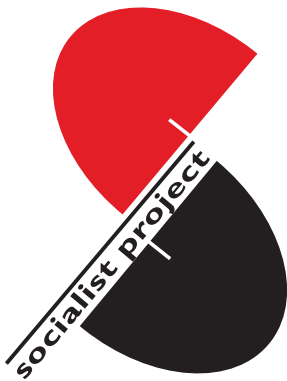


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# ELAY

A SOCIALIST PROJECT REVIEW





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Relay, A Socialist Project Review, intends to act as a forum for conveying and debating current issues of importance to the Left in Ontario, Canada and from around the world. Contributions to the re-laying of the foundations for a viable socialist politics are welcomed by the editorial committee.

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The Socialist Project does not propose an easy politics for defeating capitalism or claim a ready alternative to take its place. We oppose capitalism out of necessity and support the resistance of others out of solidarity. This resistance creates spaces of hope, and an activist hope is the first step to discovering a new socialist politics. Through the struggles of that politics – struggles informed by collective analysis and reflection – alternatives to capitalism will emerge. Such anti-capitalist struggles, we believe, must develop a viable working class politics, and be informed by democratic struggles against racial, sexist and homophobic oppressions, and in support of the national self-determination of the many peoples of the world. In Canada and the world today, there is an imperative for the Left to begin a sustained process of reflection, struggle and organizational re-groupment and experimentation. Neither capitalism nor neoliberalism will fade from the political landscape based on the momentum of their own contradictions and without the Left developing new political capacities. We encourage those who share this assessment to meet, debate and begin to make a contribution to a renewed socialist project in your union, school and community. For more information on the Socialist Project check our web-site at [www.socialistproject.ca](http://www.socialistproject.ca) or e-mail us at [info@socialistproject.ca](mailto:info@socialistproject.ca).

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# Where is the Class?

## Reflections on Election 2008

Bryan Evans

For socialists elections are an important means for reading the depth and breadth of class relations. And this past election is not to be dismissed as 'same old, same old'. The Conservatives gained a mere 19 seats and 1.3 per cent of the popular vote over the election of 2006 (From 124 seats and 36.3 per cent in 2006 to 143 seats and 37.6 per cent in 2008). With a total of 143 parliamentary seats they are still 12 short of the narrowest number for a majority government. Of course, that is dangerously close to a majority and given the vagaries of the first-past-the-post electoral system a similar level of support could result in a majority government given the splits within ridings contests and regional shifts. We must be in large part grateful for the resurgence of the Bloc Québécois in holding the Harper Conservatives to minority status.

While solid data coming out of voter research is not yet available it is clear that the Conservatives had some success in eating into constituencies, specifically women and ethno-racial minorities, that have tended to support the Liberals. Suburban ridings with high racialized minority populations witnessed some significant shifting of votes toward the Conservatives. Harper, in cobbling a new cabinet together, has clearly sought to consolidate and build on some of this Liberal splintering by appointing 11 women (up from 7). At this juncture, the Conservatives appear to know where they want to go and how. And given that now two key aspirants to the Liberal leadership, Frank McKenna and John Manley, have declined the opportunity, there is reason to conclude that conservative Liberals are seeing little to disagree with in a Harper Canada. And for Canada's social democrats, who despite running first or second in 107 ridings, still confront an electoral impasse. The non-participation of 41 per cent of Canadians in the context of what is turning out to be an economic crisis without parallel shakes the very legitimacy of the economic and political system. And the traditional party of protest is stymied.

How can we proceed to understand all of this?

### THE ELECTORAL LANDSCAPE IN THE WAKE OF OCTOBER 14

Rather mixed signals can be identified in the aftermath of this election. These raise concerns, but they also point towards the potential for a radical Left intervention. This depends on the Left gaining new capacity to take advantage of the coming period.

First, the Conservatives gained a mere 1.3% in popular vote. But even this paltry gain hides the fact that the actual number of Conservative votes declined by nearly 170,000 compared to 2006. Their 'victory' was built on the fact that the Liberal vote declined by a rather astonishing 850,000 votes. An obvious interpretation is that Liberal voters did not necessarily change parties. They simply choose not to vote. This, of course, reflects the leadership question, but perhaps more fundamentally points to the fragility of the Liberal electoral coalition. Given this context of disarray and demobilization of the broad Liberal electorate, it was expected and not without justification that this was a rare opportunity for the New Democrats to reap the benefits of their strategy of moderation and centrism. The lessons of political consultants associated with the Democratic Party (in the United States) were applied. A strong dose of economic populism coupled with a declassified political message – the well known "we are all in this together" – should have been a formula for real inroads. Moreover, the New Democrats spent a historic record of \$19 million on this campaign. The net result was an overall increase of 0.7% of the popular vote and eight additional seats. This is not insignificant in informing an understanding of the strategic direction – and the limits – of Canada's social democratic party.

The really 'big news' coming out of election night was in the voter turnout. It was a historic low. Never before in the history of Canada had so few people participated in a national election. Forty-one per cent of the eligible electorate chose not to vote. That translates to 9.5 million individual Canadians. Or represented another way, that is more non-voters than the number of votes received by the Conservative and Liberal parties combined.

### CLASS MOBILIZATION FROM ABOVE

What does this election reveal about bourgeois politics and the business parties? One interpretation is that the power bloc of business interests is mobilizing and shifting its ideology and politics to better pursue its class interests. In their 2.5 years in government, the Conservatives have deftly and aggressively deployed the power of the federal state to the benefit of capital. The best, but certainly not the only, indicator are the corporate tax cuts. Canada now has the lowest corporate taxes among the larger economies of the global north save for the Netherlands.

This in the context of income stagnation for most Canadians. In fact, real household incomes are about \$5,000 lower now than in the mid-1970s. Poor job quality, the low level of union density

in the private service sector, and inadequate labour law are at the root of this. These inequalities have underpinned riots of marginalized youth in Montreal and factory occupations, often led by women and recent immigrant workers, in Ontario. And this is despite a GDP that is 50% larger now than 25 years ago.

This context has had implications for the other business party – the Liberals. What is happening to and within Canada's heretofore natural party of government is more than just Dion's communication skills and a hard-sell party platform. The period of economic polarization is now to be followed by a period of deeply expanding insecurity. The party of the 'centre' will find it difficult to hold its historic coalition together in this context.

For most of Canada's post Confederation history the Liberals, with only a few interludes, have formed the government of Canada. They have done so by skilfully cobbling together broad, and often potentially contradictory, electoral coalitions. This impressive history has entailed skilful cooptation and integration of potential, if not actually, radical social movements into their political bloc. In the 1920s they co-opted the farmer's movement, in the 1940s the labour movement, in the 1960s and 1970s they deftly moved to address questions emanating from urban centres, the women's movement and an increasingly multi-cultural Canada. Such pressures from below became concretely manifested in an expanding role for the Canadian federal state in social, economic and regional development. Consequently, the Liberals became identified as the party which, in government, delivered the full range of social programs which came to distinguish Canada from the United States.

In the process, particularly after the Second World War, they built an electoral organization which broadly enclosed two approaches to managing a capitalist economy. One wing understood the need for the state to intervene to mediate conflict and support (not direct) economic development.

However since the 1970s this wing has been under increasing pressure to align itself to the requirements of neoliberalism. This tension became most evident in the period from 1993 to 1995 when so-called progressive Liberal Lloyd Axworthy led the transformation of the Liberal party toward a more or less progressive competitiveness position. That is until his role was supplanted by finance minister Paul Martin who drove the largest downsizing in the role and scope of the national government in post-war Canadian history. It is in this period that we can point to a transformation of the Liberal party where the interests of capital were no longer somewhat balanced by the need to maintain a broad electoral coalition. It became abundantly clear in the course of the period 1993 to 2006, the Chretien-Martin years, that the historic Liberal politics of 'centrism' – which is to say addressing social issues where necessary but more so, has reached its end. A recent Organization for Economic Co-operation and Development report noted that in the past 10 years inequality and poverty rates in Canada have surpassed the OECD average and are now among the worst among the countries surveyed. Only Germany fared worse. Eight of those ten years were marked by

Liberal majority government. And there was no political compulsion to return to the politics of integration and mediation.

The Dion leadership, if it was anything, was not about business as usual. He had few or no personal links to Canadian capital and it showed in fundraising. His political failure is about more than his personal limitations and political miscalculations. It is also about the ability of the Conservatives to construct their own a coalition of some breadth based on key elements of the long-standing Liberal electoral base.

This very clearly includes business but electoral coalitions must obviously be much broader. And so the Conservatives have attracted elements of the traditional Liberal electoral base. In Toronto's 22 ridings, the Liberal heartland, the Conservatives won 33.5% of the popular vote. That's about 10 points behind the Liberals. Hardly insurmountable. In Brampton, for example, once solid and once apparently unbeatable Liberal incumbents were very nearly toppled. Ruby Dhalla saw her 7,000 vote margin of victory reduced to 800 votes and Ujjal Dosanjh, in Vancouver South, even more dramatically, saw a 9 thousand vote margin of victory in 2006 pared to a mere 20 votes after a judicial recount. This would not be possible if the Conservatives were not building their organization and political base within communities which have traditionally and emphatically rejected them.

This is all the more remarkable given the Conservative opposition to expanding not-for-profit childcare as Bill C-303 proposed, quiet support for an anti-choice backbenchers bill (that is until the matter became too controversial), and their efforts to expand Canada's new system of short-term employment contracts for immigrant workers. What requires analysis and then political interventions on the Left is how a government with such a record found some, not enough, but clearly some traction.

## THE LABOUR PARTY NO MORE?

Herein we come to the impasse of the NDP's declassified politics. For the most part, where the NDP did gain, it was in regions and geographic pockets with a history of voting for the NDP as a labour party. It must be said as well, that many of these gains



John MacLennan

were the result of voters not going to the NDP but Liberals either not voting or voting Conservative. In ridings throughout Northern Ontario, where the NDP picked up 5 new seats, the Conservatives nearly doubled their share of popular vote. The new NDP MP for Sudbury for example won with 35 percent of the popular vote. More importantly, what is evident, is that moving beyond the NDP's historic base has proved largely impossible. This election saw no working class surge toward the New Democrats, and that is unfortunate but it must also be understood as a function of the organizational and social disconnect between the NDP apparatus and the broad Canadian working class.

Now, this is not all doom and gloom as within all of this there are some lessons which have the potential to be built into political opportunities for the anti-neoliberal Left. First, the 41 percent of non-voters requires some attention. Given what we know empirically about who tends to vote and who does not, we can be fairly secure in saying that these 9.5 million are largely working class and poor. In part, the Conservative gains, must be understood as a direct product of this massive demobilization. Right-wing parties everywhere tend to do much better when voter turnout is low. We need only look to the United States where for nearly three decades Republicans for the most part dominated the Congress as a result of 35 to 50 per cent voter turnouts.

The NDP, the traditional party of protest, is clearly not that anymore. The unions and social movements were largely unable to mobilize their constituents to support the NDP in significant new numbers. Obviously there is a veritable ocean of discontent with neoliberalism which is, at least in part, open to tapping. Second, NDP gains, limited as they were, do indicate a certain though very uneven working class mobilization in response to economic insecurity and an evident lack of confidence in both business parties to provide social protection. The ridings won tend to be characterized by a combination of variables such as higher levels of unionization, lower to average individual and household incomes, and local economies characterized by industrial production and resource extraction. Several of these constituencies had even lower voter turnouts than the national average. Churchill, for example, had a 41 per cent turnout. But beyond these historic pockets of labour party support, there's clearly limited identification with the New Democrats. Given this context, how might we begin to understand the impasse of the NDP?

Notwithstanding very different level of electoral support and participation in government, the NDPs experience is not dramatically different from that of many social democratic parties especially in Europe. There are two related factors that need to be mentioned.

First, social democratic parties everywhere have increasingly become less labour-based parties for social reform and redistribution and more professionally run electoral machines. The result is that there is less a need for a large rank and file membership to run, organize and keep the party functioning between elections. Direct mail campaigns soliciting funds have trumped the need for a formal mass-based membership. Second, and related, is the general declassing of social democratic politics. These par-



ties no longer seek to appeal to a working class but rather cast themselves as broad organizations offering public policy solutions that work. The political objective is not redistribution but rather modernization. Modernization of course has been code for alignment and adaptation to the needs of neoliberalism. Consequently, the policy prescriptions of these parties in government have included some of the most massive privatization programs in history and public expenditure constraint.

However, these developments have not gone without a response. In Germany and the Netherlands, parties to the Left of social democracy have emerged. Social democrats have responded to the resulting electoral losses by forming 'grand coalitions' with bourgeois parties so as to continue pursuing 'modernization'. Retirement at 65 (or earlier), unemployment insurance which is both adequate and long-term, generous public pensions, job security, - these are vestiges of another bygone era and must be 'reformed'. And social democrats have led this process.

For the NDP there is no doubt a great deal of frustration coming out of this election. Everything was turning in their favour – from the economy to a failing Liberal campaign, to an effective media campaign. A large part of those 41 percent of non-voters should have seen something in the NDP but did not.

Back in the mid 1980s there was quite a bit of discussion within and outside of the NDP to enter into negotiations with the Liberal party. It is possible that there will again be a movement to found a broad 'progressive' party which will be as ill-defined and meaningless as the Democratic party in Italy. We have already witnessed calls from various quarters for some 'progressive' unity. An alliance or even merging of the Liberals, NDP, Greens and Bloc. But even in the highly unlikely event that such a new political formation emerged, what would its class orientation be? Clearly such a party would not have a class analysis or politics. The lesson of the Italian Democrats is that such a formation must necessarily be declassed.

## WHAT NEXT FOR THE ANTI-NEOLIBERAL LEFT?

We are going into a period where class warfare from above is going to intensify, given the initial policy responses to the financial crisis and the increasing layoffs from what is predicted to be a long recession. Given some of the advisors around Harper, who I worked with as a public servant, I know that the strategies of divide and conquer are soon to follow. Public sector workers are first up be certain.

The radical-Left has probably never been less able to intervene. And this at a time where there is more objective political necessity for much greater capacity than has been the case for decades. Unlike many other parts of the world, in Canada the Left is now quite impoverished in terms of the organizational and ideological infrastructure necessary for organized political dissent and to push for post-neoliberal policies, not even yet to

imagine a major anti-capitalist agenda. But this period can be used to begin doing the organizational, campaigning and ideological work that, overtime, may lead to something more.

Ultimately, some form of Left realignment is necessary. Whether that comes to be or not is another question. Perhaps as a starting point we can consider a proposal put forward by American union activist Bill Fletcher. He has suggested the next stage for the American Left is to establish broad electoral networks – not parties – to intervene at the local level and perhaps support certain congressional or state level candidates. It's a proposal the Canadian Left should actively consider. The process of working in such a manner would allow our small and disparate Left to begin developing common approaches and campaigns. **R**

Bryan Evans teaches public administration at Ryerson University, in Toronto.

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# The Harper Victory The Nightmare of *Déjà vu* All Over Again?

John Peters

What did Yogi Berra say – it's *déjà vu* all over again... On election night, more than sixty-percent of Canadians vote for political parties with policies aimed at making regular people's lives better and instead we get the Stephen Harper Conservatives backed by 'big oil' money and elected by barely more than a third of voters.

On October 14, receiving a hundred thousand votes fewer than in 2006 (5.2 million out of an electorate of 23.4 million), the Harper Conservatives rolled the dice and came up with more of the same. All of the former Mike Harris operatives are back. Ontario-bashing Jim Flaherty as finance minister. 'Two-tier' Tony Clement as health minister, and Harper hand-holder Guy Giorno – one of the chief architects of the 'Common Sense Revolution' in Ontario – are going back to Ottawa.

Like in 2006, the Conservatives say they will govern as if they have the sup-

port of the 'majority' of Canadians, and will move to implement their agenda. Just as before tax cuts are the carrot Harper is dangling while neglecting to mention that the federal coffers are bare and that cut-backs to social programs and cities are on the horizon as the economic downturn worsens, oil prices fall, and oil revenue dries up.

Even more worrisome is that as billions in surplus have been squandered for military contractors and tax breaks to a few, the Harper economic platform consists of 22 pages of colour photos of the Prime Minister in warm and fuzzy poses in a thin 41 page pamphlet.

What can Canadians expect over the next couple of years of a Conservative minority government at a time when our neighbour to the south is moving in a more progressive direction? Well certainly Canada will lose what's left of our international credibility.

Where once Canada was known for peacekeeping, human rights, generous aid, and doing the right thing, in a short two year period, the Harper government has tied itself to the Bush administration's war on terror, and has now wasted 8 billion killing Afghanis and blowing up their homes, while doing next to nothing in building basic water and sewer systems, roads or schools.

On the environment, Canadians will also lose. Canada is now a laughingstock at international conventions, and one of the worst polluters of the planet, annually emitting more than 174 million tonnes a year – a figure expected to increase 800 million tonnes by 2020 with the explosion of tar sands development.

Now with the Conservative government commitment to only slowing carbon dioxide emissions – rather than actually reducing them – from the tar sands and oil and gas industries, the planet is rapidly

approaching a breaking point of too much heat and too few resources, and we are now two years further from better solutions, and instead have \$730 million dollars in fuel subsidies to encourage diesel pollution.

For our basic democratic rights and institutions, Canadians are also looking at further erosion. The firing of officials who fail to carry out commands that endanger Canadians lives, such as at the Chalk River nuclear reactor, or the attempts to fire the executive of the Canadian Wheat Board when they refused to turn over grain shipping and marketing to American multinationals. The suing of independent agencies like Elections Canada for investigating shady Conservative party financing practices.

It is also likely that the dismissal of government policy advisors and officials who provide advice contrary to party ideology will continue. So too will the interference in nomination of judicial appointments, and Conservative MPS and cabinet ministers will likely keep running from the media and hiding from their constituents. All of these practices will make Canadians even more ashamed of their government and even more worried about their democracy.

But just as worrying is a domestic policy that now attempts to do everything for business and an elite few, while weakening Canadians most cherished programs of health care and education, and leaving cities with crumbling infrastructure and mounting deficits.

In health care, the Conservatives have turned a blind eye to the 89 private clinics operating across the country that have given preferred access to the rich to buy the best care, while allowing the rest of Canadians to wait even longer in queue.

For the growing numbers in poverty and the forty percent of the workforce in precarious, low-wage jobs, the Conservatives have said ‘screw you’ and nixed any all proposals for adequate child care, housing, training, comprehensive drug plans, or improving post-secondary education.

The irony of all this is that at just the

moment when Canadians want and deserve government that helps people and helps us all do better for others, the Harper government only aspires to be no more than a mere echo of wholly discredited, Bush-style, Republican party policies that support the rich, do little for ordinary working people, and are potentially devastating for the global economy.

### **IT SHOULDN'T BE THIS WAY**

It shouldn't be this way. As the other 8 million voters showed (and the other ten million Canadians demonstrated by being too dissatisfied and marginalized with their government and electoral system) on October 14, they want government that does something new, they want leadership on world affairs, and aspire to some kind of environmental policy that will protect the planet for their children. But they are still a long ways away from realizing these dreams.

The fact that Conservative policies of free trade and tax cuts have done nothing to protect jobs in manufacturing or resource sectors or for that matter allow cities to deal with their mounting problems, certainly opened the door to other modestly social democratic positions.

The Conservatives who have done nothing but stand by and say ‘the market knows best’ as 110,000 lumber and forestry jobs and another 50,000 manufacturing jobs have disappeared over the past year, certainly paid a price in Ontario and Quebec. That the Conservatives were also so politically inept to turn off Newfoundland's Conservative premier Danny Williams – who called Harper a ‘fraud’ with a ‘hidden agenda’ who couldn't be trusted – also spoke volumes to many in the Maritimes.

They also continued to make no inroads into the major urban centres of Montreal, Toronto, and Vancouver in large part because the Conservative policies of market competition, bankruptcies, and then foreign takeovers for economic growth do little for the expansion of better paying jobs. And because very few in urban centres have any time for Conservative lip service toward urban problems, especially

when it is so painfully clear that Harper inner circle could care less about decent infrastructure and social services for ‘cosmopolitan elites’ that never have – and likely never will – vote Conservative.

In addition, with millions living in poverty and stuck in ‘mcjobs’, it has become clear to many that American-style fiscal orthodoxy is simply a recipe for disaster, and is another one of the reasons why over 60 percent of voters supported other political parties and another forty percent of Canadians stayed home.

But the Liberals are now in disarray and are facing the prospect of being squeezed into insignificance on all sides from the Left to Quebec. Losing nearly a million votes from the 2006 election, in part because of the inept leadership of Dion, in part because they simply have done nothing to revamp their fundraising, and they were still broke going into the election, the Liberal base has now collapsed largely into urban cores.

Focused around a bizarre mish-mash of ill-considered policies including everything from the renewal of revenue-sucking income trusts to tax cuts and subsidized carbon taxes, the rudderless Liberals lurched from one bad media day to another, and even despite a groundswell of urban support for a strong ‘Anything-But-Conservative’ campaign in the final weeks, saw their traditional ‘brand loyalty’ become so much stale bread.

Now the Liberals face the challenge of ‘party renewal’ at both the leadership and riding/fundraising level. But they are stuck. To the right, the Conservatives have tax cut policy sewn up. To the left, the NDP and BQ have far deeper support in manufacturing and resource communities, as well as in cities with policies to increase infrastructure spending. In addition, the Liberals are now effectively ‘persona non grata’ in Quebec, and they have no real pollution or ecological policies to match the Greens.

The Liberals are also expected to lose another 1.7 million in federal subsidy with their disastrous electoral turnout, and along with a second leadership race in two years,



like so many of the traditional Liberal-Right-of-Centre parties in Western Europe over the past forty years, the Liberals are looking at irrelevance if not dissolution.

The NDP, BQ, and the Greens find themselves in similar electoral and policy quandries, but with somewhat brighter prospects. On the plus side, the NDP and the Greens have all become established progressive parties, with strong support throughout Canada, and the BQ now has carved out something of a social democratic position that harkens back to older traditions of government caring for people and governments enacting economic policies that protect jobs.

Whether the mere rhetoric of an opposition party or a real evolution towards more labour influenced policy has led to much debate in Quebec, including among former party mps. Nevertheless, the recent shift has been so noticeable in fact that a number of former, right-wing nationalist BQ MPs came out at the start of the campaign to accuse the BQ of simply 'defending' the interests of trade unions and being a mere 'clone' of the NDP – facts that were backed by widespread labour support for BQ candidates throughout Quebec.

If there was in fact one party of the centre-left in Canada, they would have taken home 36% of the vote, as opposed to the 38% for the Conservatives. Even more interesting was the fact while the NDP and BQ held onto the same vote to-

tals as in 2006, the Greens picked up another 300,000 or so, and had it not been for Elizabeth May's baffling decision to run against Peter McKay in Nova Scotia, it is likely they would have won their first 'true' seat.

The fact of the matter is that what Canadians showed in this past election is that they are following the same reforms waves that are beginning to be seen elsewhere in the world. That is grappling with the financial crisis caused by greed – people are beginning to believe again that governments should have a major role in regulating the economy in the interests of citizens for good jobs and full employment, and that governments should do everything they can to provide good public services and social programmes so that everyone can have a better life – not just a few investment bankers.

What this means for the fragmented centre left in elections is that they have more money for election campaigns, and given financing reforms, they also have more public dollars to run real campaigns and spend on advertising. Even if the Greens are still third option in much of Canada (as they often are in much of Western Europe), for the NDP in ridings where there have core support, they are now poised to take a growing number of seats.

That the national campaigns of all three parties spoke about the backwardness of policies like \$50 billion in corporate tax

cuts, and the need for government support for resource industries, as well as new social programs like daycare and pharmacare, and the need for real policies that would lower carbon emissions, also widened and shored up support. These are trends that are very likely to continue.

But if the majority of Canadians are actually ever going to see better government – of any kind – electoral reforms will be necessary. If seats had been decided by proportional representation, the Liberals, NDP, and the Greens would have had a majority of seats (about 160), and would likely have combined to form a government at least marginally more representative.

Since Canada is one among a few countries never to reform its electoral systems, its governments have typically fostered powerful political machines that allow the wealthier or "advantaged" to reap the rewards, and left the majority of citizens and the disadvantaged to live with the consequences. In Canada only 3 times in the past century have federal governments had popular support over 50 percent, and since the 1970s, electoral turnout has never been above 76 percent and since 1993, turnout has been on a downward trend and hit a record low of 58% last Tuesday. So in Alberta, for example, with the support of 34 percent of the electorate the Conservatives used their active riding association and campaign teams to bag 27 of 28 seats.

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Sadly, until the fragmented centre-left can either find a way to work together or to push a debate on electoral reform and proportional representation, the electoral prospects of each of these parties are dim, and the majority of Canadians are going to be stuck with 'deja-vu all over again' for sometime to come.

### ONE PARTY? ONE DEAL? ONE BIG PROBLEM?

Naomi Klein has recently argued that Canada's 'other' parties need to form an alliance to stop the Harper government from further weakening Canadian democracy and introducing more Bush-like policies. This sounds reasonable enough. But it is highly unlikely. The parties have different platforms especially regarding corporate tax cuts and Afghanistan. They have different constituencies. None of the English speaking parties can agree with the Bloc on Quebec, even if the PQ has recently put the sovereignty question on 'hold'.

More likely – if party hierarchies were to grow some backbone – would be for the opposition parties to cut a deal on social spending, on bringing the troops home, and doing something for lowering carbon emissions and then work together for 18-24 months. As is typically the case in Western Europe, the parties that seem most

practical and efficient can expect to do the best the next time around.

But now with the Liberal leadership race is back on, and both the Liberals and NDP fearing any deal that might be seen as propping the other up, the chances of a deal are about as slim as Bob Rae catching a tan in Saskatchewan in January.

Most likely is that each will hold their tongues, filibuster in committees, and take turns propping up the Harper minority – the BQ will support Harper when he offers more cash and control over social policy programs; the Liberals will either run from House of Commons votes when they can or talk of the interest of Canadians when they introduce more tax cuts.

This is a big problem. Because with only a minority of support, the Conservatives are in a strong position over the next few years to keep on routinely ignoring the interests of the majority of Canadians, and enact economic programmes that serve oil, gas and big business interests and their supporters first, and everyone else a wane second.

What the millions of Canadian voters showed on October 14 is that they want a government will help create better jobs and better lives for everyone. What they look forward to is a better environment. What

they want is an end to the corporate greed and corruption that is destroying our democracies and the planet.

But if the majority of Canadians are actually to get better government, they are going to have to do more than let a small percentage of the population use inflated regional political support to run parliament.

Canadians will need to introduce proportional representation so that all voices are heard and that coalition governments are formed on the basis of what the majority of the electorate want across the country.

Canadians will also have to begin to take new initiatives. Leaders in unions and social movements must begin to work together for equality and environmental sustainability. More have to be willing change direction and take the risks necessary to move politics and their organizations forward. None can simply settle for more of the same.

Because if nothing else was clear on election night, there are a lot of Canadians fed up with muttering 'here we go again', and there are even more ready to start whispering and then start saying aloud 'Let's start making a better world.' **R**

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# Poor Prospects: McGuinty's Poverty Strategy

Peter Graefe

Dalton McGuinty's consultations on a provincial poverty reduction plan, following on the heels of plans in Quebec and Newfoundland and Labrador, is a sign of new times. After two decades of neoliberalism, politicians and policy-makers have recognized that its social costs may be too great in terms of lost legitimacy and economic efficiency. The politics of the moment is nevertheless extremely tricky, as the scope of new social initiatives is heavily circumscribed by elite consensus on maintaining neoliberal macroeconomic and labour market policies, as Bryan Evans showed in his analysis of the poverty strategy in *Relay* #22. At its worst, as John Clarke demonstrated in *Bullet* #134, this reformist movement yields policies that are deadly.

## POVERTY IN ONTARIO

Despite fifteen straight years of economic growth, poverty indicators have stagnated, and in some cases are going in the wrong direction. Given that over one in three jobs is precarious, that key income support programs like unemployment insurance are largely inaccessible to those who need them most, and that tax policies have accommodated rather than challenged increased earnings inequality, the persistence or even growth of poverty is not surprising. Food bank usage is up 15% since 2001, to over 300,000 Ontarians per month. The depth of poverty has increased over the past 12 years. Real incomes in poor neighbourhoods have declined 8% in the past twenty years while they have gone up 59% in the riches ones.

The recognition that these sorts of outcomes might be a problem, both for the legitimacy of the neoliberal project and for economic performance, filtered into the state elite and segments of the business community in the early 2000s. As part of a visioning process in the dying days of the Harris government, former Economic Council of Canada chair Judith Maxwell wrote a stinging report on how social policies were not protecting families from new social risks. She painted a picture of time-strapped families forced to face labour market and life cycle risks without a coherent set of public services. The report was thin on specific solutions, but promoted affordable childcare, better supports for the elderly, and a living wage strategy.

Similarly, the Toronto City Summit Alliance, an organization of high-profile Toronto business people concerned with Toronto's declining competitiveness, joined with the Atkinson foundation to sponsor a report on *Modernizing Income Support*

*for Working Age Adults* (MISWAA). It started with two realities that it found unacceptable, namely that many people with full-time but low-wage work were living in poverty; and that the social assistance program kept recipients well below poverty, yet acted in a way such that those who found a job and left the program were often worse off to start. The result was a "smouldering crisis," most worrying for its impact on labour force performance and for declining social cohesion in urban areas.

Despite being a "crisis," the proposed responses were restrained: extending benefits available to social assistance recipients to low-paid workers; increasing income support for children and people with disabilities; and improving access to training for social assistance recipients and low-paid workers. The report also inched onto the terrain of labour markets by calling for an independent minimum wage board and stronger employment standards. This was hardly a radical set of suggestions, but in touching labour markets and in requiring sustained investment, it went against core principles of Ontario's neoliberal credo.

## MCGUINTY PICKS UP POVERTY

These concerns about poverty and insecurity coming from business and business-linked intellectuals made action on policy thinkable, although McGuinty's wobbly election promise to explore poverty reduction options was more directly motivated by the success of the NDP in winning by-elections on working income issues (especially the minimum wage) as well as by some pressure from women's organizations within the provincial Liberal party.

The government's discussion paper on poverty reduction is noteworthy for being tightly circumscribed within neoliberalism. Whereas the NDP's by-election campaigns emphasized the minimum wage and strengthened labour standards as central planks, the Liberal consultation paper studiously steers clear of touching the labour market, beyond tipping its hat to raising the minimum wage to \$10.25 by 2010. Instead the focus is on children, with the government promoting previous initiatives (the Ontario child benefit, child care subsidies for the low-paid, and full-day junior kindergarten) as signs of where it is going. The Child Benefit and the child care subsidies are built on the logic of supporting low-wage employment, by reducing impediments to low-wage work (such as paying for child care). Some argue that the child focus of

social policy reflects the saleability of the child as deserving, thus defusing attempts to stigmatize the poor. But it is also sold as a good investment, since early interventions promise to have the longest-term payoffs. This idea of investing in people so that they compete better on weakly regulated labour markets runs through the few sections aimed at adults, such as affordable housing or programs for newcomers. This is not an anti-poverty policy that will interfere with positioning Ontario as a high-quality/low wage manufacturing platform.

The inability to think outside of neoliberalism relates not only to the supply-side view of people as human capital and the refusal to touch the labour market. It also relates to the broader macroeconomic framework, and the idea that poverty reduction will be funded through re-allocating resources or by working more effectively with community organizations. Higher taxes and new spending are not on the table. It is a fairy-tale world of attempting poverty reduction without state redistribution. It is also part of a broader tendency of pulling community groups under the wing of the state and to reshape them as entrepreneurial social enterprises that can meet social needs without additional state funding. Again, experience elsewhere shows that you cannot get something for nothing from the community sector, and that when you try you simply succeed in weakening the sector by squeezing out the spaces of democratic decision-making, learning and participation that made the organizations responsive to their communities in the first place.

This is a very thin anti-poverty strategy, thinner than MISWAA or Maxwell. And the degree of central political support behind it is thinner still, with a widespread sense that the government will try to disappear the issue and hang the presiding Cabinet Minister, Deb Matthews, out to dry when the time comes. If anything, it seems that the bureaucrats are more interested in trying out some new things, albeit well within the neoliberal confines, than their political masters in the Liberal party.

### THE COMMUNITY RESPONSE

With such thin gruel and such weak political momentum, one might have expected the antipoverty community to stand on the outside to demand a more aggressive poverty strategy. However, most of the main organizations have instead tried to seize whatever space they can in the consultations, both to try and extract material gains for their members, and to keep poverty from falling off the agenda. But they were caught off guard by McGuinty's election promise and his speed in moving on it, and so the response has been messy and at time *ad hoc*.

The vehicle created to engage the government in its deliberations is "25 in 5." To this day, it is difficult to say exactly what sort of organization 25in5 is, since it does not visibly have a membership, a constitution, or transparent leadership and decision-making. Some of this reflects a history of conflict between the different Toronto-based organizations

that came together to found it, namely Campaign 2000, the Social Planning Network of Ontario (SPNO), and the Income Security Advocacy Centre (ISAC). What is clear is that the starting point of 25in5 was heavily liberal-reformist, pulling together key individuals and organizations (including the key players around the MISWAA report) willing to engage with the McGuinty proposal, but hoping to expand its proposals into something more substantial. To date, the campaign has run largely on funds from the Atkinson foundation.

A key piece in bringing these organizations together, and engaging other anti-poverty groups across the province, was the development of a common framework of demands. This came largely from the work of assessing where the demands of the constituent organizations overlapped. While this might be expected to create lowest common denominator solutions, the common framework demands is in fact very interesting. If taken as a whole, as opposed to as a series of possibilities to be chosen from *à la carte*, it presents a social democratic platform that we have not seen in a generation.

### THE COMMON FRAMEWORK OF DEMANDS

As set out in the "Pathways to Common Priorities" that the SPNO toured around the province, a poverty reduction strategy had to rest on two foundations, namely upgrading living conditions and strengthening local supports. In terms of living conditions, the common framework proposed a three prong strategy of promoting sustainable employment, livable incomes, and access to essential social resources. This meant advocating policies to make work pay such as poverty-proofed minimum wages, enhanced and enforced labour standards, and drug/dental/vision coverage of the working poor as well as a work tax credit. It also meant closing the gap between social assistance rates and the poverty line, as well as a basic income system (similar to that afforded seniors) for people with disabilities. Finally, it meant major investments in housing, child care, basic education, as well as extending housing allowances to people with low incomes not on social assistance. In terms of local supports, it calls for investments to core fund community agencies and infrastructures, on the one hand, and an urban agenda of public service investment in transit, recreation, food security and housing repairs on the other.

Putting it together, you have a social democratic strategy of labour market re-regulation, redistribution, and social provision, as well as support for community organization. It is not socialist, but opens some doors in that direction. It takes the core of MISWAA, and supports those initiatives by building up a social infrastructure of shared public services and community initiative to meet emergent or specific needs. And it is fairly clear that this will require a redistribution of resources, including increasing taxes. This is the sort of program that one might have hoped to see the NDP brandish in the last election, or the labour movement champion within its own ranks and in its communities. The development of this platform, the pulling of various organizations around it, and the holding of discussions

about it across the province through the Social Planning Network in Toronto, are not minor achievements given the timeframe and resource commitments.

The ability to aid communities to pull together consultations with their MPPs (roughly 50 in total), and to otherwise keep the question of a poverty strategy from being “disappeared” should also be saluted. These are real accomplishments, and they provide some spaces and resources for further campaigning.

## TENSIONS AND CHALLENGES

Despite these successes, there are important stresses and strains in the coalition. While the intent is to continue to put pressure on the government at least through to the 2009 provincial budget (when Atkinson may turn off the funding tap), there is a real chance that 25in5 will either fall apart or lose significant community support between now and then.

Some of the tensions are predictable, such as regional grievances about a Toronto-centric campaign. But beneath these grievances is a more substantial one of program and strategy. For while the program of demands set is wide-ranging and social democratic, there is a sense that the inner-circle is happy to engage the government around a small subset that remains within neoliberal parameters. While the community consultations have shown broad support for closing the gap on social assistance, many feel social assistance has not

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Some of the tensions are predictable, such as regional grievances about a Toronto-centric campaign. But beneath these grievances is a more substantial one of program and strategy.

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been central to 25in5. The question of wages and employment standards, not to mention policies to counter what Grace-Edward Galabuzi has provocatively called Canada’s economic apartheid, have been given a low profile.

Instead, there is engagement around child benefits, working income supplements, as well as extending the health (dental/vision/drug) and housing benefits received by social assistance recipients to all people with low incomes. These are

not necessarily bad or ineffective policies if part of a broader program of regulation and redistribution. They share in the neoliberal view that work should pay more than social assistance, but if they in fact improve living standards for the working poor and reduce the perversity of clawing back virtually all of the earnings of social assistance recipients who find work, they are not without interest. But without accompanying action to regulate labour markets or provide new public services, they simply provide public subsidy to low wage employers. The programs take employers off the hook for providing wages sufficient to procure housing, child care, and provide for dependents, and they fail to structure the housing or child care markets by creating actual housing units/care spaces or by favouring non-profit or public forms of planning and provision.

This tension over program in turn fades into tensions over strategy. To the extent that the central players in 25in5 retain a minimalist set of demands and a reformist posture, they privilege a centrally-driven campaign that channels traditional forms of activism (letters to the paper, meetings with public officials, endorsements) to support interventions at key times in the political cycle (government consultation period, release of government report, pre-budget consultations, lead-up to budget day). This sits in tension with the views of grassroots organizations who correctly recognize that the more radical program cannot be attained through such consultative means given the current configuration of class forces in Ontario. The grassroots organizations are nevertheless in a tight spot: it is not clear whether they have the resources, organization and time to mount a credible alternative that could make itself felt. Certainly the groups that have remained outside of 25in5 have been largely invisible in the process. As such, 25in5 provides a vehicle that is better than nothing. At the same time, participation in 25in5 blocks the creation of an alternative.

## WHAT ALTERNATIVES?

One could identify some of the more liberally-minded leaders of 25in5, label them sell-outs, and dismiss the whole experience. But that would be to miss the point. That an organization that is largely liberal-reformist in character continues on the well-trodden path of liberal-reformism is hardly scandalous. If there is an organization likely to pull the McGuinty reform in a slightly more promising direction before spring, it is 25in5. To the extent that that falls short of a modest social democratic plan, let alone a more thorough socialist project, the issue is one of how to build organizations and capacities to push forward after the 2009 budget.

Organizationally, the 25in5 experience demonstrates how building campaigning vehicles by federating existing advocacy organizations is difficult, and even ill-advised. Existing organizations are tied to mandates and funders who limit their ability to participate in coalition campaigns, and impose all sorts of conditions about what demands are acceptable or not. 25in5 partially got around that by creating an informal inner

cabinet to hammer out decisions and directions, rather than setting up a formal organization. The cost is a lack of democracy and accountability, and a top-down campaign style. This is not a campaign organization that will leave a base for continuing action and pressure.

Politically, the problem is not the cabal of reform-minded leaders, but the absence of an organized push from the left that would force the 25in5 leadership to defend all aspects of the platform, and that could push poverty reduction beyond McGuinty's self-imposed neoliberal limits. The anti-poverty networks in Ontario are in a weak and fragmented state after fifteen years of cuts and attacks on social assistance, starting with the NDP expenditure review of 1993. In more than a few cities, it took organization by SPNO to prod them into action to prepare a forum with their MPPs.

The regional and local networks, for all of their exemplary radicalism, are also limited by seeing poverty through the lens of social assistance. This is understandable, as many groups work closely doing casework with social assistance recipients, but it also tends to skew demands towards specific improvements to the existing system. It is a vision of improving life for those on the margins, more than an ambitious program for changing the mainstream so that it does not create such large margins.

The organizations that we might expect to elaborate such a broader program have also been missing in action. The Ontario NDP is clearly too busy getting orange to see the ready-made

social democratic platform staring it in the face. Rather than trying to understand its place in the campaign, its MPPs have instead largely milked the consultations for self-serving leadership campaign publicity, such as Michael Prue complaining about his exclusion from some of Minister Matthew's consultations. The Ontario labour movement has also been largely missing in action. In a situation ripe for politicizing how the Ontario labour market is leaving a growing number of workers in poverty and organizing on that basis, it has instead left the crafting of strategy to the inner-core of 25in5, in the bizarre belief that their holy grail of "card-check neutrality" might see the light of day.

In sum, we are at a point in neoliberalism where accumulated social problems are forcing governments and capital to consider new policy responses. But those responses are highly constrained by the deeper commitment to neoliberal statecraft. The lessons of the McGuinty poverty reduction strategy are mixed. On the one hand, there is a popular appetite for a program of demands that pushes against and beyond the limits of neoliberalism. On the other hand, the left needs both to better anticipate emerging policy openings and to develop agencies to engage both the state and liberal-reformist social policy groups, if it is to effectively advance its project and avoid cooptation. **R**

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# Recession and Ontario's 'Poverty Reduction'

Beric German

Last week, Ontario Premier Dalton McGuinty began messaging that implementation of his controversial "poverty reduction" strategy "will likely" be slowed down and scaled back. His excuse? "The state of the economy."

Poor people, social agencies, trade unions and anti-poverty activists have been attending poverty reduction hearings. They are presenting evidence and advice to provincial and city politicians.

By 2007 poverty was everywhere and quite visible, as it had spilled into the streets; 'the right to beg' became a public debate. Governments had already been drawn backwards to entertain thoughts of and the implementation of punitive ways to get rid of poverty in the streets – new laws to drive beggars out. Vagrancy laws, taken out of the law books during better times, were being dusted off to be employed again, albeit with a new face.

Chatter abounded from everywhere – a

new recession was looming. But this time it could be much worse, particularly because unemployment insurance and welfare had been gutted by preceding Federal and Provincial governments. Activists had been clamouring and demonstrating for years to reinstate protection for unemployed people. While reforms were won, living conditions continued to deteriorate.

The cutting of relief sent a clear message to the employed as well. With

desperate unemployed people willing to take lower and lower wages, the labour market was under a lot of pressure. When vast amounts of global cheap labour became available, something had to give: wages dropped! The pressure was too great.

Even raising the minimum wage was considered by the province of Ontario as excessive. Politicians, who gladly raised their own salaries generously, said that small businesses would be adversely affected if the working poor's wages went up.

Under such conditions, some organizers encourage people to go to the streets. Others try to contain the troubles, arguing that polite deputations will have better outcomes, because governments generally like politeness and reasonable, constructive discussion about poverty issues. The phrases "be part of the solution" and "don't be adversarial" are part of their arsenal. So, often, serious issues are contained, sometimes even to private consultations – "reasonable heads will prevail."

But going to the streets has a long tradition, and people are going to the streets throughout the world - note the recent demonstrations about rising food prices. The Ontario Coalition Against Poverty (OCAP), the Toronto Disaster Relief Committee (TDRC) and many ad hoc organizations have taken to Toronto's streets for years.

In late 2007, an *ad hoc* coalition called Toronto Anti-Poverty (TAP) organized and went to the streets in a three-pronged march converging at Queen's Park. Its call for a \$10 minimum wage, affordable housing for all, reduced tuition fees for students, recognition of immigrants without status, raises for those with disabilities and an increase in general welfare found wide support. Though the attendance was modest in world terms, the demonstration had the largest turnout of any anti-poverty action in years.

Today's situation – a coming recession, pitifully low incomes and the spectre of more people facing dire

circumstances – could easily lead to larger and larger protests.

The World Bank, a less than liberal organization, introduced a "poverty reduction" approach. Not to be outdone, governments began to follow suit. In Ontario, consultations were set up to hear the grievances of the poor; however, the poor and their advocates were cautioned that large increases in government budgets were not on the table. In other words, "no new money."

Naturally, the consultations weren't always polite, but for a short time street demonstrations were largely curtailed. Governments promised to "fine tune" their approach to poverty.

In backtracking from his proposed poverty reduction agenda McGuinty said, "In government, we have to act responsibly in the same way that our families do. If finances get tight in our homes, families make adjustments, and they focus on their priorities." It seems some of the poorer members of our families are not going to get served at the table like others. Not good news!

The economic strategy of lowering wages and making profits by creating a desperate group of unemployed and under-paid people had been paying off – at least from a corporate point of view. But eventually came unwanted outcomes. People had less and less money to buy products. Housing prices were way up, and people were given cheap loans to keep consuming. People's credit cards became maxed-out, which led to a "credit crunch." And of course banks and mortgage companies wanted returns on their loans.

House prices in the United States began to fall as people walked away from their now unaffordable homes. Banks and mortgage companies took a hit, and, just as in the recent crisis in Argentina, and as throughout the world during the 1930s, people lined up angrily outside the banks demanding their money. World energy prices were also rising exponentially, and all things related, including the production and

transportation of food were affected as well. Thousands of car manufacturing jobs were lost, as were jobs in transportation, and many farmers faced financial hardships.

A recession has taken hold but, again, needed relief is not there. Polite planning for the future using "poverty reduction" becomes nonsensical when the situation is still worsening. More people are becoming unemployed. The majority of workers are not even eligible for employment insurance, and the unconscionably low welfare rates lead to evictions, homelessness and malnutrition.

Now, organizers and organizations have to call for recession relief or a recession relief fund that can address the potential disaster. Trade unions, anti-poverty organizations, poor people, social agencies, health care workers and concerned citizens have to begin to plan a relief response.

Employment Insurance and overall welfare rates have to increase so that people can eat and not be evicted. Increase in the desperate unemployed will drive wages further down and adversely affect the majority of working people. We have many reasons to unite – with pensioners who can't afford rent or food, welfare recipients, disabled people and the list goes on. We will all get hurt in a recession; and we need a relief fund for basic protection.

If we want to plan for the future, we have to talk and fight for poverty elimination, not "poverty reduction," which still embraces the concept that "the poor will always be with us."

The longer term fight is for permanent jobs with decent pay and localized economies, not for corporations seeking the world's cheapest labour and importing poor standards, unemployment and poverty. At the very least, we need another "New Deal." **R**

Beric German is an activist with the Toronto Disaster Relief Committee ([www.tdrc.net](http://www.tdrc.net)).

# Wall Street Panic, Main Street Pain and Policy Choices

Ingo Schmidt

## **GOVERNMENT RESPONSES TO THE FINANCIAL CRISIS: MELTDOWN AND BAILOUTS**

Falling house-prices triggered a financial crisis in the summer of 2007. Increasing numbers of people who had borrowed against their property, whose value they expected to rise continually, had trouble to pay their mortgages and other bills. Particularly hard hit were people whose mortgages had flexible interest rates that were now rising. Hard hit were also the banks that had given out loans with levity and repackaged such credits as investment products that could be bought and sold on financial markets. By doing so, a link between the housing market and financial markets was forged. Through this link plunging house prices could translate into a financial crisis. When this wiped out the U.S. investment-banking sector through a series of bankruptcies, takeovers and shifts from investment to commercial banks, stock markets plummeted. To avoid financial meltdown, which could deprive all economic circuits of its lubricant – money, the U.S. government and central bank presented a \$700 billion bailout plan. This money would be used to buy up bad loans and worthless assets to restore market values and investor confidence. This plan triggered a wave of anger among the American people who, rightfully, thought that they shouldn't pay the bills for a handful of big shots.

## **DOMESTIC CONSEQUENCES OF THE CRISIS: MAIN STREET FALLOUT**

Ordinary Joes and Janes felt not just treated unfairly by the government's bailout plan but also worried about the consequences of the crisis. The more tax dollars are used to bail out Wall Street, the less will be available for Main Street's already decaying infrastructure and underfunded public services. The combined housing and financial crises cause ever more home foreclosures and dwindling pension plans. In turn, they lead to lower consumer demand. At the same time, businesses of all kinds are facing a drying up of credit, on which they run their daily operations. A recession is on its way. Unemployment rates are already on the rise.

## **INTERNATIONAL CONSEQUENCES OF THE CRISIS: CROSS-BORDER CONTAGION**

For years the business community, led by Wall Street bankers and echoed by compliant politicians, was praising economic globalization and the decreasing role of national borders. Since Wall Street is in serious trouble, business and government leaders outside the U.S. have changed their tune. From Ottawa and Toronto to London, Paris and Berlin they declare the crisis as an

'American only' problem. However, most rich countries have seen their own bank failures and bailout packages already. Nose-diving stock markets and slowing down growth rates can be found all around the world. This is no surprise. Since the U.S. is the world's financial centre and its largest importer, a U.S. crisis automatically translates into an international crisis. For this reason it's not just Main Street folks in the U.S. who have to worry about their homes, jobs and pensions but their companions in other countries too. Over the last three decades many crises hit hard in shantytowns in poor countries, while they only had a mild effect on rich countries' Main Streets. The crisis this time started on Wall Street; is now spreading to Main Streets and will eventually reach Shantytown.

## **UNDERSTANDING THE CRISIS: POWER AND PROFIT CAUSE GREED AND LACK OF GOVERNMENT CONTROL**

The same folks who praised courage, entrepreneurial spirits and sharp minds of financial investors yesterday are complaining about greed and insufficient government control today. No doubt, financial investors are greedy and politics did everything it could over the last two or three decades to encourage even risk-averse wealth-owners to throw their money into the 'magical market wealth-making machine.' However, it is not just cheap to dismiss yesterday's heroes but also misses the point. Ever since welfare states were considered cumbersome brakes on profit, business communities and conservative parties have launched an attack on working people that first took labour leaders and social democratic politicians by surprise and later would either marginalize them or integrate them into the new 'greed is good' politics. As a result of this successful offensive, the balance of





power between workers and bosses shifted massively towards the latter, along with the income distribution that shifted from wages to profits and from poor to rich people.

For many working families, however, offering them cheap credit and allowing them to use their houses and savings as chips in the financial market casino softened the full effect of these shifts. Though, compared to big money, they never got much of it, they could consider themselves at least as part of the game. A minor position on the roulette table of the haves could be considered more comfortable than that of have-nots who struggle with casual jobs, minimum wages and can't even get a credit card. To be sure, it wasn't that comfortable even when the game was on. Under the pressure of small and large shareholders, company managers sped up work, put a cap on union wages and transferred ever more work non-union workers within and outside of rich countries. Thus, every now and then, individual players who had lost decently paid jobs and benefits had to leave the roulette table. They had their chance and lost. Now, as the ball stopped rolling, huge numbers of minor players feel the threat to be downgraded to have-not status, losing their jobs, houses and pension plans.

The reason that the ball stopped rolling in the first place is that shareholders could never find enough profitable investment projects for the rising tide of profit that swelled their coffers. Hiring too many workers increased the risk of resurgent labour militancy of the sort that was considered a profit-squeeze under the reign of welfare capitalism. Escalating resource exploitation caused environmental devastation. Though investors are typically not concerned about doing harm to Mother Nature, they had to realize that resource prices went on an upward trend, implying lower profits for any industry whose business is not resource extraction. Only the fantasy world of finance seemingly offered an outlet for investment without the menace of rising wages and resource prices. Sure enough, financial investments generated profit claims for which workers had to work hard, long and for decreasing pay.

No matter how much work was accelerated and wages were cut, claims for profit always exceeded the surplus value that workers produced. The widening gap between such claims and profits that companies actually earned, though the latter were impressive enough, triggered speculative mania first and financial crisis later. This is the situation we are in right now. Since it is caused by too much power and profits on the side of those who at this point are able to use it to socialize losses at the expense of tax payers, home owners and workers, solutions for the crisis have to address the balance of power and the distribution of income between bosses and workers.

### **LOOKING FOR SOLUTIONS: REDISTRIBUTING INCOME, WEALTH AND POWER**

Built on the assumption that the current crisis was caused by investor greed that wasn't sufficiently controlled politically, calls for government intervention had a comeback that nobody ex-

pected as long as Wall Street produced illusionary wealth on top of the profits it helped to get out of workers' and into shareholders' pockets. However, government intervention as such can't fix the problems because governments have served business interests for decades. That's a form of government intervention, too: the \$700 billion bailout plan is just the latest case of that kind of intervention.

Any meaningful discussion about governments therefore has to ask about the kind of intervention one is looking for. If it is to prevent the negative consequences the crisis may have for Main Street and Shantytown, it has to limit the power and profits of Wall Street. To do so, though, Main Street and Shantytown dwellers have to get together, define their claims against Wall Street and articulate their common interests. No government will help them if they don't push it. The question is, of course, in which direction to push.

If too much power of big money and corporations and too much profit of shareholders large and small are the root cause of the current crisis, it seems obvious to build countervailing powers and limit profits or even suspend production for profits. This can be accomplished by shifting economic activity from the private to the public sector, to which the 'speculative euphoria-financial panic' cycle does not apply. Moreover, public sector production could take the decision what and how is produced out of the hands of shareholders and top managers and puts them into the hands of democratically elected and controlled bodies. Admittedly, major political reform is required to turn undo a state apparatus that is used to serve moneyed interests and build institutions of democratic self-administration. Such profound changes take time. In the meantime, labour and other social movements ought to fight against any attempts to put the burden of the crisis onto workers' shoulders. **R**

Ingo Schmidt is a Vancouver educator and labour activist.



# The Global Crisis and Mexico: The End of Mexico's Development Model?

Hepzibah Munoz-Martinez

The current global crisis, and the role of the United States in it, has brought into the public light the role of financial derivatives in keeping the global financial system in a constant state of volatility. This, however, is not a new experience for the Mexican economy. These financial instruments were a key factor in triggering the 1995 peso crisis. While international institutions and neoliberal analysts blamed the 1995 crisis on the rigidities of the Mexican economy and the ineffective role of the state in supervising financial institutions, the role of derivatives in causing the collapse of the Mexican economy and setting the conditions for austerity measures and disciplining workers was completely ignored.

This time the role of derivatives as a central aspect causing a global recession and affecting the Mexican economy negatively can not be denied. The derivatives transactions undertaken by Mexican corporations have intensified the effects of the recession in Mexico due to particular structural problems in the Mexican economy compared to other OECD countries. These problems are: the pressures that financial derivatives denominated in U.S. dollars exert on the Mexican peso; the concentration of market power in a few Mexican firms; the heavy reliance on American markets (and remittances from Mexican migrants to the U.S.); and the failures of the development model based on the exploitation of cheap Mexican labour at home and abroad.

## **CORPORATIONS AND PRESSURES ON THE MEXICAN PESO**

Derivatives are often described in economics as a two-party financial contract, the worth of which is derived from the value of some underlying asset. They can be traded in specific market places or by private arrangement called 'over-the-counter' (OTC) transactions.

Some of the derivatives used prior to the 1995 peso crisis were total return swaps. This instrument was mostly used to profit from interest differentials to borrow in U.S. dollars and invest in Mexican pesos. A Mexican bank and a financial firm in Wall Street signed a contract that established that the Mexican firm or bank would pay to the financial institution the 'loan,' and the latter would pay the bank the 'total return' on pre-selected securities. These securities were often short-term peso-denominated public debt.

In this operation, a Mexican corporation agreed to pay the financial firm at LIBOR (the London inter-bank overnight lending rate) plus some additional points on a dollar loan for a short

period of time. In exchange, New York investment banks agreed to pay the Mexican entity the return on a given amount of public debt for the same period of time. If the peso did not decrease in value against the U.S. dollar, the returns in public debt remained high and the payment on the dollar loan stayed low.

In this way, Mexican banks could borrow dollars from the Wall Street firm and receive the return from the Mexican bond. When the Mexican peso was under pressure in the mid-90s and devalued, Mexican banks and major firms had to pay their outstanding debt in U.S. dollars. For that reason, they created enormous pressures on the peso when they used lots of dollars to cover their foreign currency obligations. Hence the peso crisis, and the harsh neoliberal austerity imposed on Mexican workers and peasants.

This story is now repeating itself. Over the last years, Mexican corporations did not directly invest extensively in American mortgage-backed securities or credit derivatives linked to those securities. Still, they used derivatives to obtain U.S. dollars at low interest rates, pay these loans with yields in their investment in Mexican pesos and obtain profits from the difference between lending rates in the U.S. and investment rates in Mexican pesos.

For instance, Cementos Mexicanos, the third largest cement in the world reported profits by US\$ 300 million in 2007. With the credit crunch, the shortage of liquidity in U.S. and an increase in interest rates, CEMEX now owes US \$500 million in its derivatives operations. Other important Mexican firms that comprise a large portion of the Mexican stock exchange have also reported millions of losses in their derivatives operations. This has also resulted in an increase of these firms' total debt and decreasing share prices. In order to obtain funds to cancel pending instruments in derivatives and make stocks more attractive for investors, Mexican corporations have decided to cut jobs, close plants and decrease production.

Mexican companies also played a crucial role in the downward pressure on the Mexican peso as these firms ran to cover dollar-denominated debt and positions they had taken in exchange-rate derivatives. This created a shortage of U.S. dollars in the economy, increasing the value of the former vis-à-vis the Mexican currency. In order to maintain confidence of the peso and prevent a more intense speculative run on the currency, the Mexican central bank supplied a large amount of dollars from its international reserves (e.g. the Mexican central bank used 11 percent of its reserves in less than 72 hours at one point over the last months) and increased interest rates on public debt to guarantee the value of the peso.

The actions of the central bank do not entail a direct bailing out of Mexican companies. Still, the supply of cheap dollars at the expense of the public-owned oil company's earnings and the federal budget can and should be considered as an indirect socialization of private losses. On the one hand, the supply of these dollars prevents the Mexican peso from depreciating, and as a result, it stops Mexican corporate debt in derivatives from increasing. On the other hand, the foreign currency provided by the federal government is channelled to the central bank as opposed to social spending.

### STRUCTURAL PROBLEMS IN THE MEXICAN ECONOMY

Mexico's President Felipe Calderón claims that that Mexico's banks are solid and the Mexican economy is prepared to face the global economic crisis. However, this takes place in a context of slow economic growth, high unemployment and underemployment and increasing prices vis-à-vis wages. Real wages have been declining annually by almost one percent while inflation has reached four percent. According to Mexico's National Institute of Statistics, 63 percent of people's income is spent on food, leaving very little money for education, housing and health. Also, levels of poverty have not decreased drastically given that 14 percent of the population still live in poverty. This is the legacy of Mexican anti-inflationary policies that kept minimum wages from rising, implemented austerity measures in social spending, privatized land, removed agricultural and food subsidies and increased interest rates to attract investment in the Mexican peso.

Despite the measures carried out by the Mexican government to maintain a "sound" financial system and public finances, the global financial crisis might have a greater impact on the Mexican economy than on its OECD or other Latin American counterparts. The reasons are threefold. First, the concentration of market power in a few firms has negative effects on job creation and the balance-of-payments. The job cuts planned to fulfill the private sector's debt obligations increases the unemployment rate and depresses wages even more due to the large availability of labour. At the same time, these firms are central to the Mexi-

can balance-of-payments because they are one of the main sources of foreign currency into the country via exports and portfolio investment. The diminishing flow of foreign currency through these firms entails the expansion of public debt in Mexican pesos by the Mexican government in order to obtain the foreign currency necessary to maintain the value of the peso.

Second, the Mexican economy faces greater challenges than other countries because of its dependence on American markets for its exports. The economic recession in the United States will lessen the demand for Mexican products, bringing the manufacturing sector to standstill and further decreasing job opportunities for Mexicans. It is worth noting that this export-oriented model has been based on cheap labour in the *maquilas* – factories that import materials on a duty-free and tariff-free basis for assembly and re-export the final product – under deteriorating labour and environmental conditions and weak backward and forward linkages to the national economy.

Third, Mexico relies heavily on remittances from the United States. In fact, remittances have become a special section within Mexico's national accounting and it has served as a pressure valve for the Mexican government. Remittances have released pressure for jobs and social spending because poor families have relied on the money sent from abroad to overcome the lack of job opportunities and low incomes. Remittances have also helped to maintain the value of the Mexican peso, which is crucial for Mexican firms' transaction in derivatives. In 2006, for instance, remittances became the second single source of foreign currency after oil exports. However, the economic recession in the U.S. has affected the flow of remittances sent to Mexico because employment and incomes for undocumented Mexican immigrants have decreased. The Mexican central bank has reported a drop of 12.2 percent in remittances, which is the largest of these cash payments in a single year. This, in turn, creates greater pressures for job creation and social spending in Mexico in order to counteract the negative consequences of the decline of remittances from the United States.

Overall, the power of few firms, the dependence on U.S. markets for exports and remittances and the continuing reliance on a development model based on cheap labour have not only obstructed but also reduced the potential for an economic growth based on a more even distribution of income. This is crucial for the creation of internal market that keeps production moving regardless of the lack of external demand for Mexican goods. Not only the absence of an internal market threatens with paralyzing Mexico's productive sector and creating further unemployment, but also the lack of a social safety net further aggravates the situation of the working people in Mexico. While the Mexican government has implemented social programs that target extreme poverty in Mexico, there are no universal policies that protect people from unemployment, underemployment and depressed wages. These are policies which could benefit those sectors of the population that do not fall under the category of the extreme poor but still live in poverty.



## THE LIMITS TO THE MEXICAN GOVERNMENT'S NEW ECONOMIC RECIPE

The Mexican government has reacted to the global crisis in two ways. First, Mexico's financial regulators have responded to the risky positions undertaken by Mexican companies with an investigation in an attempt to reveal the nature of their use of foreign-exchange derivatives. Second, Calderon has implemented a US \$4.4 billion emergency spending program to cope with the financial crisis. Calderon has announced that this program will target the construction of energy, highway, railway, education, health, and hydro-agricultural infrastructure works. Also, the program involves the allocation of \$12 billion pesos for the construction of a new refinery to reduce dependence on imported refined oil.

The recent measures reflect a policy shift from strict austerity policies, implemented since 1982 and the de-politicization of the 1995 government bail-out program of Mexican banks, toward a government-spending scheme focused on infrastructure. There is also a re-politicization of the financial practices of Mexican firms through an official enquiry. This, however, is not the result of the "good" intentions or the so-called "social democratic" agenda of the Calderon administration and the current LX (60<sup>th</sup>) Legislature (Congress of Mexico). Rather, it is the reflection of the social discontent with the political system and the economic model, which has been expressed in several protests, the lack of support for Calderon in the 2006 presidential elections, and the severe crisis of credibility for the country's electoral institutions and overall political institutions in Mexico, including the police and courts. As such, the federal government could not respond with the usual supply-side economics prescription of tightening government spending. Instead, it decided to implement a demand-side management strategy focused on infrastructure in order to prevent further social disenchantment with the current economic and political system.



However, this new strategy has several shortcomings. It does not change the balance of power between the private sector and workers. The Mexican government still has the lowest levels of corporate taxation within the OECD and has very little control over short-term capital outflows. This is, in turn, reflected in the severe pressure exerted over the Mexican peso by firms in order to settle derivative obligations in U.S. dollars.

In addition, infrastructural developments do not necessarily translate into the improvement of the living standards of the middle and low income sectors of the population. On the one hand, the infrastructural projects proposed by the Calderon Administration still rely on cheap labour, and therefore only provide a safety valve to unemployment without guaranteeing income redistribution. On the other hand, investment in highways, railroads, energy and hydro-agricultural projects only benefit a small sector of the population, particularly those firms that benefit from cheaper oil prices, faster transportation and large-scale agriculture. At the same time, the rest of the population is excluded from the planning process of these projects, which usually entail community displacement, environmental degradation and low safety standards for workers.

Indeed, the government has planned to channel funds into education and health infrastructure. Still, the inclusive and democratic use of these facilities to improve the health and education levels of the most vulnerable in Mexico is questionable. The reason is the presence of a corrupt leadership within official teachers' union, which controls the operation of public schools, including its infrastructure, and the deficient health services offered to Mexico's poorest through the Popular Health Insurance Program.

The Mexican government's focus on infrastructural projects only reproduces the weaknesses of the Mexican development model in the current context of the global crisis. This poses a double-burden on Mexico's poor, who do not only have to suffer the consequences of the economic strategy based on cheap labour at home and abroad, but also the costs of the global crisis, which has already manifested itself through lower wages, higher food prices and unemployment. The Mexican government needs to go beyond infrastructural investment to implement policies that create a social safety net, make food accessible to people, improve the quality of education at all levels and promote inclusive and participatory urban and economic planning. But this is really a question of new political movements emerging and a rupture in the existing Mexican state and power structures. **R**

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# When the bucks stop

Jim Stanford

For the past year, the world's financial system has been roiled by a cascading crisis of confidence. The consequences so far have included collapsed banks and brokerages, some \$250 billion of officially declared losses by financial companies, a marked slowdown of real economic growth in several countries, and a recession in the United States. More ominously, there may be a darker storm coming. Many observers, defenders of the current system as well as critics, fear this latest panic might just lead to 'the big one' – a structural conflagration that produces depression, chaos and dramatic change.

I'm sceptical of this judgment and don't think we should get carried away with doomsday prophesying. The global financial system has survived at least six major crises since the advent of neoliberalism in the late 1970s (see Red Pepper magazine June/July issue, page 30). Each time the system manages to rebound and regroup – ever more unequal, unbalanced and distorted, but still viable nonetheless.

Even so, the current crisis is not remotely over, and could get much worse before it gets better. The events of the past year have proved that the financial system is both structurally unstable and impossibly unpredictable. So whether it causes larger and more disastrous problems or not, the current crisis is a fitting opportunity to challenge the effectiveness and credibility of the whole neoliberal project – not just its financial and monetary policies, but the way it runs the real economy too.

## WHAT HAPPENED?

The financial crisis of 2007-08 has its roots in the collapse of a speculative bubble in the US housing market. Average US home prices almost tripled between 1996 and 2006, driven skyward by low interest rates, tax subsidies and speculation. As with any speculative bubble, once the price for an asset starts rising strongly, other investors buy it solely to profit from that rising price.

A bizarre American phenomenon called 'sub-prime lending' added fuel to this fire. Sub-prime mortgages are issued to lower-income home purchasers, who might not qualify for a regular mortgage. Lenders offered mortgages at low introductory rates, luring buyers to stretch beyond their financial means. Few understood that rates would increase dramatically in later years.

Every bubble must inevitably burst – and this one eventually did, too. The immediate cause is some event that 'pricks' the optimism of speculative investors, turning greed to fear and causing them to rush for the exits. In this case, the downturn started with rising foreclosures, combined with increases in U.S. interest rates. Amidst the subsequent financial carnage, the immediate victims of the debacle are the two million mostly low-income families who lost their homes in one of the largest forced evictions in history.

Shock waves from the downturn were amplified by highly sophisticated new financial practices that first arose in the 1980s and 1990s. Gone are the days when home mortgages were issued by some mundane neighbourhood institution (a bank, credit union or building society) with good local knowledge of housing markets. Clever financial engineers developed creative, often bizarre ways to convert mortgage lending into a sexier, more lucrative arena. Mortgages (and other forms of routine consumer debt) were 'securitised'. Instead of existing solely as a promise by a homebuyer to pay back the money, a mortgage became a piece of paper that can itself be sold and re-sold for speculative profit on financial markets. Ever more exotic securities, even further removed from the actual home that a real person lives in, were invented – like 'credit default swaps' and other hard-to-pronounce derivatives. But the tail came to wag the dog; these new securities are now gigantic speculative markets of their own, worth far more than all the residential homes in the land.

Individual investors, pension funds, and even government agencies around the world invested in the trendy new products. They hoped for high returns on what they thought were secure assets; many had little idea what they were buying. So when the value of sub-prime mortgage securities began to collapse, investors around the world felt the pain.

Speculators tend to leverage their investments heavily (using borrowed money to place their bets). This, combined with sudden uncertainty regarding the value of many securities, created a crisis of trust and confidence that spread through the financial system. Banks would no longer lend to each other, hedge funds were no longer allowed to trade on credit and brokers experienced sudden cash shortages. Eventually, banks and other institutions wrote off large amounts of securitised mortgages as worthless, and some companies collapsed entirely – like Bear Stearns, a major U.S. brokerage, and Britain's Northern Rock (temporarily nationalised, ironically by a fervently pro-market Labour government). The broad deregulation of private finance under neoliberalism contributed to this extraordinary fragility.

Another painful side effect of the crisis has been a contraction in private credit creation. When private banks issue new loans, the money supply grows and spending increases; this credit-creating function is essential to economic growth and job creation. But being private profit-seeking companies, banks run this system in accordance with their own interests – not society's broader need for growth and opportunity. When bankers are confident loans will be repaid, they aggressively push credit into the economy. When they are fearful of defaults, they withhold credit – even from reliable customers. This is called a 'credit squeeze.' When bankers are reluctant to issue new loans because of uncertainty and fear, even deep cuts in interest rates may have little impact on stimulating borrowing and hence spending. The whole

economy, at this point, is hostage to the self-protective reticence of private bankers.

The broader breakdown of trust and confidence, and resulting squeeze in credit creation, poses the greatest danger. And this is what central banks around the world have been trying to prevent. Led by the U.S. Federal Reserve (still, ironically, the most pro-active, interventionist and in some way ‘Keynesian’ of all), they have injected hundreds of billions of dollars in short-term loans (or ‘liquidity’) into the banking system. This allows hard-pressed banks to continue regular borrowing and lending.

We should remember that the ups and downs of the ‘paper economy’ (the financial sector, which trades in paper assets but doesn’t produce direct, real value) do not always affect the ‘real economy’ (where working people produce things – goods and services – that are actually useful). This disconnect is obvious when the paper economy is booming: record stock markets and financial valuations don’t at all translate into jobs or incomes for the rest of us.

The disconnect is also apparent when the paper economy turns down: the disappearance of even trillions of dollars of etheral paper value does not necessarily translate into genuine bad news for those of us who make our living through work, rather than wealth. But sudden shocks in financial confidence, and the disappearance of paper wealth, can have indirect negative impacts on the real economy. The transmission of the financial crisis into the real economy (through channels such as the decline in U.S. home construction, or a decline in spending by consumers – perhaps because they’ve been shell-shocked by gloomy financial headlines) can convert a paper crisis into a real depression.

At the time of writing, international financial officials were worried both about further financial panic and the growing impact of the sub-prime crisis on the real global economy. IMF officials estimated that total bank and brokerage losses would exceed \$1 trillion by the time the crisis runs its course. Only one-quarter of this total has been declared so far by global banks and brokerages, so there’s a lot more pain to come. The IMF also downgraded its estimate for world economic growth – although no major economy, other than the U.S., is currently expected to experience a recession.

## THE PROFIT MOTIVE AND PRIVATE FINANCE

Fingers have been pointed at unethical U.S. mortgage brokers (for issuing mortgages to families that could not afford them), lazy credit rating agencies (for failing to identify the risks associated with securitised mortgages) and greedy hedge fund investors (for placing risky bets with other people’s money rather than their own). All these practices contributed to the unfolding of this specific crisis. But this crisis, like those that came before it, is rooted in a deeper and more fundamental problem: namely, a financial system oriented toward maximising the private profit and wealth of investors, rather than facilitating and lubricating

real economic progress for the rest of us. There are several factors underlying this:

- **Speculation**

Investors try to make money off their wealth, following the ancient credo: ‘Buy low and sell high.’ This speculative impulse is non-productive: it adds nothing to the output of real goods and services. And it introduces an inherent boom-and-bust instability into financial markets and (to a lesser extent) into the real economy as well.

- **The banking cycle**

Private banks issue new loans to customers based solely on the willingness of the customer to undertake the loan (at the going interest rate) and the bank’s judgment that the loan will be repaid. An essential economic and social function – credit creation – has been outsourced, with very little social oversight, to private companies interested solely in their own profit. When the cost-benefit calculations of private banks diverge from those of society as a whole (as they very often do), the economy is left with too much credit, too little credit, or (in times of severe crisis) no credit at all.

- **Competition**

Competitive pressures force banks and brokerages, even those wary of the risks involved, to push the envelope with their decisions – including issuing loans to risky customers, and speculating on riskier derivatives. Competition thus enforces the blind herd mentality that accentuates both the ups and the downs of private finance.

- **Innovation**

Capitalism is nothing if not creative, and the financial industry has lured some of humanity’s smartest minds to focus on the utterly unproductive task of developing new pieces of financial paper, and new ways of buying and selling them. Despite the finger pointing at mortgage brokers and credit rates, therefore, the current meltdown is rooted squarely in the innovative but blinding greed that is the *raison d’être* of private finance.

- **Multiple failure**

The fundamental logic of for-profit finance provides the left with a platform to make a profound critique of that system, since the current crisis highlights many of its failings:

- **A failure of financial stability**

Outrage among the wealth-owning set at the losses incurred in the 1970s (due to rising inflation and falling stock markets) was a crucial ingredient for the rise of neoliberalism later in that decade. Stabilising the financial system, and protecting investment returns, has been its central goal ever since. But the new financial order is clearly just as prone to massive instability and losses (this time self-inflicted) as it ever was during the bad old Keynesian days.

- **A failure of monetary policy**

Until very recently, it was fashionable to speak of a universal ‘new consensus’ in monetary policy, based on inflation targets

and central bank ‘independence’. Modern central bankers seemed to have solved the age-old problem of balancing inflation and unemployment, but this claim turned out to be overstated and ridiculously premature. Yes, inflation in basic consumer prices was controlled, for a while (with the help of Chinese-made products, falling labour costs, and other time-limited changes). But inflation in asset prices remained rampant. Even by traditional measures, neoliberal monetary policy is showing cracks: in the U.S., for example, inflation is now accelerating notably, even as the economy enters recession – exactly as occurred in the 1970s.

- **A failure of real capital accumulation**

Today’s financial instability is caused, in part, by too much paper capital chasing too little real capital. Despite strong profitability, the investment performance of real business under neoliberalism has been downright sluggish. Net investment in real capital (after depreciation) in the major G7 economies has averaged only about 6 per cent of GDP over the past decade – less than half as much as during the supposedly troubled 1970s. Moreover, real (non-financial) companies around the world are generating far more cash flow than they reinvest. The result is an unprecedented accumulation of financial wealth by non-financial corporations that only adds to the financial overhang. Deliberate neoliberal constraints on real growth have thus been an important underlying cause of current financial instability.

- **A failure of public finance**

Even one of the most vaunted ‘successes’ of the neoliberal era – the elimination of chronic government deficits and the reduction of public debt – has been thrown into question by the sub-prime meltdown. Never mind that the socialisation of Northern Rock’s debts did more damage to the UK’s debt burden than a decade of social spending (pushing the state’s debt load above 40 per cent of GDP for the first time since Labour took office in 1997). It turns out that the reduction of government debt under neoliberal cutbacks actually contributed to financial instability.

There is no more secure asset than a government bond. But the supply of government bonds declined as government spending was cut and debts reduced. This encouraged (and even forced) investors and institutions to take on riskier assets. Maintaining a ‘healthy’ stockpile of public debt can actually stabilise the financial system.

For these and other reasons, the current crisis is not merely the result of a pointlessly hyperactive, fragile and unregulated financial system. It reflects a deeper failure of the whole neoliberal program to establish the conditions for productive, effective economic progress.

## **FIXING THE MESS**

Global central bankers have been spurred into genuine action by the sheer scale of the present crisis. Led by the Americans, they waded forcefully into the fray – tossing around many tens of billions of dollars of liquidity, bailing out failed brokers and nationalising major banks. These actions were prudent, helping to avoid

(for now, anyway) a much wider conflagration. The left, however, should demand public accountability from the private institutions that are now receiving an expensive public rescue. And we should expose the stark contrast between the spirit of interventionism that motivates these efforts, and the general ‘hands-off’ mentality that typifies neoliberal responses to other, equally urgent problems (such as substandard housing, preventable disease or environmental degradation).

Calming the current storm is one thing, trying to prevent the next one is another. International financial officials have made very tentative, modest statements about reforming financial regulations to prevent similar abuses and excesses in the future (such as recent agreements by the G7 finance ministers and the Basel committee on banking supervision to very modestly strengthen capital adequacy rules and other bank regulations).

The emphasis in these proposals is on oversight and transparency, not genuine regulation. They wouldn’t significantly alter the hyper-risky behaviour that produced the current meltdown; they would just shine a little more light on it. They wouldn’t prevent future financial bubbles – but they might allow a bit more of the blame to be shifted to the victims (who, in a more transparent world, should have known what they were getting into). And financial interests are already mobilising to fight even these timid steps toward re-regulation.

Genuinely preventing future chaos will require a far more thorough-going overhaul of private finance – guided by a critical understanding of the destructive and irrational incentives created by a deregulated, for-profit financial system. Here are the key areas that should be emphasised:

**Regulation** The most exploitative and dangerous financial practices should be tightly regulated, and in many cases simply prohibited. Regulations should prohibit unethical lending behaviour, curtailing manipulative practices like those that drove the U.S. sub-prime debacle. They should also impose genuine capitalisation and reserve requirements; these would force banks and other institutions that issue financial securities to keep a significant reserve cushion (consisting of real money or government bonds, not high-risk securities) on account with public regulators to guard against financial panics and collapse.

**Public guarantee system** When investors panic, that panic itself becomes the problem. This is why a strong public guarantee system, protecting at least the core of the financial system (routine consumer and business lending, and non-speculative personal investments up to some ‘middle-class’ threshold) is an essential precondition for financial stability. If savers and investors know their funds are backed up by state guarantees, they have no reason to rush to withdraw their funds when panic strikes.

**Socialising credit creation** At the end of the day, the risks associated with private finance will always be socialised (as they have been in the current crisis) simply because the costs of major financial failures are too severe, and too widely distributed, to

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# Rethinking political parties

Hilary Wainwright

The need for radical social change is pressing and the desire for it widespread. Traditionally, political parties have been the means of giving shape, leadership and coherence to such desires. But in present circumstances they are simply not up to the task. There's never been a golden age for parties of the left but there have been periods – the 1920s up till the late 1960s – when the majority of people desiring change in a broadly socialist direction would be members or supporters of mass socialist or communist parties.

The situation now is that by far the majority of people actively pursuing goals of social justice, equality, deeper democracy, a social and environmentally sustainable economy and a demilitarised politics are politically active without being members of political parties. I am too.

Like many others, I'm not anti-party. If I lived in Italy, Norway or Germany, for instance, I'd probably join Rifondazione Comunista, the Socialist Left Party (SV) or Die Linke. But I would not see party activity – at any rate not in the forms that it conventionally takes – as my main focus.

Yet the sum of extra-party, movement-oriented activity does not somehow add up to political change, even if it were more adequately co-ordinated. We cannot point to 'social movements' to get us out of a tight spot. It should be clear by now that movements come and go and cannot be evoked as some self-evident answer to the problem of creating effective agencies of social change.

At their most effective, progressive social movements radicalise public consciousness. Generally, however, they are

unable to give these shifts in consciousness a wider political coherence. This means that the desire for change that such movements stimulate can be politically ambivalent, tapped by the right if these hopes don't get political expression and coherent alternatives from the left.

Perhaps we need to experiment with hybrid forms of 'movement party' organisation, especially in a context in which the nation state, the traditional focus of political parties, can only be one of many focuses of political struggle. It is clear from experience, however, that so-called movement parties provide no simple answer. We've watched in dismay the movement dynamic behind parties such as the German Greens, and more significantly the Brazilian Workers Party nationally, being subordinated to the conservative pressures of conventional electoral politics, state institutions and the financial markets.

## THE UNCONSCIOUS FOUNDATIONS OF POLITICAL BEHAVIOUR

This frustration prompts me to stand back and investigate some of the basic concepts involved in our thinking about change. Consider, for example, concepts of knowledge and its social organisation, of power and its plural sources, of representation and alternative models and, more fundamentally, of agency: how do we now interpret for our own times Marx's famous remark about men making history but not in conditions of their own choosing?

Just as the unconscious mind can determine a person's behaviour, so with institutions: their behaviour can be shaped by unacknowledged assumptions rooted in their history. And just as individuals wanting to break from damaging patterns of behaviour try to subject those unconscious processes to critical analysis, so with organisations: the capacity consciously to innovate requires the identification of assumptions that underlie habitual political responses and their subjection to conscious debate.

Take three examples that have driven me to try to unearth assumptions underlying political behaviour.

First, there is the inability at many levels of the Labour Party (and not just among privatising evangelists) to recognise that public service workers and users could be driving forces for genuinely radical changes to our public services. I've often found that underlying this blindness are unexamined assumptions about the nature of knowledge that are in essence highly restrictive, elitist and mechanical.

The second example comes from the radical left. Consider the recurrent failure of what could be positive attempts by the Socialist Workers Party (SWP) to initiate a broadly based politi-

The political thinking influenced by grass-roots movements distinguishes between two radically distinct meanings of power: power as transformative capacity and power as domination.



cal alternative to New Labour – first with the Socialist Alliance and then Respect. A fatal factor here is the SWP's implicit concept of leadership and power, which seems blind – wilfully or otherwise – to the existence, relevance and potential power of a wide diversity of initiatives and traditions with common or overlapping political values, but autonomous from the SWP.

A third example has been part of my own unconscious in the past: an equation of 'parliamentary socialism' – the tragic fate of socialism in the Labour Party – and electoral politics. Here our unconscious has been influenced by an electoral system that has all but excluded the radical left and the Greens from political representation. The result has been very superficial thinking about what representation is for and a tendency to engage in electoral politics either with gritted teeth as something to be done every so often to gain a propaganda platform, or to be completely intoxicated by the experience of engagement with the public after years in the political ghetto, and to lose one's critical faculties. Both responses have lost all historical sense of the struggles for the franchise and the possibilities for building on these victories with a new model of representation, opening up state institutions to the pressures of movements and conflicts outside the political class.

To begin such a tentative exploration of the political unconscious I draw on what I have learnt from the theory and practice of social and trade union movements over the past 30 years. I should explain at the outset my use of the concept of 'transformation' as it has only recently become part of English political debate. It is useful because it refers to forms of change that transform the basic structure of society or the institution under discussion; it also leaves open the means of change, avoiding the problems of the polarisation between reform and revolution.

## **RETHINKING POWER**

The political thinking influenced by grass-roots movements distinguishes between two radically distinct meanings of power: power as transformative capacity and power as domination, as involving an asymmetry between those with power and those over whom power is exercised.

Historically the major parties of the left have tended to be built around a benevolent version of the second understanding of power: that is, around winning the power to govern and using it paternalistically to meet the needs of the people. This has shaped the nature of politics, concentrating it around legislation and state action. It has underpinned the position and self-conception of the political party as having a monopoly over political change. This in turn has meant that parties have tended to see the political role of movements as subordinate – a matter of lobbying, support and mobilising pressure behind legislative, parliamentary action spearheaded by the party.

The assertion of power as transformative capacity, first by the student, feminist, radical trade union and community movements of the late 1960-70s, and more recently by the global jus-

tice movement, broke with this narrow definition of politics. It led to a far wider understanding of the scope of politics, that is of efforts to end injustice and to realise the dignity and potential of all; a scope way beyond the traditional focus on state, government and legislation, pervading all the relationships and institutions of our daily lives. The other side of this opening and deepening of the definition of politics has been an effective challenge to the party's monopoly of the leadership of social change.

This understanding of power as transformative capacity is related to a distinct understanding of social change, implicit in the practice of the movements. Crucial here is the way that we started from our own circumstances and took personal responsibility for change by refusing to reproduce relations of oppression and exploitation – in our own lives and in our implicit complicity with it elsewhere, especially in the global South – and by struggling to create spaces for transformation and to at least illustrate alternative values.

This understanding was evident vividly in the women's liberation movement, which directed its energies towards mobilising whatever resources it could to bring about change in the present, both in personal relationships and, closely connected, in the social and cultural environment that had reinforced women's subordination. It made demands on the state for support but on the basis of its own alternatives and self-organisation. Similarly in the workplace, for a brief but inspirational period in the 1970s, the shopfloor organisations that had developed since the 1950s became the basis for real shifts in the balance of power in the management of factories and for alternative plans for industrial policy and reorganisation.

I've highlighted the radical dynamic of this approach to power. It can also stop at the level of personal change without making the wider connections that require a collective exercise of transformative power. This is clearly a central issue in addressing the causes of climate change.

As we know, the Labour Party did not take up these opportunities for radical social change at a national level. Local attempts to experiment with this new politics in the 1980s, most notably with the Greater London Council, were also swept aside. But this was not simply a matter of political ill will or reasoned disagreement; it was the result of a complete incomprehension of a fundamentally different understanding of politics. The assumption that underpinned traditional parties of the left was that the state, government or party – the social subject – acted on the rest of society – the social object. This traditional but still influential model took insufficient account of the way in which change is coming from within society, the way in which those who were previously considered the objects of change are themselves actors for change, including self-change.

## **STRUCTURE AND AGENCY**

I emphasise this because it is this political philosophy that underlies the inability of social democratic parties – and the Euro-

communist parties, which essentially adopted their methods -- to follow through whatever reforms they made in the early post-war period and turn them into a dynamic of social transformation. And the legacy of this traditional and flawed understanding of politics lingers on in the parties of the green and radical left.

A useful framework for deepening our critique and highlighting the importance of the new methodologies implicit in many of the social movements of recent years is provided by critical realism. This is a philosophical school that was itself a product of the political and cultural struggles of the 1960s and 1970s and provides a necessary alternative to both the limitations of structuralism and the dead ends of postmodernism.

The critical realist Roy Bhaskar makes a useful distinction between four planes of social being: human interaction with nature; enduring social structures; social interaction and relationships between individuals; and the complexity of the personality. The dominant and governing traditions of socialism have focused on issues of social structure, often to the exclusion of the other three. Particularly relevant to the argument of this essay is their conflation of interaction and relationship between individuals with structure (there is not space here to deal with the political implications of the other two levels).

The traditions of socialism that have been the basis for powerful political parties have tended to treat human beings as the product of social structures to an extent that left little room for the potentialities -- and pitfalls -- of human agency. It was as if the complex and dynamic character of Marx's thesis that we make our own history but not under conditions of our own choosing had been forgotten. The tendency was to assume that structural change -- nationalisation of the leading companies, setting up the NHS and so on -- was not only necessary but sufficient to bring about social transformation. This also meant treating structures as rigid constraints on what was possible and produced a conservatism that has become overwhelming in the face of corporate globalisation.

But if we distinguish between social structures and relations between individuals, we create a space for agency and the nature of constraints becomes more complex and more historically variable. At any moment in time, structures pre-exist individuals. They create constraints on our capacity for action. They also provide the means, the conditions, of our agency. We cannot act without them. On the other hand, structures cannot endure without the actions of the human beings who use them.

Thus, although we do not at any one time produce structures, we continually face choices about whether to reproduce or to transform them. In other words we can't wake up in the morning and decide exactly what to do or what kind of society to create. But neither are we without the capacity to act as knowing subjects able to act on and alter the structures of which we are part. Dominant socialist traditions have tended to elide structure and agency; indeed one reason for the feeble acquiescence of social democratic parties historically to the hostile pressure from both

state and big business has been the fact that they never saw their members and supporters as knowing, creative agents of change with society, only as voters and supporters.

## **CHANGED UNDERSTANDINGS OF KNOWLEDGE**

Closely associated with an understanding of transformative power are the distinctive understandings of knowledge influenced by movement-based politics. In good part as a result of this politics and -- not unrelated -- developments in the philosophy of science, we are increasingly aware of the plural sources of knowledge: as tacit, practical and experiential as well as scientific. We are working increasingly with complexity, ambivalence and uncertainty.

This does not imply a postmodern, relativistic notion that anything goes, that there are no independent grounds for judging arguments. On the contrary, it implies that supposedly 'postmodern' concepts like 'deconstruction' and a recognition of the many perspectives from which a single phenomenon can be understood must be reclaimed as tools for analysing and changing a complex real world.

These new understandings of knowledge point towards an emphasis on the horizontal sharing and exchange of knowledge and collaborative attempts to build connected alternatives and shared memories. They stress the gaining of knowledge as a process of discovery and therefore see political action, the exercise of transformative power, as itself a source of knowledge, revealing unpredicted problems or opportunities. This implies a self-consciousness of the sense in which actions are also experiments and therefore the need for spaces and times for open reflection on, argument over and synthesis of different experiences.

This recognition of the importance of experiential and practical knowledge deepens the nature of debate. It implies debate driven not so much by the struggle for positions of power as by a search for truth about the complexity of social change, a production of collaborative knowledge that itself becomes a source of power.

The Social Forum process internationally is perhaps the most important and appropriately transnational experiment so far in finding ways of sharing ideas rooted in both experience and different political traditions. Like any experiment it is messy and uneven but contains crucial lessons from which any rethinking of the party and the development of political programmes must learn.

## **NEW MODELS OF POLITICAL REPRESENTATION: LATIN AMERICA**

Where do these notes on rethinking power, knowledge, agency and structure lead in terms of rethinking political parties? Here all that I can do is to note some pointers and ask some questions.

A first implication of the analysis of power as transformative capacity is that action in and around political institutions is but one – albeit crucial – sphere of action and struggle for fundamental change. But are there any implications for the direction and content of such action?

In general terms one can say that the goal must move from winning the power to govern for the people paternalistically to being a struggle in collaboration with organised citizens to change political institutions from sources of domination to resources for transformation. What does this mean in practice?

It is an approach best illustrated by experiments in Latin America: Workers Party-controlled local authorities in Brazil, the MAS government in Bolivia and the Bolivarian process in Venezuela, where parties (or, in the latter case, a leader) winning elections have then used their democratic legitimacy to attempt to reach out beyond parliamentary institutions and strengthen popular control over the state institutions, trying to turn them into public resources for change controlled by a combination of participatory democracy and elected politicians.

These experiences are answering the question of what political representation is for with a new model of representation. This is one that, after the struggles against dictatorship or extreme forms of corruption and oligarchic rule, takes elections and representative democracy seriously, not as a sufficient definition of democracy but rather as one part of a strategy for more radical democratic – including economic – transformation.

A key element in making this possible has been the existence in most parts of Latin America of strong and for the most part highly politically conscious forms of popular democracy or non-state sources of democratic power -- in neighbourhood organisations, movements of the landless and indigenous people, and radical trade union organisations. (This is one reason why the commercial media have much less effective political influence in these countries than in the global North, in spite of their best and most insidious efforts to influence hearts and minds.)

In these circumstances the distinctive contribution of radical left political parties, at their most innovative, has been to open up the institutions, to redistribute power, to facilitate a sharing of power with organised citizens, and to stimulate and support new institutions of public participation in control over state power. They have sought to straddle the political institutions on the one hand and the conflicts and emergent sources of power in society on the other. The logic is to work both in and against the institutions and with autonomous movements and social conflicts to open up and democratise the institutions. Encouraging non-state sources of democratic power has been a necessary part of this process.

### **NON-STATE SOURCES OF DEMOCRATIC POWER**

This idea of non-state sources of democratic power is crucial

to rethinking the party. The key point is this: while radical mass movements, from those of the 1970s to the recent anti-war movement, have not been sustained, there is widespread evidence of efforts to create lasting sources of democratic power autonomous from the state – movements with sustained institutions that have a democratic legitimacy in the face of discredited established political institutions.

Again, some of the most developed examples are from Latin America, such as the landless movement (MST) in Brazil. Other examples include transnational networks like the ‘Hemispheric Social Alliance’ that provide a force for accountability on global institutions and corporations that have escaped the conventional mechanisms of parliamentary accountability.

These organisations are more than ephemeral campaigns. They are trying to create different kinds of relationships here and now, based on principles of participatory democracy, and at the same time building democratic power to challenge and transform institutions driven by private profit or bureaucratic self-interest.

We have to ponder critically how relevant the Latin American experience is for Europe. One problem we face in the North is the way parliamentary democracy and a symbiotically related media has developed an immense capacity simultaneously to incorporate and marginalise all such extra-parliamentary efforts at radical democracy. But as national and local state institutions lose their legitimacy, some are breaking through. The strengthening of these grassroots-based forms of democratic power, including their connection and exchange of ideas and organisational lessons with each other, is essential to the idea of a new, transformative model of political representation along the lines exemplified in Latin America. This political organising at the base is a priority on which many of us could agree whether we are members of a party or not.

Another lesson we can learn from a critical understanding of Latin American experiences – and some European ones too – is how electoral activity can be an extension of movement politics. It faces all kinds of pitfalls but also imposes disciplines and provides the stimuli of translating transformative politics into practical and widely accessible alternatives. The conditions may not be of our choosing but through a collaborative and engaged rethinking, inspired by a wide range of historical and present day experiences, we can indeed still make history. **R**

Useful links:

[www.networked-politics.info](http://www.networked-politics.info)  
[www.tni.org](http://www.tni.org)  
[www.transform.it](http://www.transform.it)  
[www.socialistunity.com](http://www.socialistunity.com)

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# Left Prospects in the Post-PASOK Era

Michalis Spourdalakis

In the last few years, the political alignments in the European Union (EU) countries have changed drastically. In the 1990s, social democratic parties and centre-left political forces were dominant. Under the banners of “progressive governance” or “modernization” these parties ruled numerous countries and dominated the political scene on the continent. Today, it is no secret that after long years in government, these political forces, what some like to call the “governmental left” are, to say the least, in retreat. It is indeed no secret that social democracy is in deep crisis: The recent congress of the French Socialists proved that this party is going through a period of self-questioning over the issue of its leadership, but also that it had nothing new to offer or, as a conservative daily commented, it appears as if “it does not think any more.” In Germany the situation is even worse as the social democratic party, the SPD, is displaying an unprecedented obsession over the personalities of its leadership. In the UK, George Brown and his Labour Party resemble more and more John Major’s Conservatives just before their devastating defeat in 1997. In Italy, after its defeat by the right wing Forza Italia of Silvio Berlusconi, the Democratic Party has turned into a *real* Babel, which has completely paralyzed its capacity to oppose the government’s often reactionary policies.

This trend, with the possible exemption of Spain under the Prime Ministership of Jose Zapatero of the Socialist Party, is clear and the conclusion rather obvious. The “third way” of the “governmental left” has led to a turn to the right. The rejection of the so-called European Constitution in the French and the Dutch referendums in 2005, and even the recent Irish rejection of the latest

version of the new neoliberal EU Constitutional Treaty (Lisbon Treaty), did not slow down the deepening of social democratic crisis. In fact, the gap created by the decay of the reformist left has brought to the fore the need to resist right-wing policies and hegemony. This has energized once dormant attempts to mobilize the radical left and has generated initiatives towards the mobilization of those political forces on the left that do not subscribe to the conformism of “new social democracy.” *Die Linke* in Germany and the *Bloco de Esquerda* (Left Bloc) in Portugal seem to be the most prominent and successful examples of the rising new left forces on the European scene.

The situation in Greece is no exception to this pattern. In fact as recent developments have shown, the “Greek case” could provide a good example for the direction of the left and leftists where the local social democratic, centre-left, or labour parties are incapable of resisting right wing aggression and have definitely abandoned any intention of or even promise for the structural transformation of the society.

Indeed, PASOK (Pan-Hellenic Socialist Movement) dominated the Greek political scene for eleven consecutive years, most of it under the banner of aggressive “modernization.” It was then followed by two consecutive victories of the right-wing New Democracy (ND). But today, with its modest but hopeful performance in last year’s election (5%), the radical independent left, under the name the Coalition of Radical Left –SYRIZA, is expected to at least double its electoral support in the next election. The sudden explosion of the influence of the left in Greece be-

comes even a greater surprise when one considers that the Communist Party of Greece (KKE) commands eight percent of the popular vote. What has happened? Under what conditions is the radical left in Greece about to make a major breakthrough? Before we look at these questions, let us briefly turn to the developments of the Greek Left after the fall of the Junta (1974).

## CHARTING THE GREEK LEFT

1974 was the turning point not only for the Greek left but also for the overall politics of the country. After some three de-



acades of a restricted democratic regime and a seven-year dictatorship, a genuine transition to democracy was inaugurated. This gave the left, in both its social-democratic and communist form, a chance to develop freely. Thus, on the one hand, Greece had the creation of the Panhellenic Socialist Movement (PASOK) and, on the other, the legalization of the parties of communist origin and orientation.

PASOK's "socialism," a mixture of populist radicalism and Keynesian reformism, was far from a class-based politics, without at the same time excluding those who subscribed to the latter. In the context of the post-dictatorship radical environment, PASOK, thanks also to its charismatic leader Andreas Papandreou, gave the impression that it was not only further to the left than its European counterparts but even more radical than the country's communists. In the 1980s, the Greek Socialists came to power and were nothing more than a typical example of mainstream social democracy at the time. This reformism was enough, however, to co-opt a large segment of the traditional left's social base. After a short interlude away from government, PASOK regained power in 1993, but the new PASOK – especially after the 1996, under the leadership of K. Simitis, a firm proponent of modernization – bore no resemblance to its radical foundation. The new PASOK, which dominated the country's politics until its defeat in 2004 was very close to the politics of Tony Blair's New Labour and in tune with the new governmentalist European social democracy.

On the other side of the left spectrum the KKE, even after the collapse of the regimes of Soviet inspired communism, is a typical party of the Third International tradition. It is the heir to the 'glorious party' that led the resistance during the War and was defeated during the civil war that followed. During the Junta years it underwent a major crisis and split into the KKE and the KKE-Interior (1968). The former dominated communist politics and the latter developed as a Eurocommunist party. In 1988, the two parties of the communist left and a number of other independent socialists formed Synaspismos, (the Coalition of the Left and Progress – SYN). Three years later the KKE left SYN, which in effect led to another split of the KKE since almost half of its central committee and thousands of its members remained in SYN. The KKE maintains a strong stand against the EU and its discourse is often simplistic and anthropomorphic. To the KKE, all other parties, including SYN, are the same since they all promote capitalism and reproduce the system, which provides it with the excuse to rule out any possibility for co-operation and legitimizes its segregationist strategy, even in the trade union movement. At the same time, as the problems of the economy and in the Balkans mounted, the KKE's anti-imperialist stand often gets sidetracked into populist xenophobia and nationalism.

In 2000, at the height of PASOK's modernizing project, a number of small leftist extra-parliamentary organizations, groups and networks as well as a number of independent activists formed the Coalition of Radical Left –SYRIZA. The Coalition was an initiative of SYN, which was struggling to meet the threshold of three percent required to enter the parliament. As could have

been expected, SYN became the backbone of SYRIZA. In 2004, a former member of KKE and a European MEP (Member of the European Parliament) for many years, Alekos Alavanos took over the leadership of SYN and crafted a strategy to strengthen SYRIZA. SYRIZA would have to become the unifying agency of the entire left – a presence so strong that it would no longer feel squeezed between the PASOK's conformist governmentalism and KKE dogmatism. Support for this project had to come from the labour and social movements that the new leadership actively tried to strengthen by forming ties with them. The strategy was founded on the principle of "empowering the powerless." It evolved through giving increased opportunities for positions to the party's young members, something rather unusual for the communist origin left.

The much criticised choice of Alexis Tsipras, then a thirty two year old engineer, to stand as the party's candidate for major in Athens in the fall of 2006 municipal elections is a very good example of SYN's new spirit. The success of this initiative (Tsipras won an unprecedented 10.5 percent of the popular vote) strengthened and stabilized the party's new strategy. However, the real political impact of this strategy was demonstrated during the 2006-07 mobilization of students against the constitutional amendment that would allow the establishment of universities by the private sector. SYN was pivotal in changing public opinion to such an extent that PASOK was forced to change its position on the issue, a development that annulled the Government's efforts on the issue. More importantly, SYN's strategy on this and other issues seems to be breaking away from instrumentalism vis-à-vis the power structure, as was traditionally denoted by the strategy and the tactics of the Left. This was an instrumentalism that revealed a formalistic perception of political power expressed either when the left-wing movements and parties are completely preoccupied with their presence in public office; or when they separate their mobilization initiatives from the societal base through the functioning of the state institutions. By mid-2007, it was becoming clear that SYN, along with its front organization SYRIZA, was much more confident about the outcome of the upcoming elections.

The result of the 2007 September election was not a surprise. SYRIZA won 5 percent of the popular vote and 14 seats in the 300 seat parliament and KKE an impressive 8.1 percent and 22 seats. PASOK experienced its second consecutive defeat by a further loss of 2.5 percentage points and started to display signs of fatigue and a political inability to mobilize effectively. The slim parliamentary majority (by only two seats) of ND and the entrance of an ultra right party into the parliament, in combination with the leadership crisis of PASOK elevated SYRIZA to the prime opposition force to the government. In February 2008, SYN held its 5<sup>th</sup> Congress where Tsipras was elected as party leader. He thus replaced Alavanos, who remains however the leader of the SYRIZA. Since the election, SYRIZA has displayed a steady increase in its popularity. In fact for more than half a year, all the public opinion polls show that the party has more than doubled its popular support.

## CONDITIONS RIPE FOR HOPE ON THE LEFT

Clearly the developments noted above cannot be taken as proof of a turn of Greek society to the left. This is not simply due to the pessimism of left intellectuals. It is because the turning of a society to the left is a rather complicated process that cannot simply be detected through conjunctural electoral gains. It has more to do with the change in the balance of social powers and radical changes in the society's values to such an extent that realistically result in the building of counter hegemonic structures.

However, although it is obvious that the dynamic of SYRIZA on the Greek political scene does not prove we are witnessing a general turn of the society leftwards, at the same time it is more than clear that the Greek left has drawn upon certain important social developments that characterize advanced capitalist societies. These developments have created a conducive environment for the Greek radical left to make a major break-through and to reshape the balance of power in the country. This will be so as long as its leadership and its political organizations continue to see these as new openings, and insist on capitalizing on them in a creative fashion as they have done in the last couple of years.

This is not the place to elaborate extensively on the overall developments that have facilitated the prospects of the Greek left wing making advances a realistic and even short-term goal. *However it is worth highlighting three wider European developments.*

First, the impact of various applications of the strategy of neoliberalism for the restructuring capitalism in the last three decades has radically shaken the long lasting belief that the young generations could realistically hope to have a better and more prosperous life than their parents. The years of security and of improved real incomes seems to belong to the past. Even Eurobureaucrats and the political elites openly admit that the maximum the EU countries can hope for is to introduce policies in order to manage the social issues in a way that there are not going to result in major social shake-ups. The debate on "flexicurity" across Europe is a good case in point.

Second, the frequent alternation in power between right-wing, conservative or Christian democratic and reformist social democratic parties in power in the European countries, has generated a political cynicism that has forced large numbers of citizens to seek their political representation elsewhere. The mobilizations around the European Social Forum and other campaigns and movements, which were not so much part of the political tradition of Europe as they were part of the tradition in North America, are good examples.

Third, the combination of the above two developments, along with the liberating effect of the collapse of the "actually existing socialism" and the end of the "cold war," has widened the audience for the radical Left.

In addition to this situation that seems to be more or less common to most EU countries, *the Greek case displays several additional traits that have had a positive impact on the Left's recent positive dynamic.*

First, for the last five years, the right wing government has introduced a number of what it calls "reforms" that have generated tremendous social reactions. These "reforms" are justified as necessary in order to deal with PASOK's governmental errors. But they have resulted in policies whose origin and philosophy can in fact easily be attributed to the Socialist modernizers. This strategy is part of the government's tactics of "blaming everything on PASOK." Along with PASOK's internal rivalries over its leadership, the parliamentary scene gives wide space for SYRIZA's intention to express social discontent – it is a realistic and viable project. Indeed, SYRIZA was the only political force to challenge the government's incomes policies and bring to the fore the issue of what it calls the "700 Euro generation" (the G700 generation of young Greeks between ages 25 and 35 who make 700 Euro a month and are overworked, underpaid, debt-ridden and insecure) to play a key role to hamper the government plans to privatize universities and to mobilize against the reforms in country's pension plans system. On all these issues, SYRIZA's political action was innovative. It adopted a fresh discourse which, although remaining within its overall strategy for the unity of country's left, managed to demarcate itself from PASOK without at the same time sliding into the alienating simplistic logic of KKE that wants to equate PASOK with the ND.

Second, although part of PASOK's defeat can be attributed to widespread phenomena of corruption during its' terms in government, it did not take long for the ND government to elevate corruption and the mismanagement of public funds to a real art. This phenomenon further contributed to an *extensive* disenchantment with the two government parties of the country or with what it called "system of bipartism." As this disenchantment has also been expressed in anti-party, anti-collectivist and a-political attitudes, SYRIZA's effective opposition strategy has managed at least to stop this trend from spreading.

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**The liberating effect of the collapse of the "actually existing socialism" and the end of the "cold war," has widened the audience for the radical Left.**

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Third, EU policies have, in the last few years, become more and more reactionary. The great alliance in the early 1990s formed around the axis between the French socialists and the German Christian Democracy, which managed to somehow to protect the EU from Thatcherism has long collapsed. Instead the phenomena of complete submission of the Union's policies to finance capital and the market are far too frequent. The latest decision of the Council of Ministers to extend maximum working hours to 60-65 per week, the complete deregulation/privatization of the energy sector, the increase in interest rates, which contributes to the phenomena of recession and the recent policies on immigration that intend to "fortify" the EU against the invasion of immigrants – all highlight the political direction of the EU. SYRIZA once again has been the only political force in the country that can legitimately challenge these policies. As PASOK and ND offer their unconditional support to the EU initiatives and KKE has always been a dogmatic Eurosceptic, SYRIZA, with its pro-EU background can now convincingly challenge these policies and promote a well-grounded vision of a socialist EU along with the parties that participate in the *Party of the European Left*.

Finally, another very positive factor contributing to the advancement of the radical Left is the fact that neither PASOK nor ND and even less so KKE have renewed their political personnel. This phenomenon has contributed to the anti-political and anti-party sentiment of the population. At the same time the fresh and young leadership – both in style and in age – of SYRIZA creates an obvious comparative advantage. This point may sound rather superficial, however, in the age of electronic media, such phenomena cannot be considered insignificant.

### CHALLENGES AHEAD

The above presentation of all the positive elements in the socio-political environment of the Greek radical Left, may have led the reader to picture the future in rather rosy hues. One should not rush to conclusions. There are still a number of serious dangers and challenges in the future prospects and the dynamics of SYRIZA and the Greek left in general.

The major danger for the building of a new Greek left derive from an over-anticipation of the rapid success of its strategy. This may lead its often young and/or inexperienced leadership, and even its membership, to strengthen its understanding of politics as a public relations project. It would not be so difficult for something like this to happen under the present conditions of "media driven politics". This, in turn, may shrink its ambitious strategy to focusing on success at the polls. Winning elections is part of the project but an obsession with elections can lead to a paralyzing and short-sighted electoralism.

Furthermore, the international and domestic social and political dynamics have generated so many pressing contradictions that they have made SYRIZA's opposition and mobilization efforts an easy affair. This ease may result in the creation of an

anti-neoliberal but not anti-capitalist political party. Such a development could lead to the absurdity of a "left wing party without socialism." Signs of the latter can already be seen in *Die Linke* in Germany and they may spread to its Greek counterpart, given their close collaboration within the Party of the European Left.

In addition to these dangers, the Greek Left is faced with a number of other important challenges. Key among them is how to transform its political, electoral advances into social gains. How, in other words, can it convincingly demonstrate that the problems faced today are structural by-products of the system and not simply side-effects that can be treated through some kind of reforms? To put it crudely: how can it prove that reformism is probably the most illusionary idea of our times?

All these dangers and challenges can be confronted if SYRIZA manages to put forward a comprehensive plan for party-building that can capitalize on the experience both of its origin and of the new social movements. It needs to be an organization that would respect our society's social division of labour between parties and other movements and capitalize on the new technology of political mobilization. This social project, in addition to everything else, is about an organization, a political party. For, it is our organized collectivity that is not only the cornerstone of our current struggles, but also a small scale model of the society of tomorrow about which we dream. **R**

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# Tackling Urban Apartheid

## Notes from the Social Forum of Popular Neighbourhoods in Paris

Stefan Kipfer

In early October 2008, activists held the second Social Forum of Popular Neighbourhoods (*Forum social des quartiers populaires (FSQP)*) in Nanterre, a suburb of Paris. Organized by movement groups from Paris (*Mouvement de l'Immigration et des Banlieues (MIB)*), Toulouse (*Motivé-e-s*), and Lyon (*Diversité*), the Forum was sponsored by a wide variety of movement organizations active on issues of unemployment, poverty, housing, racism, police violence, women's equality, imperialism, education, arts and culture. Among them were also more recent organizations like Popular Ecological Zone (*Zone Écologie Populaire (ZEP)*), an environmental justice group that tries to re-define green politics by taking into account how residents in popular neighbourhoods carry a disproportionate burden of environmental degradation.

Just as the first Social Forum in St. Denis, another Paris suburb, in 2007, this year's version was multi-pronged response to

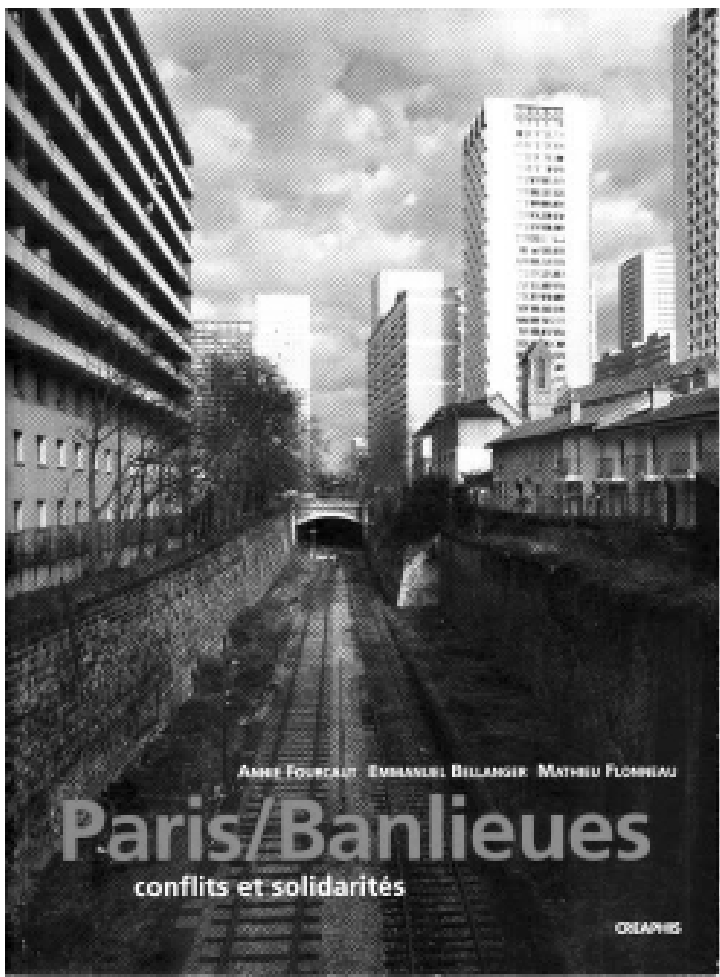
the uprising of youth of colour in the fall of 2005. Its intention was to counteract the isolation of activist-intellectuals working in individual segregated neighbourhoods by facilitating an exchange of experiences and views while facilitating strategic discussions at wider – metropolitan, national and international – scales. Given the weak and problematic links between the organized left and racialized residents in popular suburbs, the Forum's longer term aim is to build an autonomous, self-organized and nation-wide voice against racism and for social justice.

### THE BANLIEUES

In comparison to the better-known world-wide and continental social fora, the bases for organizing the *FSQP* are more explicitly social and geographical in character. In the French context, the popular neighbourhoods where working class people of colour are concentrated – the so-called *banlieues* – tend to be located in suburbs built from the 1950s to the 1970s. Heavily stigmatized by the media and the political class and subject to a wide range of discriminatory practices, these neighbourhoods are socially demarcated from other suburban spaces such as bungalow districts and wealthy enclaves.

The place where the *FSQP* took place illustrates the situation of the popular suburbs today. The tents and stages of the Social Forum were nestled at the edge of a vast district of social housing (the *cité Pablo Picasso*). The track stadium which accommodated the Forum is built on a historical site of a temporary shantytown where, during the 1960s, the French state herded migrant workers until they won the fight to move into regular social housing. The struggles of immigrant workers against sub-standard housing and racism in the workplace in the 1960s and 1970s formed an important, if often overlooked part of the movements during and after 1968. (Nanterre's more well-known contribution to the famous uprising in May 1968 came from the students who occupied the newly built University of Nanterre, which is within walking distance from where the Social Forum took place).

Governed by a left coalition led by the French Communist Party (*PCF*), the municipality of Nanterre is still part of the shrinking 'red belt' of left-wing suburban municipalities that surround the wealthy central municipality of Paris from the east, the north and parts of the south and the west. Today, the eastern edge of Nanterre – where the Social Forum took place – is just a stone's throw away from the glitzy bank towers of *La Défense* (Paris's second downtown, a concentration of skyscrapers which house a big part of the global financial operations and corporate head-





quarters of France's transnational firms) and *Neuilly-sur-Seine* (the ultra-wealthy residential suburb which is the political base of France's neo-conservative President Nicolas Sarkozy).

## FEMINISM, RACISM, SEXISM

Not surprisingly, the key themes of the Social Forum were all related in one way or another to the conditions of the popular suburbs. During the three days of the Forum, panel discussions, film screenings and workshops were grouped into the following topics: Urban Apartheid, Education, International Solidarity, Women's Questions, Police and Justice and the Media. Let me zero in on the particularly noteworthy events and debates I attended.

The sessions grouped under "Women's questions" dealt in various ways with the relationship between racism, sexism and feminism. Numerous contributions underlined how, in contrast to the mainstream image of women of colour as either docile immigrants or passive victims of sexism, women have a long history as active participants in political struggles. In a documentary film shown during the Forum – *Moujadhidate* (women liberation fighters) – women talked about how they contributed to Algeria's war of independence against the French colonizers (from 1954-1962) in various ways, as weapon's smugglers, informants, combatants, nurses, and operators of safe houses. Far from docile managers of the traditional domestic sphere in North Africa, women played a strategic role in decolonization efforts.

If women have been active resisting colonial and neo-colonial conditions, what kinds of feminism have emerged out of these struggles? In the French context, from colonial times to now, mainstream feminism has often been mobilized to portray as "emancipatory" French colonial policies and those targeting non-European residents of France. For example, the law of 2004, which prohibits explicitly religious clothing in public schools, was depicted by many mainstream French feminists as a progressive measure against supposedly patriarchal immigrant cultures. Activists pointed out how this law, which led to the expulsion of girls wearing the Muslim headscarf, ended up penalizing the very girls it claimed to help. By focusing the fight against sexism only on immigrant communities and Islam, it also helped deflect attention away from the patriarchal aspects of French society at large.

The (neo-)colonial dimensions of certain feminisms have forced many to define a specifically anti-racist or anti-colonial form of feminism. This became clear during two events at the Forum: (1) the launch of a book based on interviews with young women who talked about their various reasons for wearing the headscarf in France (*Les filles voilées parlent*); (2) a play that enacted the experiences of a Muslim women's group in Rennes (*Femmes musulmanes de Rennes*), which was barred by organizers from setting up a stall during International Women's Day. In a plenary session on racism and sexism after these two events, most defended the need to counter the claims of mainstream, 'colonial' French feminism with anti-racist feminisms that acknowl-

edge a plurality of avenues toward emancipation or liberation. But not everyone agreed about the form these feminisms should take and the role religion should play in popular feminism. While the reality of Islamophobia in France was widely condemned, people differed about the relative weight that should be placed on the link between racism, sexism, and Islam.

## A DIFFERENT FUTURE FOR PUBLIC HOUSING

An equally explosive issue (grouped under the rubric of "Urban Apartheid") focused on resistance against public housing demolition. In the mid-1980s, the French state began a selective strategy to demolish public housing projects. At that time, this strategy joined a broader array of urban policies (by both left and right-wing governments) to respond to riots against racism and police brutality in popular neighbourhoods. These policies (which have also included job training, funding for community organizations, additional transfer payments to tax-poor municipalities, and community policing) have targeted specific neighbourhoods. In a paternalist, and sometimes racist fashion, they assume that the problems facing residents there (poverty, un- and under-employment, stigmatization) are not the result of broader forces (systemic racism and the features of today's capitalism) but can be blamed on features of these neighbourhoods themselves: the physical design of large-scale housing blocks, a lack of a proper work ethic, 'cultural' factors, and so on.

Back to public housing. Since 2003, public housing demolition has accelerated rapidly after the right-wing government under the Chirac presidency set up a national agency to oversee demolition and reconstruction efforts. Under the auspices of the *Agence nationale de rénovation urbaine (ANRU)*, public housing providers, municipalities and departmental governments across the country have embarked on concerted campaigns to demolish public housing units. The goal of *ANRU* is to demolish a quarter of a million public housing units by 2013.

While in principle, all demolished units are supposed to be replaced, demolition often results in a net loss of public housing units, and this at a time when almost a million people across the country are on waiting lists for public housing units. The shrinkage of public housing is exacerbated by the fact that many replacement units are on average smaller, more expensive and often located at a significant distance from the original site. This is particularly the case in the Paris region, where public housing providers and municipalities have tried to cash in on the recent, now defunct real estate boom by building ownership and market housing on public housing lands. As a result of such speculative motives, public housing projects were destroyed even if their physical state of repair did not justify it. Activists have calculated that the cost of demolition alone is often higher than the sums of money needed to re-habilitate existing housing tracts.

Over the last few years, tenants in dozens of neighbourhoods have started resisting public housing demolition. They realized that even though demolition/reconstruction efforts are legitimized in seemingly progressive terms, as attempts to improve housing

conditions and increase the income mixity of neighbourhoods, they actually threaten the integrity of existing communities, particularly their networks of mutual support and their already impressive state of ethnic and social diversity. Residents also noticed that the physical design models used to rebuild neighbourhoods after demolition have the additional purpose of facilitating police access to what in the eyes of French authorities are “sensitive” areas. This is hardly surprising because since the 1990s, policing and surveillance have become the *main* concerns of French urban policy.

Facing eviction and, often, displacement to other neighbourhoods and municipalities, tenants mobilized and, in some cases, managed to delay or stop demolition efforts. Today, these efforts are assisted by an umbrella organization (the *Coordination anti-démolitions des logements HLM*), which links neighbourhood level resistance efforts with broader, nation-wide campaigns against France’s neoliberal housing policy. The goal is to stop demolitions and focus housing policy on rehabilitating and expanding public housing. From a North American perspective, these partly successful resistance efforts are a ray of hope. After all, the American state has been assisting cities across the country with their efforts to destroy public housing units, often with even more drastic effects than in France. In Canada, public housing redevelopment has begun more recently in cities like Toronto, where demolition/reconstruction efforts are also privatization and displacement schemes justified by a language of income mixing and social diversity.

### THE BANLIEUES AND THE LEFT

The main plenary discussion at the Forum centred on the relationship between residents of segregated immigrant neighbourhoods and the French left. The panel included three anti-racist and immigrant militants, a public sector union activist and two representatives from the City of Nanterre (a city councilor, and the Communist mayor), which lent logistical support to the Social Forum.

The debate was premised on two assumptions. First, the organizing principle of the whole Social Forum was “autonomy”: the capacity of residents of non-European immigrants to define their issues and organize their struggles independently of the institutions of the French left, whether they are parties, unions or movement organizations. Second, the distinction was made between the left with a history in government (*la gauche gouvernementale*: the Socialist Party (*PS*) and the Communist Party (*PCF*)) and the more movement-like ‘social left’ (*la gauche sociale*: activist currents in unions and the PCF, anti-globalization movements, and initiatives such as the *Nouveau parti anticapitaliste* (*NPA*), a new party proposed by the neo-Trotskyite *Ligue communiste révolutionnaire* (*LCR*) and Olivier Besancenot.

The implication of these assumptions was that autonomous anti-racist organizing could work with the social left but not with the electoral left. In this sense, the organizers of the Social Forum placed themselves in a political history reaching from the

workplace and housing struggles of immigrant workers in the 1960s and 1970s, to the large anti-racist marches during the early 1980s and resistance against racism, deportations and police brutality based on a new generation of activists in the *banlieues* since the 1990s. During this long history, anti-racist and immigrant activists repeatedly faced paternalism, if not hostility, from the institutional left.

Various panelists and contributors to the debate reminded each other of various disappointments with the governmental left: the decision of the Mitterrand government in the 1980s not to honour its promise to grant the right to vote to immigrants, the attempt by the same Socialist Party government to control the anti-racist agenda with state-sponsored organizations (*SOS-Racisme*), the support the *PS* and *PCF* have lent repeatedly to repressive measures against youth of colour and participants in suburban revolts, and the active role of Socialist and Communist mayors in strategies to gentrify popular suburbs and demolish public housing.

A shared skepticism about the organized left did not lead everyone to the same conclusions, however. Some remained in a state of hostility towards the left (governmental or social) even as others expressed their support for pragmatic, issue-specific cooperation. This became clear during a debate on the current campaign against the privatization of the French postal service. While various contributors pointed out that postal service is often minimal in poor neighbourhoods and thus does not have high levels of support there, labour movement activists insisted that a privatized postal service would make things worse, not better. The upshot of this debate for union activists was clear: don’t expect automatic support for anti-privatization campaigns in popular neighbourhoods unless you can link these campaigns to a strategy of changing the way in which public companies (and their workers) relate to the users of public services there.

### AN INTERNATIONAL OUTLOOK

The Social Forum of Popular Neighbourhoods presented various lessons for North American observers. Particularly in the United States, and, more recently in parts of Canada, there has also been a shift towards a ‘place-based’ approach to state intervention, which focuses social and economic policy on particular territories such as impoverished neighbourhoods and public housing districts. While this shift could work hand in hand with egalitarian principles, place-based state intervention has generally aimed at managing precarious and acutely racialized populations which are considered potential political threats. Just as in France, place-based state intervention attempts to manage the deep contradictions of today’s neo-imperial capitalism. As a result, what remains of redistributive public policy is deconstructed further for the benefit of market-based interventions and ultimately repressive concerns with security and crime prevention.

The Social Forum of Popular Neighbourhoods demonstrated how activists and residents can avoid blaming themselves for the social segregation and geographical isolation that is reinforced

by place-based state intervention. The Forum's attempt to link separate neighbourhoods to each other and to nation-wide political discussions and strategies is of the highest relevance in this regard. The resistance against public housing demolition has shown that with mutual support networks linking individual public housing projects, tenants can successfully organize against the destruction of popular communities. In turn, organizing efforts of anti-racist feminists underlined the need for nuanced anti-racist feminist responses to the imagined 'clash of civilizations' (the 'West' vs. 'Islam') with which our own politicians and journalists help to further criminalize racialized communities.

The debate about the relationship between the left and the *banlieues* suggested that a strong self-organized presence of anti-racist and feminist voices in segregated neighbourhoods is an essential precondition for genuine alliances with the movement-oriented left currents within and outside the labour movement. Without truly mutual alliances based on the self-defined autonomy of its constituent parts, it is difficult to imagine a genuinely popular future for an anti-capitalist politics. This is of the highest importance in cities like Toronto, where for some politicians and academics, the rise of concentrated, racialized poverty in subur-

ban housing districts conjures up a "suburban problem" of French proportions, thus justifying a city-wide approach to micro-manage racialized neighbourhoods.

Finally, it is vital that strategies against inequality and segregation be placed in international contexts. During the Social Forum, the war on terrorism, American empire and the neo-colonial character of French foreign policy were constant reference points. Sessions linked contemporary American and French support for Israel with a discussion of the 60<sup>th</sup> year anniversary of the *Nakba*, the forceful expulsion of Palestinians from the territories occupied by the then newly established state of Israel. Other events looked in detail at the current state of the liberation efforts in Kanaka (New Caledonia), one of France's still existing colonies where in the 1980s, the French state responded to liberation movements with the same state of emergency legislation that was used to quell the youth uprising in French cities in late 2005. Clearly, the state of world politics is not unrelated to the situation of segregated popular neighbourhoods in our own cities. **R**

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tolerate. So why don't we socialise the whole process, or at least part of it? In particular, finding more stable and publicly-accountable ways to organise the mundane credit-creation process that is an essential lubricant for real economic progress, but without recourse to the gigantic, expensive paper casino that currently meddles in this function, would be a logical response to the spectacular failure of private finance. In this view, bread-and-butter lending (to homebuyers, consumers and real businesses) is like a 'public good': something we all depend on, but can't trust the private market reliably to supply. Developing public or non-profit vehicles to perform this function – including publicly-owned banks, credit unions, building and mutual societies and other non-profit vehicles – is thus a credible and timely demand.

Addressing the real downturn As financial panic undermines conditions in the real economy (as has already occurred in the U.S.), governments must step in quickly with powerful measures to offset spending weakness and support jobs. The Bush government's 'stimulus' package consists almost entirely of tax cuts (surprise, surprise) which will have little impact on immediate spending and production. Lower interest rates, too, have little stimulative power during a private credit squeeze. This situation calls for good old-fashioned direct spending and job creation by government and its agencies: pumping new demand into the economy through infrastructure projects and public services. If this requires deficit spending, then all the better: the resulting flow of new government bonds will give panicked investors a genuinely safe harbour during the current financial storm.

Prioritising real investment Today we can make a strong argument to shift the entire focus of economic policy away from the financial sphere, and back toward the real economy – where we produce concrete goods and services that actually contribute

to our collective prosperity. This overarching theme can be reflected in everything from tax proposals (finding ways to mobilise more capital in real investment projects, both public and private), to monetary policy (emphasising a steady, sustainable supply of credit, rather than phoney inflation targets), to labour market policy (supplying capable and motivated workers for the jobs our macroeconomic strategy will create). Our argument is strengthened by the failure of the neoliberal model to achieve its supposed core objective. Despite vibrant profits, despite financial deregulation and sophistication, despite globalisation, real capitalist businesses invest a shrinking share of their record profits in real capital investments – and our economies are performing sluggishly as a result. This failure is a gigantic chink in the ideological armour of neoliberalism, which we should exploit to the fullest.

I do not subscribe to the 'worse-is-better' school of social change. I hope fervently that the current financial crisis does not spread because it will leave in its wake massive job losses, evictions and poverty, affecting many millions of people who can least afford them. But I also believe this is a moment when socialists can advance a very fundamental critique of the failure of neoliberalism: not just its high-flying financial incarnation, but the very essence of its economic project. The needless, dramatic crisis afflicting the global financial system proves that the neoliberal project has gone badly wrong. And we can be thinking very big thoughts indeed about how to change and ultimately replace it. **R**

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# US Post-Election Musings 2008

Makani Themba

I've always wanted to love this country. To feel that unalterable sense of home that no matter what it does, it belongs to me. I know people from Chile, Palestine, Rwanda, for example, who have literally lost everything – their parents and siblings murdered, their homes burned to the ground. Still, they fight for their homeland with a sense of ownership, a sense of deep connection that separates the place from the people who run it.

As a Black woman, I have always envied this sense of home-land. Although I changed my name among other things to try to make real my sense of Africa as my imagined home, I, like many others in this country, have long felt homeless in this respect.

Last night, for the first time in my life, I saw people gathered to say unequivocally that they finally feel at home in this country. I walked the streets of this nation's capital built by enslaved Africans, until nearly dawn. Spontaneous gatherings were sprouting everywhere. I stood in the crush of thousands at the White House as people sang, "*Na Na Na Na, Na Na Na Na. Hey, hey, hey. Goodbye...*" They chanted, *Who's House? Our House!* The crowd flowed down Pennsylvania Avenue all the way to 18<sup>th</sup> Street. And then I saw another first: the White House turned off every light – in the house and on the grounds. It was the physical manifestation of what they've done for the last eight years: sit in the dark and pretend we weren't there.

In Adams Morgan, a lively queer group brought some extra flava by leading 18<sup>th</sup> Street in the chant, "Obama For Yo Mama!" U Street was straight out of control. The Ethiopian clubs were bumping, cars were parked blasting and

there converged in the middle of the street was a multinational dance off that repped much of East and West Africa, drunk frat boys and old school hip hop of all stripes. It felt like being in South Africa after Mandela was elected or in Venezuela after Chavez. It felt like anywhere but the US after an election.

My mother-in-law called crying, thanking God she got to live to see this day. Downtown DC was full of smiling, crying people so full of joy and, yes, hope, that they would spontaneously talk to you; bursting with analysis. *He whipped that fool like he stole something. What! Obama, baby!*

I'm not sure but I don't think many offices got cleaned last night. Folk were all out, in their jumpsuits standing on the yellow line just hooping and hollering along with the sound of cars honking and people beating rhythmically on their car roofs. The National Council of Negro Women, the National Coalition for Black Civic Participation had an old school party where people cried and danced and hugged each other and, yes, did the electric slide to freedom.

Four hundred people stood in line at 4am in Woodbridge, VA determined to vote in a state that does not require employers to allow employees paid time off for voting. I spoke to a waitress in Alexandria who had just found out she had a shift change and was heartbroken. She would miss her first chance to vote after becoming a citizen last year.

There was the family from Culpepper, VA including a 62 year old grandmother and three grandchildren in their twenties who were voting for the first time; the day laborers who moved from organizing around their local conditions to organizing around national

elections in less than a year. These brothers, members of Tenant Workers United, spent Election Day knocking on doors in the rain because they had come to see the connection between their lives and the elections. There are so many stories. I am too full to do them justice. They are each their own miracle.

## ABOUT THE ELECTION RESULTS

Stories like these belied the neat red-blue dichotomy that so dominated network news. First, a closer look revealed that the turnout was much more nuanced and often more raced. *The New York Times* did a better job of capturing this (see [elections.nytimes.com/2008/results/president/map.html](http://elections.nytimes.com/2008/results/president/map.html) and click on county leaders view) with a map of county by county results. It's a much "bluer" world than Fox and most pundits are ready to embrace. Alabama Black belt counties gave Obama most of his 38%. It was the big counties with sizable white populations that put McCain over the top. Obama won Virginia thanks to the north, Richmond, Roanoke, the Hampton Roads counties and the county where Virginia Tech is located. The rest of the state – even in coal country where Bush policies have hit the hardest – were still solidly for McCain. Ohio, Missouri and North Carolina told a similar story: People of color plus young whites were the key.

If anyone doubts that racism is alive and well in American politics, the fact that more than 55 million people voted for McCain in spite of his negative, racist and politically vacuous campaign; his lack of charisma and terrible media performance; his scary choice of running mate and inconsistent positions on virtually every issue of importance; and in spite of his obvious ineptitude for the bread and butter issues facing the

majority of electorate should be proof enough. Being white and male gave him the handicap (in golf terms) that got him 50 million plus votes ‘just because.’

Sure, there was vote flipping, vote stealing and our biased voting system that held Obama back from an even more impressive win. I mean what kind of system won’t mandate time off to vote or allow Ted Stevens (R-AK) to run for Senate as a convicted felon but not allow our ex-offenders to vote who have done their time. Yet, all that notwithstanding, I was struck by the gap between the support for Obama and for the democratic candidate for Senate in a number of states. It speaks volumes about the “new” and “old” electorate. In states like Iowa, Missouri, Michigan and Virginia, the senate democratic candidate got more votes than Obama where Obama won. In South Dakota and West Virginia, the senate races were a rout with democrats garnering nearly two thirds of the vote – and Obama lost the state. This gap was mostly ignored by the pundits as they tried to play up the “Gee whiz, this means white people are not racist” angle that dominated much of the commentary.

Then there was the other part of the equation. In a few states, like Mississippi, the senate candidate did not do as well as Obama. Yup, Mississippi. And you know the reason why: the Black vote. There was an unprecedented turn out of Black people – especially in the south – that forced McCain to spend money in states that have historically been a Republican stronghold. Latinos and other people of color turned out strong for Obama as well. And there was finally some funded infrastructure for voter protection. Long time warriors like the National Coalition on Black Civic Participation, Lawyers’ Committee, NAACP and Advancement Project were joined, for the first time, by the Obama campaign, which organized voter protection teams in every state where funny business was expected. It was another historic first: a Democratic candidate that did not participate in the long time “gentlemen’s agreement” between the parties to look the other way

on voter suppression. An agreement the Clintons embraced during the primary season as they sought to narrow the playing field to their advantage. Here was a Democratic candidate actually complaining about turnout...

Maybe now, as we examine the turnout demographic in places like North Carolina, Indiana, New Mexico, Colorado and more, we can finally lay to rest this unsubstantiated worship of the soccer mom/NASCAR dad as the necessary foundation for progressive victory. No more “blueprints” that put money in every place but urban centers. No more colored people as after thoughts. No more Joe Six Pack or Joe the Plumber as the archetypal American story. Maybe we can face the fact that it was Jose and Shanequa and Mohammed who made the difference this season. A fact you won’t hear that from most pundits – even in *The Nation*.

Obama was the first major party nominee to implement a full blown street operation that valued our communities’ vote and in doing so, bucked a century old tradition of paying “leaders” to “deliver” us. It was the reliance on this system that helped derail the Clintons’ bid to recapture the White House. The Clintons thought they had a lock on the Black vote because they thought these “leaders” had a lock on “their” people. After all, that’s what they had been selling for decades. But in this season, they were straight busted. This is perhaps the most significant impact of the Obama campaign on Black political terrain: the way it shattered power relations between the “old heads” of the civil rights generation and a new, younger generation of Black leadership.

Obama’s election is, in fact, the latest milestone in what can only be understood as a significant generational change in Black national leadership. Between the White House, the NAACP and the Black Leadership Forum to name just a few key institutions, these new leaders are moving away from much of the politics (though not the important principles) of the civil rights leadership and embracing more technical ap-

proaches to addressing the challenges at hand. The promise is better run, more politically savvy institutions, and that can only be a good thing.

However, these institutions, even with their smart, savvy leadership, do not have the capacity to effectively engage the millions of new Black activists post election. There is simply not enough intentional, progressive institutional building in African American communities – especially at the local level to effectively hold this work. Hopefully, there is finally the space for substantive conversations about work and investments in this area – and organic community organizing and civic infrastructure in communities of color more broadly – which is long overdue.

## NOW WHAT?

I’m not sure but clearly the eagerness of so many to translate their new found activism and burgeoning political literacy into local action opens up new opportunities. I literally heard hundreds of people say to me, ‘This is not about Obama. He is just an agent... Now, we have to take the responsibility to get involved where we are...’

And that’s what keeps me up at night. *How do we keep from blowing this opportunity? What do we need to let go of and embrace in order to really see our way ahead?*

I have friends who are deeply consternated by the elections. They are afraid of how hard it will be to move an agenda because of the passion that people feel about Obama’s candidacy. In fact, just by being Black, an Obama presidency has special implications for our work. On one hand, there is greater access and likelihood he will embrace some key issues. On the other hand, his “big tent” paradigm creates greater pressure to distance himself from many progressive issues including avoiding an attack against Iran. And then there’s that “post racial” thing.

Our work will be even harder, they say, because it will be difficult to hold

him accountable. Sure, that's true but how well did we hold Bush accountable? And is accountability the end game or is it power to govern, to move our agendas? And what is the strategic relationship between the two?

If it's the latter, we might not need to start the public conversation with our Obama critique – although there are many legitimate and important critiques to make. Perhaps we start with how do we build the infrastructure to support progressive, local work that helps channel this new activism? What are the next fights/ initiatives we can craft to bring people closer to a concrete political framework that solves problems, broadens their imagination and deepens their analysis? What are the necessary reforms, frames, stories, institutional changes that help to facilitate this larger project? And what new stories can be

told, new dreams that can be inspired? In short, what are the cool next things that, *yes we can* do?

I have long believed that no one ever takes anything that they don't somehow believe they are entitled to. It is at the core of what made me uncomfortable with such concepts like "Take Back America." How can I take back America when, as Langston Hughes wrote so eloquently, *it never was America to me*?

Which brings me back to where I began. Today, there are many more folk for whom America is closer to being "America" to them. I can either dismiss this as wide eyed ignorance or I can work with others to leverage this new confidence to advance change we can depend on. Perhaps it will require me to give up my perception of myself as a

"captive in Babylon" and embrace this project of making this country truly home – in every sense of the word – for the people who built it and keep it going every day.

There is much more to say but this is already way longer than I planned. Besides, it would seem that our mailboxes are already clogged with notes like these. (It didn't stop me, though .) Still, I'm hoping this is just another node of a *conversation*. If we don't get all the answers, we can at least figure out what the heck are the questions.

It's also true that sometimes you just need to stop thinking and just celebrate the good things in life. Hope you are taking time to do just that. Peace. **R**

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# A Legislative Agenda for the First 100 Days

Bill Fletcher, Jr.

## PREFACE THE SETTING

Two days after the November 2008 elections, Democrats and their allies are still celebrating the decisive defeat of Republican John McCain. With his defeat comes the chance to render unto history the remnants of the Bush/Cheney regime that so ruined the lives of the bottom 80 percent of the U.S. population, and turned most of the world against the U.S. Eight years of Bush/Cheney have brought incompetence, jingoism, and neoliberalism. The wars in Iraq and Afghanistan, disasters such as Hurricane Katrina, and the deepening economic crisis have served to discredit much of the conservative agenda, even going so far as to generate despair among the right-wing evangelical base.

Let's imagine that, after several months of drafting, the final touches are being placed on what has come to be known as *The First 100 Days: A Working People's Agenda for the First 100 Days of the Incoming Democratic Administration*. This project, initiated by members of the AFL-CIO, Change To Win, as well as several independent unions and other progressive working-class organizations, has identified several key areas where the new Democratic administration must take bold steps within its first 100 days. Let's also imagine that the drafting committee

collected hundreds of ideas and developed an extensive list of recommendations for an even more comprehensive agenda; but the committee's delicate task was to focus first and foremost on the emergency steps required to rescue the country from the potentially deep, and already devastating recession, and two disastrous wars.

Within a week, the document will be presented to the President-elect and his transition team. The atmosphere in this final meeting is one of both excitement and anxiety as everyone realizes that just as this document is being drafted, several other documents are being drafted by various forces representing constituencies whose interests are antithetical to those of working people. The responsiveness of the President-elect to *The First 100 Days* will depend not only on the logic and persuasiveness of the document itself, but also on the capacity of the constituencies uniting behind this document to back up each word with *people power*.



## THE CRISIS

The U.S. has plunged into a significant economic crisis which, at a minimum, is heading toward a conceivably severe recession. Yet the crisis is not simply about the immediate economic situation. A series of factors have contributed to an economic unraveling that is fueled by political uncertainty:

- The living standard has declined for the average U.S. worker since the mid-1970s. While productivity has increased, workers' pay has decreased. Structural unemployment has worsened as sectors of the economy have begun to reorganize, move, or disappear altogether. In addition, the adoption of neoliberalism as the given economic framework in the capitalist world generally and the U.S. in particular, has meant an assault on the public sector and public service, a factor that became tragically apparent when Hurricane Katrina hit. Meanwhile, the domino effects of a credit crisis (that began as part of the speculative boom in housing prices and values), continue to destroy the lives and savings of millions of working people.

- Neoliberal globalization, in both its military and non-military forms, has brought unprecedented levels of migration. In the U.S., as part of this global migration, we have seen a steady increase in immigration from the 1970s (particularly from Indochina), through the 1980s (largely as a result of the Central American wars), into the 1990s and today (stemming from the collapse of the Soviet bloc, along with the passage of the North American Free Trade Agreement (NAFTA) and the migration of Mexicans into the U.S.).

- Efforts at some form of national health care have been undermined since World War II, largely by the political Right. Renewed attention to the more than 44,000,000 people lacking any health insurance, along with the legions of people who have *inadequate* healthcare coverage, surfaced in the early 2000s.

- An environmental crisis has enveloped planet Earth sooner than many people, including many scientists, expected.

- Workers remain under attack, and not just as a result of a problematic economy. The ability of workers to join or form unions has worsened with each year.

- The global community is becoming more unequal. In terms of income and wealth, inequality has consistently grown under the neoliberal order. In the U.S., the top one percent controls more than 35 percent of the wealth. At the global level, the richest 225 individuals have more wealth than the bottom 47 percent of the world's population. This dramatic wealth disparity, not seen in the U.S. since the 1920s, is a major source of social instability and resentment, undermining the entire notion of democracy.

- Inequality in the U.S. also has a racial and gendered face to it, due to a regression from the victories of the civil rights and women's movements, along with the growing tendency to blame the setbacks of white men on those who have been subjected to historic discrimination.

- War (in Iraq and Afghanistan) and the national security/neoliberal authoritarian state have changed the terms of domestic and international politics. In addition to destroying the countries involved, these wars are a tremendous drain on the U.S. budget (with a cost of approximately \$845 billion by the end of 2008). *Insecurity* in the U.S. has also increased in response to the rising global resentment toward U.S. policies abroad. The growth of the neoliberal authoritarian state has brought a decrease in actual democracy and civil liberties.

While the situation facing the U.S. and the rest of the world could be described in greater detail, the preceding depicts the key elements of the current emergency. The Bush administration and its allies (as well as the McCain campaign) have lived in denial, perpetuated lies (such as those in connection with the illegal U.S. invasion of Iraq, as well as the hostility toward Iran), and promoted the interests of the rich.

The time has now come to fight for the bottom 80 percent.

## THE FEDERAL EMERGENCY RESPONSE

The new administration's first initiatives must be both domestic and global in scope. There is little time to engage in the politics of symbolism, playing to a particular constituency, rallying troops to the 'flag,' without speaking to the deep-seated nature of the challenges that we face.

At the same time, it must be understood that the efforts within the first 100 days cannot represent the totality of the new administration's program. A mandate to bring about more sweeping change must be organized and mobilized over the coming months and years. This will require a combination of movement-building and building a broader social consensus in favor of significant structural change.

With that in mind, let us itemize the agenda:

**1. Immediate withdrawal of U.S. troops, bases, and mercenaries from Iraq and Afghanistan.** This should involve the following:

- Asking the United Nations (UN) and Arab League for assistance in creating a multi-national, transitional team to bring the various forces on the ground together, along with regional powers, to negotiate a long-term resolution of the conflict and the stabilization of Iraq.

- The elimination of any obligation on the part of the Iraqi government to fulfill agreements imposed upon Iraq during the reign of Paul Bremer.

- Bilateral discussions with Iran regarding future policies and relations with the U.S.

- Multi-party discussions between the U.S., Pakistan, and the various political forces in Afghanistan regarding a permanent political settlement.

- Reparations from the U.S. (and any other country or group that interfered in the internal affairs of Iraq and Afghanistan) placed into a reconstruction fund established by the UN.

- A renouncement of any U.S. intentions to have permanent bases in Iraq or Afghanistan; a withdrawal of U.S. bases from Saudi Arabia; a renouncement of U.S. intentions to secure control over oil and/or natural gas reserves in the region.

- Immediate talks toward establishing a U.S./European Union/Russian/Arab League/Israeli/Palestinian joint committee on the resolution of the Israeli/Palestinian conflict. Deployment of a special envoy to lay the foundations for this project.

**2. Economic Triage.** The ongoing economic meltdown, particularly the collapse of the housing bubble and the lending/credit/foreclosure calamity, calls for both immediate relief and long-term management. This will require the sort of economic aid that has been diverted to cover the Iraq/Afghan war costs, and attention must ultimately be paid to reversing the more than thirty years of attacks on working people and their declining living standards. In the short-term, however, several steps need to be taken, including, but not limited to:

- A moratorium on foreclosures and evictions. Immediate steps must be taken to halt foreclosures and evictions, while providing immediate assistance to those affected by these actions to renegotiate the terms of their debt. This may mean federal assistance to pull individuals out of usurious loans, allowing them to more comfortably rebuild their financial standing; this would be a step just short of declaring personal bankruptcy. The Republicans' efforts to restrict individuals' ability to declare personal bankruptcy must be reversed. The new administration must also re-establish the Home Owners' Loan Corporation (HOLC). This would be a 21st century version of the New Deal measure that statutorily arranged a temporary corporation to stabilize uncertain mortgage markets. Upon any reinstitution of it today, the HOLC would acquire defaulted loans from mortgage lenders and offer sustainable refinancing options for homeowners to prevent future foreclosures.

- An extension of both unemployment and food stamp benefits. The Bush administration has adamantly held the line against such expansion. But greater numbers of the working poor have come to depend on food stamps in order to survive, and the current apportionment insufficiently reflects today's cost of living. The U.S. Department of Agriculture (USDA) estimates that the current food stamp benefit averages about \$1 per meal per individual. Benefit amounts are based on the USDA's "Thrifty Food Plan" a theoretical diet created in the 1930s to provide a minimally adequate diet at a low cost which hasn't been updated since 2003. Additionally, according to the Bread for the World group, most food stamp households spend 80 percent of their benefits by the 14th of each month. Thus, the food stamp system must be retooled to meet the full nutritional needs of its recipients.

- Immediate public service job creation. The federal government needs to infuse the economy with funds to prevent further

collapse. As part of a longer-term initiative, the federal government must begin emergency public sector reconstruction work, focusing on bridges, tunnels, and levees. We need a program along the lines of that proposed by Barack Obama, who suggested the dedication of \$210 billion to create construction and environmental jobs: \$60 billion would be directed to a National Infrastructure Reinvestment Bank to rebuild public projects such as highways, bridges, airports; and \$150 billion would be earmarked for the creation of five million green-collar jobs to develop more environmentally friendly energy sources. This would be funded through cuts in military spending.

- Federal intervention to halt the collapse of student loan programs. A hidden crisis, that is part of the larger credit crunch, has been the declining number of banks that offer affordable student loans. This has resulted in a higher demand for available loans and the elimination of higher education opportunities for many students. A federal intervention, therefore, is needed to make sufficient funds available. This could take the form of legislation proposed by Senator Kennedy in April 2008 to increase federal student aid. This proposal would, among other things, reduce students' need to take out costly private loans by increasing their access to guaranteed low-interest federal loans. The bill would increase federal loan limits by \$1000 a year for dependent undergraduates, and by \$2000 a year for independent undergraduates and students whose parents' credit score disqualifies them for federal parent loans. The new administration should also take steps aimed to restrain predatory lending.

- Elimination of Bush tax cuts. Bush's tax cuts, along with the Iraq and Afghan wars, have been bleeding the economy. Steps must be taken to reclaim the money that has been disproportionately funneled to corporations and the wealthy. Though longer-term tax reform will be necessary, the first step is to stop the hemorrhaging.

- Federal aid to the states. Despite growing constraints on state budgets (particularly within the context of the rising unemployment and foreclosure rates), the federal government has increasingly meted out severe budget cuts. Federal assistance should provide the states with more of a safety net as they struggle to balance their budgets.

### **3. A Marshall Plan for U.S. cities and depressed regions.**

The Hurricane Katrina disaster and the 2007 Minneapolis bridge collapse exposed significant problems with our political leadership, economic choices, and the basic U.S. infrastructure (not to mention race, gender, and class politics when it came to Katrina). Another assortment of projects must be undertaken to make the infrastructure address our environmental crisis. With all of this in mind, the following initiatives should be announced:

- A national commitment to launch a domestic version of the Marshall Plan. This program would involve a renewal of the U.S. physical and social infrastructures. With regard to the physical infrastructure, in 2005, the American Society of Civil Engineers estimated that rehabilitation should cost \$1.6 trillion over five years. The National Urban League, which has been a strong pro-



ponent of a social Marshall Plan, has identified ten areas that are integral to revamping the socio-economic infrastructure. We must combine the elements of these two proposals in order to lift the U.S. from the abyss. A successful modern-day Marshall Plan would also build upon the work of groups such as the National Jobs for All Coalition, which has proposed a 21st-Century Public Investment Act, featuring: a Public Works Authority that, while working with state and local authorities to create permanent jobs, would provide long-term funding for high priority public works and infrastructure projects, ensuring that these projects employ the unemployed and underemployed; a Public Investment Fund that would fund a Public Service Employment Program designed to close job gaps, while continuing to encourage job creation; and a National Employment Accounting Office that would evaluate progress and assess ongoing needs for job creation and public investment.

- The immediate establishment of a regional public agency to oversee the reconstruction of the post-Katrina Gulf Coast and the repatriation of its native population.

- The establishment of a 21st century version of the Works Progress Administration to oversee the infrastructure-related work. Priority in employment would go to the chronically and structurally unemployed. Wages would be paid according to the Davis-Bacon Act. Under the Davis-Bacon Act, federal government construction contracts are required to include provisions for paying workers nothing less than the prevailing wages paid for similar projects in the geographical area. Building trades contractors and unions would agree to 50 percent residential set-asides for entry into apprenticeship programs and journeyman work in connection with any of these efforts. At least 25 percent of such jobs should be staffed by people of color, with at least another 25 percent staffed by women.

- Regional planning authorities should be established in depressed regions bringing together the business community, worker organizations including, but not limited to, unions, academia, and governmental representatives. Such authorities would explore economic development strategies such as industrial cooperatives, public/private partnerships, and governmental incentives to encourage the creation of new industries or the introduction of industries which had been discouraged from emerging.

- Emergency measures to provide more low-income housing. This would include an Executive commitment to push through: the National Affordable Housing Trust Fund Act, which would establish a federal housing trust fund to ensure housing for the lowest income earners who have the most serious housing problems; and the Housing Assistance Tax Act which would, among other provisions, provide tax credits to first-time homebuyers, while improving access to low-income housing, allowing families to deduct property taxes.

**4. Immediate signing of the Kyoto Protocol.** The U.S. is way behind the rest of the world on the environment, and the Bush administration has flouted the gravity of the matter. Our over-dependence on fossil fuels has straightjacketed the global

economy (making the greater international community highly dependent on oil), which has contributed to the rising global temperature. The environmental crisis, however, is not limited to global warming. The epidemic of bee colony die-offs and the endangerment of various species paints a disturbing picture of an unraveling ecology. Most urgently, the new administration must:

- Sign the Kyoto Protocol, while making a commitment to launch international negotiations toward a new and stronger pact.

- Push through the Renewable Energy and Job Creation Act to promote renewable energy, green-collar jobs, and tax benefits to middle-class families.

- Establish a "Green Commission" that brings together labor, business, environmental groups, community-based organizations, and government representatives to recommend technological, economic, and developmental changes geared toward building a sustainable economy.

#### **5. Pass and sign the Employee Free Choice Act (EFCA).**

As a step toward jettisoning the one-sided class war against workers, the new administration must:

- Reaffirm the National Labor Relations Act (NLRA)'s mandate that it is within U.S. public policy to promote collective bargaining.

- Sign the EFCA.

- Draft legislation that proscribes any employer involvement in their workers' choice of bargaining representatives.

**6. A universal health care initiative.** Universal, single-payer health care cannot take flight within the first 100 days. The groundwork, however, must be laid immediately. The new administration must:

- Expand the State Children's Health Insurance Program (SCHIP), as proposed by the Democratic Congressional leadership in 2007.

- Establish a commission to draft legislation for universal, single-payer coverage. Plan for a one year drafting period, followed by national town meetings and hearings. Aim for passage before the midterm elections.

**7. Immigration reform.** Immediate steps must be taken to lay out an immigration reform program that is coupled with changes in U.S. foreign policy (therefore, points # 7 and # 8 are integrally linked). This program must include:

- Amnesty (in the form of permanent residency status) for undocumented workers who have no criminal record.

- Priority given to family reunification interests.

- A revised application process that gives priority to refugees

from areas of political conflict where the U.S. has been historically involved.

- Elimination of guest worker programs. Investigation of already existing guest worker programs' impact on both domestic and foreign born workers.

- Unionization rights for all workers within U.S. borders, irrespective of their immigration status.

**8. Forge global partnerships.** Changing U.S. foreign policy is an uphill, long-term process. Nevertheless, certain immediate measures are imperative. In addition to withdrawing from Iraq and Afghanistan, the new administration must:

- Create a *21st Century Partnership Program* to develop foreign aid and trade programs designed to promote more self-reliance among nation-states, while responding to the civilian needs in those areas.

- Develop targeted programs of repair in areas where U.S. involvement has distorted regional development (e.g., Southeast Asia, Angola, and Central America).

- Promote trade relations that are based on fairness rather than on corporate interests. Explore a renegotiation of NAFTA.

- Implement the Nuclear Non-Proliferation Treaty with steps toward de-nuclearization.

- Employ special envoys for peace and development who will work with regional representatives to address matters such as political conflict, economic underdevelopment, and environmental devastation.

## CONCLUSION / A QUALIFYING THOUGHT

This agenda will be moot without a strong backing from social forces that are prepared to press for its implementation. Any demobilization of those who successfully brought the Democratic candidate to victory will buoy the political Right's leverage to assert its own agenda. Right-wing forces will push for a continuation of the Bush administration's anti-progressive policies. Thus, if we are not prepared to consistently place enough pressure on our "friend" in the White House, we should expect a repeat of the Bill Clinton years an era in which there was (technically) a high degree of access to the President and top cabinet officials, but the progressive social movements were afforded very little actual power.

The choice is ours, and we have precious little time to decide how we want to proceed. **R**

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# The Life of the Party

## Thoughts on What We Are Trying To Build

Khalil Hassan

With the publication of *Which Way is Left?*, the Freedom Road Socialist Organization takes an important step in advancing a strategy for a realignment and refoundation of the revolutionary Left. Central to this notion is the idea that it is not enough to struggle out differences in order to achieve unity. Unity must come about through an *organized* process of principled struggle – otherwise, what results will be chaos.

The unspoken question that in many respects haunts the discussion revolves around what we, in the radical and socialist Left, should be attempting to build. FRSO/OSCL calls for a *party*, yet many of us hear that even using that term unsettles many comrades who nevertheless seek tighter forms of organization.

Stanley Aronowitz offered an important contribution through the publication of his book *Left Turn*, which explicitly calls for a party of the radical Left. Aronowitz makes a strong case for such a party, though he seems to suggest both a party that can participate in the electoral realm – an unlikely possibility for an explic-

itly radical party at this moment in the USA – and a party that gives radical, socialist leadership to mass struggles. Aronowitz also offers a timely and devastating critique of post-modernism, a parasitic tendency within the Left. As such, this is a useful and generally positive intervention into a growing discussion of, quite literally, which way is Left.

The following represents some thoughts regarding what it is that we should be trying to build. In offering this discussion piece, I am not attempting to preempt any consideration of the strategy of unifying and reconstructing the radical Left. Rather this is hoped to be received as part of the discussion that needs to unfold. In the interests of space and conciseness, it is offered in the form of theses.

**1. There is no forever model of a party generally and a party for socialism in particular.** Political parties have ranged over time from the equivalent of clubs and associations to quasi-military formations to the party-blocs that we see in the USA.

Their definition arose/arises from

- the actual political and economic conditions in their social formation,
- the historical moment,
- their ideological orientation,
- the nature of the enemy.

**2. For the revolutionary Left in the advanced capitalist countries, the mythologizing of the Bolshevik Party of the Soviet Union brought with it largely devastating consequences.** The deserved honor won by the Bolsheviks through the success of their revolution was unfortunately translated into the notion that all parties that identified with revolutionary socialism, and specifically what came to be known as Marxism-Leninism, had to conform to a certain structure and form. Rather than an examination of concrete conditions, the assumption that all revolutionaries had to adapt to the type of party that led the Russian Revolution prevailed. In the process, the history of that party was mythologized with significant pieces of information eliminated from history, e.g., the existence of factions and competing tendencies.

**3. The social democrats have been haunted by a different problem, i.e., their assumption that the state is neutral leads them to underestimate repression and overestimate the ability to successfully conduct a reform struggle that will result in socialism.** For the social democrats, then, their hope, even in the face of vicious repression, is that the state can serve as a *neutral* instrument that can be captured and used in order to introduce socialism. Thus, for the social democrats, the notion of the revolutionary transformation of society is at best a slogan and the class nature of the state becomes a point of difference they have with others on the radical Left.

While it is true that the capitalist state is built in order to serve to advance capitalism (and not necessarily any individual capitalist), it is also the case that the state remains a terrain of struggle. This means that socialists must be prepared to struggle within the existing state and struggle to gain control of the existing state even while recognizing that this state will ultimately need to be abolished. Without a protracted and sincere struggle to expand democracy and the control by the dispossessed, there will be no confidence in the program and direction articulated by the socialists. To put it another way, the socialists will not be considered to be serious political actors.

Social democrats, however, are generally unprepared for repression, assuming that at the end of the day all players will accept the viability and legitimacy of the democratic capitalist state. This is true of even very courageous leaders, such as the late Chilean President Salvador Allende, who tend to underestimate the willingness of the political Right to reject constitutional democracy.

**4. The anarchists run up against problems of how to organize struggle as well as the problem of the transition after capitalism.** The assumption by the anarchists is that capitalism can be immediately succeeded by the introduction of self-organ-

ized communities with little in the way of a state structure. Their prior problem, however, is how to organize protracted struggle against the forces of the political Right in the struggle against capitalism. To this the anarchists have few answers. At their best, the anarchists are audacious fighters against the oppressor, but they rarely size up *the moment* and determine the appropriate strategies and tactics. Thus, there is a tendency on the part of anarchists to romanticize particular tactics, e.g., civil disobedience, workplace seizures, etc., rather than to ascertain the tendencies reflected in the various forms of struggle the masses are engaged in at any particular moment.

In the current era anarchist-influenced proposals have emerged that suggest loose networks as the operative form of organization. In general this involves *de facto* coalitions working around various issues but where no one group or organizational body has authority over another and where there is no assumption of a long-term basis of unity. Networks have served an important function in building struggles around immediate issues, but they tend to be very difficult to sustain over the long term. Internally, there is no real process of building accountability. Related to this is the lack of a means to resolve political and ideological differences. Differences tend to be resolved by one or another group simply walking away from the network.

**5. A 21st-century party for socialism builds itself on the experiences – positive and negative – of 20th century socialist initiatives.** The work that we undertake does not start off in the middle of a void. It bases itself on conclusions that can be developed as a result of the experiences of the 20th century, a good deal of which are addressed in *Which Way is Left?*, as well as in other publications that explore these issues in much greater depth. In other words, one cannot pretend as if the experiences of the 20th century did not happen. The anarchist critique, for instance, is as powerful as it is precisely because of the problematic experiences of both revolutionary and non-revolutionary socialist (and national liberation-ist) organizational and state initiatives. Thus, it is ridiculous to pretend that we on the revolutionary Left can return to some pure era before all of the major contradictions within socialism emerged and construct organizations based on yet another myth. We must be looking forward, while at the same time keenly aware of the ground upon which we are and have been walking.

**6. A party for socialism in the context of the USA does not construct itself as an electoral party.** While it *may* be the case that at some point in the future due to particularities of the struggle that a party for socialism runs candidates for office in its own name, a party for socialism will need to make that decision based on an assessment of the moment. A party for socialism should be envisioned as a party that leads the struggle of the oppressed and dispossessed. It must be a party deeply rooted among the oppressed and not be a party of “outsiders.”

Electoral work will remain a critical site of struggle for the Left, and precisely for that reason specific forms of electoral organization will be necessary. While ultimately there will more than likely need to be an electoral people’s party, at this particu-

lar moment in time the conditions for such a party do not exist and the nature of the U.S. electoral system makes the construction and sustainability of such a party problematic. Running candidates for office simply to promote the name of the party or the program of the party – be it a party for socialism or a mass electoral people’s party – represents self-indulgence rather than Left electoral strategy.

**7. A party for socialism must be a democratic, yet disciplined membership organization.** The basic principles that Lenin laid out a century ago remain intact, i.e., that to be a member of the party, one must (a) agree with the program, (b) participate in a committee of the party, and (c) pay dues. These criteria are very important on multiple levels, including:

- It does not assume that someone joining the party has a full grasp of Marxism, though they must understand that the party is guided by a Marxist framework.

- Membership in the party necessitates active participation, though participation levels and rates will change over time. For instance, individuals with younger children will more than likely not have the time to be as active as those without. It would be both sexist/anti-family and insane to fail to recognize this. At the same time, being a member of a party for socialism would not be the equivalent of making an annual contribution to the party and then doing nothing.

- There is the assumption of continuous internal education. This does not mean relying on directives from the central committee, but the combination of building upon the existing knowledge of the members plus the addition of new information and analysis. The aim, then, is to help to construct a worldview and method of analysis within the membership that promote self-reliance and leadership development.

- The party must also be capable of making decisions and acting upon them. Within the Marxist-Leninist movement there was the assumption of what was called *democratic centralism*. This term has a bad name in many quarters today because under the banner of alleged “democratic centralism” various bureaucratic and intolerant practices were carried out that stifled membership democracy and creativity. At the same time, there must be a method for a party to make decisions and act upon them. Therefore:

- Decisions need to be made as a result of democratic discussion and voting. This means that there need to be regular congresses or conventions of the party.

- A process for constructing binding decisions must be created. This might mean that for certain decisions a “super-majority” is needed.

- When decisions are made, they are the decisions of the party. Individuals may disagree with those decisions, and in some cases individuals may have very principled objections to such decisions. In no case should a member of the party be

able to act against the decisions of the party even if they publicly disagree with said decisions.

- Decisions, and for that matter the activity of the party, should be summarized and evaluated. This must be built into the work and functioning of the party.

- There should be the assumption that there will be tendencies within a party. Tendencies exist whether they are recognized or not. A tendency should not operate like a clique or faction, but it may have a program that it proposes in advance of a congress. There should be no efforts to abolish or restrict tendencies. This flows from an assumption that within a party for socialism there will be many points of disagreement even where there is overall agreement on the program of the party.

- Members of the party operating in the same social movements and/or struggles should meet on a regular basis to discuss how to advance the program of the party as well as how to advance the objectives of that social movement and/or struggle. It should never be assumed or practiced that social movements are mere recruitment grounds for a party.

- There will need to be term limits in leadership. Experience demonstrates that irrespective of discussion about leadership being judged based on political line, the reality is that there is strength in the incumbency. When someone is in office for a considerable period of time, it becomes that much more difficult to unseat them. Tendencies emerge towards cults of personality, and this stifles newer and younger leadership. Thus, the party leadership must be subject to rotation – not ridiculously short tenures, but something along the lines of no more than ten years in a particular position before someone has to step down and be unable to run for the same position for at least another internal election cycle. New ideas and new individuals must be encouraged to advance to positions of leadership.

**8. A party for socialism should aim not only to be mass-based but to have a membership in the hundreds of thousands.** A tendency from the 19th century called *Blanquism* has, over the years, infected much of the radical Left. It is the view that social transformation is brought about through the operations of small groups or conspiracies. Despite the fact that the Bolsheviks had to operate at times as an underground party, it was significant that Lenin regularly polemicized against such views. A party for socialism must aim to be a party in which there are masses directly involved. It needs to aim to reach the real leaders of the social movements and the key activists within said social movements. It should not position itself as an elite operating above the struggle.

The implications of a party of this scale are quite profound. As we attempted to emphasize in *Which Way Is Left?*, it means that such a party will have a variety of different sorts of members, many of whom will not only disagree with one another but not necessarily like one another. The critical condition, however, will be the ability of members of the party to operate together in line with the common program and direction of the party. Build-

ing a party on that scale means thinking very differently than we on the Left normally do about the *minimum level of unity necessary in order to be in the same organization as other comrades*.

**9. The party for socialism must be as public as conditions allow.** One of the most difficult dilemmas facing the radical Left in the USA, socialist and non-socialist, revolves around how public can be its activities in its own name. Specifically, can one be an open socialist and member of an openly socialist organization and not face either direct repression and/or marginalization? To a great extent this question revolves around one's analysis of the state.

The democratic capitalist State is not neutral. Its objective is to promote capitalism. As such, it will take steps, when necessary and possible, to repress certain levels of dissent, i.e., levels that appear to operate outside of the dominant capitalist consensus. This is not just repression of those of us on the Left, but also social movements that challenge – from the Left *side* of the political spectrum – the dominant ruling consensus.

The Left has often been challenged in the so-called mainstream for not being open with its views and organizations. At the same time, when being open, particularly in the South and the Southwest, it is not uncommon for the Left – and particularly the Left of color – to face swift and vicious suppression. There are countless examples of this, but one need only think of the notorious Counter-Intelligence Program (COINTELPRO) in the 1960s and 1970s which aimed to repress the freedom movements of people of color, or the murders in Greensboro, North Carolina in November 1979 of members of the Communist Workers Party, murders that were proven to have taken place with the knowledge and acceptance of the forces of law and order.

For these reasons, a party for socialism, recognizing that the capitalist ruling groups will never voluntarily accept a popular mandate for a transition to socialism, must operate on the assumption that repression is a present and future reality. In other words, there will be repression; the question is of the scale of said repression rather than whether said repression will take place. At the same time, there will be vast differences between various parts of the USA, largely based on the relative strengths and weaknesses of the broader progressive social movements, making it possible to do open socialist work depending on conditions.

Therefore, there should not be a principle, for instance, of an underground party or a principle of a completely open party. There should, however, be an assumption that the party must protect its members, allies and work. The actual history of the USA shows that there is a high degree of intolerance by the ruling circles and the mainstream media for the Left in general and the radical Left in particular. At the same time, part of the reason-to-be for a party of socialism is to shift the ideological currents in society in favor of social transformation. This means that there must be an open presence to conduct such a battle.

**10. There may be more than one party for socialism and, therefore, the socialist Left must be prepared to entertain the**

**idea of a “front” of parties and/or organizations operating in concert.** As we stated in *Which Way Is Left?*, the assumption that there will only be one leading party constitutes idealism and dogmatism. There are and will be differences within the socialist Left that may not be easily bridged. This may mean that separate organizations may need to exist for some time to come even if and when such organizations can agree on various forms of joint work. The conclusions from this include:

- Not all differences can be worked out, even between principled groups.

- Room must exist for both strategic and tactical alliances within the Left generally and the socialist Left in particular.

- We are familiar with tactical alliances that come together around a certain issue or issues. Such alliances will remain important.

- Strategic alliances must be forged on a greater scale within the general Left. Strategic alliances constitute conscious and formal agreements between organizations to work together on a set of long-term tasks. Such strategic alliances may result, at some point in the future, in a merger but they may not necessarily result in anything other than a long-term arrangement.

- Successful strategic alliances will more than likely necessitate an organizational framework in order to coordinate activities and work through differences and challenges. As exhibited in Nicaragua and El Salvador, for instance, this may take the form of a radical front that formally brings organizations together but does not necessarily result in a merger.

- Strategic alliances can also be constituted between different sections of the Left. For instance, a party for socialism might construct a strategic alliance with a party or organization that emerged out of a specific social movement, e.g., an oppressed nationality radical formation. While the concept of a merger should not be foreclosed, entry into a strategic alliance would not be grounded on the assumption of merger, though there would be sufficient grounding for a high level of working unity.

**11. The conditions for the formation of a party should not be based upon the assumption of comprehensive unity on all of the major questions facing the Left.** As we raised earlier, contrary to the practice of the U.S. Left to elevate every political question to a splitting question, the single biggest challenge that the socialist Left faces is to ascertain what are the minimum conditions of unity. This means what are the specific questions around which there must be principled unity in order for a party to come into existence and operate successfully. It is this matter that should be foremost in the minds of the socialist Left, rather than operating on assumptions that there is clarity as to what those questions are as well as clarity as to the answers to such questions. As part of the debate that needs to take place, we will be elaborating our views as to what those questions are. At the general level, and for purposes of a very preliminary discussion, we would suggest consideration go to:

- an analysis of the main trends in the global and domestic economies;
- an analysis of the state, and specifically the U.S. state;
- agreement that the party for socialism must be grounded within the oppressed, and particularly within the working class;
- agreement on the centrality of the struggle against racism and national oppression particularly in light of both U.S. history as well as the history of global imperialism;
- agreement on the centrality of the struggle against male supremacy, hetero-sexism, and all forms of gender oppression;
- agreement on the struggle against imperialism and, therefore, the need to build an internationalist party that supports struggles for national liberation and national sovereignty;
- agreement on the essential need to integrate the struggle for a sustainable environment and respect for nature into the struggle for socialism;
- agreement that 21st-century socialism cannot be socialism if it is not democratic and does not represent a period of the increasing of power of the working class and other oppressed strata over the conditions of their lives.



**12. A party for socialism cannot replace social movements; and social movements, no matter how radical, cannot displace the role of a party.** One aspect of the crisis of socialism has been a tendency for some comrades to believe that either a party is unnecessary because various social movements will advance social transformation or that a party will spontaneously emerge at the correct moment. History has demonstrated time and again a few lessons concerning radical parties and social movements:

- Social movements represent various tendencies and do not, generally speaking, have one comprehensive and overarching view of the tasks of social transformation. They tend, as they should, to focus on the particular objectives of the respective social movement. (Note: such objectives can be reform-oriented and/or radical.)

- Radical parties do not control when a social upsurge will arise. They can prepare for one and attempt to situate themselves in such a way in order to assist in the development of a social upsurge, but attempts at prediction are largely fruitless. Radical parties should place themselves in such a way that they provide material assistance to and leadership for the flowering of social movements.

- Radical parties rarely emerge spontaneously. Party formation as well as mergers may take place at unexpected moments driven by larger conditions. The case of Nicaragua points to this where the Sandinista movement had several distinct blocs that operated quite separately, but during the 1970s, driven by larger social forces – as well as natural forces such as the great 1972 earthquake – united in a reformed Sandinista National Liberation Front (FSLN). In either case, radical parties do not appear simply because the masses define a particular moment when such a party is necessary.

- While the construction of a party for socialism must be conscious, its ability to grow will depend on a combination of its ability to elaborate a line that corresponds to the actual social struggles in the USA and globally as well as its ability to understand that moment or conjuncture. Ultimately social upsurge will drive the ability of a party for socialism to succeed, and social upsurges cannot be willed into existence. **R**

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## Solidarity Statement:

# Refounding the Left: Taking Our Past Into Our Future

A forceful renewal of the socialist left is not entirely a matter of our will alone. It ultimately depends on developments of a more massive scale both here and around the world that in one way or another pose a significant challenge to the capitalist agenda from a left direction. These developments provide the proverbial “tests” that are supposed to prove out the necessity for diverse revolutionary organization. Here, in the United States, we are no where near them. At this stage, most existing revolutionary organizations feel their fragility and place a question mark over their possibility for survival in any meaningful sense. The era of competition and triumphalism has pretty much ended.

Does this mean that we circle the wagons, soldier on and wait? Solidarity rejects this approach. Even as a body at rest, an organization will change – and inevitably not for the better. The risk runs the gambit from membership drift-out to down-right cultification.

The process of socialist renewal has to begin now, and should have begun at least a decade ago. Working together at varying levels, the social movement left and the organized left together can produce a modest pole that would be more attractive to those who do not belong to any socialist organization. It would have a remoralizing effect on all our respective members and networks. What forms could this working together take?

- *Dialogue and study.* Each organization feels the obligation to enunciate the basic lessons of 20<sup>th</sup> century revolu-

tion, examine its past as an organization, and relocate itself in the current realities of capitalism. It is pointedly wasteful of our scant resources to be doing this separately. A far richer and educational process, as well as a healthier internal environment, could be generated by finding spaces to conduct this discussion together. The same hold true for analyzing the movements and world relations of forces of today. The forces of the social movement left needs to figure out where and how they’d be interested in participating in this discussion.

For example, too often the left’s “model” tends to drift back to a one-sided application of “Leninism” as people imagine this concept was implemented in czarist Russia nearly a century ago. Is this appropriate today – under conditions of formal democracy and with new methods of communication, not to mention lessons from the 20th century experience on the transition to socialism and the durability of capital? What organizational forms and modes of operation can be most effective in bringing about the renewal we seek? Today’s activists must be full-fledged participants in such a dialogue, bringing their questions, expectations and experiences as well as their commitment to the intersection of class, race and gender.

Starting in the 1960s, significant challenges have successfully altered the standards of internal practice and culture in revolutionary organizations. The changes that have been brought about are profoundly political, and address a concept of democracy that goes beyond the requisite and anonymous formality of one person, one vote. Solidarity’s organizational practice has been influenced by people of color, women, and LGBT liberation movements. The changes include the institutional existence of caucuses within our organizations based on those oppressed because of race, gender and sexuality. These caucuses play a role not only in guiding our external relationships to movements of the oppressed, but also act as an internal corrective. They help our organizations to be inclusive and capable of acting with a collective understanding of how oppression manifests itself even among revolutionaries, who are not immune to the pressures of the broader society.

The stereotype of the ‘70s revolutionary organizations as being dominated by (charismatic) males, with a heavy polemical, defeat-your-opponent factionalism is – or should be – dead and buried. To whatever extent it was practiced, it was an exclusive, self-defeating model based on a caricature of the early 20th century movement. Today’s revolutionaries are striving for what some call “feminist functioning” – a respectful, egalitarian and uplifting internal environment grounded in democratic functioning and pooling of the strengths from all the members.



The '70s model tended to see "the party" as a thing onto itself; floating above the members with some kind of existence of its own (often defined by these same white males). In our organizations today, this reification has to be combated. The "party" is the human beings who come together to act together. They are the locus of ownership. Solidarity has been mocked by other revolutionary groups because our members sometimes voted for different proposals at movement meetings. We have attempted to build consensus positions around our founding principles and encourage members to express judgments based on their experiences. Sometimes this has meant differences that we have not attempted to shut those down in the name of a "line," requiring members to vote against their real convictions at the loss of their integrity.

Imagine how much richer it would be to discuss – or even build – a 21<sup>st</sup> Century internal revolutionary culture together, instead of in small groups that are grappling with the same basic need to make deep structural-democratic changes. Together, we could make a more coherent contribution that could enter the arsenal of models of revolutionary organization and theory.

For example, developments of defiance of the imperialist world market diktat in Latin America – highlighted by political developments in Venezuela and Bolivia, and before that Brazil and Argentina – have to be assessed based on the current world relationship of forces, which is qualitatively different from the global reality for most of the 20th century. We should be taking inspiration from, and carefully examining, today's processes of struggle as they unfold, offering them our solidarity. Approaching this as a broader collective will give us an opportunity to expand our common experience and analysis.

The socialist left in Europe has experienced a similar stagnation, yet has managed to maintain a more vibrant existence, in good measure due to greater levels of residual class consciousness. Many organizations are engaged in building new forms of organizations that have something to teach us about the possibilities – and in some cases the limits or obstacles – for unity or united action among previously competing revolutionary organizations. These include the Red Green Alliance in Denmark, the Left Bloque in Portugal, attempts to build Respect in Britain and the evolution of Rifondazione Comunista in Italy. The Ligue Communiste Révolutionnaire of France has decided to dissolve and form an entirely new left socialist organization that would be more of an appropriate refoundational home for thousands of activists not currently in any socialist organization. Though we do not have the means to duplicate these efforts here – they require a level of social weight we don't presently enjoy – we should be watching and discussing these efforts at left foundation together.

- *Acting together.* We should be sharing where we think things stand and what should be done. How strange the case that we often don't even speak to one another while engaged in the same coalition, the same fight. That relic of the past has to stop. We should help mobilize our

respective memberships for greater focus on a flashpoint struggle. Example: we often have members in the same trade union, even the same local, carrying on various fights for democracy, against concessions, etc. These energies should be pooled, and the tactical arguments should be had comrade-to-comrade.

For its part, Solidarity believes that agreement around a broad set of principles, and not agreement around historical questions, is the root base for organized renewal of the socialist movement. We believe that the left has yet to perfect the art of "agreeing to disagree" – while still finding ways to act together in a coherent fashion – once basic agreement of this type has been achieved. (Solidarity is not an exception to this statement.) The notion of "homogeneity" in an organization as the 20th century left perceived it did not serve well at all; it ended in sectarianism and irrelevance.

We believe that unity in action does not require unity of thought. Solidarity is thus, in the broad sense, a proudly multi-tendency group. However, there is an important proviso to this: unity in action may not require unity of thought, but it most certainly requires thought – not just individual thought, but collective thought.

That is, we do not believe that "democratic centralism" is an appropriate mechanism through which such a diverse group of revolutionaries can function effectively. Yes, there needs to be a set of key principles around which membership is constructed. Within that framework it will be necessary to listen to the ideas and experiences of all comrades, and to move forward with the understanding that there will be differing assessments and therefore decisions will be revisited. Diversity can be the source of an organization's strength because it allows for a pluralism from which a more nuanced assessment may be possible. Additionally, we believe that tactical decisions are just that, tactical.

Marxism should be a method and not a set of formulas we have learned from the past. We also see that the insights from other philosophies of liberation and the living movements they spring from must renew and revitalize Marxism.

Solidarity remains hopeful that today's socialist left is capable of taking some or all of the steps can lead off the process of renewal. Though recent modest initiatives, we are attempting to bring about a frank discussion with other organizations as well as local collective/study groups and national networks of the social movement left on how – or whether – they see a process of left renewal taking root. **R**

This is an excerpt from *Regroupment & Refoundation of a U.S. Left*, available at [www.solidarity-us.org](http://www.solidarity-us.org).



# Revolutionary Work in Our Times

Stephanie Luce and Karin Baker

Something took place in New Brunswick, New Jersey this August that you don't see everyday. A handful of revolutionary organizations came together at a summer school they had jointly planned. They treated each other as comrades, even across organization lines. They emphasized points of unity, instead of points of disagreement. And they decided to continue the process of working together and explore how to expand their relationship after the school was over.

We're not saying this is the seed of the new upturn that will lead to the great revolutionary movements of the 21st century, let alone the next and final world revolution. Although how can you tell? But it certainly seems to be the sort of thing that's needed instead of the splintering and stagnation within the left that we've been seeing since the late 20th century.

The school was sponsored by five organizations and collectives: Solidarity, Freedom Road Socialist Organization,

the League of Revolutionaries for a New America, the New York Study Group, and the LA Crew. These groups had already worked together at the US Social Forum, and wanted to broaden their circle to include social movement activists and representatives from other left organizations who shared common perspectives:

- Capitalism cannot be reformed; we believe that revolutionary transformation is both necessary and possible.
- Our analysis must incorporate the central importance of race, class and gender.
- An International analysis is both important and necessary.
- Left organizations are necessary, but we need to focus on their relationship with social movements.
- We need to take a non-dogmatic approach to revolutionary theory and practice.

- We need unity on the left.

The school was built primarily around plenary sessions which covered questions such as the history of left movements, the current economic conditions and implications for organizing, theories of revolutionary change, and "who's in the lead?" of revolutionary movements. Participants could also attend elective sessions on topics such as labour, queer theory, urban struggles, left regroupment/refoundation and Black liberation movements.

Most participants felt the school was a success in bringing together a diverse group of people and creating a feeling of optimism and energy. The majority of participants were women and about half were people of color. A third were queer-identified. Most participants were under age 35 to 40, but the age range was wide, allowing for a cross-generational dialogue.

The weakness of the school was that we were not able to get as deep into political education and discussion as many hoped. We tried to involve many speakers and points of view in long plenary sessions, but that didn't allow for enough depth. We also learned that there coming from different groups and traditions, we don't share the same knowledge or terminology or assumptions. It will take time to develop that.

Almost everyone at the school expressed an interest in continuing to find ways to work together. Since the school, the initial five groups have met to evaluate the process and look for new opportunities for joint work. The planning committee has invited more organizations and collectives to participate, and provide representatives to the process. **R**

Stephanie Luce and Karin Baker are Solidarity activists.



# What Does the US Left Need? A Review of *Left Turn*

Steven Sherman

*Left Turn: Forging a New Political Future*  
by Stanley Aronowitz.  
Boulder: Paradigm, 2006, pp. 238.

In the minds of some, the name of Stanley Aronowitz – and *Social Text* and *Situations*, the two journals he is associated with – may immediately conjure up the specter of postmodernism. But in *Left Turn: Forging a New Political Future*, he champions a number of ideas that go against the grain of all that school stands for. Aronowitz devotes a chapter to arguing that the postmodernist emphasis on local action and disdain for "totality" has disarmed theorists confronted with the major political challenges of our time. Rather like Slavoj Žižek (who is coming from a very different political space), Aronowitz also criticizes those who only highlight "resistance" and avoid developing a comprehensive alternative to present-day power arrangements. Above all, Aronowitz makes a case that the U.S. Left needs to have some sort of centralized organization if it is to pose a major challenge eventually.

Although he makes it clear that he does NOT mean a Leninist party, but rather an organization whose local chapters have considerable autonomy, even as resources are pooled and occasionally unleashed nationally, Aronowitz has clearly violated a taboo here. It is, I think, a taboo past due to be violated.

For too long, the provenance of the claim that the U.S. Left needs an organization has been only puny sects, while prominent intellectuals have contented themselves with denunciations of injustices, avoiding any effort to discuss how to build effective opposition (Noam Chomsky, who typically ends fierce denunciations of U.S. foreign policy



with vague calls to citizen action, is the best known example). Given the experience of the last thirty years, there is little reason to believe that powerful moral stances, combined with single-issue activism, will have a sustained, large-scale impact on structures of power in the United States.

Considerable portions of what Aronowitz has to say are not new to any leftist. He lists many of the problems besetting the U.S., from ecologically destructive suburban development to the lack of stable and secure good jobs. Nor are his laments about the centrist-dominated Democratic party especially fresh. And even his call for an anti-capitalist politics, focused on the creation of horizontally linked communities in which workers control production, may sound familiar to some readers (his strong emphasis on workplace democracy when describing his utopian vision, however, gives it a distinct character and is to his credit).

The most original contributions of *Left Turn* focus directly on the American

Left – what it is, and in what ways it must transform itself if it is to play a more effective role. This is a topic practically never discussed by those who pray the Democrats will suddenly adhere to a radical platform or believe that "speaking truth to power" should suffice to change the world.

In passages that definitely could be expanded, Aronowitz offers a balance sheet of the Left over the last thirty years: bohemian movements whose charm is appropriated by gentrifying realtors, "civil society" movements like community gardens that can claim some modest successes, campus-based activism that leads to no particular sustained path of political engagement in adulthood beyond grumbling around the kitchen table, or signing up for emails from MoveOn.org. The Left has tiny parties, celebrities like Amy Goodman and Jim Hightower, and sympathetic professors, yet it is the Right that has seized the terrain of strategic political interventions, even on university campuses. Symptomatically, the New University Conference, intended to bring together radicals across disciplines, "has disappeared into the once criticized mainstream." National anti-war organizations pitch their message at a lowest common denominator of simple slogans, seemingly fearful of what would happen if they energetically delivered a more sustained critique of the USA. Aronowitz has some kind words for the ambitions of anarchist youth, but is also frustrated by their anti-intellectualism and overemphasis on resistance and protest.

What is the alternative to dragging on in this half-hearted manner, while watching various authoritarian elements of the U.S. state become stronger? For Aronowitz, the alternative is a "new

party." The party's activities would include education, coordinating support for struggle, producing policy proposals (including developing serious alternatives to capitalism), and producing daily, weekly, monthly websites and journals with left analysis. Above all, it would fight the fragmentation inherent in the single-issue approach, developing a holistic analysis that would show the parallel roots of diverse problems. Aronowitz also mentions that the party might become an electoral vehicle, although he offers no analysis of why the results would be any different from the Green Party experience of the last ten years, which foundered on the dilemma of trying to sustain a third party in an unreformed two party system: i.e. if the response is strong, it is likely to act as a spoiler for the Democrats, ushering in right-wing Republican rule; if it is weak, why bother?

He does offer a vivid example of how such a party could intervene in a struggle, describing the difficulties faced by New York City transit workers, who, after a successful strike action, rejected a contract that gave back much of what they hoped to win: "Imagine if, on the day after the vote to approve the contract was announced, there appeared at subway stations and bus stops a four-page bulletin discussing the reasons for the rank and file's rejection of the deal. Tens of thousands of MTA riders would have gotten a viewpoint different from that of the MTA, the union leadership, and the commercial media." Of course, many of these activities are already being conducted, by institutions like the Brecht Forum, websites like *CounterPunch* and *MRZine*, single-issue advocacy groups, left think tanks like the Institute for Policy Studies. Aronowitz believes, and I think he is entirely correct, that these activities would be much more potent if linked together as part of a national project. Furthermore, a national party would create a space for ongoing engagement, both social and intellectual, for those on the Left, rather than the periodic bursts of activity, followed by retreats into private life, that we now see in the United States.

However, it should also be said that all existing groups would likely be very uneasy about sacrificing any autonomy to a national party, and building up a new parallel group of institutions would be extremely difficult. Another problem, which he doesn't really address, is how to ensure that this latest effort to launch a new Left does not sink into one more sectarian grouplet. For this reason, I wish Aronowitz had been more specific about how to launch such a project (I have offered a few ideas on this elsewhere).



Stanley Aronowitz

There are other challenges to getting an effective third party off the ground, which I wish Aronowitz had spent more time addressing. One is the soft apartheid of race/class segregation in the United States. A college-educated, predominantly white middle class is largely isolated from the working class. Right-wing populists have scored many points deflating the liberal pretensions of the former, given their isolation from the latter. But this problem is even more profound for middle-class radicals hoping to participate in a mass movement that includes the working class, rather than liberals who simply hope the working class will vote Democratic. The working class is itself divided, particularly along racial lines. This is not only because of overt racial animus (which has been declining for forty years) but

because of the different relations that Blacks, Latinos, and whites have to the U.S. state and labor markets. Consider questions like who gets what jobs, who is considered a citizen, who winds up in prison. . . . Concrete efforts to overcome such divisions are required if we are to construct a genuinely unified movement.

Aronowitz also downplays the sources of consent to the current U.S. state. He often lapses into a rhetoric in which practically everyone is besieged by U.S. capital. Yet much of the U.S. upper middle class (perhaps 20% of the US population, and a much larger portion of the electorate) see their interests aligned with Wall Street and real estate markets, in large part because this strategy has paid off well in the last twenty years (whether it will continue to do so over the next twenty is another question).

Similarly, a very large part of the U.S. public gets something from the psychology of contemporary U.S. nationalism – the belief that the U.S. has a unique role to play in the world spreading freedom – and this produces a substantial barrier to a deeper discussion. Another challenge involves the relationship of existing working-class and single-issue groups to the Democratic Party. Given the relevance of Democratic Party (and Democrat-dominated foundations) to virtually all major unions and single-issue campaigns, it is not an exaggeration to say that the situation (for the Left) is practically like that under a one party state, such as the Mexican PRI about twenty-five years ago.

Perhaps the most daunting challenge facing a revitalized left politics in the U.S. is how to navigate between the Scylla of demanding autonomous, pure movements (and thus placing oneself on a terrain that is isolated from working-class institutions and engaged citizens) and the Charybdis of simply capitulating to the status quo of compromises with reality as defined by the Democrats. **R**

Steven Sherman maintains the website [LeftyeonBooks.org](http://LeftyeonBooks.org)

# AFRICOM and the New Scramble for African Oil

Jesse Salah Ovadia

## THE CREATION OF AFRICOM

Having reached initial operating capacity a year ago, the Pentagon's newest regional command, Africa Command (AFRICOM), is set to become fully operational in October 2008. The U.S. military command structure includes five unified commands. When the new command is fully operational, a sixth command will be added. This command will be responsible for the entire African continent except Egypt, which will remain under U.S. Central Command (see Figure 1). In the context of Africa's current 'oil boom,' AFRICOM must be understood as part of a larger project to create an 'American Lake' (a term first used to describe a sphere of U.S. influence in the Pacific Basin carved out by a heavy military presence), in the oil-rich Gulf of Guinea. This project is designed to facilitate the extraction of natural resources – primarily oil. Although resistance to the project has forced the U.S. to adapt its initial plans, AFRICOM continues to symbolize the 'new scramble for Africa.'

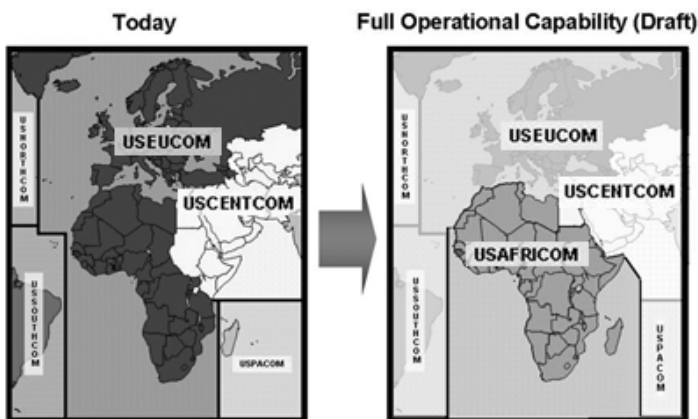


Figure 1: United States Africa Command

Unlike any of the other commands, AFRICOM integrates the military with the resources of the U.S. State Department and Agency for International Development. This links interventions in the name of regional development to U.S. economic and strategic interests. AFRICOM is a project of securing Africa's resources for U.S. empire. Although it will be responsible for U.S. military operations throughout the continent, the creation of AFRICOM is inextricably linked to U.S. plans to control the resource-rich Gulf of Guinea. The American Lake is conceived of as ranging from Ivory Coast to Angola, including Ghana (which also recently discovered oil), Nigeria, Cameroon and Gabon, as well as São Tomé and other islands in the Gulf. Angola and Nigeria in particular are already crucial to U.S. energy supplies, while the U.S. military presence in the region will be anchored by a massive new naval base on São Tomé, right in the middle of the Gulf.

Since February 6, 2007, when President Bush announced the creation of a new Africa Command for the U.S. military, AFRICOM has been operating out of a separate part of Europe Command (EUCOM) headquarters in Stuttgart, Germany. For many months it was unclear when (or if) it will find a headquarters on the African continent. Consultations with several African nations following the announcement of AFRICOM found that none of these countries were willing to commit to hosting the new command. In June 2008, the Pentagon admitted to making mistakes with the implementation of the new command and announced that AFRICOM would continue to be based in Germany for the foreseeable future. However, since U.S. diplomatic and foreign aid activities in Africa will be routed through AFRICOM, it is going to be increasingly difficult in the future for countries to say no to AFRICOM requests for military basing rights and other courtesy privileges.

The imperialist nature of this project can be understood by examining the historical relationship between military power and U.S. reliance on foreign oil. In 1980, President Carter designated the free flow of Persian Gulf oil a 'vital interest' of the United States. He declared that the U.S. would use "any means necessary, including military force" to defend its interest. Out of this policy, widely known as the 'Carter Doctrine,' the U.S. Department of Defence established Central Command (CENTCOM) to oversee a greatly expanded U.S. military presence in the Gulf region. Mirroring Carter, President Bush declared that African oil is a strategic national interest of the United States and announced the creation of AFRICOM. CENTCOM went on to coordinate combat operations during the Gulf War in 1991, the 2001 war in Afghanistan and the 2003 invasion of Iraq. It is therefore not at all surprising that African countries reacted with suspicion to the new command and to an expansion of U.S. military presence in Africa.

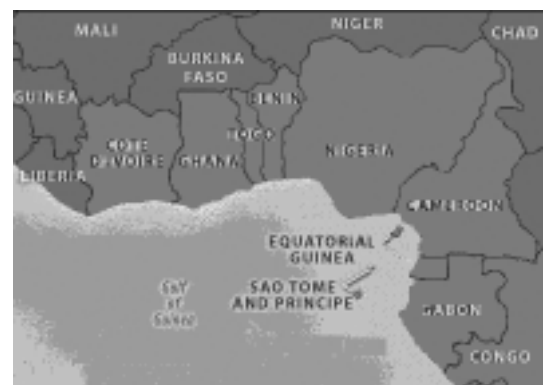


Figure 2: The Gulf of Guinea

In 2003, EUCOM was hardly directing any of its resources toward its African responsibilities. However, just prior to Bush's announcement of AFRICOM in 2007, EUCOM was devoting 70 percent of its time to African affairs. The growth of EUCOM's interest in Africa began under President Clinton, spawning numerous military cooperation initiatives under the guise of providing stability to Africa and 'fighting terrorism.' In addition to these programs, AFRICOM will take over the implementation of a host of military, security cooperation, and security assistance programs, which are currently funded through either the State Department or the Defence Department, such as bilateral and multilateral joint training programs and military exercises.

Far from conspiracy theory, the link between AFRICOM and African oil is supported by various statements from Bush Administration officials and think-tanks aligned with American conservatives. In an article entitled "Creating an Africa Command: Bush Administration Makes the Right Call," Brett Schaefer of The Heritage Foundation puts forward an explanation for the creation of AFRICOM that meshes completely with the voices of more critical authors:

The Heritage Foundation has long advocated an independent command for Africa. AFRICOM is necessary to address the increasing importance of the region to U.S. national interests and better equip the U.S. in meeting the unique challenges of that region. In an increasingly globalized world, the U.S. cannot afford to ignore Africa or relegate it to a tertiary priority. Africa is a vital source of energy and other mineral resources. Weak and failed states in the region offer fertile ground for the spread of terrorism.

The U.S. already imports 16 percent of its oil from Africa in 2001. The U.S. National Intelligence Council (an internal CIA think tank) estimates that by 2015, the U.S. will import about 25 percent of its oil from sub-Saharan Africa. This fact, above all others, has garnered attention from the American security establishment and the oil prospectors in the White House. A backgrounder on AFRICOM produced by the Council on Foreign Relations notes that "some experts suggest the command's creation was motivated by more specific concerns: China and oil." The report also makes mention of the widely-cited figures on the growing importance of Africa to the U.S. oil supply. The widespread acknowledgment of the oil motive in determining the creation of AFRICOM suggests the need for a closer look at the current 'oil boom' in the Gulf of Guinea in order to investigate the motives that lie behind the growing U.S. interest in the region.

## THE NEW 'OIL BOOM' IN THE GULF OF GUINEA

A new literature has emerged declaring that Africa is in the midst of an oil boom, or 'oil rush'. A new scramble for Africa's oilfields is now unfolding. The extent of the reserves in the Gulf of Guinea are unknown. Only a few years ago, the technology to do deepwater drilling was prohibitively expensive. New technology has been central to making exploration and extraction of Africa's deepwater oil feasible. Africa's 76.7 billion barrels of

oil reserves (7.2 percent of the world total) are larger than North America's (54.2 billion barrels) and Eastern Europe and the FSU (58.4 billion barrels). West Africa alone has 46 billion barrels – and with more exploration underway, this could jump to 100 billion by 2007.

The statistics on the boom are impressive. According to the World Investment Report 2005, oil investment, expected to total \$30 billion between 2005 and 2010, already represents over fifty percent of all foreign direct investment (FDI) in Africa. Before the boom, oil extraction was already well established onshore, primarily in Nigeria and Angola. Between 1995 and 2001, FDI inflow totalled an average of \$7 billion per year. Two-thirds of this went to three countries (Angola, Nigeria and South Africa), while half of Africa's states effectively had no FDI inflow. Two-thirds of all FDI was derived from three countries (the U.K., Germany and the U.S.). Finally, while FDI has gone from \$7 billion to \$18 billion per year, four mining/energy economies still account for fifty percent of all investment.

The first scramble for Africa was launched with King Leopold of Belgium's famous remark "I do not want to miss a good chance of getting us a slice of this magnificent African cake." As seen from even a cursory look at the 'oil boom', the new scramble for Africa's resources has already begun. The militarization of Africa must therefore be understood in light of this scramble.

In the opening of his book, *Untapped: The Scramble for Africa's Oil*, John Ghazvinian describes his experience attending the opening dinner of the 18th World Petroleum Congress, held in Johannesburg, SA:

And it has to be said that the evening would not have been the same without the desserts. The organizers had decided to give us each a little chocolate mousse and sponge cake carefully molded into the shape of Africa. It was hard not to admire the culinary artistry involved, but as I looked round the Dome, I wondered: was I the only one to pick up on the symbolism of 3,500 drunken oil executives devouring the Dark Continent, bite after dribbling, chocolaty bite?

Interviewed after the announcement that AFRICOM was remaining in Europe, Democratic Sen. Russell Feingold, Chair of the Senate Foreign Relations African affairs subcommittee, remarked that despite the best of intentions, AFRICOM had "a neo-colonialist feel to it." Feingold's comment points to the shared motive of extraction in both the first scramble for Africa and the current one. However, if the prospect of a 'new African cake' was not enough to attract the attention of the world's most powerful nation, the African oil boom also coincided with the events of September 11 and anti-Western sentiment in many Middle Eastern countries. This is significant because, in the eyes of U.S. planners, the political risk in West Africa is minimal compared to Middle East.

Emblematic of the hype with which some have embraced the oil boom, J. Peter Pham recently called the Gulf of Guinea the "new Gulf" in the *Journal of International and Security Affairs*.

This “new Gulf” has many advantages over the old one. Deepwater drilling, which predominates in the Gulf of Guinea, is much less susceptible to sabotage and threat of civil strife, which causes so much risk and loss in other countries. New floating production storage and offloading vessels (FPSOs) act as massive factories that process and store petroleum and then offload it to supertankers. Finally, not only is West African oil insulated from political instability by being easily loaded onto supertankers offshore, it is also strategically significant because it can be shipped to the U.S. in even less time than it takes to ship oil from the Persian Gulf.

The oil motive in U.S. moves to militarize Africa is not in question. In a 2006 Reuters interview, General William “Kip” Ward, then second in command of EUCOM and soon to be commander of AFRICOM, directly acknowledged the U.S.’s interest in safeguarding oil supplies. Africa’s status in U.S. national security policy and military affairs began to rise dramatically in President Bush’s second term, with his declaration that access to Africa’s oil supplies would henceforth be defined as a “strategic national interest.” This dramatic change in U.S. strategic thinking can be traced back to January 2001, when the Washington DC Institute for Advanced Strategic and Political Studies organized a symposium on the strategic importance of the oil-rich West African coast. That same year, the Cheney *National Energy Strategy Report* concluded that “West Africa is expected to be one of the fastest-growing sources of oil and gas for the American market.” Soon after, the African Oil Policy Initiative Group (AOPIG) was formed, arguing that control of oil in West Africa was necessary to diversify US energy sources, and that this would require an American forward military presence in the Gulf of Guinea.

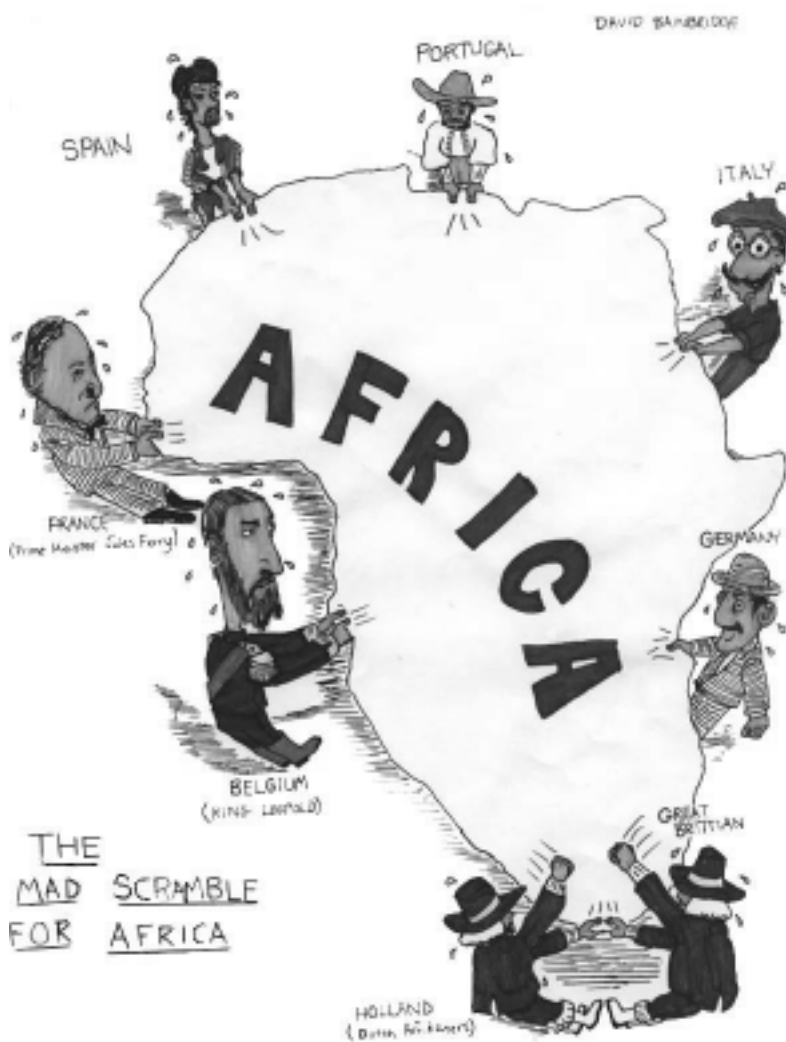
As U.S. interest in the new scramble for Africa becomes more apparent, other important considerations come to light. As Sandra Barnes notes, the Gulf of Guinea is quickly becoming significant to the U.S. for three primarily economic reasons. Firstly, the U.S. directly purchased \$17.8 billion in African oil in 2004 alone. Secondly, more than one

hundred thousand jobs in the U.S. are linked to African oil – many of them in Texas, Louisiana, and California, significant states in U.S. elections. Thirdly, oil and gas equipment is the second leading US export to Africa, worth \$717.3 million annually. Understanding the U.S.’s actions and in whose interest it carries out its foreign policy and security objectives, is highly complex. Therefore, a proper analysis of the genesis of AFRICOM requires a deeper look at the American state.

## THE NEW AMERICAN IMPERIALISM

The literature on the new American imperialism is helpful in understanding the creation of AFRICOM and developing a political economy of African oil. As John Bellamy Foster writes in his book, *Naked Imperialism*, “The projection of U.S. military power into new regions through the establishment of U.S. military bases should not of course be seen simply in terms of direct military ends. They are always used to promote the economic and political objectives of U.S. capitalism.” With reference to America’s new interest in the Gulf of Guinea, this is precisely the connection that needs to be made to understand the creation of AFRICOM as an initiative of the American state on behalf of European and American capital.

In particular, America’s new imperialist posture is a project on behalf of the finance (especially American, British, German and South African finance) and natural resource fractions of capital. While the natural resource fraction includes many mining and mineral-extracting companies, the main Western actors in the scramble for Africa’s oil are the six ‘supermajor’ oil companies, headquartered in the U.S. and Western Europe. Clearly though, in the case of energy, all fractions of capital have an interest in securing cheap and plentiful supplies by any means necessary. As Foster writes, “The primary goals of U.S. imperialism have always been to open up investment opportunities to U.S. corporations and to allow such corporations to gain preferential access to crucial natural resources.” This corresponds to



AOPIG's key recommendation that the U.S. insist on privatization and deregulation in the critical areas such as the energy and mineral sectors, in which Africa enjoys comparative advantage. This would help foster rapid corporate penetration.

The six supermajors are joined in the scramble by and the state-owned Chinese National Petroleum Company (CNPC) and China National Offshore Oil Corporation (CNOOC). This further provokes Washington's neo-conservative foreign policy and security establishment and shows how America's new imperialism in Africa serves the powerful U.S. military-industrial complex. In the case of energy, the interests of American capital also coincide with capital in other 'advanced' nations. This is important in understanding how the U.S. state serves as chief actor in the global capitalist order. In American informal empire, as opposed to previous formal colonial empires, the U.S. has an exclusive role as the global enforcer. It is American imperialism to the extent that it is backed by the force of the U.S. military.

The projection of military strength is the backbone of America's imperialist posture. The new use of bases is not just a military phenomenon but enforces U.S. control over the global political-economic "rules of the game." It is, as Foster writes, "a mapping out of the U.S.-dominated imperial sphere and of its spearheads within the periphery." In recent years, the creation of new bases in South Asia, Middle East/Africa, and Latin America and the Caribbean has spiked, using the war on terror to justify such imperial expansion. The militarization of Africa under U.S. empire and AFRICOM's unique combination of development, diplomacy and force will have particularly negative effects given the continent's history of colonialism and underdevelopment. Additionally, Africa's richness in natural resources combined with its underdevelopment magnifies the dangers of AFRICOM for resource-rich countries.

### **THE 'RESOURCE CURSE' / 'DUTCH DISEASE'**

To understand how the U.S. agenda for Africa affects the region's development prospects, we must first understand what economists have come to call "the resource curse." The resource curse (also called the "paradox of plenty") is a popular notion, even among mainstream economists and World Bank officials, which questions how the oil boom can be of benefit to Africa.

One set of explanations for the resource curse is found in the theory of the rentier state. This theory was developed by Hossein Mahdavy to understand states dominated by external economic rent, particularly oil rent. Rentier states are inherently unstable because they are vulnerable to price fluctuations. This, in turn, stifles development. Whatever the reason, it is quite clear that even if development is defined only in terms of capital accumulation, the discovery of natural resources may set development back. According to the World Bank's own analysis, the *potential* for capital accumulation is most reduced in resource-dependent countries. Thus, for Nigeria, (with its high resource dependence and low capital accumulation), the World Bank has concluded that if resources were not extracted, exported and thus depleted,

Nigeria would actually have greater capital accumulation. This suggests that violence is perpetrated by forced dependence on resource extraction alone. This is a large part of what AFRICOM is about. The carving out of an 'American Lake' through the creation of AFRICOM must therefore be understood as a violent intervention in terms of the ways in which it underdevelops those economies and political systems.

### **IMPERIALISM AND UNDERDEVELOPMENT IN SUB-SAHARAN AFRICA**

The U.S.'s new imperialist posture in Africa must also be understood in terms of human development. Euro-American resource extraction in the Gulf of Guinea, backed by the creation of a new 'American Lake,' is more likely to perpetuate underdevelopment, which in turn reinforces inequality at the national and global levels. Understanding the violence of the project to secure access to Africa's natural resources is necessary to establish the links between the colonial and neo-colonial scrambles to devour the 'magnificent cake.'

The term underdevelopment is specifically selected to refer to a framework for understanding that the current 'Third World' was constructed by the colonial powers and is maintained by neo-colonial social relations. Underdevelopment is a descriptive concept, used to refute the common-sense notion that underdevelopment is an original condition in which all countries once existed. At the same time, underdevelopment is an analytic concept, highlighting the fact that the same processes of accumulation that characterize advanced capitalism in the Global North creates underdevelopment in the Global South.

In a 2005 conference, the South African NGO 'Groundwork' petitioned the World Petroleum Congress meeting in Johannesburg and devouring African cake. As Patrick Bond relates in *Looting Africa*, the preamble to their petition declared:

At every point in the fossil fuel production chain where your members 'add value' and make profit, ordinary people, workers and their environments are assaulted and impoverished. Where oil is drilled, pumped, processed and used, in Africa as elsewhere, ecological systems have been trashed, peoples' livelihoods have been destroyed and their democratic aspirations and their rights and cultures trampled... Your energy future is modelled on the interests of over-consuming, energy-intensive, fossil-fuel-burning wealthy classes whose reckless and selfish lifestyles not only impoverish others but threaten the global environment, imposing on all of us the chaos and uncertainty of climate change and the violence and destruction of war. Another energy future is necessary: yours has failed!

On their own, environmental concerns represent a formidable case that resource extraction underdevelops the Global South. However, the main mechanism by which the U.S. empire underdevelops Africa as it intervenes to secure resources is surplus extraction. As Bond notes, Walter Rodney's *How Europe Underdeveloped Africa* points to a drain of wealth along two tra-



jectories. Firstly, surplus extraction can be an external relation from South to North (something Bond calls ‘global apartheid’). South-North surplus extraction is only one half of the real resource curse, as opposed to the unproblematic version the World Bank and IMF subscribe to. There is a clear link between rentier states (especially those with oil in Africa) and authoritarianism/elite domination. Thus, The second way surplus can be extracted is internally through appropriation by domestic elites reproducing global apartheid’s local agents. Although examples of what we in the west call “corruption” can be found all over the Global South (and the Global North), surplus appropriation is at its worst in oil-economies. This is most clearly seen in the case of Nigeria, where the political elites have engaged in massive appropriation of the country’s oil revenues and amassed untold wealth. The “achievements” of Nigerian oil development include 85 percent of oil revenues accruing to 1 percent of the population. Current estimates are that of \$400 billion in revenues as much as \$100 billion have simply gone “missing” since 1970. Additionally, oil has created massive political instability and insecurity in the Niger Delta.

### CONCLUSION

Part of the project of resisting U.S. empire is resisting the violence that the creation of AFRICOM represents. There can be little doubt that increased U.S. attention on oil-producing countries in Africa and the creation of an ‘American Lake’ in the Gulf of Guinea will deepen processes of underdevelopment and surplus extraction, while a more militarized Africa can only mean renewed wars for resources and power. In *How Europe Underdeveloped Africa*, Rodney writes:

All of the countries named as “underdeveloped” in the world are exploited by others; and the underdevelopment with which the world in now preoccupied is a product of capitalist, imperialist, and colonialist exploitation. African and Asian societies were developing independently until they were taken over directly or indirectly by the capitalist powers. When that happened, exploitation increased and the export of surplus ensued, depriving the

societies of the benefit of their natural resources and labour. That is an integral part of underdevelopment in the contemporary sense.

The new scramble for Africa must be met with unwavering opposition to continued underdevelopment and exploitation. In a world dominated by an ‘Empire of Capital,’ the challenge for Africa is to finally break free of imperialism; old and new. **R**

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# My Journey Home

Mehrangiz Ghorbanifard

*In light of the American threats against Iran, the reactionary dimensions of Iran's clerical regime is sometimes over-looked by some on the left. It is, however, one thing to expose U.S. hypocrisy over Iranian military developments (from both Republican and Democratic political leaders), point to the very real dangers that Iran faces, and absolutely oppose any intervention by the U.S. or its proxies. This is in fact where most, if certainly not all, the Iranian left, in exile and in Iran, have been positioned. Clear opposition to American and NATO intervention in the internal sovereignty of Iran. It is quite another position to close our eyes to the fundamentalist nature of Iran's rulers and their opportunist use of imperialist intervention to silence internal criticism and opposition, and jail, exile and torture many unionists, feminists and other social justice activists. The article below, written by a young Iranian-Canadian student, reflects on her recent trip back to Iran.*

I was nine years old when my family had to leave Iran. My mother tells me we left so that I would have a better future and have the freedoms missing back home. Of course coming to Canada also benefited my parents, particularly my mother, who as a British-educated engineer could not work in her field and taught private lessons in English. Throughout the years, the family maintained strong emotional ties to our home country. But it was not until the second year of university that I became more engaged in the politics of my birth country, which finally prompted my decision to visit Iran in the summer of 2008. I felt I needed to see and feel what I had been reading about and had discussed with others. What follows is my reflections on this memorable three month visit/research trip.

"Be careful and come back safe" was the phrase I repeatedly heard before leaving. I knew I had to be very careful, but rather than having any fear, I was excited. The trip was a chance to gain first hand knowledge and collect information about something which has pre-occupied me throughout my university years. As I arrived, the excitement remained, but fear also emerged. In Iran, fear is a constant of day-to-day life. It is with you in shopping malls, in the parks, on the streets, in your own home. It is ever-present in the consequences of what you do, say, watch, listen to and how you interact with others. This is a country where no rules stand and you can be verbally and/or physically attacked for just the way you look.

## ECONOMIC SITUATION

The first night on the car ride from the airport, I was amused and awed by a massive structure very close to the Imam Khomeini airport. I was told that it was Khomeini's shrine, his final resting place. It was lavish and expensive, covering a huge area to accommodate many visitors who would come there to pray for him and ask for his help and guidance in their prayers. This was my initial uneasy introduction to the foolish squandering of the country's wealth by its government.

Deep in thought, I was startled by a loud knock on the car window: a little girl, probably six or seven years old, was walking between the vehicles in that chaotic intersection trying to sell her walnuts. This was in fact an everyday sight in Tehran. Signs of economic despair, the stark contrast between the rich and the poor and between the city's north and its south cannot be missed. Such class divides were readily seen in many areas where beautiful and ex-

tremely costly homes stood alongside houses that were no more than shacks.

Complaints about the country's current economic situation were common. The monthly salary of an average worker, I was told, could barely cover the rent. People spoke of the high cost of food, clothing, and sending their children to university, leaving them little for anything else. Many working people have to borrow money or get a second or third job or cut certain necessities out of their life just to survive. Iran is not a poor nation, but only a select few have access to the wealth the country produces.

A good deal of the money tends to go into the pockets of the mullahs and into the Islamic propaganda machine. While in Tehran, there was a rally in front of the Mellat Park. People had gathered to show their frustration and anger at the current economic situation. This rally took place shortly after a public revelation of the names of mullahs who owned the many large companies within Iran. This rally, like many others, was met with brute police force and people were beaten and arrested.

## SURVIVAL AND SELF-CENTEREDNESS

What struck me was that despite the feelings of discontent there was little actual mobilization: protest rallies like the one I had seen were in fact rare and not supported by the majority of the population. People seemed to be absorbed with only their individual problems. This was of course not a matter of Iranians being selfish, but a reflection of how the hardship of day-to-day life and needs of personal survival has imposed a form of self-centeredness. People

complain about such attitudes yet admit that it is a problem with themselves as well. Moreover, to go beyond this systematically normalized condition of narrow self-interest would, it seemed, put people on a dangerous lonesome path – especially if it had ‘political’ overtones.

The extent of this extreme social fragmentation was seen even in driving habits. There are of course driving regulations but they, and basic civility, are generally ignored. Irritated honking is common and often accompanied by yelling and cursing. Tehrani drivers dangerously cut each other off, drive on the shoulder, pay no attention to the lines that separate the lanes, and drive in reverse on one way streets for long distances. Once I was literally trapped at a dysfunctional traffic light for an hour with absolutely no cars being able to move in any direction because no one was willing to give way. Anyone who tried to resolve this situation was either angrily told to get back in their car or simply disregarded.

### POWER RELATIONS AND TRUST

One thing that especially struck me was the extent to which people felt a need to demonstrate that they have some power. Disempowered in their own lives, they seemed to be trying to make up for this by attempting to control the lives of others. This is seen in private relationships as well as in the work place and in public spaces.

In intimate relationships, for example, both sides attempt to exert some sort of power over each other. (A phenomenon perhaps not unique to Iran, but its degree seemed especially common and overt). The man would try to control where his partner goes, what she does, whom she speaks to, what she wears and so on. He would try to have influence on all her decisions, whether through gifts or by being physically and verbally abusive. Sometimes a simple act like a woman colouring her hair had to be *discussed* with her partner to get his permission. Likewise, the woman insists on knowing where her partner is at all



times, calling him every half hour to make sure he isn’t in contact with another woman, and so on.

This need to control and exert power reflects the lack of trust that exists among people. With the absence of mutual trust, they attempt to control each other’s lives inside and outside the home. This extends even to strangers; I would often be approached on the street by ordinary citizens, men and women, who took it on themselves to uphold the moral code based on religious values and told me to mind my hijab. In Iran, religion (which interferes with the most personal matters of one’s life) is a widely used method of controlling people’s very basic rights.

### CONTRADICTIONS AND CONFLICTS

Younger people especially seem torn between ideas of modernity such as freedom, respect for differences, and gender equality versus the cultural traditions that have been solidified in Iranian society, particularly in the last 30 years. The mix of these contradictory values has created a society full of conflicts. The Islamic Republic plays a huge role in creating and sustaining such contradictions since it is itself in a contradictory position as it attempts to adopt modern technologies and capitalist modes and yet it fights modernity when it comes to providing and guaranteeing the rights of its citizens.

Most women in Tehran wear their head scarves casually and use colourful mantos (the piece of clothing covering the body) in different styles (short, tight, long, loose). Both sexes are up-to-date with the latest western fashion statements; they listen to western music; hang out in groups that includes both males and females; and have at least one girlfriend or boyfriend with whom going to movies, coffee shops and shopping centers is quite common. Behind closed doors they have their house parties with unlimited consumption of alcohol and a variety of drugs, resembling counterparts in the West. On the other hand, many follow religious rituals of fasting, daily praying and going on pilgrimages and other religious practices. Many come from religious families and some are from the families who are part of the governing system.

A common frustration is the constant presence of morality police known as *Gashte Ershad* at most major intersections, shopping malls and around the cinemas, restaurants and coffee shops. They are responsible for ensuring that the moral codes are followed and their presence is also intended to generate the constant feeling of fear mentioned earlier. In a country where there is no rule of law and no state accountability, anything can happen to anyone and one can be charged with any crime at the discretion of the officer in charge. For this reason many restaurants, cafes and other public spaces have their own

guards who warn the customers of the approaching morality police.

## UNIVERSITY STUDENTS

I spoke with various university students and conducted a number of interviews. Many of the students suggested that university was a venue for escaping some of the problems they were facing. For male students university seemed a way to put off going to the two year mandatory military service, seen as nothing but a complete waste of time. More generally, university was a place to escape from the confines of their homes and their families. University was seen as an enclave, separate from the society at large with all its social and religious moral codes, in which students had more room to find themselves and have different experiences. While some thought of this educational institution as a new ground for social and political activity, others saw it as primarily an opportunity to have fun and mingle with the opposite sex. The majority explained that their degrees were invaluable once they stepped into the real world, looking for a job. But many also said the university experience would not prepare them for the jobs they wanted, since finding a job is conditional to connections to insiders or having enough money to buy your way in.

Many of the interviewees expressed a desire for tranquility in their lives. It was sad and frustrating, if not completely surprising, to hear this from young adults in their early twenties. Both male and female students expressed the need and desire for basic freedoms such as choosing what to wear (specifically regarding the hijab), where and when to go out, what to eat, what kind of music to listen to, to simply take one's partner to the movies, and to be able to speak out without the fear of being punished.

A large number of the students conveyed alienation if not depression. They said they had no hope for the future and nothing to look forward to. Stability and order were two main concerns of the students and they talked about how every part of their society, the

economy, the labour market, as well as the universities lacked these two qualities. Retreating from the future, many turned to what they could do in the moment, which came down to having some sort of fun and enjoyment. Others believed that the current situation was part of a larger process of moving through history, and one just had to let it run its course. However, a very large number of students were desperate to escape out of the country.

Regarding politics, the few who were interested said they listened to the Iranian news, which most agreed was just a propaganda machine for the regime. They also read newspapers and internet articles, the latter being heavily censored though the students had their own ways of escaping these censors and accessing the desired sites. Many also watch satellite television which, for most, is the only vehicle of access to the outside world. One student even said that to get accurate reports on Iran she watches the news channels broadcasting from outside the country. The students could be divided into two (uneven) groups regarding elections in Iran. There was the smaller group who choose to vote, in hopes of getting the lesser of two evils. The other group refuses to vote, believing the whole system is corrupt and should not be supported in any way.

It is crucial to note, however, that most of the students stated that any change should be created from within the country, and were strongly against western intervention. They believed that change would be brought through educating the public, which seems extremely difficult as the regime suppresses the smallest attempts in creating political awareness that are against its policies. Many complained of the lack of organizations that they could turn to for support or as an alternative, and which would be able to play a significant role in creating a political opening. This of course is mainly due to the fact that the intellectuals, activists, protesters, and those who have been willing to lead a movement for democracy have been killed or imprisoned or muted.

Many young adults, influenced by the official history propagated by those in power, have come to believe that Iran's current situation is due to their mothers' and fathers' brave and selfless revolutionary efforts, rather than the hijacking of the revolution by Khomeini and the corrupt and fascist policies of Islamic state. Many students have interpreted the original attempt at revolution as a mistake and that any movement for the mobilization of masses will only lead to an even worse situation than what is already in place. They seem reluctant to learn from the experiences of the older generations and their astonishing history.

## CONCLUSIONS

Most people want to see Iran transformed, whether or not they themselves are willing to fight for it. Many would like to see a secular Iran, however Iran is a diverse country with polarized views. There *are* large groups of people who strongly believe in Islam and there are fundamentalists who support the Islamic Republic. Many fear a loss of culture and identity in the event of changes in the current system (reinforced of course by government propaganda). Unification of all the different progressive blocs within Iran seems to be one of the major challenges on the path to freedom and equality.

The conclusion I drew from meeting with the students was that political change will not happen through university students alone. Other groups such as workers and especially women are in a much better position in organizing themselves with the aim of changing their society. Moreover, in a society where wearing bright colors is a crime, where laughing and expressing joy is a crime, where gatherings of two or more people are banned, where being a woman and wanting equality is a crime, where speaking out is a crime, and seeing and listening is a crime – in such circumstances, one has to be realistic about expectations and about what constitutes change. **R**

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