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Strike by 5000 B.C. Grocery Workers Narrowly Averted

By Roger Annis

VANCOUVER BC—Five thousand workers at one of British Columbia’s largest grocery chains, the Overwaitea Food Group (OFG), have ended a difficult round of collective bargaining by voting by 75 per cent in favour of a new agreement.

In late June, workers voted by 58 per cent to reject a proposed agreement recommended by their union bargaining committee. The union, United Food and Commercial Workers, then announced a strike to begin on June 28. That was blocked when the company applied for a mediation process that was compulsory, under law, for the union. A revised proposal was then mediated/negotiated and put to a second vote on July 6 and 7.

Two tier wages at issue

The workers are employed at 27 of OFG’s Save On Foods supermarkets in the greater Vancouver region of British Columbia. OFG is part of the business conglomerate of local billionaire James Pattison. Negotiations for close to 20,000 other workers at grocery chains throughout the province will now proceed, notably at Safeway, the Loblaws-owned Superstore and its budget spin-offs, and Save On stores elsewhere in British Columbia. The agreement at the OFG-owned Price Smart budget chain expires in 2010.

Save On workers set three goals for their bargaining committee—a hefty wage increase, elimination of a two-tier wage scale, and an end to the conversion of Save On stores to the lower-wage Price Smart. Among the reasons cited for rejection of the first proposal were that it gave better wage increases to higher-paid workers, it maintained the two-tier wage setup, and it offered too little protection against Price Smart conversions.

The new agreement is for five years. The two-tier pay scale, known as Grids A and B, remains in place. All current employees will receive a \$1 per hour wage increase, then a fifty cent increase for each of the following four years.

The minimum rate for Grid B will immediately rise to \$9.75 per hour for the most common job classification and then stay there for the life of the agreement. (“Service clerks” start at \$9 per hour, but receive better social benefits than those starting at \$9.75). The maximum rate for Grid B will rise from about \$12 to \$15.60. The number of steps to reach the top increases, to 7,080 hours. This could be reached within four years if the part-time employee works the extra hours, equivalent to full-time, that many are offered.

A new hire at \$9 or \$9.75 per hour moves to \$10.10 after 520 hours of work.

The minimum rate for Grid A will rise in the fourth and fifth years of the agreement, from \$15.20 to \$15.80; the top rate will go from \$22.50 to \$23.70. Reaching the top rate will take a full-time employee two and a half years.

The collective agreement provides for a worker to move from Grid B to Grid A, according to seniority and job openings.

The \$1 per hour increase is “off-grid”, as are the annual 50 cent increases. More modest increases are introduced to the “grid” (wage scale). As one worker commented in an e-mail forum, “I have to say that I’m just not terribly impressed by off the grid wage increases. Like signing a bonus, they really don’t do much to improve the actual contract upon which future contracts will be negotiated. If they don’t do the same thing on the next deal, those people who are a buck and a half above the grid...could essentially have their wages frozen until the next grid catches up to them.”

Concerning the future of Save On outlets, the new agreement limits to six the number of stores in B.C. that can be converted to Price Smart or an equivalent. Improvements to job security were won for workers facing store closings or conversions.

Company/government assault on grocery workers

The two-tier wage scale was imposed by the grocery chains during the late 1990’s as they launched a coordinated attack on wages and working conditions. Strikes at Safeway in British Columbia in 1996 and later in Alberta did not stop the onslaught. The doors were opened to concessions imposed on the whole industry.

As a result of the company offensive, well-paid, full time jobs went into decline, to be replaced by poorly-paid, part-time positions. Today at OFG, some 70 per cent of the jobs are Grid B.

Several workers interviewed for this article believe that the ratio of full-time jobs to part time at Save On will slowly rise because of improvements in the new agreement. The collective agreement provides for a 50-50 ratio of full to part time jobs, except for new stores. These can operate with 25 (full-time)-75 (part-time) for seven years.

A sign of how ruthless the grocery chains could be without a unionized workforce was delivered at the outset of Save On negotiations when OFG demanded the right to schedule shifts of two hours. The collective agreement sets a minimum of four hours.

Two-hour call-ins were made legal by the Liberal Party provincial government that was elected in 2001. They have become widespread in non-union, food service workplaces.

According to Andy Neufeld, spokesperson for UFCW 1518, "The collective agreements at Overwaitea and Safeway, as negotiated by UFCW and its members, have been and remain the best agreements in the retail food industry in North America."

There is a challenge that confronts the labour movement in British Columbia through this struggle. The BC Federation of Labour has for several years campaigned for a \$10 per hour minimum wage. The pattern now set in the grocery industry will leave new hires earning as little as \$9 per hour five years from now, though, as mentioned, a collective agreement allows workers to break through the \$10 ceiling after 520 hours of work.

Neufeld also explained, "We pushed really hard for a starting wage of \$10.10. The company absolutely refused to budge on this issue.

"We, of course, support the federation of labour's \$10 per hour campaign."

A legislated increase in the minimum wage supersedes the provisions of any collective agreement, so it's no wonder that the provincial government has refused the demand for \$10. Its corporate backers, such as Overwaitea group, are bitterly opposed.

Another irony in this struggle is the presence of Glen Clark in the inner circle of the Jim Pattison Group, the conglomerate that owns Overwaitea Food Group. Clark is Executive Vice-President. He is also a former B.C. New Democratic Party leader and premier.

Clark was offered a position by Pattison in 1999 after he was driven from the premier's office by a police-led smear campaign conceived by the wealthy elite of the province and supported by leaders within his own party. He was later vindicated in court, but at the time of the smear campaign he chose to resign rather than fight what amounted to a coup d'état. He has climbed the Pattison corporate ladder ever since.

Roger Annis is a trade union member in Vancouver and a co-editor of Socialist Voice.

See also:

"CLC Convention Highlights Challenges Facing the Labour Movement in Canada" published today by Socialist Voice

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CLC Convention Highlights Challenges Facing the Labour Movement in Canada

By Roger Annis

The triennial convention of the Canadian Labour Congress held in Toronto from May 26 to 30 revealed the positive changes that have edged their way into the labour movement in recent years. It also showed the weighty obstacles that stand in the way of the organization's transformation into a more militant, fighting force on behalf of the working class.

On the positive side, a number of resolutions reflected the social rights work and spirit of solidarity on important issues by Congress affiliates, union activists and social movements that overlap with the labour movement. Chief among these was a resolution opposing Canada's participation in the imperialist *war of aggression in Afghanistan*. It was adopted by a large majority of delegates and it calls for an end to that war and the immediate withdrawal of Canadian soldiers.

The CLC's support to *women's rights* was symbolized by a ceremony presenting a lifetime humanitarian award to Dr. Henry Morgentaler, a pioneer in the struggle for women's right to abortion. Important women's rights resolutions were adopted, such as one in favour of a universal, affordable childcare program in Canada. The CLC and its affiliates have campaigned on this issue.

Notwithstanding feeble policy resolutions (more on this later), the convention devoted a lot of time to discussion on the urgent *climate change crisis* and to the harsh social and economic conditions facing *Indigenous peoples* in Canada. It examined the unique challenges facing unions as the number of part-time and "temporary" jobs grows, while hundreds of thousands of "temporary" workers from other countries, allowed into Canada to work in low-paid jobs, are deprived of legal citizenship rights, including the right to join trade unions. The convention was marked by frank debate on these issues.

Other examples of progressive resolutions and sympathies among the 1,700 delegates and dozens of affiliates of the Congress gathered in Toronto could be cited. But this would describe only a part of what the convention revealed and potentially misdirect those seeking a program to lead the labour movement forward. The overarching conclusion to draw from the convention is the growing gap between worsening economic, social and political conditions faced by workers today in Canada and the world, on the one hand, and the still-limited will and capacity of trade unions to fight for effective improvements in these conditions.

An action plan for change

The convention adopted an Action Plan on its final day that was prepared by the newly elected executive council of the CLC. It reads, "The CLC will mobilize the affiliates, federations and labour councils to lead a broad, diverse and inclusive movement for social change."

The document highlights five areas of attention—renewing and expanding trade union membership and unity; fighting for women’s equality; defending and expanding public services; fighting for jobs and environmental protection; and opposing the war in Afghanistan, including by building solidarity with the peoples of that country. It concludes, “...let us commit ourselves to continue to work in solidarity to achieve our goals and build a society that meets the needs of working people and their families.”

The Action Plan does not describe how the Congress could mobilize its members to achieve these goals. It says the Congress will devote resources and attention to supporting the New Democratic Party in federal and provincial elections. In Quebec, the picture gets muddier because the plan says the CLC will support the “political choices of unions in Quebec.” Those choices happen to be support for two parties—the Bloc québécois federally and the Parti québécois provincially—that have neither meaningful ties nor accountability to the unions.

The NDP in power has been a disappointment to workers. It has attacked social programs and workers rights, such as in British Columbia and Ontario during the 1990s. The NDP governments in those provinces demobilized and discouraged the working class, leaving it vulnerable to even harsher attacks by the governments that succeeded them. The same pattern has just repeated itself in Saskatchewan.

If the NDP today is unable to inspire and mobilize workers to elect it to office, it’s because it doesn’t want to challenge the domination of the capitalists and the laws of their market system over economic and social life.

Two examples, among many that could be cited, illustrate the Action Plan’s shortcomings. One, the tar sands projects in northern Alberta are responsible for some of the worst environmental and humanitarian destruction on the planet. But the CLC and the NDP fail to fight for the one thing that could end the destruction—a planned and orderly shutdown of the entire project and a massive reorientation of the Canadian economy away from reliance on fossil fuels and towards sustainable energy production. This necessarily requires proposals to secure alternative training and employment for workers in the tar sands, including for the workers from abroad who have earned the right to stay in Canada if they so wish. Such a reorientation of the Canadian economy would require a head-on battle with the oil companies, not to mention leaving NAFTA.

Two, the Indigenous peoples in Canada are engaged in unprecedented struggles against calamitous social and economic conditions. These struggles illustrate, and are demanding, forms of political sovereignty. The federal and provincial governments have responded by criminalizing their causes and arresting or threatening their most outspoken leaders. The CLC convention featured guest speakers that delivered powerful and moving condemnations of Canadian government policy. Policy discussions on Indigenous rights issues were informed. But the convention did not take a stand in support of the most important of the current battles, such as the sovereignty struggles of the Haudenosaunee peoples in southwest and southeast Ontario (Six Nations and Tyendinaga, respectively), and the Kitchenuhmaykoosib Inninuwug (KI) people in northwest Ontario.

More generally, the Action Program fails to project a struggle for a radically different society, one based on social justice and respect for the natural environment.

Labour needs an authoritative voice

One of the challenges facing the labour movement today is unity. In the years after its foundation in 1956, the Canadian Labour Congress was a central voice of the unions and the working class in Canada. In 1961, it co-founded the New Democratic Party with the goal of fighting for a government that would represent workers' interests. The prospects for a new, progressive party of the working class looked good in the early years of the NDP, including in Quebec. This made the role of a unified labour central like the CLC all the more relevant.

Today, the labour movement speaks with many voices. The autonomy accorded to the CLC affiliate in Quebec, the Quebec Federation of Labour (FTQ), is a progressive development over the past several decades that reflects a recognition of the national rights of the Quebecois people. But it does not follow that there should be two distinct trade union movements in Canada with little common purpose. That is what has evolved, by default. It was quite a surprise to this observer to see how limited was participation at the CLC convention by delegates from Quebec. Less than ten percent of reports and contributions to this year's CLC convention were in the French language. Despite the formal availability of translation services, it was, for all intents and purposes, an English-language convention.

Many CLC affiliates have evolved to become mini-labour centrals of their own. Unions such as steelworkers and autoworkers, to choose only two examples, include members from every walk of life. Industrial unions are organizing non-industrial workers under the pressure of the decline of employment and union membership in their respective industries or an inability to convince unorganized, industrial workers of the value of union membership. It's wrong if this gets in the way of having a recognized voice of the entire labour movement.

Organizing efforts would be much more effective if they were part of a common plan of action by the labour movement as a whole to create or support existing unions in those unorganized sectors.

Trade union independence

A recent and disturbing trend in the union movement has seen some unions engage in sweetheart deals with companies in search of the almighty dues dollar. The CAW's deal with Magna Corporation earlier this year comes to mind. So too the attempt by the Steelworkers to gain representation at the Dofasco steelmaker in Hamilton (see Socialist Project, February 3, 2008 and July 3, 2008).

In the retail grocery business, the United Food and Commercial Workers union has received automatic representation in the spin-off budget stores of the major grocery chains, on condition of accepting lower-wage collective agreements. This stems from the pressure on the retail industry of the non-union Wal-Mart juggernaut. The low wages and poor conditions contained in these agreements dampens workers' desire at Wal-Mart or other unorganized companies to join

unions. How can the labour movement inspire Wal-Mart workers to join the UFCW? What can be done to win better conditions in the retail grocery sector?

Left currents within the CLC

Organized left forces at the CLC convention were weak, given the opening to radical thought and action that otherwise characterized convention proceedings.

A left caucus of delegates came together on the eve of the convention to discuss a published program issued by activists in the labour council in Toronto and elsewhere in the country. Titled “An Action Agenda,” it posited a need to struggle, “To Build Labour Power in the 21st Century” (www.labouraction.ca). Some 150 delegates met for an initial discussion of this program and had a positive exchange of ideas. But there were no follow-up meetings of this character to assess and direct a fight for the ideas of the program on the convention floor. And when it came time to elect a new executive council of the CLC, the caucus presented no candidates. The outgoing executive was re-elected by acclamation.

The Action Agenda said that three things were needed in order to win labour power in the 21st century: “grass-roots mobilization in both the workplace and the community”; commitment by CLC affiliates to “provide the leadership and resources necessary to build and sustain long-term campaigns”; and “the ability to combine formal electoral organizing with the building of popular movements.” This falls well short of a description of what “labour power” would look like, and how it could be achieved.

“Labour power” must ultimately mean “government power.” To create a society of social justice, working people — our social movements, trade unions and political parties — must take government power out of the control of the capitalists and wield it to lead a transformation of society, out of the dog-eat-dog world of capitalism and into socialism.

How can workers in Canada move towards such a goal? Are parties such as the NDP or the Bloc and Parti québécois a help or a hindrance along this road? What lessons can be drawn from countries such as Cuba and Venezuela, whose people are fighting a life and death struggle for socialism today? Such questions are not addressed in the Action Agenda, nor were they featured in the caucus discussions.

A recent step towards labour power in Canada was the formation in 2006 of a new, progressive part of the left in Quebec, *Québec solidaire*. Although it is not clear whether this new party will continue in a positive direction, the lessons of its first two years nonetheless warrant serious discussion. Unfortunately, members of the party were not in attendance at the CLC convention — or, if they were, their presence was unknown to delegates.

Can workers/unions win political power in Canada?

So what kind of political program is needed today in the labour movement in Canada? Here are some ideas offered in the hope that the discussion begun in Toronto will continue and deepen.

- The CLC and the labour movement need a forceful policy of *international solidarity* that supports trade unions and popular movements fighting for social justice. Unions in

Canada must offer meaningful solidarity to peoples in countries such as Cuba, Venezuela and Bolivia that are fighting for new societies, and to peoples in Haiti, Iraq, Palestine and Afghanistan who are suffering directly the consequences of imperialist war and occupation. The Canadian government and ruling class are a predatory force in the world. For that reason, the union movement should reject the illusion that Canada and its armed forces, as presently constituted, can be a “peacekeeping” force in the world.

- The CLC needs to base its action plan on a strategy of *unity and mass mobilization*. There is a vast, untapped reserve of strength and creativity among the millions of working people (unionized and non-union wage earners, students and youth, farmers, the unemployed, Indigenous peoples etc.) that the unions must find ways to reach and mobilize.
- The sovereignty struggles of Indigenous peoples are growing in importance and must be actively supported by the union movement. The CLC should bring the weight of its affiliates to bear to fight against the criminalization of the Indigenous rights movements by federal and provincial governments.
- Finally, unions and working people need to fight *for a government that will join the worldwide struggle for social justice*.

The New Democratic Party was founded in 1961 for just that purpose. The CLC was at the center of that founding, and it remains central to the party today. But the NDP has never risen above minority status in the federal Parliament. There are two reasons why. The party has a timid and pro-capitalist program that discourages working class participation in politics and rejects mass mobilization as a means to confront capitalist rule. And it has historically opposed the national rights of the Quebec people, making it a minor force in political life in Quebec and condemning it to permanent minority status in the federal Parliament. A wide-ranging discussion on political strategy is required if the labour movement is to transcend the limitations of a simple pro-NDP electoral strategy for political power.

The CLC convention was an important gathering point for ideas and action proposals. The desire for a more combative labour movement, expressed by so many delegates, is a hopeful sign for the future.

Roger Annis was a delegate to the 2008 Canadian Labour Congress convention. His daily reports on the convention can be read at: <http://rogerannis.blogspot.com/>.

See also: “Strike by 5000 B.C. Grocery Workers Narrowly Averted,” published today on the Socialist Voice website

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Is Cuba Done With Equality? — Not So!

By Fred Feldman

Cuba's June 11 announcement of modifications to its wage structure to introduce productivity incentives has aroused a great deal of critical comment among radicals and socialists. The issues are sharply posed in "Of Pay and Productivity: Is Cuba Done With Equality?" an article by Moshe Adler in *Counterpunch*, a radical U.S.-based webzine.

The debate is influenced by misrepresentation by the capitalist media.

Thus, the *New York Times* began its initial report on the new wage incentive by saying this was the first radical change in the Cuban wage structure since 1959, when Castro decreed that all Cuban workers would receive the same wage. This is a complete fantasy. No such decree was ever issued, and there have been many changes in the wage structure as significant as this one.

An Agence France Presse article claimed, "For years the pay for street sweepers and brain surgeons has been separated by just a few dollars a month." An urban legend, pure and simple.

Pro-capitalist course in Cuba?

In contrast to the bourgeois media, Adler is genuinely sorrowful about the sad fate awaiting the Cubans as a result of this wage reform.

As for myself, I have learned to value the opinions of the leaders of revolutionary Cuba who have managed with considerable skill and thoughtfulness overall in a wide variety of challenging situations. As a result the revolution has survived longer than any of this kind in history. So I approach their actions with a certain respect.

Adler begins with a ringing proclamation: "The Communist Party of Cuba ... has just announced that from now on wages in Cuba will not be determined by the government, which kept them nearly equal, but by workers' productivity." Exciting, no? But he doesn't stop there:

"Of course, since it was the Party itself that made this change, ideologically this is as momentous as the fall of the Berlin Wall." Hot puppies!

This proclamation of a world-historic shift is based on a statement that is factually inaccurate.

The Cuban government has not surrendered control of wages to the market, to productivity statistics, or to anything else. The Cuban government proclaimed the new wage incentive for increasing production. If they concluded this was not was called for, they could rescind it tomorrow.

This measure does not abandon government direction in regard to wages and can be modified by the government as and when it thinks best. In almost any capitalist country today, this wage decree by a government would be considered as intolerable micromanagement, not the surrender of all control.

End of equality as social goal?

“That this is an ideological defeat for equality and for communism there can be no doubt,” writes Adler.

Does the measure overturn a condition of near-complete equality which existed up till now? No. Nor does it reverse the long-term course toward equality in Cuba, which continues to advance in some rather important areas such as women’s and gay rights? Again, no.

The issue is complicated by negative references in Cuban economic debates to what is called “equalitarianism.” The term is not new there. It refers to efforts to prioritize the creation of immediate simon-pure equality above everything else that is needful, regardless of the real practical social or economic consequences. This can actually have destructive and demoralizing consequences in a transitional (still far from fully socialist or communist) society.

Che and material incentives

Che Guevara also used the term, in that sense, contrary to the portrayals of him in the capitalist media and sometimes on the left as a simon-pure utopian “equalitarian.”

In a letter to the *Guardian*, Helen Yaffe neatly punctures the myth of wage equality in Cuba, as well as the misrepresentation of Che Guevara that identifies him with this fictional utopia. She points out that the real revolutionary Cuba was different and had to be:

“In reality, there has never been an ‘egalitarian wage system’ (i.e. one where every worker was paid the same): Che Guevara himself devised a new salary scale, introduced in 1964, with 24 different basic wage levels, plus a 15% bonus for over-completion. This scale ... linked wages to qualifications, creating an incentive to training, which was vital given the exodus of professionals and low educational level of Cuba’s workers....

“The new pay regulations were introduced to standardize salary policy across the economy as part of the general implementation of the economic management system operating in army enterprises since 1987. Capped or not, bonus payments in Cuba are awarded for outperforming the national plan in the production of physical goods or services. Your article did not mention the fact that these payments remain capped at 30% of salary for various bureaucrats, technicians and economists — a measure to prevent the emergence of a technocratic elite.

“The new salary incentives — to increase internal production and productivity, particularly in agriculture and exports — reflect Cuba’s push to reduce vulnerability to the global food price crisis, rather than a return to capitalism.”

Cuba is still on road to greater equality. The incentive pay increase need not mark, in and of itself, a radical expansion of the current wage differentiations in the working class, nor make stratification of the working class in particular or the society in general radically wider and more explosive. The trend may well be toward a general increase in wages and living standards, stemming in part from a rise in productivity.

There is no necessary tendency of the wage incentive to divide the working class along hostile lines, as incentives to intensified and more efficient labor can and do entail in the United States.

In Cuba, increased production and relative prosperity has consistently tended to strengthen the oppressed, not the oppressor.

Whether fundamental inequality will deepen or decrease in the next period will depend ultimately on whether the benefits of a rise in productivity, if the Cubans achieve this, are socially shared rather than concentrated in the hands of individuals.

The wage incentive decreed by the Cuban government seems likely to be considerably less stratifying in its effects by far than the tourist industry and remittances from the United States, not to mention the period of “dollarization,” have been. (I leave aside here the significant political advantages of tourism for the Cuban revolution internationally.)

Why workers need material incentives

The purpose of the new incentive is an elementary but perfectly legitimate one — to inspire workers to intensify their labor, take better care of their machines, and so on.

This is an attempt to move the working class, the agricultural workers, and the society as a whole (not just individual model workers) away from the truly demoralizing and corrupting “they pretend to pay us, we pretend to work” mentality. This approach has social roots in the conservative and bureaucratic administration of factories, and became the norm in the former Soviet and East European post-capitalist societies. But it also affects revolutionary societies like Cuba which for long periods have had to grind away at a relatively low subsistence level, which can pass for “equality” when viewed from the outside. To yield to it is to accept the perspective of eternal stagnation.

This present “incentive” is linked organically to the perspective that work can better the conditions of all; that it can make their country stronger relative to the imperialist enemies; and that it will make Cuba a more effective contributor to progress and unification in Latin America.

Have the Cubans become bourgeois economists?

Adler insists that the Cuban leadership has “fallen for the fallacy that the wages in market economies are determined by productivity.” There are two unexamined givens here for the price of one. First, that the wage incentive demonstrates a decision to imitate the methods of “market economies.” Despite Adler’s insistence on the world-shaking significance of the adoption of this wage incentive, no evidence is provided.

The other unexamined given in Adler’s assertion is that the Cuban leaders believe that wages in capitalist societies are determined by productivity. No evidence beyond the mere fact of the wage incentive is presented to support this.

But Raul and other Cuban leaders are quite insistent that they are Marxists. And Marx explained that wages are determined in capitalist societies by the cost of reproduction of labor power (that is, of workers), as affected by such factors as the relationship of forces in the class struggle, and (in imperialist countries) the added flexibility the ruling classes gain by raking in super-profits from around the world.

There is plenty of evidence that the Cuban leaders take Marx’s analysis seriously.

Labor productivity exists and is measurable. (Adler disagrees here; see appendix.) Today in capitalist countries it gets measured in the interests of the capitalists, and workers find the time and motion man standing over their shoulder, looking for ways to squeeze more out of them to enrich the boss.

But after a socialist revolution, the productivity of labor remains a key guideline of how far forward the new society has gone and can go. The increase in the productivity of labor is one of the central material forces for progress.

Cuba's grim future, according to Adler

Adler concludes that the Cuban leaders will probably observe the pay differentials that exist in the West and implement them at home. "What's in store for Cuba is the standard menu that comes with wage inequality, including poor public education but first-rate private schools, insufficient or no health care for the majority but excellent medical care for CEOs and government officials, a substantial increase in the length of the working day, with fewer vacations and job insecurity to boot."

Wow! Talk about how great oaks from little acorns grow! The alleged acorn in this case being the proffering of a modest wage increase to encourage increases in labor productivity. And the great oak being the destruction of public education, the elimination of universal medical care, growing illiteracy, a declining life span for the people, mass poverty and so on! And no need to show *how* any of this comes about, let alone why it *must* come about!

But I think the matter can be presented more accurately in the opposite way. The advanced and still advancing systems of medical care and universal public education in Cuba require a growing productivity of labor. Socialist good will on the part of the leaders or the masses is not enough, and stagnation will not do. If the conditions of the "special period" had gone on indefinitely these revolutionary social institutions would have begun to fray and disintegrate along with the revolution itself. But Cuba survived the special period. Events — particularly in Latin America — have sharply reduced the relative isolation that affected Cuba after the fall of the Soviet bloc, and opened up new prospects and perspectives for the revolution.

It takes more than positive ideals and ethics to create a socialist society. The possibility of a socialist future for the world was opened up in part by the increase in the productivity of labor represented by the creation and rise of the modern working class. And worldwide, further increases in the productivity of labor, oriented in a quite different social direction, are needed if socialism is to be won.

Gorbachev's Soviet Union and Raulista Cuba

Gorbachev took some measures similar to those in Cuba at the beginning of his regime. I didn't find the measures at that initial point wildly objectionable either.

But the context proved to be all-important. The Russian revolution was one in which the forward drive of the workers and peasants as governing classes was decisively pushed back from the mid-1920s to the 1930s. A caste of officials took command of the state, and the party leadership was purged of all revolutionary-minded elements. The noncapitalist state survived with sharp ups and

downs, but beginning in the late 1960s, stagnation and decay became the norm in the government and economy and profound demoralization took hold among the people.

By the time Gorbachev took power, matters had come to a pass where neither moral nor material nor social incentives could move things forward. Could you imagine appealing to the workers to produce more based on ideals or the future of socialism in those years?

In Cuba, however, the revolution is alive, a tribute to the capacities and revolutionary dedication of the leaders as well as the masses. The people are different. The leadership is different. The morale is different. In Cuba, a combination of material, moral, and social and political incentives has the potential to continue the forward motion. In some respects, it was one such combination that brought them through the very difficult “special period” after the collapse of their Soviet bloc allies.

Cuba not turning away from socialism

The Cuban revolution is socialist in the national-class-social character of the revolution, the government, and in the aspirations and goals of much of the population. The nationalization of the factories and other industries and resources has given the people an important weapon for defending and advancing their interests and their perspective. I see no sign that this is being abandoned.

Is Cuba abandoning moral and social incentives? Are the internationalist missions of Cuban doctors, teachers, and others being abandoned? Is there any evidence that Cuban doctors and teachers routinely demand bribes for their services, as happened in the Soviet bloc? Or is Cuba giving up on internationalist support to countries that stand up to imperialism, especially those that undertake progressive social changes as well?

The army, though substantially draftee, remains from all reports highly motivated politically and socially, and internationalist in outlook. The officers and ranks are not concerned only about their own material benefits.

Cuba, though no communist utopia by any means, remains a long, long way from a dog-eat-dog society, including with the new organization of wages.

But Cuba cannot and will not reach socialism under present world circumstances. The revolution must hold the fort and gain more ground as best the Cubans can until more allies and participating countries can be won for the cause. That is the context of these changes, which seem moderate and reasonable to me, and seem to have been greeted favorably by the working people of the country.

Of course, whether these moves will have the desired results is another question. That involves many questions, not least the parlous condition of the world capitalist economy and the fate of the national salvation, anti-imperialist, and social transformations being attempted in a growing number of Latin American countries. Cuba is capable of standing alone for a long time. But things will surely be much better if they are less and less isolated instead.

If the new measures turn out to be flawed or imperfect, well, they can be corrected, adjusted, reversed, or extended — whatever is needed for the preservation of Cuba as a revolutionary state and society in an imperialist-dominated world. I tend to think that the masses can make themselves heard in Cuba through many formal and informal channels (more formal channels would be good, in my opinion). And I am convinced that their leadership has the revolutionary conviction and capacity to correct errors if that proves to be needed.

Fred Feldman, a factory worker who lives in Newark, New Jersey, is a contributing editor of Socialist Voice. He has been an activist, beginning in the U.S. civil rights movement, for 47 years.

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Socialist Voice #259, July 17, 2008

Taking Stock of the Bolivarian Revolution: Changing Venezuela by Taking Power

By Derrick O'Keefe

Gregory Wilpert has pulled off a triumph on two fronts with his new book on the Bolivarian Revolution, *Changing Venezuela by Taking Power* (Verso, 2007). Most obviously, Wilpert's book — in both its scope and (sometimes almost maddening) objectivity — is the most detailed and credible analysis yet published of the Venezuelan revolution, which itself represents, arguably, the single most significant challenge today to the hegemony of global capitalism.

But Wilpert has not just produced a comprehensive look at the social, economic and political transformation that has shaken the foundations of Venezuela over the past decade; he has also delivered a sharp rebuke to one of the trendiest, if dubious, political theories to appear on the academic left in recent years. Wilpert's title is an unsubtle blast at John Holloway's *Changing the World Without Taking Power*, a book that with its theoretical ambition (and pretension) rivals Michael Hardt and Antonio Negri's *Empire* in its attempt to carve out a new radical theoretical manifesto — something that is about the last thing the left needs anyway, but I digress.

Holloway, a British academic who has been amongst the leading chroniclers of the Zapatista movement in the Mexican province of Chiapas — which announced itself dramatically with an armed uprising on January 1, 1994 (the day NAFTA took effect) — makes the case that the left should abandon the field of struggle for state power. In defence of this recommendation, Holloway points to the historic failures of both state socialism(s) and social democratic attempts to transcend or, in the latter's case, even reform capitalism in any meaningful or permanent way. Elevating some of the success of the indigenous resistance in Chiapas to the level of universal prescriptions, Holloway argues that progressive forces should focus only on building autonomous spaces of “anti-power,” organizing on the local level and slowly developing alternatives in every aspect of life and work in order to eventually overwhelm the alienating and violent capitalist system.

Against this theory of abstention at the level of the state, enter the radical and inspiring example of the Venezuelan experience since 1998, where the presence of an aggressively left-wing elected government has helped encourage the growth of community organizing and popular participation. Wilpert gives the basic chronology of the process, which has steadily radicalized as it has beaten back right-wing attempts to overthrow it. Wilpert spends very little time poeticizing against Holloway directly. Instead, he rolls out chapter after chapter spelling out the tremendous scope of change that has taken place since Hugo Chavez was first elected. Wilpert, for instance, examines in detail changes in governance policy which aim to implement the inclusive, participatory democracy outlined in the 1999 Bolivarian constitution, which was ratified by referendum and has become the “little blue book” of the revolution — both studied intensely and carried in pocket-sized form by Chavez's partisans.

Subsequent chapters analyze economic, social and foreign policy. One of the most interesting sections looks at one of the least reported developments in Venezuela: the government's promotion of the "social economy," which "encompasses at least five closely interrelated programs: redistribution of wealth (via land reform programs and social policies), promotion of cooperatives, creation of nuclei of endogenous development, industrial co-management, and social production enterprises."

In fact, between 1998 and 2005, the number of cooperatives in Venezuela 'went from under 1000 to more than 100,000. Here we have the left, precisely because it has captured state power, able to build alternatives to capitalist hegemony. To provocatively use Holloway's term against his argument, "anti-power" in Venezuela can better be built from the bottom-up because the left can promote its spread from the top down.

This contribution alone, and especially Wilpert's attention to detail, would have been enough to recommend *Changing Venezuela By Taking Power*. But Wilpert's coup de grace is that he also serves up utterly unsentimental criticism where appropriate, and an unromantic assessment of the contradictions, dangers and myriad challenges that the Bolivarian Revolution faces. In this, Wilpert does not let his intimacy and his engagement with his subject colour his analysis.

A couple of passages illustrate, for instance, a key Bolivarian contradiction, and show that Wilpert eschews the simplistic "revolution from below/from above" dichotomy that marks so much of the sectarian literature on Venezuela. On the one hand, Wilpert notes the importance of Chavez's "ability to bring together a previously very fragmented movement of progressive civilians and military officers." This charismatic leadership helped galvanize a movement:

"It is thanks to his ability to rally the poor that the poor have broken with their traditional apathy for politics and their pragmatic support for the democratic system of the past ... Their support for democracy is no longer pragmatic, but has become filled with the hope that true democracy can transform the country into a more egalitarian and just one."

But the leader's dynamism also poses risks to the ultimate achievement of political and economic transformation. Although Wilpert notes that the government has taken some measures to minimize the cult of personality around Chavez, the problems of "personalism" are substantial. Wilpert argues:

"[As] long as Chavez does not clarify the difference between uncritical obedience and absolute loyalty, where the latter allows for constructive critique and the former does not, he gives the impression of being indispensable and unquestionable. More than that, it is well known in Venezuela that, all too often, die-hard Chavistas will immediately pigeonhole as 'escualidos' (squalids, as Chavistas like to call opposition supporters) those who are critical of some aspect of Chavez or his government, even if the critic is otherwise a supporter."

The strength of Wilpert's book is precisely this kind of frank, surgical assessment. And while the author clearly thinks his subject is important, he doesn't generalize from the Bolivarian experience a recipe that others must follow. Holloway, in contrast, makes the mistake of

generalizing from the Zapatista experience, of which he is a partisan, sweeping and — in fine post-modern academic form — often semi-indecipherable theoretical conclusions.

Like all people who have organized for radical social change in conservative times, the Venezuelans (along with the Bolivians and others in Latin America) have and will face fierce opposition, both domestically and internationally. The right-wing media outlets in Venezuela itself have been so outrageous — the 2002 coup against Chavez has even been termed the world's "first media coup" due to the overt participation of the private media giants in the toppling of a democratic government — they have caused their readership and credibility to plummet. The prevalent smear jobs and caricatures of Chavez's term in office in the international press have, unfortunately, been considerably more effective.

As publisher of venezuelanalysis.com — by far the best aggregator of English-language news and analysis about politics in Venezuela — Wilpert has been steadily working to expose and counter this misinformation campaign. His book compiles much of this material, while organizing and presenting it in an accessible way.

In Venezuela, the past decade has seen the shattering of the myth of "the end of history" and its demoralizing corollary, "there is no alternative." Today, the alternative(s) to capitalism remains to be found and built, and it is of course up against innumerable obstacles, attacks, false starts and errors. But the Bolivarian Revolution has reminded us all that beyond just being a soothing slogan, it is indeed possible to fight for another, better world. As Wilpert puts it: "Venezuela is recuperating the utopian energies, which became exhausted with the failures of state socialism, of social democracy, and of neo-liberal capitalism, merely by trying a different and as yet relatively unexplored path."

On that vital but difficult path to a world beyond neoliberalism, I can't help but wish that there were more public intellectuals like Gregory Wilpert, seriously engaged with processes of social change and serious about communicating in broadly accessible language. *Changing Venezuela by Taking Power* is a valuable addition to the bookshelves of all those who are trying to make sense of, and change for the better, our unequal world.

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Fidel Castro on the Release of Hostages in Colombia

***Introduction.** On July 2, several hostages who had been held for years by the Revolutionary Armed Forces of Colombia were freed by the Colombian army. In the following articles, Fidel Castro argues that “no revolutionary purpose could justify” the “objectively cruel act” of kidnapping and holding hostages.*

His comments have provoked considerable discussion on the left. Two important contributions to this discussion are available on the Marxmail discussion list:

- *In “Eight Mistaken Thesis of Fidel Castro,” the well-known Marxist academic James Petras rejects Castro’s “unfortunate diatribe and critique against the FARC.”*
- *In “Petras’s Criticisms of Castro,” Joaquin Bustelo highlights key issues of strategy for Latin America that underlie Petras’s differences with the Cuban leadership.*

Fidel’s comments originally appeared in the Cuban newspaper Granma in two parts. The first, written shortly after the hostages’ release, was included with “The true story and the challenge of the Cuban journalists,” published on July 4. The second part, “Pax Romana,” was published on July 6.

The translation is by Socialist Voice, based on the Granma translation.

Granma, July 4, 2008. Yesterday, an important event took place, which will be an issue in coming days. This is the release of Ingrid Betancourt and a group of people held by the FARC, that is, the Revolutionary Armed Forces of Colombia.

On January 10th this year, our ambassador to Venezuela, German Sanchez, following a request of the Venezuelan and Colombian governments, took part in the release of Clara Rojas to the International Red Cross. She had been a candidate for vice President of Colombia when Ingrid Betancourt was running for President and was kidnapped on February 23, 2002. Consuelo Gonzalez, a member of the House of Representatives, kidnapped on September 10, 2001, was released with her.

An era of peace was opening for Colombia. This is a process Cuba has supported for over two decades, as the best way to unity and peace for the peoples of our America, using new approaches in the special and complex circumstances prevailing after the demise of the USSR in the early 1990s — which I won’t try to analyze here — very different from those existing in Cuba, Nicaragua and other countries in the 1950s, 1960s and 1970s of the 20th century.

The bombing of a camp in Ecuadorian soil in the early hours of March 1st, — while Colombian guerrillas and young visitors from different nationalities were sleeping — using Yankee technology; the occupation of the territory, the *coup de grace* on the wounded and the taking of corpses as part of the terrorist plan from the United States government was repudiated the world over.

A Rio Group meeting held in the Dominican Republic on March 7th, strongly condemned these acts, while the US administration applauded.

Manuel Marulanda, a peasant and communist militant, the main leader of that guerrilla movement founded almost half a century ago, was still alive. He passed away on the 26th of that same month.

Ingrid Betancourt, feeble and sick, as well as other captives with serious health problems, could hardly resist much longer.

On elementary humanist grounds, we rejoiced at the news that Ingrid Betancourt, three American citizens and other captives had been released. The civilians should have never been kidnapped, nor should the soldiers have been kept prisoner in the conditions of the jungle. These were objectively cruel actions. No revolutionary purpose could justify it. In time, it will be important to analyse subjective factors in depth.

We won our revolutionary war in Cuba by immediately releasing every prisoner, absolutely unconditionally. The soldiers and officers captured in battle were released to the International Red Cross; we only kept their weapons. No soldier will ever surrender if he thinks he will be killed or subjected to cruel treatment.

We are watching with concern how the imperialists try to capitalize on what happened in Colombia in order to hide and justify their heinous crimes of genocide against other peoples. They want to deflect international attention from their interventionist plans in Venezuela and Bolivia and from the presence of the 4th Fleet in support of the political line that intends to obliterate the independence of the countries located south of the United States, while taking possession of their natural resources.

Granma, July 6, 2008. I have drawn the following facts from statements made by William Brownfield, US ambassador to Colombia, from that country's press and television, from the international press, and other sources. The display of technology and economic resources is impressive.

While Colombia's senior military officers went to great pains to explain that Ingrid Betancourt's rescue had been an entirely Colombian operation, US authorities were saying that "it was the result of years of intense military cooperation of the Colombian and United States' armies."

"The truth is that we have been able to get along as we seldom have in the United States, except with our oldest allies, mostly in NATO," said Brownfield, referring to his country's relationships with the Colombian security forces, which have received over 4 billion USD in military assistance since the year 2000."

"...on various occasions it became necessary for the US Administration to make decisions at the top levels concerning this operation.

"The US spy satellites helped in locating the hostages during a month period starting on May 31st until the rescue action on Wednesday."

“The Colombians installed video surveillance equipment, supplied by the United States. Operated by remote control, these can take close-ups and pan along the rivers which are the only transportation routes through thick forests, said the Colombian and US authorities.”

“US surveillance aircraft intercepted the rebels’ radio and satellite phone talks and used imaging equipment that can break through the forest foliage.”

“The defector will receive a considerable sum of the close to one- hundred-million- dollars reward offered by the government’, stated the Commander General of the Colombian Army.”

On Wednesday, July 1st, the London BBC reported that Cesar Mauricio Velasquez, press secretary at Casa de Nariño (Colombian Government House) had informed that delegates from France and Switzerland had met with Alfonso Cano, chief of the FARC.

According to the BBC, that would be the first contact with international delegates accepted by the new chief after the death of Manuel Marulanda. False information about the meeting of two European envoys with Cano had been released in Bogota.

The deceased leader of the FARC had been born on May 12, 1932, according to his father’s testimony. Marulanda, a poor peasant with liberal views and a supporter of Gaitan, had started his armed resistance 60 years ago. He was a guerrilla before us; he had reacted to the carnage of peasants carried out by the oligarchy.

Much later he joined the Communist Party, which, like every other in Latin America, was under the influence of the Communist Party of the USSR and not of Cuba. They were in solidarity with our Revolution but they were not subordinated to it.

It was drug-traffickers and not the FARC that unleashed terror in that sister nation as part of their feuds over the United States market. They caused powerful bomb blasts and blew up trucks loaded with plastic explosives destroying buildings and injuring or killing countless people.

The Colombian Communist Party never contemplated the idea of conquering power through the armed struggle. The guerrilla movement was a resistance front and not a key instrument for conquering revolutionary power, as it had been the case in Cuba. In 1993, the 8th FARC Conference decided to break ranks with the Communist Party. Its leader, Manuel Marulanda, took over the leadership of that Party’s guerrillas which had always excelled in their narrow sectarianism when admitting combatants as well as in their strong and compartmentalized methods of command.

Marulanda, a man with a remarkable natural talent and a gift for leadership, did not have the opportunity to study when he was young. It is said that he had only completed the 5th grade of grammar school. He conceived a long and extended struggle. I disagreed with this perspective, but I never had the chance to talk with him.

The FARC gained considerable strength, assembling more than 10 thousand combatants. Many had been born during the war and knew nothing else. Other leftist organizations rivalled the

FARC in the struggle. At the same time, Colombian territory had become the largest source of cocaine production in the world: extreme violence, kidnappings, taxes and demands from the drug producers became widespread.

The paramilitary forces, armed by the oligarchy, basically drew from the great number of men enlisted in the country's armed forces who were discharged from duty every year without secure jobs. This created in Colombia a very complex situation in which the only way out was real peace, although, like many other goals humanity has set itself, that was remote and difficult. For three decades, Cuba has advocated that option for that nation.

While our journalists meeting in their 8th Congress debated on the new information technology and the principles and ethics of social communicators, I meditated on these developments.

I have expressed, very clearly, our position in favor of peace in Colombia, but, we are neither in favor of foreign military intervention nor of the policy of force that the United States intends to impose at all costs on that long-suffering and industrious people.

I have honestly and strongly criticized the objectively cruel methods of kidnapping and retaining prisoners under the conditions of the jungle. But I am not suggesting that anyone laid down their arms, since no one who did so in the last 50 years survived to see peace. If I dare suggest anything to the FARC guerrillas, it would simply be that they declare, by any means possible to the International Red Cross, their willingness to release the hostages and prisoners they are still holding, without any precondition. I do not pretend that they listen to me; it is simply my duty to say what I think. Anything else would only reward disloyalty and treason.

I will never support the *pax romana* that the empire is trying to impose on Latin America.

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Bolivia's Movement Towards Socialism Prepares for Recall Referendums

By Federico Fuentes

With the victory of an unlikely opposition candidate in the June 29 election for prefect (governor) of Chuquisaca, the number of opposition-controlled prefectures increased to seven out of nine. The result came as the right-wing opposition plots the extension of its regionalized resistance against Bolivia's first indigenous president, Evo Morales.

Sabina Cuellar — a former peasant leader, indigenous woman, graduate of the government's literacy program and former constituent assembly delegate for the governing party, Movement Towards Socialism (MAS) — will replace evangelical pastor and former MAS prefect David Sanchez.

Sanchez is now living in exile in Peru after resigning earlier this year following violent clashes between urban mestizo (mixed blood) sectors and indigenous peasants in the department's capital, Sucre.

Racist attacks against indigenous constituent assembly delegates meeting in Sucre to draft a new constitution for the country forced the assembly to reconvene, without the presence of opposition delegates, in a military compound where they finally approved the controversial document in December last year. The draft still awaits popular approval at the polls.

Heading an anti-Morales alliance that campaigned in favour of greater regional autonomy, Cuellar won with 55% of the vote; the MAS candidate obtained 41%. Although in the city of Sucre, Cuellar won 71% to 24%, in the rural area the vote was the reverse, 33% to 64%.

Pro-autonomy prefect

Not long after winning the vote, Cuellar publicly refused to meet with Morales, stating she would push for a vote on autonomy in Chuquisaca.

In the 2006 national autonomy referendum, Chuquisaca voted overwhelmingly against autonomy, with 62% voting "No". However, the pro-autonomy forces hope that the new situation can consolidate Chuquisaca as part of the pro-autonomy bloc of departments.

Cuellar's victory comes as the national MAS government gears up for the August 10 recall referendums on the president, vice-president and remaining eight prefects. Still uncertain is the date for the vote on the new constitution, aimed at institutionalizing the government's indigenous and national-popular project. The central plank of this project is the inclusion of Bolivia's historically excluded indigenous majority within a "plurinational" state, and greater state control over natural resources.

However, strong resistance from the right-wing elites threatens to slow down, if not halt, the progress of MAS's self-proclaimed "democratic and cultural revolution".

Since May 4, the four departments that make up the opposition-controlled “half moon” in the east — Santa Cruz, Tarija, Pando and Beni — have organised referendums on autonomy statutes, deemed unconstitutional by the government and National Electoral Court.

While the opposition have claimed overwhelming victories, with “Yes” votes of 70-85%, the national government has been quick to highlight the abstention rates of 35-45%, in the context of threats and violent attacks against opponents of the autonomy push.

The proposed “autonomy” statutes are aimed at undermining the power of the central state by handing over enormous power to the prefectures — including control over natural resources and distribution of land titles.

The push has been driven by the elites tied to large agribusiness and gas transnationals located in Santa Cruz (origin of 30% of Bolivia’s GDP and over 50% of tax revenue, and home to 47.6% of foreign investment in the country). These elites have gradually been displaced from national power as indigenous, peasant, worker and social movements have surged forward, overthrown presidents and united behind MAS’s national project for change.

Retreating to their trenches in the east, where they continue to maintain a strong political, social and cultural hegemony, the elites have been able to mobilize significant sections of the population in the half moon through a discourse that combines railing against “La Paz centralism”, promoting long-held sentiments of “crucenista identity”, and outright racism.

When the sensitive issue of where Bolivia’s capital should be located was brought up in the constituent assembly, the eastern-based opposition was quick to stoke controversy about the issue in order to gain influence in yet another department. While Sucre is the historic capital of Bolivia, all the state powers were shifted to La Paz following the 1899 Federal War between conservative forces based in the south and liberals in the west around La Paz.

The hope that returning the political capital to Sucre could help fuel development and employment mobilized important sectors of the city, particularly students and middle class. This led to violent clashes, as peasant MAS supporters marched on Sucre to defend the government and assembly.

Two economic models

Following Cuellar’s victory, the prefects of the half moon, organized through the National Democratic Coordinator (CONALDE), announced they would reverse their June 23 decision to oppose the recall referendums on the president, vice-president and remaining prefects.

The Senate, controlled by the opposition party Podemos, after allowing MAS’s law on holding the referendums to gather dust for over four months, approved the law in May. This move surprised the pro-autonomy forces and raised excitement in the presidential palace about the prospects of removing at least two opposition prefects, with a further two in serious jeopardy.

Speaking in Santa Cruz on July 17, Morales said that what was at stake in the August 10 referendums was more than just who would be president or prefect. “Here there are two economic models at play, two economic programs: neoliberalism or the process of change. That

is what is in discussion”, he stated as he handed over funds for the implementation of 21 potable water projects in the department worth US\$1.8 billion.

Counting on a solid voting base of some 90% in the Chapare coca region, 70% in El Alto, similar proportions in the countryside, and a base vote of 30% in Santa Cruz, the government is pretty sure it will match its 53.7% vote obtained in the 2005 presidential elections.

However, the vote in Chuquisaca reflects the growing tensions between the MAS government and urban middle-class mestizo sectors, many of whom voted for Morales with the hope of returning stability to the country.

It also reveals the advances made by the right in pushing back MAS’s drive for national hegemony.

To counter this, MAS has been working to shore up some fragile alliances built since 2005, particularly with the Movement of those Without Fear (MSM), grouped around La Paz mayor Juan Del Granado and made up of middle-class professionals and intellectuals.

International attacks

Meanwhile, tensions between the government and Washington have been rising, as more information comes out regarding the funding of opposition groups in Bolivia via the US Agency for International Development (USAID).

Last month, Washington recalled its ambassador to Bolivia following massive protests outside the US embassy, which the US accused Morales of inciting.

The protests were over the decision to give asylum in the US to former minister of defence Carlos Sanchez Berzain, known as the “minister of death” for his role in brutal repression that left some 70 people dead during an October 2003 uprising that overthrew President Gonzalo Sanchez de Lozada.

The Bolivian government has requested the extradition of both men to face trial over their roles in the massacre.

Attacks have also come from transnationals. The government faces legal challenges from Telecom Italia following the May 1 nationalization of its subsidiary Entel, which controlled 80% of the long-distance market and 70% of the country’s mobile telephone services.

The move was the latest in a wave of nationalizations in strategic sectors such as gas, telecommunications and railways.

In response, Bolivia seized some \$49 million transferred by Telecom Italia from Entel to a British bank. It is also seeking to seize another \$31 million transferred to a US bank prior to the carrier’s nationalization, because of the company’s failure to meet investment commitments and to pay its \$645 million debt to the state in fines and back taxes.

Bolivia has refused to allow the World Bank to arbitrate the dispute, citing the fact that it withdrew from the World Bank’s International Centre for Settlement of Investment Disputes last year.

The nationalization of Bolivia's largest tin smelter has also been challenged by its former owner, Glencore, with which the government is also in discussions regarding two other mines.

In June, to deal with these conflicts, Morales created a new ministerial post to defend the country from attacks against its nationalization policies.

On July 14, Bolivian gas minister Carlos Villegas announced that Venezuela would spend \$883 million to boost Bolivian oil and natural gas output by 2013 — nearly 50% more than it originally promised its Andean ally.

AP reported that “about three-quarters of the Venezuelan money will finance exploration and production at southern Bolivian fields run by Petroandina, a joint enterprise between Bolivia's and Venezuela's state oil companies”.

On July 17, at a public rally with Morales in Santa Cruz, Brazilian President Inácio “Lula” da Silva and Venezuelan President Hugo Chávez announced that they would contribute loans of \$230 million and \$300 million respectively to aid integration of the departments of La Paz, Beni and Pando through constructing highways.

Earlier in the day, clashes involving police, the opposition and government supporters occurred as Morales arrived in the city.

Extremist youth opposition groups have vowed to not allow Morales to campaign in the east over the three weeks leading up to the referendum.

Federico Fuentes is a Latin America correspondent for Green Left Weekly. He also edits Bolivia Rising, a major source of information, analysis and opinion on events in Bolivia.

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Palestine in the Middle East: Opposing Neoliberalism and US Power

By Adam Hanieh

Over the last six months, the Palestinian economy has been radically transformed under a new plan drawn up by the Palestinian Authority (PA) called the Palestinian Reform and Development Plan (PRDP). Developed in close collaboration with institutions such as the World Bank and the British Department for International Development (DFID), the PRDP is currently being implemented in the West Bank where the Abu Mazen-led PA has effective control. It embraces the fundamental precepts of neoliberalism: a private sector-driven economic strategy in which the aim is to attract foreign investment and reduce public spending to a minimum.

Understanding the logic of this economic framework is critical to assessing the current juncture of the Palestinian struggle. The neoliberal vision underpinning these policies is a central corollary to the political direction promoted by the Israeli government, the Palestinian Authority (PA) and their US and European Union (EU) supporters. The aim, as the first part of this article explains, is to formalize a truncated network of Palestinian-controlled cantons and associated industrial zones, dependent upon the Israeli occupation, and through which a pool of cheap Palestinian labour is exploited by Israeli, Palestinian and other regional capitalist groups. The evolving institutional framework for the Palestinian economy not only incorporates the Israeli occupation into the way “development” is conceived, but also acts to foster the culpability of Palestinian political and economic elites for how these structures operate.

Such an analysis, however, is only part of the story. This article argues that these changes in the West Bank and Gaza Strip cannot be fully understood without an appreciation of the regional framework of the Middle East. Over the last two decades, and particularly accelerating under the Bush administration, the US has pursued a policy of integrating its bases of support in the region within a single, neoliberal economic zone tied to the US through a series of bilateral trade agreements. This vision is aimed at promoting the free flow of capital and goods (but not necessarily labour) throughout the Middle East region. The region’s markets will be dominated by US imports, while cheap labour, concentrated in economic “free” zones owned by regional and international capital, will manufacture low-cost exports destined for markets in the US, EU, Israel and the Gulf.

A central component of this vision is the normalization and integration of Israel into the Middle East. The US envisions a Middle East resting upon Israeli capital in the West and Gulf capital in the East, underpinning a low wage, neoliberal zone that spans the region. What this means is that Israel’s historic destruction of Palestinian national rights must be accepted and blessed by all states in the region. In the place of real Palestinian self-determination (first and foremost the right of return of refugees), a nominal artificial state will be established in the dependent islands of territory across the West Bank and Gaza Strip. This goal is an essential prerequisite of US

strategy in the region. Our political activities must be informed by this understanding if we are to successfully build effective solidarity movements to confront and turn back this project.

Neoliberalism in Palestine: The Reform and Development Plan

On 17 December 2007, at a one-day conference in Paris, over 90 international representatives from various countries and donor organizations gathered to pledge their support to the Palestinian Authority government headed by President Mahmoud Abbas (Abu Mazen) and Prime Minister Salam Fayyad. The conference was the largest of its kind since 1996, and was chaired by the French and Norwegian governments, the European Commission and Tony Blair (the latter as representative of the Middle East Quartet — the US, Russia, the EU and the UN, established in 2002 to oversee the “peace process”). Following speeches by various EU member states, the Palestinian Authority, the International Monetary Fund, and the Israeli government, attendees at the conference pledged over US\$7.7 billion to the PA.

The main impetus for this conference was an attempt to garner financial support for a new PA economic strategy called the *Palestinian Reform and Development Plan for 2008-2010* (PRDP). Based upon a detailed series of proposals written by the World Bank and other international financial institutions, the broad outlines of the PRDP were first presented in November 2007. Since that time it has become the guiding framework for economic policy, particularly in the West Bank areas where the Abu Mazen-led PA has effective control.

The first thing to note about the PRDP is that the heavy hand of the World Bank, the International Monetary Fund and other neoliberal institutions such as the British Department for International Development (DFID) can be clearly seen in its policy recommendations and outlook. The argument behind the PRDP is explicitly neoliberal, calling on the PA to undertake a series of fiscal reforms in order to foster an “enabling environment for the private sector” as the “engine of sustainable economic growth.” Palestinian grassroots organizations have gone so far as to describe neoliberal financial institutions as “a de facto ‘shadow government’ in the West Bank, dictating the development programme of the Salam Fayyad government.”[1]

What does the PRDP actually mean for Palestinians on the ground? As the name suggests, there are two main policy components to the PRDP: “reform” and “development.” The reform component commits the PA to a program of fiscal tightening that exceeds measures imposed by the IMF and World Bank on any other state in the region. There are three key elements to this program.

First, in probably the harshest attack on any public sector in the Middle East in recent history, the PA has committed to cut 21% of jobs in the public sector workforce by 2010. Nearly 40,000 people will lose their jobs through this mass layoff.[2]

Second, the PA has pledged not to increase any public sector salaries over the next three years. In an environment of very high levels of inflation (11% in the year to March 2008) and rapidly rising food and energy prices, this wage freeze is a recipe for disaster for the average person in the West Bank and Gaza Strip.

Finally, a further key component of the PRDP is the requirement that citizens present a “certificate of payment” of utility bills in order to receive any municipal or government services. This measure will have a dramatic impact on the poor, as the subsidization of electricity and water bills (i.e. allowing these services to continue despite the non-payment of bills) was a central means of survival for millions of people in an environment of rapidly spiraling poverty levels. This new measure means that applications by individuals for various services — including requests for ID cards, car licenses, building permits etc — will be denied if these debts are outstanding. Public sector employees will have utility debts docked from their salaries.

International financial institutions place such a high priority on the PRDP that virtually all donor support to the Palestinian Authority — including the \$7.7 billion earmarked at the Paris Conference — is contingent on its implementation. To ensure this compliance, a new bank account called the PRDP Trust Fund has been established through which international support to the PA will flow. This account is headquartered in Washington D.C. and managed by the World Bank. The Bank has explicitly stated that disbursements through this account are based upon “assessment of the progress of implementation of the PRDP.”[3]

A ‘Culture of Entitlement’?

For a full comprehension of the impact of the PRDP measures, they need to be placed in the context of the existing economic situation in the West Bank and Gaza Strip (WB/GS). During the period 1999-2007, Palestinian GDP per capita declined by approximately two-thirds and personal savings were wiped out as a result of Israeli attacks on Palestinian areas. These are the worst levels of poverty ever witnessed: around three-quarters of households in Gaza and well over half in the West Bank now live in poverty.[4]

In addition, over the last 15 years there has been a significant shift in the structure of the Palestinian labour force that further compounds the effect of these policies. Israel has reduced its reliance on Palestinian labour in areas such as construction and agriculture, replacing these workers with migrant labour from regions such as Asia and Eastern Europe. As a result, employment by the PA has become a key means of survival for Palestinians in the WB/GS. Around one out of every five Palestinian workers in the West Bank and Gaza Strip is employed by the PA in sectors such as education, health, security, and municipal affairs. In an environment of increasingly high dependency ratios (an average of 5.3 people were dependent on each employed person in 2007), nearly 1 million people rely upon wages garnered from public sector employment.[5]

On 5 February 2008, soon after the announcement of the PRDP fiscal measures, public sector workers launched a strike. In addition to protesting the wage cuts and the “certificate of payment”, workers called for an increase in the “travel expenses” component of their salaries because of rising costs of travel (a result of Israeli military checkpoints and fuel price increases).[6]

The strike was largely unsuccessful, however, in turning back implementation of the PRDP. One of the main reasons for this is the fact that public sector workers in the West Bank (and their trade union representatives) are traditionally tied to Fatah, the ruling party that dominates the

Palestinian Authority and is responsible for the PRDP. Because of this relationship, strikes and other labour actions tend to be curtailed in the name of political expediency.[7]

Nevertheless, the strike did indicate the widening chasm between the Palestinian Authority's neoliberal trajectory and its ever-weakening claim to national liberation. One of the starkest indications of this was the language employed by the PA leadership in reference to the PRDP's proposed "certificate of payment." Repeatedly throughout the strike, prominent PA representatives took to condemning public sector workers and the poor for their supposed "culture of non-payment" and "sense of entitlement."

In fact, the Palestinian population in the WB/GS has no control over basic services such as water, electricity and telephone access. As a result of the system of control established by Israel in these areas, all of these utilities are supplied by Israeli companies through Palestinian interlocutors. The bill a customer receives for electricity may be written in Arabic, but the service is ultimately sourced from an Israeli company (with the exception of a small amount of electricity generated in the Gaza Strip).

Because of this relationship, the PRDP "certificate of payment" essentially means that the PA has taken on the role of debt collector for Israeli companies, choosing to target the poorest layers of the community in order to sustain the structures of occupation. Even worse, the neoliberal language adopted by the PA blames millions of people living under never-before seen conditions of poverty for attempting to find ways to survive.

South African activist Salim Vally has recently noted that neoliberal municipal governments in South Africa use the same language of a "culture of entitlement" to describe the failure of poor township residents to pay new user-fees. Indeed, in a striking confirmation of the similar trends at play in both countries, Vally reveals that a few years ago, officials from the South African Cape Town municipal government awarded a visiting Palestinian delegation (including chief PA negotiator Saeb Erekat), a supply of pre-paid water meters as part of the drive to encourage the imposition of user fees. The PA has pledged to install these types of meters as part of the PRDP.[8]

By gutting one fifth of the labour force, imposing a wage freeze as prices skyrocket, and compelling the poor to immediately pay millions of dollars in debt, the PRDP will have a savage and unparalleled impact on the population. These neoliberal measures will undoubtedly open significant fissures within the different political forces and social movements over the coming period. But key to any effective response is an understanding that the PRDP is not solely a deliberate attempt to impoverish the population. Rather, it aims at complementing the second component of the PRDP: its particular model of "development."

'Development' and the Industrial Zone Model

Alongside the fiscal measures discussed above, the PRDP promotes a series of development projects that have been heavily backed by the US, EU and the Israeli government. An essential precondition of this development model is a large pool of desperate, impoverished Palestinian workers, who are willing to accept the jobs envisaged under this type of development. This is the intersection between the "reform" and "development" components of the PRDP.

The PRDP development model aims at utilizing cheap Palestinian labour in industrial zones and parks, located at the edges of the patchwork of Palestinian territories in the West Bank. Under this vision, Israeli, Palestinian and regional capital will cooperate (under the banner of “peace”) within these industrial zones to take advantage of very low Palestinian relative wage costs. While some of this production will involve traditional low value-added sectors such as textiles, some zones will focus on complementing high tech sectors of the Israeli economy where a well-educated Palestinian labour force can offer low-wage alternatives. The goods produced will be exported to the US, the EU and the Gulf states. The Palestinian Authority will play the role of policing the several million-strong reserve army of labour locked behind the walls and checkpoints of the Palestinian territories. In return, the PA leadership will wield the trappings of a state, obtain for itself the privileges to travel and move freely, and earn a stake in the profits that flow from the zones.

The first stage in this scheme focuses on the West Bank where the government of Abu Mazen and Salam Fayyad wields power and is able to implement this vision with the support of Israel. A series of industrial zones are planned for areas near Jenin, Nablus and Tarqumiya (near Hebron). Although the exact details of these zones have been kept under wraps, institutions involved claim that the initial phase is expected to directly employ around 40,000 workers with a similar number of jobs created “indirectly” outside the zones.[9] If these plans come to fruition they will have a major impact on the structure of Palestinian labour in the West Bank: just under 20% of jobs in the West Bank will be tied in some way to these industrial zones.

Inside these zones, Palestinian and Israeli labour laws, wage levels, environmental regulations, or other workplace conditions will not apply. Movement in and out of the areas will be controlled by the Israeli military and Palestinian security forces. Presumably, if Israel’s typical pattern of movement control applies, workers will need to pass stringent security checks in order to obtain necessary work permits. In this way, the ability to work becomes dependent upon complying with Israeli military orders (over 11,000 Palestinians are currently held as political prisoners for violating these military orders). The main trade union body in the West Bank and Gaza Strip, the Palestinian General Federation of Trade Unions (PGFTU), has not been given the right to represent workers in the industrial zones.

Plans for the Tarqumiya zone would appear to confirm this prognosis. Turkey will be the major partner and financier of factories in the zone and will control internal security. The PA and Israel will control external security from their respective sides. Turkish sources expect around 200 factories to be established in the zone, employing around 10,000 Palestinians. Turkish business representatives explicitly note that in a global environment of low-cost Chinese goods, zones such as Tarqumiya will assist the relocation of Turkish industry across the region to take advantage of cheap labour. The goods produced in the zone will be exported to the US, EU and the Gulf states.[10]

In addition to the exploitation of cheap labour, these zones serve to normalize and legitimate the existing structures of the occupation. A clear example of this is shown by the case of the Jenin Industrial Estate (JIE). The land for the JIE has twice been confiscated from Palestinian farmers: in 1998, when the PA first mooted the idea for the industrial zone, and again in 2003, when the

Israeli military confiscated the land as part of the Apartheid Wall “buffer-zone.”[11] Indeed, in a striking example of how this model of development is integrated with the structures of the occupation, the Wall will form the northern border of the JIE.

The centrality of the industrial zone “development” model to the US, Israel and the PA was confirmed at the end of March 2008 during a visit of US Secretary of State Condoleeza Rice to the region. On 30 March, at a meeting convened between Rice, Israeli Defence Minister Ehud Barak, and PA Prime Minister Salam Fayyad in Jerusalem, the establishment of industrial zones was a major topic of discussion. At the meeting, Israel agreed to facilitate the establishment of Tarqumiya and presented it as a “confidence building” measure. The Tarqumiya project has also been heavily promoted by Quartet Representative Tony Blair as one of the four so-called “Quick Impact” projects tied to the implementation of the PRDP.

The May ‘Palestine Investment Conference’

As the March meeting between Rice, Barak and Fayyad indicated, the construction of zones such as Tarqumiya and the JIE is a high priority of current political negotiations. Another component of the tripartite meeting was a discussion of how Israel would help to facilitate a “Palestine Investment Conference”, convened in Bethlehem from 21-23 May. This conference unquestionably confirmed the neoliberal trajectory of the Palestinian Authority and the integration of the Israeli military occupation into its development model.

Over 1000 delegates attended the conference, including all of the key figures in the Palestinian Authority (Abu Mazen, Salam Fayyad and other key ministers were present).[12] It brought together the wealthiest Palestinian capitalists from outside the country (particularly North America and Europe) as well as regional Arab capital groups from Jordan, the Gulf and elsewhere. The conference was sponsored by the main Palestinian business groups active in the West Bank and Gaza (including the Arab Bank, Bank of Palestine, Paltel, Consolidated Contractors Company, Arab Palestinian Investment Company); large foreign capital (CISCO, Intel, Coca Cola, Marriott Hotels, Booz Allen Hamilton); and US and European governmental organizations (USAID, DFID, and the French Development Agency).

The main aim of the conference was to showcase the neoliberal attacks on the public sector implemented by the PA under the PRDP, holding these up as “good for business” and an attractive reason to invest in Palestinian areas. In addition to the industrial zones discussed above, several projects were promoted throughout the conference that aimed at bringing together Arab and Israeli capital in joint investments. Israeli business people were encouraged to attend, although this fact was not widely publicized due to the opposition of the Palestinian public to these types of joint projects.

One of the projects highlighted during the conference was the “Corridor for Peace and Prosperity” (CPP), which aims to create an agro-industrial zone in the fertile areas of the Jordan Valley. For centuries the Jordan Valley has been a key agricultural area for Palestinian farmers in the West Bank. But following the occupation of the area in 1967, the Israeli military proceeded to evict many of these farmers, confiscate land, and establish Israeli settlements (first as military-agricultural settlements and then as Israeli agribusiness and civilian settlements). By controlling

water, access routes and other resources, the land essentially became an Israeli military zone although scattered Palestinian villages remained in the area.

The CPP is intended to establish a free trade agricultural zone in the area that will turn the small-scale Palestinian farmers into day-labourers and sub-contractors to large agro-industry controlled by Israeli and regional capital.[13] In other words, not only does the CPP consent to the occupation and expropriation of land that has taken place over the last 40 years in the Jordan Valley, it actually aims to integrate this occupation into the project itself. The agricultural produce grown as part of the CPP will do nothing to alleviate concerns of food security in the area: the produce is intended for export to Israel and the Gulf states.

One final indication of the relationship between the structures of occupation and the neoliberal development model was the support given by the Israeli military to the conference itself. While everyday residents of Bethlehem are unable to move without elaborate security procedures, special colored ID cards and dedicated checkpoints, conference attendees entered the country and were granted the right to travel without harassment or any security checks at Israeli borders. Despite the fact that over 200 Palestinians in the Gaza Strip have died in the last year due to the Israeli-imposed siege and inability to travel for urgent medical treatment, Israeli authorities permitted Gazan businessmen to attend the conference. A sign erected by the Israeli military at the entrance to Bethlehem welcomed people to the conference. The sign was written in Arabic, Hebrew and English and was emblazoned with the logos of the Israeli military occupation.

It should be stressed that the conference did not pass without strong opposition from grassroots forces within the West Bank and Gaza Strip. A statement put out by the Boycott, Divestment and Sanctions National Committee, and endorsed by a wide array of political forces, stated:

“Economic and social development in Palestine is crucial, and it is imperative that we should take . . . steps to improve the current economic and political situation. However, despite the ongoing national and international conferences designed to bring together the national efforts and resources; and despite the support of international solidarity, we believe that the economic conference that will be held in Bethlehem over the next few days, with the attendance of official and non-official Israeli representatives, has . . . serious political implications that cannot be ignored.... The proposed projects take as their starting point Israeli participation in decision-making, and Israeli control over their legal status... [they] are designed to meet the economic demands of the Israeli administration, not those of the Palestinian people.... These are not the development projects we want or need. What we require is a national Palestinian conference with Arab and international support for strengthening Palestinian steadfastness and as a step toward ending the dependency on the occupation and its economy.”[14]

In sum, the PRDP fiscal measures and their allied development projects will in no way contribute to ending the Israeli occupation of the West Bank and Gaza Strip. In reality, these measures will only act to strengthen that occupation by conferring on it the supposed legitimacy and blessing of the Palestinian Authority leadership. The vast majority of the population in these areas will find their living conditions worsened as a direct result of these plans. But while the PRDP and events such as the Investment Conference stand as a damning indictment of the trajectory of the

Palestinian Authority, the forces driving this type of neoliberal vision do not simply result from corruption, infighting, or mistaken strategic choices. Rather, they are embedded within the overall US-led economic reconfiguration of the Middle East.

Neoliberalism, the ‘New Middle East’ and Palestine

In the late 1960s, with the definitive collapse of British and French colonialism in the Middle East, the US rose to become the dominant imperial power within the region. Because of the presence of oil, the Middle East became critically important to the overall construction of US hegemony in the global order. Control of the region’s resources functioned simultaneously to secure a vital commodity, provide a source of profits, and coerce rival powers within the global marketplace. In the last 30 years, the region — particularly the states of the Gulf Cooperation Council (GCC) — has taken on an increasingly important role as a source of flows of surplus capital — and hence overall power — within the global financial order.

US policy towards the region is driven by these factors. Because the Middle East is a vital nexus of overall US power in the global economy, it needs to develop a political framework that will sustain and maintain its influence in the region. This political framework (otherwise known as US “foreign policy”) is worked out through the daily debates, struggles and experiences of US capital and its representatives in governments, boardrooms and think-tanks. Despite the real and important differences that continually arise, a broad consensus has emerged throughout the last four decades over how to exert and maintain influence in the region. This consensus rests upon three key pillars.

First, as elsewhere around the world, the US relies upon corrupt governments and narrow elites that are dependent upon it for military and economic survival. We can see this most clearly in the case of Jordan and Egypt — two key US allies in the region. These governments cooperate closely with the US in matters of regional security and economic ties as well as the global “war on terror.” They have extensive networks of secret police, and their prisons are filled with individuals who have been tortured in close cooperation with the CIA and other bodies. Their economies are wide open to foreign investment and neoliberalism has held sway for years.

Secondly, in addition to these client regimes, the US power rests upon the countries brought together through the regional integration project — the Gulf Cooperation Council. The GCC was established in 1981 between Saudi Arabia, Bahrain, Kuwait, Oman, Qatar and the United Arab Emirates. As a regional integration project, the GCC resembles the European Union, aiming to create a single economic zone covering the six member states with uniform laws and economic policies, a common central bank, and a single currency by 2010. The GCC countries are particularly dependable allies of the US. Their heavy reliance on migrant workers means that they differ from states such as Iraq, Iran, Egypt and elsewhere where strong indigenous working class movements present a potential threat. The GCC is also a key outpost for the US military in the region. In 2003, the U.S. military moved its Centcom forward headquarters, the unified command center for operations in 27 countries, to Qatar. By 2005, according to a US congressional report, over 100,000 U.S military personnel were located in Gulf states (not

including the approximately 150,000 in Iraq or security personnel operating under private firms).[15]

Finally, and most importantly, the third key prop to US power in the region is the Israeli state. Since the 1967 war, Israel has played a key role in defending US interests in the region. It is the weapon that the US uses when it wants to crush popular movements but is unable to invade directly. There are many examples of this — beginning in 1967 and continuing throughout the 1970s, Israeli military attacks and assassinations crippled leftwing and Arab nationalist movements throughout the region that were threatening client regimes. During the 1980s, Israel was used to crush Palestinian and progressive forces in Lebanon. Further afield, Israel has promoted US foreign policy objectives across the globe. It was a key political, military and economic supporter of Apartheid South Africa and in the peak years of boycott and sanctions was the conduit for South African goods into Europe (one of the reasons for Israel's central position in the world diamond trade). In South and Central America, Israeli weapons and training were used to arm and equip the military dictatorships during the 1980s.

Since the early 1990s, within the context of a generally more favorable global geopolitical environment, the US has attempted to reshape the relationship between these three pillars of support in order to better consolidate its power and influence. The underlying goal of this policy is to tie these three pillars together in a single neoliberal economic zone (dubbed the “New Middle East” by Condoleeza Rice in 2006). It is very important to understand this strategy: it is key to the regional environment in which the politics of the region are unfolding today, as well as the specific forces driving economic plans such as the PRDP.

The New Middle East and MEFTA

The central thrust of the “New Middle East” strategy is the deepening of neoliberal economic policies — such as privatization, free trade agreements, cutting-back of public sectors, opening to foreign investment, removal of state subsidies, and so on — throughout all states in the region. Over the last decade, cajoled by international financial institutions such as the World Bank and IMF and supported by regional bodies such as the Arab Monetary Fund and the Arab Business Council, virtually all governments in the region have embraced these policies.

The neoliberal turn is indicated by the rapid wave of privatization across the Middle East: factories, airlines, postal services, hospitals, banks, electricity and water plants, have been transferred into private hands. Most importantly, from the perspective of US and other foreign capital, the opening of the region's oil and gas fields (and the downstream sectors of the petrochemical industry) promises a generational reversal in ownership structures. The most dramatic example of this is found of course in Iraq, where the government recently agreed to the return of the four largest Western oil companies (the same four companies which controlled Iraqi oil from the 1920s until nationalization in 1972). Despite the uniqueness of the Iraqi occupation this is not an isolated example; elsewhere in the Gulf foreign oil companies are also winning access to oil and gas resources that have been off-limits for decades. In 2003, for example, foreign oil companies were given access to explore for gas in Saudi Arabia for the first time in three decades.

Neoliberal policies have also meant the removal of subsidies on basic items such as food, fuel, electricity, water, and rent. This is often mandated by the World Bank and IMF in return for loans and other aid. As early as 1991, a World Bank loan to Jordan was conditional on the doubling of the price of electricity and an increase in the price of water by 140%. And this year in Egypt, where 22% of the population lives below the poverty line of \$1 a day, and with food prices having more than doubled over the past year, the government lifted subsidies on fuel prices leading to a more than 40% increase overnight.

The most far-reaching aspect of neoliberalism in the region, however, is the implementation of bilateral Free Trade Agreements (FTAs). The US has signed FTAs with individual countries including Bahrain, Oman, Egypt, Jordan, Israel, and Morocco. These FTAs commit the countries in question to open their markets to US companies and prevent them from controlling import policies (such as privileging local companies or hindering the flow of foreign capital into the region). In doing so, they inevitably mean the destruction of local industries and, most importantly, the inability of countries to extend state services and public spending designed to help the poor (as this would be considered “discriminatory”).

There is an additional development of FTAs in the region that is essential to understand: the Middle East Free Trade Area (MEFTA). Announced by the US in mid-2003, the goal of MEFTA is a single, free trade area across the Middle East by 2013. The logic behind MEFTA is explicitly neoliberal: maximum wealth, happiness and prosperity will be achieved by removing all barriers to exports and capital flows into and within the region, treating foreign capital on a par with domestic capital, adopting widespread privatization programs, allowing foreign ownership, and reducing state expenditure on social services.

In June 2003, then-US Trade Representative Robert Zoellick gave a speech to the World Economic Forum in Jordan where he clearly outlined these principles as the basis of the MEFTA plan. Zoellick’s speech blamed poverty, unemployment and terrorism on Arab “autarky” and “failed socialist” models. He argued that if economies liberalized and opened to foreign capital within a regional trading bloc then these problems would be solved. According to Zoellick, the goal of the US “is to assist nations that are ready to embrace economic liberty and the rule of law, integrate into the global trading system, and bring their economies into the modern era.”[16]

The US strategy was to negotiate individually with “friendly” countries in the region using a graduated 6-step process eventually leading to a full-fledged FTA between the US and the country in question. These individual FTAs would then be linked over time until the entire Middle East came under US trading influence. In essence, the logic driving MEFTA is an economic free trade zone across the whole region, anchored by Israeli capital in the west and Gulf capital in the east, and each tied in turn to the US economy in the advanced capitalist core. This is what Condoleeza Rice means by the “New Middle East.”

Normalization with Israel

Paramount to achieving this vision is the economic and political integration of Israel into the region. It is very important to understand this point: “normalization” (as it is called by the Palestinian and Arab left) is the *sine qua non* of MEFTA and the neoliberal vision for the region.

A rejection of normalization has long formed a dividing line between progressive forces in the region and those governments and leaders willing to collaborate with Israel and US imperialism. The basic contention behind the rejection is that Israel should not be considered a “normal” country in the region as long as it refuses to recognize the explicitly colonial nature of Zionism and denies the right of Palestinians to return and their right to self-determination.

The US insistence on economic and political normalization of Arab state relations with Israel is nothing new. The linkage of this objective with neoliberal policies, however, came to the surface during the 1990s with the Oslo Accords. As Oslo unfolded, the US and other world powers sponsored a series of four consecutive summits, known as the Middle East and North Africa (MENA) Economic Summits, first held in Morocco in 1994. The Jordanian government was not shy about promoting MENA’s goal of normalization, with its Foreign Ministry openly noting that the summits are “intended to create economic interdependencies between Arab states and Israel, promote personal contacts between the two sides and foster trade, investment and development.”[17]

With the onset of the Palestinian uprising in late 2000 and the apparent breakdown of negotiations between Israel and the PA, discussion of a trend toward normalization of relations with Israel may appear mistaken. Yet away from the public spotlight, the economic and political ties between Israel and Arab governments continue to deepen. The essential link between neoliberalism and normalization is illustrated by the bilateral FTA agreements. Each of the agreements between the US and countries in the region contains a clause that commits the country in question to normalization with Israel and forbids any boycott of trade relations.

Perhaps the most revealing confirmation of the way in which normalization has become integrated into the neoliberal project is the establishment of the so-called Qualified Industrial Zones (QIZ) in Jordan and Egypt. These zones came about as a result of economic agreements between the US, Israel, Jordan and Egypt. Their establishment contained the extraordinary provision that goods produced in these industrial areas can gain duty-free status to the US provided that a certain proportion of inputs are Israeli.

Most of these QIZs contain textile factories that act as subcontractors for large US capital such as Walmart, GAP and other clothing chains. The factories themselves are owned by regional and international capital, predominantly from the United Arab Emirates, Israel, China, Taiwan, and Korea. Although it is difficult to accurately determine the size of the QIZ workforce, it is estimated that in Jordan they employ over 40,000 workers, most of whom are migrant labourers from Bangladesh, Sri Lanka and other South Asian countries. The conditions in which they work are horrific and rarely tackled by Arab leftists and trade unions. No labor laws apply and workers are prevented from joining unions. Pay is as low as 2 cents an hour, with 72-hour shifts reported. Workers are regularly beaten, sexually assaulted, and forced to live in extremely overcrowded and filthy conditions. They must pay their own way to reach the Middle East and their passports are confiscated from them on arrival.[18]

These QIZs have come to dominate bilateral trade between the US and Jordan (and to a lesser extent, Egypt). By 2007, the US government was reporting that exports from the 13 QIZs

established in Jordan accounted for an astonishing 70% of total Jordanian exports to the US.[19] Egypt launched its first QIZ in 2004 and now has a total of four of these areas. By 2006, the proportion of Egyptian exports to the US produced in QIZs had reached 26% of total exports.

These zones are constructed to weld Israeli and Arab capital together, integrating them with the US market and the American empire, in the joint exploitation of cheap labour. No clearer depiction can be found for how the US envisions the New Middle East.

Destroying Popular Unity

A corollary of this US-inspired vision of a single neoliberal economic zone linking Israeli and Middle East capital is the sustained attempt to fracture and break apart the forms of political unity and social resistance, both national and regional, that stand opposed to this outcome. US foreign policy in the Middle East is pre-occupied with isolating and then breaking any forces that stand opposed to its vision.

For this reason, US military intervention in the region must be understood as a necessary complement to neoliberal “peace.” With the American occupation in Iraq, and the threats and attempts to destabilize and attack Iran, Syria, and Lebanon, the US supports and cultivates those social forces that it hopes will act as subserviently towards its interests in the region, and pursue normalization with Israel, as have the Jordanian and Egyptian governments. The most important factor in US policy is to limit capacities for countries in the region to exert independent control over economic or foreign policy. In this sense, regardless of the regimes in place (and we should not forget that countries like Iran and Syria have their own dungeons filled with political prisoners), the national interests of these countries inevitably clash with the forms of rule that the US attempts to impose on the region.

In the case of Palestine, this fracturing of national unity of the resistance is pivotal to the success of the neoliberal project in the region. Because of the intimate relationship between normalization with Israel and the US vision for a single neoliberal economic zone stretching across the Middle East, the Palestinian struggle holds a central position within the broader regional anti-imperialist struggle. The fact that, sixty years on, Palestinians have refused to accept their expulsion in 1947-1948 and continue to demand the right to return and live on their land is a potent threat not just to the racist character of the Israeli state but also to the nature of US power in the region. This is why it is impossible for any progressive movement to develop in the region that is not centrally concerned and linked with the Palestinian struggle. All popular struggles across the region are soon intertwined with the question of Palestine.

This also means that successful regional struggles against the imposition of neoliberalism act to strengthen the Palestinian struggle. Recent strikes and worker demonstrations in the Egyptian town of Mahalla are one example of this. Mahalla is home to the largest textile factory in the Middle East (with a labor force of 27,000 workers) and is also the location of one of Egypt’s QIZs. For two years, these workers have been at the center of one of the largest strike waves in the Middle East, culminating most recently in an attempted strike on 6 April 2008 that was met with bloody repression by the Egyptian government. During these actions, demonstrating workers carried placards denouncing Egyptian President Hosni Mubarak’s close links to the

IMF, the US government, and the process of normalization with Israel. These strikes thus need to be understood not only in their narrow economic sense of improving wages and conditions in Egyptian factories, but also through the way that they inevitably confront the nature of the Egyptian regime and its role in the configuration of US power in the Middle East.

This is the same context in which the PRDP and the actions of the Palestinian Authority must be situated. Since the beginning of the Israeli occupation of the West Bank and Gaza Strip in 1967, Israel has aimed at truncating the Palestinian population in those areas into isolated population centers divided from one another by Israeli settlements, bypass roads, and military installations. These pockets of territory — aptly described as Bantustans by many analysts in reference to the black “homelands” developed under Apartheid South Africa — would be given the trappings of autonomy. But in reality they would be nothing more than open-air prisons. In place of direct Israeli military rule over the Palestinian population in these areas, a quiescent Palestinian leadership would mediate Israeli control. As with all prisons, real control would remain with those who hold the keys: i.e. the Israeli occupying forces that continue to regulate the entrance of all goods, people and services.

The Oslo process was designed to formalize the establishment of these Palestinian Bantustans and to confer the blessing of the “international community” on a subservient PA. Although this intention was disrupted by the beginning of the popular Palestinian uprising in September 2000, it is painfully obvious to anyone who cares to look at a map of the West Bank and Gaza Strip that these Bantustans have taken on a very real existence with the final contours of the Apartheid Wall encircling villages and towns in the West Bank. An elaborate scheme of checkpoints, ID cards and permits completely regulates entrance into and out of these areas of people and goods.

We can see the reality of this system of control in the case of Gaza, which can perhaps best be understood as a test case for the West Bank. Because the Hamas-led government in the Gaza Strip has not accepted the vision of Bantustanization or normalization, Israel has chosen to simply lock 1.5 million people within an open-air prison and attempt to starve them into submission. The Palestinian Authority, despite some lip service to the unity of the West Bank and Gaza Strip, has generally acquiesced to this siege. Indeed, in a striking example of how the PA leadership has effortlessly come to adopt the language of Israel, a key PRDP document states that blame for the siege on Gaza should be laid at the feet of Hamas,[20] ignoring the fact that Israel’s closure of the Strip and separation from the West Bank is not a new phenomenon, but has been evolving since 1989 as part of a clear strategy to fracture territory.

Palestinian and other regional capitals are fully integrated into this project through joint economic schemes such as the industrial zones outlined above. These forces directly benefit from the Bantustan arrangements and will be granted some controlled economic spaces in which to accumulate. As the Palestine Investment Conference attests, they will not be subject to the same restrictions on their movement as the average Palestinian. Blessed with the appellation “peace” by the “international community”, this solution will be heralded as the “Palestinian state.”

In reality, the truncated patchwork of territories and industrial zones has nothing to do with self-determination. Within this evolving map, the West Bank becomes the gateway for Israel into the

broader Middle East hinterland. The massive highways running east-west across the West Bank, which connect Israeli cities on the Mediterranean with settlements in the Jordan Valley, are clearly designed for much more than local traffic: they are intended to function as conduits for trade between Israel and the Gulf (through Jordan and the West Bank). The success of MEFTA, and the parallel normalization of Israel into a neoliberal Middle East, is predicated on the successful completion of this process.

Conclusion

Activists and supporters of the Palestinian struggle spend much time documenting and conveying to a broader audience the horrific conditions faced by the Palestinian population in the West Bank and Gaza Strip. The litany of abuses faced by the people of Gaza under the siege, the ongoing construction of settlements and the Apartheid Wall in the West Bank, the ways in which movement and daily life are regulated by Israeli military orders, and the ever-growing levels of poverty are all meticulously catalogued.

These facts are essential to explaining the depth and scope of Israeli control over Palestine. For those who have not had the opportunity of living under or witnessing these conditions first-hand, the routinization of misery that is the reality of everyday life in Palestine needs to be conveyed.

Yet an appeal for solidarity based on these ever-present human rights abuses does not go far enough. Palestinians are not victims but a people in struggle. This struggle goes beyond the borders of the West Bank and Gaza Strip: it is a central component of a broader regional fight. It is impossible to understand events in any country of the Middle East today without situating the national context within the single, coherent and unified offensive that the US and other imperialist states are waging against the peoples of the region. It is not merely the depth of suffering or length of exile that makes the Palestinian struggle an imperative of international solidarity in the current period. It is also the central location of the struggle within the broader context of global resistance to imperialism and neoliberalism.

At the heart of this regional framework is the intrinsic relationship between the development of neoliberal capitalism in the Middle East and normalization of relations with Israel. All of the efforts of the US and their client regimes in the region are aimed at promoting these inter-related themes. It is not accidental that the key discussions at the regional meetings convened between Rice, representatives of the Quartet, and other international figures revolve around ways of encouraging joint projects between Israeli and regional capital, including Palestinian capitalists. This is why the bilateral US FTA agreements centrally insist upon normalization with Israel, and why such an enormous effort has been extended in schemes such as the Qualified Industrial Zones.

Solidarity activists can play a key role in rejecting and preventing this process of normalization. While this has long been a demand of the Palestinian and Arab left, the call has gained a renewed urgency following Bush's announcement of the MEFTA plan in 2003. In 2005, Palestinian grassroots organizations called for a global movement of boycott, divestment and sanctions (BDS) against the Israeli state in the manner of the campaign against South African

apartheid.[21] Since that time, student groups, municipalities, artists, and labour unions around the world have passed BDS resolutions in support of the 2005 call.

This movement is critical to the overall struggle in the region. International solidarity is not a question of charity or helping out the “misfortunate.” It is fundamentally a question of siding with and supporting people in struggle. The BDS call reinforces and strengthens those regional forces that refuse to normalize with occupation and apartheid in Palestine. It is aimed at severing the international support — ideological, economic and military — that enables the Israeli form of apartheid to continue.

The effort to de-legitimize and turn back normalization with the Israeli state is, moreover, not just an act of solidarity with the Palestinian struggle. It is also an indispensable element in supporting other peoples of the region, whether in the struggle against the US-led occupation of Iraq, attempts to prevent military action against Iran, or numerous other popular movements across the Middle East. But most fundamentally — because of the region’s central role in underpinning global US hegemony — what happens in the Middle East has implications for all. Confronting the neoliberal policies of immiseration and “race-to-the-bottom” competition that have brought such catastrophe to the vast majority of the world’s people depends critically on our future success.

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Notes

[1] Stop the Wall, “National BDS Steering Committee: Bethlehem investment conference: development or normalization”, at <http://stopthewall.org/analysisandfeatures/1657.shtml>.

[2] The PA attempts to obfuscate this mass layoff by claiming that those losing their jobs were not “legally appointed”. Regardless of the hiring procedures, this will have an enormous impact on those relying upon this employment for survival. See Palestinian National Authority, “Building a Palestinian State: Towards peace and prosperity,” p.14, <http://www.imeu.net/engine/uploads/pna-full-report.pdf>.

[3] World Bank, Trust Fund Details – as of June 2008, <http://web.worldbank.org>.

[4] Karen Laub, “IMF: Palestinian Reform Plan Doable”, Associated Press, 11 December 2007.

[5] Statistics on labour force and dependency ratios available from Palestinian Central Bureau of Statistics, at www.pcbs.gov.ps.

[6] Amira Hass, “Democratic Suspicion”, *Haaretz*, 6 February 2008.

[7] A similar dynamic was revealed during the last significant strike over 10 years ago, when Palestinian teachers sought to win higher wage levels. This 1997 strike was initiated and led by a grassroots committee of teachers who bypassed the traditional union structures allied to Fatah. It was met with severe repression that saw dozens of teachers arrested by the Palestinian Authority. Industrial action by teachers continued off and on until 2000, when the onset of the Palestinian uprising ended organizing attempts in the name of “national unity”.

[8] Salim Vally, “From South Africa to Palestine: Lessons for the New Anti-Apartheid Movement,” *Left Turn Magazine*, <http://www.leftturn.org/?q=node/1099>.

[9] See the Palestinian Industrial Estates and Free Zones Authority, <http://www.piefza.org>.

[10] Guven Sak, "The Challenge of Developing the Private Sector in the Middle East," The Economic Policy Research Foundation of Turkey, May 2, 2008.

[11] Stop the Wall, "Development or normalization? A critique of West Bank development approaches and projects", at www.stopthewall.org.

[12] See the conference website at <http://www.pic-palestine.ps%20for> the conference attendees, press coverage, and presentations.

[13] See "Development or normalization?", op. cit., for a full critique of this project

[14] Stop the Wall, "National BDS Steering Committee: Bethlehem investment conference: development or normalization", <http://www.stopthewall.org/analysisandfeatures/1657.shtml>.

[15] Kenneth Katzman, "The Persian Gulf States: Issues for U.S. Policy", 2006, Washington D.C: Congressional Research Service The Library of Congress, p.10.

[16] Robert B. Zoellick, "Global Trade and the Middle East: Reawakening a Vibrant Past", Remarks at the World Economic Forum Amman, Jordan June 23, 2003, at usinfo.state.gov.

[17] Hashemite Kingdom of Jordan, Foreign Ministry, Middle East and North African Summits, at http://www.mfa.gov.jo/pages.php?menu_id=70.

[18] See the May 2006 report by the National Labor Committee, "U.S.-Jordan Free Trade Agreement Descends into Human Trafficking and Involuntary Servitude" for a detailed examination of these conditions in Jordan.

[19] Office of the United States Trade Representative, *2007 Trade Policy Agenda*, Section III, p.5.

[20] "Building a Palestinian State", p. 4.

[21] See <http://stopthewall.org/worldwideactivism/968.shtml>.

Socialist Voice #263, July 27, 2008

If Socialism Fails: The Spectre of 21st Century Barbarism

By Ian Angus

From the first day it appeared online, *Climate and Capitalism's* masthead has carried the slogan “Ecosocialism or Barbarism: there is no third way.” We’ve been quite clear that ecosocialism is not a new theory or brand of socialism — it is socialism with Marx’s important insights on ecology restored, socialism committed to the fight against ecological destruction. But why do we say that the alternative to ecosocialism is *barbarism*?

Marxists have used the word “barbarism” in various ways, but most often to describe actions or social conditions that are grossly inhumane, brutal, and violent. It is not a word we use lightly, because it implies not just bad behaviour but violations of the most important norms of human solidarity and civilized life. [1]

The slogan “Socialism or Barbarism” originated with the great German revolutionary socialist leader Rosa Luxemburg, who repeatedly raised it during World War I. It was a profound concept, one that has become ever more relevant as the years have passed.

Rosa Luxemburg spent her entire adult life organizing and educating the working class to fight for socialism. She was convinced that if socialism didn’t triumph, capitalism would become ever more barbaric, wiping out centuries of gains in civilization. In a major 1915 antiwar polemic, she referred to Friedrich Engels’ view that society must advance to socialism or revert to barbarism and then asked, “What does a ‘reversion to barbarism’ mean at the present stage of European civilization?”

She gave two related answers.

In the long run, she said, a continuation of capitalism would lead to the literal collapse of civilized society and the coming of a new Dark Age, similar to Europe after the fall of the Roman Empire: “The collapse of all civilization as in ancient Rome, depopulation, desolation, degeneration — a great cemetery.” (*The Junius Pamphlet*) [2]

By saying this, Rosa Luxemburg was reminding the revolutionary left that socialism is not inevitable, that if the socialist movement failed, capitalism might destroy modern civilization, leaving behind a much poorer and much harsher world. That wasn’t a new concept – it has been part of Marxist thought from its very beginning. In 1848, in *The Communist Manifesto*, Karl Marx and Friedrich Engels wrote:

“The history of all hitherto existing society is the history of class struggles. ... that each time ended, either in the revolutionary reconstitution of society at large, or in the common ruin of the contending classes.”

In Luxemburg’s words: “Humanity is facing the alternative: Dissolution and downfall in capitalist anarchy, or regeneration through the social revolution.” (*A Call to the Workers of the World*)

Capitalism's Two Faces

But Luxemburg, again following the example of Marx and Engels, also used the term “barbarism” another way, to contrast capitalism’s loudly proclaimed noble ideals with its actual practice of torture, starvation, murder and war.

Marx many times described the two-sided nature of capitalist “progress.” In 1853, writing about British rule in India, he described the “profound hypocrisy and inherent barbarism of bourgeois civilization [that] lies unveiled before our eyes, turning from its home, where it assumes respectable forms, to the colonies, where it goes naked.”

Capitalist progress, he said, resembled a “hideous, pagan idol, who would not drink the nectar but from the skulls of the slain.” (*The Future Results of British Rule in India*)

Similarly, in a speech to radical workers in London in 1856, he said:

“On the one hand, there have started into life industrial and scientific forces, which no epoch of the former human history had ever suspected. On the other hand, there exist symptoms of decay, far surpassing the horrors recorded of the latter times of the Roman Empire.” (Speech at the Anniversary of the People’s Paper)

Immense improvements to the human condition have been made under capitalism — in health, culture, philosophy, literature, music and more. But capitalism has also led to starvation, destitution, mass violence, torture and even genocide — all on an unprecedented scale. As capitalism has expanded and aged, the barbarous side of its nature has come ever more to the fore.

Bourgeois society, which came to power promising equality, democracy, and human rights, has never had any compunction about throwing those ideals overboard to expand and protect its wealth and profits. That’s the view of barbarism that Rosa Luxemburg was primarily concerned about during World War I. She wrote:

“Shamed, dishonoured, wading in blood and dripping in filth, this capitalist society stands. Not as we usually see it, playing the roles of peace and righteousness, of order, of philosophy, of ethics — as a roaring beast, as an orgy of anarchy, as pestilential breath, devastating culture and humanity — so it appears in all its hideous nakedness ...

“A look around us at this moment shows what the regression of bourgeois society into barbarism means. This world war is a regression into barbarism.” (The Junius Pamphlet)

For Luxemburg, barbarism wasn’t a future possibility. It was the present reality of imperialism, a reality that was destined to get much worse if socialism failed to stop it. Tragically, she was proven correct. The defeat of the German revolutions of 1919 to 1923, coupled with the isolation and degeneration of the Russian Revolution, opened the way to a century of genocide and constant war.

In 1933, Leon Trotsky described the rise of fascism as “capitalist society ... puking up undigested barbarism.” (*What is National Socialism?*)

Later he wrote: “The delay of the socialist revolution engenders the indubitable phenomena of barbarism — chronic unemployment, pauperization of the petty bourgeoisie, fascism, finally wars of extermination which do not open up any new road.” (*In Defense of Marxism*)

More than 250 million people, most of them civilians, were killed in the wars of extermination and mass atrocities of the 20th Century. The 21st century continues that record: in less than eight years over three million people have died in wars in Iraq, Afghanistan and elsewhere in the Third World, and at least 700,000 have died in “natural” disasters.

As Luxemburg and Trotsky warned, barbarism is already upon us. Only mass action can stop barbarism from advancing, and only socialism can definitively defeat it. Their call to action is even more important today, when capitalism has added massive ecological destruction, primarily affecting the poor, to the wars and other horrors of the 20th Century.

21st Century Barbarism

That view has been expressed repeatedly and forcefully by Venezuelan president Hugo Chavez. Speaking in Vienna in May 2006, he referred explicitly to Luxemburg’s words:

“The choice before humanity is socialism or barbarism. ... When Rosa Luxemburg made this statement, she was speaking of a relatively distant future. But now the situation of the world is so bad that the threat to the human race is not in the future, but now.” [3]

A few months earlier, in Caracas, he argued that capitalism’s destruction of the environment gives particular urgency to the fight against barbarism today:

“I was remembering Karl Marx and Rosa Luxemburg and the phrase that each one of them, in their particular time and context put forward; the dilemma ‘socialism or barbarism.’ ...

“I believe it is time that we take up with courage and clarity a political, social, collective and ideological offensive across the world — a real offensive that permits us to move progressively, over the next years, the next decades, leaving behind the perverse, destructive, destroyer, capitalist model and go forward in constructing the socialist model to avoid barbarism and beyond that the annihilation of life on this planet.

“I believe this idea has a strong connection with reality. I don’t think we have much time. Fidel Castro said in one of his speeches I read not so long ago, “tomorrow could be too late, let’s do now what we need to do.” I don’t believe that this is an exaggeration. The environment is suffering damage that could be irreversible — global warming, the greenhouse effect, the melting of the polar ice caps, the rising sea level, hurricanes — with terrible social occurrences that will shake life on this planet.” [4]

Chavez and the revolutionary Bolivarian movement in Venezuela have proudly raised the banner of 21st Century Socialism to describe their goals. As these comments show, they are also raising a warning flag, that the alternative to socialism is *21st Century Barbarism* — the barbarism of the previous century amplified and intensified by ecological crisis.

Climate Change and ‘Barbarization’

The Intergovernmental Panel on Climate Change (IPCC) has been studying and reporting on climate change for two decades. Recently the Vice-Chair of the IPCC, Professor Mohan Munasinghe, gave a lecture at Cambridge University that described “a dystopic possible future world in which social problems are made much worse by the environmental consequences of rising greenhouse gas emissions.”

He said: “Climate change is, or could be, the additional factor which will exacerbate the existing problems of poverty, environmental degradation, social polarisation and terrorism and it could lead to a very chaotic situation.”

“Barbarization,” Munasinghe said, is already underway. We face “a situation where the rich live in enclaves, protected, and the poor live outside in unsustainable conditions.” [5]

A common criticism of the IPCC is that its reports are too conservative, that they understate how fast climate change is occurring and how disastrous the effects may be. So when the Vice-Chair of the IPCC says that “barbarization” is already happening, no one should suggest that it’s an exaggeration.

The Present Reality of Barbarism

The idea of 21st Century Barbarism may seem farfetched. Even with food and fuel inflation, growing unemployment and housing crises, many working people in the advanced capitalist countries still enjoy a considerable degree of comfort and security.

But outside the protected enclaves of the global north, the reality of “barbarization” is all too evident.

- 2.5 billion people, nearly half of the world’s population, survive on less than two dollars a day.
- Over 850 million people are chronically undernourished and three times that many frequently go hungry.
- Every hour of every day, 180 children die of hunger and 1200 die of preventable diseases.
- Over half a million women die every year from complications of pregnancy and childbirth. 99% of them are in the global south.
- Over a billion people live in vast urban slums, without sanitation, sufficient living space, or durable housing.
- 1.3 billion people have no safe water. 3 million die of water-related diseases every year.

The United Nations *Human Development Report 2007-2008* warns that unmitigated climate change will lock the world’s poorest countries and their poorest citizens in a downward spiral, leaving hundreds of millions facing malnutrition, water scarcity, ecological threats, and a loss of livelihoods. [6]

In UNDP Administrator Kemal Dervi's words: "Ultimately, climate change is a threat to humanity as a whole. But it is the poor, a constituency with no responsibility for the ecological debt we are running up, who face the immediate and most severe human costs." [7]

Among the 21st Century threats identified by the *Human Development Report*:

- The breakdown of agricultural systems as a result of increased exposure to drought, rising temperatures, and more erratic rainfall, leaving up to 600 million more people facing malnutrition.
- An additional 1.8 billion people facing water stress by 2080, with large areas of South Asia and northern China facing a grave ecological crisis as a result of glacial retreat and changed rainfall patterns.
- Displacement through flooding and tropical storm activity of up to 332 million people in coastal and low-lying areas. Over 70 million Bangladeshis, 22 million Vietnamese, and six million Egyptians could be affected by global warming-related flooding.
- Expanding health risks, including up to 400 million more people facing the risk of malaria.

To these we can add the certainty that at least 100 million people will be added to the ranks of the permanently hungry *this year* as a result of food price inflation.

In the UN report, former South African Archbishop Desmond Tutu echoes Munasinghe's prediction of protected enclaves for the rich within a world of ecological destruction:

"While the citizens of the rich world are protected from harm, the poor, the vulnerable and the hungry are exposed to the harsh reality of climate change in their everyday lives.... We are drifting into a world of 'adaptation apartheid'."

As capitalism continues with business as usual, climate change is fast expanding the gap between rich and poor between and within nations, and imposing unparalleled suffering on those least able to protect themselves. That is the reality of 21st Century Barbarism.

No society that *permits* that to happen can be called civilized. No social order that *causes* it to happen deserves to survive.

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Footnotes

[1] In "Empire of Barbarism" (*Monthly Review*, December 2004), John Bellamy Foster and Brett Clark provide an excellent account of the evolution of the word "barbarism" and its present-day implications.

The best discussion of Rosa Luxemburg's use of the word is in Norman Geras, *The Legacy of Rosa Luxemburg* (NLB 1976), which unfortunately is out of print.

[2] The works of Marx, Engels, Luxemburg and Trotsky that are quoted in this article can be found online in the Marxists Internet Archive.

[3] Hands Off Venezuela, May 13, 2006

[4] *Green Left Weekly*, August 31, 2005

[5] “Expert warns climate change will lead to ‘barbarisation’” *Guardian*, May 15, 2008

[6] United Nations Development Program, *Human Development Report 2007/2008*

[7] “Climate change threatens unprecedented human development reversals.” UNDP News Release, Nov. 27, 2007

Socialist Voice #264, July 30, 2008

Latin America's Struggle for Integration and Independence

By Federico Fuentes.

Commenting on how much the two had in common — same age, three children, similar music tastes — Ecuadorian President Rafael Correa said to Mexican President Felipe Calderon on April 11 that “perhaps we represent the new generation of leaders in Latin America.”

He added, however, that one difference still remained: Calderon had still not become a socialist. “Being right wing is out of fashion in Latin America ... Join us, you are always welcome.”

The election of Fernando Lugo as Paraguayan president seems to confirm the idea of a new fashion for presidents. The former priest joins the ranks of current Latin American presidents that includes two women (Cristina Fernandez de Kirchner in Argentina and Michelle Bachelet in Chile), an indigenous person (Evo Morales in Bolivia), a former militant trade unionist (Lula da Silva in Brazil), a radically minded economist (Rafael Correa in Ecuador), a doctor (Tabaré Vázquez in Uruguay), a former guerrilla fighter (Daniel Ortega in Nicaragua) and a former rebel soldier (Hugo Chávez in Venezuela).

“Each day the peoples of Latin America and the Caribbean are electing presidents that look like our peoples and, it's not just that we look like them, we are the people, we come from the people!” Chávez stated on July 19 in Nicaragua, in a speech to mark the anniversary of the 1979 Revolution that overthrew the US-backed Somoza dictatorship.

He was standing next to Ortega — the first Central American president to join the current trend — who had been a central leader of the 1979 revolution and elected president in 1984. Although that revolution was defeated by US-backed counter-revolutionary forces that carried out a violent campaign of terror, and a war-weary population elected a pro-US government in 1990, Ortega was again elected president in 2006.

There is a good chance that El Salvador could join the trend, with the left-wing Farabundo Martí National Liberation Front — which waged an armed struggle against the US-backed dictatorship during the '80s — ahead in polls for elections early next year.

This phenomenon of electing governments with progressive credentials of one sort or another, along with the rise of militant anti-neoliberal social movements throughout South America, has led many political commentators to talk about a rising “pink tide” — a general swing to the left.

Rejecting neoliberalism

But in order to understand the dynamics in Latin America today, it is necessary to go beyond broad sweeping statements, just as it is not enough to simply analyze these governments through the prism of national politics.

While US intervention in Latin America is increasing in different forms in a desperate attempt to retake the initiative in the region, the drive towards South American unity continues to push back imperialism.

This is occurring despite some US successes, and with tensions between competing tendencies among South American governments becoming increasingly visible.

There are two phenomena that increasingly complicate the situation. On the one hand, a rise in conflicts such as between Colombia and Venezuela as well as within Bolivia. On the other, growing social polarization, as in Argentina, Uruguay and Peru.

Since the late 1990s indigenous, peasant and worker-led social movements have succeeded in getting rid of an increasing number of corrupt, pro-US neoliberal regimes via the streets, turning the US's traditional backyard into one big headache for Washington.

Leaving aside the ongoing example of revolutionary Cuba, at the turn of the century only the Chávez government could be pointed to in the region as willing to buck US-imposed dictates.

The deepening of Venezuela's Bolivarian revolution over the next few years, in which the mass of the poor confronted and pushed back the capitalists' offensive against the government, helped win Chávez the sympathy of millions across the region. This included, for example, the Mothers of the Disappeared in Argentina, who campaign for justice for victims of Argentina's military dictatorship and who initially rejected Chávez because of his military background.

Five years after Chávez's 1998 election, while governments had tumbled through popular insurrections in Ecuador and Argentina, only Lula in Brazil had joined Chávez as an ally at regional presidential summits.

Lula was an historic leader of the Workers' Party, which during the '90s had been a symbol of hope for much of the left in the region and internationally. But by the time of his election, many had become disillusioned with his increasingly right-wing trajectory — confirmed by his government's policies since.

Brazilian social movements subsequently went into a period of decline.

A further five years on, the Latin American political map has radically changed, with old and new left and mass-based parties winning elections on the back of the massive discontent with policies that only enrich the mostly foreign multinational corporations and the traditional parties that implemented them.

To openly run on a platform of neoliberal policies, worse still on the ticket of a traditional party, meant humiliating defeat for presidential candidates in country after country.

In the 2005 Bolivian elections, for instance, all of the traditional parties either polled below 10% or did not present presidential candidates. Morales was elected Bolivia's first ever indigenous president with a historic 53.7% of the vote.

Regional convergence, US decline

At the 2005 Summit of the Americas in Mar del Plata in Argentina, the US-initiated pro-corporate Free Trade Area of the Americas (FTAA) was decisively defeated through a combination of mass opposition across the region and the refusal of Venezuela, Brazil, Argentina, Uruguay and Paraguay to back down inside the meeting.

US President George Bush reportedly turned to his Argentine counterpart at the summit's end and said: "I am a bit surprised. Something happened here that I hadn't envisaged."

The arrival of new political leaders within the different South American trading blocs — such as the Market of the South (Mercosur) and the Community of Andean Nations (CAN) — began to impact on these institutions that had operated in a neoliberal framework.

In many cases, they have become arenas for regular denunciation of US hegemony and support for greater regional integration — although often without a lot to show in the way of concrete steps forward.

In May, the Union of South American Nations (Unasur) was formed involving 12 countries. As a bloc, it represents the fifth-largest GDP in the world (US\$973.6 billion), is the biggest producer of food and has hydrocarbon reserves to last 100 years.

The formation of Unasur marks a continuation of the dynamic towards regional integration — continuing in the political sphere the process expressed in the economic sphere by the defeat of the FTAA.

Its importance is even more apparent when considered in the context of the counter-offensive launched by Washington since 2005. Using both the carrot and the stick, the US has been furiously working to turn back the pink tide, as evidenced by the continual "tours" by high level US government officials, including several by Bush.

This has included working to sign up countries to individual Free Trade Agreements (FTAs) to circumvent its defeat on a continental scale, offering large agribusiness big incentives through the diabolical plan to turn food into biofuels, and intensifying the propaganda campaign against Chávez as the most radical and consistent South American leader pushing liberation from imperialism. The US have accused Chávez of involvement in terrorism, narcotrafficking and the trafficking of children. Former US defence secretary Donald Rumsfeld even compared him to Hitler.

The US have scored some partial victories. Colombia and Peru's decision to sign FTAs with Washington resulted in Venezuela's decision to leave CAN, while Brazil and Paraguay have yet to vote to accept Venezuela as a full member of Mercosur.

Competing currents

However, the decision to form Unasur confirms that the underlying dynamic of convergence continues to gain ground. At the same time, tensions between the different tendencies demonstrate the real challenges in continuing to move forward.

The first thing to note is the right-wing, openly pro-US regimes that still remain — the Colombian government of Álvaro Uribe and Peruvian government of Alan García. Both governments are part of Unasur, but do not hide their opposition to the process and continue to align themselves with Washington.

With the gravitational pull too strong for them to not jump on board, they continue to seek ways to undermine the process and do US imperialism's dirty work.

Clear evidence of this was the difficulty in staging the meeting for the official founding of Unasur, originally scheduled to be held in Colombia last year. Venezuelan foreign minister Nicolas Maduro noted on January 19 that these delays "had to do with attempts to make sure that Unasur did not advance.

"These projects," he added, "always face obstacles from those who do not believe in the union of South America because they continue to think that the future of the continent is in being vassals to the interests of North American power."

Although the official founding was later scheduled for March 28-29, a further postponement was needed in the aftermath of Colombia's illegal March 1 bombing on Ecuadorian soil.

The Bolivarian alternative

On the other extreme is the proposal for an anti-corporate integration project that places cooperation and human solidarity at its centre.

This is spearheaded by Venezuela and Cuba and takes embryonic form in the Bolivarian Alternative for the Americas (ALBA), a trading bloc that groups together Venezuela, Cuba, Bolivia and Nicaragua. While Ecuador has yet to join, it falls within the same camp.

Dominica has also joined ALBA for its own reasons, but does not fall within the same anti-imperialist camp.

The economic motor of this unity process has been Venezuelan oil. Having wrested control of its oil industry, PDVSA, from pro-US elites, Venezuela has put the massive wealth it generates to attempting to tackle the needs of the poor — resulting in a significant reduction of poverty rates. The oil wealth has also funded productive projects, such as the construction of basic industry and infrastructure.

Once a company with almost no presence in Latin America, PDVSA is helping drive important plans for regional energy integration. Chávez has proposed the creation of four regional oil companies to promote unity: Petrocaribe, Petroandina, Petrosur and Petroamerica as a unifying project within the framework of ALBA.

Through Petrocaribe, for instance, Venezuela provides discounted oil to 18 Caribbean and Central American nations, on terms that require those countries to pay only 40% of the price up front, with 25 years to pay off the remainder as a low interest loan. As well as guaranteeing

energy security to impoverished nations at a time of escalating fuel costs, Petrocaribe also promotes state-driven national development in the industry.

While different issues have impeded the full development of these projects, PDVSA has signed contracts directly with numerous countries in the region to build oil refineries and tankers and provide oil exploration and technical assistance. Such a policy has been aimed at industrialization in order to break dependency on, and subordination to, the US.

This is combined, in alliance with Cuba, with regional health care and literacy programs.

Possibly the most important part of the struggle for integration by the anti-imperialist current has been the battle of ideas being waged. Representatives of this bloc have regularly denounced capitalism, with Chávez in particular opening up a continental discussion on socialism and Latin American unity.

This ideological battle has helped encourage the struggles of millions from below.

In all the regional institutions this bloc has constantly hammered home the need to create a real political union: a Confederation of Latin American States.

The Brazilian axis

It was, however, the third axis that was key to the formation of Unasur. Faced with resistance by Colombia to staging the meeting, Brazil offered to be the host nation.

On July 21, Lula stated that Brazil “is the biggest economy, the most industrialized country with the biggest [GDP]. Therefore, we have to be conscious of the fact that the integration of South America depends on the actions of Brazil.”

Recalling that only days before he had met first with Chávez and Morales, and then with García and Uribe, he said, “on one hand we have a photo with presidents considered to be left, and on the other with presidents considered to be from the centre.”

“What is the role of Brazil? To be a kind of bridge, to make a connection between all the political currents of South America, because, since it is the biggest country, Brazil has to work towards creating a situation of political, economic, social and cultural equilibrium.”

The Lula government is the political representative of Brazil’s capitalist class, whose main interests lie in a process of integration for its own benefit. It wants to negotiate with the US, but from a better bargaining position.

Integration, for Brazil, is the development of a regional capitalist system, under the hegemony of the Brazilian bourgeoisie, that can become an important bloc in the world system. Brazil’s weight in the region leaves the capitalist governments of Argentina, Uruguay, Chile and others with no option but to follow its lead.

As a counterbalance, some have been working to sign up the other regional economic power, Mexico, into Mercosur.

While PDVSA promotes integration through dialogue and cooperation to aid industrialization by building up other state oil companies, Brazil's nominally state-controlled energy company Petrobras works to purchase other state companies or sign contracts favourable to itself to supply Brazil's domestic industry.

While not a systematic challenge to imperialism, such as ALBA, Brazil's project collides with the needs of the US. While Chávez denounces imperialism and Lula seeks to negotiate a better deal for Brazilian capitalists within the imperialist framework, both have worked to block US plans in bodies like the World Trade Organization.

Brazil was one of the first to propose a South America Defence Council. When asked what possible role the US would play in such a body, Brazilian defence minister Nelson Jobim explained that "we are under no obligation to ask permission from the US to do this. And they also have to understand our necessity to reach integration."

While Venezuela supported this initiative as a counterweight to US military influence, Colombia announced at the Unasur meeting that it was not interested in joining and the proposal was dropped. Uribe has since stated his interest in the proposal.

However, Brazil's ambivalent role in the region is illustrated by its leading role in the UN occupation force, MINUSTAH, in Haiti.

Two new phenomena

Talk of a defence council also comes at a time when both the Argentine and Brazilian governments have expressed displeasure with the reactivation of the US navy's Fourth Fleet — dormant since the end of World War II — to patrol Latin American waters. Along with the increasingly aggressive policy of Colombia towards its neighbours — and the push by the US-backed right-wing opposition in Bolivia towards a violent confrontation — it forms part of a new regional phenomenon.

Beginning with Colombia's massacre of Revolutionary Armed Forces of Colombia (FARC) fighters within Ecuadorian territory, a series of incidents point towards attempts by Colombia, behind which stands the US, to find a way to provoke neighbouring countries.

Evidence that the US and its regional allies are seeking to provoke an armed conflict can be found in a series of recent incidents, including an illegal incursion by Colombian soldiers into Venezuelan territory; Colombia's publication of documents allegedly linking the Venezuela and Ecuadorian governments to FARC "terrorism"; Colombia's willingness to allow the construction of a US military base on the border with Venezuela; construction of a new US base in Paraguay near the Bolivian border and the reinforcement of other regional bases; violation of Venezuelan airspace by a U.S. military plane; and the arrival of US troops in Peru.

Uribe has also held talks with the opposition governor of the Venezuelan border state of Zulia, expressing his desire to deepen relations between Colombia and the state.

At the same time, a wave of conflicts is spreading as social polarization increases. Ongoing strikes in Peru, growing unrest in Chile, worker mobilizations in Uruguay, rural strikes in Argentina and a multiplicity of social struggles in Brazil — while often confused expressions of social discontent — are likely to place these governments in increasingly difficult situations.

This is already the case in Argentina (under threat from the right) and Peru (from the left).

Social unrest is also affecting Mexico. Following the mass protests against the 2006 electoral fraud that robbed centre-left candidate Andres Manuel Lopez Obrador of the presidency, the struggle is now focused on preventing the privatization of the state oil company.

European Union

Adding to the mix, the European Union has been working hard to take ground lost by the US, offering alternative development programs and opportunities for further economic ties with Europe.

With the prices of natural resources skyrocketing, Latin America is becoming a crucial region. Unlike Washington, which attacks Venezuela and tries to pressure Brazil, the EU instead works behind the scenes to undermine Chávez while offering support to Brazil. Brazil and Argentina look to the EU as a counterbalance to the US.

However, the recent approval by the European Parliament of the racist anti-immigrant “return directive,” which could see undocumented immigrants jailed for 18 months before being deported, has been met with united opposition by all Latin American nations.

A huge number of Latin American families depend on members working in Europe and sending money home. The law represents a serious threat to regional economies.

Bolivia and Venezuela have threatened to reply with a “return directive” on capital from EU countries that apply the law, as well as cutting off oil and gas exports.

All this helps explain the real significance of Unasur as well as the obstacles ahead.

Socialist strategy

One of US imperialism’s key objectives is to divide the pro-integration currents, along with arming its remaining allies, in order to regain lost ground. To impede this division is a crucial task for Latin American socialists.

This is something understood by Chávez, who seeks to utilize all openings towards integration, whatever the limitations, while simultaneously advocating and seeking ways to implement the Bolivarian revolution’s anti-imperialist program. Venezuela is seeking both to operate within institutions like Mercosur and to construct ALBA with those countries that are willing.

For the regional capitalists, some form of regional integration is necessary if constraints are to be placed on the uncontrolled voracity of imperialism, in a context of growing demands from ordinary people.

Socialists oppose US plans to divide the region for completely different reasons. While institutions like Mercosur can be supported, it is not because they represent real alternatives to the FTAA but because they can act as transitional forms towards a real confederation of Latin American states — which would shift the relationship of forces away from imperialism, creating a stronger basis for social change.

With Mercosur hamstrung by disputes between its members, the creation of Unasur represents an advance as it moves the discussion to the South American-wide stage.

In the meantime, it is necessary to transform the mobilization of workers, peasants, urban poor and other exploited and oppressed people — such as indigenous peoples — into powerful movements for real social change.

Fundamental to this is the construction of political instruments that are built out of these movements and aim to win power — which means not simply winning an election but organizing the mass of the oppressed to govern.

The struggle to construct the mass-based United Socialist Party of Venezuela (PSUV), led by Chávez, is a powerful example of what is needed.

Importantly, the PSUV has already set out as an immediate challenge the promotion of other such parties in the region. To this end, it seeks to organize a meeting of regional left parties with the aim of constructing an international organization of the Latin American and Caribbean left.

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