

**RELEVANCE OF MARXISM IN EUROPE:
A CASE STUDY OF FRANCE, 1990-2010**

*Dissertation submitted to Jawaharlal Nehru University
in partial fulfillment of the requirements
for the award of the degree of*

MASTER OF PHILOSOPHY

PREM BAHADUR MANJHI



**CENTRE FOR EUROPEAN STUDIES
SCHOOL OF INTERNATIONAL STUDIES
JAWAHARLAL NEHRU UNIVERSITY
NEW DELHI-110067
INDIA**

2012



Centre for European Studies
School of International Studies
Jawaharlal Nehru University, New Delhi-110067, India

Tel.: (O) 2670 4148, Fax: 91-11-2674 2592, 2674 1586
Email: cesisjnu@gmail.com

26th July, 2012

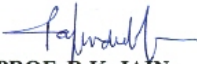
DECLARATION

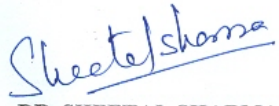
I declare that the dissertation entitled “**Relevance of Marxism in Europe: A Case Study of France, 1990-2010**”, submitted by me in partial fulfillment of the requirements for the award of the degree of **Master of Philosophy** of Jawaharlal Nehru University is my own work. The dissertation has not been submitted to this University or any other university.

PREM BAHADUR MANJHI

CERTIFICATE

We recommend that this dissertation be placed before the examiners for evaluation.


PROF. R.K. JAIN
(Chairperson)
Chairperson
Centre for European Studies
School of International Studies
Jawaharlal Nehru University
New Delhi-110067, India


DR. SHEETAL SHARMA
(Supervisor)
Centre for European Studies
School of International Studies
Jawaharlal Nehru University
New Delhi - 110067

Dedicated

to

My Father

Late Shri Ram Prabesh Manjhi

CONTENTS

	<i>Page No.</i>
<i>Acknowledgement</i>	<i>i</i>
<i>List of Abbreviations</i>	<i>ii-iii</i>
CHAPTER 1: INTRODUCTION	1-23
1.1 Background	
1.2 Understanding Marxism	
1.3 The Resurgence of Marxism	
1.4 Review of Literature	
1.5 Definition, Scope and Rationale of Study	
1.6 Research Questions	
1.7 Hypothesis	
1.8 Research Methods	
1.9 Limitation of Study	
1.10 A Structural Outline of the Research	
CHAPTER 2: PHILOSOPHY OF MARXISM	24-45
2.1 Introduction	
2.2 The Basic Ideas of Marxism	
2.3 Materialism	
2.4 The Labour Theory of Value and Surplus Value	
2.5 The Class Struggle and Revolution	
2.6 The Variants of Marxism	
2.7 Conclusion	
CHAPTER 3: THEORY AND PRACTICE OF MARXISM	46-81
3.1 Introduction	
3.2 Marxism since late 19 th Century to 1950 in Europe	
3.3 Socialism and Communism after Second World War	
3.4 The Triumph of Capitalism since 1949	
3.5 The Revival of Capitalism and Demise of Communism	
3.6 Marxism as Practice in France	
3.7 The Political Ideology in Contemporary Europe	
3.8 Conclusion	

CHAPTER 4: IDEA SHAPING REALITY: CRISIS OF NEOLIBERALISM 82-125

4.1 Introduction

4.2 Welfare State and Neoliberalism in Europe

4.3 European Union and Neoliberalism

4.4 Crisis of Neoliberalism

4.5 Crisis of Neoliberalism in European Union

4.6 Neoliberalism in France

4.7 Disagreement within both Political/Social Blocs in France and Neoliberalism

4.8 The Economic Crisis and Sarkozy's Strategy

4.9 Pension and Retirement age Plan Reform during Sarkozy Government

4.10 Recent Political Developments in France

4.11 Conclusion

CHAPTER 5: CONCLUSION 126-138

BIBLIOGRAPHY 139-156

APPENDIX I-IV 157-190

ACKNOWLEDGEMENTS

I would like to convey my earnest gratitude to my Supervisor Dr. Sheetal Sharma for the guidance she provided me during writing this dissertation. She read large drafts from time to time and advised and encouraged me. I shall always be grateful to my respected Supervisor to provide me invaluable comments, suggestion, criticism and precious advice during writing of this dissertation and for her teaching during my course work as well. She has given me the unfathomable benefit of her critical and analytical views to write my dissertation. I wish all to have a supervisor like her.

I am grateful and wish to thanks to Prof. R.K. Jain, Chairperson of Centre for European Studies, Prof. Ummu Salma Bava, Late Prof. S.K. Jha, Dr. Gulshan Sachdeva and Dr. Bhaswati Sarkar who gave their valuable advice, suggestion and their way of teaching method enabled me to understand such vast and complex European union and Europe. They have such vast knowledge on their subject which enlightened me so much during my course work.

I wish to thank our Vice-Chancellor, Dean of SIS and all university staff for their cooperation and making the best facilities and peaceful environment for researcher. I am highly grateful to UGC for providing me financial assistance otherwise it would have been impossible for me to continue higher education and research.

I also thank staff at CES for their support. I thank staff of Rembrandt Room CES library, EXIM Bank Library as well as central library of JNU for their support and their cooperation.

I thank to my all friends in European studies centre and well wisher in JNU. Further, I like to wish my seniors who supported me during my course work.

Finally, I wish to thank my best half and beloved wife Smt. Poonam Devi for her support, cooperation and assistance during writing of this dissertation.

Prem Bahadur Manjhi

LIST OF ABBREVIATIONS

BBC	British Broadcasting Corporation
BSP	Bulgarian Socialist Party
CEO	Chief Executive Officer
CGT	Confederation Generale du Travail
CPE	Contrat Premiere Embauche (Contract of First Employment)
ECJ	European Court of Justice
EC	European Communities
ECSC	European Coal and Steel Community
EEC	European Economic Community
EMS	European Monetary System
EMU	European Monetary Union
EPA	Economic Partnership Agreements
ERP	European Recovery Program
EU	European Union
EURATOM	European Atomic Energy Community
FN	Front National
FO	Force Ouvriere
GDP	Gross Domestic Product
ILP	Independent Labour Party (UK)
IMF	International Monetary Fund
ISA	Ideological State Apparatus
KPD	Kommunistische Partei Deutschlands (Communist Party of Germany)
LO	Labour Organization
LRC	Labour Representation Committee (UK)
MNC	Multinational Company
MRP	Mouvement Republicain Populaire (France)
NATO	North Atlantic Treaty Organisation
NPA	New Anti-Capitalist Party
OECD	Organisation for Economic Co-operation and Development
OPEC	Organisation of Petroleum Exporting Countries
OVP	Osterreichs Volkspartei (Austrian People's Party)
PCF	Parti Communiste Francais (The French Communist Party)
PCI	Italian Communist Party

POB	Parti Ouvrier Belge
POF	Parti Ouvrier Francais
PS	Socialist Party
RSA	Repressive State Apparatus
RSDLP	Russian Social Democratic Labour Party
SAP	Social Demokratiska Arbetarepartiet (Swedish Social Democratic Party)
SDF	Social Democratic Federation (UK)
SGP	Stability and Growth Pact
SFIO	Section Francaise de Internationale Ouvriere
SIV	Structured Investment Vehicle
SPD	Social Democratic Party (Germany)
SR	Socialist Revolutionaries
TCC	Transnationalist Capitalist Class
TNC	Transnational Companies
TRIPS	Agreement on Trade Related Aspects of Intellectual Property Rights
UNCTAD	United Nations Conference on Trade and Development
US	United States of America
USSR	Union of Soviet Socialist Republics
USPD	Unabhangige Sozialdemokratische Pattei Deutschlands (Germany)
WEU	Western European Union
WTO	World Trade Organisation

CHAPTER ONE

INTRODUCTION

INTRODUCTION

1.1 Background

It is seen that beginning with the Russian Revolution and ending with the downfall of the socialist regimes in Eastern Europe and the Soviet Union, the period between 1917 and 1991 saw most of people across the world claiming to achieve an alternative to capitalism which was “communism”. The demise of communism in Russia and other Central Eastern European countries in 1989-1991 (Map 3-Appendix II) led to integration of East and West Germany. With fall of Berlin wall Marxism was spelled as dead both in reality and imagination. Francis Fukuyama called it end of history. This ideological transformation led to socio, economic and political transformation all over the world. The Soviet-style planned economies in central and Eastern Europe adopted capitalist mode of production and neoliberal policy.

However, the dismissal of Marxism as either an ideology or as a politically applicable force in the contemporary world is strongly mistaken. The constant crisis of capitalism over the last 20 years has brought stagnation in development, huge unemployment, inequality and accumulation of wealth by few hands at the expense of the rest of society in Europe particularly in France is validating the Marxist critique of capitalism. Some 43 million of people are thought to be at risk of food poverty in Europe (Figure 1-Appendix I). The neoliberalism is constantly in crisis and Marxism continues to offer the most important tool the critique of capitalism and a strong guide to achieve communism.

In Europe, the period from the defeat of the Paris Commune to the outbreak of World War I, it is seen that emergence of organised political parties with clearly socialist objectives, advocated for mass trade unions and welfare states. The unions brought together innumerable workers, especially in the manufacturing industries. The World War II brought a complete redrawing map in Europe. The communist regime established in Eastern Europe (Map 2-Appendix II). “The strategy of the west crystallized as a ‘policy of containment’”. The Truman doctrine and the proof of

determination to remain in Berlin symbolised the resolve to fix precise limits beyond which further extension of communist influence or power would be resisted by all means available” (Thomson 2007: 797). The communist ideology had also influenced outside of Europe and spread other parts of world (Map 1-Appendix II). During the Cold War, the international relationship between capitalism and communism (West and East) always contained elements of competition as well as confrontation, especially in the context of “mutually assured destruction” by nuclear weapons. Equally, the domestic struggle in the West against communism was based wholly on opposition. The more regulated form of capitalism prevailed during the golden age of 1945–70.

The welfare state in Europe particularly in France fell in crisis in late 1970; all European countries embraced neoliberalism. This policy has benefited only capitalist class since the policy was adopted by European countries and the working class and common people suffered. The crisis in neoliberalism in Europe particularly in France is shaping our understanding of how humanity has suffered in the past three decades. The present crisis has come upon us at a time when it is increasingly clear that humanity as a whole faces the possibility of major social collapse.

The Marxist–Leninist tradition offers arguing that socialism is in a transitional form, to be superseded by a “higher stage” usually is termed as communism. It goes on to argue that failed trajectories of “revolutionary” socialism or Marxism are still relevant which sought to achieve its goals through the destruction of the existing economic, social, and political order in Europe. It has been explained by examining the development of Marxist politics in the twentieth century, and the reasons for the failure of socialists to achieve their goals. However, common understanding of Marxist-Leninist as the socialism with collective state ownership of the means of production and central planning is based primarily on the economic model that governed the Soviet Union from 1917 to 1991.

1.2 Understanding Marxism

Marxism was pioneered in the early to mid 19th century by two German philosophers, Karl Marx and Friedrich Engels. Marxism encompasses Marxian economic theory, a

sociological theory and a revolutionary view of social change that has influenced socialist political movements around the world. Hence, the basic concept of Marxism can be defined as is an economic and sociopolitical world view and method of socioeconomic inquiry that centers upon a materialist interpretation of history, a dialectical view of social change, and an analysis and critique of the development of capitalism.

The capitalist system is based on private property, a global hegemony of the “free market” and a form of neoliberalism. A common understanding existed that in capitalist society is based on relation of bourgeoisie and proletariat. The Capitalists are the owners of the means of production and draw their livelihood from the exploitation of wage labour; this in turn is provided by the great majority of the society, through the sale of their labour power. The concept of the working class, as elaborated by Marx in *Capital*, as it consists of those who rely for their livelihood on the sale of their labour power. Marx imagined socialism as a form of society in which this division no longer existed: instead, the free association of producers would determine the deployment of available resources, natural and human, to meet the needs of all a communist society in which as Marx’s famous condition of “from each according to his ability, to each according to his need”.

Karl Marx first expounded the ideas of socialism in the *Communist Manifesto of 1848*. His basic ideas also have been explained in three volume of *Capital* and in *German ideology*. However, he has written various books and article. Yet there are three basic ideas in Marxism, as (1) Materialism (2) the labour theory of value and theory of surplus value and (3) Class Struggle and revolution. By materialism, Marx meant that the engine that drives society is the economy. Marx is of the opinion that the Mode of Production in material life determines the general character of the social, political, and spiritual processes of life. It is not the consciousness of men that determines their existence, but on the contrary their social existence determines their consciousness.

The second fundamental idea of labour theory of value and theory of surplus value is basically a criticism of capitalist economy. Marx argued in *capital* that how labour is exploited by capitalist mode of production and workers are alienated.

The third basic rule of Marxist analysis focuses on class struggle and revolution. All of human history can be explained and predicted by the competition between antagonistic economic classes, or as Marx put it “*The history of all hitherto existing society is the history of class struggles*” (Marx and Engels 1848: 14). In political terms, this means that the social classes are competing in essence for control of the state—or, as Marxists would put it: the class that controls the Mode of Production also controls the state. Marxism is then a combination of these two basic ideas: everything is a product of the Mode of Production (in this case, Capitalism) and the whole process of history is characterized by endless competition between antagonistic economic classes. According to Marx, in every society the fundamental division is that between the exploiters and the exploited, between the owners of the means of production and those who have to sell their labour to the owners to earn a living. But the landscape of exploitation was entirely new as a result of the Industrial Revolution. Industrial society is divided into two antagonistic classes the bourgeoisie and proletariat. The bourgeoisie means capitalist, or management who controls the means of production. The proletariat is the industrial working class or wage labour who belongs to industrial town.

According to Marx, Capitalism appears triumphant, but these appearances are misleading. The rapid expansion of the economy and of the factory system is the most important thing that has ever happened in human history and its consequences cannot be avoided. The more that production is concentrated into factories, the more the revolutionary working class is strengthened the more acute becomes the competition and antagonism between bourgeoisie and Proletariat, capital and labour. There is no escape from this inevitable social struggle. “What the bourgeoisie produces above all, is its own gravedigger” (Marx and Engels 1848: 21).

The centralization of the means of production and socialization of labour reach a point where they prove incompatible with their capitalist husk. The expropriators are expropriated. This is how the revolution will come—it will come whether the workers want it or not. With the proletarian revolution the dialectic of class struggle will end because there will be no more exploiters and no more exploited. The state too will disappear, or wither away the state is simply an instrument of coercion and coercion will no longer be necessary.

Marxism has grown through controversy with other opposed theories. The following key areas of Marxism have been the focus - economics, social theory, politics and philosophy. In economics, Marx based his analysis of capitalism on elements developed from classical political economy: the concept of value and the labour theory of value. Since the marginality revolution of the 1870s the concept of value has been widely criticised.

However, the recurrence of economic stagnation and high levels of unemployment has put these issues once more at the centre of debate. These developments have also given rise to a form of radicalism which argues that we are entering the post industrial age, in which economic development is no longer desirable. However, belief in the value of economic progress continues to be defended both by Marxist and bourgeoisie economists. Problems generated by Marxism are central to current work in the main tradition of non- Marxist social theory.

Weber's criticism of the materialist theory of history, and his attempt to demonstrate that ideas (e.g. the Protestant ethic) can play the primary role in historical development, have set the pattern for controversies which are still current. The economic conception of class is criticised and, in a variety of ways, greater emphasis is placed upon the role of non-material factors (consciousness, status, etc.). Nevertheless, social scientists in the capitalist world have found the Marxist theory of classes to be an indispensable tool for analysing the many forms of social inequality and conflict which persist in it. In political theory, debate has focused on Marx's view that capitalism would be marked by an increasing polarisation of classes leading inevitably to revolution. Marxism, it is argued, is incapable of recognising the democratic and pluralistic character of modern bourgeoisie democracy, and the possibilities of peaceful and non-revolutionary political evolution which it offers.

The social world is historical and changing, and Marxism is a living response to it. It is constantly being faced with new and unsolved problems. However, it is doubtful whether there is any other body of theory which can provide a more satisfactory account. Issues raised by Marxism have occupied an increasingly central place in philosophy. Much current work is focused on questions of method in the social sciences. Engels (1894) account of Marxism portrays it as a development of the materialist and scientific approach to the study of society. This view is questioned by

those who argue that the human realm differs essentially from the rest of the natural world, and requires different methods for its comprehension. People are subject not mere objects, the locus of consciousness and values, etc.

1.3 The Resurgence of Marxism

The capitalism has taken the form of global finance capital and made neo-liberalists proclaim the death of socialism, along with its positive variants namely, free education, minimum wage, employment creation, health care, and so on. However things are different, For example, more than 1.1 billion people across the globe are poor, while more than 3 billion of the global populace has drifted deeper into poverty and more than a billion people across the globe starve regularly. The current state of affairs has increased the rate of global crimes, which is reflected by the scale of congested jails. Indeed, current failure of capitalism to address wider problems of humankind such as unemployment, inequality, oppression, poverty, food shortages and economic crises, will resurrect the question as to whether socialism is indeed dead as proclaimed by neo-liberals. Thus, since single (triumphant capitalism) orthodoxy has failed to address those mounting problems that have excluded a majority of humanity from participating in sharing global prosperity, the assertion that socialism is dead, has become redundant. Therefore, as opposed to neo-liberals, history has just begun, and positive aspects of socialism can neither be ignored nor proclaimed dead and buried. The (socialist) variants, if indeed dead (as previously claimed), have been resurrected. Socialism has failed and capitalism has failed woefully. Hence, the only hope that is left is a renaissance of positive socialist variants, in order to resuscitate capitalism. Therefore, a complementary and comprehensive ideological order is urgently required within the current global crisis, because it is only determined government action, which is orchestrated by a strong sense of true nationalism that can put a limit to the worst effects of the current global economic meltdown (Ukpere 2009: 1-30).

Recently, major changes took place in France. A Senate election was held on 25 September 2011 in which the Senate came under the control of left-wing parties. The presidential election recently was held in May 2012 and socialist party won the

election after long time. Thus, French people have lost their faith on capitalist or neo liberal policy because the French government is facing the debt crisis and they have reformed their social policy like pension policy, retirement age and other welfare scheme.

1.4 Review of Literature

Conceptualizing Marxism

The concept of Marxism can be traced back itself from Karl Marx and Friedrich Engels literature. The core tenets of Marxism and Communism were outlined by Karl Marx and Friedrich Engels (1848) in their *The Communist Manifesto* which is originally titled Manifesto of the Communist Party, which went through a number of editions from 1872 to 1890. It presents an analytical approach to the class struggle and the problems of capitalism. This doctrine, they argue that “The history of all hitherto existing society is the history of class struggles” (Marx and Engels 1848: 14). Their ideas is that the capitalist society would be replaced by socialism, and then at the end of the time communism.

This doctrine reflects an attempt to explain the goals of Communism. It argues that class struggles, or the exploitation of one class by another, are the motivating force behind all historical developments. Modern Industrial society is characterized by class conflict between the bourgeoisie and proletariat and how the proletariat will lead a revolution. Finally, they would obtain control and they will have to destroy all ownership of private property, and classes themselves will disappear. This manifesto argues that this development is inevitable and the elimination of social classes cannot possible through reforms or changes in government. Only a revolution will be required.

The contradictions of capitalism have been outlined by Karl Marx’s (1867) in his famous work, *Das Kapital volume I: Critique of Political Economy*. The text is a critical analysis of capitalism which reveals the economic laws of the capitalist mode of production and how it develops to the socialist mode of production. He proposes that the motivating force of capitalism is in the exploitation of labor, whose unpaid

work is the ultimate source of profit and surplus value. The employer can claim right to the profits because he or she owns the means of production which are legally protected by the State through property rights. He argues that the class struggle rooted in the capitalist social relations of production.

Among modern writers, Peter Osborne (2005) in his book, *How to Read Marx* correctly, introduces broader issues of Marx's thought. He points out the varying statement and historical factors rather than Marx ground up. He further tries to show that Marx remains relevant in the age of globalization. This book first chapter is on the fetishism of commodities. He explains that a commodity's use-value and exchange-value are mysteriously related, and that the work that goes into producing commodities is simultaneously both concrete labour and abstract labour.

Marxism after the disintegration of USSR and Fall of Berlin Wall

As claimed by many, after the disintegration of USSR and fall of Berlin wall that Marxism was dead. The command economy itself had many cause to failure in Eastern Europe and USSR. The literature examines the cause of failure of socialism and communism.

Archie Brown (2009) in his book, *The Rise and Fall of Communism*, examines how and why communist states came about, their long life, and what caused their downfall. Brown differentiates between the idea of communism based on an egalitarian and stateless society, and "Communist" systems. He attempts to define Communism as a system in which power is monopolized by a centralized party, a centrally-planned non-capitalist economy, and an ideological commitment to the international spread of communism. But as he seeks to apply this definition, Brown's liberal preconceptions become problematic. He argues that the Russian Revolution as more of a coup by the Bolsheviks than the result of a prolonged collective struggle from below.

Brown argues that the initial deficiencies of Communism led to its final downfall. Lacking democratic rights and economically inferior to the West, the final nail in the coffin was provided with the declining power of the USSR. He provides valuable insights to socialists interested in developing a deeper understanding of Communist systems.

John Clark and Aaron Wildavsky (1990) in an article during the period witnessing the downfall of Communism, which was titled *Why Communism Collapses: The Moral and Material Failures of Command Economies are Intertwined* argued that Communism is vulgar capitalism; that is, the communist command economy which is based on mistaken notions of how capitalism grew by exploiting workers. They stated that Command economies not capitalism fulfill Marx's predictions, collapsing because they are unproductive and immoral, basing economic choices on corrupted personal relations. Without competition, decision in command economies is unproductive through negative selection, and immoral, being based on corrupt personal relations. Each and every Marxist and neo-Marxist prediction about capitalism, from commodity fetishism to the alienation of the citizen from the state, comes true under communism. The explanation is straight forward: Marxist assumptions about the state and the economy are far truer for communist than for capitalist countries.

In a present day thematic work, Hugo Radice (2010) in the article, *The Idea of Socialism: From 1968 to the Present-day Crisis*, examines the history of socialism, identifying the main sources of failure in its theory and practice, in particular that of the revolutionary left. If the failure lies in the elite character of socialist politics and its focus on distribution rather than production, it is to be remedied by a firm focus on the politics of the workplace and the goal of substantive equality. In his concluding section reviews the prospects for such an alternative in the current circumstances of global crisis.

Another recent analysis by Larry Garner and Roberta Garner (2011) *Symposium, The Western Left, the Soviet Union, and Marxism How the US Hasn't Been the same since the SU Passed Away*, reflects on how the collapse of the Soviet Union has impacted social conditions and the cultural climate. They agree with Laibman's position that the Soviet Union was a socialist country and that its presence had positive consequences for the working class and the left in the capitalist world. The overwhelming majority of Americans reacted to the fall of the Wall and the subsequent collapse of the USSR as if the home team had won the World Series. The unmitigated triumph of the media and the general public was echoed by much of the democratic socialist left, which now felt "free at last". No more would the left have to

bear the burden of defending the ideal of democratic socialism in light of the embarrassing reality represented by the Soviet Union.

Relevance of Marxism in Contemporary Times

In recent times, owing to events such as the impact of global financial crisis, many analysts have commented upon the relevance of Marxist thought in current scenario. As such, there has been an increase in literature that focuses on the relevance of Marxist thinking in present times.

One such analysis has been done by the famous Marxist thinker Eric Hobsbawm (2011). In his book, *How to Change the World: Tales of Marx and Marxism*, splits the book into two parts (a) he dealing with Marx's early years through the writing of the Communist Manifesto in 1848, helped by Engels. (b) He mentioned from the publication of the first volume of Capital in 1867 and beyond Marx's death in 1883 to the present time. The book contains sixteen essays concerning the history of Marxism from 1840 to 2011. If there is one single argument underpinning the collection, it is that for the past 130 years Marxist ideas have "been a major theme in the intellectual music of the modern world" (Hobsbawm 2011: viii). Hobsbawm convinces in Part I, explaining the historical roots of Marx and Engels' ideas, and then showing how they were sharply focused on the problems of capitalism as it was then. Part II shifts the reader's focus to Marxism in the 20th century, showing how modern Marxist thinkers such as Gramsci re-interpreted and adapted classical Marxism.

It is seen that although throughout the book there is a consistent of questioning and skepticism. Hobsbawm observes, "No leader of a party of the European left in the past 25 years has declared capitalism as such to be unacceptable as a system. The only public figure to do so unhesitatingly was Pope John Paul II" (Hobsbawm 2011: 396).

As Hobsbawm admits, there's no denying Marx's fallibility. The biggest threat to capitalism now is not the proletarians whom Marx imagined as its gravediggers but capitalism's own recklessness, as the crisis of 2008 vividly demonstrated.

Lastly, Hobsbawm stresses the relevance of Marxism today arguing that economic and political liberalism is unable to provide solutions to 21st century problems (crash

of 2008). His belief that Marxist ideas provide a rich and complex starting point for such an alternative is made all the more credible due to his consistently historical approach. In his concluding part argues that “a systematic alternative system may not be on the horizon but the possibility of disintegration, even a collapse, of the existing system is no longer to be ruled out. Neither side knows what would or could happen in that case”. He comes with concluding sentence as “Once again the time has come to take Marx seriously” (Hobsbawm 2011: 418-419).

Another famous Marxist thinker and writer Samir Amin (2011) in his recent book, *Ending the Crisis of Capitalism or Ending Capitalism?*, explores the systemic crisis of capitalism after two decades of neoliberal globalization and examines the domination of the South through the North’s intensifying military intervention. He proposes North-South collaboration for a more humane society. He examines the factors that brought about the 2008 financial collapse and explores what it advances as the systemic crisis of capitalism after two decades of neoliberal globalization. He probes the relationship between dominating politics and the globalization of the world economy.

According to the author, the still current global economic crisis is a profound catastrophic manifestation of the capitalist system itself. But he projects that the crisis has the potential of bringing forward an era in which wars, and perhaps revolutions, will once again shake the world.

In a critical analysis of the relevance of Marx in contemporary times, Joseph A. Schumpeter (2003) in his book, *Capitalism, Socialism, Democracy*, begins with a critique of Marx. Schumpeter’s criticisms are well-informed and sympathetic. Schumpeter criticizes the labour theory of value (of Marx) from the standpoint of modern economic theory. In part 2, he argues with questioning that ‘Can Capitalism Survive?’, Schumpeter goes on to argue that Marx is, in a way, right after all: capitalism will be transformed into socialism. But the transformation will not take place in the way Marx envisages. There will be no economic crisis. Instead there will be a growing crisis of legitimacy, due to the progress of rationalization. Schumpeter emphasizes the great strength of capitalism. But despite its strength, Capitalism will be replaced by some form of Socialism.

He begins with a discussion strongly reminiscent of Weber of the connections between rationalism and capitalism: (1) Capitalism was produced by the urge to rationalize economic activity; (2) Its success reinforces rationalism, and gives it a bent in certain directions - rationality comes to mean thinking for yourself, seeking individual self-interest, quantification, calculation, empirical science, positivism; (3) The spread of rationality in such a sense undermines traditional values and institutions, and eventually; (4) Undermines bourgeois values and institutions, i.e. undermines the legitimacy of capitalism itself. As the development of capitalism proceeds the entrepreneur becomes obsolescent.

He explains as the capitalist process not only destroys its own institutional framework but it also creates the conditions for another. The outcome of the process is not simply a void that could be filled by whatever might happen to turn up; things and souls are transformed in such a way as to become increasingly amenable to the socialist form of life. In both of these respects Marx's vision was right (Schumpeter 2003: 162).

Against the backdrop of global crisis, Chris Harman (2009) in his book, *Zombie Capitalism: Global Crisis and the Relevance of Marx*, offers a clear explanation of Marx's key concepts related to economic thought, from the crucial distinction between the use value and exchange value of a commodity to the labour theory of value, the nature of exploitation, surplus value, profit, and accumulation. He takes on the critics of Marx's theory of value, uses Marx's key concepts to present a general picture of the dynamics of capitalism in motion, including the system's tendency toward periodic crisis and the underlying factors that contribute to or exacerbate crisis, such as the falling rate of profit and the role of credit, as well as those factors that permit the system to emerge from crisis and to begin the accumulation process afresh. Harman provides a detailed analyses, based on the figures from the OECD, UNCTAD, the WTO, World Bank, and the IMF, of how crises developed, what happened to the movement of capital, what were the dynamics driving the crises, and the political responses of governments. This is no mere political tract, arguing for Marxism: it is a detailed and thorough application of Marxist economic principles to the economic history of the twentieth century and covers all of the areas problematic for mainstream economists.

Harman covers the development of the global economy and international financial institutions and shows that the tendencies to crisis inherent in capitalism are stronger now than ever. Certainly Harman's evidence for this claim is the failure of the system to return to the high rates of profits of the 1950s and 1960s. This, he argues, is evidence of a tendency towards stagnation that, in turn, has led capital to shift investment toward finance rather than expanding the means of production. The financial crash of 2007–2008, in other words, was a consequence not merely of bank deregulation and complex financial instruments, but of a crisis of profitability in the productive core of the system.

Jon Cruddas and Jonathan Rutherford (2010) in an article *Ethical Socialism*, written again in the backdrop of global crisis and the idea of resurgent Marxist thought examine the political question as still living under the long shadow of Margaret Thatcher's opinion to abolish socialism. Even exponents of the Third Way declared that socialism was dead. It was an outdated doctrine. The authors argue that this is an extraordinary crisis of liberal market capitalism. This historical moment belongs to the left, but the left did not play any role. Liberal market capitalism was the architect of its own downfall. There are no collective agents of change ready with a political alternative. Liberal market capitalism might have lost its credibility. In this conjuncture the centre left must begin again. Firstly, it must restore historical, conceptual and moral depth to its politics.

Secondly, there is need to apply the principles to developing an analysis of contemporary capitalism and its forms of capital accumulation. Nowhere is the intellectual failing of the centre left more acute than in the realm of political economy. The financial crisis and the discrediting of neoclassical economics have left an intellectual void in policy-making.

Thirdly, it must create new and insurgent forms of political organization and campaigning, building new kinds of alliances across civil society and reframing the language in order to connect with the public and counter the neoliberal common sense of the last three decades. This politics will require some new institutions and reform of existing ones. This is the threefold task of values, political economy, organization that will help to revive a viable centre left. They focus mainly on the question of values, in particular arguing for a renewed engagement with the traditions of ethical

socialism and renewal of the centre left. In the years ahead, the goals of a centre left are a strong, responsive and plural democracy, a restoration of trust and reciprocity in public life, and an ethical and ecologically sustainable economy for social justice and equality.

Wilfred I. Ukpere (2010), in *Demise Of a Single Orthodoxy and Renaissance Of Positive Socialist Variants*, argues that Triumphant capitalism, which heralded the dawn of globalization, made neo-liberalists proclaim the death of socialism, along with its positive variants namely, free education, minimum wage, employment creation, health care, and so on. Like the above mentioned analysts, he too argues that Marxism is still relevant.

Marxism and Current Global Financial Crisis

The global financial crisis emerged in 2007 and is still continuing and neoliberal policy is unable to respond. The literature available to explain the causes of multiple crises and this crisis is very deep in compare to previous all crises. The global financial crisis resulted debt crisis in many European countries even euro is facing major problem. Some works dealing with this theme are examined hereafter.

Ana-Maria Minescu (2011) in the article *The Debt Crisis – Causes and Implications*, argues that the recent global crisis had multiple causes: The general cause appears to be a rapid growth of the level of debt (especially in the case of households), accompanied by sharp increases in real estate prices. However, the complexity of the crisis was increased by the existence of individual reasons in each country.

The financial crisis that hit the global economy in 2007 and is still continuing in 2011 has been the largest such crisis in the post-world war period. Its implications have been so numerous and some of them so radical that understanding this crisis has become a necessity for all of us. Having started as a liquidity crisis, it developed to the extent that it generated a recession in many countries, and it has had implications not only on the banking system, but also on the real economy and on the economic dynamics. This article aims to make a synthesis of current research on this topic with regard to the multiple causes of the recent crisis (in the USA and in Europe) and to its implications.

Michael D. Bordo and John S. Landon-Lane (2010) in a recent article titled *The Global Financial Crisis: Is It Unprecedented?*, analyse the financial crisis in the US in 2007 which spread to Europe and led to a recession across the world in 2007-2009. They raised the question as have all seen patterns like this before or is the recent experience novel?

The authors compare the recent crisis and recent recession to earlier international financial crises, global recessions and reviews the dimensions of the recent crisis. They present some historical narrative on earlier global crises in the nineteenth and twentieth century. They demarcated several chronologies of the incidence of various kinds of crises: banking, currency and debt crises and combinations of them across a large number of countries for the period from 1880 to 2010. Based on these chronologies they look for clusters of crisis events which occur in a number of countries and across continents. These can be labelled global financial crises.

It is seen that after the Second World War the two ideological blocks emerged. While capitalist block follows the principal of free market, the socialist block follows the command economy. In 1989 after the fall of Berlin wall the socialist bloc collapsed. The neo-liberalism follows some mixed economy policy. However, in the wake current financial crisis, it can be argued that neo-liberalism is not the final or alternative way to world emancipation.

Marxism in Contemporary Europe and France

Facing the euro crisis, contemporary European and especially in France, philosophical thought has not reached to an alternate to Marx. On one hand post structuralist thinkers encounter with Marx but they are unable to provide alternate idea to Marx's revolutionary ideals. On the other hand there are many left parties in Europe particularly in France such as reactionaries, reformist and revolutionary. They are unable to polarize the masses and also come to a common consensus due to much division within Marxian thought. The literature examined in this section provides the contemporary left political parties ideas and philosophical thought in Europe and in France.

Simon Choat (2010) in *Marx through Post-Structuralism: Lyotard, Derrida, Foucault, Deleuze*: explores an encounter between Marx's thought and with key post-structuralist thinkers. He provides an alternate way of thinking about both Marx and post-structuralism which are two critical perspectives. From the Marxist point of view, post-structuralists like Foucault, Derrida, Deleuze and Lyotard have been seen as relativists and conservative reactionaries and they are actually involved in the ideological and cultural reproduction of postmodern capitalism. In this book, the author shows the most productive way to read Marx and the best way to reaffirm or reconstruct his relevance today and finds the best way of renewing Marx. The Marx that emerges from Choat's book is a new kind of materialist Marx. He argues that just as post-structuralism gives us new insights into Marx, so too does the engagement with Marx open up new approaches to post-structuralist thought. Hidden connections and convergences are uncovered, which at the same time allow a modification of concepts. However, the question that remains unaddressed in this book that there is no discussion about how the new conceptual approaches developed here can help us to think about radical politics today.

Sunil Khilnani (2003) in his article *French Marxism existentialism to structuralism* argues that Marxism in France came to prominence after 1945 almost three decades after the wave revolutionary upheaval had swept over other parts of Europe. The theories and ideas that emanated from the French capital gained a spectacular eminence in Marxist thought across the globe, and provoked developments that took Marxism into areas quite remote from its founding preoccupations. It collapses in the 1970s. Almost three decade Marxism dominated in France. Almost every extent strain of Marxism has at some time or other found expression and adepts in France: Leninism, Trotskyism and Maoism, as well as French innovations such as existential Marxism, Althusserianism and Gauchisme. Those long-term patterns included the presence, since the French revolution of 1789, of a sharp space between left and right, and vary active revolutionary tradition. More immediately , the experience of war and defeat, of collaboration with and resistance to fascism, of the wars in colonial indo-china and Algeria, and the establishment of Charles de Gualle's fifth republic and events of 1968, all framed the political context of French Marxism. These traditions and experiences defined a set of recurring concerns- a preoccupation with the idea of revolution, with the status of the communist party and its relation to the working

class, with the role of theory and the place of intellectuals, with France's own historical role as a vanguard nation. But French Marxism showed virtually no interest in the central concern of classical Marxism: economics. Marxism was transplanted into a French cultural context in which literature and philosophy held a privileged status, and in keeping with an emphasis common to western Marxism as a whole, French Marxism was more attentive to matters of culture and ideology: the origin of both existential and structural Marxism lay squarely in literally and philosophical concerns.

It is argued that largest working class movement in Western Europe communist party with close links to Soviet Union. French Marxism was always split between the official doctrines of the party and philosophical theories of intellectuals, who chose to work either within or outside the party. French Marxism's great and finally self destructive failure was never to develop an adequate, plausible critique of the soviet experience especially Stalinism-nor to address the implications of this experience for Marxism as a whole.

There have been analyses of broad trends of left wing politics in contemporary Europe. One such work is by Luke March (2009) in the Article *Contemporary Far Left Parties in Europe: From Marxism to the Mainstream?* March analyses the left parties in Europe and define the left parties as far left parties are those that define themselves as to the left. There are two main sub-types of left parties. First, radical left parties, which want systemic change of capitalism. Radical left parties accept democracy verbally. Their anti-capitalism no longer involves a planned economy but opposition to neo-liberal globalized capitalism associated with the so-called Washington consensus. Extreme left parties, in contrast, strongly oppose to all compromise with bourgeoisie political forces, including social democracy.

Author further sub divides the European left parties on the basis of its ideological and policy preferences into four major subgroups: (1) Communists (2) Democratic socialist parties (3) Populist socialist parties (4) Social populist parties. These parties have variants of ideology; however, they are claiming itself to Marxist ideology in Europe and in France.

Michelle Meyer (2010) in article, *Departure from Traditional European Socialism*, author argues that in April of 2008, the European Court of Justice (ECJ) secured the

final nail in the coffin, burying Europe's traditionally socialist view towards its workers. In *Ruffert v. Land Niedersachsen*, the Court held that a German state could not assign public works contracts to only those contractors who agreed, in writing, to pay their employees the local agreed-upon union rates. This is one of three recent decisions by the ECJ placing the European Union's (EU) important "freedom of services" policies—and some would say corporate financial gain above the socialist ideals of the individual European nations. Because the Court has ruled that union collective bargaining agreements are only regionally valid.

This article proposes that the ECJ's recent decision in *Ruffert* leads EU nations adrift of their socialist ideals by supporting a free-market economy, where the freedom to provide cross-border the practice of cross-border employment within the EU will undoubtedly continue to grow. Services will result in changes to the demographics and regional economies of member states. There is much criticism of the ECJ in light of its recent decision. Some believe the ECJ has overstepped its bounds, while others call to reassert the supremacy of social rights over economic freedoms.

This article demonstrates how the ECJ's recent decisions correspond to economic unity, which lies at the centre of the European Union's goals, by upholding the economic freedoms that form the foundation of the EU itself. The first section gives a brief overview of the European Union's history and creation, and discusses its economic foundations. The second section of this article describes the ECJ's recent decision in the *Ruffert* case, as well as two other recent decisions containing strikingly similar approaches to balancing social and economic rights. The third section describes how the ECJ's support of free movement of people and the freedom to provide services will change European nations.

Critically examining the policy and programs of left political trends in contemporary Europe, Owen Worth (2007) in article *Re-engaging the third way? Regionalism, the European left and 'Marxism without guarantees* argues that the failure of the 'third way' to reverse the decline of European socialism has led to the polarization of the left in Europe, reflected both in practical politics and within academic circles. On the one hand, centre-left 'reformists' insist on the need to engage with neoliberal modernization, while on the other, traditionalists insist on the need for the return of national self expression. Worth argues that through a re-evaluation of Stuart Hall's

maxim of 'Marxism without guarantees' and his account of change and transformation, an alternative understanding of socialist renewal within Europe can be reached.

1.5 Definition, Scope and Rationale of Study

After the end of Second World War two prominent ideologies emerged. While capitalist block under the influence of United States emphasised, the principal of free market, the socialist block under the influence of the USSR. In 1989 after the fall of Berlin wall the socialist bloc collapsed resulting in the formation of unipolar world. In the post cold war era, many ideological variants emerged, neo-liberalism being the major idea. It may be mentioned that neo-liberalism adopted certain tenets of socialist ideology like on state welfare. It can also be seen that Marxism is a revolutionary orthodoxy. In Europe most of the leftist party, that claim themselves to be followers of Marxism, follow variants of socialist ideology as well as reactionist and reformist ideology in place of a revolutionary idea. Even today most of the scholars who do not strictly follow either to Marxist or liberal ideology argue that socialism has failed but at the same time capitalism has also failed. Many such scholars have been asking for reformation in socialist variants which is not the way of Marxism. This moment belongs to the left, but the left has not played any significant role. Liberal market capitalism itself has become architect of its own downfall. Therefore, a complementary and comprehensive ideological order is urgently required within the current global crisis. However, in the wake of current financial crisis, it can be argued that neo-liberalism is not the final panacea.

In the light of current crisis in Europe and France, the proposed research seeks to examine the relevance of Marxism in contemporary Europe. On one hand former communist countries in Europe witnessed economic development after 1991 but at the same time they faced inequality, unemployment, as well as debt crisis as never seen before. Currently Europe is facing one of the most challenging economic crises in its recent history. Research shows that in contemporary France, owing to the debt crisis and growing unemployment, the policy measures taken by current government such as reform in pension policy and cutting many state run welfare programmes has

anguished the French people. This has been cited as a major reason, which leads to the defeat of centre right in the senate presidential election and victory of French left party. To analyse this crisis the study will raise following questions.

1.6 Research Questions

- 1) Does Marxism as a concept and idea still relevant in contemporary Europe in general and France in particular?
- 2) What is the relevance of Marxian thinking in the contemporary debt crisis for analyzing the neoliberal policy in Europe?
- 3) Has economic and political policy of liberalisation been able to provide solution to the present economic crisis in contemporary Europe?
- 4) Has the present left parties in the French senate revealed the popularity of Marxist idea in France?

1.7 Hypothesis

- 1) Crisis in Neo-liberal policies in France has revived the relevance of Marxism

1.8 Research Methods

The proposed research work would examine the relevance of Marxism in contemporary Europe in the light of recent developments in France. The debt crisis shows the failure of neoliberal policy in Europe and revival of revolutionary Marxist tendencies. In the light of current protests, and events which have shook France in the last couple of years it may be concluded that Marxism is still relevant in contemporary times. The current research shall try to deduct conclusions and verify the working hypotheses within this broad theoretical framework. Both primary and secondary data would be used for the purpose of research. While the primary data would mainly involve documents of the European Council, the European Commission

and the European Parliament, as well as proceedings from French political regime, mainly include those proceedings that are initiated by the left wing parties such as *Parti Communiste Francais* (PCF), Section Francaise de Internationale Ouvriere (SFIO) and Socialist Party (PS). The secondary sources would comprise books and journal articles and other internet sources.

1.9 Limitations of the Study

The study is based mainly on secondary data and primary information. As the study is focussing on relevance of Marxism in Europe particular in France hence it cannot methodically look into the nature and structure of societies and political development in individual European countries. Because of limited time it will not be possible to fully examine country specific social, political and economic statistics and policies adopted by individual countries. The scope of the research is limited by focussing on social, political, economic development and relevance of Marxism in France.

1.10 A Structural Outline of the Research

The research is divided into five chapters:

Chapter 1: Introduction

This chapter present a description of the undertaken research project along with a critical survey of the literary sources pertaining to the study. This chapter introduces the aim of the study, along with an examination of the research questions and hypothesis. It also examines the major concepts pertaining to the research. Finally, the section concludes with a discussion of the limitations of the study.

Chapter 2: Philosophy of Marxism

This chapter explains the central features of Marxism, core concepts of dialectic materialism, theory of labour value and surplus value, exploitation and alienation, class conflict, revolution, and transition from socialism to Communism, criticism of

Marx and interpretation of Marxism. It will also examine variants of Marxism in Europe.

Chapter 3: Theory and Practice of Marxism

This chapter summarizes how Marxist ideology has influenced and is practiced in Europe particularly in France. This chapter also discuss the nature of economic policies and political development in cold war era in both Eastern and Western Europe. It studies the pre cold war period, the cold war period, the post cold war period, and the current economic crisis. It looks into the capitalist mode of production and neoliberal policy in general and France in particular. This chapter then examines the influence of the society as well as what section of people want to change of ideology and their motive to bring to change. It also focuses on the impact of the cold war impact and welfare policy in France.

Chapter 4: Ideas Shaping Reality: Crisis of Neo-liberalism

This chapter focuses on relevance of Marxism. It examines failure of neoliberal policy in Europe particular in France. It examines the nature of current events and movements regarding, current crisis, pension policy, retirement age and other reform policy adopted by the European countries specially France in its impact on social, economic and politics. The chapter also discusses that how the neoliberal policy led to inequality, unemployment, and crisis and how austerity measure adopted by French government to save the capitalist class. This chapter highlights the crisis of neoliberalism and how it resulted in political transformation in France.

Chapter 5: Conclusion

This chapter discusses the findings in the light of the research questions which have been examined in the study. The research concludes by suggesting that neoliberalism is a capitalist policy and has failed and resulted in political transformation in France. Marxism is still relevant in Europe particularly in France.

CHAPTER TWO

PHILOSOPHY OF
MARXISM

PHILOSOPHY OF MARXISM

2.1 Introduction

Marxism is a philosophy, a system of social analysis, a theory of history and economic and political doctrine, and a world view. It is a revolutionary theory and explanation for the societies to the process of change. By many it is argued that Marxist nature of thought is a philosophical thought. The idea of Marxism can be examined basically in the three most important works of Marx writings in *The Communist Manifesto*, *The German Ideology* and *Capital*. Infact, he has written many books and other writings. Yet, Marx has inherited the legacy of concepts and ideas that had been advanced by others. He was influenced by Hegel's dialectics, theory of surplus value from Adam smith, Ludwing Feuerbach, others Young Hegelian and Engels's writings. The uniqueness of the Marx is that instead of making general idea to state publically is true. He examines that each and every problem is in a dynamic relation to others and tries to relate them to social, historical, economic and political realities.

2.2 The Basic ideas of Marxism

However, there are three basic ideas of Marxism (1) *Materialism* (2) *The Labour Theory of Value and Theory of Surplus Value* (3) *Class Struggle and Revolution*. The characteristics of all societies are that human beings unlike other animal species produce sustenance from their environment in order to live and thereby make history. In societies people create new needs over time. Need creation occurs because production always involves the use of tools or instruments of various sorts and these tools are periodically improved, yielding more and better consumer goods so that as one set of needs was satisfied, new ones emerged. All societies are also based on the division of labour with its attendant exploitation and alienation. He observed that this division was private ownership of land and capital which he called means of production. The non owners are exploited and alienated, Marx called them proletarians. In the societies ideas and values emerge from division of labour. Ideas

and values result from people's practical efforts at obtaining sustenance, creating needs and working together. As result ideologies usually justify the status quo. Marx argued that religious and political beliefs in capitalist societies state that individual have right to own land or capital; they have right to use the means of production for their own rather than collectivist's benefit and every one to accept these values even though only a few people can exercise this right, such as land owners and capitalist (Turner 1995: 133-135).

2.3 Materialism

Materialism is a realist philosophy of science; it states clearly the primacy of the material world. The matter comes before thought. All phenomena in the universe consist of matter in motion, wherein all things are interdependent and interconnected and develop according to natural law. Thought is a reflection of the material world in the brain. Marx argued this materialist philosophy against Hegel's idealism.

Marx explained the society through materialism that economy shaped the foundation upon which all other elements of society are based. He argued that how people influence and are influenced by material conditions. According to Marx, they even determine how we think: "Consciousness is, therefore, from the very beginning a social product, and it remains so as long as people exist at all" (Marx and Engels 1847/1976: 49-50). The Mode of Production in material life determines the general character of the social, political, and spiritual processes of life. It is not the consciousness of men that determines their existence, but on the contrary their social existence that determines their consciousness (Marx and Engels 1847/1976: 42). Marx rejected Hegel by grounding social theory in the real world where people must satisfy their physical and psychological needs. The term materialist denotes this fact. Having rejected the substance of Hegel's idealism, however Marx continued to use the Hegelian analysis. The term dialectical denotes this fact. In Marx hands dialectical materialism transforms historical analysis (Turner 1995:136). The *Dialectical Materialism* as Marx started his inspiration in Hegel, whereas Hegel focused on dialectic of ideas, Marx embedded his dialectical approach in the material world (Ritzer 2000: 150). Hegel argued that humanity advances because of the clash of

ideas, as seen in religious struggles and political revolutions. Hegel explained human progress in terms of the principle called dialectic: that is, the concept 'thesis' evokes its opposite 'antithesis' and the two interact to form a new concept 'synthesis' which in turn becomes a new 'thesis'. Marx's approach was to turn upside down Hegel's dialectic, i.e., he explained historical change not in terms of the operations of the human mind but in terms of conflict in the material world. He found the key to change not in people's minds but in the system of production of material life. Marx emphasized primacy of economic factors how social structure function and changes.

Dialectical materialism has four characteristics. *First*, society is a social structure, or system. It means societies can be seen as having interrelated parts, such as classes, social institutions, cultural values, and so forth. These parts form an integrated whole. *Second*, social change is inherent in all societies as people make history by satisfying their ever increasing needs. It asserts that the most fundamental source of change comes from within the societies rather than from outside of them. According to Marx, not only parts of society connected, they also contain their own inherent contradictions, which will cause their opposite to develop. Marx argued that feudalism contained within itself the social relations that eventually become capitalism. Similarly in the manifesto and capital Marx contended that capitalism contained within itself the social relations that would inventively engender a new form of society: communism. *Third*, social changes evolves in a recognizable direction for example, just as a flower is inherent in the nature of a seed, so the historical development of more complex social structure, such as a capitalism is a inherent the nature of a less complex one, such as feudalism. For Marx this end point was a communist society. *Fourth*, freely acting people decisively shape the direction of history in the light of the predictable patterns of opposition and class conflicts that develop in every society. He always saw classes as opposed to one another.

Dialectical materialism can be summarized in the followings way: within any society a way of producing things exists, both in terms of what is produced and the social organization of production. Marx called this aspect of society the productive forces. In all societies the productive forces are established and maintained in terms of labour. Those few who own means of production make up the dominant class, which benefit from the status quo. The masses make up the subordinate class. They are exploited and alienated because they have little control over their lives, and hence they have

interest in change. Over time, new ways of producing things are devised. Such new forces of production better satisfy old needs and also stimulate new ones. They are in the hands of a new class, and they exist in opposition to current property relationships and forms of interaction. Over the long run the tension between these opposing classes erupts into revolutionary conflict and new dominant classes emerges (Turner 1995: 136-138). This situation reflected a long historical process. For the application of the dialectic to history, Marx used the term *historical materialism* and it can be explained as is a set of method to the study of history, society and economics. It looks for the causes of developments and changes in human society in the means by which humans collectively produce the necessities of life. He argues that “history is nothing but the succession of the separate generations, each of which uses the materials, the capital funds, the productive forces handed down to it by all preceding generation (Marx and Engels 1847/1976: 58)”. Marx’s formulated the “Materialist Conception of History” in his book, *A Contribution to the Critique of Political Economy*. He argued that people in order to carry out production and exchange for their existence, men enter into definite relations, namely relations of production appropriate to a given stage in the development of their material forces of production or means of production. These relations of production constitute the economic structure of society on which arises a legal and political superstructure and to which correspond definite forms of consciousness (Marx 1859/1970: 20-21). The mode of production of material life conditions the general process of social, political and intellectual life. It is not the consciousness of men that determines their existence, but their social existence that determines their consciousness. At a certain stage of development, the material productive forces of society come into conflict with the existing relations of production. From forms of development of the productive forces these relations turn into their restriction. Then it begins an era of social revolution. The changes in the economic foundation lead to the transformation of the whole immense superstructure.

Marx argued that society has moved through different modes of production. The character of the production relations is determined by the character of the productive forces. The main modes of production Marx identified generally include primitive communism, ancient society, feudalism, capitalism and future society of communism. In each of these social stages, people interact with nature and produce their living in different ways. In this way Primitive communism it is characterized as early human

history where people held everything in common. The Ancient society was based on a ruling class of slave owners and a class of slaves. The feudalism was based on landowners and serfs. The capitalism based on the capitalist class and the working class. The capitalist class privately owns the means of production, distribution and exchange while the working class lives by exchanging their socialized labor with the capitalist class for wages. He finally argued that future society would be the communism where the means of production are held in common for the benefit of everyone in society.

In developing his materialist conception of history, Marx distinguished between the base and superstructure. He recognized the production relations of human society consist of two parts base and superstructure. As the economic is the *base* of society. Base determines the superstructure. He argued that on the foundation of the economic base, arise certain political institutions, laws, customs, culture, ideas, ritual, state and morality etc. These constituted the ideological/political *superstructure* of society. The way people organize society is determined by the economic base and the relations that arise from its mode of production. Thus, capitalism is not only an economic system; it is also a cultural force. He recognized that superstructure such as political and religion is the tool of dominant class. "The productive forces accessible to men determines the condition of society, hence, he argues that the history of humanity must always be treated in relation to the history of industry and exchange" (Marx and Engels 1847/1976: 49) a history independently of the existence of any political or religious nonsense. While politics and religion are simple misrepresentation of reality, but it does not mean that ideas or even religion are insignificant. Politics or ideas and religion are tools of the dominant class in society and both are way of controlling the masses. Thus, Marx's famous statement can be followed as "Religion is the opiate of the masses".¹

The idea of *class and false consciousness* are intimately related in the Marx work and both refer to idea systems shared by social classes. In capitalism both capitalist and workers have incorrect assessments of how the system works and of their role and

¹ it was written in the Introduction to Marx's Contribution to the Critique of Hegel's Philosophy of Right in 1843, in Tucker, ed., Marx-Engels reader pp. 16-26, 53-66. It was translated from the German original, "*Die Religion ist das Opium des Volkes*" which was subsequently released one year later in Marx's own journal.

interest in it (false consciousness). In evolution toward communism, there is the possibility that the proletariat will develop an accurate conception of how capitalism works and how it affects them (class consciousness). Marx was talking not about individual consciousness but about the consciousness of the class as a whole. False consciousness describes the situation throughout the capitalist epoch, whereas class consciousness is the condition that waits the proletariat and that can help bring about the change from capitalist to communist society (Ritzer 2000: 174-175). It is the bourgeoisie class who constitute false consciousness among the proletariat class to rule over them and to exploit them as Marx assured it, merely parrots the rhetoric of the ruling class. As he put it in a famous quote: “The ideas of the ruling class are in every epoch the ruling ideas: i.e. the class which is the ruling material force of society is at the same time its ruling intellectual force. The class, has the means of material production at its disposal has control at the same time over the means of mental production” (Marx and Engels 1847/1976: 67). He also argued that we think and believe the way we do because we are products of the mode of production (products of capitalism). According to Marx, individual consciousness develops as a reflection of the material conditions of existence and the ruling class is capable of obstructing the development of consciousness in the lower classes. Marx put it this way: the ruling ideas of any age are the ideas of the ruling class. The class that dominates the economic sphere also dominates such spheres as politics, religions, and so on. That is, the ruling class generates an ideology, which is called as false consciousness, one that blinds the subordinate classes to the true nature of their social relationship. The media are central to the spread of false consciousness. They distract people from the realities of life--poverty, racism, sexism, violence, and so on.

Under capitalism, Marx points out, the human condition is one of *alienation*, i.e., human beings are estranged from their world, in terms of work, social relations, and so on. Ruling class create such a system in the capitalist mode of production in which workers are themselves alienated. In the *Economic and Philosophical Manuscripts of 1844* Marx argued that alienation is a systemic result of capitalism. He observed that, within the capitalist mode of production, workers always lose determination of their lives and destinies by being deprived of the right to form an idea of themselves as the director of their actions, to determine the character of their actions, to define their relationship to other actors, and to use or own the value of what is produced by their

actions. Workers are directed and activities dictated by the bourgeoisie to extract from workers the maximum amount of surplus value possible. By working, each contributes to the common wealth. Alienation in capitalist societies occurs because the worker can only express this fundamentally social aspect of individuality through a production system that is not collectively, but privately owned. Each individual functions not as a social being, but as an instrument. Alienation can be seen as having basic four components. “*First*, the workers in the capitalist society are alienated from their productive activity. *Second*, the workers are alienated not only from productive activities but also from the object of those activities-the product. *Third*, the workers in capitalism are alienated from their fellow workers. *Finally*, workers in capitalist society are alienated from their own human potential” (Ritzer 2000: 163-164). Once the working class became conscious of these facts he predicted it would act to overthrow capitalist society and establish a new form of classless society.

2.4 The Labour Theory of Value and Surplus Value

Another important idea of Marxism is rooted in the “*The Labour Theory of Value and Theory of surplus value*”. Marx’s The Labour Theory of Value and Theory of Surplus-Value are keystones of his economic work. In this theory, his aim was to “lay bare the economic law of motion of modern society” (Marx 1887/1954: 10). As he asserted, at the centre of all human societies was production. He argued that “the relation between wage-labour and capital determines the entire character of the capitalist mode of production” (Marx and Engels 1894/1971: 880). He analyzed that surplus labour or extra labour from workers is taken away by capitalist class and workers are exploited. Marx pointed out that with the development of capitalism, workers no longer sold the products of their labour, and instead they sold their labour itself. He argued that under the capitalist system labour has become a commodity, known as labour-power.

In general, it is said that in pre-capitalist societies people produced things directly for other people for use, not for sale or exchange on a market. The Capitalism is very different from past modes of production. Under capitalism, nearly all of the products of human labour are commodities, that is, they are produced for sale. Marx called this

generalized commodity production. Allocating labour in this kind of economy is regulated by the law of value. The producers exchange goods with each other through barter or using some kind of money. The use of money becomes necessary as exchange becomes more complex “as a universal measure of value,” in Marx’s words (Marx 1887/1954: 94). Thus, in the marketplace, money is used to represent the amount of value of the goods you have sold, and also the amount of value of goods you can buy.

Marx expended the *Labour Theory of Value* to state that value is the product of “all socially expended labour” needed to produce a commodity, implying that labour other than the direct labour used by the individual to create the commodity was also factored into value (Easterling 2003). A commodity is “an object outside of us, a thing that by its properties satisfies human wants of some sort or another” (Marx 1887/1954: 35). For Marx both the origin of people’s wants and the manner in which commodities satisfy them are irrelevant. Two different sources of value are inherent to all commodities one is *use value* i.e., in the fact that they are produced in order to be consumed. For example people use paper write on. Another source of value is the *exchange value* of commodities. Marx’s labour theory of value explains that commodities are determined by the labour time necessary to produce them. He supplemented the labour theory of value in five ways. First, different kinds of useful labour are not comparable. Second, although different skills exist among the workers, Marx recognized that skilled labour counts only as simple labour intensified or rather, as multiplied simple labour. Thus in order to simplify he assumed that all labour are unskilled. Third, the value of commodity differs according to the technology available. Fourth, under capitalism labour itself a commodity with exchange value. Fifth, an important implication of labour theory of value is the development of the fetishism of commodities. It occurs when people come to believe that the products they produce have human attributes that make them capable of interacting with an exploiting people (Turner 1995: 154-156).

In terms of, *Theory of Surplus-Value* Marx uncovered the reality of exploitation beneath the appearance of equal exchange. His theory of surplus-value destroys the prevailing ideology in which neoclassical economics claimed that capitalism is fair and just. (Mosley 2001: 2). As Marx believed that the source of all value was labour, he showed labourers create surplus value for capitalists. He distinguished between

labour and labour power. Labour is the work people actually do when they are employed by capitalists, whereas labour power is the capacity to work that the capitalist purchases from the worker. He discovered that labour power is the source of surplus value. In order to do, he distinguished between surplus value and absolute value. He argued that absolute surplus value occurs when capitalist lengthen the working day in order to increase labours productivity and relative surplus value occurs when capitalists increase labourers productivity them to produce more in the same amount of time (Turner 1995: 156-157). Finally, Marx's The Theory of Surplus-Value states that profits are a surplus value that is produced by labour greater than worker wages, but it is not paid to the labourer. A wage labourer never receives any of the surplus-value. Profits are earned by the surplus value that have created by the labourer is not paid to them, but it goes to the capitalist. In this way wage labourers are exploited and alienated by the capitalist mode of production. Marx's main conclusion in this theory is that surplus-value is produced by the surplus, unpaid, labour of workers.

It is seen that Marx's explanation of surplus value was a systematic attempt to find out the reason to the exploitation of the labourers by the capitalist class and he further explained that despite its enormous productivity, capitalism contained the seeds of its own destruction. He proceed two step for the *failure of the capitalism*, first deals with simple reproduction, it occurs when as capitalist society is continuously renewed because proletarian produce not only commodities, not only their wages, and not only surplus value but also capitalist social relations i.e. exploited and alienated workers one side and capitalist in the other side. The second step deals with the conversion of surplus value into capital. It is refer to the reinvestment of capital. The Capitalist obtain surplus value from proletarians, capitalist reinvest the reminder so as to make more money. The result of its transformation into a 'higher form of society' becomes inevitable. After that Marx made three predictions, the *first* was that proletarians would be forever separated from owning of controlling private property, even their own labour. The *second* prediction was that proletarian would become more and more impoverished and that an industrial reserve army of poor people would be created. The *third* prediction was that the rate of profit would fall and bring on industrial crisis of ever greater severity. Eventually, then, a class conscious and impoverished

proletariat will overthrow a chaotic capitalist system in favor of more human and cooperative one.

Marx further argued that the amount of value the capitalist controls is generated from exploitation—the extraction of surplus value from workers. This is why Marxists argue that the exploitation of workers is the source of the capitalist's profit.² The most significantly, without this profit and the accumulation of capital, the system breaks up and stops the progress. This leads to crises.

While discussing *Theory of economic crisis* Marx and his associate Frederick Engels gave their analysis which is important to understand the capitalist economic crisis. They mention in their communist manifesto in relation to capitalism as “a society that has conjured up such gigantic means of production and of exchange, that it is like the sorcerer, who is no longer able to control the powers of the nether world whom he has called up by his spells” (Marx and Engels 1848/1948: 48).

In the analysis of capitalism, crisis is a central to Marx and as his arguments for the possibility and inevitability of revolutionary change. According to Marx, the fact of being in poverty alone is not responsible to workers to go against the capitalist system. These have always been a part of any capitalist economy. But larger social and ideological collision is the uncertainty, volatility and damage that an economic crisis from time to time makes sufferer or unpleasant lives of working-class people. Thus, in the *Das Capital*, Marx argues that capitalism dispels all fixity and security in the situation of the labourer it constantly threatens to snatch from his hands his means of subsistence, and make him superfluous. We have seen how this class antagonism vents its rage in the incessant human sacrifices from among the working class, in the most reckless squandering of labour power and in the devastation caused by a social anarchy which turns every economic progress into a social calamity (Marx 1887/1954: 487). In short, crises mean that the very functioning of the capitalist system cannot guarantee even the crumbs that are thrown to the worker.

Marx argued that competition affects an “operating fraternity of the capitalist class” and produce an all-out fight for survival between capitalists themselves (Marx and

² Marx points out that the capitalist's money without wage-labor, ceases to be capital. *Wage-Labor and Capital*, Chapter 8, paragraph 11

Engels 1894/1971: 253). Because of this, it leads to political instability, an intensification of the class struggle, crisis and war. Marx argues that crises “carry the most frightful devastation in their train, and, like an earthquake, cause bourgeoisie society to shake to its very foundations”.³ However, there are different kinds of crisis under the capitalist economy. In capitalist system exploitation, profits and capital accumulation are possible. If there are no profits and accumulation then businesses close, people lose jobs, debts are not paid, banks collapse, governments face fiscal debt, and it leads to economic crisis.

In this way the crisis in the capitalist system is inevitable and boom and crisis is the part of capitalist system. In terms of crisis *Leon Trotsky* argues that “capitalism does live by crises and booms. First there is a boom in industry, then a stoppage, next a crisis, followed by a stoppage in the crisis, then an improvement, another boom, another stoppage, and so on. The fact that capitalism continues to oscillate cyclically merely signifies that capitalism is not yet dead, that we are not dealing with a corpse. So long as capitalism is not overthrown by proletarian revolution, it will continue to live in cycles, swinging up and down. Crises and booms were inherent in capitalism at its very birth; they will accompany it to its grave”.⁴

2.5 The Class Struggle and Revolution

Third and most important development of Marxism is the *Theory of class-struggle* in which he presented his theoretical and political position and exposed the reason of class conflict and revolution. In this theory Marx argues that societies and civilizations develop through a process of struggle between the conflicts of interests among classes and that leading institutions in a society are a means of support for the dominant class in that society and conflict within a society and conflict between societies are a product of class struggle.

Marx further explained in the communist manifesto as all of human history can be explained and predicted by the competition between antagonistic economic classes as

³ Karl Marx, *Wage-Labor and Capital*, Chapter 2, paragraph 15, <http://archive.org/stream/historyofbritish01beer.pdf>.

⁴ Leon Trotsky, "The world economic crisis and the new tasks of the Communist International," from *The First Five Years of the Communist International*, Volume I (London: New Park, 1973) p. 252.

Marx set it the statement, “The history of all hitherto existing society is the history of class struggles” (Marx and Engels 1848/1948: 40). He continued by observing that hitherto, every form of society has been based on oppressing and oppressed classes stood constant opposition to one another and carried on uninterrupted, now hidden, now open fight, that each time ended either revolutionary reconstitution of society at large or in the common ruin of the contending classes (Marx and Engels 1848/1948: 87). In political terms, this means that the social classes are competing in spirit for control of the state. As Marx put it every class struggle is a political struggle (Marx and Engels 1848/1948: 54) and he further argued that the class that controls the Mode of Production also controls the State. The reality behind the mask of politics is the economic structure of society. Thus the ancient state to modern all exploited the masses using their mechanism and forces in the interest of the few people. As the slave owner’s state was the organ of grasp the slaves, as the feudal state was the organ of grasps the serfs and the modern state has become the instrument of is the instrument of capitalism for the exploitation of wage labour. Marx argues that the state exists primarily as an instrument of coercion or it can be said that no fundamental change can occur in the political sphere without a social and economic revolution. For Marx, “political life is an illusion, and: it follows from this that all struggles within the State, the struggle between democracy, aristocracy, and monarchy, the struggle for the franchise, etc., are merely the illusory forms in which the real struggles of the different classes are fought out among one another”.⁵

The more industrialization, the more production concentrated which is also strengthened the revolutionary working class as well as the competition and opposition between the classes which lead to inevitable social struggle as Marx put it “What the bourgeoisie therefore produces above all, is its own gravediggers. It fall and the victory of the proletariat are equally inevitable” (Marx and Engels 1848/1948: 58). He argued that in a short run industrial revolution has caused exploitation, alienation and in the long run it is generating a vast increase in productive capacity and wealth creating. Thus, exploited masses are necessary to control the enriching the few minorities of capitalists class Marx analyzed that social situation and convinced

⁵ This paragraph appears as a marginal note in the manuscript – *Ed.*

himself that a fundamental social revolution was not only desirable but also inevitable.

Marx saw history as progressive and inevitable. Private ownership, he said, began with slavery, then evolved into feudalism, which was largely replaced by capitalism by the late eighteenth century. As he states in a famous passage from *The Communist Manifesto*, “Let the ruling classes tremble at a Communistic revolution. The proletarians have nothing to lose but their chains. They have a world to win. Working men of all countries, unite!” (Marx K. and F. Engels 1848/1948: 91).

However, Marx argues that a social class possesses, and its capacity to rationally act in their best interests; hence, class consciousness (awareness) is required before they can bring out a successful revolution. Over time however, a combination of circumstances promotes the class consciousness of the proletariat. A process of class polarizations occurs in which the proletariat, less divided and subject to increasing relative poverty and through the economic crisis of capitalism with increases in unemployment and decrease in wages, so members of the proletariat communicate to each other their increasing dissatisfaction with bourgeois exploitation (Image 1-Appendix IV). They organize themselves to begin with on a local level, to improve their wages and conditions until finally they are strong enough to oust the bourgeoisie and set up a new society. In the process they transform themselves from a mere category of people who happen to share the same conditions, to a group of people who, realizing they share the same conditions, organize to change their conditions. In Marx’s terms, they make the transition from a *class in itself* to *class for itself*. The bourgeoisie of course does attempt to prevent the proletariat from making this transition from a ‘class in itself’ to a ‘class for itself’. Although its power rest on ownership of the means of production, such economic dominance is translated into political dominance with the result that bourgeoisie becomes a ruling class and state becomes for managing affairs of the whole bourgeoisie by controlling by means of coercion and propagating bourgeoisie ideologies.

Thus, Marx distinguished four modes of production which have succeeded each other. In chronological order they are primitive communism, ancient society, feudalism and capitalism. In each case exploitation leads to class conflict and the eventual replacement of each mode of production because of underlying contradictions which

develop within the mode of production between the forces of production and relations of production. The contradictions develop within the new mode of production-the contradictions of capitalism will eventually lead to its replacement by communism. Ultimately, Marx argued that proletariat will see the fog of bourgeois ideology and become revolutionary. For Marx the revolution is inevitable. This will enable a classless society to be formed in which the ideals put forward during the French revolution will be fully realized: freedom will replace oppression; fulfillment alienation; equality inequality; fraternity self interest. There would be a society of without ownership of private property, without commodity production and a stateless society. Such a society Marx called communism.

2.6 The Variants of Marxism

A version of Marxism, emerged as *Marxist humanism* and primarily focuses on Marx's earlier writings, especially the *Economic and Philosophical Manuscripts of 1844* in which Marx argued the theory of alienation of the labourer has its foundation. There are the main principles of the philosophical humanism of Marx which are briefly explained by Mihalo Markovic in his article Marxist humanism and ethics in 1963 as mentioned below.

(a) In the philosophy of Marx, the central problem is: the place of Man in the Universe. What is and what ought to be his relation towards Nature on the one hand, towards other human beings and Society as a whole, on the other. (b) The fundamental characteristic of Man is his relatively free practical activity, his capacity for creative work, for purposeful transformation of his surroundings. (c) The existence of a world of objects which is independent of Man and his mind. The existence of these objects precedes our practice. However, our knowledge of them is the result of our practical experience, of the description and explanation of that experience. (d) The fact that human practice is so often repeatedly and inter-subjectively successful and it can be reasonably assumed that in all such cases it was guided by an objective, reliable description of the corresponding parts of the world. In principle there is no limit to the increase of both human control and objective knowledge of the world. (e) However, being man-made, every element of knowledge contains subjective, human

elements. Besides, man does not only contemplate and describe the world in order to understand it. He also builds up concepts of objects which do not exist, which he plans to create, in order to satisfy some of his needs. These projections into the future may be purely unrealistic and dream-like. They have a chance of being realized only if they are based on knowledge. (f) There is no other kind of knowledge which is as objective and reliable as scientific knowledge. The alternatives of the future course of events and the probabilities of various alternatives can also be best known by using scientific methods. On the other hand, which one of these alternatives we prefer to realize, no matter how probable it might be, depends on our fundamental human needs, on our conception of what kind of human life and society are good for Man. (g) A critical examination of human knowledge shows that both knowledge and human value developed in time and took various forms at different stages of historical development and at different places. From this it follows that in the context of exploration, discovery, and criticism, our approach should always be dynamic and historical. (h) Various social phenomena are the outcome of the continuous interplay of material factors (such as economic structure, social stratification, political and legal institutions) and cultural factors (such as science, arts, religion, morals). The development of the material life of a society plays a decisive role. The full meaning of any cultural achievement can be understood only by taking into account its complete historical background including both the material conditions of its origin and its possible consequences in social practice. (i) Although all knowledge and evaluation are relative to the conditions of place and time, relative to the degree of development of human culture. These human (not absolute) constants constitute the very basis of all knowledge and evaluation. (j) In order to establish general truths and values we use abstract terms both in theoretical and practical respects. The general terms should always be conceived in a concrete way, bearing in mind the specific objects to which an abstraction can be applied, the conditions under which the application is possible, and the practical consequences relevant for its usage. (k) When we analyze objects we simplify them and tend to draw excessively sharp lines of demarcation. It is essential to be aware of this process of simplification and to supplement analysis by a subsequent process of synthesis, of the re-establishment of continuity between different (and often opposite) elements of a whole. And transition cases are an important dialectical regulative principle of controlled inquiry. (l) Processes in nature and society are regulated by laws. However, these laws are not strict in the sense of

excluding any chance events and any possibility of human freedom. In relation to a relevant law an individual event may constitute a deviation (chance) because of: (i) the action of a more powerful law outside the ordinary frame of reference, (ii) the change in the initial conditions of the system in question, (iii) the action of a variable factor inside the system. (m) Living in a world in which there are both order and chance, Man is able to behave as a free agent in so far as he: (i) becomes aware of both classes of determining factors- those of the external situation (objective conditions, natural and social laws) , and internal determining factors (traits of character, interests, beliefs) which delimit his possibilities of choice and action; (ii) is ready to resist both external and internal compulsion and to take the decision which best corresponds to his basic convictions and values. (n) The contemporary human situation is far from being satisfactory, in spite of all achievements of science and technology. Most of its negative aspects can be embraced by the concept of alienation. For a man to be alienated means: to lose control over the products of his own physical and mental activity; to lose the possibility of the participation in freely elected, creative work; to reduce all the richness of life to an artificial need for possessing objects; furthermore, it means to become estranged from other men and to establish relationships of exploitation, envy and hatred in place of mutual trust and love. In a word, to be alienated means to be divorced from all that Man could be and ought to be. The highest value from a humanist point of view is, therefore: disalienation, a thoroughgoing emancipation from all forms of slavery and poverty, political and economic, material and spiritual, external and internal. Hence, idea of Marxist humanism is based on theory of alienation.

Another important version of Marxism emerged as *structural Marxism*. Although its central idea is that the structure and system play an important role in any society which influences the individual behaviour. Marxian analysis took a structuralist turn in France and it has become intellectual movement. However, the strong criticism of Humanist Marxism has come from the French Marxist structuralist Louis Althusser and he argued that Marxist Humanists did not recognize the dichotomy between Young Marx and Mature Marx. However, he does not defend orthodox Marxism's economic reductionism and determinism. He developed his own theories regarding ideological hegemony and conditioning within class societies, through the concept of Ideological State Apparatuses and interpellation which constitutes the subject.

French Marxist Louis Althusser poses his concept of a “problematic,” by which he means the cognitive structure that frames and shapes the volition and thought of the individual or the group that shares it. “Althusser dislikes empiricism and emphasizes ‘totalities’, the ‘structure a dominant’ and ‘complex wholes.’ These entities are not separable from the elements they compose nor are they nothing but the sum of their parts—they are elements: relations of production, forces of production etc. connected in specific ways. Indeed the nature of each part of the whole is determined by its role in the totality. Economic practice, for example, does not exist on its own but it is only as part of the complex structure” (Assiter 1984: 278).

Further, Althusser (1971) has described the *Repressive State Apparatuses* (RSAs), and the *Ideological State Apparatuses* (ISAs) as capitalist norm and values. He explains how and why this has happened. For Marxists, the state is considered to be far more than ‘government’. Althusser (1971: 143-4) makes a distinction between what he calls the Repressive State Apparatuses (RSAs) (government, administration, army, police, courts, prisons) and the Ideological State Apparatuses (ISAs) (religion, education, family, law, politics, trade unions, communication, culture). The RSAs operate primarily by force and control. This can be by making illegal the forces and organizations (and their tactics) that threaten the capitalist status quo and the rate of profit. Thus, for example, restrictions are placed on strike action and trade union activities. More extreme versions of RSA action include heavy intimidatory policing and other forms of state-sanctioned political repression and violence by the police and armed forces (Hill 2001: 106; Image 6-Appendix IV).

The ISAs, on the other hand, operate primarily through ideology – promoting the values and attitudes required by capitalism. However, the two State Apparatuses function both by violence and by ideology. It is worth quoting Althusser at length: What distinguishes the ISAs from the (Repressive) State Apparatus is the following basic difference: the Repressive State Apparatus functions ‘by violence’, whereas the Ideological State Apparatuses’ function ‘by ideology’. I can clarify matters by correcting this distinction. I shall say rather that every State Apparatus, whether Repressive or Ideological, ‘functions’ both by violence and by ideology, but with one very important distinction which makes it imperative not to confuse the Ideological State Apparatuses with the (Repressive) State Apparatus. This is the fact that the (Repressive) State Apparatus functions massively and predominantly by repression

(including physical repression), while functioning secondarily by ideology. (There is no such thing as a purely repressive apparatus.) For example, the Army and the Police also function by ideology both to ensure their own cohesion and reproduction, and in the 'values' they propound externally. In the same way, but inversely, it is essential to say that for their part the Ideological State Apparatuses function massively and predominantly by ideology, but they also function secondarily by repression, even if ultimately, but only ultimately, this is very attenuated and concealed, even symbolic. (There is no such thing as a purely ideological apparatus.) Thus Schools and Churches use suitable methods of punishment, expulsion, selection, etc., to 'discipline' not only their shepherds, but also their flocks. The same is true of the Family. The same is true of the cultural IS Apparatus (censorship, among other things), etc (Althusser 1971: 144-5). Althusser, argued that where the Church was the dominant ISA in the pre-Capitalist period, the dominant ISA in "mature capitalist social formations" (Althusser 1971: 152) is the educational ISA. Some might argue that the dominant apparatus is the political ISA but this is not the case, Althusser contends. Indeed, he argues that the "School-Family couple has replaced the Church-Family couple" (Althusser 1971: 154) of earlier time.

The Government is for Althusser part of the RSA (Althusser 1971: 143-4), and the Political ('the political system, including the different Parties') (ibid: 144) is decidedly an ISA. However, both RSAs and ISAs operate by force and ideology. In Althusser's terms each of these are interpellations. Interpellation is the concept Althusser (1971: 174) uses to describe the way in which ruling class ideology undermines the class consciousness of the working class. Thus, according to classical Marxist theory, the capitalist state must be overthrown rather than reformed. As Althusser (1971: 142) put it: the proletariat must seize State power in order to destroy the existing bourgeoisie State apparatus and, in a first phase, replace it with a quite different proletarian, State apparatus, then in a later phases set in motion: the end of State power, the end of every State apparatus.

Hence, Marx's idea have been applied in the social, political, and economic spheres and it guided communist revolution in 20th century even today it is prominence idea in social, political, economic, and academic field. Even critical theory and word system theory are based on Marx's idea. Many scholars emerged in criticizing capitalism, emphasizing its domination of the individual. Marxist inspired theory and scholars

serve distrust of capitalism and less hope for alternative. However, the collapse of Soviet Union and political transformation in Eastern Europe led to decline in Marx's influence. Although, ideas of Marx's had influenced or some of the similarities is seen in the many prominent scholars such as Comte, Max Weber, and Durkheim.

However, social scientists in the capitalist world have found the Marxist theory of classes to be an indispensable tool for analyzing the many forms of social inequality and conflict which continue in it. In political theory, debate has focused on Marx's view that capitalism would be marked by an increasing polarization of classes leading inevitably to revolution. Marxism, it is argued, is incapable of recognizing the democratic and pluralistic character of modern bourgeois democracy, and the possibilities of peaceful and non-revolutionary political evolution which it offers.

In the field of politics, the persistence and growth of nationalism has been a major feature of post-war politics not quickly explainable by Marxism. However, the great changes which have been occurring recently in the world of actually existing socialism present perhaps the greatest challenge, which will oblige not only Marxists, but all socialists, to rethink the very meaning of socialism.

The social world is historical and changing, and Marxism is a living response to it. It is constantly being faced with new and unsolved problems. However, it is doubtful whether there is any other body of theory which can provide a more satisfactory account. Issues raised by Marxism have occupied an increasingly central place in philosophy. Much current work is focused on questions of method in the social sciences. Engels (1894) account of Marxism portrays it as a development of the materialist and scientific approach to the study of society. This view is questioned by those who argue that the human dominion differs basically from the rest of the natural world, and need different methods for its understanding. People are subject's not simple objects, the locus of consciousness and values, etc.

Marx claimed that revolution would take place first in advanced and industrialized nations. Yet no socialist revolution has occurred as he claimed. However all successful Revolutions have occurred in relatively backward, non industrialized nations.

2.7 Conclusion

Marxism can be summarized as, a philosophy, a philosophical anthropology, a system of social analysis, a theory of history and economic and political program, a world view and a political doctrine. Marxism is also a revolutionary theory and explanation for the societies to explain the process of change. Marxism consist of four interrelated element (1) a technique for understanding the development of societies and transformation (2) an examination of how the capitalist economy works (3) how capitalism can be challenged and overcome (4) expression on the character and future of a socialism or communism. However basic concept of Marxism is based on the Marx doctrine.

Marx who worked out for a fundamental change in nature of thought cannot be reduced to a philosophy because whole of his work is a radical critique of philosophy. Marx gave an idea that all knowledge involves a critique of ideas. He has also inherited some of the concepts from earlier economists and philosophers. He examines the each and every problem in a dynamic relation to the others and tries to relate them to social, historical, economic and political realities.

According to Marx, in the capitalist mode of production the working class owns only their capacity to work and they have ability to sell their labour and they are alienated and exploited by the capitalist class. Marx proclaimed that the history is the chronologically of class struggle and in the central to theory is the class struggle and economic system based on private ownership of the means of production and distributing of goods.

Marx argues that economy constituted the base upon which all the elements of society are based. He argues that base is the economy and superstructure is ideology. He argues in Capital that the relation between wage-labour and capital determines the entire character of the capitalist mode of production and asserted that at the centre of all human societies was production. His central element in the analysis of capitalism is how surplus labour from workers is taken away by capitalist class. He argued that capitalists itself believe in competition. A competition between themselves it would lead to loss for one and gain for other. Those capitalist who loses they will also become a part of proletarian mass. In the end, there would be a few super rich

capitalists exploiting the labour of mass exploited proletarians. Ultimately, revolution is inevitable and as feudalism abolished due to conflict between landlord and serf led to change from feudalism to industrialist society Marx predicted that in the industrialized society conflict between bourgeoisie and proletariat will lead to communism: a classless society, without ownership, without property, without commodity production, money and a stateless society.

Marx believed that freedom of action is controlled by the limits set by the development of the economy. Whether Marx placed too much emphasis on economic factors still remains a controversial issue. He suggested that history has an overall direction and that it is governed by a dynamic principle such as the class struggle is questioned by many contemporary sociologists such as Giddens (1990). Whether it is possible to talk of class divisions prior to the introduction of capitalism and indeed whether other social divisions in modern societies are not significant. Finally, he argued that transition to communism first would occur in advanced countries. However, capitalist societies have not developed in the direction Marx expected. Although, in the 20th century has witnessed the revolutions in the non-capitalist societies and have failed to fulfil Marx's vision. The collapse of communist regions in Eastern Europe since 1989 has led some commentators to argue that Marx's ideas are no longer relevant. Needless to say, Marxists believe that they can explain why capitalist societies have remained resistant to revolution why communist regimes have collapsed and why Marx's ideas remain as significant today as they ever were.

In contemporary world there are two sound and powerful systems in economic realm, the liberal and Marxist and both are in contrast to each other. Even Marxism has grown through controversy with other opposing theories. Marx's basic concept or doctrine as well as variants of Marxism have been mentioned in this chapter. This ideology and variants of Marxism have influenced Europe especially France for long time. In contemporary era, neoliberal policy is in crisis. The capitalist mode of production has increased inequality, unemployment and several other disorders in the society. It has highly impacted France. The next chapter will discuss Marxist ideology and its impact in Europe and particularly in France.

CHAPTER THREE

THEORY AND PRACTICE OF MARXISM

THEORY AND PRACTICE OF MARXISM

3.1 Introduction

Marxism became a reality not just in Europe but it spread across the globe. Marx believed that under communism people would live more freely than ever before. According to him the future society an inevitable, and ultimate, stage of human development. However many scholar, in contrast, argued that “his vision of the ‘universal liberation of humankind’ did not include any safeguards for individual liberty” (Walicki 1995: 71).

The Marxism varied over time and across space in Europe. There was a gap between the original theory and the practice of Communist rule in Europe. Those who captured power in the twentieth century, both using and misusing Marx’s ideas, finally, however, they were all liberators. Marxist theory, as interpreted by Vladimir Lenin and afterward by Stalin in Russia and by Mao Zedong in China which were argued by many a hard and cruel rule of single-party dictatorship.

During most of the 20th century Communism was the world’s powerful international political movement. People responded differently to it as a source of hope for a future or as the greatest threat on the earth. After the Second World War there were Communist governments in Europe and these governments were all Soviet satellite states. During that period of time the world politics were divided in two parts as first world and second world. The first world headed by Soviet Union to influence communist movement in other part and second world headed by the United States and its main European allies were against international Communist movement. In France and Italy Communist parties turn into major political forces and the French and Italian communist parties had large popular and major intellectual support, together with they had parliamentary representation. The Communist systems had established in Eastern Europe.

It is noticed that the rivalry between the West and the Communist bloc started soon after the Second World War. During Cuban missile crisis of 1962 both bloc reached at a position to hot war. The most important political phenomenon of the first half of the

twentieth century was the rise of Communism than the rise of fascism. The Communism became much stronger and a longer lasting political movement. However, the most significant political event of the later part of the century saw the fall of Communism in Soviet Union and Europe.

Interestingly Communist parties in Europe did not call their own systems 'Communist' but, rather, 'socialist'. For them, 'communism' was to be a later stage in the development of society, the ultimate stage, in which the institutions of the state would have 'withered away' and would have been replaced by a harmonious, self-administering society (Brown 2009: 10). Even as Marx and Engels were the most important theorists of Communism and latter Lenin was a key practitioner as well. However, the idea of communism originated before the Marx. Many different, and idealistic, notions of communism had come into existence centuries earlier. Most of these both Communism and socialism had little or nothing in common with the practice of 20th century Communist regimes.

Indeed, some of the ideas can be traced back before the Marx and Engels as according to the Acts of the Apostles, the disciples of Jesus 'were of one heart and of one soul: neither said any of them that ought of the things which he possessed was his own; but they had all things common' (Acts, Chapter 4, Verse 32, The Bible, King James Authorized Version). In the second half of the fourth century, St Ambrose, the Bishop of Milan, the mentor of St Augustine, declared: 'Nature has poured forth all things for all men, to be held in common. God commanded all things to be produced so that food should be common to all, and that the earth should be a common possession of all. Nature, therefore, created a common right, but use and habit created private right' (Chon 2004: 193). One such person was the revolutionary priest John Ball, who years before the Peasants' Revolt of 1381 in England had occupied himself 'inflaming the peasantry against the lords temporal and spiritual'. An extract from one of the speeches, said to have been delivered by him, exemplifies his radical, but religiously based, egalitarianism: Things cannot go well in England, nor ever will, until all goods are held in common, and until there will be neither serfs nor gentlemen, and we shall all be equal. For what reason have they, whom we call lords, got the best of us? How did they deserve it? Why do they keep us in bondage? If we all descended from one father and one mother, Adam and Eve, how can they assert or prove that they are

more masters than ourselves. Except perhaps that they make us work and produce for them to spend! (Beer 1919/2008: 27-28).

In 16th century Germany's Muntzer played for encouraging peasant rebellion in rhetoric which was violent and uncompromising. During the enlightenment progress of science and secularization in thought enable the way of a different thinking in terms of society. The important respects the thought of Marx, Montesquieu and Turgot in France and such major figures of the Scottish Enlightenment as Adam Smith, John Millar and Adam Ferguson elaborated a theory of stages of development of society which, they argued, provided the key to understanding the evolution of society (Brown 2009: 13-15). The more radical way of thinking gave the French Revolution which completely changed the political and social identity.

Saint Simon believed that free economic competition produced poverty and crises and that society was moving inexorably to a stage when its affairs would be planned in accordance with social needs. Saint-Simon's was the first form of socialism to which the young Karl Marx was introduced. Marx was later to pour scorn on Saint Simon's followers on account of their utopianism, commitment to peaceful change and trust in the possibility of class cooperation rather than the inevitability of class struggle (Jones 2002: 173; McLellan 1973: 186-7). However, Marx drew inspiration from many sources. He was less influenced by previous socialist writers than by German Hegelian philosophy and Adam Smith. Marx, though, drew very different conclusions from those of either Hegel or Smith.

In the late 19th century and early of 20th century, between 1840 and the Russian Revolution of 1917, the terms 'socialism' and 'communism' were often used more or less interchangeably. Marx, however, made it clear that the Communists advocated a revolutionary brand of socialism, and he was unconcerned of the utopian socialists and earlier 'communists' who did not see what he and Engels believed was not only the necessity, but also the inevitability of proletarian revolution. Marx put in a letter what he thought was original in that work: 'What I did that was new was to prove (a) that the existence of classes is only bound up with particular, historic phases in the development of production (b) that the class struggle necessarily leads to the dictatorship of the proletariat (c) that this dictatorship itself only constitutes the transition to the abolition of all classes and to a classless society (Marx and Engels

1977: 528). In his Critique of the Gotha Programmed, written in 1875, Marx attacked the document which had emerged from a conference at Gotha in that year which had seen the coming together of two German proletarian parties to form the Social Democratic Workers' Party. In his Preface to the English edition of the Communist Manifesto of 1888, Engels explained why he and Marx had called it 'Communist' rather than 'Socialist'. Socialism, Engels says, was in 1847 a middle-class movement, but Communism was a working-class movement. Socialism, in continental Europe, had become respectable; Communism was not respectable (Brown 2009: 22).

Marxism has influenced politics in Europe for long. The following discussion deals with Marxism in Europe particularly in France. The first part describes the Marxism and economic, social and political development since late 19th century to 1950 and socialism versus capitalism since 1950 to fall of Berlin wall in Europe. Subsequently, the second part discusses development of Marxism in France and how after the 2nd world war French government adopted the liberal policy and welfare model which further lead to change in French society.

3.2 Marxism Since late 19th Century to 1950 in Europe

The founding congress of First International took place in London in 1864 which Marx had attended, was divided in several different directions and was disbanded in 1876. The Second International, known also as the Socialist International, was established in Paris in 1889. The place and year had significance. This was the hundredth anniversary of the French Revolution. This was formed of national political parties and trade unions and many of whose members had been influenced by Marxist teachings. From the beginning there was a tension between socialists who believed in the importance of parliamentary means and those for whom revolutionary class struggle was a higher priority. Engels was still alive and was present at the second international meeting. In the Russian revolution many revolutionaries were active members of the Second International. It is seen that many delegates and even at the Marxist meeting of the Second International were supportive of class struggle but opposed the violence way of revolution and their idea of socialism based on ethical, partly Christian, foundations on Marx. The co-founders of the German Social

Democratic Party, August Bebel and Wilhelm Liebknecht, were also active participants in the Second International. Their party was most successful of the socialist parties in the 19th century. In the imperial German elections of 1890, the Social Democrats won almost 20 per cent of the votes. France was represented by two prominent Marxists, Edouard Vaillant and Jules Guesde, who generally favoured a parliamentary road to socialism, although they believed that revolution was desirable under certain circumstances.

During the 20th century in the first decades communists and socialists gradually differed. However, before the success of the Bolshevik revolution in 1917, the dividing lines between socialists and Communists were less clear-cut. The term 'social democracy' at the end of the nineteenth century and in the early twentieth did not yet differentiate democratic socialists from Communists. Prior to 1914, socialism itself did not achieve much popularity among the working class and it took longer to become accepted as the ideology of the labour movement than anywhere else in Europe. Those who were in favour of socialism were reluctant to call themselves socialists for fear of being unpopular. In 1900 the unions, together with the ILP, the SDF and the Fabians, set up the Labour Representation Committee: yet the trade unionists who accepted the LRC were in the main at heart still Liberals not socialist (Sassoon 2010: 15-16)

It is well known worldwide that Marxism came into practice in Soviet Union particularly under the leadership of Lenin. The Communist Party of the Soviet Union was founded in 1898 and given the name of Russian Social Democratic Labour Party (RSDLP). Lenin was not present in its inauguration. He was in exile or prison since late 1885. He was released from exile in 1900; he used to seek control of the RSDLP. The Russian revolutionary movement came in 1903 at the Second Congress of the RSDLP. The Congress witnessed a variety of splits between what Lenin called the 'hards' and the 'softs'. Lenin had no sooner got his majority than he named his group the Bolsheviks (from the Russian word for majority) and his opponents the Mensheviks (the minority). With the establishment of the Bolshevik faction within the RSDLP, the gap within the Second International and between Bolshevism and evolutionary socialism became wider. In Germany, where social democracy, was stronger than in Russia, there were also vital doctrinal battles taking place. The first of three revolutions which culminated in the Bolshevik takeover in late 1917 occurred

against a background of appalling social conditions in the Russian cities, poverty in the countryside, and a lack of basic political rights and freedoms (Brown 2009: 35-41).

In Germany, SPD was unquestionably the best organized socialist party in Europe. It was electorally stronger than most other socialist parties at an earlier stage. By 1914 the SPD had one million members, but the Centre Party was not far behind with 850,000. By contrast, the French SFIO was not a mass party; but then there were no mass parties in France (Sassoon 2010: 11). French socialism was chronically split along organizational and ideological lines. There was little ground between the followers of Fourier (utopian socialists), Saint-Simon (technocrats), Louis Blanc (reformists) and Auguste Blanqui (insurrectionists) (Magraw 1992: 82-83). By 1911 France had only one million organized workers, while the German and British trade unions had around three million members. The real 'magnetic pole' (both repelling and attracting) round which the French socialist party eventually emerged was the Parti Ouvrier Francais (POF), founded in 1879 by Jules Guesde with a vulgarized Marxism as its guide and German social democracy as its model (Mayeur 1984: 137-8). Other tendencies joined forces with it under the banner of the SFIO (Section Francaise de Internationale Ouvriere). To the 'Guesde-style' Marxism, with its emphasis on the revolutionary overthrow of the capitalist state, was added the French revolutionary tradition, with its pronounced distrust of organization, strong taste for direct democracy and virulent anti-clericalism (Sassoon 2010: 12).

The economic depression, which began in 1899, provided grounds to the workers for strikes in several Russian cities. In addition to these domestic problems, in 1904-05 Russia was fighting an unsuccessful war with Japan. Its failure in this conflict came as a great shock to the political elite. They had regarded themselves as a great European power and, by definition, superior economically and militarily to any Asian state. It damaged the reputation of the tsar, Nicholas II, and deepened the sense of political crisis in Russia (Lieven 1993: 144-5). A peaceful procession was marching towards palace but fired upon by troops instructed to prevent them from reaching the palace. That day became known as 'Bloody Sunday'. Apart from the deaths of many of the marchers, other peaceful demonstrators were massacred in different parts of the city. It was rumoured at the time that thousands had died. The real figures – approximately 200 dead and 800 wounded – were bad enough (Figes 1996: 178). During 1905, in

Russia strikes, demonstrations and looting of landlords homes was going on. The continuous strikes of 1905 culminated in a general strike in October which compelled the emperor. The tsar (Nicholas II) issued his October Manifesto which granted personal liberty to the population at large and proposed elections for a national duma.

During these year not only revolutionary socialism, liberalism had become an important ideology but also a powerful current of nationalism, xenophobia and anti-Semitism came to the fore. The organized killing of Jews was going on and as a result, large-scale of Jewish emigration had taken place from the Russian Empire to Western Europe and North America. The growing crisis in Russian society was brought to a head by the outbreak of the First World War. Lenin and many of the revolutionaries declared that this was an imperialist war and would have nothing to do with it. However, the advent of war split the socialist movement throughout Europe. Any known Bolsheviks who remained in Russia, including members of the Duma, were arrested following Russia's entry into the war in alliance with France and Britain against Germany and Austria-Hungary. Russian Marxists were split on whether or not to support Russia's war effort. Lenin and Trotsky were prominent among the defeatists not only opposing the war on principle but also believing that it presented a great opportunity. They were convinced that a Russian defeat would hasten the success of revolution. Plekhanov, on the contrary, believed that the cause of socialism would be advanced by the victory of Russia and its allies. In reality the legitimacy of the regime was by now sufficiently weak that when the army suffered major setbacks. Incompetence in the conduct of the war, vast human losses, and dwindling confidence in the authorities made the tsarist regime more vulnerable than ever before (Brown 2009: 45-46).

By the second half of 1916 and early 1917, the crucial factor was increasing disaffection in the Russian army. These 'peasants in uniform', as Lenin called them, were sick of the war. When soldiers were brought in to suppress a strike in Petrograd (as St Petersburg had been renamed in 1914) in October 1916, they fired at the police instead of at the workers. Well over a million Russian soldiers were killed in the First World War, more than four million were wounded, and some two and a half million were taken prisoner.

Though this revolution ended over three hundred years of the Romanov dynasty (founded in 1613) came as a complete surprise to most Marxist revolutionaries. Three of the most famous of them, Nikolay Bukharin, Leon Trotsky and the one woman who was to become a prominent member of the first Bolshevik government. Like almost all of the leading Bolsheviks, Lenin, too, was living abroad at the time. The Mensheviks, some of whom were active in the Petrograd Soviet and Socialist Revolutionaries played a small part in that February Revolution. Lenin's message was that no support should be offered to the Provisional Government and that the task of genuine socialists was to bring down capitalism in Russia and throughout Europe (Brown 2009: 49-50).

In 1917 Lenin and Trotsky, the two key figures in the overthrow of the Provisional Government, decided that the Soviets, which were increasing in both numbers and popular support, would be a suitable instrument of the next revolution. Besides their slogan, 'All Power to the Soviets', the Bolsheviks promised 'freedom, bread, and peace'. The Socialist Revolutionaries (SRs) remained the most popular party with the peasantry, but the Bolsheviks were the better organized (Brown 2009: 50). The Bolsheviks, although far from united in 1917, were organizationally stronger than the SRs and much more ruthless than the Mensheviks. A major critics came from Karl Kautsky, who in his youth had known Marx and Engels personally, wrote a book in 1918 entitled *The Dictatorship of the Proletariat*, arguing that Lenin's 'revolutionary dictatorship' was far removed from what Marx had in mind when he used the phrase (and very infrequently) 'the dictatorship of the proletariat'. Marx, Kautsky wrote, had not meant by this 'a form of government' (Kautsky 1919: 140). Kautsky also observed that 'quite properly' the Bolsheviks had stopped calling themselves Social Democrats and now 'described themselves as Communists' (Kautsky 1919: 174). Lenin was shocked and angered by Kautsky's analysis of the un-democratic character of the Bolshevik revolution.

Immediately after the October Revolution, a government was formed called the Council of People's Commissars. Lenin presided over it. Trotsky became the commissar for foreign affairs, and Stalin was appointed commissar for nationalities (Brown 2009: 52). Trotsky announced in February 1918 that the war with Germany was over and that the Russian army was to be demobilized. Later in the month the army was re-formed as the Red Army (the Workers' and Peasants' Army) but its first

task was to deal with enemies within the state rather than engage in a European war. The Germans had responded to Trotsky's declaration by ordering their troops to advance into Russia, and so in early March 1918 the Soviet government was forced to accept very unfavourable peace terms, involving significant loss of territory which had belonged to the Russian Empire, and sign the Treaty of Brest-Litovsk. However, class war started in the countryside, as poor peasants encouraged by Bolshevik turned against the richer peasants. In the civil war which broke out in Russia in the middle of 1918, the peasants sometimes supported the Red Army and sometimes the White Army, but the cruelty of both sides rapidly alienated them. The Whites were a disparate army of anti-Bolsheviks. Once British forces had been landed in Russia, small contingents were also sent by France, the United States, Italy, Canada and Japan (Brown 2009: 53-54). The Bolsheviks renamed themselves the Communist Party in 1919. The civil war ended in 1922 with the Bolsheviks success. It is noted that Lenin described the communist society: Where Marx had spoken of a first, or lower, phase of communist society; Lenin prefers to call the first stage 'socialism' and the later stage 'communism' (Lenin 1917: 157). In this later stage, freedom will be combined with equality and the distinction between mental and physical labour will disappear – along with the state. 'So long as the state exists', writes Lenin, 'there is no freedom. When there will be freedom, there will be no state (Lenin 1917: 152).

In March 1921 congress, Lenin introduced New Economic Policy because there was famine in various parts of Soviet Union and grew unrest. In April, Stalin was chosen, with Lenin's full approval, to occupy the new post of General Secretary of the Communist Party. A importance occurred in 1922 when the four republics then under Communist rule, namely the Russian republic, Ukraine, Belorussia, and Transcaucasia, came together to form the USSR, or the Soviet Union. They described their rule both as Soviet power and as a 'dictatorship of the proletariat'. However, the proletariat as a whole could not dictate. It was the Communist Party which did this in the name of the proletariat (Brown 2009: 62). The Bolsheviks had hoped and expected that their revolution would trigger a series of revolutions further in Europe. No other effect took place to successful Communist takeover in Europe until after World War Two.

Immediately, after the First World War division took place in the socialist. The war divided the socialists into three camps in Europe (Sassoon 2010: 31) : (1) The

patriotic socialists: Vaillant and Guesde in France, Scheidemann in Germany, Vandervelde in Belgium, Plekhanov among the Russians, Hyndman, former leader of the BSP, in Britain and Bissolati in Italy. Originally, this was the strongest group. (2) The centre or pacifist socialists: they were against the war and in favour of some kind of neutrality, though initially they did not wish to break ranks with the pro-war majority. They included people like Kautsky and Bernstein in Germany, MacDonald and Hardie in Britain, Bourderon and the trade unions in the Confederation Generale du Travail (CGT) in France. This was the position of the Italian, Swiss, Dutch and Scandinavian socialist parties. (3) Finally, there was the anti-war Left, or revolutionary socialists eager to turn the war into an opportunity for revolution. They included Karl Liebknecht and Rosa Luxemburg in Germany, Lenin in Russia, Amadeo Bordiga as well as the Turin group of the *Ordine nuovo* led by Antonio Gramsci in Italy.

In Germany the revolutionary division had taken place in socialist group. The German social democratic movement, the largest in Europe, split three ways at the end of the First World War. The largest part kept the name of the German Social Democratic Party (SPD). The more radical group named the Independent Social Democratic Party (USPD) and those committed to revolution formed the Spartacus League of which leader was militant Rosa Luxemburg. In 1918 socialist government had taken office in Germany. Spartacus League changed their name to that of the German Communist Party (KPD). Their temporary successes in Germany, Communists succeeded also in seizing power in Hungary, establishing the Hungarian Soviet Republic which remains in power for 133 days in 1919. A revolutionary attempt was made by German communist in 1921 which failed and it made a setback for the Bolshevik leadership. The Russian socialist or communist were undivided.

The end of the First World War also saw the re-creation of Poland, which had been part of the Russian Empire, as an independent state. War between Soviet Russia and Poland in 1919–20 has been interpreted as an attempt both ‘to recreate that Empire in socialist guise and to spread the Revolution to the advanced countries of Europe’ (Davies 1981: 396). Lenin had drafted the ‘Twenty-one Conditions’ of membership of the Third International at the Second Congress held in July-August. The result of the Twenty-one Conditions was the permanent division of the West European Left. In retrospect the Comintern was a major political error (Sassoon 2010: 32). During this

period of time many communist party emerged in advanced countries in Europe. In 1920 Third International, The sole delegate from the German Communist Party, Hugo Eberlein, objected that 'Real Communist parties exist in only a few countries and most of these were created only in the last few weeks' (Westoby 1989: 38).

After the Lenin, in Germany, German Communists' willingness to follow Stalin's line by treating the social democrats as more dangerous enemies than the fascists, and by even taking comfort in the idea that the Nazi advance meant that the Weimar Republic was weakening, the German Communists were paving the way for their own destruction (Brown 2009: 86). In March 1933, after the Nazis had come to power, their electoral support (43.9 per cent) was substantially greater than that of the social democrats (18.3 per cent) and the Communists (12.3 per cent) put together (Deakin 1975: 77). KPD member, Karl Grohl, insisted that it was necessary for the German Communist Party to join forces with worker members of the Social Democratic Party and their organizations in a 'united front and combined struggle' against fascism. The national question should be treated as a second-order question. The top priority was the struggle for bread and work and against fascism.

In 1932 the first social-democratic government to possess a majority in Parliament was elected in Sweden. For the first time the labour movement was in the business of formulating policy. Both the Trade Union Confederation (LO) and the social-democratic government gave priority to economic growth (Adereth 1984: 78). It had become necessary to manage capitalism and to manage it differently. The LO entered into a pact with the employers' association (SAF) in 1938, which established collective bargaining and a code of practice for the regulation of industrial relations (Sassoon 2010: 44). The unique pattern of a 'worker-peasant' alliance took place in other Nordic countries led by social democracy: in Denmark (January 1933), Norway (1935) and Finland (1937). In Norway, as in Sweden, the compromise between farmers and workers which gave rise to the minority Labour Government of 1935 led by Johan Nygaardsvold, involved social welfare legislation, unemployment insurance, old-age pensions, and a minimum wage for the workers as well as new or greatly increased price stabilization subsidies to farmers and fishermen. Between 1933 and 1938 the SAP-led government introduced employment creation programmes, a housing programme to the benefit of large families, indexation of pensions, near-universal maternity benefits, paid holidays and state loans to newly married couples

(Sassoon 2010: 45). Thus the Nordic socialists were laying the foundation of the most successful welfare states in Europe (Sassoon 2010: 47).

During the Nazi regime the communist suffered more in Europe. The end of 1933, between 60,000 and 100,000 had been interned by the Nazis. The party Members of international communism between the two world wars was then approximately 300,000 – had been in Nazi jails or concentration camps. Many German Communists, including some of the more senior party members fled to the Soviet Union. Thus communist realized to make alliance with social democrats, even liberals and members of religious groups to unite against fascism. Western democracies were more than content to be in alliance with the Soviet Union during the Second World War when the Soviet army made a great contribution to the victory in Europe. Though Stalin was no more to be trusted than was Hitler because he was responsible for the deaths of more citizens of his own country than Hitler in Germany. The threat of Soviet expansion by military means was less than that from Nazi Germany. However, the Popular Front era of the international Communist movement popularized during the Spanish Civil War took place between 1936 and 1939. The Soviet Union as the inauguration of the Popular Front coincided with the total polarization of Spanish society (Payne 2004: 122).

In Spain coalitions with other party strengthened the left and it had been welcomed by Comintern. The growing strength of Communists within the coalition of republicans, anarchists, socialists and Communists that emerged victorious in elections in 1936. However, this victory was threatened by a military revolt, supported by conservative forces and the Catholic Church, leading to full scale civil war. The Soviet Union sent military support, both equipment and people. The Spanish Civil War resulted in the deaths of about half a million people and ended in defeat for the republican, socialist and Communist forces and victory for the nationalists led by General Francisco Franco. The victorious side had also been a coalition, in which fascists played a prominent part, and they had more foreign military assistance than had the republicans. Hitler and especially Mussolini committed far more troops to this struggle than did Stalin (Brown 2009: 88-90).

The Comintern activity begun with the 1939 Nazi–Soviet Pact before the second world war and Hitler’s attack on the Soviet Union in June 1941. This was a result of

his failure to secure an anti-German military alliance with Britain and France and Stalin decided to seek an understanding with Hitler. He did not rule out a future attack by Nazi Germany on the Soviet Union. The Soviet Foreign Minister Vyacheslav Molotov and his German counterpart Joachim von Ribbentrop signed the Nazi–Soviet Non-Aggression Pact in late August 1939. It contained secret clauses agreeing to the partition of Poland, and to Soviet repossession of Estonia, Latvia and Lithuania. In September 1939, Nazi Germany attacked Poland both by land and air, and in response, Britain and France two days later declared war on Germany. In the meantime, the Soviet Union received free hand by Germany to deal with its near neighbors. It incorporated what had been part of Poland into Ukraine and launched an attack on Finland. The Soviet–Finnish war of 1939–40, known as the Winter War which was costly for Stalin. The Finns brutal resistances made some 24,000 of them were killed and 420,000 were made homeless, it is likely that as many as 200,000 Soviet troops lost their lives. Estimates of the war dead vary hugely. The figure given to the Soviet leadership at the international communism between the two world wars time was 52,000 dead on the Soviet side. Nikita Khrushchev had turned decisively against Stalin that as many as a million Soviet troops died in the Winter War (Khrushchev 1970: 155). A peace was signed in March 1940.

A major political change took place just before the Second World War. The western Communists had continued to attack fascism as the main enemy when three weeks after the Second World War began, but line was changed when on 24 September the Comintern declared that the war was not anti-fascist but ‘imperialist’, most of the Communist parties move into line started condemning the war and making no distinction between the fascist countries and the democracies. The Italian Communist Party (PCI) was largely condemnatory after Mussolini brought Italy into the war in June 1940 (Sassoon 2010: 85). The Soviet Union secret agreement with Nazi Germany gave the opportunities to seize the three Baltic states of Estonia, Latvia and Lithuania. Thus the Soviet broke the Treaty of Versailles in 1919 Baltic States. Although on neither side was there a belief that peace between them would be long-lasting. It was Hitler who ended it with the German invasion of the Soviet Union in the midsummer of 1941. This led to new coalitions of political group in Europe and this time main enemies was Fascism only not imperialist. The Soviet Union, however, not only suffered the greatest losses, but also contributed most to the ultimate defeat

of the Nazis. In the battle for Moscow, which lasted from September 1941 until April 1942, 926,000 Soviet soldiers were killed. When Soviet troops finally entered Germany in 1945 they took brutal revenge – on the civilian population as well as German combatants. It is estimated that more than 110,000 women were raped in Berlin, and there was massive looting (Wasserstein 2007: 401).

3.3 Socialism and Communism after Second World War

After the Second World War division took place between Western and Eastern Europe and communist and anti communist groups. In Germany, the territory which had been occupied by the Red Army was under the control of the Soviet Union, and other part was under control of American and British sphere. Very soon after the Federal Republic of Germany (West Germany) became a separate state in 1949, the Soviet satellite of East Germany was granted statehood as the German Democratic Republic. In Yugoslavia, civil war consisted between Communists and anti-Communists and conflict among between Serbs and Croats. However, Josip Broz Tito did succeed in establishing a Communist state in Yugoslavia by own efforts. In Eastern Europe, the Soviet Army played an important role in establishing the way for Communist takeover. It was the Red Army which brought back the Baltic States from the Nazis. The Red Army also liberated from Nazi domination Poland, Hungary, Bulgaria and Romania. They ended Nazi control over the greater part of Czechoslovakia, including the capital Prague. Thus, the single most important reason for the establishment of Communist regimes in Eastern Europe following the Second World War was the success of the Soviet army in ending Nazi rule in the region.

The Second World War provided European communism to establish itself as a significant political force. In the aftermath of the conflict the Soviet model was extended to Eastern Europe, while in the West communism reached the zenith of its influence and power in 1945-46. The Second World War, arguably the most devastating international war in the history of humanity, resulted in minimal changes in the European state system such as the incorporation of the Baltic republics into the USSR, the westward shift of Poland's borders, and the division of Germany.

Finally, after the Second World War, France (1945), Italy (1946) and Belgium (1948) completed the transition to democracy. The eight-hour day had been adopted everywhere, if not *de jure*, at least *de facto*. Leisure time, the authentic basis of freedom and the necessary precondition for political activity, was now protected by law. With the introduction of genuine universal suffrage, the liberal-democratic principle of the formal equality of all had been firmly established. With the eight-hour day the principle of state regulation of the labour market had been further strengthened. Democratic rights were thus enhanced by social rights. When the war was ended, socialist and social-democratic parties were in power in virtually the whole of democratic Western Europe, but only in Britain, Sweden and Norway were they clearly in charge (Sassoon 2010: 117-18).

After the Second World War, cold war begun between two superpowers with ideological differences. In 1947, the US Secretary of State George Marshall had announced America's European Recovery Programme, which involved massive aid to Western Europe to develop the countries as a result of war destruction and ousting the communist influence from western and Eastern Europe. Only among the East-Central European Communist Prime Minister of Czechoslovakia in July 1947 which accepted an invitation to the Paris conference on the Marshall Plan (Taborsky 1961: 19-21; 100-102). Stalin reacted immediately and the Soviet leadership did not allow any country it could control to receive such aid.

The Marshall Plan was part of an American policy whereby Communism was being challenged both militarily and economically. In March 1947, the American president had pronounced as the Truman Doctrine. Paying special attention to Greece civil war and Turkey on which Stalin had made territorial claims, and the threats posed by Communist parties in France and Italy, Truman said it would be 'the policy of the United States to support free peoples who were resisting attempted subjugation by armed minorities or by outside pressures' (Leffler 2007: 62). A few months later the Soviet Union established an organization called the Cominform. The world is divided into two camps: the anti-democratic imperialist camp on the one hand and the anti-imperialist, democratic camp on the communist takeovers in Europe.

In Poland the Socialist Party was absorbed by the Communists in 1948. Just as the Polish Socialist Party, Hungary the Social Democratic Party was absorbed by the

Hungarian Communist Party in the same year. The countries of East-central Europe became more Stalinist and the division of Europe more rigid from 1948 until the death of Stalin. The division of Europe remained in place until 1989.

The years between the end of the Second World War and the death of Stalin in March 1953 saw dramatic change in the Communist world and in its relations with Western democracies. First of all, the number of Communist states increased from the pre-war two to twelve. Second, the first great split occurred within the international Communist movement which hitherto had been remarkable for its cohesion. Just one year after the creation in 1947 of the Cominform, Yugoslavia was expelled from that body. Third, the co-operation which had existed between the democracies and the Communists during World War Two gave way to the division of Europe, Cold War, and high tension. (Brown 2009: 194). Communism, as was to become clear after the Second World War, took significantly different forms in different places at different times.

3.4 The Triumph of Capitalism Since 1949

By 1949, however, capitalism in the West was well on the way to recovery even though socialist parties, themselves or with allies, were still in charge of the governments of all democratic West European states except for West Germany and Italy. By 1960 socialists were in power only in Norway and Sweden, and in coalition with the Christian democrats of the OVP - in Austria. In four major countries France, Germany, Italy and Great Britain – the Left wielded no power at all. In Britain the Labour Party was defeated in the elections of 1951, 1955 and 1959; in Germany the SPD suffered the same fate in 1953 and 1957. In Italy the PSI remained in opposition throughout the decade as did, of course, the French and Italian communists—while the SFIO was in a coalition government only between July 1950 and July 1951 and again between 1956 and 1958. (Sassoon 2010: 189-90). In March 1957 the six founding member countries signed the Treaty of Rome, which established two organizations, the EEC and the European Atomic Energy Community (EURATOM), whose purpose was the promotion of nuclear power for peaceful purposes and the ECSC of the Schuman Plan, and through the integration of the German army in a European defence

force (first the failed RDC, then the WEU and the inclusion of Germany in NATO) (Sassoon 2010: 229).

However, unrest started in Europe against capitalist system. Keynesians welfare program and other international economic and political development which compelled to the European countries to cut off the welfare policy even wages of the labourer. In between 1960 and 1973 there were two distinct cycles of strikes throughout most of Europe; the first, which occurred between 1960 and 1964, did not affect Belgium and occurred later than elsewhere in Sweden (1966). All countries, except Austria, participated in the second cycle, which occurred around 1968-72. Most countries exhibit a revival of strike activity in the first part of the 1960s, followed by a period of apparent respite. All display a pronounced revival of working class industrial unrest between 1968 and 1972 (Sassoon 2010: 357).

However, in the early 1970's the unprecedented economic performance of the advanced capitalist economies came to an end. The 'crisis' of the 1970s was in fact nothing of the sort. In 1971 the Congress of the largely blue-collar trade union federation, the LO, which had previously opposed the idea of workers' participation in management in principle. Now it endorsed a programme for employees' co-determination, Industrial Democracy. This followed a trend, started in Norway, and followed in most European countries. (Sassoon 2010: 375). The Raw materials imported from the Third World were becoming expensive. The OPEC countries raised the price of oil more than twelvefold in two stages, in 1973 and 1979. The demise of Bretton woods system which created problem in international rate of exchange.

3.5 The Revival of Capitalism and Demise of Communism

During late 1970's the welfare state started to curb subsidizing to the inefficient firms, imposing minimum wages, diverting resources from productive investment, substituting itself for entrepreneurship, discouraging success by punitive marginal rates of taxation. High unemployment benefits were said to discourage. These anti-welfare arguments had always existed and had been unsuccessfully peddled throughout the 1950's and 1960's. When growth came to an end, the new political climate made these anti-welfare state views more popular. By the early 1990s, they

were so dominant that they were openly advocated even within the socialist parties. Unemployment increased in several countries in Europe which weakened the trade union as well as socialist party in Europe.

By 1992, when the Maastricht Treaty was signed, it had accepted that the struggle against inflation was the main task of governments, while that against unemployment was hopeless or secondary for the forces of conservatism. The 'socialist' regulations made it difficult to adjust; high social insurance charges, increase labour costs. Market forces were stifled. The solution, widely advocated in the 1980's, to dismantle the welfare state, unleash market forces, and make the powers of the trade unions weaker. The promise was that, after a painful but unavoidable period of 'adjustment' (i.e. mass unemployment), happy days of growth, stable prices and full employment would be with us again. In the period 1985-90 output increased by 3 per cent a year, while unemployment decreased by 2.5 per cent, but liberalizing labour markets contributed little to this revival. The trigger for this growth was the sharp drop in oil prices and rising business expectations in anticipation of the European Single Market, due to start in 1992 (Sassoon 2010: 456).

Thus, European countries saw the welfare system or liberalism as a problem and found the neoliberals as a solution for the economic development. The European countries adopted the neoliberal policy which led to revive their economy and development as well as employment opportunity the European countries. As a result socialist weakened in Europe and On the other hand, in the Soviet Union Mikhail Gorbachev had started his ultimately unsuccessful attempt to reform communism in March 1985. By 1989, he had intimated that the communist rulers of Central and Eastern Europe could not expect the Soviet Union to intervene on their behalf. It was the liberalization and partial democratization of the Soviet system which brought independence within the realm of the Soviet Union. One hundred years after the founding of the Second International, Soviet communism collapsed. The fall of the Berlin Wall in November 1989 is seen the demise of communism.

3.6 Marxism as Practice in France

The French revolution in 1789 altered the nature of political institutions in France forever. This was the first kind of revolution which was occurred in a most advance country. On 14th July 1889 as France celebrated the century of the revolution in which socialist from all over the Europe assembled in Paris. They declared as their aim was the emancipation of the workers, the abolition of the wage labour and creation of a society in which all women and men irrespective of sex or nationality will enjoy the wealth produced by the work of all workers.

The French socialists could not offer a model in spite of the French revolutionary tradition. They were weak in theory and organizationally divided. The painful and difficult revival of working-class activity in France after the crushing of the Paris Commune failed to help the socialist movement to cohere and develop. In French socialism was constantly split along organizational and ideological lines. There was little ground between the followers of Fourier (utopian socialists), Saint-Simon (technocrats), Louis Blanc (reformists) and Auguste Blanqui (insurrectionists) (Magraw 1992: 82-83).

However, The French socialist party had emerged in 1879 as the Parti Ouvrier Francais (POF), founded by Jules Guesde with a vulgarized Marxism as its guide and German social democracy as its model (Mayeur 1984: 137-8). Other tendencies joined forces with it under the banner of the SFIO (Section Francaise de Internationale Ouvriere). To the 'Guesde-style' Marxism, with its emphasis on the revolutionary overthrow of the capitalist state, was added the French revolutionary tradition, with its pronounced distrust of organization, strong taste for direct democracy and virulent anti-clericalism. The two main figures of the new socialist party, Guesde and Jean Jaures, differed sharply in many respects. The SFIO was organized on a local basis, had no factory groups and was more an electoral front than a party. Factionalism was so rife within the socialist that the first law on workers' pensions was supported by twenty five socialist deputies (led by Jaures), while twenty-seven opposed it, and the rest (including Guesde and Vaillant) abstained. In these years French socialism made no contribution to Marxism at all; few of Marx's works had been translated and the socialist press hardly ever discussed them. It was its lack of theoretical distinction which prevented the expansion of French socialism. By 1911 France had only one

million organized workers, while-the German and British trade unions had around three million members. The painful and difficult revival of working-class activity in France after the crushing of the Paris Commune, and the persecutions which followed, failed to help the socialist movement to cohere and develop (Sassoon 2010: 12).

On the one hand some argued that an obstacle to the diffusion of Marxism was that it gave excessive priority to the factory proletariat; this could not appeal to the largely urban petty bourgeoisie and craft artisans who still made up the French 'working class'. Other hand the French Socialist Party: it never had any close links with the trade unions because the CGT (the main workers federation), imbued with revolutionary syndicalism, had rejected formal links with organized political parties (Sassoon 2010: 13).

In 1920 French communist party emerged from SFIO. The SFIO had weakened from the Tours Congress (1920) in which pro-Bolshevik majority had split to form the PCF. The consequence was that the French labour movement was more than ever consigned to a ghetto within the political system of the Third Republic. The socialists very soon lost ground and, in terms of members and votes, overtook the French Communist Party for the rest of the inter-war years, even though the party lost most of its proletarian base to the PCF. It had few workers, few trade unionists, a feeble press and no party apparatus. In 1924 just over one-third of SFIO parliamentarians were of working class extraction. By 1936 out of its 146 MPs only sixteen were workers, while teachers formed the largest single professional group. Outside its strongholds in the Department of the Nord, the SFIO had become the party of rural, agricultural, southern France. Nevertheless, its size and power, as well as the fragmented nature of French politics, prevented the SFIO from remaining a purely opposition. In France this led to the reunification of the trade union movement and an alliance of radicals, socialists and communists under the banner of the Popular Front. It should be noted, however, that the SFIO programme demanded structural reforms, including nationalizations. The PCF programme was more moderate because it could not conceive of gradual progress towards socialism within capitalism (Sassoon 2010: 52-54).

By the 1930 only in France were the communists doing well. Until 1932 they swung around the 10 per cent mark. By 1934 the PCF had dropped the sectarian anti-socialist

'class against class' line, and in the elections of 1936, fighting under the banner of democracy and antifascism, it increased its share of the vote to 15.3 per cent, with 1.5 million votes (a gain of 800,000) and seventy-two seats (a gain of sixty-one) (Bernard 1988: 301). Communists everywhere began to work for an alliance with socialists and social democrats. This eventually expanded to include antifascist centre parties and crystallized in the shape of the Popular Front. The Popular Front was welcomed with particular enthusiasm by French communists. The Popular Front brought together communist and the Third republic (Brower 1968: 246-47). To signify its renewal, the party changed its name from Patti Communiste de France to Parti Communiste Francais (Sassoon 2010: 39). All in all, the French communists improved their prospects significantly during the period of the Popular Front. The party's membership was up from 32,000 in 1932 to 290,000 at the end of 1936, again overtaking the socialists. The fourteen National Assembly deputies of 1928 had become seventy-two in 1936. Its vote rose from 800,000 in 1932 and to nearly 1.5 million in 1936. In 1932 the PCF had only 8 per cent of the vote; in 1936 it had 15 per cent. By contrast, the radicals receded from 19 per cent in 1932 to 14 per cent in 1936, while the SFIO remained stationary at around 20 per cent (Tiersky 1974: 58).

Between 1933 and 1937 the size of the PCF grew fivefold, with workers constituting the bulk of the new members. The strong showing of the French Communists in the parliamentary elections of 1936, in this period of co-operation with other parties of the left, allowed a government to be formed in France in that year which was headed by the Socialist Leon Blum (Brown 2009: 93-94). During these years the PCF had a capable leader. In 1936 the most massive and unexpected wave of strikes in the history of the Third Republic forced employers and unions to the negotiating table. Socialist Leon Blum presiding, the employers agreed to collective bargaining and to an increase in wages. A few days later, the government introduced legislation establishing the forty hour week, paid holidays and arbitration by the Ministry of Labour in industrial disputes.

The idea of the welfare state is irrevocably bound up with the post war. However, the French instituted pension plans in 1910 and social security plan adopted after second world. In France, the minister of labor, Alexandre Parodi, social security plan was submitted to the Consultative Assembly in July 1945 and was welcomed by the SFIO. The social security legislation was not among the chief concern of the parties of the

Left. They much preferred to fight for nationalization for the re-establishment of trade union rights and for an increase in wages. The Catholics of the MRP raised objections because the plan was too centralist and would weaken the existing religious-based social security and mutual aid societies.

The Parodi plan, now the Croizat Law, had as its ultimate objective a Universalist social security system which would cover the entire population. At first, it would cover payments for sickness maternity, temporary disability and family allowances, but not unemployment benefits; and only wage-earners and their families would be covered not the self-employed. By 1947 reformism was a spent force in France. The communists were out of power. The Croizat Law had established that everyone would eventually be covered, but this goal was not finally achieved until 1967. The Left had preferred to increase wages. Between October 1944 and April 1948, hourly wages trebled but prices increased fivefold: the purchasing power of salaried workers dropped by 30 per cent. Unemployment benefits were not provided in France because no one fought for them. However, during the 1930s the French did not have mass unemployment (Sassoon 2010: 143).

One of the pressures behind the introduction of welfare systems in Europe after the war was the impossibility of reproducing the American system of high wages. Between 1945 and 1950, most governments were forced to resort at some stage to a policy of controlling wages, and this was true even in countries where socialists were in government. Welfare policies were a necessary counter-balance to policies enabling entrepreneurs to compete internationally by keeping labour costs down. Welfare states expressed a political compromise between the two main industrial classes which would otherwise have been locked in a constant battle (Sassoon 2010: 146). By 1945 it was widely assumed on the Left that capitalism would not be able to guarantee constant growth and economic development. It was thus necessary for the state to take over some of its key sectors through a policy of gradual nationalization. The general assumption among many trade unionists was that the state would be a better and more enlightened employer than private capitalists (Sassoon 2010: 154).

There were two major left parties as SFIO and PCF. The PCF was the largest organization in the country. And during that period of time, the principle of nationalization was popular with the French. The nationalizations were part of the

liberation of the country and were profoundly marked by the ethos and climate of the Resistance. The SFIO talked about 'socialization' (a word the PCF explicitly refused to use), meaning that nationalizations would be accompanied by some form of industrial democracy or workers' control. The communists, however, remained committed to their pre-war conception. The third party, the MRP, supported nationalization, workers' control, planning and all policies aimed at subordinating the economy to the service of the community, rather than that of individuals. Finally, the Gaullists promoted nationalizations for technocratic and *etatique* reasons: by then, Gaulle was committed to a *dirigiste* notion of economic development (Sassoon 2010: 163).

The result of all this was that the preamble of the French constitution of 1946 contained a clause which amounted to an obligation to nationalize: All property and all enterprises that now or subsequently shall have the character of a national public service or a monopoly in fact must become the property of the community. France had contributed little to the construction of a welfare state; it did make major progress towards economic planning, practically as well as theoretically. French nationalization proceeded in three phases. During the first phase (December 1944 to the end of 1945), under considerable popular pressure) the coalmines in the *dipartements* of the Nord and of the Pas de Calais were nationalized and the car manufacturer Renault and the engineering works of Gnome; were confiscated. During the second phase (end of 1945 to May 1946), the rest of the coal industry, some credit institutions, the major insurance companies, gas and electricity were brought under public control. During the third phase, which lasted until 1948, it was the turn of the merchant navy, Air France and other transport systems (Sassoon 2010: 163-164).

It is seen that the British thinkers behind the welfare state and macro-economic management, Beveridge and Keynes, were not socialists and French 'socialistic' policy of planning, Jean Monnet, was no socialist. Monnet presented his plan with a view to getting it accepted by as many shades of political opinion as possible. Given the left-wing ethos of the post-resistance climate, he naturally stressed the democratic and co-operative nature of the plan. All sides of the political spectrum supported this policy, including the communists and the unions they controlled, even when it was decided that the working week had to be lengthened from forty hours to forty-eight. The plan was devised by Monnet as the best way to use American aid to renovate the

economy. The Americans were duly informed that the French intended to submit to them a programme of industrial re-equipment aimed at modernization. By the time the Marshall Aid fund was established. By then, of course, the communists were out of power and had turned against the plan. The PCF adopted an increasingly anti-technocratic attitude (Sassoon 2010: 164 -165).

The planners' central task was 'to face era of free trade the French capital into adopting an aggressive marketing stance and into undertaking massive investments that might be risky but could pay dividends for the entire polity'. The 'triangular' consultation machinery, established to involve the trade unions alongside the employers and the representatives of the state, was soon bypassed in favour of informal bilateral discussions between government and employers. Once they realized this, the unions and not only the communist CGT, but also the anticommunist Force Ouvriere (FO) - withdrew from the planning machinery. The pattern of nationalization demonstrated the massive failure of socialists throughout Europe and The French socialists, almost in government until 1951. Nationalization, the Left's favoured policy, was far from being a uniquely socialist policy. The evidence abundantly supports the view that nationalizations occurred for a whole variety of reasons: to modernize, to rationalize, to plan, to punish Nazi collaborators (France), to prevent the loss of a national asset (Austria), to protect employment, and so on (Sassoon 2010: 165).

The Monnet Plan had tied the reconstruction of France to that of Germany. This is not surprising: the real originator of the Schuman Plan was Jean Monnet. The key to French recovery was access to the coal and coke resources of the Ruhr. This could be achieved either by a ferocious anti German policy, which would deprive German industrialists of these resources, or by the revival of the German economy in the context of European economic interdependence. The second alternative - the integration of the French and German steel and coal industries - prevailed. The basis of the Paris-Bonn axis, and therefore of the European Community, thus rested on the recognition by France that Germany could not be destroyed. The Franco-German entente remained the central co-ordinate of French foreign policy throughout the Fourth and Fifth Republics (Sassoon 2010: 183-4).

The French Communist Party's opposition to any supra-national organization was total. It expressed this in its usual extremely immoderate language: Jean Monnet was accused of being an American agent, the Schuman Plan had been described as the continuation of Hitlerism, and now the Adenauer administration was referred to as the 'neo-Nazi' in Bonn, with the Mollet government being assigned the role of the Vichy regime. Yet the PCF was consistent: like the SFIO, it accepted that the BEC could make possible the modernization of French capitalism; but unlike the SFIO, it did not think there was anything desirable in this. Capitalist modernization, in the PCF's view, entailed an increase in productivity which would inevitably be achieved by increasing the rate of exploitation of the workers. The PCF was even outraged at the prospect of EURATOM, which was expected to develop civilian nuclear energy, not because it had any objections to nuclear power, but because the French would make a disproportionate contribution (Sassoon 2010: 232).

The French electoral system was modified in 1951 with the specific intention of discriminating against the communist and Gaullist opposition: the new law had 'only few and shamefaced defenders'. The outcome was that in 1951 the PCF returned ninety-seven deputies to the National Assembly with over 2.5 per cent of the vote, while the socialists had ninety-four deputies with only 14.5 per cent and the MRP had eighty-two deputies with half the share of the vote of the PCF (Sassoon 2010: 190). After 1959 the communists were no longer represented in Parliament. The French Left was further handicapped by the good performance of the French economy: this had been helped by the 17.5 per cent devaluation of December 1958 and the inflationary years of 1956-64, which led to sustained investment until the stabilization plan of Giscard d'Estaing. From the early 1960s onwards, for nearly twenty years, the French Left was obsessed with the problem of unity, and understandably so: communists and socialists were condemned to ineffectual opposition as long as they were divided (Sassoon 2010: 296).

In this way lack of unity in the left and conservative development policy weakened the communist in France. Even the communist changed their basic policy for political gain. The rejection of Stalinism in France produced a review of Marxism both in theory and in practice. The rich and poor differences led to riot in 1968 (Image 5-Appendix IV). That re-evaluation took place between the terminal events of the May riots of 1968 and the enormous electoral victory of the Socialists in the spring

elections of 1981. During those years the theory of Marxism and the practice of the French Communist Party suffered deep critique. The period between 1968 and 1981 was a decline of French Marxism. The French Communist Party was both the real political voice of the French working class and an instrument of revolution.

The legacy of Stalinism rested heavily upon French Marxists. The three essential components of what Roland Tiersky has called “ordinary Stalinism” democratic centralism within the Party, the dictatorship of the proletariat within the society, and “proletarian internationalism” were proudly boasted by the PCF as the confirmation of its Marxist orthodoxy (Tiersky 1985: 54-55). The Party leadership of Maurice Thorez had instructed to the PCF during his long tenure as Secretary General from 1930 to 1964 a loyalty to the Soviet Union. On the theoretical level, the principal intellectual spokesman of the PCF was Roger Garaudy. Although a Party loyalist by background, Garaudy increasingly revealed himself to be a Marxist humanist. He was drawing attention heavily upon the early works of Marx, especially the Paris Manuscripts of 1844 (Murphy 1989: 160).

In 1964 Maurice Thorez died and his successor became Waldeck Rochet as Secretary General of the Party. At first, Rochet’s call for genuine democracy and peaceful transition to socialism signaled more open and positive role for the PCF in both domestic affairs and foreign policy (Adereth 1984: 177-195). However, at this same time during the height of President Charles de Gaulle’s rule, an alternative, structuralist interpretation of Marx’ thought was being advanced by Louis Althusser. Although Althusser’s ideas were original, his language reflected the arcane, specialized vocabulary of French structuralism.

The PCF spokesman Garaudy appealed not only to the younger and more Jacobin element within the Party, but also to large numbers of Socialists and Catholic progressives. Althusser, although personally not a Stalinist (Althusser 1970: 9-15), was championed by most older Party officials and labour militants as well as significant sectors of radical academe, both professional and student. The future direction of the PCF and the authenticity of its rejection of Stalinism were likewise at stake. At a crucial meeting of the Central Committee of the PCF at Argenteuil in March 1966, the show-down came. Althusser was vindicated, as Garaudy was then condemned and, four years later expelled from the Party (Adereth 1984: 180-2).

When the apparatus of the PCF itself was apparently threatened by Garaudy's strong "de-Stalinization", the Party leadership opted for self-protective, orthodox Marxism, which Althusser appeared to offer, despite the abstruseness of his works. However, scarcely had this new direction in the Party line been adopted, at a high political price, when two events unfolded in the spring and summer of 1968, which were destined to challenge French Marxism in both theory and practice. These events were the May student riots and subsequent widespread strikes in France along with the Soviet military suppression of the reform movement in Czechoslovakia in August. Yet, at that crucial moment, the PCF hesitated. The Party's reluctance to lead the revolt disillusioned the radical, often Maoist and Trotskyite student leaders, while reassuring the more moderate Left that the PCF had finally abandoned its revolutionary pretensions. In truth, the PCF was not prepared for such a massive uprising and chose to respond to, rather than lead, a movement which the Party did not and could not control (Brown 1974: 183-95).

The resulting internal upheaval within the PCF was further compounded by the brutal events in Czechoslovakia in the wake of the Prague Spring. The Soviet military action there confirmed the worst fears of both French anti-Communists and PCF reformers. The Bolshevik model was demonstrably alien to the French tradition of "liberty, equality, and fraternity". Just as the riots in France had challenged Althusser's dictum that structures not people make history, so the suppression of the reform movement in Czechoslovakia by the Soviets raised the question of whether Stalinism had been merely a historical deviation after all (Adereth 1984: 180-2).

The French Communist Party (PCF) departed from the Soviet model, broke with the tradition of proletarian internationalism, and made the PCF a truly "French" political party. Then, the way was open for a potential political alliance with the other large party of the Left, the Socialists. The realistic political prospect was soon verified in the solid gains of the Left in the 1973 parliamentary elections and even more dramatically in the 1974 presidential elections, following the death of President Pompidou. In the latter election, Francois Mitterrand, the Socialist candidate of the united Left, with full support of the PCF, gained 49.2% of the vote, almost defeating Valery Giscard d'Estaing (Adereth 1984: 200-8). The Left now looked ahead confidently to the 1978 parliamentary elections. However, three major problems first needed to be addressed by the PCF: its relationship with the Socialists within the

Common Program; its relationship with other increasingly autonomous Communist parties in the Euro communist movement and its response to a fresh, sweeping anti Marxism by the “New Philosophers.” These three problems were destined to challenge French Marxism in theory and practice, with unforeseeable, but dire results (Murphy 1989: 163).

The Twenty-second Congress of the PCF in 1976 completed the theoretical reorientation of the Party by rejecting the concept of “dictatorship of the proletariat.” Although many Party militants were additionally aggrieved, the PCF in distancing itself further from the Soviet Union located itself along with the Italian and Spanish Communist parties in a new form of shared Marxist identity, Euro communism.

For the 1978 parliamentary election, both socialist and communism agreed upon common program. During the renegotiations for the agreed upon updating of the Common Program prior to the elections, public opinion polls clearly confirmed what the March 1977 municipal elections indicated: the Socialists (PS), not the Communists, were the dominant party of the united Left. Detaching itself from the Socialists with the attendant risk of a defeat for a no longer united Left, the PCF adopted the latter course of action. In September, six months before the election, the PCF withdrew from the renegotiations, after the Socialist rejection of the “minimum” Communists demands. The Left met defeat in the 1978 elections. However, the clear predominance of the Socialist Party with 22.6% of the poll in the first ballot over the Communist Party with 20.6% had deep repercussions. The Left had lost. The PCF was deemed responsible for the triumph of the Right even by many of its own members (Murphy 1989: 165).

Massive resignations and deep disillusionment characterized the response within the Party. Euro communism and “advanced democracy” lost their meaning. In electoral terms, the 1981 elections showed the heavy price the PCF had paid for its retreat. In the first round of the presidential election, Marchais received only 15.3% of the vote, compared to 25.8% for the Socialist Mitterrand. In the subsequent parliamentary election, the first round vote of the PCF was 16.2%, compared to 37.5% and ultimately a clear majority with 269 seats for the Socialists (Murphy 1989: 166).

The sea of changes took place in the international economic environment during the 1970s and the early 1980s affected almost all countries. Most nations faced slowed

growth and high inflation. In the period following the Second World War, providing welfare to citizens became a fundamental feature of western statehood. Social expenditures increased rapidly; and traditional relief systems that provided assistance only to the most needy of populations were transformed into comprehensive systems of universal benefits through the welfare state (Kus 2006: 488-89). The France was not untouched. The economic crisis of the 1970s played a critical role in forward the neoliberal transition in France and France turns to neoliberalism at the end of the 1970s.

The crisis was diagnosed as one of Keynesianism and neoliberalism emerged as a radical anti-Keynesian movement to dismantle major Keynesian institutions and policies. The welfare state, a fundamental Keynesian institution, was identified as a part of the problem and became subject to the neoliberal solution. In France, where the crisis was perceived to reside in the declining competitiveness of the “*dirigiste*” policies, the neoliberal reorganization of the economy focused on industrial policy. The welfare state was not associated with the problems of dirigisme, and remained largely resilient. From the end of the Second World War until the 1970s, the international economy had operated within a system whose primary rules were defined by the Bretton Woods agreement. Throughout the post-war period, welfare states were seen as constituting an essential element of successful economic policymaking. In the 1970s, the international economic environment was drastically altered.

In 1971, President Nixon declared the US decision to let the dollar float, which practically preordained the demise of the Bretton Woods System – the system that formed the backbone of post-war embedded liberalism. The difficulties in re-establishing the stability of the exchange rate that arose after the collapse of Bretton Woods System were compounded in 1973 by an economic crisis caused by OPEC’s decision to increase the price of oil. In the European context, its effect was particularly pronounced due to the emergence of the European Union. The process of integration toward a common market and monetary union through a set of rules and objectives with regard to trade and monetary affairs applied pressure on the member countries. These developments presented challenges to traditional ways of managing the economy in many nations. Policies and institutions associated with the post-war embedded liberalism seemed to ‘fail’. In this context, many countries began to

organize their economic policies along neoliberal ideas that emphasize market solutions and monetary discipline. By the 1990s, neoliberalism had been institutionalized as an overarching policy framework in many advanced capitalist nations (Kus 2006: 492).

The tale of French economic policymaking from 1945 through the end of the 1980s centred on institutionalization, crisis and the demise of *dirigisme* – a policy framework oriented to achieving rapid modernization through active state intervention in the economy. Post-1983: when French economic policymaking moved away from *dirigisme* in the direction of a neoliberal framework (Kus 2006: 511-12) as Levy notes, ‘for much of the post-war period the French welfare state operated in the shadow of the *dirigiste model* of economic development’ (Levy 2000: 308). Starting from the mid-1970s, the contextual factors that remained favourable to *dirigisme* began to shift. The oil shocks of 1973 and 1979 put Europe into a prolonged recession, ending the rapid growth that France enjoyed during the post-war period. Exercising aggressive devaluations, which had made an inflationary growth strategy feasible during the post-war years, became risky in the post-Bretton Woods environment (Kus 2006: 514). During the period of President Giscard faced a declining industrial production and increasing unemployment, in 1976. The 1981 elections were marked by the Socialists’ victory. Giscard was replaced by François Mitterrand who promised to bring the state back in.

The socialist government argued that the problem was not that there was too much state but rather there was too little of it. Government officials argued that ‘what France needed now was a “real industrial policy,” that it was time for the state to move to centre-stage in restructuring France’s economy’ (Levy 1999: 43–4). Mitterrand rejected many of the policies of its predecessor and nationalized some 38 banks, increased aid to industrial firms, raised taxes, and expanded social benefits (Hall 1990: 171-87). However, the expansion of the welfare state continued during Mitterrand’s presidency.

Mitterrand’s expansionary policies led to a massive balance-of-payments crisis and France was forced to devalue the franc three times. The year 1983, when the economic crisis reached its peak, proved to be the turning point for French economic policy. In an attempt to remain within the EMS, the government changed the direction

of its policy and began to implement an austerity program (Levy 1999: 52). The neoliberal turns in France that attended the crisis of *dirigisme* from the perspective of policymakers. In the French, the welfare state was not depicted as a ‘problem.’ The neoliberal reform that was undertaken by the Mitterrand government involved dismantling many of the key instruments of *dirigisme*, such as competitive devaluations, interventionist industrial policy, nationalization of public sector enterprises, and subsidized credits. These policies were undertaken in the name of modernizing the France and making her apt to face the challenges of the new global context. The array of changes, however, did not include the withering away of the welfare state. Public expenditures in many areas have not decreased but increased since 1983. Indeed, as Levy argues, ‘France’s welfare state has emerged from the shadows of ‘*dirigisme*’ (Levy 2000: 309).

In France, the crisis (1970-1983) was one of *dirigisme*. Neoliberalism did not lead to the demise of the welfare state in France because it was not identified as a ‘problem’ that demanded a neoliberal ‘solution.’ It did lead to an attack on the welfare state in other European country, however, because there the welfare state was identified as one of the elements that had generated the crisis.

3.7 The Political Ideology in Contemporary Europe

There are two blocs left and right in Europe particularly in France; however there are several other political doctrines practiced. There are liberals, democrats, socialist, communist, nationalist and environmentalist etc. The *liberalism* was like *nationalism* that rested on relationship between government and community, between state and society. This was derived from rationalist movement of the 18th century against inequality and arbitrary power. Before this privileges were only given to aristocracy and the church and there were lack of privileges of the merchant, business and manufacturing class. The liberals most characteristic method was parliamentary government, constitutional arrangements and in the rule of law a means of expressing middle class interest and opinion, a vehicle of social reform and safeguard against the absolutist government. It was distinct from democracy, or radicalism, in that it favoured ideas of the sovereignty of parliamentary assemblies rather than of the

sovereignty of the people. The *democracy* resembled liberalism and derived its ideal from 18th century rationalism and was equally opposed to the inequalities of the old order. It differed in holding to the view that sovereignty laid not in constitutional systems or in representatives parliamentary assemblies, but in the general will of the whole people as Rousseau had taught. Like liberals, democrats demanded equality of all before the law and equality of opportunity for all; but unlike liberals, they wanted to secure these rights even at the cost of greater economic levelling. For this reason, in the first half of the century democracy was treated as a more revolutionary and frightening doctrine than liberalism. The fear of Jacobinism, which hunted the conservative governments of Europe between 1815 and 1848, was partly the fear of the resurgence of French power. The liberals were often ready to join with conservative to crush popular movements and uprising that favoured democratic ideals. The nearest 20th century counterpart to this fear was the universal fear of bolshevism after 1917 founded to create a series of violent revolutions and savage repressions (Thomson 2007: 103-4). Until after 1948 and rise of *Marxism* the word *Socialism* had a less frightening sound. Until after 1850 or so, socialism and communism were hardly distinguishable as political ideas. It found their natural home not on Europe but in the United States. Socialist ideas too, derived from the doctrine of Rousseau and from the ideas of French revolution. Just as liberals placed greatest emphasizes on the ideal of liberty, and democrats on the ideal of equality, so socialist cherished particularly the ideal of fraternity. It argued that men are natural good, cooperation rather than competition. Press the ideals of liberty and equality far enough of establishing completes freedom of self expression and equality of opportunity and wealth. Often protesting against industrialism as a new cause of poverty and inequality, early socialist could never find roots and room in Europe. It was only when socialist theory had been transformed at the hands of state socialist like Louis Blanc and more scientific economic theorist Marx that it could accommodate itself to the necessities of life in the increasingly industrialized nations of Europe. The socialist, from Louis Blanc to Lenin, found themselves constantly confronted with the problem of how they cooperate with liberals and democrats in common journey to fight on the other side of barricades (Thomson 2007: 104-5). The various ideologies of political parties have emerged in Europe their position is given in detailed (See Table below).

Political parties ideologies in Europe

TABLE 1 Cleavage Location and Position on European Integration

Party Family	Cleavage Location: Programmatic Commitments	Position on European Economic Integration	Position on European Political Integration	Overall Position
Extreme left/ Communist	<i>Class</i> cleavage: extreme left position on state regulation of markets, welfare, social justice, democratic decision making. In some countries, these parties take an extreme stand on the <i>new politics</i> cleavage.	strongly opposed: integration increases economic inequality and diminishes the capacity of national governments to regulate markets.	moderately opposed: supranational institutions are undemocratic and controlled by corporate interests.	<i>strongly opposed</i>
Green	<i>New politics</i> cleavage: environmental protection, life style choice, women's and minority rights.	moderately opposed: integration increases economic growth at the expense of human concerns, including the environment.	mixed: supranational institutions may enforce environmental/social standards, but democratic participation is weakened.	<i>moderately opposed</i>
Social democratic	<i>Class</i> cleavage: moderate left position on state regulation of markets, welfare, economic equality.	moderately in favor: integration increases economic growth, but welfare and other government regulation is constrained by regime competition.	strongly in favor: supranational institutions enhance capacity for European-wide regulation, though they are insufficiently democratic.	<i>moderately to strongly in favor</i>
Liberal	<i>Urban/rural</i> cleavage (UK, Germany); <i>church/state</i> cleavage (Low Countries, France, Italy, Spain): opposition to ascription, clericalism, and aristocracy, and support for economic and political freedoms.	strongly in favor: market competition and economic freedoms are enhanced.	strongly in favor: Supranationalism moderates nationalism; political freedom from borders increased; however, democracy is weakened.	<i>strongly in favor</i>
Agrarian	<i>Center/periphery</i> cleavage (Scandinavia, Switzerland): defense of farmers and the periphery.	moderately opposed: economic integration includes some agricultural subsidies, but is driven mainly by industrial and commercial interests.	moderately opposed: supranational institutions may aid farmers and weaker regions but they weaken local control	<i>moderately opposed</i>
Christian democratic	<i>Church/state</i> cleavage: support for social market economy, supranational Catholic church, conservative values.	strongly in favor: integration increases economic growth and limits division within Europe.	strongly in favor: supranational institutions provide a capacity for positive regulation while constraining nationalism.	<i>strongly in favor</i>
Protestant	<i>Church/state</i> cleavage (Scandinavia, Switzerland, Netherlands): fundamentalist Lutheran opposition to liberalism, permissiveness, and central state elites.	moderately in favor: integration weakens the role of the state in the economy.	strongly opposed: integration shifts authority further away from national control to a more alien cultural milieu.	<i>moderately opposed</i>
Conservative	<i>Class</i> cleavage: support for free markets, minimal state intervention, and defense of national community.	strongly in favor: integration extends free markets and pressures competing national governments to reduce market regulation.	strongly opposed: supranational authority undermines national sovereignty, national culture, and democracy.	<i>moderately in favor</i>
Extreme right	<i>New politics</i> cleavage: defense of the nation, national culture, and national sovereignty.	moderately opposed: integration produces losers and undermines national economic control.	strongly opposed: supranational authority undermines national sovereignty	<i>strongly opposed</i>
Regionalist	<i>Center-periphery</i> cleavage: defense of the ethno-territorial minority against the center and demand for political autonomy.	strongly in favor: integration provides a economic framework favorable for regional political autonomy.	moderately in favor: supranational authority weakens national control and creates a plural Europe	<i>moderately to strongly in favor</i>

Source: Marks G. et al. (2002), "National political parties and European integration", *American journal of political science*, 146 (3): 587.

3.8 Conclusion

Communists in Europe till First World War were undivided. The communist or variants of communism which emerged after second international were all against the capitalism. However, after Bolshevik revolution and Lenin's 21 points of communist party led to split in Marxism. The social democracy adopted gradual change in society and through the way of evolution attempted to abolish the capitalism. The communist basic concept was to abolish the capitalist system through revolution. However, throughout of the Europe communist were less successful electorally in gaining working-class support than socialist parties. In Stalin's time the monopoly of communist party was known as 'the dictatorship of the proletariat', in the post-Stalin period, the more common official term was 'the leading role of the party'. The abolishing of private means of production by the communist system was linked to the command economy and different from market economy during the communist era.

Since first world war to 1970s most of the European countries established welfare state. It is seen that without the initiative of a strong labour movement or the threat of labour conflicts there would have been no welfare state. On the contrary, Harold L. Wilensky's research led him to maintain that: 'During the entire period since World War I or the shorter period after World War II, cumulative left power has had no effect on welfare effort or output. According to this view, it is the level of economic prosperity and the general culture of a country which determines the development of welfare provisions. The welfare state can also be seen as a response to the needs of advanced capitalism and particularly to the fact that the private sector, on its own, is unable to ensure the reproduction of all the conditions of production, including the following: an ideologically non-hostile labour force able and willing to work without having to provide for its own health care and future pension needs out of wages; an efficient transport and educational infrastructure; and the provision of essential supplies. However, capitalist crisis, weakening of labour union and communist party in 1970s which became possible to adopt neoliberal policy to cut the welfare scheme and wages.

The middle of the 1980s, half of Europe was controlled by Marxist-Leninist parties. In Eastern and parts of Central Europe a form of authoritarian socialist society was established. After the revocation and collapse of Soviet Union no European country is

ruled by Communists party and also there was a parallel decline of social democracy in Europe. Thereafter, until the collapse in 1989-91, every single European socialist group or faction faced the continuous necessity of defining its position not only on the revolution itself, but on each of its later stages. However, the influence of the ideas of Marxism was not abolished.

In France, Italy and Finland, the Communist Party was a seventy-year period of a serious political force. In the first post-Second World War elections these were the three democratic countries in which the Communists did well performance. It was many years before the socialist parties overtook the Communists in France and Italy as the main party of the left. France, in particular, PCF was the revolutionary party. It changed the basic idea of Marxism since 1968 and the PCF performed poor in later election and ultimately first time in the history of France socialist came to the power with full majority in 1981.

The next chapter shall discuss relevance of Marxism in French society. It will focus on current economic crisis and movement regarding pension policy, retirement age, unemployment issue and policy adopted by France and its impact on politics, society and economy.

CHAPTER FOUR

IDEA SHAPING REALITY:

CRISIS OF

NEOLIBERALISM

IDEA SHAPING REALITY: CRISIS OF NEOLIBERALISM

4.1 Introduction

The development of neoliberalism can be traced back with the concept of liberalism. In the late 18th and early 19th centuries, classical liberals believed that free-market capitalism was the best way to improve human welfare. After the Great Depression, many liberals saw laissez-faire not just as unfair, but also not working properly. The Modern liberalism or social democracy reached its peak between the 1930s and 1970s. The policy mix included a great deal of *statism* (barriers to trade, price controls, high marginal tax rates and government ownership of industry) as well as greatly increased government spending, especially in government transfer programs.

During the end of the 1960s, global capitalism was falling into panic. A major depression had taken place in early 1973. The oil embargo and oil price hike in Arabs countries created crisis. The embedded capitalism of the post war period, with its heavy emphasis on an uneasy compact between capital and labour by an interventionist state that paid great attention to the social welfare programs and individual wage, was no longer working. The Bretton Woods accord set up to regulate international trade and finance was finally abandoned in favour of floating exchange rates in 1973. Then, there was a dramatic shift away from one aspect of socialism—statist policies were discarded and free markets came back. The world felled toward neoliberalism through a “Washington Consensus” in the 1990s. The neoliberal revolution combines the free markets of classical liberalism with the income transfers of modern liberalism.

Thus, neoliberalism developed from classical liberal economic thought since 1980. It emphasises to institutionalisation of liberalism at the global level where international institution play important role. It argues that in an anarchic world cooperation can be achieved through international institutions, building norms and regimes. The neoliberals proposed some measure for economic development through blue print of Washington consensus. It claims that a largely unregulated capitalist system or a free

market economy not only represents the ideal of free individual choice but also achieves optimum economic performance with respect to efficiency, economic growth, technical progress, and distributional justice. The state is assigned a very limited economic role. State intervention to correct market failures is viewed with suspicion, on the ground that such intervention is likely to create more problems than it solves.

Martinez and Garcia (2000) have identified five defining features of the global phenomenon of neo-liberalism: (a) The Rule of the Market (b) Cutting Public Expenditure (c) Deregulation: reducing government regulation of everything that could diminish profits (d) Privatization: selling state-owned enterprises, goods and services to private investors (e) Eliminating the Concept of ‘The Public Good’ or ‘Community’.

In the other word the neoliberal agenda is free trade and free capital mobility, monetary restraint and budgetary austerity, the flexibilisation of labour markets and the repression of wage demands, the privatisation of public companies and services, as well as the “workfarist” restructuring of welfare states. Hence, neoliberalism is an ideological and theoretical agenda for a restructured capitalist economy and social system, the project depends on material forces and institutions to shape expectations and norms so that they are more responsive to market incentives.

The neoliberalism from the beginning was a transnational project in contrast to the nationally-oriented Keynesian projects of the post war period or Delors’ vision of a social democratic Europe. On a global level, the main driving force was the promotion of “*free trade*” and unrestricted capital mobility codified in a series of international conventions and treaties, after the United States and the United Kingdom abolished capital controls in 1974 and 1979, respectively. Combined with dramatically reduced costs for transport and the information revolution, this created a set of specific pressures and restrictions for formally independent countries and for demand-oriented Keynesian macroeconomic policies.

The abolition of barriers to capital mobility combined with the rise in interest rates led to a dramatic reversal of financial flows on a global scale. The devaluation of the US dollar in the late 1960s and the collapse of the Bretton Woods system of fixed exchange rates in 1973 encouraged the flow of “cheap” money from the US to Europe

and third world countries. Monetarism was accompanied by a simultaneous abolition and erosion of regulations that restricted entrepreneurial freedom and therefore were purported to hamper overall market efficiency. One of the main targets of neoliberals was *deregulation* of labour markets. The supposed rigidity of labour markets was blamed for inflationary pressures, and later, for the massive increase in unemployment (Hermann 2007: 3).

General *budgetary austerity* is another characteristic feature of neoliberal restructuring. There are four arguments that are made in support of austerity: *First*, deficit-spending is seen as an additional element that drives up inflation rates. *Second*, deficit expenditures depend on high tax revenues and hence on elevated tax rates funded by middle and upper-class citizens. Yet with growing capital mobility, capital-owners have a greater choice of where to deposit or invest their financial assets. Increasing capital mobility, as a result, substantially limits the capacity of nation-states to tax wealthy citizens. Exacerbating the problem, Reagan and Thatcher quickly introduced tax cuts after being sworn into office. *Third*, higher interest rates render deficit spending increasingly expensive, and, *fourth*, growing unemployment multiplies the cost of an encompassing and effective unemployment benefit system. The consequences of budgetary restraint and the resulting escalation of human insecurity once again are especially cruel in the Third World. It is there that economies have stagnated or shrunk in more than two decades of neoliberal austerity and a large proportion of the population lives in extreme poverty (Hermann 2007: 4).

In connection with the expansion of markets and budgetary restrictions, the neoliberal project has embraced the privatisation of public companies, services and pension systems. The World Bank and the IMF move this process along with their policies of making the granting of credits conditional on budgetary restrictions and far reaching privatisation efforts. In addition to the privatisation of public companies and services, the reduced inflow of tax revenues increased the pressure on regional and local administrations to cut expenses. As a result, communities have started to hire private companies which are purportedly cheaper to fulfil an increasing range of public tasks. Yet not only are private companies often more expensive, “public-private partnerships” are also producing a new range of pressures and constraints as public concerns take a backseat to profit-making interests. For several reasons, the

deregulation and privatisation of public pensions systems plays an important role in moving the neoliberal project forward (Hermann 2007: 4-5).

Another major effect of neoliberal restructuring is the *stagnation of wages* and the rise in personal household-debt. While sustained real wage increases played a key role in Keynesian demand-oriented growth strategies, in the neoliberal account of the post war crisis rising wages were seen as a major cause of runaway inflation. To reduce pressure from organised labour, neoliberal restructuring often included an attack on militant trade union organizations. Wage-bargaining institutions (corporatist structures) were similarly targeted if they could not be put to a 'useful' purpose establishing wage discipline. However, by far the most effective method of limiting wage demands was the rise in unemployment (Hermann 2007: 5).

A swift and strong turning point occurred in post war history. The *first* happened between 1979 and 1981 and marked the beginning of the end for the Western post war embedded liberalism. It was the elections of Margaret Thatcher in 1979 and of Ronald Reagan in 1981, which indicated the downfall of welfare Keynesianism and the rise of a new economic program based on less state and more market, less on redistribution and more on investment, less on manufacturing and more on services. The *second* shift took place between 1989 and 1991 and was characterized by the victory of liberalism over Leninism. The political spectrum narrowed and left-of-centre parties the world over shifted towards some form of neoliberalism. The democratic revolutions in Eastern Europe changed the political institutions in 1989 and simultaneously adopted neoliberal economic reforms in these countries. These were world-historical shifts and it was economic and political transformations. Yet, some countries governments did not adapt to these shifts. In Western Europe the welfare state was part of the post World War II social settlement during the so-called *trente glorieuse*, but with the oil crises during the 1970s it became contested, and in 1981 OECD declared the welfare state to be in crisis. This was the beginning of a neoliberal turn in politics across the globe. (Abrahamson 2010: 61-63).

Some governments did also speak against the welfare state particularly conservative ones like those of Margaret Thatcher in the UK and Ronald Reagan in the USA. Hence, the 1980s in Western Europe and the 1990s in Eastern Europe can, at least to some extent, be characterized as neoliberal. However, since around 1997 the

Washington based international organizations have stopped arguing for a neoliberal agenda, and are now pursuing a social investment perspective (Jenson 2010: 59-84).

4.2 Welfare State and Neoliberalism in Europe

After the golden age of welfare state development in Europe, the magnificent thirty years from 1945 to 1974, perceptions changed and the welfare state was interpreted to be in crisis. One solution to the crisis was a neo-liberal approach emphasizing privatization and reduction of expenditure. This perspective expanded during the 1980s in North Western Europe and during the 1990s in the newly emerging market economies of Central and Eastern Europe. It is argued that in Europe *Social policies* are no longer regarded as a burden on economies, but rather as investment in human capital. Hence, they are beyond neo-liberalism. However, the widespread welfare reforms in Europe must be distinguished according to welfare regime. The welfare reforms have within five different trajectories: former state-socialist states, Continental Europe, Atlantic Europe, Southern Europe and Scandinavia. A superficial overview of spending on social protection in both relative and absolute terms from 1980 (1990 in Eastern Europe) to 2005 reveals no signs of retrenchment in any regime. It is concluded that problems of welfare state development differ within the different regimes, but a strong commitment to welfare can be identified everywhere.

The most clear cut neoliberal case is the East European transformation from state socialism to capitalism beginning after the fall of the Berlin Wall in November 1989; and the Atlantic experience (UK and Ireland) was a contender for a neoliberal turn, even if many observers when looking back at the 1980s had problems actually identifying such a change. Viewing the development in Southern Europe following the defeat of military dictatorship and the installation of democratic rule in the 1970s, saw a rapid expansion of welfare entitlements, including the creation of public, universal health care systems. In Continental North Western Europe the frozen landscape of the 1990s may have to some extent been succeeded by some retrenchment and marketization during the 2000s. Finally, there have been changes to welfare provision in Scandinavia, but nothing that would qualify as a neoliberal turn. Below, a periodization will be applied which considers the 1980s and 1990s as a

period of uncertainty, and the 2000s as a period marking the turn toward a new welfare state settlement labelled the “social investment” state (Abrahamson 2010: 64).

It is well known the phrase ‘Washington Consensus’ is often seen as synonymous with ‘neo-liberalism’ and ‘globalization for trade and development. It is also true that the IMF and the World Bank promoted neo-liberal policies during the 1980s and most of the 1990s, but it is no longer seen benefit when as early as 1998 the World Bank published a document entitled *Beyond the Washington Consensus*. As the phrase’s originator, John Williamson, says: Audiences the world over seem to believe that this signifies a set of neo-liberal policies that have been imposed on helpless countries by the Washington-based international financial institutions and have led them to crisis and misery. There are people who cannot utter the term without foaming at the mouth! (Williamson 2002: 251-64).

Neoliberal trends in Europe have also been associated with the creation of the Economic and Monetary Union project of the early 1990s within the European Union member states. In Europe and welfare state developments, neoliberalism meant privatization and reduction of expenditure, less government intervention. It tested neoliberalism against welfare state developments. The European countries on the one hand, faced pressure to adopt neoliberal policies for trade and development and on the other hand have to keep social spending for their political pressure.

The European welfare states have been reformed during the period of globalization and some major changes have taken place in comparison with the golden age. The old welfare state settlement with its commitment to full employment has been given up and also unemployment insurance has largely changed. In addition, a risk management has developed by involving more sectors in a welfare European mix approach, thereby leaving more room for private, market and civil societal solutions but the state is still in charge of regulation and to a large extent also the financing of the social entitlements (Abrahamson 2010: 87-88).

Neoliberalism in Europe emphasises privatization, marketization, reduction of expenditure and increased individual responsibility. International organizations such as the OECD led the way, and in Europe, governments such as the one in the UK and the ones in Central and Eastern Europe adopted this new policy paradigm. With the 2000s a new welfare state settlement entitled the social investment state emerged with

an emphasis on active citizenship and the productive citizen. It is seen that developments have diverged among different welfare regimes and among different policy areas. Western Continental and Southern Europe have proven most resilient to change, while the opposite is true for the Scandinavian and Atlantic regimes; but they have all, including Central and Eastern Europe, expanded their public commitment to safeguarding the welfare of citizens. Yet, the development has been uneven among policy areas. The poverty and inequality led to low living condition in Eastern Europe (Image 7-Appendix IV). Seen from the perspective of entitlements, health care is a public matter in Europe, and in South Western Europe, it became so during the era of neoliberalism; however, the introduction of the so-called new public management governance techniques imported from the market sector was introduced. Regarding old age pensions, rights have been expanded and have remained a collective, non-market regulated area, even when elements have been commodified. The same goes for care services for the elderly, albeit many of these are now delivered by the private sector working under contract with local and regional authorities. Family policies, especially policies enabling a better balance between family and work, have been expanded significantly except in Southern Europe, while unemployment insurance and social assistance programs have been cut significantly (Abrahamson 2010: 88-89). The future generation such as child well being condition in rich countries in Europe is not good (Map 4-Appendix II). It is seen that in Europe uneven development took place in terms of welfare state development under neoliberalism and also in different places, different policies during different times have been adopted by different European countries.

4.3 European Union and Neoliberalism

It is argued by many Europeans that Europe is an exception. The exceptional character is considered in terms of stronger European commitment to social rights and equality. These expectations could not be possible in neoliberalism resulted in reoccurring mass protests and strikes, especially in France and Southern Europe. Even corporatist Germany and Austria has been the location of mass demonstrations against welfare cuts. European officials and national policy makers have responded to these challenges by arguing for the preservation of an allegedly distinctive European Social

Model. There are 27 member countries in EU (Map 5-Appendix II). As European Union member states have their own distinctive welfare state traditions and in most cases capital has accepted a variant on the post-war compromise with organised labour.

The importance of national peculiarities and the “varieties of neoliberalism” (Albo 2005: 77) within Europe is often underestimated by neo-Gramscian accounts and their emphasis on transnational class alliances. Representatives of the varieties of capitalist approach, on the other hand, while taking note of the rather unique ways in which capitalist societies respond to the neoliberal challenges, falsely assume that the forces of change are external to the national models. Yet the struggle for neoliberalism takes places simultaneously within national societies and without. The former Deutsche Bank, for example, an important and integral part of the German post war model was equally one of the main motor forces pushing neoliberalism forward in the European Union (Hermann 2007: 6).

The U.S. played great role to administer European economic reconstruction through the European Recovery Program (ERP) or Marshall Plan. ERP funds were used to direct investment flows to the newly created Fordist industries, some owned by US capital. At the same time, the gold standard was abandoned and currency exchange rates fixed in the Bretton Woods system, while Keynesianism provided the theoretical foundation and practical instruments for national macro-economic coordination. In a similar way, the Schuman Plan and the foundation of the European Coal and Steel Community (ECSC) was initially inspired by the notion of coordination and cooperation rather than market-mediated competition. In fact it was only by the end of the 1950s that the idea of a European free trade zone became dominant among the political leaders in the member states. This first impulse was accomplished in the signing of the Treaties of Rome in 1957 and the establishment of the ECC. The Treaty of Rome created an institutional framework and laid the foundation for the establishment of the Single European Market. In Article 3 of the treaty, member states committed themselves to the creation of a “common market free from distortions to competition” (Cini 1998: 17). Distortions were mainly understood as tariffs and quotas, while the free movement of capital, individuals and services was still subject to numerous restrictions. Hence while the European customs union was completed by the late 1960s, “Nothing like a common market, in which complete factor mobility

exists, came into being during the early years of the Community. An economic union, with unified monetary and fiscal policies, was not even on the radar screen.” (Gillingham 2003: 53). In 1965, the ECSC, ECC and EURATOM were merged into the European Communities (EC), but progress in the direction of deepening the common market was limited (Hermman 2007: 9).

The ten years after the completion of the Single Market, half of the product standards for goods traded within the EU are still based on the principle of mutual recognition. The common market thus became a neoliberal market characterised by weak regulations or even deregulation. The EU is not only open of its own markets (except for certain politically sensitive goods such as agricultural products); it also pushes for “free trade” in bi and multilateral trade agreements negotiated with non-European countries (Hermman 2007: 10).

The European Union developed competition policy. There are strong links between the Single Market Strategy and the development of a European competition policy. In fact the creation of the Single Market essentially served the objective of advancing intra-European competition, which according to liberalisation advocates will strengthen European businesses and benefit consumers, as monopolistic firms. The year of the completion of the Single Market was at the same time the starting point of a new phase in the integration process – the establishment of the Economic and Monetary Union (EMU). With the European Treaty adopted at the Council of Maastricht in 1992 member states committed themselves to the establishment of monetary union and the introduction of a common European currency by 2002. The EMU is the most obvious manifestation of neoliberal restructuring at the European level. While the SEA guarantees “free” trade and capital mobility within Europe, the EMU resist by the principles of monetary restraint and budgetary austerity by forcing EMU member states into a fiscal policy. The constitutional treaty introduced by European Union in 2005 which were rejected in the national referendum by French Voters because they perceived its silence on social policy as a threat to the French social model. According to the French left leaning monthly *Le Monde diplomatique*, the recent Lisbon treaty only redecorated the same neoliberal principles that were already once rejected by the French people.

In spite of the progress in market and monetary integration, the EU has faced challenges related to its continuing democratic, social, and employment deficits upset by neoliberal restructuring. The European Treaty was harmonized by a social chapter in 1992. The social chapter opened the possibility for social-partner agreements at the European level, which would be transferred into binding EU law by directives passed by the Council of Ministers without further discussion. Although unemployment gradually decreased in the following years, unemployment remained a major issue in certain member states, including France, where the left-wing coalition won the 1997 general elections. They won, in part, because the flexibility prone policies of the Conservatives did not put a halt to rising unemployment (resulting in mass demonstrations in December 1995). Even if unemployment was not originally on the agenda, the failure of the previous integration process to tackle the unemployment problem came to dominate the Council of Amsterdam in 1997. With the Treaty of Amsterdam, employment officially became a major European policy area. Following recommendations by the Commission, the Council each year adopts a set of employment guidelines (Hermman 2007: 18-19).

Thus the European major policy issues such as the Single Market Strategy, European competition policy, Economic and Monetary Integration and even the European Employment Strategy have enhanced free trade and free capital mobility, monetary restraint and budgetary austerity, the flexibility in the labour markets and the erosion of employment security. In some areas, including monetary and fiscal policies, Euro-zone member states have gone further in following the neoliberal agenda. On the contrary eroded the social rights that were achieved in the post war decades and that represented the essence of the various European social models. This process was facilitated as much by the substantial democratic deficits of the EU, including the marginal status of the European Parliament, as the extraordinary structural imbalance embodied by the institutional arrangements that govern European decision-making processes and the implementation of common European policies. This arrangement gives priority to competition and monetary issues at the expense of social demands. While member states that fail to meet the convergence criteria are threatened with financial penalties, there are no sanctions in the case of a member state falling short of employment targets.

4.4 Crisis of Neoliberalism

Neoliberal policy introduced free trade, free movement of capital, development policy through Wessington consensus and competition policy etc. Most of the countries accepted neoliberal agenda for modernising their country and create employment opportunity as well as having growth pace with other developed countries. But the result was not same. State apparatus have been used for marketisation and only few ruling class have been benefited at the cost of working class, such accumulation of capital have never been seen before. The world wide data reveals that stimulating economic growth is depressing. “Aggregate growth rates stood at 3.5 percent in the 1960s and even during the troubled 1970s fell to only 2.4 percent. The subsequent global growth rates of 1.4 percent and 1.1 percent for the 1980s and 1990s, and a rate that barely touches 1 percent since 2000, indicate that neoliberalism has broadly failed to stimulate worldwide growth” (World Commission on the Social Dimension of Globalization, *A Fair Globalization: Creating Opportunities for All*, Geneva, Switzerland: International Labour Office, 2004). The size of poor population and poverty has been increasing in the European countries (Figure 4-Appendix I). The food prices also have been rising in European Union member’s countries (Table 1-Appendix). As Harvey argued that neoliberalism has not proven effective at revitalizing global capital accumulation, but it has succeeded in restoring class power (Harvey 2007: 29).

Neoliberal agenda started with removing restriction on international capital movement and privatization in the 1990s. However, it resulted in financial collapse and social devastation followed by a long political crisis. Financial turmoil grew all over the developing world even in Europe. For the capital accumulation the dominant class adopted certain measures through neoliberal policy. “As Marx had designated as “primitive” during the rise of capitalism these include (1) The commodification and privatization of land and the forceful expulsion of peasant populations (2) Conversion of various forms of property rights into exclusively private property right (3) Suppression of rights of the commons (4) Commodification of labour power and the suppression of alternative (indigenous) forms of production and consumption (5) Colonial, neo-colonial, and imperial processes of appropriation of assets (including

natural resources) (6) Monetization of exchange and taxation, particularly of land (7) The slave trade and (8) usury, the national debt, and, most devastating of all, the use of the credit system as radical means of primitive accumulation” (Harvey 2007: 34-35).

Since 1980 onwards, the corporatization, commodification, and privatization of hitherto public assets have been signal features of the neoliberal project. Its primary aim has become for capital accumulation and profitability. Public utilities of all kinds, social welfare provision, and public institutions have all been privatized to some degree throughout the capitalist world. Intellectual property rights established through the so-called TRIPS agreement within the WTO defines genetic materials, seed plasmas, and all manner of other products as private property. Bio-piracy is rampant, and the pillaging of the world’s stockpile of genetic resources is well under way to the benefit of a few large pharmaceutical companies. The escalating depletion of the global environmental is going on and even commodification of nature in all its forms. As in the past, the power of the state is frequently used to force such processes through even against popular will. The rolling back of regulatory frameworks designed to protect labour and the environment from degradation has entailed the loss of rights. The reversion of common property rights won through years of hard class struggle (the right to a state pension, to welfare, to national health care) into the private domain has been one of the most egregious of all policies of dispossession pursued in the name of neoliberal orthodoxy. All of these processes amount to the transfer of assets from the public and popular realms to the private and class-privileged domains (ibid).

Another important part is Financialization of capital set in after 1980 has been marked by its speculative and predatory style. The total daily turnover of financial transactions in international markets that stood at \$2.3 billion in 1983 had risen to \$130 billion by 2001. This \$40 trillion annual turnover in 2001 compares to the estimated \$800 billion that would be required to support international trade and productive investment flows. Deregulation allowed the financial system to become one of the main centres of redistributive activity through speculation, predation, fraud, and thievery. Stock promotions; Ponzi schemes; structured asset destruction through inflation; asset stripping through mergers and acquisitions; and the promotion of debt incumbency that reduced whole populations, even in the advanced capitalist countries,

to debt peonage—to say nothing of corporate fraud and dispossession of assets, such as the raiding of pension funds and their decimation by stock and corporate collapses through credit and stock manipulations—are all features of the capitalist financial system. The emphasis on stock values, which arose after bringing together the interests of owners and managers of capital through the remuneration of the latter in stock options, led, as we now know, to manipulations in the market that created immense wealth for a few at the expense of the many (Harvey 2007: 36-37).

Beyond the speculative and often fraudulent froth that characterizes much of neoliberal financial manipulation, there lies a deeper process of the debt trap as a primary means of accumulation by dispossession. Crisis creation, management, and manipulation on the world stage have evolved into the fine art of deliberative redistribution of wealth from poor countries to the rich. Even when privatization appears as beneficial to the lower classes, the long-term effects can be negative. The neoliberal state also seeks redistributions through a variety of other means (Harvey 2007: 38). The Political ISA has been spectacularly successful in securing ruling class hegemony. Not only is capitalism presented as ‘inevitable’, it is also hailed as natural. Capitalism presents itself as ‘determining the future as surely as the laws of nature make tides rise to lift boats’ (McMurtry 2000: 2). Capitalism is made to seem unalterable and the market mechanism ‘has been hypostatized into a natural force unresponsive to human wishes’ (Callinicos 2000: 125).

In general it is seen that within a neo-liberal world, poverty has proliferated to the level of a global injustice. According to the “Chronic Poverty Report in 2005, “About 300 to 420 million people are trapped in chronic poverty. Many chronically poor people die prematurely from health problems that are easily preventable. For them poverty is not simply having a low income: it is about multidimensional deprivation – hunger, under-nutrition, dirty drinking water, illiteracy, having no access to health services, social isolation and exploitation. Such deprivation and suffering exists in a world that has the knowledge and resources to eradicate it”. According to Time Magazine in 2005 it is estimated by The World Bank that more than 1.1 billion people live in extreme poverty. Asia leads in number, but Africa has the largest proportion: almost half its population. More than half of the 6 billion people in the world are poor; more than 8 million people die each year because they are too poor to survive and more than 1 billion lives are in danger because they have nothing to eat, in a

world of plenty (Ukpere 2007: 6). For instance, increase in the rate of global poverty is reflected in the widening gap between the rich and the poor. Under a capitalist world, where many people earn less than \$2 per day, Bill Gates estimated wealth has reached the incredible mark of \$ 100 billion as at July, 1999. It was further speculated by Lewis D'vorkin that if Microsoft share price maintain the same pace of growth in the next five years, Bill Gates hits the trillion dollar mark (Haines 2001: 1). To elaborate clearly, the above information simply means that Mr Gate's personal wealth is comparable to 40 million of the world's poorest people together. Still on inequality, the United Nations Development Report (Karlner 1999: 320) has remarked: "the world's poorest 2.5 billion people (42% of the entire world population) have a collective income roughly equal to the collective wealth of the world's richest 225 billionaires". As some 605 employees of Times-Warner were laid off into poverty in 1990, Steve Ross, CEO of Times-Warner was paid the highest corporate executive salary of \$78.2 million in the same year. The payment to Steve would have covered the salaries of all the discharged workers for two and a half years (Cohen 1992: 30).

The fact is that around the globe rich are getting richer, the poor are getting poorer (Haines 2001: 865). In the face of a single global economic dispensation, the problem of inequity has become more easily noticeable for rational mediation. The managers were, in most cases, motivated to promote unemployment and under-employment. For example, "between 1991 and 1995, a French branch of IBM sacked 122,000 workers and reduced their total wage cost by a third. At the same time, the management board rewarded directors in charge of downsizing with non-pay related bonuses of 5.8 million dollars each (Martin & Schumann, 1997: 121). In Germany alone, it was speculated that more than 4 million jobs are in acute danger and the number of the unemployed could more than double, from 9.7 per cent to 21 per cent in Germany, or from 7.3 per cent to 18 per cent in Austria" (Ukpere 2007: 8-9). In addition, many of the secured jobs which were phased-out were replaced by part-time posts, temporary work and various forms of low wage employment that was markedly lower than they have been under the system of (socialistic) collective bargaining (Martin and Schumann 1997: 103).

Thus, the capitalist class are controlling the economic, politics and society not only in their state but also across boundary through MNC/TNC. The MNC operates within the state but it has international interest and TNC operates anywhere in the world it

does not matter which state it belongs to. This economic globalisation has given a transnational capitalist class who play important role and diminished the state power. Thus, this globalisation elaborated by *Sklair* as “there are many versions of globalization. The version *Global System Theory*, is based on the concept of transnational practices. They operate in three spheres: the economic, the political, and the cultural–ideological. These are superimposed upon each other rather than separate spheres. The whole is the global system. This theory argues that the dominant forces of global capitalism are the dominant forces in the global system. The building blocks of the theory are the transnational corporation, the characteristic institutional form of economic transnational practices, and a still-evolving *Transnational Capitalist Class* in the political sphere and in the culture–ideology sphere, the culture–ideology of consumerism” (Sklair 2002: 82-83).

Despite the tremendous influence of class-based Marxist theories of imperialism and colonialism, most theoretical and empirical attention in the analysis of capitalism has focused on the colonial and post-colonial state rather than on the capitalist class. The most repressive aspects of the colonial experience were usually bound up with the state and issues of political control. While there have been examples of company militias slaughtering workers and peasants, most casualties of colonialism were a result of state repression. Progressive intellectuals and the leaders of social movements found it easier to mobilise the people against their colonial masters than against their employers and capitalists, some of whom were co-nationals, who were furnishing jobs and other goods. Leaving aside the thorny question of the relationship between class and state in the colonial period, there is growing evidence that capitalist relations of production and capitalist classes are firmly in place all over the World. *Global system theory* suggests that the focus of away from state-centrist analyses of colonial and post-colonial states and to look more closely at the global capitalist system and the transnational capitalist class, both locally and globally (Sklair 2002: 83).

The *Transnational Capitalist Class* (TCC) can be analytically divided into four main fractions. (i) TNC executives (ii) globalising bureaucrats (iii) Globalising politicians and professionals; (iv) Consumerist elites (merchants and media). The transnational capitalist class is transnational (or global) in the following respects: (a) The economic interests of its members are increasingly globally linked rather than exclusively local

and national in origin. (b) The TCC seeks to exert economic control in the workplace, political control in domestic and international politics, and culture–ideology control in everyday life through specific forms of global competitive and consumerist rhetoric and practice. (c) Members of the TCC have outward-orientated global rather than inward orientated local perspectives on most economic, political and culture—ideology issues. (d) Members of the TCC tend to share similar life-styles, particularly patterns of higher education (notably in business schools) and consumption of luxury goods and service (Sklair 2002: 83-84).

The problem is seen not only in the developing countries but also in the first world countries, according to The World Development Report, 1996 and The Human Development Report, 1996 more than 100 million people live below the poverty line, more than 30 million are unemployed and more than 5 million are homeless (Ukpere 2007: 7). Charles Darwin once forewarned: *“If the misery of our poor be caused not by the laws of nature, but by our institutions, great is our sin”* (Ukpere 2007: 7). Additionally, increasing retrenchment and unemployment within capitalist global systems have accelerated the pace of global crimes. Indeed, there is a positive functional relationship between retrenchment, unemployment and crime. Rising unemployment increases the number of idle persons and, hence the number of criminals. As the crime rate increases in any society, investors become increasingly less confident. Decreased economic growth leads to a higher level of unemployment, while the unemployed, unable to make a living, turn to crime (Bendix 2005: 493).

4.5 Crisis of Neoliberalism in European Union

In the European Union Neoliberal policies are introduced through the structure of the EU under the terms of what is sometimes referred to as ‘new constitutionalism’. An active EU policy of encouraging competition acts against the exclusive state provision of certain goods and services, and limits state aid that would distort the ‘level playing field’ of competition . In certain sectors, such as those of telecommunications and high-speed trains and in the services sector as a whole, the EU has actively and directly promoted processes of liberalisation, especially through the issuing of legal directives to national authorities. The Monetary policy is administered by an

'independent' (from electoral pressure) European Central Bank with an anti inflationary mandate, but with little or no concern for issues of growth and employment. This deflationary bias retards European economic growth and depresses employment. Fiscal monitoring by the EU Commission through the Stability and Growth Pact (SGP) seeks to limit (to 3 per cent of GDP) states' capacities to run fiscal deficits, even when these might appear justified by the need to lift an economy out of recession (Storey 2008: 56). The negotiation of international agreements by EU authorities, such as through the WTO, binds European countries into the global liberalisation of trade in goods and services. The EU also seeks to bind other countries into such liberalisation, for example through the negotiation of Economic Partnership Agreements (EPAs) with poor countries (Storey 2006: 331-46).

It is argued that alternatives to neoliberals are functioning within the European project is known as '*social cohesion*' and '*social inclusion*' within EU discourse. In this discourse each member state is expected to prepare a national action plan every two years on progress in combating poverty and social exclusion. The Commission is charged with monitoring and preparing progress scorecards for each country on the basis of indicators such as poverty, inequality and unemployment. But there is no element of compulsion. It cannot impose fines or take member states to court for failure to prepare or fulfil a plan. Unlike competition policy, limits on state aid and the Stability and Growth Pact, social cohesion policy is not legally and institutionally embedded into the structure of the European project only with the partial exceptions of gender equality and health and safety at work. The structure of social protection expenditure is provided uneven in European Union (Figure 6-Appendix I).

In Europe *unemployment* has increased since 1970. Presently, there are an increasing number of people that have been added to global unemployment figures. The intensity of unemployment within the global economy can be seen from the fact that since the early 1970s, European countries have witnessed a high rate of increased unemployment, since the average level of unemployment has risen from an average of 2.7 per cent in 1964-1973 to 10.3 per cent in 1990-1999. In 1995, unemployment in France, Italy and the UK rose to 10 per cent of the labour force, while in Spain and Finland; it rose to over 15 per cent. Even in Sweden, which had previously maintained a low level of joblessness, the rate of unemployment increased rapidly from 1.5 per cent in 1990 to 10 per cent in 1995 (Singh and Zammitt 2003: 4). On one hand people

are becoming unemployed. The poverty has been increasing in European Union member countries. On the other hand bread and cereals based products price are becoming high, common people have been facing problem to afford their livelihoods (Figure 2-Appendix I).

The European *financial crisis* is largely understood as a result of neo-liberal policies, which have revolutionized economic systems since the 1980s. A financial crisis in the US in 2007 spread to Europe and led to a recession across the world in 2007 to till today. “The crisis spread to European banks via the drying up of interbank liquidity which led inter alia to the run on Northern Rock in the UK in September 2007 and the exposure of European banks to mortgage backed securities held in off balance sheet SIVs which led to threats to the solvency of banks in Germany, France, Belgium, the Netherlands, Italy and Switzerland and Iceland” (Bordo 2010: 2). This financial crisis has been the largest such crisis in the post-world war period. Having started as a liquidity crisis, it developed to the extent that it generated a recession in many countries, and it has had implications not only on the banking system, but also on the real economy and on the economic dynamics.

The recent crisis, the European Commission believes some of its causes are similar to causes of previous crises, such as the Asian crisis in late 1990s or the crisis of the Nordic countries in the early 1990s (Minescu 2011: 95). The common feature was that all these crises were preceded by “long periods of rapid credit growth, low risk premiums, abundant availability of liquidity, strong leveraging, soaring asset prices and the development of bubbles in the real estate sector”. The borrowing increased substantially in the case of households, especially through home mortgages. The household debt level increased significantly relatively to the household disposable income, which was ignored because the ratio of debt to assets appeared stable before the crisis due to the rising house prices. The level of debt was less worrying at the start of the crisis with regard to the business sectors, with the exception of the commercial real estate sector and some banks (Minescu 2011: 96). Thus, the foreign debts of the European countries are at the core of the current crises. Generally, the crises are attributed to government budget deficits in excess of the values stated in the Stability and Growth Pact (SGP), as part of the Maastricht treaty. Proposals for reform generally involve increasing the powers of the European Union to monitor fiscal policies of the national governments and increasing bank regulation.

4.6 Neoliberalism in France

In Europe, different model of capitalism and social welfare modal can be seen geographically. France being close to the Continental model is an example of 'state-led capitalism' (Schmidt 2002). The several institutional reforms have been undertaken in France since 1980 and onwards in the area of financial sector, the product markets, the labour market, the welfare system etc. These reforms were a national response to exogenous economic changes affecting capitalism in general and taking place at the international level, including the process of economic globalization and European unification. However, these reforms have met political obstacle in France.

By the early 2000s, it was widely acknowledged that France was "no longer a statist political economy" (Culpepper 2006). The increase in competition demanded by the transformations in the international environment such as globalization of firms' activities and European economic integration had made it necessary to abandon the nation-centred 'dirigiste' model: "in response to a more open European economy, France made its markets more competitive and increased its level of social protection at the same time" (Hall 2007: 56).

As Levy argued that "France has needed two sets of reforms, a first set of reforms to get rid of dysfunctional *dirigisme* and a second set of reforms to address some of the problems stemming from the first set of reforms, from social anaesthesia measures" (Levy 2008: 429-430). France had become a productive economy, but rates of growth remained low and unemployment high. France tried to increased growth and overcome unemployment but efforts in this direction "have often failed in the face of popular resistance" (Levy 2008: 430).

By the French government several "adjustments have been made for modernising France but this have been accompanied by considerable protest and conflict, but somehow, the French have always managed to make the necessary changes" (Levy 2008: 430). Sarkozy during his election and the conditions surrounding his election in 2007, he promised to 'rupture' if elected. Sarkozy was elected in 2007 and carried out neoliberal reforms only partially and slowly.

There were also vivid manifestations of a political crisis in France, such as the presence of the Front National (FN) candidate in the second round of the 2002 presidential election, or the victory of the 'No' in the referendum on the European constitutional treaty in 2005 against the recommendation of the vast majority of the parliament (Amable 2011: 3). The French political crises have highlighted the difficulty of carrying out neoliberal reforms in France. The programs of a neoliberal 'rupture' in France in the 2000s have been designed as a response to the respective political crises. In France, Sarkozy's program of a neoliberal '*rupture*' has been designed as mediation between the expectations of the 'hard core' on one hand, and the bulk of private sector wage-earners on the other hand.

The reasons behind the difficulties and the likely failure of the neoliberal agenda in France, in the program of Sarkozy for the presidential election in 2007, the mediation among the key groups that would form the new dominant bloc consisted of the implementation of a 'French-style' flexicurity designed to allay private sector wage earners' fears about labour market flexibility. The Great depression has posed major problems for the pursuit of the neoliberal strategy in France. In France, the simultaneous presence of high unemployment and the need to control public debt was an obstacle to the viability of a system of 'flexicurity'. This project has been abandoned by the right coalition and Sarkozy was forced to choose between an 'unadulterated' neoliberal reform corresponding to the expectations of the self-employed and small entrepreneurs, and the rejection of radical neoliberal labour market reforms likely to feed private sector employees' concern. After a long period of hesitation, the second option was favoured (Amable 2011: 4).

It is seen that the Left party have a greater role in different strategic choices in France. In France, there are two bloc one is right and another is left bloc and large firm employees were a key group in a context where two blocs alternatively dominated the political life since the early 1980s. The socio-political landscape of France in the 1980s was, compared with that of today, these two very different social alliances with expectations differentiated by well identified political organizations.

The *left bloc*, which organised the majority of the employees of the public sector even recommends protection for private employees and the working class, was represented by the Socialist Party (PS) and the other left-wing parties, in particular the French

Communist Party (PCF), which were allied in the perspective to govern as a coalition. The prospects of left bloc were a larger state intervention in the economy, more regulations of the employment relationship and an increase in the standard of living of the poorest wage-earners (Amable 2011: 9-10).

The *right bloc* alliance organised the private sector executives such as managers and associate professionals, liberal professions, the independents storekeepers and craftsmen as well as the majority of the agricultural world. It was represented by the Gaullist party and its liberal allies. The expectations concerned state intervention as an industrial strategy protecting the national interests, i.e. French firms. This bloc was opposed to nationalisations, which represented an essential point of the government program of the left. The differentiation of the right bloc from the left alliance also concerned the redistributive action of the State; the left alliance wishing to decrease the disparities of incomes by increasing taxes, the right alliance preferring a decrease in taxes even at the cost of an increase in inequality (ibid).

4.7 Disagreement within both Political/Social blocs in France and Neoliberalism

In 1970, the economic crisis took place in France which led to slow down of growth and a major increase in unemployment. The evolution of the French model in the 1980s modified slowly some socio-political landscape. The opposition of the right and left blocs on the issue of public intervention bothered and took new forms in the 1980s, after the left government took the turn of the great attention as supported restrictive macroeconomic policies to control the inflation, stay in the European Monetary System (EMS), and later qualify for the European Monetary Union (EMU) within the left bloc.

As shown in Guillaud and Palombarini, rifts appeared within each of the two social blocs, and destabilised the electoral base of the right and the left. On the right side, the demand for a Thatcherite policy expressed by the self-employed was not shared by private sector employees. In 1988, 53% of the craftsmen and shopkeepers were in favour of privatisation, i.e. more than the average of the population (43.5%), while

private sector employees were slightly less favourable to privatisations than the average (40.6 %). Similarly, if the average voter held a possible removal of social security as 'very serious' with an 87.6% majority, only 78% of craftsmen and storekeepers concurred, against 90% of private sector employees. Two reference groups for the government parties' right found themselves on opposite sides on a possible Thatcherite turning point for economic policy: the craftsmen and storekeepers requested it strongly, while private sector employees showed a stronger hostility towards it than the average voter (Amable 2011: 15).

The divide was no less serious on the left side. The election of F. Mitterrand as president in 1981 put an end to 23 years of right-wing domination. Mitterrand was elected on a clearly left-wing platform, with the support of the French Communist Party (PCF). The economic platform was based on two main types of intervention:

- (i) A series of structural reforms including a large program of nationalisations (leading to a State control of 75% of industry and almost 100% of the financial sector) and the extension of labour rights;
- (ii) A macroeconomic expansion program based on budget impulse, an increase in pensions, benefits and wages. This latter component, classically Keynesian in its inspiration, proved to be insufficient to overcome the economic crisis and reverse the unemployment increasing trend. It accelerated inflation, increased foreign trade deficit and compelled the government to three devaluations of the French Franc in two years.

After the failure of the expansionary policy, the alternative was the following either (a) Pursue an expansionary path, accepts a high inflation rate and consequently opts out of the EMS; or (b) Stay in the EMS, adopts a deflationary policy to preserve the value of the French currency vis-a-vis the other European currencies, and accept unemployment. The latter option was chosen by F. Mitterrand after a period of hesitation. This was not simply an economic but also a political choice. Indeed, the expectations of a demand-supporting and unemployment-fighting macroeconomic policy were at the centre of the social demands of the core groups of the left bloc.

France: results of the first round of parliament elections (vote shares).

	1978	1981	1986	1988	1993	1997	2002	2007
PS+MRG+DVG	24,7	38,2	32,1	37,5	20,1	27,8	27,9	28,0
PCG	20,6	16,1	9,8	11,2	9,1	9,9	4,9	4,3
Far left	3,3	1,3	1,5	0,4	1,7	2,5	2,8	3,2
Green party	2,1	1,1	1,2	0,4	4,0	4,4	4,5	3,3
UMP/RPR-UDF	46,7	42,9	44,6	40,5	44,1	36,2	43,9	45,6
MODEM	-	-	-	-	-	-	-	-
FN/Far right	-	0,4	4,9	9,7	12,9	15,3	12,2	4,7

Sources: Cited, Amable (2011), The political economy of neo-liberalism in Italy and France, p. 16.

NB. Data on 2012 election presented in (Table 2(1); 2(2)-Appendix I)

The defeat of the socialist government was largely the consequence of the change in economic policy. The main objective of macroeconomic policy was the fight against inflation in order to stabilise the currency and keep the nominal peg of the FF to the DM in order to stay in the EMS. The consequences in terms of economic policy as well as macroeconomic performance were clear. The budget policy became far less expansionary and in fact pro-cyclical in the early 1980s, with the adoption of a restrictive stance in spite of the economic slowdown. The pro cyclical character was kept until the end of the 1980s and found again under the right-wing Juppe government between 1995 and 1997. Monetary policy was in line with these options, with a restrictive stance which lasted until the beginning of the 1990s and was partly reversed with the recession of 1993 (Amable 2011: 16).

These macroeconomic evolutions had clear consequences for the socio- political base of the left. The groups that mostly suffered from the consequences of the economic crisis no longer supported the government. The consequences were most clearly felt by the communist party, whose vote share losses are clearly related to its participation to a socialist lead government in 1981-1983 and 1997-2002. One notices that the vote share of the French Communist Party (PCF) was stabilised during the 1986-1997 period, corresponding to its absence from the government coalition or in the opposition. This questions also the popular thesis according to which the decline of the communist party can be linked to the fall of the Berlin wall and the demise of Soviet Union.

The re-election of President Mitterrand in 1988 gave the socialist party a new opportunity to pursue the search for a centre-PS alliance. The second mandate of F.

Mitterrand was less active in terms of neoliberal reforms, but macroeconomic policy was particularly influenced by the objectives of European monetary unification and the single market. The policy of nominal peg to the DM proved to be particularly costly in terms of unemployment and the left lost the 1993 legislative election. The victory of the left at the 1997 parliament election was preceded by another setback in the quest for the centrist alliance. Former Finance minister of F. Mitterrand and former head of the European Commission, J. Delors, turned down the offer to run for the 1995 presidential election. Indeed, J. Delors could not hope to obtain the political majority necessary to the implementation of his preferred policy, acknowledging the impossibility of building a centrist alliance breaking from the opposition between a left and a right bloc. The 1997 election was then won by L. Jospin fronting a five-party alliance backed by the support of the traditional left bloc. Jospin's governments privatised more companies than the right-wing governments and adopted laws that made significant steps towards the conversion of the French financial and corporate governance system to Anglo- Saxon standards (Amable 2011: 19-20).

The strategy was to neo-liberalise, or 'modernise' in the newspeak of the PS, those areas of the economy that were not too sensitive for the socio-political basis of the left, i.e. not too high up in the institutional hierarchy of the left bloc (social protection and labour rights). Deep transformations affecting the financial and corporate governance system were thus traded against some extensions of employment protection, an increase in public employment and the 35-hours week, itself an ambiguous reform which decreased the duration of the legal working week while at the same time extending the flexibility of work organisation. The logic behind those reforms was the achievement of a transformation of the French model into a neoliberal/social hybrid model, whose stability is highly questionable if one considers the complementarity between institutions (Amable 2009: 17-39).

Again, in 2002 the expectations of the social base of the left lost election. The end-result was another electoral defeat: the absence of the left candidate, L. Jospin, from the second round of the 2002 presidential election for the first time since 1969, because a large part of the left votes went to candidates that opposed the neoliberal course of the Jospin government.

In a totality, the three experiences of PS-led governments were dominated by the same logic: the pursuit of a 'modernisation' (i.e. neoliberalisation) of the French economy, which had for consequence to alienate the popular classes and push the emergence of a vote for non traditional parties, both on the right and on the left. Following the median voter model logic, the socialist leaders thought that the middle classes were the key target of their political action, which led them to neglect the working class. Ironically, this has been more detrimental to the communist party's electoral base than to that of the PS. The disaffection of the popular classes with the left has in fact made the centre-PS alliance more realistic. Neoliberal policies are also at the core of the problems affecting the right bloc. The right alliance around the RPR-UDF/UMP coalition has been in office three times for two years in 1986- 1988, 1993-1995 and 1995-1997, and again since 2002. The Chirac government of 1986 took a large inspiration from the 'conservative revolution' taking place in the UK and the US, and came to power with an ambition to drastically change the course of the French economy. The reform program was centred on privatisations, i.e. a reversal of the policy followed by the left alliance in 1981, and, less centrally, on labour market flexibilisation. A large program of privatisations was launched and the necessity for a firm to obtain the authorisation of the public administration to lay off employees was suppressed. This neo-liberal orientation caused some problems even within the social base of the right. A rift within the right bloc emerged in the 1980s, opposing groups expressing demands for a strong labour market flexibility (artisans, storekeepers, independents) to those that felt threatened by it (private sector employees). Firms did use the possibility offered by the liberalisation of layoffs to restructure their activities and this affected deeply the private sector labour force. A neo-liberal labour market flexibility, and to a lesser extent some privatisations, clashed against the demands for economic security, public services and redistribution of some groups within the right bloc, mostly the private sector employees. Chirac's 1986 attempt corresponded more to an alignment to the expectations of one part of its social base than to mediation between the various demands of the right bloc. The failure of the 1986-1988 experience had a lasting impact on the political strategies followed by the right. The leading politicians on the right acknowledged that the strong demand for a liberalisation and flexibilisation of the labour market of one part of the right electorate was difficult to reconcile with the demands for security expressed by private sector employees. This fundamental contradiction explains the cautiousness with which

labour market reforms were undertaken until Sarkozy's presidency. The only significant attempts to flexibilise the labour market were always made at the margins, i.e. on targeted labour force groups (Amable 2011: 20-21).

As the Balladur government of 1993-1995 controlled self from significantly changing labour market institutions and concentrated instead on pursuing a program of privatisations, with an aim to constitute stable shareholder cores, chosen by the Ministry of Finance. A first significant welfare retrenchment reform concerned private sector pensions, a risky move considering the social base of the right. Although it went without causing any significant reactions from the labour unions, it was not without consequences on the difficulties met by E. Balladur in its competition for leadership on the right with J. Chirac: indeed, the latter saw an opportunity in moving to the centre and proposed a mediation between the right bloc's divergent demands different from Balladur's neo-liberal orientation. At the 1995 presidential election, Chirac beat Balladur in the first round and ultimately won the election against Jospin in the second round, adopting an almost centre-left position, criticising the lack of reaction of the Balladur government against growing inequalities (the *fracture sociale*), and promising a reflationary policy aiming at improving purchasing power. The propositions of Chirac proved effective in reuniting the right bloc. However, once elected Chirac and his Prime Minister A. Juppe embarked on a more classically neoliberal course than what the calls against the *fracture sociale* had led voters to believe (ibid).

A significant turning point was the failure of the pension reform in 1995. A. Juppe was cautious enough to target a group that was a major part of the left bloc, the civil servants and public company employees, with their special regimes for pensions. The aim of the reform was to align the special regimes on the general regime of the private sector, which implied a drop in pension levels. The reform even obtained the support of a certain number of academics and intellectuals traditionally considered as supporting the left. Yet, the opposition to the pension reform was massive and turned into a movement against neo-liberal policies in general, which not only reunited the popular classes with the left bloc, but also gathered support in the ranks of the private sector employees, who supported a movement they were not able to carry on two years earlier, when their own pensions were at stake (ibid).

In a totality, both the left and the right blocs were therefore characterised by the existence of contradictions between the expectations of the various social groups composing them. This double fracture has caused the rise of the extremes and especially the far-right party *Front National*, which proposed a particular mix of radical neo-liberalism domestically and protectionism in trade policy. The FN captured those disappointed by the right for being too cautious on labour market and social protection reforms, and voters disappointed by a left that they consider slave to the demands of a neo-liberal Europe. In parallel, the poorest categories of the left bloc drifted away from the socialist party, which had been governing for the most part of the 1980s. On the government parties' side, the common tendency was thus to shrink the hard core of their electoral base to the high and average income categories – of the public sector for the left, of the private sector for the right (ibid).

There were some constraint for left bloc to implement the leftist policy as (a) the impossibility to carry on an expansionary macroeconomic policy largely because of the constraints imposed by the Maastricht criteria and the loss of control of the monetary policy; (b) the difficulties to maintain the stability of the social- democratic institutions in large part inherited from the post-war compromises in the context of system competition that characterises the European Union. The question of European integration has been at the centre of the most important policy choices that the governing left had to make since the 'turn of the rigour' in 1983. European integration has increasingly appeared as a factor of division within the left bloc. Whereas the working classes have become sceptical about the European project, the middle classes and the bureaucracy of the PS, in a period which saw the neoliberal dimension of the European project become even more predominant, with the single market, or the European monetary unification, which was perceived as an increase in the exposure to the competitive risk or a loss of the national capacities for protection such (Amable 2011: 27).

The crisis perceived the European integration as an additional threat to the one category and the other categories as an opportunity for French top managers are pro-Europe because the 'marketisation' of the French economy have been achieved through Europe. Besides, the reform of the social protection system in 1995 was presented by Prime Minister A. Juppe himself as an obligation to reduce public deficits because of the requirements imposed by the European monetary unification.

On 15 November 1995, declared on the reform plan for social security, cutting interest rate to achieve social balance and development of employment. Further on 2 October 1996, he declared the general policy on employment and modernization of democracy, the third instrument in this policy of recovery of our public finance is: the stability of currency that leads to the decrease in interest rates and argued in favour of European Union and European monetary system.

Voters on the right the most opposed to European integration were those who expressed most strongly expectations in terms of 'internal' liberalization (and protection vis-a-vis the rest of the world): no creation of public jobs or increase in the minimum wage, more privatisations. To the left on the other hand, the voters demanding the most a corrective intervention from the State were also those who expressed the most negative judgments on European integration. In 1995, 46.2% of the persons surveyed in the *panel electoral* considered that France has 'many' or 'sufficiently many' common interests with other countries in Europe. This percentage was 52% among managers and employees of public sector, but only 38% among workers. Similarly, 29% of the respondents felt 'just French' and not European, a feeling shared by 19.3% of the executives and public sector employees only, but by 35.7% of the workers. The *panel electoral* of 1997 reveals a strong difference of opinion regarding the European Union across core groups of the left bloc. Asked what they would feel if the European Union were abandoned, only one third of the workers would be sorry whereas this feeling would be shared by three quarters of the medium- and high-skilled civil servants (Amable 2011: 28).

This evolution was confirmed during the 2000s and peaked during the referendum of 2005 on the European constitutional treaty. The negative votes greater than positive ones in the fraction of the left bloc which had a negative vision of globalization and the single currency, and in that of the right bloc which expected a more liberal policy on the internal side (privatization, reduced taxes, decrease in the number of civil servants) while wishing a certain protection against the outside (distrust towards the single currency). It may be recalled that the Socialist Party officially decided in favour of the European constitution at the 2005 referendum following a relatively narrow victory of that option in an internal vote. However, a majority of left voters chose the opposite option and workers, according to an IPSOS poll, voted 'No' with a large majority of 79%. The positive judgments on the European integration can thus be

found with voters of the traditional parties, which gather the high- and middle-income categories of the private sector (foremen, employees, junior and senior executives) liberal professions and agricultural world for the right, the high- and middle-income categories of the public sector for the left. On the other hand, all the categories with low-income and/or which feel threatened in their status drifted away from traditional parties: storekeepers and craftsmen in the right bloc, workers in the left bloc (Amable 2011: 29).

Jospin, who was Prime Minister between 1997 and 2002 and whose political career suffered from the break-up of the left bloc at the 2002 presidential election, was conscious of the difficulties that the European Union implied for the definition of a left-wing policy: “The reluctance of the public opinion was measured in the extremely tight vote approving the Maastricht treaty and in the rejection of the constitutional treaty in 2005. But this reluctance and this scepticism concern less the merits or the defects of the texts which were subject to the European peoples’ vote than a deeper conclusion: Europe has been for twenty years a zone of low growth, it was not able to prevent the rise of unemployment, it encouraged little social progress, it was passive in front of disorders of globalization. Questioning the European project – which would be madness – is out of the question, but there is a very serious need to revise its contents” (Amable 2011: 30).

It is seen that partly neo-liberal choice made by a fraction of the PS/the left bloc rather than the European Union issue itself. As mentioned before, the ‘turn of the rigour’ made in 1983-1984 was a political and economic choice to keep on with European economic unification and renew the social base of the left. The quest of a centre-PS alliance and the incompatibility of this project with the maintaining of the traditional alliance has been a permanent source of difficulties for the PS since 1984. The contradictions between the nature of the structural reforms made under the PS-led governments and the expectations of the less affluent part of the social base of the left have each time provoked the electoral defeat of the PS because of the nonexistence of a replacement social base, which composed with pro-Europe and mildly neo-liberal middle classes. The possibility that the working class could vote for other parties than the PS or the left was not considered as a possibility. Yet, as shown in the analysis of the 2007 electoral survey, the core groups of the left are now mostly skilled middle classes. Workers are on the other hand scattered in different groups, expressing

demands for income redistribution and protection that the left has somewhat neglected, leading to an increased volatility of the working class vote, a phenomenon observed also in other European countries (Amable 2011: 30-31).

4.8 The Economic Crisis and Sarkozy's Strategy

In 2007, presidential election took place and Sarkozy was elected as the president of the France. At the same time subprime crisis erupted in U.S and it influenced the Europe. There is a contradiction between the expectations of neo-liberalisation of the economy carried by the independents and the fears that drastic alterations of the French model in the areas of the labour market and social protection would lead to an increased insecurity of their situation expressed by the employees of the private sector. Ever since the failure of the 1986-1988 experience emulating the Anglo-Saxon "conservative revolution", the right-wing RPR-UDF/UMP governments have tried to find a compromise between the divergent expectations of their social base. The second Chirac presidency marked the limits of this exercise, with a part of the social base as well as the government party expressing discontent against the alleged "immobility" of Chirac or its lack of "political courage" in the affair of the CPE labour contract. Following a massive wave of protest, the law instituting this contract with diminished social rights was promulgated and abolished at the same time. Sarkozy's solution was not to propose a return to Thatcherite neo-liberalisation but to propose a new compromise between the divergent interests of the right bloc (Amable 2011:37).

N. Sarkozy's search of mediation led him to follow two directions. The first one is the promise of a possible rise in purchasing power by an increase of the labour supply; "to work more in order to earn more" was one of Sarkozy's campaign slogans. This took the form of a drop in taxes for overtime earnings and an easing of the regulation on overtime work. This had the advantage of emptying the 35-hour week regulation of its most social content contents without actually abolishing it, while at the same time keeping and even extending the work organisation flexibility measures which had been part of the quid pro quo between the government and the trade unions at the time of the 35-hour law. The second direction was the assurance that the way followed for

the flexibilisation of the labour market would be a French-style flexicurity and not pure and simple Anglo-Saxon style flexibility. To sum up, Sarkozy's project was some type of kinder, gentler neo-liberalisation.

The space for mediation between the neoliberal expectations and the demands for security reduced drastically with the financial and economic crisis of 2008. The program implemented by Sarkozy fell short of satisfying the right's neoliberal wing, which wanted a drastic deregulation of the labour market. Neither the lightening of taxes on extra hours nor the pseudo-flexicurity seems to please. According to neo-liberal economists Cahuc and Zylberberg for instance; "by exempting overtime work from taxation and by making more flexible the regulations of the work day, the government managed to invent the machine to win more by working the same amount. Far from establishing a culture of work, the lifting of taxes on overtime work facilitates fiscal opportunism, because one has the possibility of paying less tax by exploiting the defaults of a badly conceived regulation." Regarding employment legislation, the neoliberal ideal would be a unique labour contract with very limited protection, abolishing the distinction between regular and a typical work contracts. Here too, Sarkozy disappoints Cahuc and Zylberberg; "the law of modernization of the labour market is supposed to set up the professional Social Security. The reality is very different. This law is not the proof of the success of Nicolas Sarkozy's method, but well and truly that of its failure. Left free to negotiate without precise directives, labour unions got on a minimal agreement reflecting the interests of those that they represent above all, namely the skilled and senior employees and the companies which employ them. In reality, the only noteworthy effect of the law of modernization of the labour market is to open the way for retirement at 57" (Amable 2011: 37).

The attempt to find an acceptable way of dealing with the contradictory expectations of the independents, who demand a strong liberalisation of the labour market, and private sector employees, which expect to keep a reasonably high level of social protection and/or employment protection, explains the apparently schizophrenic character of Sarkozy's discourse. But if the financial crisis and the economic slowdown that followed gave a new lustre to the French model of capitalism and its social system. At the time when the economic slowdown led to a rise of unemployment, the French labour market's "rigidity" was perceived as an advantage rather than a drawback: 'the French model resists better in times of crises admitted

OECD's General Secretary. But the most serious problem results from the consequences of the crisis in terms of unemployment and public finance, following the growth slowdown. The long-term stability of a system of flexicurity requires that time spent in unemployment be short, with a generous compensation and an effective training for the unemployed (Amable 2011: 38).

Moreover, because of the expectations of some groups within the right bloc, Sarkozy could not afford to ignore the demand for an expansionary policy and a financial system rescue plan. France's reaction to the crisis has therefore been much more substantial. Slow growth, tax cuts and public expenditure in reaction to the crisis imply a growing public finance problem. This growth of the public debt is both a threat and an opportunity. It is a threat to the stability of the right bloc because it makes the security side of the flexicurity strategy financially unsustainable. It also implies a limitation to further demand-sustaining budget policy which could have for consequence to make the situation of a part of the broad group of private sector employees more fragile. It is also an opportunity for the pursuit of neo-liberal structural reforms since it enables the exploitation of a 'shock strategy': the financial situation allegedly makes welfare state retrenchment inevitable. However, this means that the financial crisis is at the heart of the problems behind the rift in the right bloc. The crisis has little consequences for the neo-liberal core of the right bloc and will most likely push these groups towards more pressing demands for structural reforms and welfare retrenchment. The crisis is also making the situation of most private sector employees more precarious, leading them to oppose too drastic neo-liberal structural reforms. In the absence of a very expansionary macroeconomic policy at the EU level, only a drastic decrease of the public spending on other posts than those related to the flexicurity strategy could make the way out of the public finance problem possible. But this remains quite unlikely both for economic and for political reasons. Part of Sarkozy's program was indeed to cut public employment, a move with limited political costs considering that civil servants are mostly outside of the right bloc. But realistic public employment cut will not provide the amount of resources necessary to the implementation of the security part of the flexicurity strategy (Amable 2011: 38-39).

The crisis in neoliberalism led to several changes in recent Sarkozy government and faced major strike and opposition of left party. In April 1968 workers at a factory of

Sud Aviation in Nantes, France, began a strike to protest the decision by the company to cut their hours and wages. A month later, they decided to lock themselves--and their boss--inside the plant. They were soon joined by leftist students, a turning point that transformed a series of youth protests into a nationwide social movement that nearly toppled the government of Charles de Gaulle. Four decades later, de Gaulle's heir, President Nicolas Sarkozy, is facing massive street demonstrations. However, Sarkozy, popularity eroded sharply since his election in May 2007 (Perelman 2009:2-3).

Sarkozy came to the power with conservative UMP alliance in 2007. On March 19, 2009 more than 3 million people joined in the second day of strikes and mass demonstrations called by France's eight main union federations this year (Image 2-Appendix IV). The general strikes have been called against the government of President Nicolas Sarkozy's response to the global economic crisis which has been to attempt to make working people pay. Unions are demanding policies that seek to make capital, rather than workers, pay for the crisis. The demand includes: increases in the minimum wage and payments to the unemployed and pensioners; increases in public housing; bans on redundancies at profitable companies; the reversal of the tax cuts given to the rich; and preventing the restructuring of the public sector. Many People in France are not getting the basic facilities as need for civilised societies such as housing (Image 8-Appendix IV). Growing anger was being fuelled by the rapid growth of unemployment as companies shed jobs to improve their bottom lines. More than 100,000 private sector jobs were shed in the last three months of 2008. A further 350,000 were expected to be destroyed in the first half of this year. The French oil company Total announced in early March that it would shed more than 500 jobs despite posting record profits in 2008. The government is also persevering with attacks on the public sector, claiming a lack of funds. However, it had faced little trouble finding billions to bail out corporate interests. In response, public sector workers had organised broader industrial action. University staff had been conducting a seven-week strike. However, the government remained unmoved. While acknowledging that the strikes reflected how worried workers were by the economic crisis Sarkozy ruled out any increase in government spending to meet the demands on March 20, 2009. Sarkozy's refusal to move is increased tensions over the movements' direction (Latham 2009: 2).

In a situation where the crisis is deepening, the principal lessons of the regional elections which took place on 14 and 21 March, 2010 were: a massive level of abstention; a real electoral defeat for the government; the return of the National Front; and the disappointing results of the NPA. The principal aspect of these elections is the extent of the rejection of Sarkozy and his policies, a rejection expressed in various ways. It was a major defeat for the party in power, the UMP. The Right received around 26 per cent of the votes cast in the first round and 35.5 per cent in the second round. It came behind the Socialist Party (PS) in almost all the regions. It was clearly the government's policies as a whole serve the interests of the big shareholders and the richest classes, policies make the majority of the population pay for the crisis, policies which destroy public services and social gains. Basically, faced with the brutality of the crisis, faced with the violence of the policies of the Sarkozy government making a turn even further to the right, with pension reform as its central axis and extending the retirement age to 62 to modernize the country (Demarcq 2010: 2-3).

4.9 Pension and Retirement Age Plan Reforms during Sarkozy Government

From the beginning of the neoliberal policy in France the pension system has been under pressure for change since the 1980s. Of the five major reform attempts so far, the Juppe Plan (1995) and Thomas Laws (1997) failed; the Balladur (1993); Raffarin (2003); Sarkozy (2010) reforms succeeded. Policymakers focussed on the calculation of benefits in the basic pension scheme, on the length of the contribution period and on the setup of capital-funded individual savings plans. France had a fragmented social assistance scheme for the elderly on low incomes, for people aged 65 or in certain cases 60 such as disability, war veterans etc.

Sarkozy government's proposed pension reform and was adopted in the French Senate on the 27th October. The Vast movement started against the reform of the pension system in France (Image 3-Appendix IV). It was to raise the minimum retirement age from 60 to 62 and the age for retiring with a full pension from 65 to 67 with the aim of pushing workers towards subscribing to private pension plans, to the

greater profit of the pension funds. There have been several plans by conservative governments to abolish the special deal and replace it with the standard retirement plan for government-owned companies and civil servants. These efforts have been highly controversial and have caused large strikes such as those of 1995 and November, 2007 in France and in 2010. Private funds have never been able to develop in France to the extent that they have elsewhere. This is not the first pension reform: previous ones in 1993 and 2003 lengthened the periods of contribution for the private then the public sector.

Since 1993 the value of a pension has dropped by around 20 per cent. A million pensioners live below the poverty line and 50 per cent receive less than 1000 Euros a month. (The minimum wage in France is currently 1337.70 Euros a month.). The first one-day strike was on March 23, 2010, followed by two others on May 27 and June 24, 2010. After the summer break the movement took off again and indeed intensified, with 2.5 million demonstrators in the streets on September 7, reaching its highest point in mid-October, with days of action that put up to 3.5 million people onto the streets. The days of action were called by the Intersyndicale, a coordinating committee of the French trade union confederations, all of which were represented on it, from the biggest to the smallest, from the most moderate to the most radical. The Intersyndicale continued to function for the movement and in the movement over pension reform in 2003, and again in the movement in 2006 that defeated the CPE (an attempt to introduce a cut-rate minimum wage for young workers entering the job market). Very significantly, given the nature of the movement in 2006, the Intersyndicale was broadened out to include the student and school student unions. The Intersyndicale functioned again in the one-day strikes against austerity at the beginning of 2009 (Smith 2010: 1).

This was self consciousness of people and unity of Trade Union in France, no political party has the ability to put millions of people into the streets. Not the Socialist Party, despite its electoral support, nor the forces to the left of the SP. This central role of the unions has something to do with the traditions of the French workers movement, but not only that. The unions played a central role during the general strikes of 1936 and 1968 and in many other movements, but behind the main union federation, the General Confederation of Labour (CGT), stood the French Communist Party (PCF), which was hegemonic in the working class. No party has

such hegemony today. It was the unity of the trade unions. Alain Krivine is a well-known veteran activist argued that spontaneously did take part in the movement: In the demonstrations, many people come without banners. They participate but are not organised by the trade unions. But the unity that made the movement possible inevitably imposed some limits on it.

The forces to the left of the SP took a position refusal of the reform. On April 7, 2010 by individuals representing a spectrum of parties and associations signed against the Sarkozy's government pension and retirement age policy reform. These also included many representative trade unionists, intellectuals and representatives of all the parties to the left of the Socialist Party (PCF, Greens, New Anti-Capitalist Party, and other Left Party). The official position of the SP was to defend the right to retire at 60 but to accept prolonging the years of contribution necessary for that to 41.5years.

Against the Sarkozy and against the Neoliberal policy, from the point of view of the extent of the movement and the numbers of people involved, this was the biggest movement since 1968. In 1995 the strike movement was much more powerful, spearheaded by the rail workers. But when it is made the comparison with 1968, the question arises: why was there no ongoing general strike? It is seen that the union leaderships were not ready to call one, but the two massive general strikes in 1936 and 1968 were not called by the union leaderships. They began in the workplaces and spread, only being taken in charge by the unions at national level later on. This time, a large part of the reason lies in the changes that have taken place in the working class. The situation of the working class stands no comparison with 1968. Many of the big strongholds of the working class and of the trade unions in heavy industry have abolished, in France as elsewhere. Privatisations have been pushed through. Workers work units are smaller, there are more non-unionised workplaces, there is more unsafe work, there is unemployment and the threat of it, there is growing household indebtedness. This was reflected in militants who, unlike the union leaderships, did want a general strike were sceptical about the possibility. Another factor was certainly the absence of a credible perspective of social change, which was there both in 1936 and in 1968. Socialism may not have been an immediate perspective but it was a long-term one for millions. Rather than comparisons with 1968, it is more interesting to situate the 2010 movement in the chain of resistance to neoliberalism over the last

fifteen years, marked on a national scale by the movements in 1995, 2003 and 2006, the European referendum campaign of 2005.

In September a CSA poll showed that 89 per cent of public sector workers and 76 per cent of workers in the private sector were opposed to pension reform. The backbone of the movement was the series of one-day strikes and demonstrations that built up from 800,000 demonstrators in March to 3.5 million on October. But around that backbone many other things were happening. On each national day of action many workers not only marched but went on strike. The movement reached its high point in the second half of October. Following a day of action on October 12 many sectors remained on strike and this continued after the day of action on October 19. The focus was now on the most militant actions. Key sectors engaged in ongoing strikes. All the oil refineries in France were out, as were port workers and lorry drivers (who in France are largely wage earners rather than being self-employed). Some of these sectors had their own specific motives to strike plans for the privatisation of ports, danger of closure and delocalisation of refineries. Another key factor was the massive mobilisation in the movement of school students, who struck and blockaded their high schools, and to a lesser extent university students, though the universities were only just starting again after the holidays. At this stage of the movement the strikes were accompanied by forms of direct action. The oil refineries were not just on strike but blockaded, as were the ports. Dozens of tankers blocked off Marseille. There were blockades of motorways (especially by the lorry drivers), railway lines and industrial zones. These actions were conducted by workers from different sectors and by students. The government camped on its position, the law went through, and the police broke the blockades of the refineries and imported oil from other countries. The movement began to lose impetus towards the end of October.

Such a big issue became the pension reform and retirement age because the issue of pensions which people have strong feelings. They have a right to retire on a decent pension at an age when they can still enjoy their retirement. But there are also other factors at work. There is a widespread feeling that this is one neoliberal measure too far, that after this there will be others, and that it has to stop somewhere. This among young people, many of the school students who demonstrated did not understand the fine details of the law on pensions. But they know they will have difficulty finding any kind of decent job, they wonder why people will have to work until they are 67

when there is so much youth unemployment. There is also a widespread feeling, in France as well as in other European countries, that it is ordinary people, workers, the poor, young people, who are being made to pay for the crisis, while bankers and brokers continue to rake in the money. There has been resistance to neoliberalism in other countries and at present popular resistance against austerity is spreading across Europe.

There is a long history of popular revolt in France, combined with deep-seated attachment to equality, solidarity, the defence of the general interest against particular interests, which flows from the French Revolution. The proclaimed aim of Sarkozy when he came to power in 2007 was to put a stop to this French exception and get France up to speed with its European partners. His progress policy faced considerable opposition and remained damage.

The Sarkozy neoliberal government have tended increasingly to act not only as guarantors of the capitalist order in general but as direct servants of the rich and in particular of the sphere of finance. Indeed a recent book about him is simply entitled "*The President of the Rich*". Another example is the fact that Guillaume Sarkozy, elder brother of the president and a prominent businessperson, planned to cash in on the reform by launching a private pension fund in January in partnership with public financial institutions that are ultimately controlled by his brother. The Sarkozy alternative is only Socialist party (Smith 2010: 4-5). As shown in recent elections in France lesser evil than Sarkozy. However, French working class would continue to be in the front line of resistance to neoliberalism and austerity in Europe.

One can apply Mills (1956) Power elite theory to the power hierarchy in France where the corporations, the government and military are the uniting force. He argued that over time, each of these institutions had become centralised and bureaucratised, leading to established of the higher circles (Mills 1956: 9). These were chief – executives, the political directorate and soldier –statesman who constituted the power elite in America. According to Mills these individual could be categorised as the 'top social stratum'. They shared similar back ground, attended the same schools, universities, clubs and social gathering and interacted in work contexts. This background ensures the unity and exclusivity of the upper echelon (Mills 1956: 251). Mills (1956) also referred to the interchanging of roles within these groups as

important characteristics of the power elite, with executives holding seats on multiple corporate boards, senior military staff entering politics so on. Mills wrote of the 'military-industrial complex' (Mills 1956: 202). During Sarkozy government used force to suppress the uprising movement in France. The strike was removed by using force. The Sarkozy government implemented pension reform and retirement policy just to provide benefit to the private company as well as to his brother. Sarkozy was seen as elite political leader to save the interest of the capitalist class.

Sarkozy counters that the crisis is a US import and that France's prided good social safety net has helped the country fare better than its neighbours. And he knows that unlike the massive strikes and demonstrations in 1995, 2003 and 2006, which were focused on specific issues (retirements, job programs), the current street mobilizations have no clear objective and thus pose no threat. He is pinning his hopes on a quick end to the recession and on major trade unions channelling the discontent in an orderly way. Sarkozy is playing for time and is betting that people will get tired of the social protests, just like Thatcher did in the 1980s, says Isabelle Sommier, a sociology professor at the Sorbonne (Perelman 2009: 2-3).

4.10 Recent Political Developments in France

Just like after 1929, start with a Wall Street collapse, which then spreads throughout the breadth and width of the world capitalist economies, similarly, after 2008 U.S subprime crisis spread in Europe and economic crisis that shook the foundations of the euro zone. Sarkozy neoliberal policy and pension and retirement reform led to political change in France. The neoliberal fall in crisis and left came into the power after long time. In France's landmark presidential election, Francois Hollande has defeated Nicolas Sarkozy, making him the first Socialist in 17 years to lead Europe's second-biggest economy (Image 4-Appendix IV). On 6th may 2012, Hollande soared to power on an anti-austerity platform in the midst of the euro crisis, demanding a European Union treaty limiting debt be expanded to include measures to produce economic growth. During his campaign, he proposed special taxes on banks and oil companies, as well as a 75 percent tax on those earning over a million Euros, roughly 1.3 million U.S. dollars, annually. Hollande's victory was narrow but uncontested.

Official results showed in first round Hollande with 28.63% and Sarkozy with 27.18% (Table 2 (1)-Appendix I). In the second round of voting indicated the clear victory of Hollande with 51.63% percent of the vote, while Sarkozy had just over 48 percent (Table 2 (2)-Appendix I). He is the first Socialist to win the French presidency since Mitterrand in the 1980s. The Sarkozy himself is a president of capitalist during his period all decision had taken in favour of capitalist class. He ignored the common people demand.

The Revolt against austerity is sweeping Europe (Item 3-Appendix IV). The election of Francois Hollande has not only opened up the chance of a change of direction in France, but even in many European countries. From the Netherlands to Romania, governments are falling under the weight of cuts and tax rises required by the eurozone's new permanent deflation treaty. In Ireland, the anti-austerity tide is swelling. By rejecting renegotiation of either the treaty or the impossible terms of Greece's bailout, Angela Merkel has meanwhile turned the struggle over Europe's economy into a battle for democracy. The Greeks and French have now unequivocally voted to reject a programme the German chancellor insists they will have to swallow regardless. The German foreign minister has already threatened with expulsion of Greek from the euro zone. But there are so many European banks and countries in crisis.

4.11 Conclusion

The neoliberalism as an ideology and a strategy has become critical. Neoliberalism has reduced the state capacity and its intervention into the market and social welfare policy. The relationships between capital and labour and relationships between different capitalist enterprises are only for profit making motive on the cost of exploitation of labourer. It has increased inequality, unemployment, instability, crisis etc., and destructed vast natural resources not only global level but also Europe and particularly in France. Strategy of neoliberalism removing restriction on investment, open industries and open for service sector at global level led to currency crisis. The deregulation of domestic financial led to debt. In Europe fiscal deficit and trade deficit took place in many European countries such as Greek, Ireland, Italy, Spain,

Portugal, France and others. In France neoliberalism begun with her social model policy since 1980 was faced opposition of common people. In contemporary, the French people rejected the neoliberal policy and led to political change. When Sarkozy Government introduced pension reform and retirement policy this led to resistance and massive strike. The people of France changed the conservative neoliberal government and elected socialist party president after 17 years. Voters in France and Greece delivered a ruthless judgement on their ruling parties in recent elections of 2012 and even in the other European countries voted against their present government. These electoral successes, backed by the collapse of the Dutch government, rejection of the coalition government's austerity policies in the UK's local elections, and continuing and deepening protests in Spain, Italy, Portugal, Ireland and elsewhere in Europe.

Thus, neoliberalism is in crisis and austerity policies have been rejected in Europe and particularly in France. This is an ideology of ruling class and it has minimised the standard of working class. In opposing the neoliberalism the relevance of Marxism cannot be ignored. This is only doctrine of working class emancipation. It is seen that variants of left party emerged in France such as PCF and PS and even socialist party came into power they were unable to counter to neoliberal policy in France due to international pressures and due to formation of European Monterey system, common currency and European integration process which compelled to the member state to cut their welfare model. The crisis erupted due to the neoliberal policies and it also paves the way to bring reform in the European countries and particular in France.

Hence, almost in concordance with earlier predictions, socialism was irrevocably declared dead. Dahrendorf (1990: 38) has stated: "The point has to be made unequivocally that socialism is dead and that none of its variants can be revived for a world awakening from the double nightmare of Stalinism and Brezhevism". Giddens (1994: 52) has averred: "the idea of burying socialism has become a reality". Sklair (2002) has noted: "By the early 1990s, ruling groups in all the countries of Eastern Europe had abandoned communism and were trying, in a variety of ways, to insert themselves into the capitalist global system". Slabbert (1996: 1) has announced: "The Russian bear is dead and buried. Floundering in its wake is a confederation of states, desperately trying to come to grips with a market economy. Two of the mourners at

the funeral, comrades Marx and Lenin, were seen wearing expressions of astonished embitterment, disillusioned by the fading out of one of the world's primary ideologies (socialism)". Turner (2001: 4) has observed: "The late 1990s and first half of 2000 marked the apogee of a sort of market triumphalism, a confidence- at least among the Western elites- that capitalism, and in particular, American free market capitalism, was the universal answer to economic problems" (Ukpere 2009: 3).

In *Capital* volume (III), Marx had noted the growth of "money-capitalists" along with the growth of "material wealth" under capitalism, linking it up with the growth of renters and the development of the credit system, and underscoring the speculative tendencies that arose out of it. While underlining that the basis of a credit crisis lie in the unplanned nature of capitalism which leads to periodic over-production, Marx had also emphasised the role of speculation in precipitating such crisis (Rohit 2008: 4).

Based on the above analysis it was really difficult to support the view that Marxism is finally out dated doctrine. Even there are increasing massive armies of the unemployed and at the global level. The struggle of working class and poor people are suppressed by using force. The countries adopted neoliberal agenda uses the rule of law to facilitate to the few people control over means of production and provide secure environment through the regulation to the industrialist to exploit the labourer and making more profit through the safe market. The trade union is undermined by making such rule like Special Economic Zone.

However, Marx was analyzing capitalism at a time when money-capital or finance was closely tied to industrial capital. Over time, as the size and predominance of the class of "money capitalists" grew, finance became increasingly independent of industry and speculation took more complex and disruptive forms. In his *General Theory*, Keynes had located the basic problem of contemporary capitalism in the increasing predominance of "speculation" over "enterprise" along with the development of the financial markets (Bose 2008: 5). Thus global finance capital, political ideology such as democracy developed after the Marx and political struggle are different today. Even very few political parties describe themselves Marxist Parties or follow the basic Marxist ideology. Though, in contemporary era capitalist economy is known as neoliberalism and it has given negative kind of development. It has benefited only few people favouring richer and provided unequal development at

the global level, in Europe and particularly in France, in contrast Marxist ideology prevails strongly to counter the neoliberalism. It is seen that gap between rich and poor is widening. Very few people accumulated wealth so much that can feed half of the world population. The half of the world population is struggling for getting bread. It is clear as Marx argued that there are two classes in the world have and have not and neoliberals policy has produced two classes i.e., *have* and *have not* in modern democratic society.

In the modern democratic society it is the responsibility of the state to take care of unemployment and poverty. As seen in Europe many countries were failed to provide such issue. As seen in the France people rejected governments for their failure to address these issue. Thus it shows the power of people as Marx had predicted that consciousness would lead to change.

CHAPTER FIVE

CONCLUSION

CONCLUSION

The history of thought enlightens us that Marxism is a scientific dialectical materialist discourse, a revolutionary philosophy and a practical way of political theory which has strong desire to make the ultimate emancipation of the exploitative masses. The present study attempted to analyse relevance of Marxism in contemporary Europe, taking case of neoliberalism in France.

The study began by examining that how Marxist ideology was brought into practice since late 19th century to contemporary times in Europe particularly in France. Marx's analysis in *Capital* argued that since capitalist production is based on class exploitation and reproduction of capital. This system reproduces poverty and widens income inequality. Persistence of poverty and rising inequality of income are natural corollaries of the property relations under capitalism, where the workers own nothing but their labour power. This enables the capitalists to extract surplus value from the workers and realise it as profits. What workers get as wages can never be more than a small fraction of the total value of their produce. This concept of class exploitation under capitalism is relevance in Europe and particularly in France in this neoliberal epoch. Research shows that the neoliberalism policy adopted by European countries since 1970 resulted in the unemployment, exploiting nature of working class, widens income inequality, poverty, accumulation of wealth by few hands, debt crisis and reform on the cost of common people. The crisis of neoliberalism in France led to major political upheaval and changes.

Before we analyse the case of neoliberalism in France it would be pertinent to look into *basic tenets of Marxism* briefly. Marxism is a perspective that occupies to evaluate and criticise the capitalist society and its exploitative system. The main ideas of Marxism basically emphasises on materialism, the labour theory of value and theory of surplus value, and class struggle and revolution. These ideas of Marxism explain the characteristics of all societies and how and why these societies change. This idea is based upon conflict of interest. Class conflict represents a process and these processes bring changes in the society through the opposition of classes as they

follow to their collective interest in society. The main concern of Marxism is to expose the economic and political contradictions inherent in Capitalism. How the working class co-operate to produce goods and a Capitalist class use these goods for its private profit. The idea behind Marxist theory is to reveal the exploitative nature of capitalist system and abolish this system to establish a future Communist society.

Marx explained the society through *materialism* and argued that economy shaped the all elements of society even material conditions determine the consciousness of people. Hegel argued that humanity advances because of dialectics of ideas. Marx dialectical approach is based on materialism. Marx through *dialectical materialism* explained historical change evolved due to the conflict in the material world. For the function of the dialectic to history, Marx used the term *historical materialism* to study society and history. It looks for how historical development and changes had taken place. He characterised the human history in which ownership of means of production was the most significant variable engaged in the characterisation of each distinct period in history. He identified five major periods as (1) The *primitive communism* was early human history where people held everything in common. (2) The *ancient society* based upon master and slavery class where means of production was controlled by aristocratic elite. (3) The *feudal society* based upon land owner and peasant class where land was the means of production controlled by land owner. (4) The *capitalist societies* stand upon bourgeoisies and proletariats class. The technical development brought industrial forms of production for private gain. (5) The *communist society*, Marx argued that the future society would be communism where means of production are based on in common for the benefit of all in society.

Marx argued that people in order to carry out production and exchange enter into definite relations. These relations of production constitute the *economic structure* of the society on which arises a *legal and political superstructure*. Those controls the means of production or the economic infrastructure are the powerful class in society. These powerful classes controls political power as state, government mechanism and others and also control over the ideological power how people think about capitalist society and nature of the social world. Marx argued that forms of development of the productive forces turn into constraint then it is begun an era of revolution. Thus change in the economic base lead to change of whole superstructure. The economy is the *base* of society and base determines the *superstructure*.

In the *labour theory of value* and *theory of surplus value*, Marx uncovered the hidden idea of capitalist class how working class are exploited in the modern society. He explained the labour theory of value as it is product of socially expended labour to create commodity. However, there are two different sources of value to all commodities one is *use value* to produce goods to be consumed and another one is *exchange value* of commodities. This theory explains that commodities are determined by the labour time necessary to produce them. In the theory of surplus value Marx exposes the reality of exploitation of working class. Marx argued that sources of all value are labourer. The profits are surplus value produced by labourer greater than wages but it is taken way by capitalist class.

Marx argued that *Crisis* is inherited in the capitalist system. It contains spontaneous and contradictory tendencies of expansion and crisis. Thus, crisis make sufferer to the working class. Working class loss their jobs even work on low wages and their welfare scheme is cut down. One of the basic assumptions of Marxism is that forces of production the way goods and services are produced in a capitalist society inevitably generate *conflict* between social classes because economic resources and profit are only absorbed by capitalist class. Marxism emphasises the idea that social life based upon *conflict of interest*. In the modern society the bourgeoisies controls the means of production and proletariat who supply the labour that allows the bourgeoisies class to earn profit. The exploitation and alienation of working class leads to become poor and brings poverty. Rich becomes richer. Though, societies and civilisations developed through the process of struggle between the conflicts of interest among classes. Marx argued that *revolution* is inevitable. Feudalism was abolished due to conflict between land owners and peasants leading to transition to industrial society. As Marx is a structuralist and argued that individual are only important when they act together as class when people develop a consciousness of themselves as belonging to a particular class as “*class in itself*” and act upon that awareness to create social change as “*class for itself*”. Further, some of the Marxists argued that the concept of “*false consciousness*” is chosen by ruling class into values of capitalist society. Working class is falsely conscious of their true class position when they fail to observe themselves as a member of an oppressed, exploited class. However, Marx argued that consciousness among oppressed and exploited class

would emerge and will eventually lead to organise them against capitalist. The revolution is inevitable and the capitalist society will be overthrown.

French Marxist *Althusser* argued that there are two ways a ruling class can consolidate its hegemony over other classes. The ruling class use force like army and police etc. to repress the other class and these called Althusser “*Repressive State Apparatuses (RSA)*”. Another way ruling class use the ideology/socialisation a form of soft policy (religion, education, family, law, politics, trade unions, communication, and culture). These called Althusser called “*Ideological State Apparatuses (ISA)*”. In a capitalist society, these ideas of hegemonic control are always used but in a capitalist democracy ISA is the most important tool for ruling class look for control and exploit the proletariat as convincing them the capitalist society is the best society in terms of any other possible societies in the world (Pyramid 1-Appendix III).

The corporate elite, political elite and military elite play major role in policy and decision making in the government. *C. W. Mills* uses the concept *Power Elite Theory*. Mills argued in power elite theory that at the top of the corporate, military and government institutions form a single ruling majority who controls capitalist economic system (Pyramid 2-Appendix III). In this way only few people enjoy the power and financial gain in the modern capitalist society. *Leslie Sklair* argued that the major Transnational Corporation (TNC) in the name of growth has expended all over the world. They are in exploitative in nature as a agent of neo-imperialism. This TNC is evolving *Transnational Capitalist Class (TCC)* their economic interest of its members are globally linked. The TCC Seeks economic control in the work place, political control in domestic and in international and culture. They emphasise on free trade and the shift from import substitution to export promotion strategy. The TCC project images as citizens of world.

After fall of Berlin wall and collapse of USSR it is argued by liberals, reactionaries, conservatives, neoliberals that Marxism is a dead doctrine. The neoliberalism or capitalist society is the only solution and there are no alternatives to free market capitalist. The capitalist are trying to convince that this society is the best of all possible any other society in Europe particularly in France.

Neoliberalism in Europe and France

The neoliberalism has broadly failed to stimulate worldwide growth. The survey strategy for 2020 even indicates that Europe is at risk of poverty, severe material deprivation and joblessness (Figure 7-Appendix I). Since 1980 onwards, the corporatization, commodification, and privatization of public assets have been significant features of the neoliberal project. Another important part is Financialization of capital set in after 1980 has been marked by its speculative and predatory style. The manipulations in the market created immense wealth for a few at the expense of the many (Harvey 2007). The financial crisis in *Europe* emerged in 2008 and is still going on is understood as a result of neo-liberal policies. Within 15 month 10 out of 17 eurozone governments have fallen because of public anger over the spending cuts and the economic crisis (Item 2-Appendix IV). The foreign debts of the European countries are at the core of the current crises. Generally, the crises are attributed to government budget deficits in excess of the values stated in the Stability and Growth Pact (SGP), as part of the Maastricht treaty.

The vast income inequality as an *OECD report* released in 2008 titled *Growing Unequal?* This report revealed that how unemployment, accumulation of wealth by few people and inequality has increased in Europe and this reveals that the division of class in a capitalist system as Marx argued that the two classes i.e. “*have and have not*” are continuing prevailed in the Europe particularly in France. The rich are getting richer and the poor are growing poorer. Two thirds of the total population in the European Union live in six countries: Germany, *France*, the United Kingdom, Italy, Poland and Spain (Figure 3-Appendix I). The decline of income, longer working hours, the elimination of health, pension, extension of working hour wage-salary and all-round capitalist exploitation have increased in Europe which shows the relevance of Marxist analysis of capitalist system.

In this background, the research has examined the crisis of neoliberal policies in Europe particularly in France has revived the relevance of Marxism. Based on the survey of secondary literature and empirical data, it can be argued that Marxism is largely relevant in Europe as one finds in crisis.

In *France* socialism was established in 1870 which was known as Paris Commune. It had been crushed soon in 1871. However, The French socialist party had emerged in 1879 as the Parti Ouvrier Francais (POF) and SFIO. The Tours Congress (1920) in which pro-Bolshevik majority had split from SFIO and formed the PCF. By the 1930 only in France were the communists doing well. It is seen that communist begun to work for alliance with other socialist or social democrats. The popular front communist and socialist became stronger. In between 1933 to 1937 the PCF grew fivefold and SFIO and PCF were largest left party in France and they opposed any supranational organisation in Europe.

Since early 20th century PCF have been leading to working class. By the 1959 conservative economic policy did well which weakened the left party. Since 1960 to 1980 there was no unity between left. However, French people always stood against any social reform by any government. The 1968 uprising in France was not supported by the PCF which raised the question against the PCF. Though, PCF had abandoned the basic idea of Marxism in 1968. This uprising had been compromised by trade union and political parties just getting some of the workers right. The neoliberal policy was adopted by conservative government after the crisis. The people of France punished the government 1981 election and socialist came to power. They also punished the PCF, faced heavy loss in 1981 election. The period between 1968 and 1981 was a decline of French Marxism. The socialist did in favour of working class but later on international pressure and EU policy compelled to change the basic policy of welfare model which led to loss of left government.

From 1983 French economic policymakers moved away from *dirigisme* in the direction of a neoliberal framework. Government officials argued that ‘what France needed now was a “real industrial policy,” that it was time for the state to move to centre-stage in restructuring France’s economy’ (Levy 1999: 43–4). Mitterrand nationalized some 38 banks, increased aid to industrial firms, raised taxes, and expanded social benefits (Hall 1990: 171-87). However, Mitterrand’s expansionary policies led to a massive balance-of-payments crisis and France was forced to devalue the franc three times. The year 1983, when the economic crisis reached its peak, proved to be the turning point for French economic policy. In an attempt to remain within the EMS, the government changed the direction of its policy and began to implement an austerity program (Levy 1999: 52).

The re-election of President Mitterrand in 1988 gave the socialist party a new opportunity to pursue the search for a centre-PS alliance. The second mandate of F. Mitterrand was less active in terms of neoliberal reforms, but macroeconomic policy was particularly influenced by the objectives of European monetary unification and the single market. The defeat of the socialist government was largely the consequence of the change in economic policy.

However, the right-wing Juppe government between 1995 and 1997 neoliberal policy followed to fight against inflation in order to stabilise the currency. The 1997 election was then won by L. Jospin fronting a five-party alliance backed by the support of the traditional left bloc. Jospin's governments privatised more companies than the right-wing governments. Though, the consequences were clearly felt by the communist party, whose vote share losses are clearly related to its participation to a socialist lead government in 1981-1983 and 1997-2002.

By the early 2000s, it was widely acknowledged that France was “*no longer a statist political economy*” (Culpepper 2006). The French government made several “adjustments for modernising France but this have been accompanied by considerable protest and conflict, but somehow, the French have always managed to make the necessary changes” (Levy 2008: 430). Again, in 2002 the expectations of the social base of the left lost election. The end-result was another electoral defeat: the absence of the left candidate, L. Jospin, from the second round of the 2002 presidential election for the first time since 1969, because a large part of the left votes went to candidates that opposed the neoliberal course of the Jospin government. In a totality, the three experiences of PS-led governments were dominated by the same logic: the pursuit of a ‘*modernisation*’ (i.e. neoliberalisation) of the French economy, which had for consequence to alienate the popular classes and push the emergence of a vote for non traditional parties, both on the right and on the left. Neoliberal policies are also at the core of the problems affecting the right bloc. The right alliance around the RPR-UDF/UMP coalition has been in office three times for two years in 1986-1988, 1993-1995 and 1995-1997, and again since 2002. In a totality, both the left and the right blocs were therefore characterised by the existence of contradictions between the expectations of the various social groups composing them. This double fracture has caused the rise of the extremes and especially the far-right party *Front National*,

which proposed a particular mix of radical neo-liberalism domestically and protectionism in trade policy.

In 2007, Sarkozy was elected as the president of France. He was also known as *President of Rich*. He carried out neoliberal reforms. At the same time subprime crisis erupted in U.S and it extended to Europe. Sarkozy's *Pension reforms* faced major strike and opposition of left party. The another reform was minimum *retirement age* from 60 to 62 and the age for retiring with a full pension from 65 to 67 with the aim of pushing workers towards subscribing to private pension plans. The Vast movement started against these reforms. This was the biggest movement since 1968.

Thus, Sarkozy's neoliberal policies and pension and retirement reform led to political change in France. The neoliberal fell in crisis and left came into the power after long time. Francois Hollande has defeated Nicolas Sarkozy. This was the first Socialist in 17 years to lead Europe's second-biggest economy. Neoliberalism is in crisis and austerity policies have been rejected in Europe and particularly in France. Since the neoliberal policy was implemented France is facing many challenges such as inequality, unemployment, exploitation, environment and natural resources degradation, crisis and massive strikes. We may say that the neoliberalism is unable to fulfil the desire of common people. Hence neoliberalism has failed in France.

In this context Marxism is the most constructive perspective in understanding the major structural changes taking place in the neoliberal economies. Marx was analysing the socio-economic and politics at that time, now it has changed from the past. During the time when Marx was writing, finance was tied to industrial capital but now finance has become independent of industry and speculation took the form. The working class and their parties are divided and there are no such organised revolutionary parties in Europe particularly in France.

The anger against neoliberal policy pushed by Sarkozy led to peoples uprising. There were strikes and violent agitation on the street. The rejection of neoliberal policy led to political change in France and after a gap of 17 years socialist came back to power on 6th May 2012 (Item 1-Appendix IV). Socialist also won parliamentary election on 17 June 2012 secured 307 seats out of the 577 in National Assembly. This transformation approved the failure of neoliberalism and relevance of Marxism in France. For the past three decades the capitalist class and its state government have

engaged in converting permanent workers into temporaries, shifting work rules, taking control over the conditions of work and reform in various social model in France led to exploitation of working class and this brought a massive class division in France. The income inequalities among working age people has been increasing in France (Figure 5-Appendix 1).

These changes in France can be justified as *Marx* advocated both *reform* and *revolution* depending on the situation, but held on to broad goals such as overturning bourgeois property relations, increasing access to social wealth, and stepping-up levels of democratic participation. These concerns animate *Marx's* politics of the present. However *Marx*, revolutionary politics was first on his agenda (Paolucci 2004: 622). The *Marx* of 1850 held that “the essence of revolutionary socialism is the idea of permanent revolution, and the dictatorship of the proletariat as a transitional stage toward the abolition of class antagonisms and the disappearance of the ideologies which express them” (Rubel 1980: 23). Revolutionary politics would be necessary (i.e., permanent) so long as the alienation, class divisions, and exploitation associated with capitalist social relation of production prevailed. Proletarian *revolution*, however, was not the *singular political strategy* that *Marx* advocated as a way to overthrow capitalism (Bottomore 1973: 16-19). And violence was not absolutely necessary in every instance. He held that given their democratic assemblies, workers might achieve revolution “*by peaceful means*” during his lifetime (*Marx* 1872: 522-524).

Within this *theoretical framework*, one can argue that this was a socialist victory in France not a communist and this was not a revolutionary change but this change has come through voting. The communist and socialist alliance in France is an instrument to overthrow the capitalist enjoying the support of Western countries and liberalism, the alliance intends to prohibit capitalist favouring parties to come to the power. As *Marx* argued that “in a practical politics to overthrowing a ruling class, everything from voting, to forming parties, to unionizing industries, to wholesale strikes, to armed resistance, each in different contexts, each strategic, and specifically tailor-made for the situation”. Generally, *Marx* thought that encouraging the socialistic tendencies within capitalism was important for workers’ political strategy. Peaceful measures were possible, but workers should not be so naive as to think the bourgeoisie would not unleash force. Therefore, they should be prepared to defend themselves. Still, any revolutionary movement that resorted to violence as a first

choice was, in his view, immature and unprepared for the real work of social change (Paolucci 2004: 624). A revolutionary proletariat could gain the loyalty of the middle classes, and if they could gain the assistance and solidarity of other working classes, then the revolution stood a chance of success. However, without such acknowledgments in the post-revolutionary situation, an unprepared proletariat could be more easily ousted (Paolucci 2004: 626). That is why the socialist support is necessary to bring change.

Further it is seen that *Marx* does not observe one way of revolutionary struggle, in an article “*Political Neutrality*,” “*Marx* defines the two forms of the struggle to be conducted: on the one hand, to gain by legal and peaceful means reforms such as the limitation of the working day, the prohibition of child labour, compulsory primary education, etc., and on the other hand, to struggle, by violent means if necessary, ‘to replace the dictatorship of the bourgeoisie by the revolutionary dictatorship’ of the workers” (Rubel 1980: 100). In France the political transformation came as first form of struggle to gain working class right through reform. This was a peaceful change as *Marx* argued ‘by peaceful means where that is possible and with arms when it is necessary’ (Paolucci 2004: 626).

The citizens of European Union countries have a high aversion to income inequality. The EBRD Bank Life in Transition Survey revealed that the most people agreed with the statement “the gap between the rich and poor in this country has increased and should be reduced (Figure 8-Appendix I). The citizen of Europe especially, young generation have realised that neoliberalism has brought negative development and increased inequality. They have started to rethink to give a side line to the neoliberalism (Image 9-Appedix IV).

In modern democracies there is a subtle dynamics between polity and economy. Economy and polity are mutually supportive. It is fulfilling the desire of capitalist class and exploiting the labourer. MNC, TNC and TCC are playing major role in policy formulation of any state. States are supporting on the false argument of multinational would create more employment and development. State passes such rule in favour of capitalist class like SEZ that has weakened the Trade Union. Even the state mechanism or force is used to suppress the working class or common people movement. The wages workers are employed more on contract or sub contract so that

they cannot organised or oppose to lose their job. Marx argued in wage labour and capital as “The more capital grows, the more the division of labour expands. The more the division of labour expands, the more competition among the workers expands and the more their wages contract” (Petras 1995: 41). The technological development and to earn more profit capitalist class reduces the strength of workforce. It leads to more and more unemployment what Marx called reserve army. This reserve army are unable to resist their exploitation because of competition they are working on less wages. In this way capitalist class divided the working class. Even they are employing on the basis of technical knowledge and Place, working class getting unequal salaried. As Marx called the bourgeoisie state to fulfil the desire of capitalist class the term is still relevant how state is protecting the interest of one class directly or indirectly.

The analysis brings forth some areas for *further research* such as how crisis of neoliberalism which led to change in France would impact other European countries. Can this kind of change bring the working class emancipation or there is a need for revolutionary change for real emancipation of the working class people? This is because the left came into power previously even in alliance with centre right but the problem of working class remained same. It is also a important issue that people of Europe particularly in France are in mood for revolutionary change but there are no well organised Marxist revolutionary party in Europe particularly in France for radical change. People’s uprising and working class resistance in European countries failed in past for example in Poland in 1956 and was repeated in 1970-71 and 1980-81, Hungary in 1956, France in 1968 and Czechoslovakia in 1968 without such revolutionary change. Thus history of working class revolt did not succeeded due to non support of left party or not well organised worker unity. It might be that time has not come for revolutionary change as *Marx* argued immature of revolt would not succeeded. It might be the lack of unity in working class due to false consciousness at national or international level.

Finally, *Marxism* is the only scientific theory to oppose the capitalist system. The problem raised by Marxist theory in capitalist system is absolutely relevant today. Though the solution proposed by Marx might have not succeeded. However the explanation of Marxism holds true in contemporary times and it is further required to establish a Marxist revolutionary party in sprit to secure ultimate emancipation of the

dehumanised masses and unite labour as *Marx* argued in manifesto of the communist party (1848) “Workers and Oppressed Peoples of the World, Unite!”

BIBLIOGRAPHY

BIBLIOGRAPHY

(*indicates a primary source)

Abendroth, Wolfgang (1972), *A Short History of the European working Class*, London: New Left Books.

Abrahamson, Peter (2010), "European Welfare States Beyond Neoliberalism: Toward the Social Investment State", *Development and Society*, 39 (1): 61-95.

Adereth, Maurice (1984), *The French Communist Party. A Critical History (1920-84), 'From Comintern to 'be colours of France'*, Manchester: Manchester University Press.

Alas, Ruth and J. Christopher (2006), "Work-Related Attitudes, Values and Radical Change in Post-Socialist Contexts: A Comparative Study", *Journal of Business Ethics*, 68 (2)181-189.

Albo, Gregory (2005), "Contesting the 'New Capitalism'" in David Coates, (ed), *Varieties of Capitalism, Varieties of Approaches*, Hampshire: Palgrave Macmillan.

Althusser, Louis (1970), *To my English Readers in: L. Althusser, For Marx*, New York: Vintage Books.

_____ (1971), *Ideology and Ideological State Apparatuses in Lenin and Philosophy and Other Essays*, Translated by Ben Brewster, London: New Left Books.

Amable, B. (2009), "Structural reforms in Europe and the in coherence of institutions", *Oxford Review of Economic Policy*, 25 (1): 17-39.

Amable, B. et al. (2011), "The political economy of neo-liberalism in Italy and France", [Online web] Accessed 22 April 2012, URL: <http://halshs.archivesouvertes.fr/docs/00/63/94/50/PDF/11051.pdf>.

Amin, Samir (1984), "Income Distribution in the Capitalist System", *Fernand Braudel Center*, 8 (1): 3-28.

_____ (2011), *Ending the Crisis of Capitalism or Ending Capitalism?*, Cape Town: Pambazuka Press.

Appel, Hilary (2006), "International Imperatives and Tax Reform: Lessons from Postcommunist Europe", *Comparative Politics*, 39 (1): 43-62.

Assiter, A. (1984), "Althusser and Structuralism", *The British Journal of Sociology*, 35 (2): 272-296.

Baldus, Bernd (1977), "Social Control in Capitalist Societies: An Examination of the "Problem of Order" in Liberal Democracies", *The Canadian Journal of Sociology*, 2 (3): 247-262.

Ball, Terence and Richard Bellamy (2003), *The Cambridge History of Twentieth-Century Political Thought*, Cambridge: Cambridge University press.

Bardi, Anat and Shalom H. Schwartz (1996), "Relations among Sociopolitical Values in Eastern Europe: Effects of the Communist Experience?", *Political Psychology*, 17 (3): 525-549.

Bartlett, David and Wendy Hunter (1997), "Market Structures, Political Institutions, and Democratization: The Latin American and East European Experiences", *Review of International Political Economy*, 4 (1): 87-126.

Bassiry, G. R. and Marc Jones (1993), "Adam Smith and the Ethics of Contemporary Capitalism", *Journal of Business Ethics*, 12 (8): 621-627.

*BBC (2011), French left capture senate in setback for Sarkozy 25 September, [Online Web] Accessed 15 October 2011, URL; <http://www.bbc.co.uk/news/world-europ-15055729>.

*BBC (2011), French socialist rival face off at summer conference 26 August, [Online Web] Accessed 14 October 2011, URL; <http://www.bbc.co.uk/news/world-europ-14687165>.

*BBC (2012), *Elections 2012 in France*, [Online: web] Accessed 6 May 2012, URL: <http://news.bbc.co.uk/2/hi/europe/7972232.stm>.

Beckfield, Jason (2006), "European Integration and Income Inequality", *American Sociological Review*, 71 (6) 964-985.

Beer (1919/2008), *A History of British Socialism*, [Online web] Accessed 10 Oct. 2011, URL: <http://archive.org/stream/historyofbritish01beer.pdf>.

Bellofiore, Riccardo (1998), *Marxian Economics: A Reappraisal*, London: Macmillan.

Bendix, S. (2005), *Industrial relations in South Africa*, Cape Town: Juta.

Berger, Stefan (2006), *A Companion to Nineteenth century Europe 1789–1914*, Oxford: Blackwell Publishing.

Bernard, Philippe and Henri D. (1988), *The Decline of the Third Republic 1914-1938*, Cambridge: Cambridge University Press.

Best, Beverley (2010), *Marx and the Dynamic of the Capital Formation*, New York: Palgrave Macmillan.

Bordo, Michael D. (2010), "The Global Financial Crisis: Is It Unprecedented?", Conference on Global Economic Crisis: Impacts, Transmission, and Recovery, [Online web] Accessed 22 Feb. 2012, URL: <http://www.ssc.wisc.edu/~mchinn/01Bordo-Lane-Aug2010.pdf>.

Bottomore, T. et al. (1973), *Karl Marx*, New Jersey: Engel wood Cliffs.

Bradatan, Costica and Serguei Alex. Oushakine (2010), *In Marx's Shadow Knowledge, Power, and Intellectuals in EasternEurope and Russia*, New York: Littlefield Publisher.

Brower, Daniel R. (1968), *The New Jacobins, The French Communist Party and the Popular Front*, Ithaca NY: Cornell University Press.

Brown, Archie (2009), *The Rise and Fall of Communism*, New York: Harper Collins Publishers Inc.

Brown, B. (1974), *Protest in Paris: Anatomy of a Revolt*, Morristown: General Learning Press.

Bunce, Valerie (2003), "Rethinking Recent Democratization: Lessons from the Post communist Experience", *World Politics*, 55 (2): 167-192.

Burawoy, Michael (1978), "Contemporary Currents in Marxist Theory", *The American Sociologist*, 13 (1): 50-64.

_____ (2001), "Neoclassical Sociology: From the End of Communism to the End of Classes", *American Journal of Sociology*, 106 (4): 1099-1120.

Butlin, R. A. (1986), "Early Industrialization in Europe: Concepts and Problems", *The Geographical Journal*, 152 (1): 1-8.

Calhoun, Craig (1989), "Classical Social Theory and the French Revolution of 1848", *Sociological Theory*, 7 (2): 210-225.

Callinicos, A. (2000), *Equality*, Oxford: Polity.

Chase-Dunn, Christopher K. (1980), "Socialist States in the Capitalist World-Economy", *Social Problems*, 27 (5): 505-525.

Chattopadhyay, Paresh (1981), "Rise of Social Capitalism in the USSR: II", *Economic and Political Weekly*, 16 (25/26): 1103-1120.

Choat, S. (2011), Author's Reply to Reviews of "Marx through Post-Structuralism: Lyotard, Derrida, Foucault, Deleuze" [Online web] Accessed 10.Oct. 2011, URL: <http://global-discourse.com/contents>.

Cini, Michelle and Lee McGowan (1998), *Competition Policy in the European Union*, London: Macmillan.

Clark, John and Aaron Wildavsky (1990), "Why Communism Collapses: The Moral and Material Failures of Command Economies are Intertwined," *Journal of Public Policy*, 10 (4): 361-390.

Clarke, T. (1999), "Twilight of the corporation", *The Ecologist*, 29 (2): 158.

Cochrane, Allan and Adrian Passmore (2001), Building a National Capital in an Age of Globalization: The Case of Berlin", *Area*, 33 (4): 341-352.

Coheirs, Bernard Lande (1934), Fascism a Capitalist Product?", *The North American*, 238 (5): 390-397.

Cohen, G. A. (1978), *Karl Marx's Theory of History A Defense*, New Jersey: Princeton University Press.

*Cohen, T. (1992), "Steve Ross defend pay check", *New York Times Magazine*, New York, 22 March 1992.

Cohn, Norman (2004), *The Pursuit of the Millennium: Revolutionary Millenarians and Mystical Anarchists of the Middle Ages*, London: Pimlico.

*Commission of the European Communities (1993) *Background Report: Social Exclusion Poverty and Other Social Problems in the European Community*, ISEC/B11/93 Luxembourg: Office for Official Publications of the European Communities.

*Commission of the European Communities (2003), Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee And The Committee of the Regions on Immigration, Integration and Employment, *COM (2003) 336 Final*: Brussels.

*Conference on Global Economic Crisis: Impacts, Transmission, and Recovery, [Online web] Accessed 22 Feb. 2012, URL: <http://www.ssc.wisc.edu/~mchinn/01Bordo-Lane-Aug2010.pdf>.

*Council of the European Union (2000), Council Directive 2000/78/EC of 27 November 2000 establishing a general framework for equal treatment in employment and occupation, *Official Journal L 303*, 02/12/2000 P. 0016 – 0022, Brussels: Official Journal of the European Communities.

Cruddas, Jon and Jonathan Rutherford (2010), "Ethical socialism", *Soundings*, (44): 10-21.

Culpepper, P.D. (2006), "Capitalism, Coordination, and Economic Change: The French Political Economy since 1985", in P.D. Culpepper, P.A. Hall and B. Palier

(eds.), *Changing France: The Politics that Markets Make*, Basingstoke: MacMillan Palgrave.

Dahrendorf, R. (1990), *Reflections on the revelation in Europe*, London: Chatto and Windus.

Das, Keshab (2004), "Uneven Development and Regionalism: A Critique of Received Theories", *Economic and Political Weekly*, 39 (45): 4917-4925.

Davies, Norman (1981), *A History of Poland. Volume II: 1795 to the Present*, Oxford: Clarendon Press.

Deakin, F.W. et al. (1975), *A History of World Communism*, London: Weidenfeld & Nicolson.

Demarcq, Sandra (2010), "The situation in France after the regional elections of March 2010", [Online: web] Accessed 11 Mar. 2012, URL: <http://www.europesolidaire.org/spip.php?article17278>.

Dix, Robert H. (1991), "Eastern Europe's Implications for Revolutionary Theory", *Polity*, 24 (2): 227-242.

Dunford, Michael and Diane Perrons (1994), "Regional Inequality, Regimes of Accumulation and Economic Development in Contemporary Europe", *Transactions of the Institute of British Geographers*, 19 (2): 163-182.

Dunford, Mick and Adrian Smith (2000), "Catching up or Falling behind? Economic Performance and Regional Trajectories in the "New Europe", *Economic Geography*, 76 (2)169-195.

*Dutt, Vijay (2007), British Schools Given Right to Ban Veil , *The Hindu*, New Delhi, 21 March 2007.

Easterling, S. (2003), Marx's theory of economic crisis, International socialist review issue 32, [Online: web] Accessed 15.2.12, URL: http://www.isreview.org/issues/32/crisis_theory.shtml.

Ederer, Rupert J. (1969), "Capitalism, Socialism, and the Social Market Economy", *Review of Social Economy*, 27(1): 23-36.

Engels, F. (1894/1962), *Anti-Dühring, 3rd edition*, Moscow: Foreign Languages Publishing House.

*European Commission (2006), *2007-Year of Equal Opportunities for All*, Brussels: European Communities.

*European Commission (2010), *The Present, Future, and Past Capitals*, [Online; web] Accessed 17 June 2010, URL: http://ec.europa.eu/culture/our-programmes-and-actions/doc481_en.htm.

Figes, Orlando (1996), *A People's Tragedy: The Russian Revolution 1891–1924*, London: Jonathan Cape.

Frank, Andre Gunder (1977), "Long Live Transideological Enterprise! Socialist Economies in Capitalist International Division of Labour", *Economic and Political Weekly*, 12 (6/8) 297-348.

Freeden, Michale (2006), *Ideologies and Political Theory: A Conceptual Approach*, New York: Oxford University Press.

Friedman, Harriet and Jack Wayne (1977), "Dependency Theory: A Critique", *The Canadian Journal of Sociology*, 2 (4): 399-416.

Fuchita, Y. et al. (2011), *Growing Old Paying for Retirement and Institutional Money Management after the Financial Crisis*, Washington D.C.: Nomura institute of capital markets research.

Fulcher, James (2004), *Capitalism: A Very Short Introduction*, New York: Oxford University Press.

Gamble, Andrew and David Lane (2009), *The European Union and World Politics Consensus and Division*, London: Palgrave Macmillan.

Garner, Larry and R. Garner (2011), "Symposium, The Western Left, the Soviet Union, and Marxism How the US Hasn't Been the Same Since the SU Passed Away", *Science & Society*, 75 (1): 91–98.

*Gathani, Batuk (2004), European Union set to welcome 10 new members, *The Hindu*, New Delhi, 1 May 2004.

Gerber, David J. (1994), "Constitutionalizing the Economy: German Neo-Liberalism, Competition Law and the "New" Europe", *The American Journal of Comparative Law*, 42 (1): 25-84.

Gibb, Richard (2000), "Post-Lome: The European Union and the South", *Third World Quarterly*, 21 (3): 457-481.

Giddens, A. (1990), *The consequences of modernity*, Cambridge: Polity press.

_____ (1994), *Beyond left and right: The future of radical politics*, Cambridge: Polity Press.

Gildea, Robert (1987), *Barricades and Borders, Europe 1300-1914*, Oxford: Oxford University Press.

Gillingham, John (2003), *European Integration 1950-2003*, Cambridge: Cambridge University Press.

Gilman-Opalsky, Richard (2011), *Spectacular Capitalism: Guy Debord and the Practice of Radical Philosophy*, London: Minor Compositions.

Goldstein, Jonathan P. and Michael G. Hillard (2009), *Heterodox Macroeconomics Keynes, Marx and globalization*, London: Routledge.

Goldstone, Jack A. (2000), "The Rise of the West-Or Not? A Revision to Socio-Economic History", *Sociological Theory*, 18 (2): 175-194.

Gorin, Zeev (1980), "Socialism and Dependency in Parsons' Theory of Evolution", *The Sociological Quarterly*, 21(2):243-258.

Grelle, Bruce (1987), "Christian Political Ethics and Western Marxism", *The Journal of Religious Ethics*, 15 (2):173-198.

Haerpfer, Christian (1999), "Old and New Security Issues in Post-Communist Eastern Europe: Results of an 11 Nation Study", *Europe-Asia Studies*, 51 (60): 989-1011.

Haines, W.W. (2001), "Poverty: a worldwide form of injustice", *International Journal of Social Economics*, 28 (10/11/12): 861-878.

Hall, P. (1990), "The State and the Market", in P. Hall, J. Hayward and H. Machin (eds.), *Development in French Politics*, London: Macmillan.

_____ (2007), "The Evolution of Varieties of Capitalism in Europe", in B. Hancke, M. Rhodes and M. Thatcher (eds.), *Beyond Varieties of Capitalism: Conflict, Contradiction and Complementarities in the European Economy*, Oxford: Oxford University Press.

Haller, Max et al. (1985), "Patterns of Career Mobility and Structural Positions in Advanced Capitalist Societies: A Comparison of Men in Austria, France, and the United States", *American Sociological Review*, 50 (5) 579-603.

Hamilton, F.E. I. (1999), "Transformation and Space in Central and Eastern Europe", *The Geographical Journal*, 165 (2): 135-144.

Harman, Chris (2009), *Zambia Capitalism: Global Crisis and Relevance of Marx*, London: Bookmarks publication.

Harvey, David (2003), *Paris, Capital of Modernity*, New York: Rutledge.

_____ (2006), *The Limits to Capital*, New York: Verso.

_____ (2007), "Neoliberalism as Creative Destruction", *The Annals of the American Academy of Political and Social Science*, 610 (1): 21-44.

_____ (2010), *A Companion to Marx's Capital*, New York: Verso.

Hermann, Christoph (2007), "Neoliberalism in the European Union", [Online web] Accessed 30 May 2012, URL: <http://www.forba.at/data/downloads/file/211-SR%2003-07.pdf>.

Hettne, Bjorn (1991), "Security and Peace in Post-Cold War Europe", *Journal of Peace Research*, 28(3): 279-294.

Hiel, Alain Van et al. (2006), "The Presence of Left-Wing Authoritarianism in Western Europe and Its Relationship with Conservative Ideology", *Political Psychology*, 27 (5): 769-793.

Hill, D. (2001), "Equality, Ideology and Education Policy", in D. Hill and M. Cole (eds.), *Schooling and Equality: Fact, Concept and Policy*, London: Kogan Page.

Hobsbawm, Eric (2011), *How to Change the World: Tales of Marx and Marxism*, London: Little Brown.

Hollist, W. L. and James N. Rosenau (1981), "World System Debates", *International Studies Quarterly*, 25 (1): 5-17.

Holman, Otto (1988), "Semiperipheral Fordism in Southern Europe: The National and International Context of Socialist-Led Governments in Spain, Portugal, and Greece, in Historical Perspective", *International Journal of Political Economy*, 17 (4): 11-55.

Holton, R. J. (1983), "Max Weber, "Rational Capitalism," and Renaissance Italy: A Critique of Cohen", *American Journal of Sociology*, 89 (1): 166-180.

Horne, John (2005), "The Origins and Nature of Fascism and Nazism in Europe", *History Ireland*, 13 (1): 36-41.

Hudson, Ray (2002), "Changing Industrial Production Systems and Regional Development in the New Europe", *Transactions of the Institute of British Geographers*, 27 (3): 262-281.

Hueglin, Thomas O. (1989), "Better Small and Beautiful than Big and Ugly? Regionalism, Capitalism, and the Post industrial State", *International Political Science Review*, 10, (3): 209-221.

Janssen, Susanne et al. (2008), "Cultural Globalization and Arts Journalism: The International Orientation of Arts and Culture Coverage in Dutch, French, German, and U.S. Newspapers", 1955 to 2005", *American Sociological Review*, 73 (5): 719-740.

Jenson, Jane (2010), "Diffusing Ideas for After-neoliberalism: The Social Investment Perspective in Europe and Latin America", *Global Social Policy*, 10 (1): 59-84.

Jones, G. S. (2002), *Karl Marx and Friedrich Engels, The Communist Manifesto*, London: Penguin.

Joseph, Antoine (1994), "Pathways to Capitalist Democracy: What Prevents Social Democracy?", *The British Journal of Sociology*, 45 (2): 211-234.

Karliner, J. (1999), "Co-opting the UN", *The Ecologist*, 29 (5): 320.

Khilnani, sunil (2003), "French Marxism existentialism to structuralism" in Terence Ball and Richard Paul Bellamy (eds.), *The Cambridge history of twentieth century political thought*, Cambridge: Cambridge University Press.

Khrushchev, N. (1970), *Khrushchev Remembers*, translated and edited by Strobe Talbott, Boston: Little Brown.

Kipping, Matthias (1999), "American Management Consulting Companies in Western Europe, 1920 to 1990: Products, Reputation, and Relationships", *The Business History Review*, 73 (2): 190-220.

Koblik, Steven et al. (1975), *Sweden's Development from Poverty to Affluence*, Minneapolis: University of Minnesota Press.

Kriegel, Annie et al. (1979), "The Nature of the Communist System: Notes on State, Party," *Daedalus*, 108 (4): 139-153.

Kus, Basak (2006), "Neoliberalism, institutional change and the welfare state: the case of Britain and France", *international journal of comparative sociology*, 47(6): 488-525.

*Lall, Rashmee Roshan (2005), State of Emergency in France , *The Times of India*, 9 November 2005.

Lane, Frederic C. (1969), "Meanings of Capitalism", *The Journal of Economic History*, 29 (1): 5-12.

Latham, Chris (2009), "French unions plan ongoing anti-crisis struggle", [Online: web] Accessed 10 Sept. 2011, URL: <http://www.europe-solidaire.org/spip.php?article13387>.

Lebowitz, Michael A. (2009), *Following Marx Method, Critique and Crisis*, Boston: Idc Publishers.

Leffler, Melvin P. (2007), *For the Soul of Mankind: The United States, the Soviet Union, and the Cold War*, New York: Hill and Wang.

Lehmbruch, Gerhard (1983), "Interest Intermediation in Capitalist and Socialist Systems: Some Structural and Functional Perspectives in Comparative Research", *International Political Science Review*, 4 (2): 153-172.

Lenin, V.I. (1917), *The State and Revolution*, Moscow: Foreign Languages Publishing House.

Levy, J.D. (1999), *Tocqueville's Revenge: State, Society, and Economy in Contemporary France*. Cambridge, MA: Harvard University Press.

_____ (2000), "France: Directing Adjustment?", in F.W. Scharpf and V.A. Schmidt (eds.), *Welfare and Work in the Open Economy*, Oxford: Oxford University Press.

_____ (2008), "From the Dirigiste State to the Social Anaesthesia State: French Economic Policy in the Longue Duree", *Modern & Contemporary France* 16 (4): 417-435.

Lieven, Dominic (1993), *Nicholas II: Emperor of All the Russias*, London: John Murray.

Lindblom, Charles E. (2001), *The Market System What It Is, How It Works, and What To Make of It*, London: Yale University Press.

Love, Joseph (2004), "Structuralism and Dependency in Peripheral Europe: Latin American Ideas in Spain and Portugal", *Latin American Research Review*, 39 (2): 114-140.

Mach, Bogdan W. et al. (1994), "Job Changes in the Federal Republic of Germany and Poland: A Longitudinal Assessment of the Impact of Welfare-Capitalist and State-Socialist Labour-Market Segmentation", *European Sociological Review*, 10 (1): 1-28.

Magraw, Roger (1992), *A History of the French Working Class, Vol. II: Workers and the Bourgeois Republic*, Oxford: Blackwell.

Maisel, David (1995), *The birth of Fascist Ideology From Cultural Rebellion to Political, Revolution*, New jersey: Princeton University press.

Mandel, Ernest (1991), *Karl Marks Capital*, London: Penguin Books.

March, Luke (2009), Contemporary Far Left Parties in Europe: From Marxism to the Mainstream?, [Online Web] Accessed 10 November 2011, URL: http://library.fes.de/pdf-files/ipg/ipg-2009-1/10_a_march_us.pdf.

Markovic, M. (1963), "Marxist Humanism and Ethics", *Science & Society*, 27 (1): 1-22.

Martin, H.P. And Schumann (1997), *The global trap: Globalization and the assault on prosperity and democracy*. Pretoria: HSRC.

Martinez, E. and A. Garcia (2000), "What is "Neo-Liberalism"? A Brief Definition, *Economy*, [Online web] Accessed 10 Oct. 2011, URL: <http://www.globalexchange.org/campaigns/econ101/neoliberalDefined.html>.

Marx, K. (1844/1959), *Economic and Philosophical Manuscripts of 1844*, Moscow: progress publishers.

*Marx, K. (1847), Wage-Labor and Capital, [Online web] Accessed 10 Oct. 2011, URL: <http://www.marxists.org/archive/marx/works/1847/wage-labour>.

Marx, K. (1848/1948), *Manifesto of the Communist Party*, Moscow: Foreign Language Publication House.

_____ (1859/1970), *A Contribution to the Critique of Political Economy*, New York: International Publishers.

*Marx, K. (1867), *Capital Volume I*, [Online web] Accessed 6 September 2011, URL: <http://www.marxists.org/archive/marx/works/download/pdf/Capital-Volume-III.pdf>.

_____ (1968), 'Wages Labour and Capital' in *Karl Marx and Frederick Engels: Selected Works in One Volume*, New York: International Publishers.

_____ (1872/1978), "The Possibility of Non-Violent Revolution", in R. Tucker (ed), *The Marx-Engels Reader*, New York: W.W. Norton & Company.

_____ (1887/1954), *Capital: A Critical Analysis of Capitalist Production Volume I*, Moscow: Foreign Language Publishing House.

Marx, K and F. Engels (1847/1976), *The German Ideology*, Moscow: progress Publishers.

*Marx, K. (1848), "*Manifesto of the Communist Party*, [Online web] Accessed 5 September 2011, URL: <http://www.marxists.org/archive/marx/works/download/pdf/Manifesto.pdf>.

*Marx, K. And F. Engels (1885), *Capital Volume II*, [Online web] Accessed 6 September 2011, URL: <http://www.marxists.org/archive/marx/works/download/pdf/Capital-Volume-II.pdf>.

_____ (1894/1971), *Capital: a critique of political economy, volume-III*, Moscow: progress publisher.

*Marx, K. And F. Engels (1894), *Capital Volume III*, [Online web] Accessed 6 September 2011, URL: <http://www.marxists.org/archive/marx/works/download/pdf/Capital-Volume-III.pdf>.

_____ (1977), *Selected Works (in Three Volumes), Vol.1*, Moscow: progress publishers.

Mason, David S. (2011), *A Concise History of Modern Europe Liberty, Equality, Solidarity*, New York: Rowman & Littlefield Publisher, Inc.

Mayeur, J. M. and Madeleine R. (1984), *The Third Republic from Its Origins to the Great War 1871-1914*, Cambridge: Cambridge University Press.

McGowan, Patrick J. and Bohdan Kordan (1981), "Imperialism in World-System Perspective: Britain 1870-1914", *International Studies Quarterly*, 25 (1): 43-68.

McLellan, David (1973), *Karl Marx: His Life and Thought*, London: Macmillan.

_____ (2000), *Karl Marx selected writings*, New York: Oxford university press.

McMenamin, Iain (2004), "Varieties of Capitalist Democracy: What Difference Does East-Central Europe Make"?, *Journal of Public Policy*, 24 (3): 259-274.

McMurtry, J. (2000), "Education, struggle and the Left today", *International Journal of Educational Reform*, 10 (2): 145-162.

Meldolesi, L. (1984), "The Debate on Imperialism Just before Lenin", *Economic and Political Weekly*, 19 (42/43): 1833-1839.

Merrill, Dennis (2006), "The Truman Doctrine: Containing Communism and Modernity", *Presidential Studies Quarterly*, 36 (1): 27-37.

Meyer, Klaus E. and Mike W. Peng (2005), "Probing Theoretically into Central and Eastern Europe: Transactions, Resources, and Institutions", *Journal of International Business Studies*, 36 (6) 600-621.

Meyer, Michelle (2010), *Ruffert v. Land Niedersachsen: The ECJ's Departure from Traditional European Socialism*, [Online web] Accessed 7 October 2011, URL: <http://digitalcommons.lmu.edu/ilr/vol32/iss2/4>.

Mills, C. Wright (1956), *The Power Elite*, Oxford: Oxford University Press.

Minescu, Ana-Maria (2011), "The Debt Crisis – Causes and Implications", *Economic Sciences Series*, LXIII (2): 95-104.

*Mofid, Kamran (2012), Goodbye, Neo-liberalism and Austerity. Hello, Democratic Socialism and Hope, *Guardian*, New York, 7 May 2012, [Online web] Accessed 8 May 2012, URL: <http://www.guardian.co.uk/world/2012/may/06/francois-hollande-becomes-french-president/print>.

Moseley, F. (2001), The "Heart and Soul" of Marx's Critique of Capitalism: Exploitation or Social Form- or both? A reply To Murray, Mount Holyoke College [Online: web] Accessed 15.2.12, URL: <http://www.mtholyoke.edu/~fmoseley/working%20papers/MURRAY.pdf>.

Murphy, Francis J. (1989), "Marxism in Contemporary France", *Studies in Soviet Thought*, 37 (2): 159-167.

Naravane, Vajju (2012), Socialist Hollande edges out Sarkozy, *The Hindu*, New Delhi, 7 may 2012.

Nelson, Daniel N. (1982), "The Worker & Political Alienation in Communist Europe", *Polity*, 15 (2) 182-201.

Nielsen, Donald A. (1987), "A Theory of Communicative Action or a Sociology of Civilizations? A Critique of Jurgen Habermas", *International Journal of Politics, Culture, and Society*, 1 (1): 159-188.

*OECD (2006), *The new rural paradigm: Policies and governance*, Paris, France: Organization for Economic Cooperation and Development (OECD).

Osborne, Peter (2005), *How to Read Marx*, London: Granta Books.

Overbeek, Henk (1998), "Global Restructuring and Neoliberal Labor Market Regulation in Europe: The Case of Migration Policy", *International Journal of Political Economy*, 28 (1): 54-99.

Paolucci, Paul (2004), "The Discursive Transformation of Marx's Communism into Soviet Diamat", *Critical Sociology*, 30 (3): 617-667.

Payne, Stanley G. (2004), *The Spanish Civil War, the Soviet Union, and Communism*, New Haven: Yale University Press.

Perelman, Marc (2009), "France 40 years after May 68: Vive la Revolution?", [Online: web] Accessed 11 Sept. 2011, URL: <http://www.europesolidaire.org/spip.php?article13627>.

Petras, J. and C. Polychroniou (1995), "Nature of Capitalist Transformation: Continuing Relevance of Marxism", *Economic and Political Weekly*, 30 (4): 38-44.

Posner, Elliot (2005), "Sources of Institutional Change: The Supranational Origins of Europe's New Stock Markets", *World Politics*, 58 (1): 1-40.

Radice, Hugo (2009), "The Idea of Socialism: From 1968 to the Present-day Crisis", *Antipode*, 41 (S1): 27-49.

Raghunandan, D. (2003), "Environment and Development under Capitalist Globalisation", *Social Scientist*, 31 (9/10): 36-57.

Ray, Krishnendu Crises (1994), "Crashes and Speculation: Hegemonic Cycles of Capitalist World-Economy and International Financial System", *Economic and Political Weekly*, 29 (31): 86-104.

- Ritzer, George (2000), *Classical Sociological Theory*, McGraw Hill: Boston.
- Rohit, P. B. (2008), "Global Financial Crisis: Lessons in Theory and Policy", *The Marxist*, 24 (3): 1-12.
- Rousseas, Stephen (1979), "Rosa Luxemburg and the Origins of Capitalist Catastrophe", *Journal of Post Keynesian Economics*, 1 (4): 3-23.
- Rubel, Maximilien (1980), *Marx: Life and Works*, New York: Facts on File.
- Salvatore, D. (2004), "Growth and Poverty in a Globalizing World", *Journal of Policy Modeling*, 26 (4): 543-51.
- Sassoon, Donald (2010), *One Hundred Years of Socialism the West European Left in the Twentieth Century*, London: I.B.Tauris & Co Ltd.
- Sau, Ranjit (1982), "Economic Crisis and Economic Theory", *Economic and Political Weekly*, 17 (14/16): 573-588.
- Saull, Richard (2005), "Locating the Global South in the Theorisation of the Cold War: Capitalist Development, Social Revolution and Geopolitical Conflict", *Third World Quarterly*, 26 (2): 253-280.
- Schmidt, V. (2002), *The Futures of European Capitalism*, Oxford: Oxford University Press.
- Schumpeter, Joseph A. (2003), *Capitalism, Socialism, Democracy*, London: Routledge.
- Screpanti, Ernesto (1999), "Capitalist Forms and the Essence of Capitalism", *Review of International Political Economy*, 6 (1): 1-26.
- Scribner, Charity (2003), *Requiem for Communism*, London: The MIT Press Cambridge.
- Sekulic, Dusko (1992), "Nationalism versus Democracy: Legacies of Marxism", *International Journal of Politics, Culture, and Society*, 6 (1): 113-132.
- Sen, Amartya (2012), Austerity Undermining Europe's Grand Vision, *The Hindu*, New Delhi, 5 July 2012.
- Sfia, Mohamed S. (1983), "The World Capitalist System and the Transition to Socialism", *Fernand Braudel Center*, 7 (1): 3-13.
- Singh, A. and A. Zammitt (2003), "Globalisation, labour standards and economic development", working papers: ESRC Centre for Business, [Online web] Accessed 22 Feb. 2012, URL: <http://econpapers.repec.org/paper/cbrcbwps/wp257.htm>.

Sklair, Leslie (1997), "Social Movements for Global Capitalism: The Transnational Capitalist Class in Action", *Review of International Political Economy*, 4 (3): 514-538.

_____ (2001), *The Transnational Capitalist Class*, Oxford: Blackwell.

_____ (2002), *Globalisation: capitalism and its alternatives*, New York: Oxford University Press.

Sklair, Leslie and P. T. Robbins (2002), "Global capitalism and major corporations from the Third World", *Third World Quarterly*, 23, (1): 81-100.

Smith, Murray (2010), "France between victory and defeat", [Online: web] Accessed 11Mar. 2012, URL: <http://www.europe-solidaire.org/spip.php?article19436>.

Storey (2006), "Normative power Europe? Economic partnership agreements and Africa", *Journal of Contemporary African Studies*, 24 (3): 331-46.

Storey, Andy, (2008), "The ambiguity of resistance: Opposition to neoliberalism in Europe", *Capital & Class*, 32 (3): 55-85.

Suri, Sanjay (1998), Joblessness More Among Minorities in Europe, *The Sunday Observer*, London, 4 March 1998.

Taborsky, Edward (1961), *Communism in Czechoslovakia 1948-1960*, Princeton: Princeton University Press.

The Hindu (2012), *Greece calls elections as talks fail, Eurozone leaders ousted amid financial crisis*, New Delhi, 17 May 2012.

Thee, Marek (1991), "The Post-Cold War European Landscape: The Aftermath of the 'Velvet Revolutions' in Central-Eastern Europe," *Journal of Peace Research*, 28 (3): 241-247.

Therborn, Goran (1987), "Welfare States and Capitalist Markets", *Acta Sociologica*, 30 (3/4): 237-254.

Thomson, David (2007), *Europe since Napoleon*, New Delhi: Surjeet Publications.

Tiersky, Ronald (1974), *French communism 1920-1972*, London: Columbia University Press.

_____ (1985), *Ordinary Stalinism: Democratic Centralism and the Question of Communist Political Development*, Boston: George Allen & Unwin.

Turner, A. (2001), "Capitalism and the end of History", *World Economics*, 4 (1): 15-31.

Turner, Jonathan H. (1995), *The Emergence of Sociological Theory*, Belmont: Wadsworth Publishing Company.

Tyson, Laura d'Andrea et al. (1994), "Promoting Entrepreneurship in Eastern Europe", *Small Business Economics*, 6 (3): 165-184.

Ukpere, W.I. and A.D. Slabbert (2009), "A relationship between globalization, unemployment inequality and poverty, [Online web] Accessed 22 Feb. 2012, URL: http://dk.cput.ac.za/cgi/viewcontent.cgi?article=1005&context=bus_papers.

Ukpere, Wilfred I. (2007), "Is Socialism actually Dead and Buried?", [Online: web] Accessed 24 Feb. 2012, URL: http://dk.cput.ac.za/cgi/viewcontent.cgi?article=1009&context=bus_papers.

_____ (2010), "Demise of a single orthodoxy and the possibility of a cooperative economy", *International Journal of Social Economics*, 37 (3): 239 – 253.

*UN (2009), *The Millennium Development Goals Report 2009*, New York: The UN, <http://www.un.org/millenniumgoals/pdf/MDG%20reort%202009%20ENG.pdf>.

*UNDP (2006), *The human development report 2006*, New York: The UN, URL: <http://hdr.undp.org/en/statistics/>.

Varadarajan, Latha (2004), "Constructivism, Identity and Neoliberal (In) security", *Review of International Studies*, 30 (3): 319-341.

Virkkunen, Joni (2001), "Post-Socialist Borderland: Promoting or Challenging the Enlarged European Union?", *Human Geography*, 83 (3): 141-151.

Walicki, Andrzej (1995), *Marxism and the Leap to the Kingdom of Freedom: The Rise and Fall of the Communist Utopia*, Stanford: Stanford University Press.

Wallerstein, Immanuel (2007), *Barbarism and Civilization: A History of Europe in Our Time*, Oxford: Oxford University Press.

Watts, Meredith W. (1994), "Was There Anything Left of the "Socialist Personality"? Values of Eastern and Western German Youth at the Beginning of Unification", *Political Psychology*, 15 (3) 481-508.

Western, Bruce (1995), "A Comparative Study of Working-Class Disorganization: Union Decline in Eighteen Advanced Capitalist Countries", *American Sociological Review*, 60 (2): 179-201.

Westoby, Adam (1981), *The Evolution of Communism*, Cambridge: Polity.

Wieviorka, Michel (2005), "From Marx and Braudel to Wallerstein", *Contemporary Sociology*, 34 (1): 1-7.

Williamson, John (2000), “What Should the World Bank Think About the Washington Consensus”?, *World Bank Research Observer*, 15 (2): 251-264.

Wood, Allen W. (2004), *Karl Marx*, New York: Routledge.

*World Bank (2007), *Global Economic Prospects in World Bank's Poverty Net*, (GEP2007), Washington, DC: World Bank URL: <http://go.worldbank.org/NZSAQPWKS0>.

*World Bank (2007), *State of poverty in Europe 2007*, Washington, DC: World Bank, URL: http://ddpext.worldbank.org/ext/ddpreports/ViewSharedReport?REPORT_ID=1336&REQUEST_TYPE=VIEWADVANCED.

Worth, Owen (2007), “Re-engaging the Third Way? Regionalism, the European Left and Marxism without Guarantees”, *Capital and Class*, (93): 93-109.

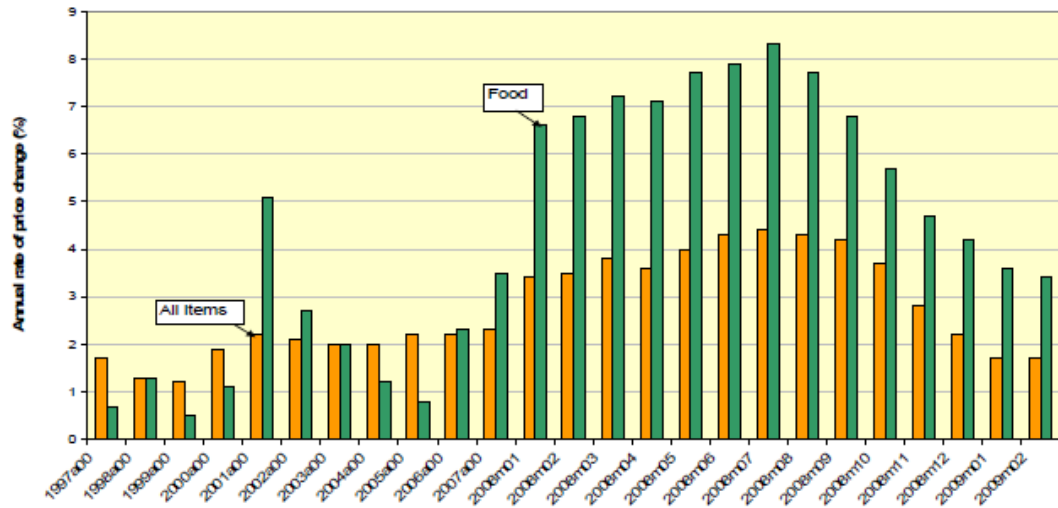
APPENDIX I
FIGURES AND TABLES

Figure 1

Food prices in Europe: The prices of basic foods in Europe have been subject to a roller-coaster effect over the last 2 years as exemplified by the Graphs and Tables below.

Food poverty Some 43 million people are thought to be at risk of food poverty in Europe. Aid is typically distributed to a wide range of people, including families in difficulties, the elderly, the homeless, the disabled and asylum seekers

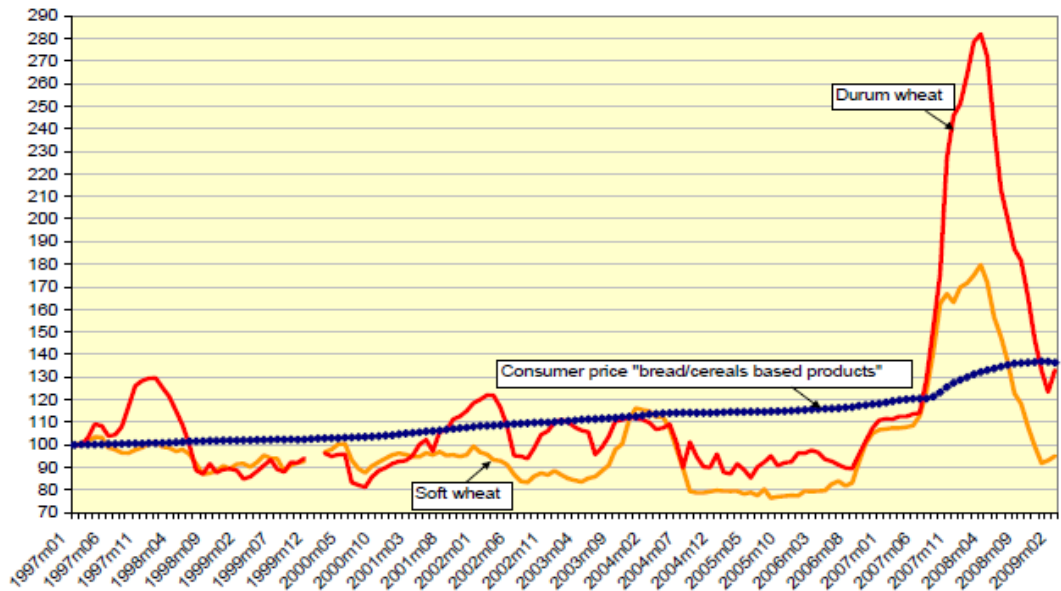
Graph 1 Annual rate of change in EU overall and food consumer prices (%)



Source: EUROSTAT (2009), Database of the European Statistics Office, URL: <http://epp.eurostat.ec.europa.eu>.

Figure 2

Cereals/bread and cereals based products: EU agricultural market and consumer price developments (Jan 1997 until Feb 2009, Jan 1997=100)



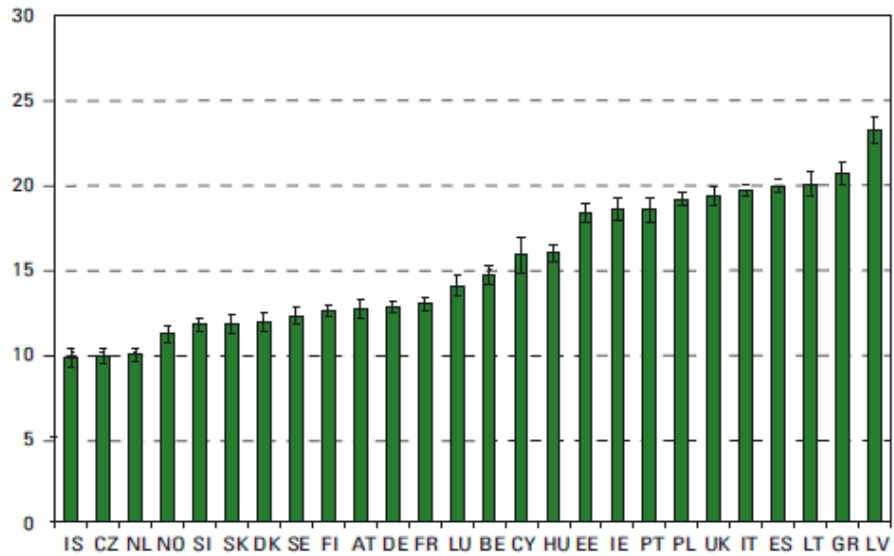
Source: EUROSTAT (2009), Database of the European Statistics Office, <http://epp.eurostat.ec.europa.eu>

Figure 3

Two thirds of the total poor population in the European Union live in six countries: Germany, *France*, the United Kingdom, Italy, Poland and Spain.

The rate of poverty varies between 10% and 23% in the countries of the European Union: with poverty being the lowest in the Czech Republic and the Netherlands, and the highest in Latvia

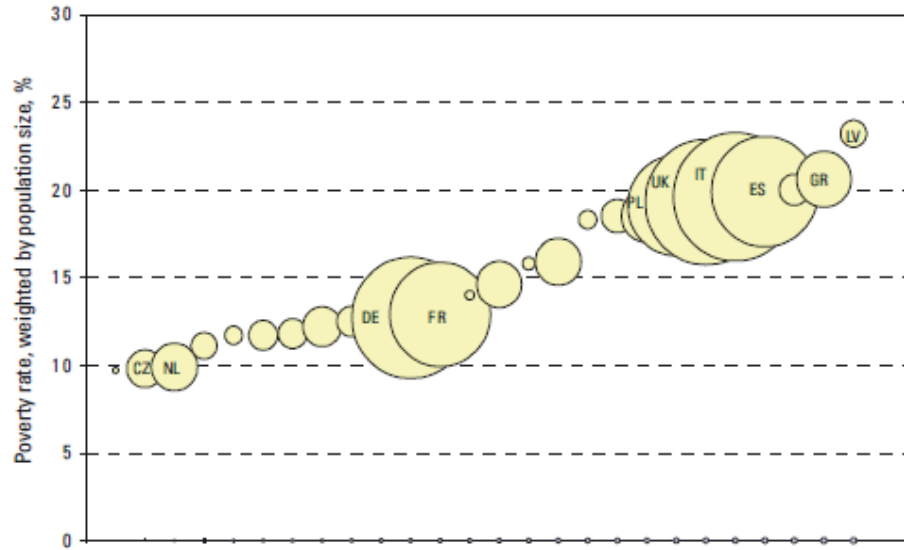
Figures below for indicative poverty rates in Europe in 2006



Source: EU-SILC, 2006 (Lelkes and Zolyoni (2008) 'Poverty Across Europe: The Latest Evidence Using the EU-SILC Survey')

Figure 4

The size of poor population and the poverty rate across European countries

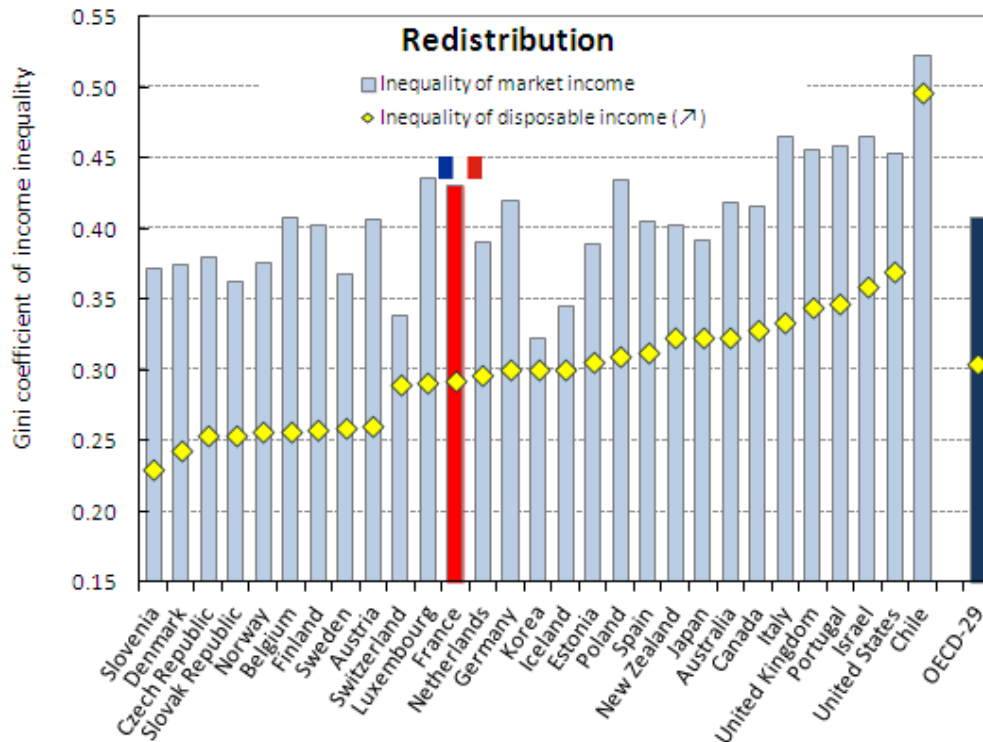


(Bubbles showing the size of the poor population)

Source: EU-SILC, 2006 (Lelkes and Zolyoni (2008) 'Poverty across Europe: The Latest Evidence Using the EU-SILC Survey')

Figure 5

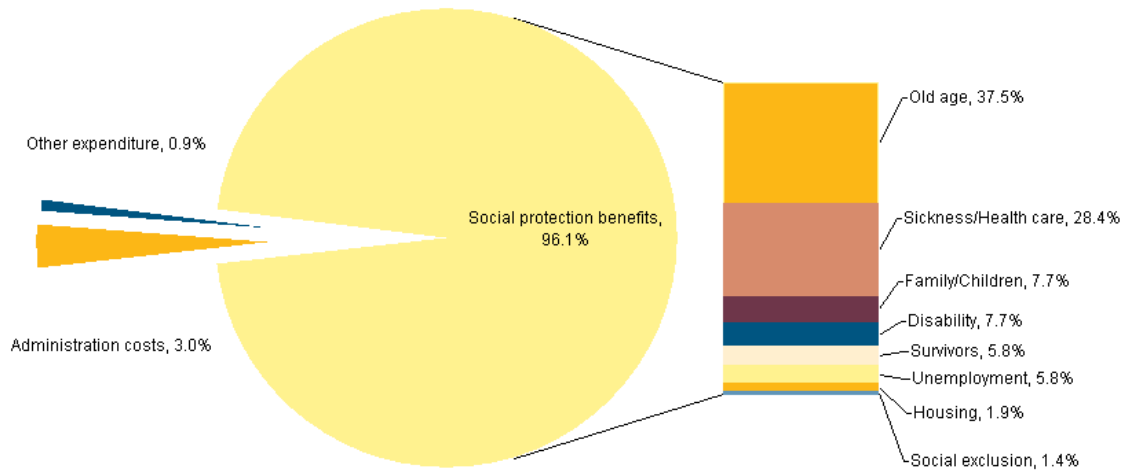
Income inequality among working-age people has remained broadly stable in *France* since the mid-1980s, in contrast to most other OECD countries which have seen a steady increase. From a decline in the 1990s, inequality in France has been slowly increasing during the last decade.



Source: OECD (2011), *Divided We Stand: Why Inequality keeps Rising*, OECD Publishing, Paris, URL: www.oecd.org/els/social/inequality.

Figure 6

Structure of social protection expenditure in EU-27, 2009

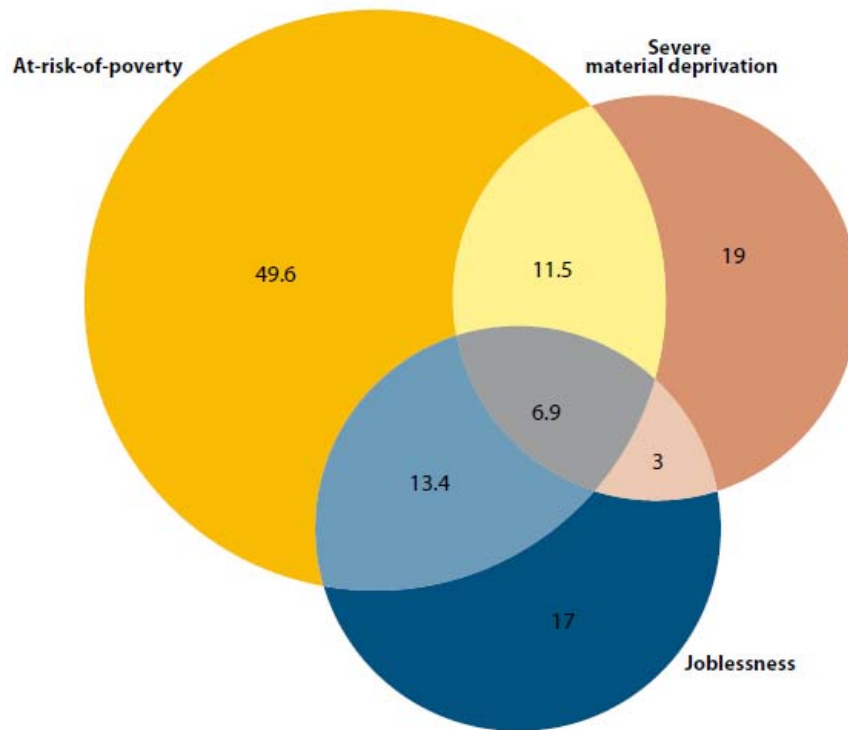


NB: Social protection benefits are classified within ESSPROS by function, i.e. according to the primary purpose for which benefit is provided and the main risk which it is aimed to upset.

Source: Eurostat (online data code: spr_exp_sum)

Figure 7

Multiple indicators for the Europe 2020 target Figure of EU, Million of persons, survey year 2008



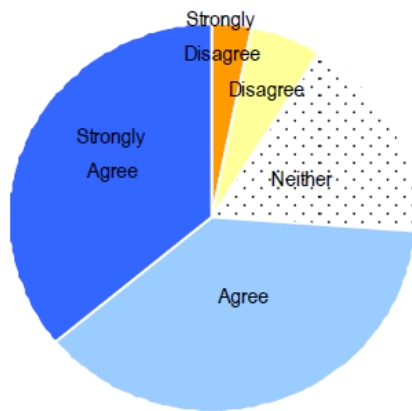
NB: The population is 120.3 million. This diagram is a schematic; i.e. the area in diagram do not correspond exactly to the population sizes.

Source: EU-SILC, Eurostat-CEPS/INSTEAD calculations (28 April 2010).

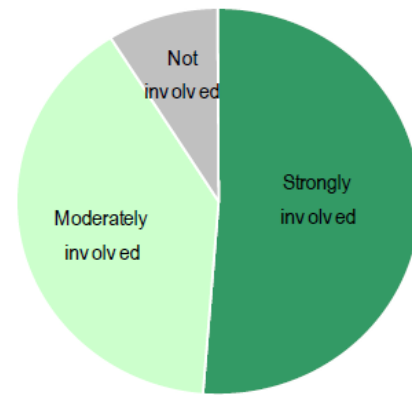
Figure 8

Citizens of EU8 countries have a high aversion to income inequality. Most respondents interviewed in these countries in the EBRD-World Bank Life in Transition Survey either “strongly agreed” (36 percent) or “agreed” (38 percent) with the statement “the gap between the rich and the poor in this country should be reduced”.² Likewise, there seems to be very strong public support for direct state involvement in tackling inequality: an overwhelming majority of respondents thought the government should either be “strongly involved” (51 percent) or “moderately involved” (40 percent) in reducing the gap between the rich and the poor

Strong Public Support for Reduced Income Inequality



Responses to the statement “The gap between the rich and the poor in this country should be reduced”



Desired extent of state involvement in reducing Income gap between rich and poor

Source: 2006 EBRD-World Bank Life in Transition Survey data for EU EU8 countries.

Table 1

Change in EU consumer prices food (% , February 2009 compared to February 2008

	All items	Food	Bread/c.b.p.	Meat	Fish	Milk, cheese, eggs	Oils	Fruits	Vegetables	Sugar	Other food
EU	1,7	3,4	4	4,9	1,5	-0,3	0,4	0,3	8,1	3,9	4,2
Belgium	1,9	3,8	3,6	3,6	-1,3	0,3	6,4	1,7	12,3	5,4	5,7
Bulgaria	5,4	2,3	1,2	15,6	20,4	3	-20,4	-8,3	-2,5	5,1	9,1
Czech Republic	1,3	-1,6	-3,1	2	2,4	-8,2	-1,5	-9,8	8,8	1,5	6,2
Denmark	1,7	3,1	3	4,1	3,3	-1,2	2,8	-0,8	9	2,6	5,1
Germany	1	1,1	2,1	4,5	1,1	-7,6	-5	-4,2	10,1	3,6	2,9
Estonia	3,9	1,4	8,8	6,9	2,7	-8,1	8,1	-10,3	-3,1	4,5	6,8
Ireland	0,1	0,7	-1,2	1,6	2,7	1,5	8,6	0	-0,8	1,5	0,8
Greece	1,8	3,7	4,8	3,2	5,4	1,6	-2	9,1	7	2,5	2,3
Spain	0,7	1,4	2,8	3,1	-1,6	-1,6	-8,3	5,2	2,6	2	6,7
France	1	2,2	2,6	2,4	0,9	-0,2	0,6	-1,7	10,3	0,8	2,6
Italy	1,5	3,2	5,1	2,5	3,4	2,8	1,6	5,6	0,7	3,2	6,2
Cyprus	0,6	7,8	9	12,2	3,6	6	14,2	9,1	0,2	5,6	8,6
Latvia	9,4	8	11	14,4	14,6	-5,1	14,5	1,5	14,9	2,7	9,5
Lithuania	8,5	8,9	12,9	19,8	10,1	-5,1	4,4	-6,5	7,4	3,6	10,5
Luxembourg	0,7	2,8	1,8	3,7	-2,2	2,3	6,6	7,5	1,6	2,8	3,9
Hungary	2,9	3,9	2,6	9,1	6,6	-1,5	12,4	-11,1	3	4,1	9
Malta	3,5	11,6	10,6	6,3	9,7	7,5	9,4	12,5	27,8	12,1	3,4
Netherlands	1,9	4,4	3,5	4,7	2,7	1,7	5,7	3	12,6	4,6	1,6
Austria	1,4	2,4	2,6	3,3	5,3	-4,2	-2,6	-1,3	11,3	5,8	2,5
Poland	3,6	3,7	5,5	7	5,4	-2,8	2,4	-16,5	13,5	3,1	4,3
Portugal	0,1	1	4,5	1,2	-3,3	-1,6	0,2	1,7	6,8	1,5	-0,4
Romania	6,9	6,1	4,4	8,2	4,5	9,3	9,2	0,5	2,2	6,3	4
Slovenia	2,1	2,9	-0,5	3,4	11,7	-1,1	8,2	2,5	10,4	3,7	4,5
Slovakia	2,4	0	6,2	1	1,4	-5,6	8	-10,1	1,1	-0,1	6
Finland	2,7	8	5,2	7,4	4,1	10,3	6,6	4,4	19,1	3,7	7,2
Sweden	2,2	5,5	4,1	6,6	2,4	2,5	1,9	6,2	15,9	3,3	3,7
United Kingdom	:	:	:	:	:	:	:	:	:	:	:

Source: Eurostat. NB: The category "bread and cereals based products" includes rice in all forms, cereals in the form of grain, flour or meal, bread and other bakery products, pasta, couscous and other cereal preparations.

Source: EUROSTAT (2009), Database of the European Statistics Office, <http://epp.eurostat.ec.europa.eu>

Table 2 (1)

The data indicate that the top two vote getters were the incumbent Nicolas Sarkozy with 27.18% of the vote and socialist candidate, Francois Hollande, with 28.63%.

Results of the First Round of the 2012 French Presidential Election

Candidate	Party	Vote	
		Number	Percentage
Francois Hollande	Socialist Party	10,273,458	28.63%
Nicolas Sarkozy	Union for a Popular Movement	9,754,316	27.18%
Marin LePen	National Front	6,421,802	17.90%
Jean-Luc Melenchon	Left Front	3,985,089	11.10%
Francois Bayrou	Democratic Movement	3,275,395	9.13%
Eva Jolly	The Greens	828,281	2.31%
Nicholas Dupont-Aignan	Arise the Republic	644,043	1.79%
Phillipe Poutou	New Anti-Capitalist Party	411,182	1.15%
Natalie Arthaud	Workers' Struggle	202,561	0.56%
Jacques Chemmade	Solidarity and Progress*	89,552	0.25%

Source; French Ministry of the Interior.

* This is the LaRouche Movement in France

Table 2 (2)

Results from the second round of voting are presented in this table; indicate that Hollande was the clear winner

Results of the Second Round of Voting in the 2012 French Presidential Election

Candidate	Party	Vote	
		Number	Percentage
Francois Hollande	Socialist Party	18,004,656	51.63%
Nicolas Sarkozy	Union for a Popular Movement	16,865,340	48.3%

Source; French Ministry of the Interior.

APPENDIX II MAPS

Map 1

Communist Regime in the World till 1989



Source: Brown, Archie (2009), *The Rise and Fall of Communism*, New York: Harper Collins Publishers Inc.

Map 2

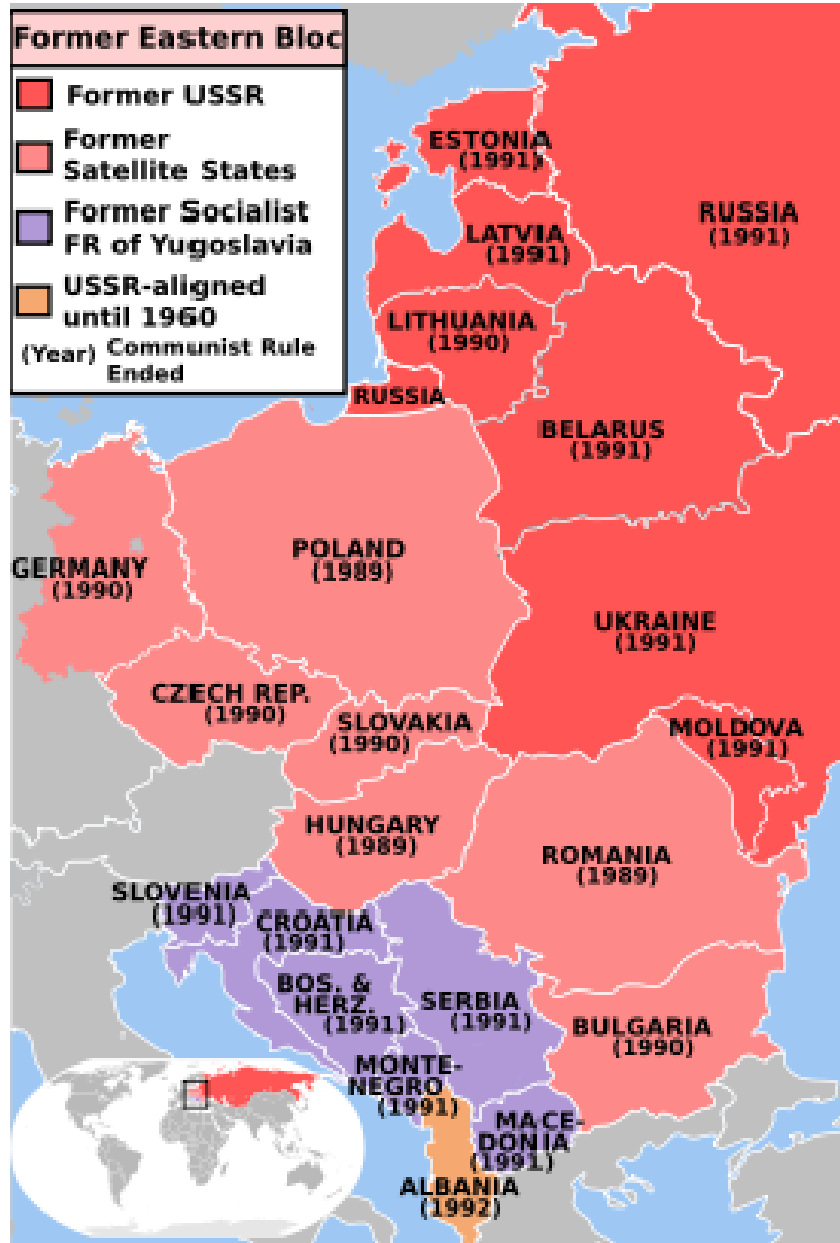
The Communist Regime in Europe till 1989



Source: Brown, Archie (2009), *The Rise and Fall of Communism*, New York: Harper Collins Publishers Inc.

Map 3

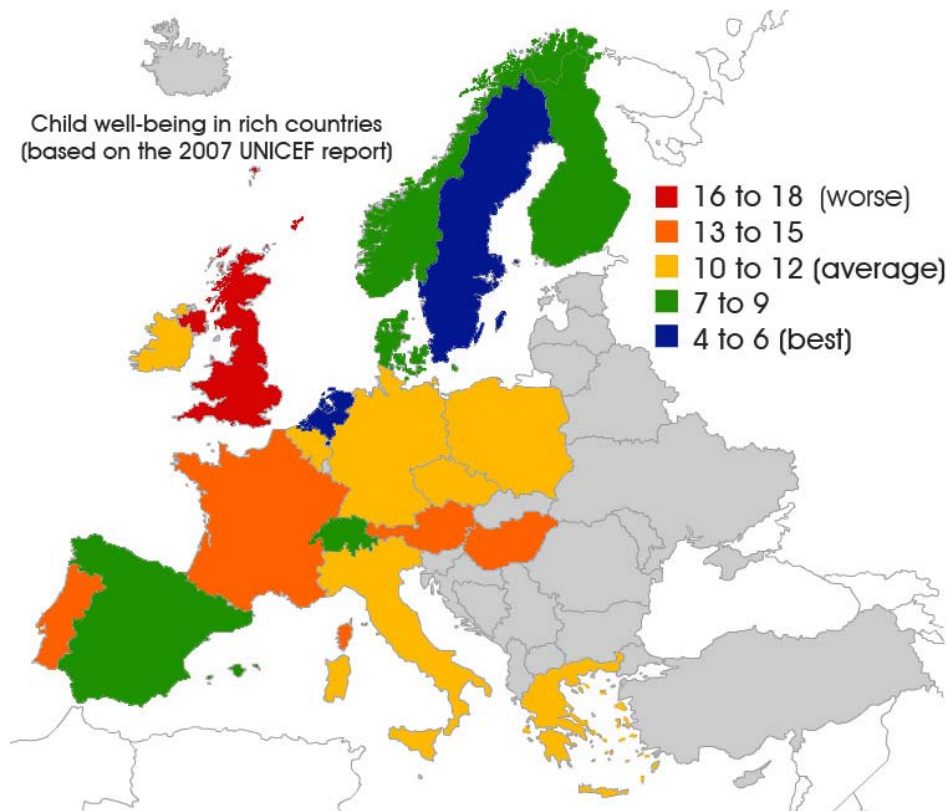
Communist rule ended in Eastern Europe in 1989-1991



Source: The Eastern Bloc - Basic member only (2009), URL: <http://www.EasternBlocBasicMembersOnlyRus.svg>.

Map 4

The child well being status in rich countries in Europe (based on UNICEF report in Europe)



Source: Eupedia (2008), URL:// http://www.eupedia.com/europe/maps_of_europe.shtml.

Map 5

European Union member States, Countries apply for membership in EU and EFTA Members States

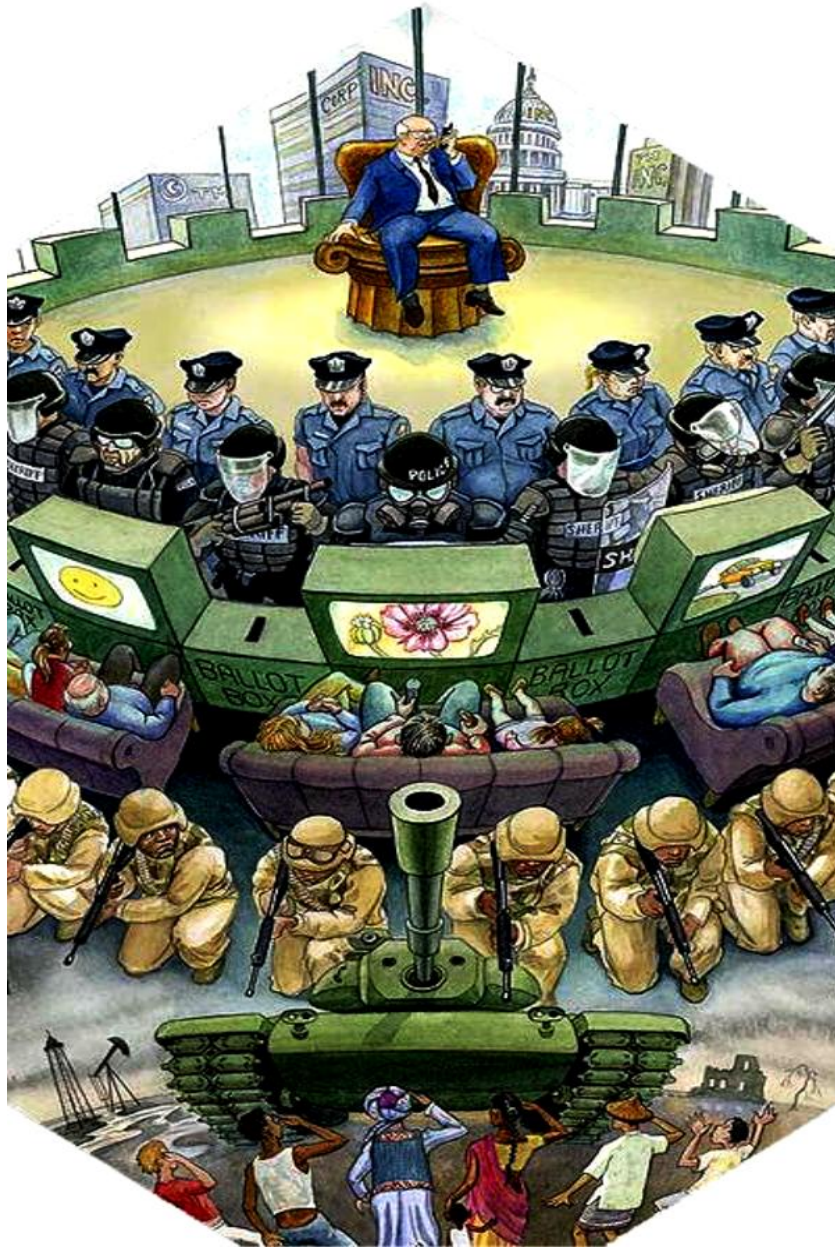


Source: Europe Satellite image, Geology (2007), URL://www.geology.com/world/europe-satellite-image.shtml.

APPENDIX III PYRAMIDS

Pyramid 1

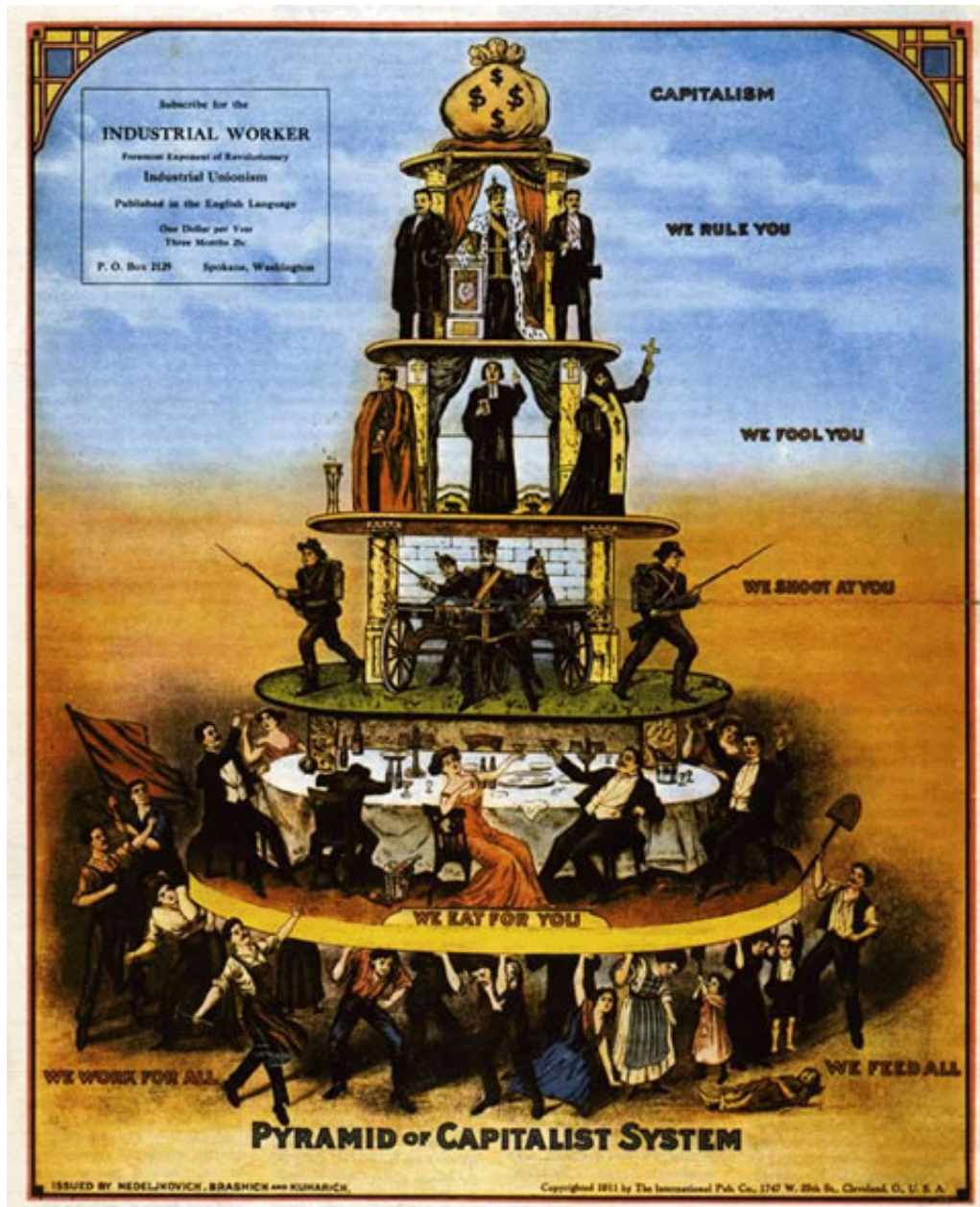
One single Capitalist Boss in a Capitalist System



Source: Knight, Alex (2012), End of Capitalism. URL: <http://endofcapitalism.com/about/2-what-is-capitalism/?blogsub=confirming#subscribe-blog>.

Pyramid 2

Pyramid of Capitalist System and workers position



Source: Pyramid of the capitalism (2008), URL:

<http://francoistremblay.wordpress.com/2008/08/19/the-pyramid-of-the-capitalist-system/>.

APPENDIX IV
NEWSPAPER CLIPPINGS
AND PHOTOGRAPHS

Socialist Hollande edges out Sarkozy

Party returns to power after 22 years; Sarkozy is the second French President to serve just one term

Vajju Naravane

PARIS: Socialist challenger Francois Hollande on Sunday became President of France, ousting Conservative incumbent Nicolas Sarkozy. He won with 51.9 per cent of the votes against Mr. Sarkozy's score of 48.1 per cent.

There was loud cheering at the Socialist headquarters in Paris and Thomas, son of Segolene Royal and Mr. Hollande who were partners for some 22 years, burst into tears of joy.

Mr. Hollande had spent the day in Tulle, his constituency in the Correze region in France with his new companion Valerie Trierweiler and he addressed a sea of supporters sheltering under umbrellas in polling rain. The first person to react was Ms. Royal, who said his victory was "more than merited since he had presented a coherent and honest programme to govern. His programme is based on social justice and equality for all. It aims to protect the most vulnerable and will concentrate on pulling the country out of its current economic crisis. After what we lived through for five years, this victory should surprise no one," she said.

This is a major victory for the Socialists who return to



THE VICTOR AND THE VANQUISHED: Socialist Party candidate Francois Hollande and his companion Valerie Trierweiler leave a polling station in Tulle on Sunday after casting their votes in the Presidential election. At right, President and UMP candidate Nicolas Sarkozy is seen at a booth in Paris. — PHOTOS: REUTERS

power after a gap of 22 years. In the vote in 2002, extreme right leader Jean Marie Le Pen eliminated Socialist candidate Lionel Jospin in the first round. The mobilisation in the Socialist camp has been phenomenal because the left has never digested that humiliation.

Mr. Sarkozy now becomes the second President in France's current Vth Republic

(constituted in 1958) to serve just one term. The other President who failed to get a second term was also a Conservative, Valery Giscard D'estaing.

Stormy tenure

Mr. Sarkozy has all along faced difficulty defending his five years in office. He has been a sharply polarising President and in the last few

weeks of campaigning he took a sharp turn to the right, courting voters from the extreme right xenophobic, anti-Muslim and anti-immigrant National Front Party.

The two men in Sunday's face-off appear to have polarised France.

The mild-mannered Mr. Hollande, who a year ago appeared to be the most unlikely candidate to ever face

Mr. Sarkozy, seems to have grown in stature during the past three months. He retains his quiet restraint, but has shown he is capable of flashes of steel as was evident in last Wednesday's televised debate when he refused to allow Mr. Sarkozy's aggressiveness to destabilise or undermine him. The 57-year-old Mr. Hollande has been active in

Socialist politics, for more

than 30 years and is a Member of Parliament from the Correze region of France. Although he has no ministerial experience, he served as a close presidential aide to Francois Mitterrand at the Elysee Palace. He also has immense organisational experience as general secretary of the Socialist Party, winning key legislative, municipal, regional and European elections.

He was general secretary when his partner Segolene Royal lost to Mr. Sarkozy and political gossip says her defeat was partly due to the fact that Mr. Hollande failed to give her wide party support. (He was reportedly having an affair with his current partner, journalist Valerie Trierweiler). Mr. Hollande and Ms. Royal were together for 22 years — the couple have four children — and one of the most dramatic moments in this campaign came when she publicly endorsed his presidential bid. Most party colleagues who consider him witty, affable and a born winner were astounded by his dogged determination to run for the highest office in the land.

Although Mr. Hollande has said he will opt for "soft" left wing policies, he has nevertheless said he will slap a 75

per cent income tax on anyone earning over 1 million Euros per annum. He has also promised to subsidise water, electricity and fuel, hire 60,000 teachers and close down France's oldest nuclear plant at Fessenheim in the country's north-east. Mr. Hollande has also promised to re-negotiate the EU's fiscal discipline pact to include a growth and investment clause. He has promised the creation of a Public Investment Bank, huge infrastructure projects to get the economy going again, but has remained hazy about where he will find the money for the additional spending.

In contrast, Mr. Sarkozy has been pugnacious, aggressive, highly intelligent and capable but impulsive and changeable.

Mr. Sarkozy came to office promising to wipe out unemployment ("work more to earn more" was one of his slogans) break with France's past history of state intervention and cosy relationships at the top, reform the deficit-ridden pension and health care systems, overhaul universities and overturn the 35-hour work week. He undertook several reforms but often appeared to change course mid-way and has failed to fulfil his promises.

Source: The Hindu, 6 May 2012, New Delhi

Greece calls elections as talks fail

Analysts fear bankruptcy, eurozone exit

ATHENS: Greece abandoned a nine-day hunt for a government on Tuesday and called a new election that may hand victory to Leftists who might cut the nation's financial life-line, pushing it closer to bankruptcy and out of the eurozone.

After six rounds of fruitless wrangling, party leaders emerged from a final session at the presidential mansion to gloomily declare that deep divisions over a €130-billion foreign bailout package had killed any hope of a coalition deal.

"We shouldn't have reached this point," said Socialist leader Evangelos Venizelos, who personally negotiated the rescue package from the European Union and IMF which the hard-Left says has imposed too harsh an austerity regime.

Reviled for imposing deep wage and spending cuts but vital to keep the country running, the bailout worth \$166 billion prompted Greeks to elect the most fragmented Parliament in decades on May 6, giving no party or bloc a clear mandate.

A second election is expected to produce a similarly divided legislature, but the balance of power is seen tipping towards opponents of the EU/IMF rescue and raising the likelihood of a coalition that reneges on the deal keeping Greece afloat.

That would almost certainly mean the end to aid from foreign lenders, leaving Greece without cash as early

as next month and paving the way for its eventual exit from the eurozone.

Greeks who showed their fury against spending cuts by humiliating the long-dominant Socialist and conservative parties earlier this month must now choose between the pain of austerity and an even more painful return to the drachma currency.

Financial markets, worried that a Greek euro exit could spread turmoil to bigger eurozone economies such as Spain and Italy, tumbled on the news.

A compromise to produce a government that might save the country from further financial calamity proved elusive; the three biggest parties in the newly elected Parliament each failed to form a coalition last week and three additional rounds of talks mediated by the President ended without result.

Dejection was visible on the faces of the five party leaders who sat down to talks on Tuesday.

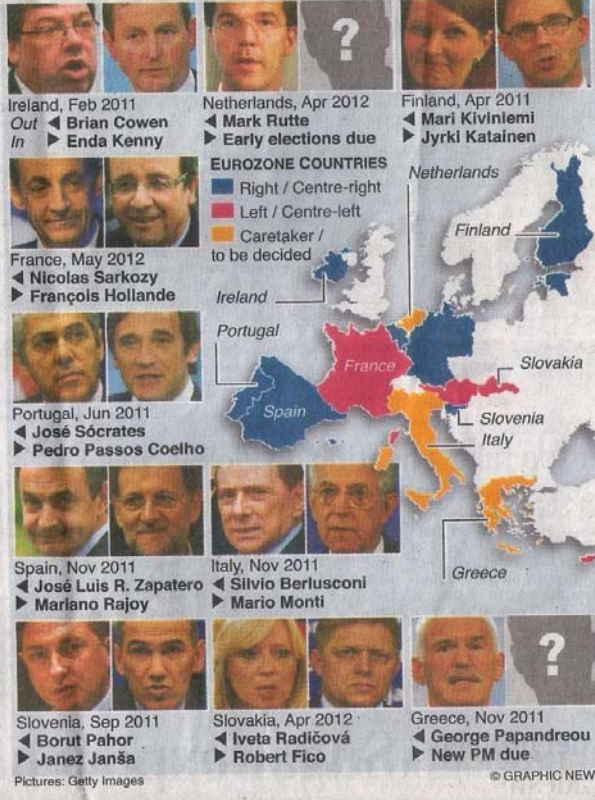
The far-Right Golden Dawn was not invited, while the anti-euro Communists did not show up. A tense meeting ensued, sources from two parties said.

After barely two hours, the politicians threw in the towel. A spokesman for President Karolos Papoulias summoned reporters to announce a new election and plans to form a caretaker government on Wednesday.

The vote is expected in mid-June. — Reuters

Eurozone leaders ousted amid financial crisis

In the space of 15 months, 10 out of 17 eurozone governments have fallen because of public anger over spending cuts and the economic crisis



Source: The Hindu, 17 May 2012, New Delhi

Austerity undermining Europe's grand vision

Economic policy is triggering disaffection among countries – the very thing the pioneers of unity hoped to erase

Amartya Sen

The dream of the unification of Europe goes back at least to the 15th century, but it is the nastiness of the world wars in the 20th century that established its urgent need in our time. The challenge was well described by W.H. Auden in early 1939: *In the nightmare of the dark / All the dogs of Europe bark, / And the living nations wait, / Each sequestered in its hate.*

It is important to appreciate that the movement for European unification began as a crusade for cross-border amity and political unity, combined with freer movement of people and goods. Giving priority to financial unification, with a common currency, came much later, and it has, to some extent, started to derail the original aspiration of European unity.

The so-called "rescue" packets for the troubled economies of Europe have involved insistence on draconian cuts in public services and living standards. The hardship and inequality of the process have frayed tempers in austerity-hit countries and generated resistance – and partial non-compliance – which in turn have irritated the leaders of countries offering the "rescue." The very thing that the pioneers of European unity wanted to eliminate, namely disaffection among European nations, has been fomented by these deeply divisive policies (now reflected in such rhetoric as "lazy Greeks" or "domineering Germans", depending on where you live).

As a result, the costs of failed economic policies extend well beyond economic lives (important as they are). There is no danger of a return to 1939, but it does not help Europe to have dogs barking, sequestered in resentment and contempt – if not hate. On the economic side, too, the policies have been seriously counter-productive, with falling incomes, high unemployment and disappearing services, without the expected curative effect of deficit reduction.

Two issues

So what has gone wrong? Two issues need to be separated out: one, the counter-productive nature of the policy of austerity imposed on (or, as in Britain, chosen voluntarily by) governments; and two, a reasoned suspicion about the lack



UP IN ARMS: A demonstration in Madrid in June called by trade unions under the slogan 'Don't stay quiet. Defend your rights.' They were challenging government spending cuts, austerity measures and labour reform. – PHOTO: REUTERS

of viability of the shared euro.

The moral appeal of austerity is deceptively high ("if it hurts, it must be doing some good"), but its economic ineffectiveness has been clear at least since Keynes's debunking of "the remedy of austerity" in the Great Depression of the 1930s, with unemployment and idle capacity due to a lack of effective demand. It is also self-defeating in reducing public deficits, because austerity tends to depress economic growth, so reducing a government's revenue. Much of the eurozone has been shrinking rather than expanding since the inception of these policies.

However, we have to go well beyond Keynes in understanding the harm done by the ill-chosen cult of austerity. We have to ask what public expenditure is for – other than just strengthening effective demand (on which Keynes concentrated, focusing on the expenditure itself, rather than on the services it supported). Savage cuts in important public services undermine what had emerged as a social commitment in Europe by the 1940s, and which led to the birth of the welfare state and the national health ser-

vices, setting a great example of public responsibility from which the entire world would learn.

Turning to the second problem – the euro, with fixed exchange rates for all countries in the zone – economies that fall behind in the productivity race tend to develop lack of competitiveness in exports, as countries such as Greece, Spain or Portugal have been experiencing already. Competitiveness can, of course, at least partly be recovered through slashing wages and living standards, but this would lead to great suffering (much of it unnecessary), and generate understandable popular resistance. Sharp increases in inequality between regions can be remedied, to be sure, by large-scale migration within Europe (for example, from Greece to Germany). But it is hard to assume that persistent population inflow to the same countries would not generate political resistance there.

The inflexibility of fixed exchange rates of the euro is inherently problematic when the economic performance of countries continues to differ. A unified currency in a politically united federal country (such as in the U.S.) survives

through adjustment mechanisms (including large internal migration and substantial transfers) that cannot be a norm in a politically disunited Europe.

If European economic policies have been economically unsound, socially disruptive and normatively contrary to commitments that emerged in Europe after the Second World War, they have been politically naive as well. The policies have been chosen by financial interests with little attempt to have serious public discussion on the subject.

Policy mistakes

Decision-making without public discussion – standard practice in the making of European financial policies – is not only undemocratic, but also inefficient in terms of generating realistic practical solutions. For example, serious consideration of the kinds of institutional reforms badly needed in Europe – just in Greece – has, in fact, been perched, rather than aided, by the lack of clarity on the distinction between form of bad administrative arrangements on the one hand (such as evading taxes, government servants enjoying favouritism, or unviably low wages being preserved), and on the other, austerity in the form of ruthless cuts in public services and basic social security. The requirements for alleged financial discipline have tended to amalgamate the two in a compound package, though any analysis of social justice would assess policies for necessity in an altogether different way: ruthless cuts in important services.

The problems we are seeing in Europe today are mainly results of policy mistakes: punishments for bad sequencing (currency unity first, political unity later); for bad economic reasoning (ignoring Keynesian economic lessons as well as neglecting the importance of public services to European unity); for authoritarian decision-making and for persistent intellectual confusion between reform and austerity. None in Europe is as important today as clear-headed recognition of what has gone so badly wrong in implementing the grand vision of a united Europe. (Amartya Sen is a Nobel prize-winning economist.) – © Guardian News and Media Limited, 2012

Source: The Hindu, 5 July 2012, New Delhi

Image 1

French Unions Challenge Sarkozy in Strike in 2008 over Pension changes



Commuters crowd the platform at Gare Saint Lazare in Paris during a strike.
Photographer: Chamussy/EPA

Source: Guardian, 22 may, 2008. URL:
<http://www.guardian.co.uk/world/2008/may/22/france.tradeunions>

Image 2

Teachers join General Strike in France against Government Reform Plan



Teachers demonstrate against plans to cut thousands of jobs in the education system.
Photograph: Charles Platiau/Reuters

Source: Guardian, 29 January, 2009. URL: <http://www.guardian.co.uk/education/2009/jan/29/strike-france-teachers>

Image 3

French Workers General Strikes and massive Demonstration Challenges Pension and Retirement age Plan a Neoliberal Reform by Sarkozy Government



Source: Socialist Worker (2010), French Worker Strike. URL:
<http://socialistworker.org/2010/10/18/french-workers-strike-back>.

Image 4

Socialists oust Sarkozy in French election 2012



PHILIPPE DESMAZES/AFP/GettyImages

Socialist Party leader Francois Hollande arrives on stage to give a speech after the results of the second round of the presidential election Sunday.

Hollande led conservative incumbent Nicolas Sarkozy by **51.3%** to **48.7%** with **83%** of votes counted.

Source: Bremer Catherine and Paul Taylor, Reuters, 6 May, 2012

Image-5

A Police Officer threw a Tear Gas Canister to disperse Crowds, the Protest of 1968



Police Clash with Student protesters outside the Sorbonne over the French government's new labour law photographer: Jacques Brinon

Source: The Sunday Morning Herald, 1968. URL: <http://www.smh.com.au/news/world/police-fire-tes-gas-in-sorbonne-jobs>.

Image 6

Downfall of the French Society, the social differences- The Rich and Poor led to Riot
in 1968 and Government used Force to disperse the masses



Photo by Bruno Barbey

Source: Sean Auchombit, 24 Nov. 2010, CMP, Blog French riots 1968 URL:
http://www.martinfarst.us/htmlfiles/paris_1968.html

Image 7

Growth, Poverty, and Inequality: Eastern Europe and the Former Soviet Union

People dash through rainy street in Roma ghetto of Sofia in Bulgaria



Photographer: Scott Wallace

Two discontented girls, Tskaltubo, Imereti in Georgia



Photographer: Yuri Mechitov

Source: World bank, URL://

<http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:20671013~pagePK:64257043~piPK:437376~theSitePK:4607,00.html>.

Image 8

Picture of poor people in Paris (FRANCE) street



Source: Pouhier, Wikimedian Eric (2006), URL://
http://www.voyagesphotosmanu.com/poor_people.html

Image 9

The neoliberalism has brought Unemployment, low level income, commodities price high, low level living conditions, inequality, accumulation of wealth by few hands and exploitation of working class. These negative development have compelled the youth of European countries to rethink to bring change in Europe



Income and living conditions in Europe

Source: Atkinson, Anthony B. (2010) EURROSTAT, Income and living conditions in Europe, European commission, 2010, Brussels