sense socialism can also be seen as the human rights policy of modern societies. It calls for equality in freedom and is therefore based on freedom and solidarity.

Below are twelve theses for a democratic and socialist policy at the end of the century.

1. *The twenty-first century vision: combine modernity with socialism.*

Modern societies are distinct from traditional pre-capitalist or early capitalist societies because of “the constant revolutionising of production, the uninterrupted disturbance of all social conditions, the everlasting uncertainty and agitation” (Karl Marx). The driving force behind these continuous innovating changes is an institutionalised competition in the economy, politics, science, education, the media and culture, which is based on a pluralistic distribution of property, power and influence.

Permanent modernisation is an ambivalent process. Its institutions in the economy, politics, science, education, the media and culture have often been used as instruments of the fiercest oppression this century. From them arose the disasters of our century: the world wars, the holocaust, genocide, misery, starvation and environmental destruction.

The state socialist attempt to evade the spontaneity and insecurity of capitalism by replacing competition and evolution with planned control and centralised administration of resources has failed. Historically, this attempt was constantly under attack and we must be mindful of the conditions this created, but the fact remains: the general conditions for innovation and progress were either destroyed or could not emerge. Social security, therefore, did not have a lasting economic basis. Freedom and individual initiative were limited and fundamental democratic rights were not guaranteed. State socialism became a stagnating society which crumbled and eventually collapsed. Nevertheless, it gave humankind an important experience that needs critical analysis, not denunciation.

Socialist policy following the collapse of state socialism should liberate the evolutionary potential of competition in the economy, politics, science, education, the media and culture from the dominance of capital; it should protect this competition from the process of capital valorisation and should overcome its patriarchal structure. Only this will make it possible to use competition as a resource for the emancipation and development of all individuals, and to control and compensate in solidarity for the risks, spontaneities and insecurities entailed. The equality of the sexes is both consequence and

precondition for such a transformation. Embarking on the road to socialist modernity means replacing capital's dominance over the direction, shape and speed of change in human civilisation with the dominance of social, cultural and ecological objectives. This requires political direction, conscious social structuring and the development of counterforces able to carry this out.

What matters is not the abolition of markets, but the creation of different kinds of market; not the suppression of entrepreneurial initiative but the creation of a new framework for its social and ecological guidance. That cannot be achieved through the slogans found in Schröder's and Blair's joint proposal, but by limiting the right of capitalist property where it works contrary to the common good and by channel it in new directions where it now leads to ecological degradation and social disintegration. Public property will acquire a new function.

What is intended here is not a relapse into pre-modernity or anti-modernity, but a restructuring of modernity. The combination of modernity and socialism is not inevitable but it could be the major task for the generation at the beginning of the twenty-first century.

2. The Social Democratic shaping of the age of Fordist mass production was thoroughly successful. We can't repeat it today but we can learn from it.

Gerhard Schröder and Tony Blair paint a picture of Social Democratic policy during recent decades as a source of levelling, innovation phobia, increasing public spending put to unproductive use, etatism and irresponsibly high material expectations. This picture is ahistorical and unjust. It ignores the advances in productivity and innovation as well as the social and cultural advancement of broad sections of the population over the past fifty years, advances that were the direct result of social democratic influence.

The Fordist welfare state that was created in Western Europe and the US after World War II was able to guarantee nearly full employment over a lengthy period of prosperity, increasing earnings in line with productivity, and index-linked social benefits in old age, sickness, disability or unemployment, although poverty was never

really abolished. Industrial mass production of material goods and private mass consumption were prominent features of Fordism. This was combined with more scope for participation, for instance, co-determination in [German] companies and better opportunities for emancipation. Not all, but quite a few dreams of the Social Democrats came true. It was thanks mainly to the trades unions, Social Democracy, socialist movements and parties, as well as the competition with state socialism, that institutions emerged which were able to promote the interests of the working class and partially to complement the capitalist principle in society with the principle of social participation. Unfortunately, prosperity was paid for with the oppression and exploitation of the so-called Third World and an increasing destruction of the natural life-basis of the human species. Yet there has been development there, too. Colonialism was overcome. Today the impoverishment and exploitation of the Third World is the product of bilateral and international political and economic dependency. Ecology has become a political subject and a matter of public awareness.

The achievements of the social market economy are insecure and are being dismantled today not because rapidly growing wages, increasing state redistribution, Keynesian spending policies and state control over the major players were always wrong. The limits of the old ideal have to a large degree resulted from its success. The crisis of the Fordist work society results from a model of growth that works only so long as there are still new areas of human life that can be turned into wage labour, economically organised and rationalised until less and less social labour is necessary for the production of the essential consumer and producer goods. The wealth of free time thus created in a Fordist work society can only be used to produce and consume more, and it is invested to further reduce living labour. But this cannot go on forever. The ecological problems generated by this type of growth and the increase in "surplus labour" are manifested in growing discrepancies between capital valorisation, wages, taxes and social spending.

Today we have reached a point where we need a redefinition of the relationship between working and living. Redundant labour cannot be completely reinvested, but it must not become superfluous time, dead time of a seemingly superfluous underclass. And it is just as

anachronistic to use this surplus time in cheap, state-subsidised service jobs. This is the path to a new class society - on the one hand the big-income earners with too much work and too little time, and the small-income earners in the service sector who look after the children of the big-income earners, take care of their houses and gardens, and see to all the unprofitable errands. This new class division would be anti-modern and anachronistic.

Rather than despising the achievements of the social democratic era, as Schröder and Blair do, efforts should be made to completely revamp and integrate its achievements into new social structures. A genuine modernisation does not mean dismantling and deregulating social institutions, it means searching for a new path of development and deciding in favour of an alternative reform policy, linking economic, social, ecological and individual developments.

3. The era of neo-liberal destruction of the post-war system needs not merely to be interrupted by a Social Democratic episode of damage-containment but to be superseded by an era of modern socialist politics.

With a series of aggressive reforms, neo-liberalism, over the past twenty years, has begun the dismantling of Fordist welfare capitalism. This was carried out in a way that served the interests of transnational corporations, international financial markets, the global economic, political and cultural upper classes. The quest for a new viable way of combining economic development and social progress is not part of the neo-liberal reform programme. The new system is, therefore, extremely unjust, unstable and threatens peace, the environment and social cohesion.

So far, neo-liberal reforms have been implemented only partially in Germany. Important structural elements of the social democratic era remain intact. On the one hand, these can hold back the neo-liberal reform project because social interests are still tied to these structures of the past era. At the same time, they can also facilitate the reform project because these same public and corporate institutions can be restructured around new goals.

The Social Democracy of the New Centre or the Third Way

accepts the neo-liberal approach and attempts to partially correct it. It tries to establish a larger role for the state, not as Fordist redistributor but as “activator”. The state is to establish, promote and moderate market mechanisms and forms of competition which improve the competitiveness of nation-states and major regions in global competition, while (in contrast to Thatcher’s neo-liberalism) safeguarding a minimum social consensus at home by promoting forms of partnership among competing social interests (for instance, the “Alliance for Jobs” [in Germany]).

The fact that social democratic governments are in office in many European countries proves that the people wanted a correction of the neo-liberal strategy. However, the defeat that the German and British Social Democracies suffered in the European election is a clear sign that their current policy cannot count on stable support. On the one hand, they are unable to take the offensive and make use of new opportunities. On the other, they have not proven that they are either willing or able to effectively oppose new social threats. They have failed to measure up either to neo-liberalism or to the old traditional social democracy, disappointing both those who have pinned their hopes on new opportunities and those who are threatened.

4. Those who want to promote new opportunities must allow them to be opportunities for all. Those who want to deal with the new social threats cannot put themselves in opposition to those who are the least able to defend themselves against such threats. What is needed is a new social contract.

Social justice is a fundamental precondition for a lasting, truly modern politics. It must not be reduced to individual fairness. The social foundations of individual achievement must not be ignored. Democratic socialism, therefore, aims at a new social contract.

The basic elements of this contract would be:

- a policy that credibly faces the new challenge - turning new opportunities into opportunities for a freer development of all, in solidarity;
- a transition to a mode of development that ensures a more just participation of everyone in social wealth through a new way of

working and living that is ecologically sustainable;

- surmounting all obstacles in the way of women's self-determination and equality of the sexes;
- full employment, to be achieved by exploring new fields for economic development in keeping with sustainable, ecological and social criteria, while at the same time reducing working time and increasing the flexibility and enrichment of work and its combination with the opportunity for voluntary creative work;
- a social system whose costs are shared in solidarity and whose aims are basic security for everyone and availability of new opportunities to everyone;
- a policy of restructuring public finances in a way that opens the way to a more just social order and to new developments.

5. Modernising politics means more than adapting to new conditions and supporting business. Above all, politics should be a deliberate effort to structure social conditions. To this end, organised counter-forces are required.

With neo-liberalism, nation-states and international organisations have simply become the executive bodies of transnational corporations and international financial markets who view any kind of Keynesian direction of the economy as a burden. The new Social Democracy wants to stimulate the economy and create a framework in which market forces can work properly (Blair/Schröder).

But the unhampered functioning of powerful world markets is a threat to social justice and ecological sustainability. To expect social and ecological sustainability from a strengthening of the main actors in these markets is either a demonstration of ignorance or a deliberate ideological hoax. Any social renewal is impossible without a strong social and ecological orientation as well as global and regional regulation.

For democratic socialists, modernisation can't mean making politics a more efficient housemaid in the service of the economy, helping to dispose of its unmarketable waste. And it is also not enough to improve the level of skills by better training. In the first place, political modernisation means restoring politics as the conscious

structuring of social relations, using the forces of the market and of society as a whole for the common good.

We need a policy of dialogue and a European employment pact. But these only make sense if they open up new opportunities for the unemployed and the low paid. An orientation toward the common good means that those who are disadvantaged have to benefit. This orientation can be successful only if a higher proportion of wage earners share in national wealth while small and medium sized businesses are promoted and their almost complete dependence on banks and big corporations significantly reduced.

Political power depends essentially on the balance of forces in society and, above all, on the economy. Just as a separation of powers is essential for political democracy, a separation of economic power is essential for a social and ecological economic order. Developments oriented at the common good can only emerge from an institutionalisation of ecological and social counter-powers to the power of capital valorisation and the misconceived maximisation of income and consumption.

The powerless can't negotiate and are not partners. The overwhelming power of organised capital inevitably produces a powerlessness in politics. The so-called constraints on political actors arise quite simply from the predominance of the former and the relative powerlessness of the latter. Without a change in the power structures of the economy the "alliance for jobs, vocational training and competitiveness" will become a contract imposed in the interests of the big corporations, with some small concessions in an overall context of social dismantling.

For decades, Social Democrats have neglected to prepare people for the fact that the obstacles to further development can be removed only by their own actions to change the relations of power in society. It's no accident that the calls by Gerhard Schröder and Tony Blair for The Third Way are appeals to the governments and not the peoples of Europe.

The breakthrough to social and ecological sustainability starts when those affected recognise their own interests and its foundation is the active involvement of citizen's initiatives, projects, associations, trades unions, churches, expert groups and local people. A modern

Left must promote initiatives for civil self-organisation and interest representation, help them to network and take on board their proposals for new development paths. The state and legal system can only gain by making such developments possible and legal.

6. A combination of ecological restructuring, modernisation of work, and laying the foundations for a multifaceted and richly varied way of life could create a sustainable type of development that goes beyond the limitations of Fordist capitalism, is less harmful to the environment and facilitates the economic conditions for a freer development for all.

This would mean a new development strategy, one that would transcend the socially limiting capitalism of the post-war period. Technologically, societies today are able to supply the needs of all people on earth with only a small expenditure of labour. However, this development has not led to everybody working less. A growing number of people capable of work have no paid job while others are working longer hours, sometimes earning more and, through higher taxes and social spending, are having to care for the “superfluous” section of society. This kind of productivity development and growth means that social integration suffers and life-worlds decay - both for those out of work and for those in work who, because of the growing pressures of work, lack the time and ability for varied human relations and leisure activities.

The enormous increase in labour productivity has not been matched by an equivalent efficiency in the handling of resources and productive factors. The exploitation of natural resources has grown enormously without a comparable rise in the efficiency of their use. Such a development not only disastrously undermines the foundations of future production and consumption but also destroys the life-worlds of people - the foundation of which is nature.

It is possible and necessary to embark on a new path of economic development and to find a type of development that is in harmony with the environment and human needs. What is on the agenda is a socio-ecological transformation that can also be called a “global revolution” (Club of Rome). Three aspects of this

transformation must be highlighted:

1. the transition to ecological sustainability and the inevitable reorientation of production from manufacturing material goods to the production of real human wealth - the universal needs, abilities, pleasures, productive forces etc. of individuals produced in universal exchange (Karl Marx);
2. a global offensive for overcoming poverty, hunger and underdevelopment and
3. a breakthrough towards gender equality in politics, the economy, science, education, the media and culture. A modern Left does not, however, reduce the abolition of patriarchal power to a policy on equality. It regards the emancipatory struggles of women as one of the major movements for changes in society.

Nothing less than a transformation of world society is on the agenda. Breaking out of the structures of power in our society means confronting the dominance of capital valorisation in society, society's destructive exploitation of nature as well as the dominance of the North over the South and of men over women.

The entire system of production, services, housing, transport and way of life as they have existed in the twentieth century have to be restructured. There has to be a real improvement in the efficient use of natural resources and in our ability to handle them "productively" over the next twenty years. These are the undeveloped market of the future for which we need labour, capital and, most of all, knowledge. Ecological and social transformation would bring with it comprehensive innovation and investment and could lead to a net increase in jobs even in the mid-term.

In order to achieve this goal, a new framework for markets is indispensable. Among other things, it would have to incorporate into its prices, by means of eco-taxes, emission regulations, etc., the costs of previous economic activity which up to now have not been included in business costs. Structural and regional policies could also make a contribution to a better form of development. The new economy would be based on a globalised exchange of information, a far-reaching regionalisation of material and energy cycles and the localisation of many services, enabling the full use of regional labour capacity and the creation of environmentally friendly economic cycles. The

necessary revolution leading to an efficient use of natural resources requires a reorientation of research and technology policy towards sustainable development.

Socio-ecological sustainability and modernisation of work would involve a differentiated and flexible way of providing work and earlier retirement for everyone. A modern working society must also make possible a new combination of work and creative communal and individual work. Finding versatile and meaningful fields for community and individual action can start with the ecological transformation of private life. It would also have to involve local people regaining sovereignty over the structuring of their own affairs in their communities and regions and would give rise to a large number of social and cultural projects. Creativeness and commitment must no longer be limited to individual careers, high incomes and exclusive consumption for a few. Everyone should be employed - both with paying jobs and with personal work - according to their abilities and needs in order to find a sensible combination of work, life, enjoyment and personal fulfilment.

7. The growth of a low-wage sector results in a lasting division of society. The alternative is to find new areas for sustainable development, to reduce working time and to increase flexibility.

Growth oriented at the world market and at the reduction of additional wage costs will not solve the problem of mass unemployment. Traditional labour market policy is insufficient and the creation of a low-wage sector polarises society and wrongly subsidises businesses. Without finding new areas for work and without a new distribution of work in society there will be a permanent division between high income earners, their servants and the unemployed.

The crisis of employment can be resolved. A modern socialist policy has to find new solutions that are more in keeping with its ultimate goal - the free development of all. Four possibilities should be mentioned:

(1) First, a solution to the problem of employment would involve an ecological transformation of production and production-related services as well as the replacement of goods and technologies that

damage the environment by ones that are ecologically sound. Since only 20 percent of the workforce is needed to provide the necessary material goods for society as a whole under current productivity conditions, it would require a considerable extension of social services: in education and training, health, nursing care, scientific, cultural and sports activities, social and psychological care, counselling, support for self-help projects, communication and environmental protection. These fields are inexhaustible for human activity. Already today the majority of the workforce in the Western world is employed outside material production. But services should not be reduced to the provision of "human capital" for businesses. People-oriented services form the core of the production of wealth in the twenty-first century. The modern leisure industry is only a late Fordist phenomenon, the internet may be the incipient form of a new knowledge and communication society still hidden in the folds of the old system, obscured by commercials and passive entertainment.

(2) Strategic decisions for a new path of development, for viable future areas of employment are indispensable. They must also be twinned with institutional innovations. A modernised work society cannot limit itself to creating more jobs. It must create institutions that are in line with new social structures and lifestyles. The social preconditions of the Fordist work society, based on the model of the male family head in the job for life, has been superseded by the modernisation process of the past fifty years. Work roles and patterns today are significantly different. Yesterday a trainee, today self-employed and part-time worker, tomorrow unemployed and the day after that maybe entrepreneur and finally a share-holder in receipt of welfare benefits. The diverse social roles can no longer be clearly attributed to certain social classes, strata and groups.

That does not mean social injustice has decreased: on the contrary, it is growing. But the lines of classification are not so clear. There are blue and white-collar workers with relatively good incomes, the self-employed who are quite well off but also those who for many years live close to the poverty line, successful businesspeople but also businesspeople gone broke, without any social safeguard, doctors and university graduates, some without work and some in very well-

paid positions. Consequently, the concentration on normal working relationships is inadequate and the diversity of incomes and jobs must be taken into account for when setting up rules for work and laying out systems of social safeguards.

(3) The basic preconditions for the modernisation of work are the creation of new ecological, social and cultural areas of employment as well as the creation of new structures of employment. By shortening the average work-week for men and women to thirty hours, it should be possible to shorten the overall cycle of lifetime employment and allow work to be combined with voluntary communal and individual activity.

Lifetime employment must be reduced in various and flexible forms. In this area a balance of interests between employee and employer is necessary and possible. Flexibility means various possibilities in terms of working hours. Flexi-time, the individual choice of working hours, is one possibility. It addresses more than just part-time work, training, "Sunday" years, parental leave and flexible replacement schemes. Offering working hour choice to older employees should provide them with an opportunity for making a smooth transition into retirement. People of 55 years and older should be legally entitled to choose their own working hours.

(4) Work in the public sector and in the social services should not be measured by the criteria of capitalist profitability. The forms this kind of work should take is still to be decided. In part it would continue as public service work but closer to the citizens it serves. At the same time, the non-profit or "third" sector, between the private and the state sectors, needs to be expanded. This would be organised by autonomous entities. Public institutions and organisations under local supervision could farm out new socio-cultural and ecological projects financed in part by public funding and partly by charges and prices. The businesses chosen to run the projects would have to live up to certain labour-market, social, ecological and local political criteria. Another possibility would be the creation of individual income by combining social safeguards with an allowance for taking over socially meaningful jobs. Shorter working hours twinned with fundamental

safeguards for times without employment should make it possible for the individual to find time for training in their own field of work, or for co-operation in non-profit or charitable projects of cultural, ecological, social, scientific or pedagogical nature while in employment or instead of it.

8. Participation of citizens in the wealth of society does not, exclusively, mean more private consumption; rather it will lead to a better quality of life for both women and men.

Abandoning a mode of consumption that reduces pleasure to mass consumption and eventually leads to a worsening quality of life and stultification, does not mean forsaking the positive aspects of the Fordist consumer society. What is required is not the elimination of consumption, but the use of the material wealth, mobility, space and the world of goods in a different way. Consumption will bring pleasure and satisfaction if it reflects the variety of enjoyable behaviour and the richness of human relations. To this end the individual needs free time and self-determined work. This will not lead to a reduction of purchasing power or demand. Collective bargaining in the next century should be used to translate rises in productivity into rises in the quality of life. Looking after one's own body, bringing up children, private life, the flat, house and garden, food and drink, local affairs, harmony with the environment - these are not parts of life that require commercialisation, these are not areas of life that we want to be liberated from by a growing services sector. These are part of our life world from which we derive pleasure and satisfaction, perhaps even more than from career and work. The battles of the future will be to a growing extent about new life styles. A redistribution of opportunities in life is a fundamental condition for preserving social cohesion and democracy.

A major reduction in working time is an essential if women and men are to participate equally in work and leisure. It would create new opportunities for women's real involvement in the renewal of democracy. True equality would require that there are no sectors with such low levels of pay that women or men would become financially dependant on their partners. A co-operative work society, a new

employment policy and a more self-determined combination of gainful employment with voluntary work would make it possible to overcome the exploitation of stereotypical “women’s work” and the misuse of those female qualities encouraged by patriarchal socialisation (solidarity, caring, social sensitivity and readiness to compromise) in the mostly poorly paid service industries.

In this and other fields the strength and development of trades unions assumes a pivotal role.

9. A new development path requires a change in economic regulation and institutional reform, without which there could be no project of social and ecological transformation.

A social and ecological transformation requires a change of behaviour in a host of actors - individuals, organisations, businesses, state authorities etc. Changing behaviour patterns, in turn, presupposes a reform of the institutions that structure and regulate such behaviour. This is not a simple counterposing of regulation by the free market or by the state. Institutions work well to the extent that they correspond with the opportunities and means of the actors. The Fordist regulatory system, based on oligopolistic markets, big organisations, corporate bargaining procedures, and bureaucratisation of economic activity, of natural resource exploitation and of the labour system, is out of step with social reality at the end of the twentieth century. The traditional regulation of international markets and money has collapsed without new and effective institutions having emerged.

Deregulation provides no solution but only a negative variation based on the interests of free market capitalism. A new development path requires institutional reform in the economy, the social system and the tax system. Any new system of economic regulation should take into account the following points:

- The first task would be to establish a world market framework that put in place common standards of political and social rights, ecology, product quality and consumer protection. World markets need regulation that also guarantees opportunities for the economies of less developed countries. Financial markets must be regulated in a

fashion that does not hamper productive investment but scales down speculation. Apart from agreements on environmental and social standards, a regulation of international capital markets is most urgent. The introduction of (Tobin) taxes on foreign exchange and capital transfer, public supervision of banks and a stronger linking of the dollar and Euro are essential steps.

Without underestimating the difficulties of re-regulating world markets, we should expect far more initiatives from European Social Democratic governments. The major regional players will have to take the lead. The fact that rich countries reject the introduction of certain environmental and social standards, citing international competition, is not only dishonest but also writes off the future.

- Institutions for ecological regulation of the economy have yet to be established. The underlying principle would be that ecological resources, depending on their nature and importance, would remain the property of regional or local communities, nations or the people of the whole world, and could not be privatised. Private enterprise could use such resources, in ways to be determined, but only in return for financing their reproduction. In addition to eco- taxes, other suitable instruments could be certificates and environmental charges...
- State promotion of the economy, which tends to preserve existing structures and limit competition, could gradually be shifted to the independent sector which would be responsible for innovative investment. Promotion of economic development would then not be guided by state bureaucracies but by democratically constituted economic promotion bodies with co-determination based on the principle of parity. Over the longer term, economic promotion would gradually be self-financing and removed from the state budget.
- A number of public services obviously cannot be provided efficiently by state-owned companies in their current form. Privatisation, however, is not in the common interest. Especially problematic are solutions that replace local state monopolies with supra-regional big companies in monopoly positions with no ties to either the region or local community. What is needed here, once again, is to find new

ways between public and private.

One possible way would be publicly constituted agencies under democratic supervision with the broadest participation possible, not managed by state bureaucracy, which would include a number of smaller and medium-sized companies and would provide the necessary services. In this area pluralistic competition could be linked with public control. We need to give more consideration to such ideas and test them in practice...

- Finally, we need a reform of industrial relations and codetermination. From the point of view of the effects of their activities on society and the environment, big corporations are no longer the exclusive concern of their private owners. It is no longer adequate to think just of the interests of the workforce in such big corporations [as happens in codetermination]. Supervisory boards need to have a tripartite composition. [Translators note: supervisory boards in German companies are made up of representatives of the workers and the employer.] The interests of the public could be institutionalised in a public bank, the representatives of which would not come from the state bureaucracy but would be elected by non-governmental organisations.

10. A modernisation of the social welfare system requires the participation of most people in financing it and introducing a demand-oriented social safeguard, ridding the solidarity-based insurance systems of out-of-area services, limiting entitlements and the obligation to pay for high income earners, more efficiency and democratic self-management in the use of funds, as well as universal standards for all mandatory insurance schemes.

The welfare state is a second area in need of institutional reform and regulation. Welfare and social systems developed and index-linked under Fordism, such as health and pension insurance, unemployment and nursing-care insurance, have been subject to heated debates and insufficient attempts at reform for a long time. The reform of the health system and pension schemes which the German government has just ushered in has a number of approaches that are correct -

especially the introduction of a fundamental safeguard - but there are still a lot of problems.

We need a reform of the social system that better corresponds to the new social structures that have evolved in the twentieth century and which would support the transition to a new ecological path of development and a new link between economy and way of life. This requires two big steps - a universalisation of social welfare and the introduction of a basic safety net. In future there should be only one mandatory basic social insurance and one basic health insurance...

A basic social security system has to guarantee conditions fit for human beings to live in. It is not enough to simply safeguard material existence. It has to open up opportunities and provide challenges for active participation and advance in society, for the acquisition of further qualifications and for active participation in economic activity as workers or self-employed.

A basic needs-based social safeguard must be available for everyone. A compulsory index-linked basic social safeguard does not need to fully insure the high living standards of high income earners. This could be done privately. Claims based on contributions could go as high as twice the basic level. Everyone would have to contribute, regardless of type of income, except those unable to work, those on basic entitlements (eg pensioners) and children until they have finished their education. High income earners would pay into the solidarity-based insurance scheme up to a certain limit. There would be no obligatory contributions for income beyond a certain upper limit but neither could there be social insurance claims made on that income. Higher income earners could make their own provision for income beyond the threshold level. Apart from private insurance, this could involve company pensions, collective social schemes, co-operative insurers and the like. Income from these sources should also be free of premiums in the basic safeguards system. Welfare, unemployment benefit and allowances and mandatory pensions could, in their present form, be phased out over a longer period. ... The mandatory basic safeguard would therefore replace today's pension and inemployment insurance schemes. As health and nursing-care insurance could also be standardised, there would only be two mandatory insurance schemes left to be paid for by income earners.

The contributory system is preferable to the tax-financed system (such as basic state pensions) because the latter can be changed arbitrarily by a change in government policy. The contributory system has a built-in, quasi-ownership-based claim.

For children up to age 18 a basic child benefit would be paid, related to age and covering basic needs. After the age of 18 they could, when in need, claim the basic social insurance independently of parental income. This would also apply to students and would replace the student loan scheme.

Businesses must show solidarity and pay into the insurance funds. However, payments should not be assessed on the basis of gross wage costs but on the basis of value creation. Companies that are labour intensive with high wage costs have been disadvantaged in the past. This change would bring about a more just and functional distribution of costs among businesses...

11. The tax system must be fundamentally modernised, simplified and made transparent as well as oriented towards tax justice: lower taxes on small incomes, higher taxes on large-scale private property and on unproductively invested profits and revenues from financial investments. A reform of public finances could lead to a fairer social system and a more sustainable form of development.

A fundamental reform of the system of taxes and charges is urgently required. First of all, the SPD's plan to broaden the basis for taxation by doing away with exceptions, subsidies and exemptions while at the same time lowering the rate of taxation is correct. The taxes businesses pay in Germany are not too high in absolute terms; the share of the tax burden between big corporations, small businesses and workers has been levied incorrectly and unjustly both from an economic and social standpoint. However the Social Democratic approach does not suffice for a real reform of tax law...

Public finance in Germany and in other leading Western nations has been sliding into serious crisis for years. This crisis is seen mainly as a problem of public debt. Since the early 1980s national debt has risen by 600 per cent in Germany; in 1997 the total amount of national debt exceeded more than DM 2,000 billion. Almost one in four DM

of taxes now goes towards debt service. And the debts are growing further. About 25 per cent of the 1999 budget is covered by loans and the sale of federal state property...

The crisis of public finance does not primarily arise from the fact that so far “the road to social justice had been paved with ever higher levels of public spending”, as Tony Blair and Gerhard Schröder would have it. That is certainly not true of the previous government in Germany. The crisis was mainly caused by the fact that public finance lost that part of revenue that used to come from corporate and wealth taxes. In fact, in Germany tax on profits and corporate income constitutes an increasingly smaller part in overall tax revenue while the share of tax on wages rose by 20.7 per cent alone between 1992 and 1997 and constitutes the biggest item for the treasury. The burden of taxes and charges on wages and salaries is much too high. Under the condition of Fordism in crisis, by and large, only the major corporations have received big tax breaks for reasons of competition. Incomes from property rose more than proportionally.

As far as business is concerned, the myth of Germany as a high-tax country is not true: the actual average corporate tax is 21 per cent. According to the OECD amongst the industrialised nations only the Netherlands have a lower rate, while it is much higher in the US (27 per cent), Denmark (28.6 per cent) and Great Britain (32.4 per cent). If German businesses were still taxed according to the 1980 regulations the government would have DM 100 billion more every year. The problem is that the major corporations avoid taxation or are exempt from it so that small and medium-sized enterprises as well as wage-earners have to shoulder the main burden.

The crisis of public finance has to be resolved in a different way. The way that the Social Democratic government in Germany is attempting to solve the problem is socially unjust. As an alternative, a reform of public finance should be based on the following principles:

Earnings above the poverty line (be it from wages, salaries, other earnings, profits and revenues) should be subject to progressive taxation. Pensions, revenues from life insurance policies and other old age payments as well as the basic social safeguard (as soon as it has been introduced) are exempt from taxation. In other words, the basis for taxation is broadened, exceptions are abolished and effective

instruments are applied to counter tax avoidance by big corporations, the rich, and loan and insurance companies. Higher taxes are levied on capital revenues from transactions in international financial and foreign exchange markets. More pressure is necessary to harmonise taxation legislation within the EU.

There are those who have benefited and profited from the developments that led to the crisis in public finance. Against the background of huge unsolved problems in society requiring financing and the unjust accumulation of wealth amongst the economically powerful, a temporary wealth tax on big property and on the assets of insurance and loan corporations and investment companies is necessary for a transitional period of ten years.

In the long run, a decrease in mass unemployment and the reform of the welfare state as well as revenues from new development paths will pay off. A new kind of full employment would cut the costs of unemployment (about DM 170 billion in Germany in 1998) tremendously and raise tax revenues.

All expenditures are checked for their contribution to the necessary economic and socio-ecological conversion. Subsidies that merely preserve existing structures are phased out. Those contributing to the socio-ecological transformation of society and thus to a possible elimination of mass unemployment are retained and extended...

A reform of local government finance will lead to a new quality of self-administration in the communities and regions. Communities must be in a position to positively influence local ecologically oriented economic cycles and to assume a leading role in establishing a public employment sector.

12. International security and the preservation of peace depend above all else on a just world economic order, non-violent forms of implementing human rights, respect for the claims of ethnic, political and cultural groups, and a UN monopoly on the use of force.

Following the experience of the most appalling of all wars in history and the failure of the League of Nations, the United Nations Organisation was created and its Charter established an international law that outlaws war, is oriented towards consensus and bases

international relations on fundamental democratic principles. Furthermore, for nearly half a century the balance of terror prevented the horror of war in Europe.

The return of war to the European continent, its extension to Africa and Asia, its re-legitimisation in the politics of the capitalist metropolitan countries and many other countries results from the fact that the mutual restraints on the military arsenals of East and West have now been loosened. It was not intended, that confrontational and military concepts of security should be replaced by co-operative and civil ones, nor has it happened. Gorbachev's New Thinking about a civil restructuring of international relations has been without effect. With the collapse of the Soviet Union and the end of the Warsaw Pact, the West was no longer interested in such ideas.

International conflicts, wars and proliferation of arms of mass destruction have increased. Unjust economic relations, underdevelopment of the South, US and NATO ambitions to establish a world-wide military monopoly on the use of force, the undemocratic nature of international relations, disregard for human rights, international law and the rights of ethnic, political and cultural groups by many countries - all of these are causes of current crises and wars.

Neo-liberal radical globalisation, accompanied by cultural imperialism, jeopardises traditional social structures and alternative opportunities for development and provokes resistance. Without underestimating specific causes in individual regions and countries, it must be said that dictatorial regimes, ideological fundamentalism, wars about distribution and a world-wide militarisation of politics are the consequence of economic, political and military strategic decisions by the metropolitan countries.

Currently anti-militaristic forces are weak and the monopoly of the West on the use of force is almost without restraint. But politics established on that basis is short-sighted, counter-productive and irresponsible. It creates new tensions and aggravates old ones, destroys civilian and co-operative thinking and, at best, solves warring conflicts by causing new ones, and in the long run probably worse ones. Universal application of human rights, individual freedom and democracy cannot be brought about by military threats or war. But human rights is a requirement for lasting peace.

Firstly, those wanting to pursue policies to prevent wars and remove and contain existing military conflicts, must first of all reduce the instruments of war, especially in the dominant military powers of NATO. Disarmament must again be a primary focus of international politics: arms exports must be downsized and eventually banned altogether, the manufacture of new arms and especially high tech weapons and the extension of the attack-capable armed forces must be effectively limited or stopped. The proliferation of weapons of mass destruction can only be prevented by disarmament by the nuclear powers themselves.

Second, the recent re-legitimation of war as “the continuation of politics by other means” has to be stopped and the UN monopoly on the use of force has to be restored. A surrender of sovereignty in security matters to democratised international institutions could provide joint security on a reliable basis. Not the enlargement of NATO and extension of its military strategy or an activation of the Western European Union as the military wing of the EU but a decisive strengthening and democratisation of the United Nations and the OSCE in Europe offer a way out of the spiral of wars.

Third, a just world economic order and the opening of alternative and self-determined opportunities for development for the countries of the South is the most important prerequisite for removing the causes of dangerous regional conflicts over distribution, regional ambitions for supremacy and local militarism.

Fourth, civilian crisis prevention, an international crisis early warning system and peace education and research must assume a totally new status. Non-violent and effective forms of implementing human rights as well as the rights of ethnic, political and cultural groups could complement existing instruments under international law.

Peace too is the continuation of politics by other means. The continuation of the current international economic policy, of current security strategies, of the traditional power-political instrumentalisation of human rights, and current Western attitude towards the UN and OSCE will not bring peace. The socialist Left must contribute to a new beginning in each of these areas. ●

Boris Kagarlitsky

The Prospects for Socialism (or Barbarism)

Not long before the European elections, in which the social democratic vote collapsed, two of the most authoritative social democratic leaders, Tony Blair and Gerhard Schröder published a letter in which they formulated the principles of the so-called “new centre” (Neue Mitte). These principles could be summed up as arguing that the traditional ideas of Social Democracy (redistribution, a mixed economy, and state regulation in the spirit of Keynes) needed to be replaced by new approaches in the spirit of neo-liberalism. True, the authors of the letter took their distance from neo-liberalism itself, stating that they did not share its illusions that all problems could be solved through market methods. At the same time, they proposed to solve the problems of world trade by liberalising it further. Instead of solidarity, they called for increased competition, and instead of job creation, for preparing young people better for life under the conditions of a constantly changing market conjuncture.

In reply to Blair and Schröder, Gregor Gysi, founder of the German Party of Democratic Socialism and leader of its Bundestag fraction, published his own document. This was entitled “Twelve Theses for a Modern Socialist Politics” (Zwölf Thesen für eine Politik des modernen Sozialismus). These theses purported to represent a consistent defence of the principles of social solidarity, regulation

and redistribution. Nevertheless, there was practically nothing socialist about Gysi's theses. The text did not even mention the labour movement; all the reforms the document defended were seen not as the consequences of mass struggles by workers acting from below, but rather, as the results of initiatives by the state, acting from above. In essence, Gysi was defending a complex of measures that are thoroughly progressive within the framework of capitalism, but which do not in any way extend outside this framework, and do not even break with the system's logic. In the 1970s such a text would have been interpreted as a right-wing social democratic document. At the end of the 1990s, it is an example of a critique of social democracy from the left.

I am not setting out here to criticise my friend Gregor Gysi. Like a pianist in an American bar, he "plays as well as he can", or more precisely, as well as circumstances allow. As a practical politician, Gysi understands that his theses must not fall outside the general context of the debate; otherwise, he will seem an "abstract ideologue", a "utopian" and so on, and will not be able to convince anyone. Within this context, Gysi's position is the most left-wing. But this in itself already bears witness to the historically unprecedented decline of the socialist movement.

This decline is occurring against the background of a crisis of the trade unions and of other forms of workers' self-organisation. From time to time the working class makes its presence felt through strikes, but on the whole it has once again been transformed from a "class for itself" into a "class in itself". The more fortunate groups of workers, those who are involved with the most modern technologies, are not showing particular solidarity with those who perform traditional physical and mechanical labour.

Meanwhile, it appears that capitalism has not grown appreciably stronger as a result of the decline of the socialist forces. The crisis of the system is subject to its own logic, which made its effects felt unmistakably during the Asian and Russian financial cataclysms of 1997 and 1998. Those whom the financial crisis struck first, it appears, are now recovering, but Latin America and Western Europe promise to make up for them. The series of financial calamities is only one manifestation of a general process. In the period from

1989 to 1991 the capitalist world system reached the limits of its expansion, becoming truly global. Its further development inevitably involves a sharpening of contradictions.

Rosa Luxemburg spoke of the alternatives “socialism or barbarism”. She proved correct; socialism has suffered a defeat, and barbarism is triumphing. This barbarism is appearing now on the fringes of the system, in Russia and Africa, in the former Yugoslavia and in Colombia. What appears first is simply hotbeds of chaos. The world of universal competition becomes a world of ungoverned violence, corresponding precisely to Hobbes’s notion of “the war of everyone against all”. Laws are all conditional. The desire for victory (or for revenge on anyone who has bested you) is absolute. It is dictated by the very logic of the system, just as elemental aggression is its inevitable outcome on the psychological level. The conclusions of psychoanalysis, already formulated in the 1920s (on the threshold of fascism) are confirmed by the experience of recent years. Senseless regional and ethnic conflicts, the spread of weapons of mass destruction, growing corruption, mafias, narcobusiness - all these are rampant in the periphery. The explosion of nationalism is the predictable result of capitalist globalisation. The scale of the slaughter in Rwanda, Sierra Leone and the Congo is already fully comparable with the destruction of human life in the GULAG or during the Second World War, with the sole difference that, at that time, the killing took place against a backdrop of great historical collisions, while now it is simply casual and commonplace. Kurdistan, Chechnya, Tadjikistan, the former Yugoslavia, Colombia - the geography of violence is constantly expanding. This outburst of violence is the natural reaction of peripheral society, denied the prospect of sharing in market prosperity and without clear perspectives for transforming itself on any other basis.

The shocks on the periphery are increasingly making their effects felt in the centre as well. The wealthy countries are being battered by waves of refugees and migrants; this in turn is stimulating the growth of racism, violence and police control. The decline of education is becoming a general phenomenon in the centre as well as the periphery. This is becoming even more noticeable in the developed countries, which are increasingly dependent on imported brain power.

This resource, however, will soon be exhausted. The economic crisis could turn into an intellectual one. The chaos is spreading, overwhelming more and more new territories and spheres of life. Fukuyama's "end of history" could become Spengler's "decline of the West". And not only of the West. Paraphrasing the well-known thesis from the program of the Soviet Communist Party, it might be said that the present generation could witness the total collapse of modern civilisation.

This scenario will not be spelt out in detail, even though the signs are increasing that it will come to pass. All that can be said to reassure the reader is that even the collapse of civilisation does not mean the extinction of humanity. The latter survived the downfall of ancient society, and will survive the fall of global capitalism. But as to what will grow up on the ruins of capitalism, we are no more able to judge than the last of the Romans were able to speculate on the prospects of the Renaissance.

Nevertheless, there is another possibility. If not barbarism, then socialism. Socialism, that is, understood as a radical systemic alternative - not as a means of improving and "touching up" capitalism, but as a new society that will succeed capitalism. In my view, the "return" of socialist ideology and of the corresponding mass movements is the only alternative to general barbarisation.

What might this "return" be like, if it occurs in the first decades of the twenty-first century? It is impossible to make detailed prophecies, but a few predictions are in order.

First of all, the labour movement will gradually overcome its crisis. The forms of organisation of the trade unions will change. The unions will become less centralised and bureaucratised, and their ideology will become more radical and internationalist. Instead of defensive struggles, we will start to see unions going on the attack. Gradually feeling out the weak points of the transnational corporations, and co-ordinating their actions on an international level, the trade unions will again alter the relationship of forces between labour and capital.

Reorganising the trade unions will be possible only as part of a more general process in which the class of hired workers will be transformed. The traditional notion that hired labour equals physical

work is vanishing into the past. Science and education have been thoroughly proletarianised. In the course of the technological revolution a new social layer, a sort of “technological elite”, has been formed. This technological elite has been content to reap the fruits of its privileged position in the world of labour, in practice supporting the neo-liberal model of capitalism. This, however, has been possible only during the rise of the technological revolution. No revolution, even a technological one, can continue endlessly and without let-up. Revolutionary phases of the development of technology are being replaced by evolutionary ones, and the position of the technological elite is changing. To a significantly greater degree, this elite will come to feel its dependency on the real elites of bourgeois society - the financial oligarchs and the transnational bureaucracy of the private sector.

The more the technological elite discovers contradictions between its interests and those of the bourgeoisie, the more it feels itself part of the world of labour (along with scientists, teachers, and medical personnel). The change of psychology is occurring slowly; a generation shift is needed. Nevertheless, this is a necessary and legitimate process. Some sociologists (for example, Alexander Tarasov) consider that it will be this technological elite that acts as the gravedigger of capitalism. It will play the same role in relation to bourgeois society as the bourgeoisie played in relation to feudalism. It is worth noting that it was absolutism that established the bourgeoisie and sustained it in its early period.

In any case, the new technological elite will be forced to recognise itself as part of the world of labour, just as the bourgeoisie once recognised itself as part of the third estate, placing its common class interests above corporate divisions. Overcoming this corporatist atomisation of the workers has been the main task of the traditional labour movement. The question now is how to find a new “identity”. This will not be easy, but it is indispensable.

In practice, the working class is being formed anew, just as happened in the mid-nineteenth century, when industrial labour took over from artisan manufacturing. On the basis of a new class consciousness, a new socialist project is possible. Despite the fashionable debates about the search for new principles, the key ideas

of socialism must remain unchanged - otherwise, it will no longer be socialism. From private property, to social property. From an economy subordinate to the profit needs of the private sector, to an economy where the social sector holds sway, serving social needs.

The new economic relations can only really come into existence in the form of a “mixed” or “transitional” economy, of “market socialism”. But it does not by any means follow from this that the combination of market and socialism is stripped of contradictions. Socialism does not necessarily exclude the market, but it is not in any sense the outcome of market logic. It is precisely the limited nature of the possibilities of the market as an organising basis for the economy that makes socialism historically inevitable. The forcing out of market relations by new relations based on co-operation and solidarity cannot be mechanical; where market relations are natural and necessary, the market will survive. But as is shown by the experience of the Internet and of fundamental science, the logic that operates in the technologically advanced areas of the economy is different. The greater the spread of post-industrial technologies, the greater will be society’s need for non-market organisation.

A social sector is impossible without state ownership. This is not because state ownership is good in itself (it is often bad), but for the reason that without nationalisation, socialisation is impossible. Near the end of his life, Leon Trotsky stated that socialisation emerges from nationalisation in the way a butterfly arises from a pupa. Millions of pupae perish without ever becoming butterflies. So it was with the Soviet economy. Even though the Soviet economy never became authentically socialist, the bureaucratic carcass of the centralised state put a brake on all qualitative growth. Instead of development and transformation, what began was degeneration.

Paraphrasing Trotsky, one could say that at a certain stage property has to “pupate”, taking on a state form. But in order for subsequent development in the direction of socialism to be possible, the state itself has to undergo radical changes.

The call for the democratic renewal of the state is not only a socialist demand. It is society’s natural, positive answer to the challenge of globalisation. The transnational business elites and the financial oligarchs are highly integrated with one another, and at the

same time marginal in relation to society - to any society, not only in the countries of the “periphery”, but also in those of the “centre”. A society cannot be global. Nor can a labour market. Consequently, when responding to policies of globalisation, the left defends the interests of society against the transnational elites. This obliges leftists to become “patriots”, and here we come up against a very sharp cultural and ideological problem. In France and Mexico, for example, there are traditions of democratic and revolutionary patriotism, closely linked with concepts of human and civil rights, and with the values of enlightenment and freedom. In Russia and Turkey, by contrast, the democratic and left traditions developed in confrontation with nationalist ideology. As a result, leftists are beginning to draw their inspiration from all sorts of reactionary ideas about “native soil”. Where this leads we know from the example of Zyuganov’s Communist Party of the Russian Federation.

In principle, the reply to the question of “left-wing patriotism” has to be a consistent democratism. Since the advent of globalisation it has become obvious that international forms of democracy and representation are absolutely essential; without them, democracy on the level of the state is defective and incomplete. Without a national state, however, democracy cannot exist at all. Society can express its interests and defend them only within the framework of a national state. International structures can be representative and democratic only if they rest on democracy in every individual state, just as this democracy can only be fully realised if it rests on local self-management.

At a time when transnational capital and international financial organisations are becoming more and more irresponsible, escaping all control (in essence, they themselves seek to control legally elected governments), the defence of national sovereignty is becoming tantamount to a struggle for the elementary civil rights of the population. We have the right to participate in making decisions on which our lives depend.

When understood in this way, the idea of sovereignty has nothing in common either with the ideology of “ethnic” association, or with the “*derzhavnost*” (a derivative of tsarist-era authoritarian chauvinism) preached by Russian nationalists. The struggle for

economic sovereignty has meaning only when it takes the form of actions in solidarity by the peoples of different countries. It needs to rest not on the idea of nationalism (in essence, bourgeois-bureaucratic nationalism), but on the traditions of internationalism and anti-imperialism. In short, leftists in order to be “modern” and “up-to-date” in this case need first of all to remain true to themselves and to their own age-old principles.

What clearly needs to undergo the most serious changes is not the idea of socialism as an alternative to capitalism, but the concept of the left party. The point is not simply that Lenin’s understanding of democratic centralism was pregnant from the very beginning with authoritarian degeneration. This form of political organisation arose out of the specific conditions of Russia in the early years of the century, and whatever we might say about it today, was suited to these conditions. Today’s task is not to formulate an abstract ideological critique of Leninist centralism, but to search for organisational forms that are appropriate to today’s social structure and to the present collective experience.

Before us stands the task, which history has shown to be very difficult, of creating a consistently democratic party. So far, neither communists, nor social democrats, nor Trotskyists, nor the national liberation movements of the countries of the periphery have been able to meet this challenge. But the very fact that this task has not been carried out (it is, perhaps, theoretically insoluble) is an important matter of principle. An ideal model for a party, a model that can be reproduced anywhere, is impossible. The question of the political organisation of the modern-day left is not at all theoretical, but acutely practical. Without a practical movement, all party statutes and programs are useless. Where this movement exists, we do not find an ideal model, but practical experience with a multitude of problems and contradictions. For all its difficulties, however, the movement carries us forward. Examples here are provided by the Party of Workers in Brazil, the Party of Democratic Socialism in Germany, and Rifondazione in Italy. The experience of these formations can be criticised from the point of view of some ideal conception of what leftists should now be like. This theorising, however, is worth nothing unless there is also critical analysis of the relevant experience, unless

there is participation in the practical movement (on this level many of the positions Gysi has taken, though I do not agree with them completely, strike me as having far more weight than the speeches of his critics, even though these discourses might in theoretical terms be more correct).

In the new epoch, the division between reformists and revolutionaries, though one of basic principle, is becoming much less significant than the conflict between leftists on the one hand, and ex-leftists or pseudo-leftists on the other. The problem faced by social democracy today is not related to its moderation or reformism, but on the contrary, to its consistent, fundamental rejection of reformism and of any form of socialism, even the most moderate. Social democratic positions can now be found only among dissidents within social democratic organisations, or among members of parties to the left of “social democracy” (the German PDS, the Swedish Left Party, and so forth). The crisis of social democracy means that the tasks of reformism need to be formulated afresh, while taking into account reformism’s inherently limited nature. The weakness of the left movement, meanwhile, signifies that radicalism is indispensable. Reformism was possible when the relationship of forces favoured the labour movement. This relationship of forces represented a conquest of revolutionary struggle. It is impossible to win minor and partial reforms from today’s elites, since there is nothing that compels them to make these concessions. The left movement has to become really dangerous to the establishment, arousing in it not sympathy, but horror. Only then will the left command respect. Policies aimed at convincing the elite of the “seriousness” and “responsibility” of the left will ultimately bring about the movement’s self-destruction. The movement needs to prove its seriousness to the workers. To achieve this, it has to express the moods of workers, and to bring about real gains in the interests of its social base. Often, this occurs as the result of quite “irresponsible” actions, as in Paris in December 1995, when the trade unions effectively brought the country to a halt while defending the “privileges” of civil servants. Although the degree of political radicalism in the countries of the “centre” and “periphery” will inevitably differ, the general principle is the same everywhere: today, every honest reformist has to become a revolutionary.

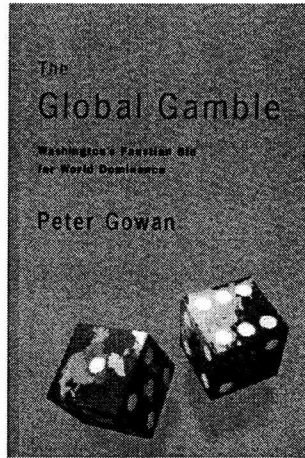
Now for a final point. Socialism has another name: culture. The principle of culture, like the principle of socialism, is located outside the market and to a certain degree is opposed to it. Beauty cannot be measured in currency units, human merit is not always profitable, and knowledge must not be an object of sale and purchase. Knowledge belongs to everyone.

The interest in socialism felt by the intelligentsia early in the century was aroused not only by the fashion for new ideas and by the momentum of revolutionary expectations. It was profoundly professional, or if you like, even corporative. Culture is fundamentally anti-bourgeois; the laws by which it operates are different from those of business. If we are now seeing a massive shift of the intelligentsia to liberal positions, this testifies not so much to the crisis of socialism as to the profound crisis of the intelligentsia, which has lost its place in society. Art is being replaced by show business, and science by “research projects” that are of interest solely to the person who commissions them.

Meanwhile, no society can exist without culture and science. In place of the old, rotten, discredited intelligentsia, a new one will therefore come into being. Together with it, we will see a new generation of socialist activists.

Peter Gowan, *The Global Gamble: Washington's Faustian Bid for World Dominance* (Verso 1999) pp.xvi + 320, ISBN 1-85984-271-2 (pb), 13.

Many readers of *Labour Focus on Eastern Europe* and *New Left Review* will be familiar with Peter Gowan's writings on relations between Eastern and Western Europe over the last decade. In particular, issue 62 of this journal was devoted to a detailed account



by Gowan of the background to the NATO war against Yugoslavia which drew heavily both on a theoretical framework and on empirical studies developed over a number of years. This book sets out that framework in its first half and uses it to analyse the global strategy of the United States government under the Reagan, Bush and Clinton presidencies. The second half of the book reprints a number of previously published articles which reinforce and apply the approach developed earlier. The emphasis here is predominantly on Eastern Europe, though there is also a critique of the analysis provided of the Gulf War and of modern Iraq by Western liberals.

Gowan's account is wide-ranging and draws on a great deal of empirical evidence. However, the core of his argument is quite simple and very powerful. It is that the central political and economic driving force behind what is euphemistically termed 'globalisation' over the last twenty-five years has been a single minded attempt by the United States to regain and entrench its global hegemony. This hegemony was dramatically threatened by the events leading up to the devaluation of the dollar and breakdown of the 'Bretton Woods' system of fixed exchange rates between 1971 and 1973. Faced with challenges at this point from both European capitalism, especially West Germany, and from Japan, and later from East and South East Asia, the United States has responded by inaugurating a distinctive international financial

regime, termed by Gowan the 'Dollar-Wall Street Regime' (DWSR). This regime has provided the basis for a reassertion of United States economic power, based crucially on using the opportunities provided by floating exchange rates to push down the value of the dollar and on opening up global financial markets in order to provide flows of money which have financed the American government budget deficit and balance of payments deficit. The most detailed section of Gowan's description of this process deals with the sophisticated and aggressive international economic strategy developed by the Clinton administration, and in particular with the response of the USA to the Asian economic crisis of 1997, focusing on South Korea.

Gowan's work joins a number of recent accounts written from the left which have reasserted the importance of inter-state competition as fundamental to explaining current social upheavals. Notable here are Robert Brenner's analysis published by *New Left Review* last year (Brenner 1998) which sees the long period of global economic stagnation after 1973 as resulting primarily from such competition and a series of writings by Robert Wade and Frank Veneroso which have highlighted the role of what they refer to as the 'Wall Street-Treasury-IMF Complex' in exacerbating the economic crisis in Asia (Wade and Veneroso 1998). From a more mainstream perspective, the most thorough recent study of the exchange rate between the yen and the dollar sees the rise as the yen both as caused mainly by mercantile pressure from the USA and as the central reason for the problems of the Japanese economy in the 1990s (Mc.Kinnon and Ohno 1997). This book should thus be seen in the context of a growing interest in the relations between international economic competition and political strategies. However, it is also distinctive in a number of ways. Gowan brings to his analysis an exceptionally sharp sense of the political intricacies of relationships between states. He is also very good at highlighting the central importance of particular key crises - the Gulf war, the currency crisis in South Korea, the war over Kosovo - in concentrating the various tendencies which he has identified and resolving the terms on which they will be managed following a crisis. His specific knowledge of Eastern Europe enables him to show in great detail how the general strategies and conflicts he identifies work themselves out in a particular case. Last but not least,

the book is written with real passion and this in turn makes it gripping for the reader. There are however a number of issues relating to Gowan's argument which require further investigation. Three closely linked questions appear especially important. They concern the degree to which the United States has been successful in establishing hegemony, the extent to which its strategy for doing so has been consciously planned and the relation of inter-state competition to other social conflicts, particular that between capital and labour. I shall look at these in turn.

A key issue in analysing global inter-capitalist competition is that of the extent to which the 'Dollar-Wall Street Regime' (DWSR) has actually succeeded in re-establishing US economic power. Gowan's introduction of the concept tends to stress the control over the world economy which the USA has achieved: "since the 1970s, the arrangements set in motion by the Nixon administration have developed into a patterned international regime which has constantly reproduced itself, has had very far-reaching effects on transnational economic, political and social life and which has been available for use by successive American administrations as an enormously powerful instrument of their economic statecraft" (p.5). Further, when discussing the deregulation of international financial markets in the 1970s, he writes "we shall see below how these processes actually worked to strengthen the political power and economic policy freedom of the US" (p.23).

Yet later in the analysis Gowan highlights the continuing threats faced by the USA despite the temporary successes of the DWSR, notably the "financial-monetary challenge" posed by the development of the euro and the "new productive centre threat" posed by possible integration between the Japanese and other East and South East Asian economies (pp. 73-6). He shows vividly how Japanese attempts to take the lead in dealing with the Thai economic crisis through an Asian Monetary Fund were headed off by the USA and the European Union and details the aggressive attempts by the United States to use the crisis in South Korea to reshape the Korean economy. But, as Gowan points out, these attempts were to a considerable degree unsuccessful. Faced with a dramatic fall in the value of the Indonesian rupiah and the threat of a default by South Korea on its private sector

debt, the US Treasury and the IMF were forced to agree to release stabilisation funds to South Korea without the domestic policy changes which they wanted: “the US Treasury’s climb down was, in fact, a stunning defeat” (p.113). It is of course true, as Gowan says, that US companies have been able to buy up South Korean companies cheaply as a result of the crisis, but so have Japanese companies, thereby intensifying possible future rivalries between the US and Japan.

The DWSR has also, according to Gowan, had detrimental effects on the domestic United States economy: “the DWSR had offered a way out from the hard, domestic task of raising productivity levels and reorganising the linkages between savings and productive investment in the US economy” (p.118). As a result “by 1998 the US economy was inflated by very large and socially all-pervasive speculative distortions: the stock exchange, despite the falls in 1998, remains the central inflated bubble” (p.119). This bubble is fuelled by an unprecedented expansion of personal and household debt, so that “the entire US economy is now locked into the bubble” (p.119).

It is clear then, that if the DWSR has worked to strengthen US hegemony, this is a very particular kind of hegemony, which remains immensely vulnerable, at least in terms of its economic basis. More fundamentally, it is not entirely clear just how the DWSR works to entrench this hegemony. The DWSR appears to have three main components, according to Gowan - floating exchange rates, an international role for the dollar and deregulated international financial markets. The second of these already existed under the preceding Bretton Woods system. Gowan lays some stress on “dollar seigniorage” (pp.25-6), the ability of the USA to evade any constraint on the amount it can import as a result of the acceptability of the dollar as an international currency. Yet this held equally for the Bretton Woods system, with the added problem for America’s trading partners that, with fixed exchange rates, if the USA printed dollars to pay for imports this simply “exported” inflation to them. With floating exchange rates, any attempt to exploit seigniorage will to finance an import boom will either drive the value of the dollar down by increasing its supply, or will require a corresponding increase in foreign lending to the USA to soak up the newly created dollars. A constantly depreciating currency or a rising level of foreign debt are both surely

an expression of US economic weakness rather than strength.

It is here that the other two elements of the DWSR come into play. While for Brenner it is the ability of the US to push down the value of the dollar, in order to compete with Germany and Japan, which is crucial, for Gowan the key effect of floating exchange rates is increased volatility. It is this volatility which has led to the massive growth of the international financial markets and of Wall Street, particularly in the area of derivatives. Coupled with international financial deregulation, such volatility has led to a succession of financial crises across the globe which in turn have further entrenched US financial dominance as capital flows back to America: "one of the paradoxes of the DWSR is that such financial crises in the South do not weaken the regime: they actually strengthen it. In the first place, in the crises, funds tend to flee from private wealth-holders in the state concerned into Wall Street" (p.35). They also entrench US political dominance by enhancing the role of the IMF in reshaping social relations in the countries concerned.

This argument has considerable force. Yet exchange rate volatility has also brought considerable problems for the USA. The long-term downward trend in the dollar relative to the yen and the mark has, after all, reduced the wealth of the USA compared to its main economic rivals, though it has also made American exports more competitive. The sharp rise in the dollar, however, in the early 1980s, based in part on high US interest rates, did, as Gowan points out, fundamentally increase the dependence of the Latin American economies on the North, through the mechanism of debt. However, it also had a dramatic effect on domestic US industrial competitiveness, leading to the opening up of a balance of payments deficit which persists to this day.

There is some uncertainty in Gowan's account as to the extent to which the developments which he outlines have actually been planned by the USA. There is no doubt, as he shows very well, that the USA has developed, especially under Clinton, a very clear strategy based on economic competition against Japan, East and South East Asia. However, he goes on to imply a much stronger claim - that the USA consciously acted to provoke the Asian crisis of 1997, both by driving up the value of the dollar against the yen from 1995 onwards

and by stimulating flows of “hot money” into the region, which were then withdrawn by hedge funds during the crisis. He writes that “the question, of course, arises as to whether the Clinton administration was consciously using the DWSR as an instrument of economic statecraft against the East and South-East Asian economies. What is certain is that the dollar-yen exchange rate is in the policy gift of the US Treasury and Federal Reserve. Summers [the US Treasury Under Secretary, now Treasury Secretary] was deliberately organising a strong dollar against the yen and was fully committed to it” (p.93). Gowan argues that this could hardly have been because the US wanted to encourage Japanese exports, or to discourage the formation of a yen-zone in which the Japanese had shown no real interest. Consequently, “we are thus left with a mystery over the source of Summers’ policy, unless he was interested in squeezing Japan’s dollar-linked hinterland economies in the region. Everything that we know about the Clinton administration’s obsession with the challenge of the region also points in this direction” (p.93).

There are a number of problems with this argument. Firstly, it is not clear, given Japan’s trade surplus with the USA and its role as America’s largest creditor, that the dollar-yen exchange rate is as much within US control as Gowan suggests. Secondly, with Japan’s economy slumping and the consequent risk of the repatriation of Japanese capital back home from the US, there were good reasons for the US to acquiesce in attempts to bring the yen down despite the problems involved in an increase of Japanese exports. In addition, a strong dollar had important anti-inflationary benefits for the USA domestically. Thirdly, it could be argued that the significance Gowan gives to the rise in the dollar in causing the Asian crisis is too great. The dollar did not, after all, rise as far against a number of other currencies, such as sterling, as it did against the yen. Consequently, there was not such a great global loss of competitiveness for East and South East Asia as might appear from concentrating on the dollar-yen rate. Even in 1995-97 the yen remained at a high level in historical terms. Fourthly, the impact of the high dollar was problematic both for US companies located at home and in Asia, while Gowan himself points out the problems caused by the Asian crisis for the big US investment banks (p.115).

None of this means that it is impossible to say that the USA

deliberately tried to undermine the Asian economies. However, while Gowan does not claim that it is proven that such a strategy was followed, he does write “there is, as yet, no conclusive evidence that the Clinton administration acted strategically from 1995 to use the dollar price rise, pressure to dismantle controls on the capital account, inflows of hot money and financial warfare by the US hedge funds to bring countries in East and South-East Asia to their knees. There is much circumstantial evidence to suggest strategic planning. But the question remains open’ (p.128). This carries a very strong implication that, at least in some measure, the crisis was consciously planned. In my view this overstates the degree of control exercised by the US and consequently overlooks the extent to which the crisis emerged as a result of US weakness rather than strength - in particular the legacy of reckless investment in Asia by Western productive and financial capital as a result of weak accumulation and scarce profit opportunities at home. This raises the third general question about Gowan’s analysis, that of its relation to social conflicts other than inter-state competition. This can be posed specifically in terms of the links between Gowan’s work and other Marxist analyses of international economic crisis.

One of the attractive features of Gowan’s book is the very clear foundation given to his account by his demystification of orthodox accounts of financial markets and his attempt to ground his work in a Marxist understanding of the role of finance within capitalism (chapter 2). Yet there is a possible tension here in that, until the final section of the first half of his book, which deals with alternatives, Gowan presents no explicit analysis of the productive sector to parallel his study of financial relationships. This has a number of consequences for the shape of his argument.

Firstly, there is a tendency to downplay the contradictions and problems in those economies subject to competitive pressure from the US, particularly the Asian economies, with the implication that problems there result almost entirely from international factors rather than from internal contradictions. Gowan makes the valid point that China, Vietnam, India and Taiwan were protected from the financial crises which struck elsewhere in Asia through retaining a structure of capital controls. He also argues correctly that Anglo-American commentators are unjustified in claiming that the Asian crisis proves

the superiority of the Anglo-Saxon model of capitalism over the East Asian one. Yet these points do not mean either that capital controls can indefinitely avert economic crises or that the East Asian model is crisis free. China and Vietnam, for example, continue to face very severe economic problems despite high headline rates of growth in China. In addition, Chinese growth actually constitutes one of the background factors leading to the crises elsewhere in Asia in 1997.

In particular, Gowan does not deal in any detail with relations between capital and labour. Yet surely the rise of tensions in this area in South Korea since 1987, and in particular the success of Korean workers in resisting austerity plans in the winter of 1996-7, are as important as US economic strategy in explaining the development of the crisis there.

Secondly, while I have argued above that Gowan overestimates US financial control over the world economy, his concentration on the financial sector tends to make him underestimate the importance of renewed US strength in production. It is true, as he points out, that the boom in information technology in the USA has not significantly raised productivity growth there and that it has led to a dangerous speculative bubble in the stock market. However, it is also surely the case that in a number of key industries which appear central to capitalist accumulation over the next two decades - telecommunications, computer software, biotechnology - US capital has managed to be more innovative and successful in the 1990s than either Japanese or German capital. Possible reasons for this, for example open immigration policies, the nature of the financial system, spin-offs from military production, have been hotly disputed. But inasmuch as the USA has reasserted economic leadership in the capitalist world over the last decade it is surely based on developments in production as well as financial leverage.

Thirdly, another attractive fact about Gowan's book is his willingness to suggest concrete policy measures to deal with the international instability which he diagnoses. His prescriptions (pages 131-8) revolve centrally around two pivots - taming the power of financial markets and reorganising the relationship between states and regions, particularly Eastern and Western Europe. At this point Gowan rightly recognises the interdependence of financial and

productive relations and that the financial sector will not be brought under control without a strategy for economic growth. This strategy, in his view, is to be centred on the provision of massive financial resources for Eastern European development, which will in turn allow for a virtuous cycle of growth in Western Europe.

This vision is compelling and inspiring. However, it does not analyse the extent to which economic stagnation in Western Europe is caused not simply by a lack of demand but by a determined strategy on the part of European capital to break the relative social and economic power of labour. I would argue that this gap in Gowan's account is closely linked to his central stress on inter-state competition at the expense of other social conflicts. For Gowan, attempts to break up the European social model result primarily from an American initiative, backed by Britain, to impose an Anglo-Saxon system of capitalism on the continent. The interests of European capitalists are recognised but allotted a subordinate place in this process. Yet it could also be argued that the line of causation runs the other way. It is the project of European capital to reverse the gains achieved by labour which has led both to slow growth and the ascendancy of finance rather than the power of finance imposing a social strategy on Europe.

These points are not meant in any way to invalidate the analysis provided by Gowan but merely to raise questions in order to further the debate which he has opened in this book. It is a crucial work for understanding the forces which have shaped the global and economic framework of the last decade.

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