

New Unity Movement



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This site is a “work in progress” and much work still needs to be done

No 4 – the “*Extract from: Age of Consent*” by George Monbiot
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THE LAND ISSUE IN SA, 100 YEARS AFTER THE 1913 NATIVES LAND ACT

One hundred years after the enactment of the nefarious SA Natives Land Act of 1913, almost 90 percent of the land remains in the hands of a tiny capitalist farming elite.

The SA Natives Land Act, enacted in 1913, dispossessed the indigenous SA population of their land. This law and the laws enacted in 1936 set aside 7% (later 13%) of the agricultural land for black South Africans. Thus the indigenous population was dispossessed of more than 90% of the land, and, to a slightly lesser extent, this same situation circa 1913 still obtains today, almost 20 years after the new SA government came to power in 1994. As is well-known, the land acts were part of a capitalist-imperialist ruling class strategy not only to expropriate valuable property in land but also create an “ultra-exploitable” proletariat mainly to serve as cheap labour for the farms, mines and burgeoning industry.

By 1996, about 60 000 white commercial farmers – about 1% of the population – owned just less than 90% of the land classified as agricultural. Between 1994 and 1998 the government implemented a legal process whereby people could claim land previously owned by them. The government set a target of 30% of this agricultural land by 2014, but by 2012, only 8 million hectares of land of the 24,6 million hectares identified, had been transferred. The slow pace of transformation has caused a lot of controversy and discussion and with the centennial anniversary of the 1913 land acts, has led to a renewed focus on the land issue. Already two conferences have been held, which focused solely on the land question – ‘Land Divided: Land and South African Society in 2013, in Comparative Perspective’, UCT, 24 – 27 March 2013, and ‘Conference on Land, Race and Nation in South Africa: A Century of Dispossession 1913 – 2013’, UCT, 19-22 June, 2013. In May and June this year the Department of Rural Development and Land Reform had full page adverts in the main national newspapers, lauding themselves on their commitment to uplift the rural poor, reopening the lodgement of claims (to 2018) and concluding a land audit. In June this year, trade unions Numsa and Fawu announced a joint campaign to nationalise the land of South Africa, including agrarian transformation and food security as their central issues. With elections in 2014 on the horizon, there is no doubt that the ruling government and its allies will try to exploit the land question as a key campaign issue.

Let us return to the slow pace of transformation. The government readily shields behind the constraints placed on it by the “Willing Buyer Willing Seller” (WBWS) principle; in effect, the constitution does not mention this anywhere. Section 25 mentions that the state is explicitly empowered to expropriate property in the public interest, and enables the state to make effective changes on land reform, redistribution and redress. The question is: why does the state not apply the constitution in matters of land reform? The simple answer is that the WBWS idea placates powerful interest groups - traditional leaders, commercial farmers, and industrial and mining companies. (In other words, the constituency that this government actually represents, notwithstanding its claim to be a government of the people). Undue deference to each of these powerful players and interest groups has resulted in land reform programmes not benefitting communities and dispossessed individuals and groups. A glaring

example is the package of traditional leadership laws which vests far-reaching unilateral powers in chiefs and re-entrenches tribal boundaries of the former Bantustans. These laws bolster the Bantustan-era arrogance and power of traditional leaders towards their 'subjects'. If and when the full transference of land envisaged by the government's reform strategy is finally completed, it will in effect have transferred the major portion of land into the hands of a small exploitative elite.

Options to land reform?

With WBWS expropriation without compensation with land invasions Zimbabwe-style – a possibility if the ANC loses support? What happened in Zimbabwe was largely due to ZANU-PF loss in the referendum on the new constitution. What will happen if populist politicians latch on to the land question and encourage land invasions? Can the same thing happen here? Are the Cape farm protests a harbinger of the people themselves solving the land question – the recent occupation of District 6 by elements referring to themselves as “Khoisan?”

The desperate plight of the poor is likely to be aggravated by the much-vaunted concept of ‘greening the economy’. The new subterfuges of Reducing Emissions through Deforestation and Forest Degradation (REDD) and The Economics of Ecosystems and Biodiversity (TEEB), forms of neo-liberal capitalism, are leading to huge land grabs by developed countries and thereby reducing land for the dispossessed and landless people. If REDD and TEEB become the vogue, the poor will have to vacate their lands under a new wave of dispossessions. The ‘green economy’ will eventually lead to carbon emissions increasing and ultimately the devastating effect of climate change on the poor - droughts, floods, rising food prices, water shortages, crop failures.

The Government accepts that the WBWS system has failed to remedy the historic injustice brought about by the 1913 land laws. The New Growth Plan (NGP) accepts the greening of the economy but the real economy remains capital intensive and environmentally destructive. Therefore, no economic justice for the poor.

The slow pace of transformation harbours the possibility that politicians may take over the process and this may lead to violent land reform. Sibanda argues that ‘a Zimbabwe’ will not occur in SA because a key feature of the SA system of government is the division of power between the Executive, the Legislature and the Judiciary. He might be in for a rude awakening

The draft of a new Expropriation Law (March 2013) makes it possible for government to expropriate land for redistribution. The new law enables government to seize any assets at a value below market prices. The main aim is the government's infrastructure and land redistribution programme. Compensation will be paid for seized assets. And the proposed legislation also makes provision for court processes if any party feels that they were unfairly treated. Even if one feels aggrieved, the process will continue. In the meantime the landless poor continue to suffer.

In terms of the ANC's approach to land reform there can only be one winner – capitalism.

And now we have Agang.....

Agang led by the supposedly dynamic Mamphela Ramphele was launched as a new political party on 22 June 2013. It was significant that the first rumours of this new political party emanated more than a year ago from the United States where she ostensibly sought backing for her grandiose schemes. In 2012 she toured the South African universities using community forums as sounding boards. She, at the time, astutely (or cunningly) avoided the question of establishing a political party. As a “seasoned” political activist and particularly with her close liaison with Steve Biko she found many a receptive audience.

She evidently made all the right noises at her inaugural address to the ‘faithful’. But how was this going to translate into change in the lives of the poor? She pressed all the right buttons as she proceeded to conclude and *inter alia* mentioned the following: that taxpayers' money was being wasted on Nkandla, that corruption was allowed to run rife in government, the lack of quality education, the escalating poverty levels and the unbridled joblessness that pervades our country.

Her “arrogance is breathtaking” (Ramphele's reference to the ANC) as is her short term memory. Let us just remind ourselves of the history of wonder-woman: Ramphele was Managing Director of the World Bank (WB) until 2004. The WB, the International Monetary Fund (IMF) and the World Trade Organisation (WTO) are credited with being directly responsible for the poverty in Africa and other parts of the world. In addition she was until very recently (2013) the chairperson of Gold Fields Ltd. and as such is complicit in the trampling on the demands of workers, shedding its workforce and in doing so increasing unemployment and contributing to SA's growing number of poverty stricken. She has served in executive positions on the boards of Standard Bank, Remgro, and is a Trustee of the Rockefeller Foundation as well as being a director of a host of other companies.

Whilst she has not as yet spelt out the policies and revealed the election manifesto of *Agang*, we know the philosophy *Agang* represents.....making South Africa more amenable to the machinations of capitalism. It in fact represents the barbaric face of Neoliberalism. How does this then differ from the antics of the ANC, the DA, Cope and all other parliamentary political parties? Can any of the aforementioned parties including *Agang* improve service delivery in health, education and social services? Can these parties create jobs and eradicate poverty? Despite their public utterances to the contrary, their role is first and foremost to secure the interests of capitalism-imperialism and their hangers-on. While they are at the helm, it remains true that “the poor will always be with us.”

No doubt – as is always the case when an election year looms – there will be other opportunists too who will surface to contest a place at the feeding trough.

TOWARDS A PEOPLE'S DEMOCRACY: THE QUESTION OF CLASS CONSCIOUSNESS

Introduction – Is the Collapse of Capitalism Inevitable?

For more than a hundred years "capitalism has had to justify itself against the Marxist contention that it is outdated, moribund and ready for replacement by a new social order."¹ As Selsam *et al* put it, "If they did nothing else, Marx and Engels threw down the gauntlet to the world of private ownership, free enterprise, rugged individualism and corporate wealth, along with the social, political and cultural institutions which sustained that world."²

There have been many who have predicted the "inevitable demise" of capitalism, or at least that it would *inevitably* lead to revolution.

Karl Marx himself believed that the class antagonism at the heart of capitalism would lead to the "inevitable collapse" of the system, as the oppressed working class, tiring of their oppression, would revolt and overthrow the system. "At a certain stage of their development, the material productive forces of society come into conflict with the existing relations of production . . . with the *property* relations within which they have been at work hitherto. From forms of development of the productive forces these relations turn into their fetters. . . Then begins an epoch of social revolution."³

And according to Engels society will be

. . . Brought to a deadlock, out of which there is no escaping but by a complete remodeling of the economic structure which forms its basis.⁴

Anton Pannekoek notes

The question of the necessity and the inevitability of the collapse of capitalism, and the way in which this is to be understood, is the most important of all questions for the working class and its understanding and tactics. Rosa Luxemburg had already dealt with it in 1912 in her book *The Accumulation of Capital*, where she came to the conclusion that in a pure, closed, capitalist system the surplus value needed for accumulation could not be realised and that therefore the constant expansion of capitalism through trade with non-capitalist countries was necessary. This means that capitalism would collapse, that it would not be able to continue to exist any longer as an economic system when this expansion was no longer possible.⁵

More recently, as the global economy continues to wreak havoc on the lives of millions, there is a sense that "things cannot continue in this way." This is captured quite dramatically by Minqi Li:

After centuries of global capitalist accumulation, the global environment is on the verge of collapse and there is no more ecological space for another major expansion of global capitalism. The choice is stark: either humanity will permit capitalism to destroy the

¹Howard Selsam et al (Eds), "Dynamics of Social Change: A Reader in Marxist Social Science," International Publishers, New York, 1975.

²Selsam *Ibid*

³Karl Marx, "A Contribution to the Critique of Political Economy," (1859)

⁴Friedrich Engels, "Introduction to Marx's 'Address on Free Trade'" (1888)

⁵Anton Pannekoek, "The Theory of the Collapse of Capitalism," 1934

environment and therefore the material basis of human civilization or it will destroy capitalism first. The struggle for ecological sustainability must join forces with the struggles of the oppressed and exploited to rebuild the global economy on the basis of production for human needs in accordance with democratic and socialist principles.⁶

Yet, In the year 2013, capitalism continues to be the ruinous juggernaut that it was in Marx's time, continues to dominate and hold the mass of society in thrall; continues via its profit-growth imperative to drag us in the direction of barbarism.

The Working Class as the Agents of Change

But "inevitable" does not mean "spontaneous," or "imminent" or "immediate." As Engels says, "... the old bourgeois society might still vegetate on for a while, so long as a shove from outside does not bring the whole ramshackle old building crashing down. A rotten old casing like this can survive its inner essential death for a few decades, if the atmosphere is undisturbed. (From "Letter to Bebel," October 24, 1891)

As Alex Callinicos tells us, Marx believed that the working class would be the catalyst to provide the "shove from outside" to "disturb the atmosphere." Marx asserted that the emancipation of the working classes must be a task undertaken by the working classes themselves. To quote Callinicos: "Marx did not believe that capitalism would collapse under the pressure of its own contradictions." It would require the active intervention of a revolutionary working class, imbued with the necessary levels of class consciousness.⁷ Callinicos goes on to say that

. . . at the heart of Marx's thought was the proposition that socialism is the self-emancipation of the working class. It is only by their own efforts that workers can be rid of capitalism. They are their own liberators.⁸

Impoverishment of the Working Class under Capitalism

The immiseration of the working class under capitalism is arguably the system's biggest indictment, and is a direct consequence of the antagonism between capital and labour that resides at the heart of the system. In all epochs, this has been a defining feature of capitalism.

In his "The Conditions of the Working-Class in England in 1844" Engels paints a vivid picture of the degradation to which the working people of Industrial Revolution England were subject. In moving passages based on his personal observations, Engels lays bare the price that had had to be paid in terms of human misery for the glory of Victorian England. An example of what he saw when he toured the working class districts of Manchester:

Right and left a multitude of covered passages lead from the main street into numerous courts, and he who turns in thither gets into a filth and disgusting grime, the equal of which is not to be found – especially in the courts which lead down to the [River] Irk, and which contain unqualifiedly the most horrible dwellings which I have yet beheld. In one of these courts there stands directly at the entrance, at the end of the covered passage, a privy without a door, so dirty that the inhabitants can pass into and out of the court only by passing through foul pools of stagnant urine and excrement. . .

For most South Africans today, this is not an unfamiliar picture. At a website called "Cape Chameleon" Camille Doux describes the living conditions of an inhabitant of the Capricorn Township in Cape Town:

⁶Minqi Li, "An Age of Transition: The United States, China, Peak Oil, and the Demise of Neoliberalism," Monthly Review, Vol 59, Issue 11, April 2008

⁷Alex Callinicos, "The Revolutionary Ideas of Karl Marx," Bookmarks Publications, 2010

⁸*Ibid*

30-year-old Colleen has been living in Capricorn, a township near the Cape Flats, her entire life. She inherited the house her father built using recycled materials like cardboard, plastic and corrugated iron. The interior is in a desperate state though, with the carpet laid on bare sand, offering little insulation. Colleen and her three children share the space of just 20 square metres and sleep in the same bed. Yet they place themselves among the lucky ones. Most of the houses in this area are not more than 10 square metres, highlighting the overcrowded nature of the townships

With her home falling apart around her due to age, Colleen must do what she can to make the best of her current living conditions – on rainy days she uses pots and pans to catch the water leaking through the roof. Toilets are located outside of the house and shared with neighbours (seven people in total using one toilet). The latter are almost never cleaned and the door has been damaged by the wind. Hygiene and privacy remains to be desired and due to the lack of plumbing there is no shower. To wash, Colleen fills a bowl with water. For food, chicken, rice and potatoes are a daily staple; they're cheap and fill your stomach, but when Colleen has no money, bread and tea will have to do.⁹

Neoliberal globalization has accelerated the exportation of poverty to all corners of the planet. Jeremy Seabrook opens his "The No-Nonsense Guide to World Poverty" (2007) with apposite remarks:

The first time I went to India I visited an industrial slum in Mumbai. Here I met workers in companies that were subcontracted to transnational corporations. It was a great shock . . . because it recalled to me the conditions in which my family had lived and worked, throughout the 19th and early 20th century, in an industrial town in the English Midlands. . . It was a shock of recognition. My visits to Mumbai and later to many other cities in the South – Jakarta, Dhaka, and São Paulo – were not to foreign places. It was like going home. Another climate, a different people, a separate culture; these were nothing compared to the sameness of poverty. Poor people are always poor in the same way.

If human agency – specifically in the form of the working class masses of the world – is a *sine qua non* for revolutionary change, the obvious question is: "what are the necessary facilitating conditions?" Or, as Chris Nineham posed it: ". . . if socialism is in the interests of the working class, the question becomes, why aren't the majority of workers permanently fighting for it? In fact, how come we haven't got there already?"¹⁰

Class Consciousness

Its relationship to and exploitation by the bourgeoisie in the production process merely means that the working class is a class *in itself*, which means it is not automatically *revolutionary*. This requires that a critical mass of the working class become a class *for itself* – that is, one organised in the active pursuit of its own interests,¹¹ which go beyond a "trade union consciousness." (By "trade union consciousness" is meant workers are more focused on their sectoral than on class interests.) Chris Nineham contends:

In trade unions the leaderships often become remote from the rank and file because their aim is not to challenge the status quo in general, but to negotiate with or pressure the bosses and campaign for a better deal for the section of workers they represent. The tendency to compromise is built into trade union leaders' social role, which is why building independent rank and file organisation in the unions is so important.¹²

This is very similar to Lenin's observation that workers are not "spontaneously socialist" in their inclinations but "spontaneously bourgeois." "If left to themselves, proletarians [engage] only in a trade-union struggle for higher wages and better working conditions but [do] not press for a revolutionary transformation of the capitalist system itself."¹³

. . . which of course is not to say that trade union struggles are not legitimate or not precursors to the building of a revolutionary class consciousness. Ellen Meiksins Wood makes this very clear when she says:

There are . . . two kinds of left strategy that make perfect sense within the constraints of capitalism. The first is what you could call protective strategies. These have been a necessary part of capitalism since the beginning. Capitalism, despite its material achievements, is by its very nature a disruptive and destructive way of organizing social life, because it subordinates all human goods to the imperatives of accumulation, because it inevitably dispossesses huge multitudes of people, and so on. Since it first began to manifest these consequences, people have looked for ways to prevent those disruptive effects from tearing apart the social fabric—like, for instance, the Elizabethan poor laws in sixteenth century England. We can add to those protective measures the provision of certain basic necessities like affordable housing, which capital is averse to providing.

So that's the first kind of non-transformational strategy that makes sense within the constraints of capitalism. Another, more oppositional kind of non-transformational politics came with the development of industrial capitalism and with the growth of a mass proletariat: the struggle over the terms and conditions of work.

Now these two kinds of politics—the struggle for social provision and the class struggle over the terms and conditions of work—are indispensable under capitalism in all its forms.¹⁴

"False consciousness" is not to be confused with trade union consciousness. It refers to an acceptance by the proletariat of the *legitimacy* of the power structures oppressing them,¹⁵ and could conceivably co-exist with a trade union consciousness. This is, no doubt, what Trevor Ngwane means when he says;

People vote for the ANC, despite their discontent with the party. This reflects the contradictions within the workers. They may be unhappy with the system, but are somewhat attached to it. They don't see it as the source of the problem, but want to improve their plight within [it]. They want better wages and better working conditions, but not to overhaul the entire system. Workers lack a revolutionary consciousness.¹⁶

Towards a Revolutionary Class Consciousness

This article will consider two major challenges facing the left as it seeks to transform the consciousness of a critical mass of workers in the struggle to build a socialist society. These "challenges" will be considered under the following headings:

- Hegemony
- The Labour Aristocracy

¹³Vi Lenin, "What is to be Done?" 1902

¹⁴Ellen Meiksins Wood, "The Politics of Capitalism," Monthly Review, Vol 51, Issue 4, September 1999

¹⁵John J Macdonis and Ken Plummer, "Sociology: A Global Introduction," Pearson Education, 3rd Ed, 2005

¹⁶Ndletyana: "Municipal Elections 2006: protests, independents and cross-border municipalities" in "State of the Nation: South Africa 2007," by S Buhlungu et al

⁹Camille Doux, "Township Living: The True Face of Cape Town," Cape Chameleon website, Issue 17, 2012

¹⁰Chris Nineham, "Capitalism and Class Consciousness: The Ideas of George Lukacs," Counterfire, 2010

¹¹Karl Marx, "The Poverty of Philosophy," 1847

¹²Nineham Op Cit

Hegemony

"The ideas of the ruling class," said Marx, "are in every epoch the ruling ideas, that is, the class which is the ruling material force of society is at the same time its ruling intellectual force. The class which has the means of material production at its disposal has control at the same time over the means of mental production, so that thereby, generally speaking, the ideas of those who lack the means of mental production are subject to it. The ruling ideas are nothing more than the ideal expression of the dominant material relationships, the dominant material relationships grasped as ideas."¹⁷

This is what Antonio Gramsci referred to as "hegemony."

The basic premise of the theory of hegemony is one with which few would disagree: that people are not ruled by force alone, but also by ideas. To ideas Marx ascribed the vital function of preserving the "ideological unity of a whole social bloc."¹⁸ Not that ideas were powerful enough to eliminate class struggle, but they were obviously capable of muting it sufficiently to allow class societies to function.

The concept of hegemony is really a very simple one. It means the predominance of one social class over others (e.g. *bourgeois hegemony*), of political leadership based on the consent of the led, a consent which is secured by the diffusion and popularisation of the world view of the ruling class.¹⁹ This represents not only political and economic control, but also the ability of the dominant class to project its own way of seeing the world so that those who are subordinated by it accept it as "common sense" and "natural."²⁰ Gramsci contends that the values, beliefs, consumption patterns and habits of thought of the ruling class do penetrate the proletariat. They rub-off on the population, distort their vision and negatively affect their perception. . . . The population can easily be manipulated. The lack of critical consciousness cannot be lightly viewed. Under such circumstances, people can hardly be expected to question their conditions and still less to reject the values of the ruling class. And no matter how abject their living conditions they will not think of revolution. If fundamental change is therefore to take place in society, Gramsci maintains, revolutionary seeds would have to be planted in a cultural soil that is prepared to accept them. The hegemony of the ruling class, i.e., the spiritual and cultural supremacy that it exercises by manipulating civil society, would have to be countered.²¹

Gramsci saw the capitalist State as being made up of two overlapping spheres, a "political society" (which rules through force - public institutions - the government, courts, police, and army, etc) and a "civil society" (which rules through consent - private organisations such as schools, churches, clubs, journals, etc.). Gramsci saw civil society as the public sphere where trade unions and political parties gained concessions from the bourgeois state, and the sphere in which ideas and beliefs were shaped, where bourgeois hegemony was reproduced in cultural life through the media, universities and religious institutions to "manufacture consent" and legitimacy.²²

Importantly, in the event of a failure of hegemony, "the ruling class falls back on the state's coercive apparatus which disciplines those who do not "consent," and which is "constructed for all society in anticipation of moments of crisis of command . . . when spontaneous consensus declines."²³ Perhaps this explains the increasing resort to violence on the part of

¹⁷ Karl Marx, "The German Ideology, 1845

¹⁸ Thomas R Bates, "Gramsci and the Theory of Hegemony," University of Pennsylvania Press, *Journal of the History of Ideas*, Vol. 36, No. 2 (Apr. - Jun., 1975)

¹⁹ Ibid

²⁰ Daniel Chandler, "Gramsci and Hegemony," *Marxist Media Theory*

²¹ Daniel Kendie, "How Relevant are the Theories of Gramsci to the Study of African States?" *African Social Science Review*, Vol 3, Issue 3, Article 5, 2006

²² Heywood, Andrew "Political Ideas and Concepts: An Introduction," London, Macmillan, 1994

²³ Bates, Op Cit

the SA state (Moses Tatane, Mido Macia, Marikana.) as it battles to contain a social discontent that has long surpassed the *gatvol* factor.

Hegemony might also contribute to an explanation of why revolution will not automatically occur in times of crisis. For example, despite the fact that millions of workers became unemployed in the industrially advanced countries of the West during the Great Depression of the early 1930s, and even greater numbers worldwide during the current global economic crisis, the bourgeois/capitalist order is still in place. This would also explain the contradiction referred to by Trevor Ngwane above. Despite South Africa being the world leader in social protests and the country with the biggest disparity in wealth between the richest and the poorest, revolution will not occur "spontaneously" from the material conditions of people's lives."

Hegemony would also contribute to an understanding of the contradiction of the high level of acceptance of parliamentary politics by the working class in South Africa. One of the most successful "ideological bluffs" of the bourgeois intellectuals was the myth that real democracy and social equity could be achieved through parliament and universal suffrage. Gramsci believed that parliament and polling booth were mere forms, the real content of which was determined by effective control of the cultural organisations, of the lines of communication in civil society. As Bates puts it

The "normal" exercise of hegemony in a particular regime is characterized by a combination of force and consensus variously equilibrated, without letting force subvert consensus too much, making it appear that the force is based on the consent of the majority. The parliamentary game was, therefore, an enormously effective means for creating the illusion of popular sovereignty. The powers-that-be in the state have a great advantage in the struggle for hegemony, by virtue of their superior organization, information, and means of communication. Alongside parliament, they have the yet more modern instrument of "public opinion," the potential of which was foreseen by Gramsci as by few others. Public opinion is strictly linked to political hegemony. It is the point of contact between civil society and political society, between consensus and force.

The state, when it wants to initiate an unpopular action, preventively creates the adequate public opinion; that is, it organizes and concentrates certain elements of civil society.²⁴

. . . which raises the question of opportunism on the part of leftwing elements that espouse bourgeois parliamentary elections as a "revolutionary" tactic. With the 2014 elections on the horizon in South Africa, it will be interesting to see which leftwing groupings - whether wittingly or unwittingly - through their participation, strengthen parliament's legitimacy in the minds of the people at large and, in the process, reinforce the bourgeois hold on power.

Hegemony and Implications for Struggle

Perhaps the most important practical principle which the left can glean from the theory of hegemony is that an old order cannot be made to vanish simply by pointing out its evils, any more than a new order can be brought into existence by pointing out its virtues.²⁵ Moreover, it implies that a direct assault on the economic bastions of the capitalist order at a given time or place is not necessarily the right strategy for that time and place - not if circumstances dictate that the left should be committing more resources to the ideological front.

Force and persuasion, consent and revolt - these are in a dialectical relationship and are in constant flux. In a country like South Africa, where the working class suffers such extreme conditions of poverty, their material conditions act as a constant reminder of the disadvantages of subordination and this will pose a threat to the dominant class. Thus,

²⁴ Ibid

²⁵ Ibid

"consent must be constantly won and re-won."²⁶ The battle for the hearts and minds of people becomes critical. According to Heywood, the political and practical implications of Gramsci's ideas were far-reaching because he warned of the limited possibilities of direct revolutionary struggle for control of the means of production; this "war of attack" could succeed only with a prior "war of position" in the form of struggle over ideas and beliefs, to create a new hegemony. This idea of a "counter-hegemonic" struggle – advancing alternatives to dominant ideas of what is normal and legitimate – has had broad appeal in social and political movements.²⁷

The apathy and indifference of the masses to the appeals of the revolutionaries expressed for Gramsci the fact of their subordination, not only to the force of the state, but also to the world view of the ruling class. To achieve a revolutionary perspective, the worker must first be freed of the ideological fetters imposed on him by the cultural organizations of the ruling class.

Class consciousness in Gramsci terms, then, is the product of an ideological struggle led by the intellectual "officers" of competing social classes.²⁸

The Labour Aristocracy

Eric Hobsbawm described the labour aristocracy as "... a distinctive upper stratum of the working class, better paid, better treated and generally regarded as more 'respectable' and politically moderate than the mass of the proletariat."²⁹

According to Elbaum and Seltzer:

It is an objective social grouping – it is still exploited by the capitalist, therefore its class interest is still the same as the rest of the proletariat ... but because of the benefits it enjoys, it will tend to seek reformist solutions rather than revolutionary ones. In terms of Marxist social science, the labour aristocracy comprises workers who are exploited under capitalism, but who have a stake in its survival and growth. Thus, there will always be a tendency for them to go against their class interest. They are the most likely to be co-opted by the capitalists.³⁰

Capital also plays on and would exploit existing stratifications within the working class, eg divisions based upon the labour process (skilled and unskilled), the competition for work (employed and unemployed), the degree of bargaining power with the capitalists (organised and unorganised), geographical differences, as well as national, racial, religious, and sexual forms of oppression. ... the stratifications within the working class provide the social base for the politics and ideology of opportunism³¹

Lenin in 1915 defined opportunism as "sacrificing the fundamental interests of the masses to the temporary interests of an insignificant minority of the workers or, in other words, an alliance between a section of the workers and the bourgeoisie, directed against the mass of the proletariat".³²

Given the existence of a labour aristocracy, it is inevitable, then, that politics will be shaped not only by the antagonism between capital and labour, but "also by the political trends and contradiction *within the proletariat itself*."³³ (Emphasis in the original).

²⁶ Chandler, Op Cit

²⁷ Heywood Op Cit

²⁸ Bates, Op Cit

²⁹ Eric Hobsbawm, "The Labour Aristocracy in Nineteenth Century Britain," Economic History Review, Vol 37, 1984

³⁰ Max Elbaum and Robert Seltzer, "The Labour Aristocracy: The Material Basis for Opportunism in the Labour Movement," Resistance Books, 2004

³¹ Ibid

³² Quoted by Elbaum and Seltzer, Ibid

³³ Ibid

Emergence of the Labour Aristocracy

The existence of a labour aristocracy was already evident to Marx and Engels in 19th century England. Marx for example observed that "an aristocratic minority" which engaged in a "a narrow circle of strikes for higher wages and shorter hours ... as the ultimate goal", excluded "all participation in any general activity of the working class as a class" so that "no real labour movement in the Continental sense exists", were "quite remote" from the socialist movement that emerged in the 1880s and were recognised as "the bourgeois labour party" in their opposition to a demand for eight hour day legislation.³⁴

Lenin located the emergence of the labour aristocracy as a significant political factor in 19th century England to the rise of England as a colonial power.

... the stubborn phenomenon of opportunism among English workers had a *material basis* in the fact that the dominant world position of English capitalism produced *super profits* which allowed the English bourgeoisie to make significant economic and political concessions to certain strata of the proletariat. These concessions, a complex set of phenomena including expansion of the social wage, and access to educational and cultural institutions, served as the material basis for the creation of a thoroughly opportunist trend rooted in a large *labour aristocracy* as well as the conspicuous rise of bourgeois illusions and national chauvinism among English workers more generally (emphasis in the original).³⁵

Bribery

Monopoly-based super-profits derived from colonial exploitation enabled what Lenin referred to as the "bribery" of sections of the domestic working classes by their bourgeoisies. Such "bribery" consisted of

... a whole system of economic, political and cultural concessions to the labour aristocracy and its representatives. ... It is done in a thousand different ways: by increasing cultural facilities in the largest centres, by creating educational institutions, and by providing cooperative, trade union and parliamentary leaders with thousands of cushy jobs. ... tolerably good wages, better terms of employment, exemption from the burden of the worst paid and hardest work and relative immunity from the problem of unemployment.

The effect of such bribery was to fragment the working class by giving a powerful section of it a stake in the capitalist system.

Modern-day Dependence on Imperialism

Zak Cope asserts that in the modern era the age of imperialism has given the metropolitan working classes a shared interest in the exploitation and repression of dependent nations. He says of his book "Divided World Divided Class"³⁶

I think that people will find out from the book about three things that are not often highlighted. First, that the depredations of colonialism and slavery provided not only the historical impetus for the rise of capitalism, and for the birth of the working class as such, but also a crucial source of food, employment opportunities and land for metropolitan labour. Second, the book highlights a historical shift whereby metropolitan labour first depends upon colonial labour for its existence, then, later, increasingly for its sustenance, and finally, now, upon neo-colonial labour for its entire lifestyle.³⁷

³⁴ Jonathan Strauss, "Engels and the Theory of the Labour Aristocracy," at the website, "Links: International Journal of Socialist Renewal," April 2013

³⁵ Elbaum and Seltzer, Op Cit

³⁶ Zak Cope, "Divided World Divided Class: Global Political Economy and the Stratification of Labour Under Capitalism," Kersplebedeb Press, 2012

³⁷ Nikolai Brown, "Discussion with Zak Cope," website Anti-Imperialism.com, September 2012

The book demonstrates not only how redistribution of income derived from super-exploitation has allowed for the amelioration of class conflict in the wealthy capitalist countries, it also shows that the exorbitant "super-wage" paid to workers there has meant the disappearance of a domestic vehicle for socialism, an exploited working class. Rather, in its place is a deeply conservative metropolitan workforce committed to maintaining, and even extending, its privileged position through imperialism³⁸

Lenin was more forthright, as Elbaum and Seltzer point out:

Certainly relative to the masses in the colonies and semi colonies, the *entire* working class in the advanced capitalist countries possesses political, economic, and cultural advantages. Just as monopoly capital consolidated the split between the labour aristocracy and the lower strata of the proletariat; it accentuated the division between workers in imperialist countries and the masses in the oppressed nations. Indeed, this latter division has often served to moderate (and obscure) the tensions between the labour aristocracy and the lower strata in imperialist countries, as both have benefited somewhat from imperialist exploitation of workers in the colonies and neo colonies. Lenin observed this phenomenon and didn't mince words about its meaning: "To a *certain degree* the workers of the oppressor nations are partners of *their own* bourgeoisie in plundering the workers (and the mass of the population) of the oppressed nations."³⁹

The Case of South Africa

South Africa might be considered a classic case of the labour aristocracy and its role in perpetuating capitalist exploitation.

As is well-known, to secure the "ultra-cheapness" and "ultra-exploitability,"⁴⁰ of the black working class in South Africa, capital assaulted them with a barrage of anti-social measures. Firstly, there were the exploitation colour bars of the white capitalists. As de Kiewiet points out, the wars of dispossession in South Africa not only deprived the indigenous people of their landed property, but also robbed them of their independent means of existence, such that they were compelled to enter the service of the victors on terms set by the victors. These terms involved "a system of class domination that assumed the specific form of racial domination . . ."⁴¹

Then there were the so-called "employment colour bars"⁴² which were the means used by the ("politically-free") white workers to maintain their privileged position. These colour bars included:

- The job colour bar – whereby the skilled jobs were reserved for white workers
- The White Labour Policy – in terms of which the state-as-employer gave preferential treatment to white workers over non-white workers
- Highly discriminatory working conditions for non-white workers (e.g., lower pay for the same work, inferior working conditions, etc – all backed up by legislation)

³⁸ Review at the weblog Enaemaehkiw Túpac Keshena entitled, "New Book on Parasitism and the Imperialist Working Class," September 2012

³⁹ Elbaum and Seltzer, Op Cit

⁴⁰ These are terms used by Frederick Johnstone in his "Class, Race and Gold: A Study of Class Relations and Racial Discrimination in South Africa," Routledge and Keegan Paul, 1976

⁴¹ C W de Kiewiet, "A History of South Africa: Social and Economic," OUP, 1966

⁴² Johnstone, Op Cit

Thus, upon the basis of the *dual* exploitation of the non-white working class was the edifice of South African capital built. The reforms that have taken place over the years have been just that – reforms, relaxations of the harsher measures of discrimination against the non-white workforce. These reforms have done nothing to end the ultra-cheapness and ultra-exploitability of the class. In fact, they have been replaced by new class colour bars in the post-apartheid era:

- A massively high unemployment rate, ensuring a huge reserve army of labour
- Labour casualisation/temporary employment services legislation
- Poor service delivery to working class communities coupled with poverty-stricken living conditions
- Neoliberalism, in terms of which the threat of outsourcing jobs overseas becomes a ready weapon for the capitalists

This is South Africa today.⁴³

Cosatu Post-1994

The settlement at Codesa opened the door to an opportunistic element within the black working class movement to secure its place at the table. Cosatu, through its participation in the Tripartite Alliance, is part of the ruling class in South Africa responsible for the devastating neoliberal policies pursued by government since the mid-1990s. In addition, a large number of individuals from the ranks of Cosatu and Cosatu-based unions have found their way into lucrative positions within the "new" South Africa, with arguably deputy president Cyril Ramaphosa the most prominent.

. . . which explains Cosatu's ambivalent position in relation to the recent high-profile labour strike action, particularly at Marikana and De Doorns. According to an article in the Financial Mail, [Cosatu general secretary Zwelinzima] " Vavi believes Marikana is a symptom of the "social distance" that's developed between leaders of trade unions, the ANC, government and the people they represent. This, Vavi argues, fuels disillusionment, increases the potential for Cosatu members to leave and form their own unions and, ultimately, threatens the industrial relations regime."⁴⁴

His solution, naturally, is not socialist revolution but the strengthening of ruling class credibility among the working class.

Cosatu and Marikana

A number of leftwing organisations were highly critical of the role played by Cosatu and its affiliate the National Union of Mineworkers during the Marikana strike. The "Progressive Youth Movement," (PYM) for example, issued a hard-hitting statement on 25 October 2012:

Doing the dirty work of the ANC, Cosatu will follow the logic that if you not in the alliance, you are a counterrevolutionary. Whereas, we, the PYM know that the most real counter-revolutionaries are those in the ANC and its alliance partners who sold out workers and have become capitalists. In these 18 years of so-called 'democracy', they have created millionaires and billionaires while we have a jobs crisis, an education crisis, a housing crisis and many other problems. Yet every five years they want our votes. Through union

⁴³ This section taken from NUM Conference Paper "Barriers to Socialist Transformation," December 2011

⁴⁴ Financial Mail, "Cosatu – Time for Federation to Change," Troy Lund, 1 October 2012

investment companies, Cosatu unions have shares in various companies: they are benefiting from narrow Black Economic Empowerment (BEE), whilst the majority of black people are poor.⁴⁵

Cosatu and the Farm workers' Strike

Similarly, Iqra Qalam and Jashua Lumet had the following to say of Cosatu's role in demobilising the farm workers strike action in the Western Cape:

The Congress of South African Trade Unions (Cosatu) called off the strike of farm workers in the Western Cape Province on Tuesday, even though none of the demands of the farm workers has been met.

Cosatu's provincial secretary, Tony Ehrenreich, made the announcement following a one-day action December 4, the deadline given by farm workers for the government to respond to demands for an increase in the minimum wage to R150 a day.

Before Tuesday's action, the African National Congress government made it clear that it would do nothing in response to the farm workers' demands, instead relying on the services of Cosatu and a network of pseudo-left organizations to suppress the strike and get them back to work for the remainder of the grape-harvesting season.⁴⁶

Concluding Remarks

Some options for leftwing action arising from the above review:

- As was pointed out by Meiksins Wood above, non-transformational forms of struggle within the capitalist system do not in themselves run counter to the interests of the working class – on the contrary. . . . However, there is always the danger that a reformist element within the ranks of the working class will wish to *restrict ALL working class struggle* to a reformist agenda. Progressives within the working class movement have to be ready at all times to counter this tendency.
- While capitalist propaganda is aimed at engendering an acceptance of the bourgeois world view, capitalism by its very nature breeds rebellion among those worst affected. Thus at any given time there is a possibility that apathy among workers could (rapidly) give way to militancy – and vice versa. Socialist activists need to understand the interplay between these dynamics in which situations a “war of manoeuvre” versus a “war of position” is more suited – in other words, to shape subjective activity to objective conditions.
- Part of the process of a growing workers' class consciousness is recognition by workers of reformist elements within their ranks and a willingness and ability to isolate the latter. For this reason, it is important for workers to set up and fiercely guard the integrity of their own independent democratic organisations. A quote by Chris Nineham is apposite:

⁴⁵Progressive Youth Movement (PYM), “Press Statement: A Response to the NUM's Problematic Positions on Mineworker Strikes and Response to the Coming Weekend's Cosatu Rally in Rustenburg,” 25 October 2012

⁴⁶Iqra Qalam and Jashua Lumet, “Trade Unions Shut Down South African Farmworkers' Strike,” 8 December 2012

- If working people need to play a consciously directing role in their liberation, then they need new institutions that allow active mass participation in politics, not just the casting of ballot papers ever so often. A workers' revolution needs radically new forms of organisation because it is aiming to smash the tyranny of unplanned economics. Bourgeois parliaments institutionalise the separation of economics and politics that allow capitalists the freedom to pursue their profits unchallenged.⁴⁷
- In general, Lenin argued that in periods in which the labour aristocracy is firmly entrenched in leadership of the mass organisations of the working class, particularly the trade unions, a correct tactical line must emphasise political work in the lower strata of the working class, among the unorganised and those whose conditions of life provide less basis to foster bourgeois illusions. In periods in which new forces from the lower strata are entering the established mass organisations, or in which objective conditions are constricting the labour aristocracy's role and influence within them, correct tactics must focus on isolating the labour aristocracy and sharpening the struggle against opportunism within the reactionary-led bodies. In all periods, political work must continue wherever the masses are concentrated, including painstaking, patient, and at times dangerous work in those organisations dominated by the labour aristocracy and opportunism (in order to be positioned to take advantage of the rank and file's discontent when conditions change).⁴⁸
- Quoting from Lenin's Collected Works (Vol. 23, page 119) Elbaum and Seltzer state: “It is not so much a question of the size of an organisation, as of the real, objective significance of its policy; does its policy represent the masses, does it serve them, i.e., does it aim at their liberation from capitalism, or does it represent the interests of the minority. the minority's reconciliation with capitalism?”⁴⁹
- Finally, in the struggle to counter bourgeois hegemony, Kendie tells us, “[Gramsci] argues that more attention should be given to revolutionary organization in the realm of culture and education. Factory discussion councils should be established to enhance the consciousness of the workers to help promote their solidarity, to restrict the decision-making capacity of the owners and eventually to take over the administrative functions of the factories. In his own words, ‘men, when they come to feel their strength and to be conscious of their responsibility and their value, will no longer suffer another man to impose his will on them and claim the right to control their actions and thoughts.’”⁵⁰

⁴⁷Nineham, Op Cit

⁴⁸Elbaum and Seltzer, Op Cit

⁴⁹Ibid

⁵⁰Kendie Op Cit

TOWARDS A PEOPLE'S DEMOCRACY: DEMOCRATISING THE WORKPLACE

Introduction

With another national election on the horizon (due sometime in April-May 2014) we are once again reminded that South Africa's version of democracy is one which is carefully designed to ensure that the role of the citizenry is restricted to that of merely casting their ballots, while real power remains in the hands of ruling capitalist elite.

But if democracy in the political sphere is flawed, in the workplace it is virtually non-existent. Following the demise of apartheid, the focus of the organised labour struggle in South Africa has centred largely on reforms within the labour relations and collective bargaining processes, with little attention to issues of worker control in the workplace.

There are firms that have been willing to introduce "job enrichment" programmes, in terms of which workers are enabled to participate to some degree in decision making. However, these initiatives have almost always restricted such involvement to areas of immediate concern to workers in their day-to-day circumstances, such as the shop floor or office, while "managerial prerogatives at higher-up levels are left unchanged."⁵¹ Often, such initiatives are cynically referred to as "worker (or "employee") empowerment."

Employee empowerment techniques, according to Lashon Fryer, are about

... creating a working environment where an employee is allowed to make his own decisions in *specific work-related situations*. The decisions can be big or small, and the size and effect of the decision is *up to the employer*. The logic behind employee empowerment is to increase the employee's responsibility, to build employee morale and to improve the quality of [an] employee's work life. (our emphases)⁵²

In other words, "employee empowerment schemes" are not about changes to the underlying power structure within firms – owners still own, managers still manage, workers still work. And, critically, the [capitalist] economy continues to evince all its anti-socialist flaws (ruinous competition, unemployment, inequality, alienation, wealth for the few, etc). In other words, it is business as usual.

Worker Control (of the Economy)

"Worker Control" is an altogether different concept, one that goes far beyond self-interested empowerment schemes or limited permission to participate in low-level decision making. Worker Control (of the enterprise) means that the workers, through democratic workplace structures, actually *run* the firm – critically, that they make the decisions about how the surplus (or profits) of the firm are to be distributed. A majority of firms in a country operating on this basis means worker control at a society-wide level, and this would mean worker control of the *economy*. In other words, it would put us on the cusp of socialism.

Pie in the sky?

The Pressing Need for (Real) Change

None but the most rabid pro-capitalist would deny (in the face of the overwhelming evidence) that capitalism is well past its sell-by date, particularly as the global economic downturn which started in 2007 continues to bite with no end in sight.

But we hardly need an economic downturn to highlight the deeply anti-social nature inherent in the capitalist system. As Jeff Rudin tells us, the global capitalist system not only creates poverty as part of the production of wealth but could not function without inequality. "Poverty and inequality," in his words, "are among the defining characteristics of modernity and have marked all industrialised countries for 250 years, just as they are common to all today's 'developing' countries."⁵³

Implicit in Rudin's comments are:

- That poverty and inequality are not unique to South Africa, but are a feature of the capitalist system *wherever and whenever* it operates, and
- That poverty and inequality are also not unique to any particular variant of the system (such as neo-liberalism) or to periods of economic downturn – they are inseparable from capitalism itself, hence, a defining characteristic.

Peter Murray, in respect of South Africa, provides a neat summary when he says:

The root cause of poverty, ill health and dispossession in the country is capitalism. In South Africa, the form of oppression was Apartheid, but its essence was, and remains, private property and the profit system. The aspirations and the rights of South Africans cannot be fulfilled while the country's vast resources are the guaranteed property of a few wealthy Whites (and even fewer Blacks), who share some crumbs with middle class technocrats and functionaries, such as the leadership of the ANC.⁵⁴

He is clear on the ANC's role in post-Apartheid South Africa. The overthrow of capitalism was never part of its programme, he says:

The African National Congress (ANC), once an instrument of the struggle to liberate the poor against capitalist oppression, has turned into the instrument for that oppression. This was the inevitable outcome of the movement's failure to take on capitalism itself. Of course the fight to overthrow the brutal white supremacist Afrikaner regime was a just one. But, as many commented at the time, changing the Constitution and occupying the government benches of Parliament, never leads to real liberation. That requires a fundamental change in social relations, so that wealth – and the means of creating it – is distributed to those who do the work.⁵⁵

When Murray says that *real liberation* "requires a fundamental change in social relations," he makes a point that is central to Richard Wolff's contention that the really defining feature of capitalism is not private ownership of the means of production or distribution via the market mechanism, but the system's exploitative class structure – its "internal structure of production" within the workplace. This leads Wolff to conclude that the way to overthrow the capitalist system is by transforming its class structure.⁵⁶ In his book "Democracy at Work: A Cure for Capitalism," he posits the notion of "Workers' Self-Directed Enterprises" – WSDE's – where he proposes the abolition of capitalism by ... replacing the current capitalist organization of production inside offices, factories, stores and other workplaces in modern societies. ... no longer would small boards of directors selected by a typically tiny number of major shareholders appropriate and distribute the surplus produced by employees. Instead, the surplus-producing workers themselves would make the basic decisions about production and distribution ... capitalist enterprises would thereby be transformed into workers' self-directed enterprises.⁵⁷

⁵³ Jeff Rudin, "Capitalism is the Problem" article in Mail & Guardian, 21 September 2012

⁵⁴ Peter Murray, "Unfinished Revolution: Post-Apartheid South Africa Shows the Need to Take on Capitalism at its Roots", Summer-Autumn 2010, Freedom Socialist Bulletin

⁵⁵ Murray, Op cit

⁵⁶ Richard Wolff, "Democracy at Work: A Cure for Capitalism, Haymarket Books, 2012"

⁵⁷ Ibid

⁵¹ Paul Bernstein, "Essential Components of Workplace Democracy, Journal of Economic Issues, Vol. 10, No 2, 1976.

⁵² Lashon Fryer, "The Definition of Employee Empowerment," eHow Website, 17 March 2013

Here we have the essential features of worker control – a situation in which the workers not the capitalists – *democratically* control all decisions relating to the *surplus* produced.

Of course, a number of other conditions would have to be satisfied as well before we can talk of a “socialist transformation of society.” However, a critical mass of enterprises or workplaces structured along the lines of “workplace democracy” or “worker control of the enterprise” – that is, along the lines discussed by Wolff – certainly satisfies at least one condition.

Another commentator, David Schweikert, offers a similar picture in his model of “Economic Democracy” which is essentially the same as Wolff’s “WSDEs” model. Schweikert cites prominent Yugoslav dissident Milovan Djilas talking about Yugoslavia in 1949:

I began re-reading Marx, and I discovered many new ideas and, most interesting of all, ideas about a future society in which the immediate producers, through free association, would themselves make the decisions regarding production and distribution – would in effect, run their own lives and their own future. . . . It occurred to me that we Yugoslav Communists were now in a position to start creating Marx’s free association of producers. The factories should be left in their hands, with the sole proviso that they should pay a tax for military and other state needs.⁵⁸

In Schweikert’s model

Each productive enterprise is managed by those who work there. Workers are responsible for the operation of the facility: organization of the workplace, factory discipline, techniques of production, what and how much to produce, how the net proceeds are to be distributed. Decisions concerning these matters are made democratically: one person, one vote. In a firm of significant size some delegation of authority will doubtless be necessary. A workers’ council or general manager (or both) may be empowered to make certain kinds of decisions. But these officials are elected by the workers. They are not appointed by the state, nor elected by the community at large.⁵⁹

Wolff and Schweikert and “Market Socialism”

It should be emphasised that these are *models* proposed by Wolff and by Schweikert – they are the products of thought rather than action or experience. As such, they bypass many thorny issues, not least of which is *how* we are to arrive at or craft such a reality.

Both models are forms of “market socialism”. While Schweikert is unapologetically pro-market, Wolff is a bit more circumspect. He says:

. . . the question [is] how society would distribute resources among productive enterprises and likewise how society would distribute the outputs of those enterprises. This could be done by markets, state planning, planning by other social institutions, and so on in an endless array of combinations. Markets have co-existed with every other kind of organization of production (e.g. slavery, feudalism etc.) and the same is true of planning. I would thus expect varying experiments with varying combinations of markets and planning would characterize the history of socialism once it was established broadly. Markets have always partly reinforced and partly undermined the organizations of production with which

they coexisted. And I would expect the same if markets with socialist organizations of production.⁶⁰

coexisted with other words, Wolff neatly sidesteps the “market” debate.

Schweikert, as mentioned above, “solves” the “market problem” by simply adopting it:

Our socialist economy is a market economy. Firms buy raw materials and machinery from other firms, and sell their products to other enterprises or consumers. Prices are largely unregulated, except by supply and demand. In some cases, however, selective price controls or price supports might be in order (the former in industries that exhibit monopolistic concentrations, the latter in agriculture to dampen the uncertainty due to weather variations and perhaps to preserve a way of life that might otherwise disappear). Our socialist society has no overriding commitment to laissez-faire. Like modern liberalism it is willing to permit governmental intervention when the market malfunctions. Our socialist society does not view the market as an absolute good, the paradigm of free human interaction. It prefers to think of the market as a useful instrument for accomplishing certain societal goals. It has certain strengths, but also inherent defects. The trick is to employ this instrument appropriately. Since enterprises in our economy buy and sell on the market, they strive to make a “profit.”⁶¹

For many, markets are anathema to socialism (for example, Yiching Wu says of market socialism in China that it is “at best a contradiction in terms, an unstable formation that only awaits progressive degeneration. . . .”⁶²). He questions whether “market socialism” is not just another reincarnation of the welfare state. Another commentator, Andrew Kliman wonders whether schemes like market socialism (that is, “utopian blueprints for the future”) are not simply “sanitized and idealized versions of existing capitalism.”⁶³

Ellen Meiksins Wood makes the case *against* market socialism very eloquently

I think market socialism is impossible—I think the term market socialism is a contradiction in terms—because, even in the absence of a class division between capital and labor, even if the means of production are returned to the direct producers, as long as the market regulates the economy there will always be imperatives of accumulation and competition, these imperatives will take precedence over social needs and well being, and there will always be exploitation of labor—not to mention the ecological damage that inevitably goes with a system driven by those imperatives.

Once the market becomes an economic “discipline” or “regulator,” once economic actors become market-dependent, even workers who own the means of production, individually or collectively, will be forced to respond to the market’s imperatives—to compete and accumulate, to exploit themselves, and to let so-called “uncompetitive” enterprises and their workers go under. (Marx, by the way, suggested just this possibility in a discussion of workers cooperatives and how they would be self-exploiting in the presence of market imperatives.) To the extent that these competitive pressures demand the intensification of labor to maximize labor productivity, hierarchical relations in the process of production will be generated even in the absence of vertical relations between classes. And it even seems

⁵⁸David Schweikert, “Economic Democracy: A Worthy Socialism that would Really Work,” Science & Society, Volume 56, No 1, Spring 1992

⁵⁹ Ibid

⁶⁰ Richard Wolff: “What is Market Socialism? Can Markets and Socialism Co-exist?” Democracy at Work Website,

⁶¹ Schweikert, Op cit

⁶² Yiching Wu, “Rethinking ‘Capitalist Restoration’ in China,” Monthly Review, March 16, 2013

⁶³ Andrew Kliman, “Alternatives to Capitalism: What Happens After the Revolution?” September 2004

likely that the end result would be to reproduce the vertical relations of class. Just as market imperatives expropriated direct producers in the early days of capitalism, so they could have a similar effect in "market socialism."⁶⁴

In simple terms: markets mean competition, competition means exploitation. Unless the market is relegated to a minor role in the larger scheme-of-things, it cannot but generate dependency among the players. Buyers in the market will source their goods from the cheapest providers. This will automatically set up a competitive dynamic among providers. The concomitant effect will be a reproduction of capitalist competition. Clearly, "market socialism" is an oxymoron.

Participatory Economics ("Parecon")

Michael Albert's model which he calls "participatory economics" (or "parecon") would seem to transcend both Schweikert and Wolff in the comprehensiveness with which it departs from the key evils of capitalism. Albert captures the essence of parecon in his comment:

Participatory economics (parecon for short) combines social ownership, self-managing workers and consumers councils, remuneration for duration, intensity, and onerousness of work, balanced job complexes (that apportion labor so each job has roughly the same empowerment effects as all other jobs), and participatory planning where workers and consumers cooperatively negotiate economic outcomes with no class divisions. . . I advocate participatory economics because it transcends capitalism and also market and centrally planned socialism by establishing core institutions that promote solidarity, equity of circumstance and income, diversity, participatory self management, classlessness, and efficiency in meeting human needs and developing human potentials.⁶⁵

In his advocacy of parecon, Albert cites five reasons:

1. "Parecon solves the problem of class."

- The model seeks to eliminate divisions within the working class between those who "mainly follow orders and suffer tedious conditions (the workers)" and those who "monopolize empowering circumstances (managers, lawyers, engineers, doctors, etc)". This it proposes to do via a mechanism referred to as "balanced job complexes," where "each worker does a fair mix of tasks such that everyone's job is essentially equivalent in its total empowerment effects."

2. "Parecon solves the problem of economic self management."

- This it does by ensuring that each person has "a say over decisions that affect [her] in proportion to the extent of their effect on [her]" - hence, economic *self* management.
- Albert says, "workers councils and consumers councils use self-managed decision making in their local deliberations and choices. But it is also necessary that the interface between workers in various plants, between consumers in one region and another, and between workers and consumers throughout the economy, is handled in a way that all participants have appropriate influence."

⁶⁴ Ellen Meiksins Wood, "The Politics of Capitalism," Monthly Review, Volume 51, Issue 4, 1999

⁶⁵ Michael Albert, "Why Participatory Economics?", Z Magazine, June 2010

- This (at least conceptually) resolves the problem of disproportionate influence existing throughout a local and a global economy, and eliminates the need for (capitalist or competitive) markets.

3. "Parecon promotes equity"

- Through "institutions that facilitate attaining it, [such as] the participatory planning system, balanced job complexes and self-managed councils . . . parecon ensures that each actor who is able to work is afforded a share of the social product of his or her choosing in proportion to the duration, intensity, and onerousness of his or her socially valued work."

4. "Parecon can help overcome cynicism"

- . . . or passivity on the part of "people who believe that there is no alternative to the current (capitalist) reality. To quote Bertell Ollman: "People who believe that there is no alternative will put up with almost any degree of suffering. Why bother to struggle for a change that cannot be? . . . People need to have good reason for choosing one path into the future rather than another."⁶⁶

- Elaborating on this, Andrew Kliman has the following to say:

When masses of people require reasons before they act, a new human society surely cannot arise through spontaneous action alone. And exposing the ills of existing society does not provide sufficient reason for action when what is at issue is the very possibility of an alternative.⁶⁷

- . . . thus a *concrete* picture of the [vision of the] new society is necessary. What theorists such as Schweikert, Wolff and Albert with their models are attempting to do is just this: show that a desirable future is not just pie in the sky, but can be constructed by us.

5. "Parecon can inform current activist focus in ways essential to success"

- In other words, activists should go out of their way to implement the values and principles of what they stand for in their current organisations.

Our movements, in their internal organizational structure, decision-making methods, modes of remuneration, divisions of labor, and relations to other efforts should try as much as possible to reflect the values we'd like in a future society both to learn and to inspire. As such, we should have movements that embody what we seek in race, gender relations, decision making, and class relations.⁶⁸

The Ownership of Capital

In all the models discussed above, the question of "where the money is coming from" seems to be a less contentious issue. A summary of the options advanced is as follows:

- The owners of the means of production could be any of the following, either singly or in combination: the workers themselves, the private sector (individuals, corporations, etc), and the state or state institutions such as municipalities or parastatals (Wolff's position)

⁶⁶ Bertell Ollman, "Market Socialism: The Debate Among Socialists," Routledge, 1998.

⁶⁷ Andrew Kliman, Op cit

⁶⁸ Michael Alberts, Op cit

- An interesting point is made by Brian Rush⁶⁹, who believes that it doesn't matter who owns the means of production, since in the production process, the means of production (capital, labour) will each be remunerated according to market-related principles. Thus, the question for him is not who owns capital but *how* the firm will raise or secure sufficient for its needs. (In Rush's model, the state and its agencies will play the major role in securing the capital requirements for productive enterprises)
- For Schweikert, "Though workers manage the workplace, they do not own the means of production. These are the collective property of the society." (Here one must assume a democratic, socialist society in which the working class wields political power).⁷⁰
- For Bernstein, capital might still be sourced through private ownership, but not in the form of shares or stocks. Rather, private shareholder investment would be restricted to "bondholding" which accords a fixed interest return and *no* say in the running of the firm.

If workers' democratic control of the economy takes place in the context of class struggle, then there is every likelihood of capital flight. What then? John Yu sketches the following thought-provoking scenario:

You have just overthrown the government, your far left party has just won a landslide election, or your vast coalition of civic, labour, and religious institutions have simply decided to come together and ignore the existing government. Capitalists are fleeing your country in their private jets. Investors have pulled out all their money. Foreign banks run by capitalists suddenly decide they are no longer willing to make any loans to your "rogue" nation. The former dictator has packed up all his suitcases full of gold, jewels and cash from your national treasury, and is nowhere to be found.

Now what?

Economic collapse? Mass unemployment? Depression and starvation? No, of course not.

Wealth is not to be found in currency, in the so-called "precious" metals, in paintings by long-dead painters. None of those are needed to survive. Wealth is found in food, warmth, in health care, and in the things necessary to produce them. All the land is still yours. All the labour is still yours. Even factory equipment remains, despite the flight of "capital" – that is, the loss of things that represent wealth, but are not wealth themselves. In fact, very little has been lost and virtually all of the productive capacity of your nation remains. All that has changed is the accounting.⁷¹

The Question of Class Struggle

Without class struggle, the maximum levels we are likely to reach are "several cooperatives scattered throughout society." That is, capitalism will cede space to a form of economic organisation that it can live with – maybe even exploit, one that does not result in a radical restructuring of society or that alters the balance of class forces. In other words, the capitalist class will *tolerate* that form of economic organisation's existence. The moment a movement from below *threatens* capitalism; however, capitalism will fight back and attempt to destroy that movement.

⁶⁹Brian Rush, "Reclaiming Socialism, or Economic Democracy (Recovering a Stolen Word), Free ebook, 2012

⁷⁰Schweikert, Op cit

⁷¹John Yu at cyu@oz.net, 2001

Thus, the move to transform society by empowering workers "factory-by-factory" has to be accompanied by a broader struggle at a society-wide level. As Trotsky would put it, the only way worker control of the enterprise would become a sustainable reality would be under the dictatorship of the proletariat.

The Problem of Localism

While there can be little doubting that empowerment of workers at a workplace level can play a key role in moving the socialist agenda forward, we should also remind ourselves that there is a broader context than just the local within which we must seek to act.

While not addressing worker control of the economy specifically, George Monbiot captures the point:

"... if we propose solutions which can be effected only at the local or the national level, we remove ourselves from any meaningful role in solving precisely those problems which most concern us. Issues such as climate change, international debt, nuclear proliferation, war, peace and the balance of trade between nations can be addressed only globally or internationally. Without global measures and global institutions, it is impossible to see how we might distribute wealth from rich nations to poor ones, tax the mobile rich and their even more mobile money, control the shipment of toxic waste, sustain the ban on landmines, prevent the use of nuclear weapons, broker peace between nations or prevent powerful states from forcing weaker ones to trade on their terms. If we were to work only at the local level, we would leave these, the most critical of issues, for other people to tackle."⁷²
And

"In the absence of an effective global politics ... local solutions will always be undermined by communities of interest which do not share our vision. We might, for example, manage to persuade the people of the street in which we live to give up their cars in the hope of preventing climate change, but unless everyone, in all communities, either shares our politics or is bound by the same rules, we simply open new road space into which the neighbouring communities can expand." ... There is little point in devising an alternative economic policy for your nation ... if the International Monetary Fund and the financial speculators have not first been overthrown. There is little point in fighting to protect a coral reef from local pollution, if nothing has been done to prevent climate change from destroying the conditions it requires for its survival."⁷³

Concluding Comments

Ellen Meiksins Wood is one who believes that there is a clear divide between capitalism and socialism. For her, if a society has attained worker control of the economy *in a market-driven economy*, then that society has NOT YET attained socialism; it is still engaged in the anti-capitalist struggle.⁷⁴ This has important implications for struggle. It means that activists have to formulate a vision that includes both worker control of the economy AND liberation from the market – the alternative would be a form of "two-stageism," that is, a situation in which we delude ourselves and the workers into believing that we have attained our goals whereas in fact we have just reached a milestone along the way.

According to Trotsky's analysis in 1931, the struggle for workers' control of the enterprise could play a leading role in moving the whole socialist struggle forward. He sees the emergence of workers' control as a precipitating force for dual power:

⁷²George Monbiot, "The Age of Consent," Harper Perennial, 2003

⁷³Ibid

⁷⁴Ellen Meiksins Wood, Op cit

An advanced regime of dual power, as one of the highly probable stages of the proletarian revolution in every country, can develop in different countries in different ways, from differing elements. Thus, for example, in certain circumstances (a deep and persevering economic crisis, a strong state of organization of the workers in the enterprises, a relatively weak revolutionary party, a relatively strong state keeping a vigorous fascism in reserve, etc.) workers' control of production can come considerably ahead of developed political dual power in a country.⁷⁵

And this, perhaps, is the point for activists. Our goal should be to advance the conditions favourable to dual power in all facets of society.

In a capitalist world-order workers have always struggled to defend their rights and to improve the terms and conditions under which they labour. By adding the demand for workers' control of the workplace a new dimension of struggle is opened up, one that brings the prospect of dual power forward, and in the process, hastens the day of liberation.

FORWARD TO WORKERS' CONTROL OF THE ENTERPRISE! FORWARD TO A PEOPLE'S DEMOCRACY!

Postscript

The wave of worker-run factories that swept through Argentina when it experienced an economic crisis in the early 2000s (which was not much different to the one now engulfing the world) is instructive. Esteban Magnani writes:

When a devastating economic crisis hit the capitalist Argentinean economy in 2001, newly unemployed workers struck out on a bold path. Sitting outside shuttered factories, workers laid idle by a dysfunctional financial system decided to go back in and work, convention be damned. In doing this, they ignored the dictates of accountants and entrepreneurs and the warnings of policemen and politicians, and they singlehandedly overcame the reputedly inexorable force of a downward business cycle that has so confounded our economic system, its theoreticians, and its trillion dollar bailouts. They entered, they produced, they bartered, and they sold, all on their own, while the "normal" economy continued to die around them. . . . With almost no resources, these workers shattered the logic of the system on which their economy was built. Conventional economic wisdom said these worker-run companies shouldn't exist – business must shrink in a downturn, workers must be managed by capital, jobs must be created by entrepreneurs, government must privilege. And yet, here they were, often groups of the lowest-level employees, unable to find new work, surrounded by a morbidly broken economy, producing and thriving.⁷⁶

While there was no revolutionary intent on the part of the workers (Magnani tells us that fear of unemployment was the foremost driver) the implications certainly were.

This new manner of organizing work in assemblies and being in charge of their own destinies has made it hard for [the workers] to look on injustice in the old passive way without a feeling of complicity.⁷⁷

⁷⁵ Leon Trotsky, "Workers Control of Production," 1931

⁷⁶ Esteban Magnani, "The Silent Change: Recovering Business in Argentina", Teseo, 2009

⁷⁷ Ibid

He quotes a worker (Celia Martinez of the Brukman factory): "They are afraid of us because we have shown that if we can manage a factory we can also manage a country"⁷⁸

A South African Example

In October 2010, workers of the Mine Line/TAP Engineering firm based in Krugersdorp occupied their factory to prevent the owner, who had declared liquidation, from stripping it of the productive machinery and thereby throwing them into unemployment.

There followed a long and courageous struggle by the workers to keep the factory going, and to win government's support for "the state [to] take over the factory, so that it can be reopened as a democratically run workers' cooperative"⁷⁹ for its more than 100 workers.

Direct action undertaken by the workers included guarding the premises to stop the ex-owner and the liquidator from stealing any machinery or other assets from the factory. They also changed the locks at the factory. Some men brought in beds, so that they could sleep there at night, while women took part in the sit-in from the morning until the afternoon because they had children to look after at home.⁸⁰

As part of their struggle, the workers of Mine Line appealed to other workers and the broader community for support.

Although the workers failed to prevent the liquidation, they have initiated efforts to secure start-up capital to reopen the factory.⁸¹

The struggle continues.

⁷⁸ Ibid

⁷⁹ Workers' World Media, Cape Town, "South Africa: Workers' factory takeover to defend jobs enters second month," November 17, 2010

⁸⁰ Ibid

⁸¹ Kwanele Sosibo, "Mine workers' hope lies in mass action," Mail & Guardian, 29 December 2012

EXTRACT FROM: "THE AGE OF CONSENT," BY GEORGE MONBIOT⁸²

There are two issues which must be understood if we are to see why some nations remain poor while others become rich. The first is the *conditions* under which nations trade with each other: namely the rules governing their exchanges, and the valuation of their resources. The second is the *balance* of trade between nations.

Though most people have failed to grasp this, much of the poor world's international debt is the result of uneven trade. If a nation wishes to buy goods from abroad, such as medicines or computers or grain, and has no foreign exchange with which to buy them, then it must borrow that money. It thus incurs an international debt. It can discharge that debt only by earning foreign exchange, which it seeks to do by exporting goods of its own. If it persistently fails to earn as much from its exports as it spends on its imports, its debt will begin to accumulate.⁸³ As this occurs, a nation must find more and more foreign money with which to pay the interest. This, unless it can boost the value of its exports, means that it must borrow still more, driving it further into debt. The further it falls into debt, and therefore the more it has to pay in interest, the less money it has to invest in building its economy and generating exports. It is easy to see then, how the poorer nations become trapped in a vicious circle of debt.

The two international bodies which are supposed to help struggling economies both to avoid and to emerge from debt are the International Monetary Fund (IMF) and the World Bank. That they have failed is not difficult to see; even after receiving debt relief, several poor nations are spending more on interest payments than on primary education. Indeed the majority of their clients have fallen much further into debt than they were before these bodies intervened. While there is no question that some governments have contributed generously to their nation's indebtedness through corruption and mismanagement, those countries which have done precisely as the IMF and the Bank have instructed have found themselves becoming just as indebted as the countries condemned by these agencies as irresponsible. Indeed, it is demonstrable that the nations which have most obediently followed their prescriptions are among those which have suffered the most violent economic disruptions.

Just as the victors of the Second World War arranged the world's security systems to suit themselves, so the victors of the trade war being fought at the same time guaranteed that the world's international banking system reinforced and extended their power. The system they designed ensures that the further a weak nation falls into debt, the more it can be forced to do as they demand. Indebtedness, in other words, not only impoverishes a nation economically, but it also impoverishes a nation politically.

The IMF and the World Bank are both unreformable and destined to fail. Indeed, their failure was predicted by many of the world's foremost economists at the time of their creation. Moreover, before they were established, a system widely recognized as far superior, in terms of both the efficiency of its operation and the justice of its likely outcomes, had already been designed. It was only through the exercise of extreme political pressure that this proposal was discarded in favour of the one we have today. We possess already the theoretical means by which trade can be balanced and international debt can be eliminated: not just once, but in perpetuity. We also possess something even more interesting: the weapon required to overthrow the existing system and replace it with the

⁸²George Monbiot: "The Age of Consent: A Manifesto for a New World Order," Harper Perennial, London, 2003

⁸³A country which earns less than it spends is said to be in *deficit*. A country which earns more is in *surplus*. Because the global economy is a closed system (we do not trade with other planets), the total global surplus must be equivalent to the total global deficit.

one it usurped. This weapon is irresistible. No government on earth, once we have learnt to use it, has the power to defend itself against us.

The intended purpose of the IMF is to maintain global economic stability, by helping countries which have balance of payments problems; stabilizing exchange rates; and promoting economic growth, employment and workers' incomes. These duties would, its founders hoped, prevent the economic difficulties faced by one nation from infecting other nations, causing a global slump of the kind which established the preconditions for the Second World War. The IMF, as Joseph Stiglitz⁸⁴ shows, has in the past few years done precisely the opposite. By imposing policies designed to help the rich world's private banks and financial speculators rather than the poor world's struggling economies, it has destabilized exchange rates, exacerbated balance of payments problems, forced countries into debt and recession, and destroyed the jobs and incomes of tens of millions of workers.

The IMF's programmes, Stiglitz demonstrates, reflect 'the interests and ideology of the Western financial community.' They are forced upon weaker nations regardless of their circumstances: every country the Fund instructs must place the control of inflation ahead of other economic objectives; immediately remove its barriers to trade and the flow of capital; liberalize its banking system; reduce government spending on everything except debt repayments; and privatize the assets which can be sold to foreign investors. These happen to be precisely the policies which suit the rich world's financial speculators. 'In a sense,' Stiglitz writes, 'it is the IMF that keeps the speculators in business.' The weaker nations, knowing that the IMF can both cut off its own funds and recommend that private banks take the same action, are 'scared to disagree openly.' The Fund 'effectively stifles any discussions within a client government – let alone more broadly within the country – about alternative economic policies.' Citizens of those countries whose IMF programmes Stiglitz studied were 'not only barred from discussions of agreements; they were not even told what the agreements were.'

In the 1980s the IMF began to destabilize some of the most successful economies in the developing world. Thailand, South Korea, the Philippines and Indonesia, in common with much of the rest of East Asia, had started to become rich by doing precisely what the IMF and World Bank had been telling them not to do. They had invested massively in education, and had actively promoted certain industries. They had been slow to remove the protective measures which permitted their own companies to develop before they were brought into direct competition with bigger business elsewhere. They had maintained their controls on the flows of speculative capital entering or leaving the economy. All of them had experienced huge rates of growth, which in nations such as South Korea and Thailand lifted most people out of poverty.

The IMF, working with the US Treasury and the bankers of Wall Street, and armed with the threat of its self-fulfilling prophecy (warning the financial markets that countries which did not do as it said were doomed), effectively forced those nations to drop their restrictions on the movements of capital. 'The countries in East Asia had no need for additional capital, given their high savings rate, but still capital account liberalization was pushed on these countries in the late eighties and early nineties. I believe that capital account liberalization was the single most important factor leading to the crisis . . . it is not just that the Fund pushed the liberalization policies which led to the crisis, but that they pushed these policies even though there was little evidence that such policies promoted growth, and there was ample evidence that they imposed huge risks on developing countries.'

⁸⁴Joseph Stiglitz, the Nobel laureate who was formerly chief economist of the World Bank and the chairman of the US president's Council of Economic Advisors, published the discoveries he had made during his terms of office in "Globalization and its Discontents" (2002, Allen Lane, London)

The result, as many people within those nations had predicted, was that their liberalized currencies began to be attacked by financial speculators. In 1997 they swooped on the region's most vulnerable currency, the Thai *baht*. They made their money by means of a simple speculative game. You borrow a huge quantity of *baht* from a Thai bank, while the currency is valuable. You convert the *baht* into dollars. If you do so suddenly enough and in sufficient quantity, the value of the currency collapses. *Baht*, as a result, are now much cheaper than they were before. You then pay off the loan with some of your dollars and pocket the difference. This is the business of some of the most admired 'investors' in the Western world. They have applied the ancient discipline of speculation, and respectabilized it by prefixing an 's.' it is made possible by the IMF's insistence on capital market liberalization.

Having wrecked Thailand's currency, the IMF then poured billions of dollars in the form of loans into the country, ostensibly 'to support the exchange rate.' Precisely as its critics predicted, almost all this money was sucked straight back out of the country, as Western banks recovered their loans and national elites moved their investments into other nations. It repeated this approach in all the Asian countries whose currencies were smashed by speculators, to the great benefit of the foreign banks. The loans left those crippled nations no better off than they were before, but with massive new debts. As these countries teetered on the brink of catastrophe, the IMF kept shoving. First it 'talked down' the threatened economies, then it forced them into recession by demanding that they raise their interest rates to extraordinary levels. This, predictably enough, bankrupted many of their indebted companies, and the bankruptcies, in turn, started pulling down the banks. Foreign corporations, most of them based in the United States, sharked in and started buying the bankrupted firms for a fraction of their value. As if to distribute the economic contagion as rapidly as possible, the IMF, in the midst of the recession it had induced, forced the affected countries to balance their budgets. This meant that they had to cut their imports, with the inevitable result that their trading partners (principally the other countries in the region) began to lose their exports.

By 1998, the IMF had spread the disaster it had caused as far as Russia, which was heavily dependent on exports to the emerging economies and was already suffering from the Fund's bad advice. The IMF then applied the same formula for 'recovery' to Russia's sick economy, and very nearly precipitated a complete global collapse. It had, Stiglitz notes, caused 'the greatest economic crisis since the Great Depression.' As I write [in 2002/3] it appears to be pushing Latin America in the same direction, having forced Argentina to reduce its spending as it went into recession, neatly transforming a downturn into a disaster.

The East Asian countries which survived the crash were those which refused to listen to the IMF. Malaysia did just what the Fund told it not to do; it maintained its controls on the flow of capital. This, Stiglitz remarks, 'allowed it to recover more quickly' from the regional recession, 'with a shallower downturn, and with a far smaller legacy of national debt burdening future growth . . . Today Malaysia stands in a far better position than those countries that took IMF advice. China too retained its capital controls, and its economy grew by eight per cent per year while most of those in the region contracted. Similar comparisons can be made between Russia, which did as the IMF instructed and collapsed, and Poland, which refused to take the IMF's advice and prospered.

These crises and related disasters, triggered or exacerbated by the IMF, have thrown tens of millions of people out of work, turned comfortable citizens into poor ones and poor citizens into desperate ones, destroyed investment in education, health and other public services, undermined the ability of nations to feed themselves, and provoked riots in just

about every country in which the Fund has worked. The only clear beneficiaries of its programmes have been foreign banks and corporations, speculative investors and some members of the domestic elite. While the IMF had provided some \$23 billion [to East Asian governments] to be used to support the exchange rate and bail out creditors, Stiglitz notes, 'the far, far smaller sums required to help the poor were not forthcoming. In American parlance, there were billions and billions for corporate welfare, but not the more modest millions for welfare for ordinary citizens.

The World Bank's policies have been almost as destructive as those of the IMF. The World Bank's original purpose was to provide long-term loans to the nations whose economies had been devastated by the Second World War. This was a useful and important role, and for the first few years of its existence the Bank plainly did more good than harm. But, without the consent of the countries in which it works, its mandate has steadily expanded. Among the other duties it has awarded itself are providing 'project aid' for building dams or planting cash crops, 'adjustment loans' intended to help countries pay their debts, and loan guarantees to corporations, many of which are based in the rich world. As its responsibilities have expanded and the demands of the rich world have become more pressing, its destructive impacts have come to outweigh the good it does. The World Bank has unintentionally become one of the poor world's major causes of poverty, environmental destruction and debt.

By contrast to the IMF, which appears to remain impervious to experience, every few years the Bank admits that some of its policies have been disastrous, and that it needs to change the way it works. It then changes the names of its programmes, rewrites its stated objectives, and continues to operate much as it did before. It appears to accept, for example, that many of the hydro-electric dams it sponsored, whose purpose was to relieve poverty and generate wealth, have forced hundreds of thousands of people to leave their land, destroyed natural resources and cost the recipient countries far more money than they made, adding to their burden of debt. Yet, from Laos to Uganda, it continues to assist hydro-electric projects with identical problems. It seems to agree with its critics that its 'adjustment lending' encourages deforestation, and yet its revised forest policy, just like the old one, fails properly to address this impact. It knows that forcing a country to reduce its spending during a recession will drive its economy further into recession, yet, alongside the IMF, it has forced Argentina to do just this. The World Bank is prepared to learn from experience, only to discard that learning in favour of the strategies it knows have failed.

While much of its project funding has contributed significantly to poverty by demanding impossible rates of return, it is the Bank and the IMF's 'adjustment lending' which has locked many nations into destitution. The loans the Bank makes are supposed to help a country pay its debts, while restructuring its economy to discourage government profligacy and attract investors. In order to receive this assistance a government must agree to certain 'conditions.' These conditions, which often involve a massive reduction in government spending on public services, the sale of public assets, the privatization of state food reserves and state marketing boards for staple crops and the laying off of workers, represent a complete reversal of the World Bank's original objectives: to boost public services, reduce hunger and bring more people into employment. They are indirectly responsible for hundreds of thousands of deaths.

Indebted nations have been forced to reduce their spending on health and education. In many of the countries in which the World Bank and IMF have worked, people must now pay for these services. The results are catastrophic. In Kenya, for example, one of the countries worst affected by AIDS, the number of women seeking help or advice on sexually transmitted diseases declined by sixty-five per cent following the introduction of fees. In Ghana, the new fees forced two-thirds of rural families to stop sending their children to

school. The cuts in health spending the Bank and the IMF forced on Zambia helped to increase infant mortality from ninety-seven deaths per 1000 births in 1980 to 202 deaths per 1000 in 1999.

The World Bank now claims that the bad old days of restructuring are over. Instead of imposing 'structural adjustment programmes' on the indebted nations, it now permits them to design their own 'poverty reduction strategies.' This sounds like an improvement, until you discover that the poverty reduction strategies are just as coercive as the structural adjustment programmes. As one senior official at the Bank revealed, the new scheme is a 'compulsory programme, so that those with the money can tell those without the money what they need in order to get the money.' And what they have to do, yet again, is to open their economies to foreign banks and corporations and reduce state spending on almost everything except the repayment of debt. The debt relief programme which the Bank and the Fund claim will rescue the nations with the most desperate economic problems – the 'Highly Indebted Poor Countries Initiative' – imposes still fiercer conditions while relieving only part of the debt.⁸⁵

It is a cause of bitter mirth in the poor world that among the conditionalities the IMF and World Bank demand are 'good governance' and 'democratization.' Their own governance of the economies of the poor nations could scarcely be more damaging, while in terms of accountability, transparency and the ability of their subject peoples to dislodge them by peaceful means, they are about as democratic as the government of Burma. The nations they control, and in which they claim to be encouraging 'democratization,' are permitted to choose only one political and economic strategy: market fundamentalism. It is imposed with a zeal which at times appears totalitarian.

They work like this because, though they operate upon the poor, they are controlled by the rich. The bigger a nation's economy, and therefore the greater its share of the institutions' funds, the more votes it can cast. The 'G8' nations – that is the United States, Canada, Japan, Russia, the United Kingdom, France, Germany and Italy – possess forty-nine per cent of the votes within the IMF and (averaged across its four principal agencies) forty-eight per cent of the votes within the World Bank. While these figures suggest that the power of eight of their 184 members is disproportionate, they make these bodies look rather more democratic than they are, for they create the impression that if the rest of the world pooled its votes, it could turn a decision against the richest nations. The constitution of both bodies ensures that all major decisions require an eighty-five per cent majority. The US alone possesses seventeen per cent of the votes in the IMF and averaged across its agencies, eighteen per cent of the votes in the World Bank. By itself, in other words, it can veto any substantial resolution put forward by another country, even if all the other members support it.

Just in case the poorer countries somehow fail to get the message, the managing director of the IMF is always a European, and his deputy is always a North American, while the president of the World Bank is always a citizen of the United States, nominated by the US Treasury Secretary. Both institutions are based in Washington DC.

The result is that there is one rule for the rich and one for the poor. While the poor nations are forced to beggar themselves to pay their unpayable debts, the world's biggest international debtor, the United States, which owes a total of \$2.2 trillion, is left to its own devices: it suffers from no externally imposed austerity programmes, inflation control or

forced liberalization. Indeed, one of the reasons why America's indebtedness has not resulted in its economic collapse is that the IMF and World Bank insist that the foreign exchange reserves other nations maintain to defend themselves from speculative attacks are held in the form of dollars. This reinforces the dollar's position as the dominant international currency, artificially enhances its value, and permits the United States to reap three significant subsidies from poorer nations. The first arises from the fact that dollar reserves must be invested in assets in the United States, which boosts US capital accounts. The second is that poorer nations must pay around eighteen per cent interest on the dollars they borrow, yet they lend them back to the US at three per cent. The third is that a government issuing currency obtains what is known as *seignorage*: the difference between the value of that currency and the cost of producing it. Not only are the IMF and the World Bank helping to destroy the economies of weaker nations, but they are also helping to sustain the economic dominance, and therefore, the political hegemony, of the United States.

Over the past sixty years, there have been scores of well-meaning proposals to reform these bodies, by redistributing their votes and changing their constitutions. They may as well be calling for a change in the orbit of the earth. For what all these proposals overlook, with a blitheness which must at times be wilful, is that the veto the US exercises over major decisions is also a *constitutional* veto: nothing can change unless it agrees to that change. The World Bank and the IMF are as rigidly controlled as the United Nations Security Council.

But even if the nations that run these institutions acted in good faith, they could scarcely improve the lives of the poor, for both the World Bank and the IMF are constitutionally destined to fail. The reason for this is simple: they place the entire burden of maintaining the balance of international trade on the nations least able to affect it, by which I mean the debtors. These countries must discharge their debts by engineering a massive trade surplus, even though with weak currencies, deficient infrastructure and public services and no money for investment, they are in a poor position to do so. The world economy, controlled by the rich nations, is stacked against the poor. As a result, those who control the World Bank and the IMF have long ceased to pretend that they are helping them to emerge from debt, but instead seek only to ensure that their debts are paid, by shifting their natural resources overseas. They have become the bailiffs of the world economy, the global equivalent of the people who take away your television when you haven't paid your bills.

There is no prospect that the world's impoverished nations will ever discharge their debts. They owe a total of \$2.5 trillion, largely to commercial banks and the World Bank and IMF. Between 1980 and 1996, the nations of sub-Saharan Africa paid twice the sum of their total debt in the form of interest, but they still owed three times more in 1996 than they did in 1980. The lending by the World Bank, which was supposed to help nations to pay their debts, has itself become a major cause of debt, as the Bank has put its money into schemes which could never have paid for themselves, let alone generated extra revenues. Even those indebted nations which have been able to establish a trade surplus and sustain it for several years have discovered that the money has scarcely been sufficient to pay the interest, let alone to begin discharging the principal. The debt, as the governments of the rich world now appear to accept, is unpayable.

This accumulation of debt has been accompanied by a massive transfer of natural resources from the poor world to the rich world. If these resources were valued according to their utility, the nations of the poor world would surely be the creditors, and the nations of the rich world the debtors. As the Native American leader Guaicaipuro Cuauhtemoc has pointed out, between 1503 and 1660, 185 000 kilogrammes of gold and 16 million kilogrammes of silver were shipped from Latin America to Europe. Cuauhtemoc argues that

⁸⁵In 2001, for example, nineteen of the twenty-six countries which qualified for relief under the HIPC Initiative still had to spend over ten per cent of government revenue of servicing their debt. "Extract published with permission of the author."

his people should see this transfer not as a war crime, but as 'the first of several friendly loans, granted by America for Europe's development.' Were the indigenous people of Latin America to charge compound interest on this loan, at the modest rate of ten per cent, Europe would owe them a volume of gold and silver which exceeded the weight of the planet.

That the colonized world, whose wealth has been plundered for 500 years, should be deemed to owe the rich world money, and that this presumed debt should be so onerous that every year \$382 billion, which might have been used to feed the hungry, to house the poor, to provide healthcare, education, clean water, transport and pensions for people who have access to none of these amenities, is transferred from the poor world to the banks and financial institutions of the rich world in the form of debt repayment is an obscenity which degrades all those who benefit from it. It is an obscenity perpetuated by the very system which was, or so we are told, designed to bring an end to it.

Venezuela: Leading the Way to a Socialist World

In Venezuela, under the leadership of Hugo Chavez Frias and his successors, changes are being brought about that in a very practical way will give birth to the socialist era and may very well achieve the "end of history" that Fukuyama identified prematurely. But whereas Fukuyama's establishment of a final global stabilisation was based on the achievement of permanent control by imperialist and pro-imperialist forces, the final world order that Chavez, Maduro and their followers are aiming at will be the stability of permanent revolution and permanent liberation, the final victory of all the oppressed and exploited people of the world.

Surprising closeness of presidential election

Very many people were surprised and disappointed by the outcome of the presidential elections in Venezuela in 2013. Considering the clear popularity of Chavez – two million Venezuelans came onto the streets to bid him a final farewell – and the numerous benefits that accrued to the majority of Venezuela's population from Chavez's rule, and the fact that Nicolas Maduro was specially named by Chavez as his successor to carry on the programme of socio-economic and political changes, a landslide victory for Maduro was expected. Maduro had been leading Capriles by between ten and fourteen per cent in the pre-election polls. The less than one percent victory margin was, therefore, puzzling.

One of the factors accounting for this was undoubtedly the extensive intervention of the United States of America. In a secret cable the US ambassador to Venezuela, William Brownfield, made clear the US's programme with regard to Venezuela. There were five "core objectives" which included: "penetrating Chavez's political base", "dividing Chavismo" (Chavez's followers), "protecting vital US business" and "isolating Chavez internationally". The embassy, the US Agency for International Development (USAID) and the Office of Transition Initiatives (OTI) were all involved in this project. USAID spent a million dollars to organise 3 000 forums in this campaign. Brownfield claimed that they had reached 600 000 Venezuelans. From 2004 to 2006 USAID donated 15 million dollars to 300 organisations. The money was used in exposing instances of "human rights violations" and to pay for "activists" to carry out these exercises at meetings. Typically, these activities were channelled through NGOs. Venezuelan NGO leaders were sent to countries in South America (Mexico, Dominican Republic, Chile, Uruguay, Argentina, Brazil, Mexico and Colombia) as well as further afield (Turkey, Scotland).

Clearly the US is deeply concerned about its weakening control of the South American continent as well as its shrinking international hegemony. Clearly it must fear the domino effect on the South American continent of Venezuela's socialist road. But its mischievous interference is limited by the fact that it imports most of its oil from Venezuela. Its threats of sanctions against Venezuela are met with counter warnings of retaliation with an oil boycott.

The big, right-wing vote is also accounted for by the large number of Venezuelans who over the years benefited from the oil windfall before the Chavez administration took charge. They still enjoy lives of luxury and are clearly opponents of the better world, free of exploitation and inequality that Chavez, Maduro and their supporters are striving to achieve. They are US surrogates and have not hesitated to resort to desperate measures, thinking that they have the might and resources of that foremost imperialist country fully behind them. Lately they have become more circumspect. Here are the reasons.

In April 2002 they launched an uprising against the Chavez government. It consisted of violent street protests, a military defection, the arrest of Chavez and his foremost supporters, the firing of his cabinet, the dissolution of the National Assembly and the

Supreme Court and similar measures. They installed Pedro Carmona as the new President. Everything seemed to be going according to plan. But what happened next was as totally unexpected as it was devastating to the would-be counter-revolutionaries.

Johnathan Nack sums it up in one telling paragraph: **"In response to the 2002 coup, workers and poor people flooded into the streets to defend the revolution. Many were armed. They militantly demanded the immediate return of President Chavez. They warned the rich that if their President wasn't returned immediately, they would take their protests, and their weapons, directly into the neighborhoods of the wealthy."** (Nack: "Venezuela on the Verge of Civil War?")

"Faced with this extraordinary civilian defense of the revolution, as well as opposition from sections of the military that remained loyal to the Venezuelan Constitution and to Pres. Chavez, the Venezuelan right came to a startling conclusion. Restoring President Chavez was preferable to facing an enraged revolutionary public." (Nack)

This was certainly an historic moment. In that moment the oppressed and exploited of the world stood up in confident defiance. "Even with the military and economic might of the U.S. behind them, the Venezuelan right has good reason to fear launching a civil war. Venezuela's wealthy still have a lot to lose. They still have their corporations, real estate, land holdings, servants, and luxury lifestyles." And – even more important – they have their own and their families' lives to be concerned about as well.

And there was no US response. Or maybe it came in the form of the attempted face-saving economic *coup* at the end of 2002. The bourgeoisie organised what they called a "general strike". It was possibly the first time that the bosses organised the "strike" and compelled the workers to participate by "locking them out". At the same time they unleashed an attack on the economy. Many vital industries were shut down. The food distribution network was closed down.

The attempt to sabotage the vitally important operations of the PDVSA (the nationalised Venezuelan oil company) as part of the "strike" backfired. "Much to the dismay of the right and the imperialists, not to mention corporate management, revolutionary workers again rose to the occasion, learned to perform management tasks, and got the industry back up and running. The corporate elite that used to manage PDVSA were dismissed from their positions. As workers fulfilled management functions, Pres. Chavez appointed revolutionaries to run the Board of Directors of PDVSA." (Nack)

"So here now is the problem: The Venezuelan right, and its wealthy backers, remember how they suffered these defeats in 2002 and 2003, and are aware that "they could well face the prospect of not only a more radically socialist Venezuelan government, but also of radicalizing all the various socialist and leftist governments, and radical and revolutionary social movements currently flourishing throughout Latin America. The days when the U.S. could just throw its military weight around Latin America without resistance are over." (Nack)

It was from this position of strength that Maduro spoke more than ten years later, on 16 April 2013, on the occasion when he was officially certified as one of the candidates for the presidency. "In a long speech televised live he said: 'Here we don't negotiate with the bourgeoisie. Here there is revolution. And if [the opposition] continues with violence, I am ready to radicalize the revolution.'" (Nack)

But opposition has continued

The grimmest reminder of the atrocities that the descendants of colonialism could resort to has been the murder of political opponents. It is believed that the former owners of large (largely unproductive) farmlands, whose land had been distributed among peasant farmers (benefiting about 180 000 families) are behind the assassination of an estimated 225 peasant leaders. (And this in spite of the fact that they were fairly compensated for land that, mostly, they were not even working.)

In spite of the counter-revolutionaries doing their damndest, however, the prospects of the Bolivarian revolution remain positive. Dr Francisco Dominguez, the head of Latin American studies at Middlesex University, England, was confident that the Maduro administration would be triumphant: "I think that if he continues with the policies of Chavez's government – that is to say the social programs, the redistribution of wealth, the free health, free education, increased democratic inclusion, and so on – there is no reason for him not to have this support."

His optimism is certainly borne out by recent huge civic demonstrations of commitment to the socialist cause. In July 2012 thousands of peasant leaders marched in the streets of Caracas and handed over a list of suggestions for a programme of land reform that the peasant movement had drawn up after hundreds of regional workshops.

Some proposals coming from the workshops were:

- moving beyond the "liberal bourgeois state";
- towards a communal model;
- away from bureaucracy and reformism;
- towards ownership of the means of production by the popular movement.

Organised bodies of peasants like the Bolivar and Ezekiel Zamora Revolutionary Current (CRBZ) and regional groups like the Bolivarian Alliance for the Peoples of Our America (ALBA) warned Venezuelan citizens and peoples' movements internationally that American Imperialism was active in opposing their goals. The existence of such bodies and their level of consciousness and revolutionary will are proof of the positive impact that Venezuela under Chavez has made on the continent.

Creating the socialist economy

Chavez went about the task of building a socialist state in Venezuela with concrete and visible strategies. Even CNN conceded that he had "built his powerful persona on (what it calls – (our insert)) a populist platform of sharing Venezuela's vast oil wealth with the poor and disenfranchised" and that he "leaves his nation with a greater distribution of cash to the poor." And elsewhere: "Chavez built his political base in the barrios (slum settlements) of Venezuela and his pledge to share the wealth among the nation's poorest is the strongest measure of his success during 14 years in office. The unequal distribution of wealth dropped to among the lowest in the Americas during his tenure. In 2011, the Gini coefficient – which measures income inequality – was .39, down from nearly .5 in 1998, according to the CIA Fact book. That is behind only Canada in the Western Hemisphere." (Eva Golinger, a former Chavez advisor on CNN television)

These claims are supported by UNESCO figures: "Those living below the poverty line fell to 36,3% in 2006 from 50,4% in 1998, according to the World Bank, and infant mortality fell from 20,3 per thousand births when Chavez came to power, to 12,9 by 2011. Education also became more accessible, with the number of children enrolled in secondary education rising from 48% in 1999 to 72% in 2010." There are countless more indicators of the gains that the Venezuelan people have made under Chavez.

Pre-Chavez corruption

Venezuela's oil wealth has not always been the huge benefit that it became under Chavez. There was a time when the vast wealth of large oil deposits – many say the largest in the world – had a negative impact. The exploitation of the oil bounty and the growth of a dominant industry based on oil at one time caused the agricultural sector, and with it the vast rural communities, to be abandoned. The huge rural migration to the urban areas precipitated massive social problems: slum settlements, inadequate social services, scarce job opportunities and poverty. More than half the population lived in poverty and just less than half in extreme poverty.

The reason was that before Chavez was elected in 1998, there was widespread corruption by the ruling government elites and their hangers on. There were echoes of all the flaws that have arisen under the South African Black Economic Empowerment (BEE) system: nepotism, cronyism, tenderpreneurship, money laundering, fraud, bribing, blatant theft, etc. In all these and other ways the oil wealth, which should have benefited all Venezuelans enriched the well-connected few. In an agreement meant to facilitate and safeguard their criminal expropriation of the citizens of Venezuela, the oil wealth was divided among the different elite groups roughly according to their share of the votes in the elections. In this way the total oil wealth was securely shared among all of them, without any threat of ruining the process through conflict.

So in spite of the fact that the state oil company, PDVSA, was first nationalised in 1976, its wealth did not benefit all Venezuelans until Chavez came into power.

Oil and "development"

The exploitation of the oil riches by the big imperialist corporations is of course not limited to Venezuela. John Perkins in *Confessions of an Economic Hit man* gives an account of what happens presently in almost all the countries that have experienced an oil "boom". "Ecuador is typical of countries round the world that EHMs (economic hit men) have brought into the economic-political fold. For every \$100 of crude taken out of the Ecuadorian rain forests, the oil companies receive \$75. Of the remaining \$25, three-quarters must go to paying off the foreign debt. Most of the remainder covers military and other government expenses – which leaves about \$2,50 for health, education, and programs aimed at helping the poor."

And he describes the consequences as follows: "Since 1970, during this period known euphemistically as the Oil Boom, the official poverty level grew from 50 to 70 percent, under- or unemployment increased from 15 to 70 percent, and public debt increased from \$240 million to \$16 billion. Meanwhile, the share of national resources allocated to the poorest segments of the population declined from 20 to 6 percent." The termination of this appalling looting of the wealth of Venezuela by the oil companies and the collaborationist local elites was precisely what Chavez dedicated his presidency to.

The nationalisation of the PDVSA (the national petroleum company of Venezuela) in 1976 had been a sham. On nationalisation there were fourteen local subsidiaries of transnational oil corporations. These fourteen companies, with management by the current Venezuelan bosses remaining intact, became fourteen Venezuelan companies. Shell Venezuela became Maraven, for example.

Even more disturbing were the dubious credentials of the personnel who occupied strategic positions in the Venezuelan oil set-up. "A recent investigation into INTESA (a US-based company that managed all PDVSA's data processing),

revealed some information that ought to be quite disturbing to the government of Hugo Chavez. ... That is, INTESA ... is deeply involved in the US defence industry, particularly as it relates to nuclear technology, defence intelligence, and computing technology. IT managers of INTESA included two former US secretaries of Defence ... and two former CIA directors." (Gregory Wilpert, "The Economics, Culture, and Politics of Oil in Venezuela")

In other words, top former US government persons were strategically placed in Venezuela's most important industry. They are suspected of having played important parts in the April 2002 coup attempt and the PDVSA strike in December 2002, which destabilised the economy and caused political unrest.

Chavez rang the changes

Therefore, one of the first tasks that fell to Chavez upon taking office as president was to take control of the oil industry and to make it work for all Venezuelans. Thus the 1999 constitution revised by Chavez supporters, included legislation that exercised control over the industry. For example:

- "(T)he state shall own all shares of PDVSA"; and
- oil exploration and production shall be vested in the "public interest"; and must involve
- "the organic, integrated, and sustainable development of the country"; and
- "for the most part" must be used for health care and education.

Food sovereignty the Bolivarian priority

Once the corruption and wastage of the oil industry had been staunched its enormous funds became available for the socialist development of Venezuela for the benefit of all Venezuelans. It was not a moment too soon. When Chavez took office at the end of 1998, those communities who remained in the rural areas – after the mass migration to the urban areas – were living in bad and worsening conditions. Similarly, the millions living in the *barrios* (slums) were desperately in need of upliftment. Once again, the vision and the motivation were: **Venezuelan control of all the sectors of production for the benefit of all Venezuelans and Venezuelans first.** As with the oil industry, the first objective was control of agricultural and industrial production by the Venezuelan government.

The first objective was the quest for "food sovereignty": the prioritisation of food security for all Venezuelans. It required wresting control over food production and food distribution from the big food corporations. This concept of food sovereignty is one of the basic principles of Bolivarianism and the Bolivarian Revolution. The people of Venezuela see themselves as implementing the Bolivarian Revolution and living according to its principles. The name emanates from the life and philosophy of Simon Bolivar, who led people's struggles for freedom from colonialism and imperialism throughout South America in the 19th century.

The priority of food production is laid down in Venezuela's new constitution, which was adopted by referendum in 1999. One of its key articles, Article 305, states: "The State shall promote sustainable agriculture as the strategic basis for overall rural development and consequently shall guarantee the population a secure food supply, defined as the sufficient and stable availability of food within the national sphere and timely and uninterrupted access to the same for consumers.... Food production is in the national interest and is fundamental to the economic and social development of the Nation."

Reclaiming the land

Venezuela's land policy has a similar strength and simplicity of purpose. "Agricultural land, first and foremost, is for producing food, food for people," says National Assembly member and lifelong *campesino*, Braulio Alvarez. (A *campesino* is a peasant farmer.)(Christina

Schiavoni and William Camaro – "The Venezuelan Effort to Build a New Food and Agriculture System", Monthly Review, October 18th 2009)

This policy has been implemented unwaveringly. Land for use by citizens has consistently been reclaimed from the "landowners", who are not using its productive capacity, either fully or at all, or who have been exploiting labour in order to be able to use it. Instances like the following (reported by Tamara Pearson (Venezuelanalysis.com), published on Apr 4th 2011) are frequent occurrences: "In the next few days the Venezuelan government will begin a process of recovering 300 000 hectares of land that were in the hands of an English company, Chavez announced last week during an interview while he was in Uruguay. Chavez said that during his time in government the process of taking back or recovering land had been fundamental, especially so that 'worker control' could 'prevent companies from exploiting the land and workers, and getting rich and taking the earnings overseas.' According to Chavez, the new land is in addition to almost 4 million hectares of land nationalised by the Venezuelan government over the last 12 years. He said it was part of a general nationalisation approach that involved first retaking the most strategic companies, such as the state oil company Petroleos de Venezuela (PDVSA), which in turn has 'allowed us to advance in the construction of socialism of the 21st century.'"

Enabling the land workers

Merely handing over land is one thing; making the land productive and able to sustain communities is altogether another story. Huge funds needed to be invested. Venezuela's oil treasure has been a wonderful resource and it has been scrupulously used since Chavez took over the reins. Out of this bounty many essential requirements have been provided: cheap credit, insurance against crop failure, machinery, fertilizers and insecticides, technical assistance, and so on. The needs of the most far-flung areas are attended to: housing, sewage, clinics, classrooms, telecommunication facilities, efficient produce distribution networks, etc.

Ultimately, the proof of the food sovereignty programme is in the eating and here are some details of Venezuela's performance since the Bolivarian Revolution:

- Self-sufficiency in corn and rice production, up 132% and 71% respectively since 1998;
- Beef, chicken and egg production now meeting 70%, 85% and 80% resp. of national demand;
- Milk production up by 900%;
- 16 532 state subsidised food outlets distribute discounted food to over 13 million people;
- 6 075 "feeding houses" serve 900 000 of the neediest citizens;
- 4 million school children receive free breakfasts;
- Free meals (under the Law for Workers' Nutrition) are provided at workplaces;
- Unoccupied land has been distributed to the peasants;
- thousands of schools constructed and free university education introduced;
- new 'Bolivarian schools' have provided 1,400,000 young people with an education and three meals a day.
- One hundred thousand houses have been built for the poorest people.
(information from Schiavoni and Camacaro)

Better living conditions

The claims of large improvements in the living conditions of the majority of Venezuelans are borne out in a number of sources:

An article in The Guardian says, "It was not just the successes of the missions (that is, the "feeding houses") that won Chavismo another seven years of the presidency. There were major improvements in Venezuelans' living standards during the Chavez years...."

- "Poverty was reduced by half and extreme poverty by about 70%.
- Real income per person grew by about 2.5 percent (per annum) from 2004 to 2012.

- Unemployment was eight percent in 2012 as opposed to 14,5 percent when Chavez took office.

These numbers are not in dispute among economists and other experts, not among the international agencies, such as the IMF, World Bank or UN. But they are rarely reported in the major western media in their ongoing efforts to delegitimize Venezuela's government... Moreover 25 000 doctors and paramedics were brought in from Cuba in exchange for the supply of subsidised oil. This transformed the health sector in Venezuela. These social programmes launched by Chavez provided everything from healthcare, subsidised food and free education at all levels."

Social property

Once the priority of food security, which is 'fundamental to the economic and social development of the Nation', had received attention and was sufficiently on the way towards becoming a reality, the next stage in the process of establishing workers' control of the means of production received attention: "Then the state took back basic industry companies that had been privatised, such as those in Bolivar State, which process steel and aluminium. Chavez said the 'rhythm of recovery' of land and companies that are fundamental for production will continue and will 'strengthen the creation of social property'." (Pearson)

There was also a place for privately owned companies. "Private companies ... can continue existing without a problem and we are even happy to support them, as we have done, but only when it's in the framework of the constitution and of social interest." (Chavez quoted in Pearson)

In fact, the National Constitution (Article 15) ensures that citizens have the right to own private property and that "fair compensation" shall be paid to people whose property has been expropriated. And this has been honoured in the case of the two and a half million hectares of land removed from private ownership between 2001 and 2009.

Social and economic upliftment- 21st Century Socialism

The emphasis of the Chavez government has been on uplifting the entire population of Venezuela socially, economically and politically. Chavez's socialist vision contained a large awareness of the content and meaning that socialist society should have for the people. He explained the Bolivarian philosophy as follows:

"I don't believe in the dogmatic postulates of Marxist revolution. I don't accept that we are living in a period of proletarian revolutions. All that must be revised. Reality is telling us that every day. Are we aiming in Venezuela today for the abolition of private property or a classless society? I don't think so. But if I'm told that because of that reality you can't do anything to help the poor, the people who have made this country rich through their labour and never forget that some of it was slave labour, then I say 'We part company'. I will never accept that there can be no redistribution of wealth in society. Our upper classes don't even like paying taxes. That's one reason they hate me. We said 'You must pay your taxes'. I believe it's better to die in battle, rather than hold aloft a very revolutionary and very pure banner, and do nothing ... That position often strikes me as very convenient, a good excuse ... Try and make your revolution, go into combat, advance a little, even if it's only a millimetre, in the right direction, instead of dreaming about utopias." (Hugo Chavez: On Marxist Revolution (17.08.2004 07:06))

Transformation in tandem: the Chavez vision

This does not mean that socialist transformation has been overlooked, that there was no vision of or movement towards the abolition of private property or the creation of a classless society. This was a priority too but the journey could not be taken on an empty stomach, in appalling living conditions, with a population denied education, in communities denied healthcare. These inhuman living conditions were more likely to respond to counterrevolutionary influences and manipulation.

Chavez also saw the transformation as being a bottom-up not top-down process.

"He emphasised again and again that the working class is the vanguard of the revolutionary process for socialist power, but he also castigated many trade unions for not being able to rise above the arena of purely trade union demands. If this does not happen then the political level of the working class would not rise to the level needed to carry out the task of being the motor force of the revolution. Chavez argued that the only way to guarantee 'popular power' is if the working class plays the leading role." ("Venezuela: Chavez — Workers Must be in the Vanguard of Constructing Socialism": Darrall Cozens & Euler Calzadilla & Wanderli Silva Bueno. (Caracas Thursday, November 29, 2007 - 11:00)

Workers', peasant, student and communal councils

"Under the constitutional changes," he continued, "the workers' councils in the factories will establish relations with peasant, student and communal councils. If this happens, then what occurred in the Soviet Union and Nicaragua won't happen. "These councils will receive money from the state to carry out specific projects, such as distributing gas bottles for cooking from the state oil company." Chavez sees the councils in different areas as alternative organs of power more closely related to the people, and therefore theoretically more responsive. This is also a way to bypass the cumbersome and obstructive state bureaucracy. Chavez stated, "Workers' councils will come into being in the factories, in the workplaces, but they should reach out to the communities and be fused into other councils of popular power: community councils, students' councils, etc." (Cozens, Calzadilla and Silva Bueno)

The change-about

The many, frequently huge, improvements in living conditions over the short span of Chavez's presidency won a strong loyalty among the majority of Venezuelans. "Following the announcement of Chavez's death on 5 March this year, millions of people flooded the streets demonstrating their grief and support for the Bolivarian Revolution. This moment, combined with the results of the governors' elections in December where Chavism won 20 of 23 of the posts, indicated that they were well-placed to win any popular Presidential election."

(Venezuelan: Threat of the counter revolution grows: Workers must take urgent steps to defeat capitalism and the right-wing: W Prieto and J Rivas, Socialismo Revolucionario (CWI Venezuela): Monday, 22nd April 2013)

The countervailing Left

Prieto and Rivas provide evidence that suggests that there was disunity in leftist circles on the course taken by Chavez. Socialismo Revolucionario (SR), by its own admission, may have contributed a great deal to the negative outcome of the presidential election. The core of disagreement seems to have been the issue of the swiftness and thoroughness with which the Chavez government should have taken-over the Venezuelan economy and its major institutions.

Socialismo Revolucionario (SR) warns of "the growing threat of a victory of the right-wing counter-revolutionary forces." Their analysis after the narrow victory of Maduro was: "The working class, the poor and all those who want to take the revolution forward must urgently draw lessons from the growth of the right-wing in this election. It is necessary to take the revolution forward and break with capitalism." (*Prieto and J Rivas*)

But Socialismo Revolucionario (SR) may itself have contributed towards that outcome. In its own words: "SR produced a document leading up to these elections based on our previous position on the October 2012 Presidential elections where we said: 'A vote for Maduro will not be enough!' SR defended a program of revolutionary democratic and socialist demands to deepen the revolution, defeat capitalism and correct the current programme which is not a path towards completing the socialist revolution.

"SR's position was in marked contrast to some other left organisations. Many put forward a sectarian position of a 'no' vote, without considering the consequences of a right-wing victory, the extreme polarisation in the country or the current consciousness of the masses. The other extreme was an opportunistic call for a vote for Maduro without any criticism of the process or programme he was defending." (*Prieto and J Rivas*)

It is clearly possible that the electorate was confused by the many different messages it was getting from the Venezuelan left-wing:

- Vote for Maduro!
- Vote for Maduro but it will not be enough!
- Don't vote for Maduro!

CRITICISMS OF CHAVEZ

- **Chavez attempted to placate the ruling class.** (Reaction Suffers a Defeat in Venezuela, 17 April 2002 Tony Saunois, February, 2003)
- "In the state oil company, PDVSA, key administrative posts, including directorships, were given back to the rightwing, which used them predictably to plan this 'strike'. (Tony Saunois)
- A *Workers' Vanguard* Article identifies Venezuelan political policy as a "nationalist populism espoused by Chávez and identified most closely with Perón's Argentina in the 1940s and '50s, where wide sectors of industry were nationalized. While we defend nationalizations carried out against imperialism, these in no sense free those industries from capitalist domination..." (Workers Vanguard: 16.08.2004: quoted in Venezuelan: Threat of the counter revolution grows)
- "Only a union of the Latin American peoples, striving towards the goal of a united socialist America and allied in the struggle with the revolutionary proletariat of the United States, would present a force strong enough to contend successfully with North American imperialism." Workers Vanguard (Venezuelan: Threat of the counter revolution grows)
- "...At bottom, populism and economic neoliberalism are simply alternative policies of capitalist rule, often pursued at different times by one and the same person. In Brazil, Luiz Inacio da Silva of the Workers Party (WP), the front-runner in the campaign for next month's presidential elections, put aside his populist rhetoric this summer to embrace a \$30 billion IMF bailout package, promising, if elected, to respect the austerity measures that were part of the deal." Workers Vanguard (Venezuelan: Threat of the counter revolution grows)

Against these criticisms view the following:

- Chávez has ordered military units to take ... action against companies guilty of 'hoarding goods': "Those who attempt to deprive the people of food and then complain that Chávez is arbitrary are traitors to the nation", he declared. This has frightened capitalist commentators: "US corporations with interests in Venezuela are facing increasing risk of government intervention, or even expropriation, as President Hugo Chávez moves to

confront a general strike and consolidate his position, business leaders warned yesterday". (*Financial Times*, 20 January (quoted in Saunois)

- The Bolivarian Circles, set up by Chávez, must be expanded and strengthened to include elected representatives from all the workplaces, shantytown dwellers and rank-and-file soldiers. (Reaction Suffers a Defeat in Venezuela, 17 April 2002: Tony Saunois, February, 2003)
- The struggle must be "...for the democratic organisation of workers and communities in committees to organise a planned economy which will satisfy our needs and not those of the ruling class. This economy will not be the same as a capitalist economy that currently exists under a smokescreen of what today is referred to in Venezuela as 'socialism'. (**Workers must take urgent steps to defeat capitalism and the right-wing**): W Prieto and J Rivas, *Socialismo Revolucionario* (CWI Venezuela)

The participatory democracy

Rosa Luxemburg said much that was relevant to this discussion. Rosa Luxemburg emphasized participation of the people in the developing course of social change:

"But this dictatorship (of the proletariat) consists in the manner of applying democracy, not in its elimination, but in energetic, resolute attacks upon the well-entrenched rights and economic relationships of bourgeois society, without which a socialist transformation cannot be accomplished. But this dictatorship must be the work of the class and not of a little leading minority in the name of the class – that is, it must proceed step by step out of the active participation of the masses; it must be under their direct influence, subjected to the control of complete public activity; it must arise out of the growing political training of the mass of the people." (Writer's emphasis)

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CHAVEZ: – ON THE ROAD TO SOCIALISM OR A MERE POPULIST?

Here are a number of policy statements by Chavez corresponding to some of the criticisms above:

- The road of reformism led to tragic results.
- Chavez argued that you cannot adapt to capitalism, it doesn't work.
- Workers must be in the vanguard of constructing socialism.
- Chavez sees the (workers') councils in different areas as alternative organs of power more closely related to the people, and therefore theoretically more responsive.
- This is also a way to bypass the cumbersome and obstructive state bureaucracy.
- Workers councils will come into being in the factories, in the workplaces, but they should reach out to the communities and be fused into other councils of popular power: community councils, students' councils, etc.
- Workers' councils will "change the relationships in the workplace, to plan production, to take over piece by piece the functions of the government and to finish up by destroying the bourgeois state."
- The newly-formed councils that are emerging will decide themselves to a large extent what their remit will be. For example under one proposed reform to the constitution, workers' councils will enable workers to democratically manage any enterprise that is considered "social property", while another proposed reform talks about the participation of workers in the running of public enterprises.
- For workers, it will be to defend and enhance conditions and to assume an ever-increasing role in the management of the company — a step towards workers' control.

(The points above are adapted mainly from "Chavez — workers must be in the vanguard of constructing socialism" By [Darrall Cozens](#) & [Euler Calzadilla](#) & [Wanderli Silva Bueno](#), [Caracas](#) Thursday, November 29, 2007)

Finally a few *Workers' Vanguard* extracts

The efforts of U.S. imperialism to bring down the Chávez regime underline the need for proletarian revolutionary internationalism, which is at the core of Trotsky's theory of permanent revolution. The struggles of the proletariat in the semi-colonial countries are necessarily intertwined with the fight for power by workers in the imperialist centers, not least in the U.S. (WV No. 860, 9 December 2005):

For all his populist rhetoric, Chávez is no less the class opponent of the victory of the workers and urban and rural poor than his neoliberal opponents. We seek to break the illusions of working people and the oppressed—both in Venezuela and internationally—that the bourgeois Chávez regime can be an agent of social revolution. (WV No. 860, 9 December 2005):

"History will reserve a harsh verdict for those 'leftists' who promote one or another left-talking capitalist caudillo. The way forward for the downtrodden throughout the Americas does not lie through painting nationalist strongmen as revolutionaries and populist forays as revolutions.

In the United States, the belly of the imperialist beast, a revolutionary workers party will be built in the struggle to break the proletariat from the Democratic and Republican parties of capital and to replace the pro-imperialist AFL-CIO tops with a class-struggle leadership."

The IG points to "workers committees which exist in embryonic or developed form in many plants and workplaces" in Venezuela. These committees, which mainly exist in industries that have been nationalized by the state, are in fact co-management schemes with the capitalist state in which the latter holds the whip hand.

At the moment there are about 60 factories under some form of workers' occupation pressing for nationalisation. Where that has occurred it has taken the form of co-management, which is a long way from workers' control" (*International Socialism* No. 116, 28 September 2007).

Conclusion: Differing Perceptions

The transformation of Latin America is one of the decisive changes reshaping the global order. The tide of progressive change that has swept the region over the last decade has brought a string of elected socialist and social-democratic governments to office that have redistributed wealth and power, rejected western neoliberal orthodoxy, and challenged imperial domination. In the process they have started to build the first truly independent South America for 500 years and demonstrated to the rest of the world that there are, after all, economic and social alternatives in the 21st century. ([Seumas Milne](#) in Caracas: [The Guardian](#), Tuesday 9 October 2012)

Venezuela's revolution doesn't offer a political model that can be directly transplanted elsewhere, not least because oil revenues allow it to focus resources on the poor without seriously attacking the interests of the wealthy. But its innovative social programmes, experiments in direct democracy and success in bringing resources under public control offer lessons to anyone interested in social justice and new forms of socialist politics in the rest of the world. ([Seumas Milne](#) in Caracas [The Guardian](#), Tuesday 9 October 2012)

The above extracts, from only two publications, serve to illustrate the huge differences in conclusions that empirical evidence can lead to. We must, however, add that the people of Venezuela are probably very fortunate that, while the debate is raging all around them, their

living standards are rapidly improving. We have the greatest confidence that they will fight for the continuation of this process, no matter who stands in their way: Maduro, Capriles, Obama, or anybody else, no matter which cap he or she wears: populist, socialist, Bolivarian or internationalist. We are convinced, also, that many virulent analysts will one day (hopefully soon), in a temporary break from their learned dissertations, suddenly look around them and realize that history has ended.